



2025 Annual Financial Report (AFR)

For the year ended December 31, 2025



Yakima Farmers Market



CITY OF YAKIMA

Washington

ANNUAL FINANCIAL REPORT

For the year ended December 31, 2025

REPORT PRESENTED BY:

Members of Financial Services

Craig Warner
Kimberly Dominé
Maria Simons
Jennifer Paxton
Kathryn Miles
Isabel Cruz
Andrea Rocha
Isamar Ramirez
Lea Reyes

Director of Finance & Budget
Financial Services Manager
Financial Services Officer
Financial Services Officer
Finance Department Analyst
Accountant
Accountant
Accountant
Accountant





CITY OF YAKIMA

TABLE OF CONTENTS

ANNUAL FINANCIAL REPORT (AFR)

For the year ended December 31, 2025

FINANCIAL SECTION

Management Discussion and Analysis	1
--	---

BASIC FINANCIAL STATEMENTS

Description of Basic Financial Statements	13
Government-wide Financial Statements	
Statement of Net Position	14
Statements of Activities	14
Fund Statements	
Governmental Funds Financial Statements	
Balance Sheet.	17
Reconciliation of the Balance Sheet to the Statement of Net Position.	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Funds to the Statements of Activities	20
Proprietary Funds Financial Statements	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Fund Net Position	26
Statement of Cash Flows.	27
Fiduciary Fund Statement	
Statement of Fiduciary Net Position.	31
Statement of Changes in Fiduciary Net Position.	32
Notes to the Financial Statements	33

REQUIRED SUPPLEMENTARY INFORMATION

Description of Supplementary Schedules	89
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual - General Fund	90
Schedule of Proportionate Share of the Net Pension Liability.	91
Schedule of Employer Contributions	93
Schedule of Changes in Net Pension Liability and Related Ratios	95
Schedule of Changes in Total OPEB Liability and Related Ratios	97

NONMAJOR FUNDS

Nonmajor Governmental Funds

Combining Balance Sheet	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100

Nonmajor Special Revenue Funds

Description of Nonmajor Special Revenue Funds	101
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	107

Nonmajor Debt Service Funds

Description of Nonmajor Debt Service Funds	111
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	113

Nonmajor Capital Project Funds

Description of Nonmajor Capital Project Funds	114
Combining Balance Sheet	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.	118

Nonmajor Permanent Funds

Description of Nonmajor Permanent Fund	121
Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	123

Nonmajor Proprietary Funds

Description of Nonmajor Proprietary Funds	124
Statement of Net Position	125
Statement of Revenues, Expenses, and Changes in Fund Net Position.	127
Statement of Cash Flows	128

INTERNAL SERVICE FUNDS

Description of Internal Service Funds	129
Combining Statement of Net Position	130
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	136
Combining Statement of Cash Flows	139

FIDUCIARY FUND

Description of Fiduciary Funds	141
Combining Statement of Fiduciary Net Position.	142
Combining Statement of Changes in Fiduciary Net Position	143

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Annual Financial Report offers readers the City's financial statements for the fiscal year ended December 31, 2025. 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 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 2025 ending fund balance of the General Fund was \$19.6 million, which represents 25.4% of total General Fund expenditures, compared to an ending fund balance of \$18.2 million, or 27.4%, in 2024. The fund balance of the General Fund is more than prior year mainly due to an increase in investment earnings and immediate budget cutting measures.
- The total assets and deferred outflows of the City of Yakima, government-wide, encompassing all funds, exceeded its liabilities and deferred inflows, by \$557.7 million. Net position invested in capital (net of depreciation and related debt) account for 71.3% of this amount, with a value of \$397.4 million.
- The City's total net position increased by \$45.8 million to \$557.7 million from \$511.9 million, prior to an error correction. Funding received for program revenues increased by \$13.1 million, while funding for various general revenues (not including an error correction), decreased by \$5.8 million, mainly due to losses from the disposition of capital assets.

The population of Yakima has grown steadily for 14 decades. 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. Local demographics continue to indicate a below-national-average per capita income, consequently this creates some challenges, 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 code administration); 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 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 2024, 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 2025.

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, which is considered to be a major fund based on criteria established by Governmental Accounting Standards Board (GASB) statements. 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 Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the 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 each major special revenue fund 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, and Irrigation. 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 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 Statement of Net Position, Proprietary Funds 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 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.

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. These notes 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 \$557.7 million, which includes a prior period error correction, at December 31, 2025, of which \$267.6 million represents governmental activities and \$290.0 million represents business-type activities. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2024.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 126,276,390	\$ 119,706,913	\$ 107,027,097	\$ 98,646,433	\$ 233,303,487	\$ 218,353,346
Net capital assets	231,485,603	227,117,718	211,248,062	197,736,468	442,733,665	424,854,186
Total assets	357,761,993	346,824,631	318,275,159	296,382,901	676,037,152	643,207,532
Deferred outflows	28,325,415	26,574,167	4,570,724	4,388,751	32,896,139	30,962,918
Liabilities						
Payables & other liabilities	29,158,487	31,996,834	12,491,435	9,768,328	41,649,922	41,765,162
Long-term liabilities	81,062,652	87,508,236	13,834,779	16,142,809	94,897,431	103,651,045
Total liabilities	110,221,139	119,505,070	26,326,214	25,911,137	136,547,353	145,416,207
Deferred inflows	8,217,561	9,459,740	6,506,581	7,439,565	14,724,142	16,899,305
Net Position						
Net investment in capital assets	198,119,816	191,204,560	199,293,480	184,139,156	397,413,296	375,343,716
Restricted	66,711,551	59,254,127	6,277,191	5,373,239	72,988,742	64,627,366
Unrestricted	2,817,341	(6,024,700)	84,442,417	77,908,556	87,259,758	71,883,856
Total net position	\$ 267,648,708	\$ 244,433,987	\$ 290,013,088	\$ 267,420,951	\$ 557,661,796	\$ 511,854,938

The City of Yakima's assets total \$676.0 million as of December 31, 2025. Of this amount, \$442.7 million is accounted for by capital assets, which includes infrastructure and construction in progress. Out of \$231.5 million in capital assets reported in governmental activities, \$103.9 million (44.9%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road). Out of \$211.2 million in capital assets reported in business-type activities, \$116.8 million (55.3%) is accounted for in major repairs that result in improvements/betterments.

Of the remaining assets, governmental activities makes up \$126.3 million, approximately \$80.1 million was accounted for in cash, cash equivalents, investments, restricted cash and restricted investments, \$21.4 million in various receivables, \$23.7 million in net pension assets and \$1.1 million in inventories and prepayments. Business-type Activities makes up \$107.0 million, \$82.8 million was accounted for in cash, cash equivalents, investments, restricted cash and restricted investments, \$20.6 million in various receivables, \$2.8 million in net pension assets and \$842,382 in inventories and prepayments.

Total liabilities combined for governmental and business-type activities is \$136.5 million which is a decrease from \$145.4 million compared to 2024. For governmental activities the decrease is attributed to a lower pension liability, lower post employment benefits and the annual payments on long-term debt. For business-type activities the decrease is attributed mainly to a change in a lower pension liability and annual payments on various long-term debt.

The City's total net position increased to \$557.7 million from \$511.9 million in 2024. Governmental activities reported an unrestricted net position surplus of \$2.8 million, compared to a deficit of \$6.0 million in 2024, indicating that the current resources now exceed long-term commitments. This improvement is primarily attributable to an increase in the City's net investment in capital assets, and a reduction in long-term liabilities as debt obligations near maturity.

For business-type activities, unrestricted net position increased primarily due to growth in the City's assets and a reduction in liabilities. The largest portion of the City's net position (71.3%) reflects its investment in capital assets, net of outstanding debt used to acquire those assets. These capital assets, are used to provide services to citizens and therefore are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, 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, 13.1% of the City's net position is subject to external restrictions on how they may be used (restricted by the Revised Code of Washington or by contractual agreements with parties outside of the primary government).

CHANGES IN NET POSITION						
	Restated		Restated		Total	
	Governmental Activities		Business-Type Activities			
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 17,827,289	\$ 16,998,678	\$ 61,240,464	\$ 58,332,431	\$ 79,067,753	\$ 75,331,109
Operating grants & contributions	14,300,691	10,317,866	6,534,127	4,935,897	20,834,818	15,253,763
Capital grants & contributions	12,462,265	16,591,619	15,931,651	7,988,357	28,393,916	24,579,976
General revenues						
Property taxes	25,084,209	24,279,497	-	-	25,084,209	24,279,497
Sales and use taxes	27,834,404	28,002,773	8,062,273	8,098,787	35,896,677	36,101,560
Other taxes and fees	31,760,793	28,217,148	-	-	31,760,793	28,217,148
Unrestricted investment earnings	6,407,675	6,048,181	177,784	165,124	6,585,459	6,213,305
Other revenues	315,711	212,409	134,155	(783,875)	449,866	(571,466)
Grants/contracts not program restricted	2,428,108	12,874,261	-	527,591	2,428,108	13,401,852
Total revenues	138,421,145	143,542,432	92,080,454	79,264,312	230,501,599	222,806,744
Expenditures						
General government	17,166,556	14,968,847	-	-	17,166,556	14,968,847
Public safety	64,548,661	63,558,873	-	-	64,548,661	63,558,873
Utilities	430,161	501,728	-	-	430,161	501,728
Transportation	14,530,775	12,969,571	-	-	14,530,775	12,969,571
Economic environment	6,398,938	5,825,270	-	-	6,398,938	5,825,270
Public health services	650,367	681,056	-	-	650,367	681,056
Cultural & recreational	10,069,414	9,868,637	-	-	10,069,414	9,868,637
Interest on long-term debt	1,213,964	1,277,444	-	-	1,213,964	1,277,444
Transit	-	-	11,708,242	11,601,999	11,708,242	11,601,999
Airport	-	-	4,349,422	4,635,538	4,349,422	4,635,538
Refuse	-	-	10,132,016	9,365,519	10,132,016	9,365,519
Wastewater	-	-	23,697,643	23,545,281	23,697,643	23,545,281
Water	-	-	12,099,063	11,734,180	12,099,063	11,734,180
Irrigation	-	-	3,110,304	2,867,451	3,110,304	2,867,451
Stormwater	-	-	4,257,951	3,129,665	4,257,951	3,129,665
Total expenditures	115,008,836	109,651,426	69,354,641	66,879,633	184,363,477	176,531,059
Excess (deficiency) before transfers	23,412,309	33,891,006	22,725,813	12,384,679	46,138,122	46,275,685
Transfers	84,448	84,448	(84,448)	(84,448)	-	-
Change in net position	23,496,757	33,975,454	22,641,365	12,300,231	46,138,122	46,275,685
Net position - beginning	244,151,953	210,458,532	267,371,721	255,120,714	511,523,674	465,579,246
Error correction ¹	-	(282,033)	-	(49,224)	-	(331,257)
Net position - ending	\$ 267,648,710	\$ 244,151,953	\$ 290,013,086	\$ 267,371,721	\$ 557,661,796	\$ 511,523,674

(1) 2024 restated due to error corrections, see Note 2.

The Statement of Activities (Changes in Net Position)

The City's total net position increased by \$45.8 million to \$557.7 million from \$511.9 million. Net position for governmental activities increased by \$23.2 million, primarily due to an increase in other tax and fee revenue in 2025 and ARPA funding allocated for revenue in 2024 for replacement labor costs. Net positions in business-type activities increased by \$22.6 million primarily due to increases in capital and operating grant funding.

Governmental Activities - Total taxes increased by \$4.2 million or 5.2% from \$80.5 million to \$84.7 million.

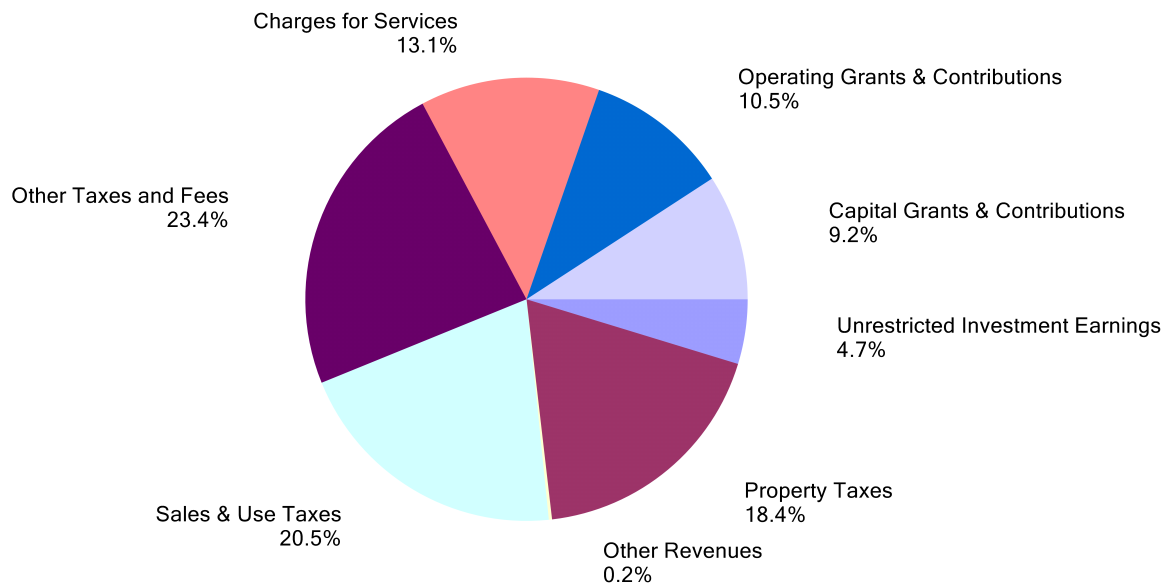
- Property taxes increased \$804,712 million primarily due to an increase in the EMS Levy which imposes a property tax of \$0.25/\$1,000 AV for Emergency Medical Services (EMS).
- Sales and use taxes decreased by \$168,369 from 2024 due to the relocation of a car dealership to an adjoining city.
- Other taxes and fees increased by \$3.5 million due mainly to increased cost of outside utility companies such as power and natural gas.

Capital grants and contributions of \$12.5 million decreased from \$16.6 million in 2024 due to the completion of City projects, mainly the street project on N. First Street and the aquatic center at the Martin Luther King Jr. Park. In addition, the grants/contracts not program restricted of \$2.4 million decreased from \$12.9 million due to earned ARPA revenue in 2024.

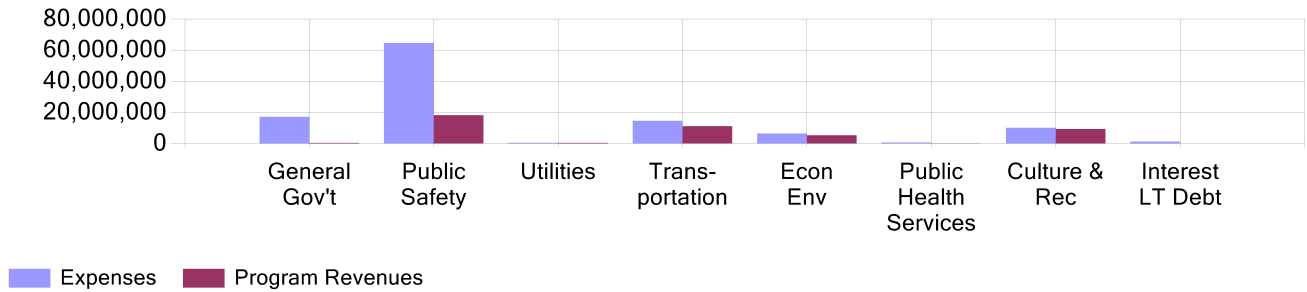
Expenses for the year totaled \$115.0 million which increased from \$109.7 million mainly due to the ARPA funding allocation of revenue replacement for Fire and Police.

Following are graphs which illustrate revenue by source and expenditures by program for governmental activities.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

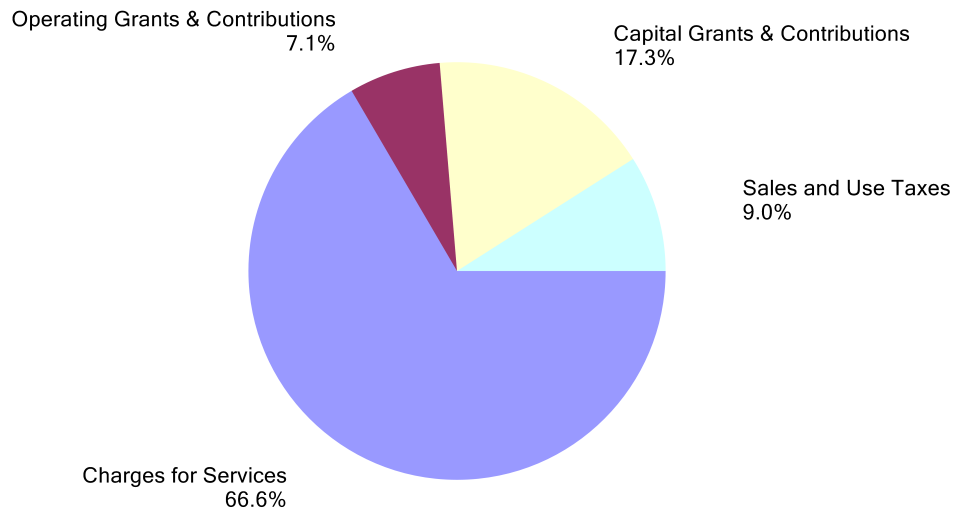


Business-Type Activities - Total revenues are \$92.0 million, which is an increase from \$79.3 million in 2024, mainly in operating and capital grants and contributions, due to the Transit operation grant increases and the capital grants for improvements at the Yakima Airport Terminal. In addition, there was a \$2.9 million increase in charges for services from 2024 to 2025 mainly due to incremental increase in rates throughout the city.

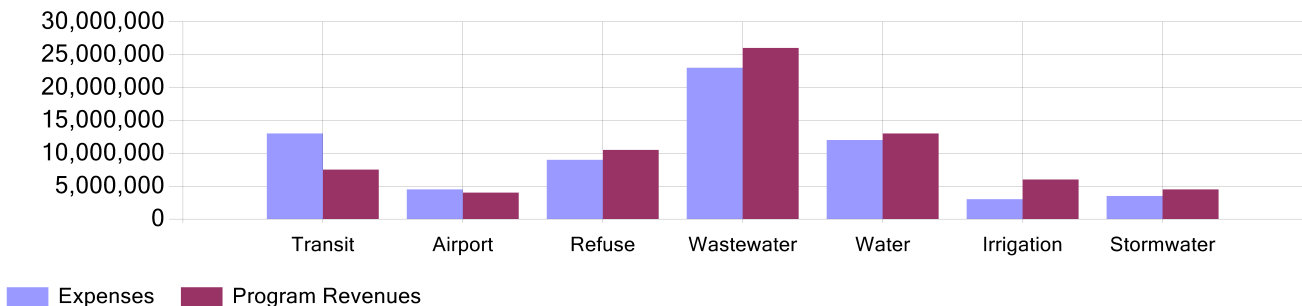
Total expenses are \$69.4 million which is a \$2.5 million increase from \$66.9 million in 2024, or a modest 3.7% increase. The increase is mainly due to higher than expected inflation, causing an increased cost of operations and supplies.

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 (66.5%) 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 American Rescue Plan Act (ARPA) Fiscal Recovery Fund was established to account for the award and expenditures from this federal funding and previously met the criteria required of a major fund presentation.

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, 2025, the City's governmental funds reported combined fund balances of \$62.0 million. Of this total amount, \$18.1 million (29.2%) is unassigned and available for spending within these funds, \$988,759 is nonspendable (cemetery perpetual care), \$21.9 million is restricted (primarily for transportation, capital improvements, and public safety), \$11.7 million is committed primarily for transportation system improvements and \$9.3 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 2025 fiscal year, the fund balance of the General Fund was \$19.6 million, increasing by \$1.4 million from 2024. This increase was due to an increase in investment earnings, utility taxes and vacancies.

The City's current target fund balance policy is 12.0% of the total expenditures which is a change from 16.7% in 2023. The fund balance is about 25.4% of total general fund expenditures (which represents about a 2.8 month reserve), compared to 27.4% (which represents about a 3.3 month reserve) in 2024. The General Fund accounts for 59.5% of all governmental fund revenue and 59.8% of all expenditures, while total assets in the General Fund amounted to \$30.9 million, accounting for 37.8% of total governmental fund assets.

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 presented as a nonmajor fund.

As of December 31, 2025, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$290.0 million from \$267.4 million in 2024. The increase is primarily due to Transit and Irrigation funds. Transit received funding from the Federal Transit Administration grant for Operations as well as a CARES grant to purchase ADA Paratransit Vans. Irrigation's continued work of Nelson Dam Phase 2 includes additional grant funding and an increase in construction in progress adding value to fixed assets. Additionally, about \$199.3 million (68.7%) of net position is accounted for by investment in capital assets, net of related debt and \$84.4 million is unrestricted. The Segment Information note presents information that is grouped according to revenue bond requirements for these business-type activities.

BUDGETARY ANALYSIS

General Fund budgeted expenditures (without transfers) was increased from \$78.8 million to \$81.9 million in the final budget. This increase consist mainly of professional services for unexpected affordable housing utility infrastructure improvements and an increase in state funds to resolve court ordered opioid settlements known as "Blake" Actual expenditures totaled \$77.1 million, less than the final budget by \$4.9 million. These expenditure savings resulted primarily from salary savings attributable to unfilled positions in anticipation of 2026 budget reductions as well as limited spending of the Affordable Housing funds during the year.

General Fund budgeted revenues increased from \$76.4 million to \$79.0 million in the final budget. Actual revenue results were \$81.3 million, more than the final budget by \$2.3 million, due primarily to the increased rates of interest on investments.

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. When compared to actuals, there was a net positive change in budgeted fund balance of \$7.6 million, mainly due to the allocations of personnel costs as noted above and generated investment earnings.

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, 2025, amounts to \$442.7 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 increased \$4.4 million, increasing from \$227.1 million in 2024 to \$231.5 million in 2025. This is due primarily to Completion of the MLK Aquatics Center.

Business-Type Activities - Capital assets increased by \$13.5 million, increasing from \$197.7 million in 2024 to \$211.2 million in 2025, attributable primarily to the increase in construction in progress. and a new subscription that had to be recorded due to GASB96

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets						
Land	\$ 17,719,255	\$ 17,719,255	\$ 10,522,940	\$ 10,522,940	\$ 28,242,195	\$ 28,242,195
Buildings	23,769,208	24,985,869	15,391,873	16,637,603	39,161,081	41,623,472
Other improvements	38,023,657	27,319,823	116,792,109	114,801,496	154,815,766	142,121,319
Machinery, equipment and vehicles	23,918,842	25,159,880	12,640,997	13,641,635	36,559,839	38,801,515
Infrastructure	103,920,814	102,099,055	-	-	103,920,814	102,099,055
Intangible assets	-	-	230,609	260,816	230,609	260,816
Construction in progress	23,620,990	29,442,202	55,593,421	41,871,978	79,214,411	71,314,180
Development in progress	113,559	-	-	-	113,559	-
Subscription asset	399,278	391,634	76,113	-	475,391	391,634
Total capital assets	<u>\$ 231,485,603</u>	<u>\$ 227,117,718</u>	<u>\$ 211,248,062</u>	<u>\$ 197,736,468</u>	<u>\$ 442,733,665</u>	<u>\$ 424,854,186</u>

Additional information on the City of Yakima's capital assets can be found in the Capital Assets note.

Long-Term Debt Administration

On December 31, 2025, the City of Yakima had total bonded debt outstanding of \$30.0 million. Of this amount, \$27.2 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$2.9 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, 2025, was approximately \$169.9 million in comparison to the total legal debt limit of \$181.5 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. More detailed information on the City's long-term obligations can be found in the Long-Term Debt note. A summary of the City's debt follows.

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 27,157,757	\$ 28,705,899	\$ -	\$ -	\$ 27,157,757	\$ 28,705,899
Revenue bonds	-	-	2,855,000	3,415,000	2,855,000	3,415,000
Intergovernmental loans	3,955,511	4,517,425	8,520,448	9,878,415	12,475,959	14,395,840
Lease purchase agreements	1,578,584	1,910,234	-	-	1,578,584	1,910,234
Total outstanding debt	<u>\$ 32,691,852</u>	<u>\$ 35,133,558</u>	<u>\$ 11,375,448</u>	<u>\$ 13,293,415</u>	<u>\$ 44,067,300</u>	<u>\$ 48,426,973</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 in extreme excess of the 1% limitation in the last three years. Property tax receipts rose marginally compared to the prior year.
- **Local Employment.** The unemployment rate (7.3% for December 2025) in the County continues to be higher than the state (5.8% for December 2025) and national average (4.4% for December 2025). 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. Between 2024 and 2025, the Yakima County civilian labor force gained about 4,000 jobs, showing an increase in total employment.
- **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 \$1.0 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.** The 2020 Convention & Event Center expansion of 18,000 sq. ft., which added approximately 10,000 sq. ft. of net rentable space to the existing 41,000 sq. ft. capacity, is now the 11th largest in the State. Debt service for this expansion will continue until 2044.
- In August 2013, members of the community approved a ballot measure to establish a fund dedicated to street overlay and reconstruction. The City's General Fund Budget provides contributions towards this purpose totaling \$2 million per year adjusted annually by consumer price index (CPI). These funds have been used to pay annual debt service payment towards the 2018 Street Resurfacing project (ending in 2028).
- 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 a portion of the debt on two development projects: a multipurpose sports complex which opened in 2016 (SOZO - ending in 2035), and the YMCA aquatic center which opened in 2019 (ending in 2042).
- In 2025, the City of Yakima opened the MLK Aquatics Center, making good on a promise to return a pool to east Yakima 20+ years ago. Total cost of the Aquatic Center was just over \$12 Million.

The 2026 budget is balanced for all funds, following guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. For the 2026 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 a resilient, thriving, engaged, safe and healthy Yakima.

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.



FINANCIAL REPORTING

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 and the aggregated amounts for all nonmajor 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 and the aggregated information for all nonmajor governmental funds.

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

PROPRIETARY FUNDS

Statement of Net Position, Proprietary Funds - Major funds include Transit, Refuse, Wastewater, Water, Irrigation and the Yakima Air Terminal. Stormwater, the only nonmajor fund, is presented in the Nonmajor Proprietary Funds section.

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

FIDUCIARY FUNDS

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

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

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, 2025

Continued

	Governmental Activities	Business-Type Activities	Primary Gov't Total
Assets			
Current assets			
Cash	\$ 45,505,588	\$ 41,247,473	\$ 86,753,061
Cash with fiscal agent	392,042	21,628	413,670
Investments	32,655,769	41,485,078	74,140,847
Restricted assets			
Cash	1,027,169	-	1,027,169
Investments	531,141	-	531,141
Receivables, net of allowance for uncollectible accounts			
Taxes	8,688,074	1,426,101	10,114,175
Customer accounts	7,540,151	6,137,827	13,677,978
Notes and contracts	1,754,057	665,207	2,419,264
Due from other governments	3,021,535	7,028,010	10,049,545
Due from other funds	397,130	-	397,130
Lease receivables	-	118,390	118,390
Inventories and prepayments	1,063,397	842,382	1,905,779
Total current assets	102,576,053	98,972,096	201,548,149
Noncurrent assets			
Lease receivable	-	5,218,481	5,218,481
Capital assets not being depreciated			
Land	17,719,255	10,522,940	28,242,195
Construction in progress	23,620,990	55,593,421	79,214,411
Development in progress	113,559	-	113,559
Capital assets, net of accumulated depreciation			
Buildings	23,769,208	15,391,873	39,161,081
Machinery, equipment and vehicles	23,918,842	12,640,997	36,559,839
Infrastructure	103,920,814	-	103,920,814
Other improvements	38,023,657	116,792,109	154,815,766
Intangible assets	-	230,609	230,609
Subscription asset	399,278	76,113	475,391
Other noncurrent assets			
Net pension asset	23,700,337	2,836,520	26,536,857
Total noncurrent assets	255,185,940	219,303,063	474,489,003
Total assets	357,761,993	318,275,159	676,037,152
Deferred outflows of resources			
Deferred amount on refunding	-	63,642	63,642
Deferred outflows related to pension	27,122,575	4,183,613	31,306,188
Deferred outflows related to OPEB	1,202,840	323,469	1,526,309
Total deferred outflows of resources	28,325,415	4,570,724	32,896,139
Total assets and deferred outflows of resources	386,087,408	322,845,883	708,933,291

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

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities	Business-Type Activities	Primary Gov't Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,804,928	\$ 6,890,329	\$ 9,695,257
Unearned revenue	915,696	6,526	922,222
Contracts payable	85,760	423,858	509,618
Claims and judgments payable	6,968,390	-	6,968,390
Accrued salaries and benefits	9,495,220	1,754,893	11,250,113
Compensated absences	2,838,052	587,470	3,425,522
Deposits type accounts	602,917	879,875	1,482,792
Due to other governments	63,960	24,107	88,067
Due to other funds	397,130	-	397,130
Other current liabilities	77,098	20,727	97,825
Accrued interest payable	169,506	42,064	211,570
Debt principal due within one year	2,514,448	1,758,238	4,272,686
Subscriptions due within one year	195,141	17,787	212,928
Total other post-employment benefits - current	2,030,241	85,561	2,115,802
Total current liabilities	29,158,487	12,491,435	41,649,922
Noncurrent liabilities			
Compensated absences	8,452,074	1,765,342	10,217,416
Net pension liability	6,552,979	749,812	7,302,791
Total other postemployment benefits	35,487,160	1,501,282	36,988,442
Debt principal due in more than one year	30,483,775	9,761,596	40,245,371
Subscriptions due in more than one year	86,664	56,747	143,411
Total noncurrent liabilities	81,062,652	13,834,779	94,897,431
Total liabilities	110,221,139	26,326,214	136,547,353
Deferred inflows of resources			
Deferred inflows related to pension	6,032,120	793,269	6,825,389
Deferred inflows related to OPEB	2,185,441	587,712	2,773,153
Deferred inflows related to leases	-	5,125,600	5,125,600
Total deferred inflows of resources	8,217,561	6,506,581	14,724,142
Total liabilities and deferred inflows	118,438,700	32,832,795	151,271,495
Net position			
Investment in capital assets net of related debt	198,119,816	199,293,480	397,413,296
Restricted for:			
Public safety and emergency preparedness	4,680,559	-	4,680,559
Housing and economic development	1,658,821	-	1,658,821
Debt service	437,603	-	437,603
Capital improvements	11,395,042	-	11,395,042
Tourism and conventions	3,662,367	-	3,662,367
Pension plans	44,877,159	6,277,191	51,154,350
Unrestricted	2,817,341	84,442,417	87,259,758
Total net position	\$ 267,648,708	\$ 290,013,088	\$ 557,661,796

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

CITY OF YAKIMA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business Activities	Primary Gov't Total
Governmental activities							
General government	\$ 17,166,556	\$ 350,643	\$ -	\$ -	\$ (16,815,913)	\$ -	\$ (16,815,913)
Public safety	64,548,661	8,904,069	9,296,006	-	(46,348,586)	-	(46,348,586)
Customer services	430,161	362,096	-	-	(68,065)	-	(68,065)
Transportation	14,530,775	1,112,044	1,228,113	8,748,991	(3,441,627)	-	(3,441,627)
Economic environment	6,398,938	1,827,569	3,450,625	33,520	(1,087,224)	-	(1,087,224)
Public health services	650,367	-	778	-	(649,589)	-	(649,589)
Culture and recreation	10,069,414	5,270,868	325,169	3,679,754	(793,623)	-	(793,623)
Interest on long term debt	1,213,964	-	-	-	(1,213,964)	-	(1,213,964)
Total governmental activities	115,008,836	17,827,289	14,300,691	12,462,265	(70,418,591)	-	(70,418,591)
Business-type activities							
Transit	11,708,242	555,097	6,280,494	966,129	-	(3,906,522)	(3,906,522)
Airport	4,349,422	1,605,189	253,633	5,266,195	-	2,775,595	2,775,595
Refuse	10,132,016	10,951,561	-	-	-	819,545	819,545
Wastewater	23,697,643	26,196,572	-	3,125,879	-	5,624,808	5,624,808
Water	12,099,063	13,142,933	-	1,209,864	-	2,253,734	2,253,734
Irrigation	3,110,304	4,041,554	-	4,753,969	-	5,685,219	5,685,219
Stormwater	4,257,951	4,747,558	-	609,615	-	1,099,222	1,099,222
Total business-type activities	69,354,641	61,240,464	6,534,127	15,931,651	-	14,351,601	14,351,601
Total activities	\$ 184,363,477	\$ 79,067,753	\$ 20,834,818	\$ 28,393,916	(70,418,591)	14,351,601	(56,066,990)
General revenues and transfers							
Taxes							
Property taxes					25,084,209	-	25,084,209
Sales and use taxes					27,834,404	8,062,273	35,896,677
Other taxes and fees					31,760,793	-	31,760,793
Unrestricted investment earnings					6,407,675	177,784	6,585,459
Judgements and settlements					169,456	-	169,456
Interest on rents & leases					-	128,137	128,137
Miscellaneous revenues					268,554	6,018	274,572
Grants and contributions not restricted to specific programs					2,428,108	-	2,428,108
Gain (loss) on disposition of capital assets					(122,299)	-	(122,299)
Transfers					84,448	(84,448)	-
Total general revenues, extraordinary items and transfers					93,915,348	8,289,764	102,205,112
Change in net position					23,496,757	22,641,365	46,138,122
Net position - January 1, as previously reported					244,433,985	267,420,948	511,854,933
Error Correction					(282,033)	(49,224)	(331,257)
Net Position - January 1, as adjusted or restated					244,151,952	267,371,724	511,523,676
Net position - December 31					\$ 267,648,709	\$ 290,013,089	\$ 557,661,798

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

CITY OF YAKIMA

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General Fund	Other Gov't Funds	Total Gov't Funds
Assets			
Cash	\$ 9,840,820	\$ 26,537,860	\$ 36,378,680
Cash with fiscal agent	114,397	277,644	392,041
Investments	9,620,076	15,131,760	24,751,836
Receivables, net allowance for uncollectible accounts			
Taxes	7,756,634	931,440	8,688,074
Customer accounts	2,706,264	3,343,358	6,049,622
Notes and contracts	17,089	1,736,968	1,754,057
Due from other governments	388,237	2,633,298	3,021,535
Due from other funds	397,130	-	397,130
Inventories and prepayments	17,406	191,514	208,920
Total assets	<u>30,858,053</u>	<u>50,783,842</u>	<u>81,641,895</u>
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 30,858,053</u>	<u>\$ 50,783,842</u>	<u>\$ 81,641,895</u>
Liabilities			
Accounts payable	\$ 1,155,943	\$ 1,305,955	\$ 2,461,898
Unearned revenue	-	915,696	915,696
Contracts payable	1,601	83,843	85,444
Accrued salaries and benefits	7,805,110	1,255,340	9,060,450
Deposits type accounts	51,901	73,839	125,740
Due to other governments	63,755	205	63,960
Due to other funds	-	397,130	397,130
Other liabilities	72,080	-	72,080
Total liabilities	<u>9,150,390</u>	<u>4,032,008</u>	<u>13,182,398</u>
Deferred inflows of resources			
Unavailable revenue	2,136,055	4,348,723	6,484,778
Total deferred inflows of resources	<u>2,136,055</u>	<u>4,348,723</u>	<u>6,484,778</u>
Total liabilities and deferred inflows	<u>11,286,445</u>	<u>8,380,731</u>	<u>19,667,176</u>
Fund balances			
Nonspendable	17,406	971,353	988,759
Restricted	-	21,884,467	21,884,467
Committed	1,480,705	10,223,359	11,704,064
Assigned	-	9,323,932	9,323,932
Unassigned	18,073,497	-	18,073,497
Total fund balances	<u>19,571,608</u>	<u>42,403,111</u>	<u>61,974,719</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 30,858,053</u>	<u>\$ 50,783,842</u>	<u>\$ 81,641,895</u>

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

CITY OF YAKIMA

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

December 31, 2025

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

Total fund balances - governmental funds (previous page)	\$ 61,974,719
Capital & subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	215,406,606
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	6,484,778
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.	29,076,475
Long-term liabilities, including bonds payable & subscription assets, are not due and payable in the current period and therefore are not reported in the funds.	(44,157,133)
Pension and other postemployment benefits are not due and payable in the current period and therefore are not reflected in the funds.	(1,136,748)
Net position of governmental activities	<u><u>\$ 267,648,697</u></u>

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

CITY OF YAKIMA

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

For the Year Ended December 31, 2025

	General Fund	Formerly Major Fund ARPA Fund	Other Gov't Funds	Total Gov't Funds
Revenues				
Taxes	\$ 63,499,501	\$ -	\$ 26,153,718	\$ 89,653,219
Licenses and permits	2,220,721	-	408,286	2,629,007
Intergovernmental revenues	3,131,851	-	16,633,942	19,765,793
Charges for goods and services	3,942,337	-	6,797,328	10,739,665
Fines, forfeitures and penalties	1,862,505	-	3,105	1,865,610
Contributions and donations	36,800	-	3,807,718	3,844,518
Investment earnings	6,512,002	-	25,943	6,537,945
Miscellaneous revenues	124,846	-	1,490,403	1,615,249
Total revenues	81,330,563	-	55,320,443	136,651,006
Expenditures				
Current				
General government	13,757,468	-	2,776,749	16,534,217
Public safety	59,543,884	-	8,187,813	67,731,697
Utilities services	-	-	420,450	420,450
Transportation	879,686	-	6,049,648	6,929,334
Economic environment	1,859,341	-	4,672,789	6,532,130
Public health services	27,756	-	667,121	694,877
Culture and recreation	-	-	8,476,134	8,476,134
Capital outlay				
General government	537,840	-	1,045,305	1,583,145
Public safety	48,291	-	137,571	185,862
Transportation	-	-	11,853,939	11,853,939
Culture and recreation	-	-	3,863,589	3,863,589
Debt service				
Principal	411,391	-	2,295,979	2,707,370
Interest and related charges	12,506	-	1,334,347	1,346,853
Total expenditures	77,078,163	-	51,781,434	128,859,597
Excess (def) of revenue over (under) expenditure	4,252,400	-	3,539,009	7,791,409
Other financing sources (uses)				
Transfers in	-	-	7,934,305	7,934,305
Transfers out	(3,267,562)	-	(4,582,295)	(7,849,857)
Sale of capital assets	7,009	-	94,983	101,992
Subscription liabilities issued	372,297	-	-	372,297
Total other financing sources (uses)	(2,888,256)	-	3,446,993	558,737
Net change in fund balances	1,364,144	-	6,986,002	8,350,146
Fund balances - January 1, as previously reported	18,207,464	67,700	35,349,409	53,624,573
Changes within financial reporting entity:				
Change from major to nonmajor fund	-	(67,700)	67,700	-
Fund balances - January 1, as adjusted or restated	18,207,464	-	35,417,109	53,624,573
Fund balances - December 31	\$ 19,571,608	\$ -	\$ 42,403,111	\$ 61,974,719

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

CITY OF YAKIMA

**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, 2025

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ 8,350,146
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.	3,988,056
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.	741,512
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	926,637
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.	2,461,108
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).	6,083,386
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.	945,899
Change in net position, as reflected on the Statement of Activities	<u>\$ 23,496,744</u>

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

CITY OF YAKIMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2025

Continued

	Business-Type Activities				
	Major Funds				
	Airport	Transit	Refuse	Wastewater	Water
Assets					
Current assets					
Cash	\$ 374,735	\$ 10,587,638	\$ 2,753,861	\$ 17,427,360	\$ 4,987,734
Cash with fiscal agent	-	-	-	-	-
Investments	-	10,746,234	2,795,130	17,688,699	5,062,220
Receivables, net of allowance for uncollectible accounts					
Taxes	-	1,424,408	-	-	-
Customer accounts	228,828	32,363	1,527,816	2,843,119	931,979
Notes and contracts	-	-	-	-	-
Due from other governments	2,864,199	3,614,760	-	162,236	-
Due from other funds	-	-	-	833,333	-
Lease receivable	118,390	-	-	-	-
Inventories and prepayments	-	-	-	-	842,382
Total current assets	3,586,152	26,405,403	7,076,807	38,954,747	11,824,315
Noncurrent assets					
Lease receivable	5,218,481	-	-	-	-
Capital assets not being depreciated					
Land	3,418,797	6,217,391	-	643,757	151,595
Construction in progress	6,628,230	-	-	12,384,821	4,434,163
Capital assets, net of accumulated depreciation					
Buildings	29,646	1,871,125	-	10,728,175	2,581,565
Machinery, equipment and vehicles	3,137,477	6,442,798	-	2,874,039	186,683
Other improvements	11,588,763	938,054	-	50,599,869	33,911,449
Intangible assets	104,450	-	-	-	126,159
Subscription asset	76,113	-	-	-	-
Other noncurrent assets					
Net pension asset	150,769	691,582	339,375	856,908	498,552
Total noncurrent assets	30,352,726	16,160,950	339,375	78,087,569	41,890,166
Total assets	33,938,878	42,566,353	7,416,182	117,042,316	53,714,481
Deferred outflows of resources					
Deferred amount on refunding	-	-	-	4,550	-
Deferred outflows related to pension	222,371	1,020,022	500,548	1,263,862	735,319
Deferred outflows related to OPEB	16,807	79,642	40,291	99,912	55,057
Total deferred outflows of resources	239,178	1,099,664	540,839	1,368,324	790,376
Total assets and deferred outflows of resources	34,178,056	43,666,017	7,957,021	118,410,640	54,504,857

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

CITY OF YAKIMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2025

Continued

	Business-Type Activities			Gov't Activities
	Major Funds	Other	Total	Internal
	Irrigation	Enterprise Funds	Enterprise Funds	Service Funds
Assets				
Current assets				
Cash	\$ 956,802	\$ 4,159,343	\$ 41,247,473	\$ 10,154,078
Cash with fiscal agent	-	21,628	21,628	-
Investments	971,144	4,221,650	41,485,077	8,435,074
Receivables, net of allowance for uncollectible accounts				
Taxes	-	1,693	1,426,101	-
Customer accounts	573,722	-	6,137,827	1,490,527
Notes and contracts	-	665,207	665,207	-
Due from other governments	308,679	78,136	7,028,010	-
Due from other funds	-	833,333	1,666,666	-
Lease receivable	-	-	118,390	-
Inventories and prepayments	-	-	842,382	854,478
Total current assets	2,810,347	9,980,990	100,638,761	20,934,157
Noncurrent assets				
Lease receivable	-	-	5,218,481	-
Capital assets not being depreciated				
Land	91,400	-	10,522,940	-
Construction in progress	31,633,075	513,132	55,593,421	-
Capital assets, net of accumulated depreciation				
Buildings	181,364	-	15,391,875	174,727
Machinery, equipment and vehicles	-	-	12,640,997	15,610,205
Other improvements	12,827,078	6,926,896	116,792,109	256,321
Intangible assets	-	-	230,609	-
Subscription asset	-	-	76,113	37,745
Other noncurrent assets				
Net pension asset	133,579	165,755	2,836,520	710,231
Total noncurrent assets	44,866,496	7,605,783	219,303,065	16,789,229
Total assets	47,676,843	17,586,773	319,941,826	37,723,386
Deferred outflows of resources				
Deferred amount on refunding	59,092	-	63,642	-
Deferred outflows related to pension	197,017	244,474	4,183,613	1,047,527
Deferred outflows related to OPEB	15,474	16,286	323,469	86,818
Total deferred outflows of resources	271,583	260,760	4,570,724	1,134,345
Total assets and deferred outflows of resources	47,948,426	17,847,533	324,512,550	38,857,731

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

CITY OF YAKIMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2025

Continued

	Business-Type Activities				
	Major Funds				
	Airport	Transit	Refuse	Wastewater	Water
Liabilities					
Current liabilities					
Accounts payable	1,458,980	467,639	183,618	3,558,848	794,871
Unearned revenue	6,526	-	-	-	-
Contracts payable	-	404	230	423,075	44
Claims and judgments payable	-	-	-	-	-
Accrued salaries and benefits	64,188	411,328	229,626	519,641	356,866
Compensated absences	20,038	115,063	74,045	198,743	106,411
Deposits type accounts	39,034	-	220,453	469,788	150,584
Due to other governments	18,220	-	-	5,887	-
Due to other funds	-	-	-	-	-
Other current liabilities	-	-	444	2,170	18,113
Accrued interest payable	-	-	-	13,489	18,852
Debt principal due within one year	-	-	-	891,641	656,597
Subscriptions due within one year	17,787	-	-	-	-
Total other post-employment benefits - current	4,446	21,066	10,657	26,428	14,563
Total current liabilities	1,629,219	1,015,500	719,073	6,109,710	2,116,901
Noncurrent liabilities					
Compensated absences	70,381	437,821	247,347	564,962	257,687
Net pension liability	39,855	182,814	89,711	226,517	131,788
Total other post-employment benefits	78,006	369,633	186,998	463,712	255,527
Debt principal due in more than one year	-	-	-	3,253,050	4,482,320
Subscriptions due in more than one year	56,747	-	-	-	-
Total noncurrent liabilities	244,989	990,268	524,056	4,508,241	5,127,322
Total liabilities	1,874,208	2,005,768	1,243,129	10,617,951	7,244,223
Deferred inflows of resources					
Deferred inflows related to pension	42,165	193,410	94,911	239,645	139,426
Deferred inflows related to OPEB	30,537	144,702	73,205	181,531	100,032
Deferred inflows related to leases	5,125,600	-	-	-	-
Total deferred inflow of resources	5,198,302	338,112	168,116	421,176	239,458
Total liabilities and deferred inflows	7,072,510	2,343,880	1,411,245	11,039,127	7,483,681
Net position					
Investment in capital assets net of related debt	24,908,945	15,468,964	(230)	72,667,443	36,252,653
Restricted for:					
Pension plans	333,651	1,530,465	751,034	1,896,328	1,103,290
Unrestricted	1,862,950	24,322,708	5,794,972	32,807,742	9,665,233
Total net position	\$ 27,105,546	\$ 41,322,137	\$ 6,545,776	\$ 107,371,513	\$ 47,021,176

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

CITY OF YAKIMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2025

	Business-Type Activities			Gov't Activities
	Major Funds	Other	Total	Internal
	Irrigation	Enterprise Funds	Enterprise Funds	Service Funds
Liabilities				
Current liabilities				
Accounts payable	334,751	91,622	6,890,329	343,038
Unearned revenue	-	-	6,526	-
Contracts payable	105	-	423,858	314
Claims and judgments payable	-	-	-	6,968,392
Accrued salaries and benefits	83,376	89,869	1,754,894	434,772
Compensated absences	27,965	45,205	587,470	167,730
Deposits type accounts	14	-	879,873	477,178
Due to other governments	-	-	24,107	-
Due to other funds	1,666,667	-	1,666,667	-
Other current liabilities	-	-	20,727	5,018
Accrued interest payable	9,723	-	42,064	-
Debt principal due within one year	210,000	-	1,758,238	-
Subscriptions due within one year	-	-	17,787	24,995
Total other post-employment benefits - current	4,093	4,308	85,561	22,964
Total current liabilities	2,336,694	231,004	14,158,101	8,444,401
Noncurrent liabilities				
Compensated absences	44,364	142,781	1,765,343	389,802
Net pension liability	35,311	43,816	749,812	187,743
Total other post-employment benefits	71,819	75,587	1,501,282	402,943
Debt principal due in more than one year	2,026,226	-	9,761,596	-
Subscriptions due in more than one year	-	-	56,747	-
Total noncurrent liabilities	2,177,720	262,184	13,834,780	980,488
Total liabilities	4,514,414	493,188	27,992,881	9,424,889
Deferred inflows of resources				
Deferred inflows related to pension	37,357	46,356	793,270	198,625
Deferred inflows related to OPEB	28,115	29,590	587,712	157,742
Deferred inflows related to leases	-	-	5,125,600	-
Total deferred inflow of resources	65,472	75,946	6,506,582	356,367
Total liabilities and deferred inflows	4,579,886	569,134	34,499,463	9,781,256
Net position				
Investment in capital assets net of related debt	42,555,677	7,440,028	199,293,480	16,053,688
Restricted for:				
Pension plans	295,609	366,815	6,277,192	1,571,735
Unrestricted	517,254	9,471,556	84,442,415	11,451,052
Total net position	\$ 43,368,540	\$ 17,278,399	\$ 290,013,087	\$ 29,076,475

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

CITY OF YAKIMA

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

For the Year Ended December 31, 2025

Continued

	Business-Type Activities				
	Major Funds				
	Airport	Transit	Refuse	Wastewater	Water
Operating revenues					
Charges and fees for services	\$ 1,558,999	\$ 411,597	\$ 10,677,704	\$ 26,196,527	\$ 13,142,403
Charges for insurance	-	-	-	-	-
Employer contributions	-	-	-	-	-
Employee contributions	-	-	-	-	-
Rents and leases	24,215	11,499	-	-	-
Special assessments	-	116,075	-	-	-
Other operating revenue	21,975	15,926	273,857	45	529
Total operating revenues	1,605,189	555,097	10,951,561	26,196,572	13,142,932
Operating expenses					
Personnel services	940,286	4,642,062	2,391,144	5,754,726	3,029,392
Materials and supplies	142,663	770,870	571,471	1,190,493	716,913
Contractual services	584,458	5,202,897	7,169,401	11,918,374	6,089,094
Claims and other benefits	-	-	-	-	-
Depreciation	2,678,029	1,030,757	-	4,790,204	2,215,845
Total operating expenses	4,345,436	11,646,586	10,132,016	23,653,797	12,051,244
Operating income (loss)	(2,740,247)	(11,091,489)	819,545	2,542,775	1,091,688
Nonoperating revenues (expenses)					
Grants and subsidies	5,519,828	7,246,623	-	1,781,604	639,457
Taxes	-	8,062,273	-	-	-
Interest income	1,799	19,557	-	71,390	13,649
Other nonoperating revenues	13	-	607	1,464	3,933
Interest on rents & leases	128,137	-	-	-	-
Interest and other debt related costs	(1,284)	-	-	(43,845)	(47,820)
Gain (loss) on disposal of capital assets	(2,703)	(61,657)	-	-	-
Total nonoperating revenues (expenses)	5,645,790	15,266,796	607	1,810,613	609,219
Income (loss) before contributions and transfers	2,905,543	4,175,307	820,152	4,353,388	1,700,907
Capital contributions	-	-	-	1,344,275	570,408
Transfers (out)	-	-	-	(84,448)	-
Change in net position	2,905,543	4,175,307	820,152	5,613,215	2,271,315
Net position - January 1, as previously reported	24,202,056	37,146,830	5,725,624	101,797,446	44,752,135
Error Correction	(2,053)	-	-	(39,148)	(2,274)
Net Position - January 1, as adjusted or restated	24,200,003	37,146,830	5,725,624	101,758,298	44,749,861
Net position - December 31	\$ 27,105,546	\$ 41,322,137	\$ 6,545,776	\$ 107,371,513	\$ 47,021,176

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

CITY OF YAKIMA

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

For the Year Ended December 31, 2025

	Business-Type Activities			Gov't
	Major Funds	Other	Total	Internal
	Irrigation	Enterprise Funds	Enterprise Funds	Service Funds
Operating revenues				
Charges and fees for services	\$ 4,041,554	\$ 4,747,558	\$ 60,776,342	\$ 10,136,210
Charges for insurance	-	-	-	4,546,287
Employer contributions	-	-	-	19,506,301
Employee contributions	-	-	-	2,180,070
Rents and leases	-	-	35,714	-
Special assessments	-	-	116,075	-
Other operating revenue	-	-	312,332	462
Total operating revenues	4,041,554	4,747,558	61,240,463	36,369,330
Operating expenses				
Personnel services	827,124	980,304	18,565,038	4,827,040
Materials and supplies	73,530	22,165	3,488,105	1,459,442
Contractual services	1,503,121	2,860,779	35,328,124	11,307,376
Claims and other benefits	-	-	-	15,972,972
Depreciation	494,213	394,704	11,603,752	2,131,368
Total operating expenses	2,897,988	4,257,952	68,985,019	35,698,198
Operating income (loss)	1,143,566	489,606	(7,744,556)	671,132
Nonoperating revenues (expenses)				
Grants and subsidies	4,753,969	410,435	20,351,916	34,809
Taxes	-	-	8,062,273	-
Interest income	-	71,388	177,783	-
Other nonoperating revenues	-	-	6,017	358,857
Interest on rents & leases	-	-	128,137	-
Interest and other debt related costs	(212,315)	-	(305,264)	(1,254)
Gain (loss) on disposal of capital assets	-	-	(64,360)	(117,645)
Total nonoperating revenues (expenses)	4,541,654	481,823	28,356,502	274,767
Income (loss) before contributions and transfers	5,685,220	971,429	20,611,946	945,899
Capital contributions	-	199,180	2,113,863	-
Transfers (out)	-	-	(84,448)	-
Change in net position	5,685,220	1,170,609	22,641,361	945,899
Net position - January 1, as previously reported	37,683,320	16,113,540	267,420,951	28,130,576
Error Correction	-	(5,750)	(49,225)	-
Net Position - January 1, as adjusted or restated	37,683,320	16,107,790	267,371,726	28,130,576
Net position - December 31	\$ 43,368,540	\$ 17,278,399	\$ 290,013,087	\$ 29,076,475

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

CITY OF YAKIMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2025

Continued

	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Cash flows from operating activities				
Receipts from customers	\$ 1,828,447	\$ 534,731	\$ 10,318,233	\$ 26,012,860
Contributions received - employer and employee	-	-	-	-
Payments to suppliers and service providers	(1,303,140)	(6,106,371)	(7,712,763)	(10,077,855)
Payments to employees for salaries and benefits	(1,043,998)	(5,075,698)	(2,553,744)	(6,118,344)
Other receipts	21,975	15,926	273,857	45
Payments to claimants and beneficiaries	-	-	-	-
Net cash provided by operating activities	(496,716)	(10,631,412)	325,583	9,816,706
Cash flows from noncapital financing activities				
Sales tax received	-	7,997,443	-	-
Operating grants/non-operating revenue	4,303,548	9,150,097	607	(162,236)
Interfund loan issued	-	-	-	557,378
Net cash provided by noncapital financing activities	4,303,548	17,147,540	607	395,142
Cash flows from capital financing activities				
Proceeds from disposal of property	(2,690)	1,325	-	1,464
Capital grants and contributions	-	-	-	2,808,440
Principal paid on capital debt	-	-	-	(1,009,298)
Interfund loan repayment	-	-	-	-
Acquisition and construction of capital assets	(5,326,103)	(998,952)	-	(9,693,420)
Interest and related charges paid	(1,284)	-	-	(58,150)
Other non financial assets (lease receivable)	-	-	-	-
Other receipts	128,137	65	230	251,574
Transfers out	-	-	-	(84,448)
Net cash used for capital financing activities	(5,201,940)	(997,562)	230	(7,783,838)
Cash flows from investing activities				
Proceeds from sale of investments	1,009,007	9,230,437	3,053,186	19,059,076
Interest on investments	1,799	19,557	-	71,390
Purchase of investments	-	(10,746,234)	(2,795,130)	(17,688,699)
Net cash provided by investing activities	1,010,806	(1,496,240)	258,056	1,441,767
Net increase (decrease) in cash and cash equivalents	(384,302)	4,022,326	584,476	3,869,777
Cash and cash equivalents - January 1	759,036	6,565,313	2,169,385	13,557,582
Cash and cash equivalents - December 31	\$ 374,734	\$ 10,587,639	\$ 2,753,861	\$ 17,427,359

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

CITY OF YAKIMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2025

Continued

	Business-Type Activities			Governmental Activities
	Major Funds		Other Enterprise Funds	Internal Service Funds
	Water	Irrigation		
Cash flows from operating activities				
Receipts from customers	\$ 12,933,145	\$ 3,984,678	\$ 4,629,780	\$ 60,241,874
Contributions received - employer and employee	-	-	-	-
Payments to suppliers and service providers	(6,365,195)	(1,670,836)	(2,802,117)	(36,038,277)
Payments to employees for salaries and benefits	(3,304,038)	(915,116)	(1,050,320)	(20,061,258)
Other receipts	529	-	-	312,332
Payments to claimants and beneficiaries	-	-	-	-
Net cash provided by operating activities	3,264,441	1,398,726	777,343	4,454,671
Cash flows from noncapital financing activities				
Sales tax received	-	-	-	7,997,443
Operating grants/non-operating revenue	-	6,043,040	382,942	19,717,998
Interfund loan issued	957,294	-	1,627,421	3,142,093
Net cash provided by noncapital financing activities	957,294	6,043,040	2,010,363	30,857,534
Cash flows from capital financing activities				
Proceeds from disposal of property	3,933	-	-	4,032
Capital grants and contributions	1,149,734	-	-	3,958,174
Principal paid on capital debt	(703,670)	-	-	(1,712,968)
Interfund loan repayment	-	(1,899,916)	-	(1,899,916)
Acquisition and construction of capital assets	(3,224,196)	(5,273,759)	(59,843)	(24,576,273)
Interest and related charges paid	(47,820)	(423,107)	-	(530,361)
Other non financial assets (lease receivable)	-	-	-	-
Other receipts	(31,066)	-	-	348,940
Transfers out	-	-	-	(84,448)
Net cash used for capital financing activities	(2,853,085)	(7,596,782)	(59,843)	(24,492,820)
Cash flows from investing activities				
Proceeds from sale of investments	5,063,451	1,217,870	3,263,418	41,896,445
Interest on investments	13,649	-	71,388	177,783
Purchase of investments	(5,062,220)	(971,144)	(4,221,650)	(41,485,077)
Net cash provided by investing activities	14,880	246,726	(886,844)	589,151
Net increase (decrease) in cash and cash equivalents	1,383,530	91,710	1,841,019	11,408,536
Cash and cash equivalents - January 1	3,604,202	865,092	2,339,951	29,860,561
Cash and cash equivalents - December 31	\$ 4,987,732	\$ 956,802	\$ 4,180,970	\$ 41,269,097

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

CITY OF YAKIMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2025

Continued

	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Reconciliation of operating income (loss) to net cash provided by (used for) operations				
Operating income (loss)	\$ (2,740,246)	\$ (11,091,488)	\$ 819,545	\$ 2,542,773
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations				
Depreciation expense	2,678,028	1,030,757	-	4,790,204
(Increase) decrease in net accounts receivable	289,392	(4,440)	(359,471)	(183,667)
(Increase) decrease in lease receivable	(44,159)	-	-	-
(Increase) decrease in inventory	-	-	-	-
(Decrease) increase in accounts payable	(582,628)	(132,572)	28,109	3,030,465
(Decrease) increase in accrued liabilities	(15,456)	(33)	-	3,377
(Decrease) Increase in wages/benefits payable	(29,671)	(55,835)	(10,808)	13,674
(Decrease) increase in compensated absences	5,077	10,653	29,602	152
(Decrease) inc in due to other governments	22,065	-	-	-
(Decrease) increase in interest payable	-	-	-	(2,828)
(Decrease) increase in pension/OPEB liab - current yr	(79,119)	(388,454)	(181,394)	(377,444)
(Decrease) Increase claims and judgements	-	-	-	-
Total adjustments	2,243,529	460,076	(493,962)	7,273,933
Net cash provided by (used for) operations	\$ (496,717)	\$ (10,631,412)	\$ 325,583	\$ 9,816,706
Schedule of noncash capital financing activities				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 317,439

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

CITY OF YAKIMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2025

	Business-Type Activities			Governmental Activities	
	Major Funds		Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water	Irrigation			
Reconciliation of operating income (loss) to net cash provided by (used for) operations					
Operating income (loss)	\$ 1,091,690	\$ 1,143,564	\$ 489,607	\$ (7,744,555)	\$ 671,144
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations					
Depreciation expense	2,215,845	494,214	394,704	11,603,752	2,131,368
(Increase) decrease in net accounts receivable	(71,841)	(56,876)	(117,777)	(504,680)	931,036
(Increase) decrease in lease receivable	-	-	-	(44,159)	-
(Increase) decrease in inventory	(137,417)	-	-	(137,417)	(29,351)
(Decrease) increase in accounts payable	442,914	(89,788)	80,827	2,777,327	59,639
(Decrease) increase in accrued liabilities	-	-	-	(12,112)	-
(Decrease) Increase in wages/benefits payable	44,445	(1,717)	2,396	(37,516)	(228,491)
(Decrease) increase in compensated absences	(57,877)	(20,179)	8,553	(24,019)	101,947
(Decrease) inc in due to other governments	-	-	-	22,065	-
(Decrease) increase in interest payable	(2,102)	(4,396)	-	(9,326)	-
(Decrease) increase in pension/OPEB liab - current yr	(261,214)	(66,096)	(80,965)	(1,434,686)	-
(Decrease) Increase claims and judgements	-	-	-	-	-
Total adjustments	2,172,753	255,162	287,738	12,199,229	2,966,148
Net cash provided by (used for) operations	\$ 3,264,443	\$ 1,398,726	\$ 777,345	\$ 4,454,674	\$ 3,637,292
Schedule of noncash capital financing activities					
Contributions of capital assets	\$ 60,130	\$ -	\$ 199,180	\$ 576,749	\$ -

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

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2025

	Custodial Funds
Assets	
Current assets	
Cash	\$ 441,634
Total assets	<u>441,634</u>
Liabilities	
Current liabilities	
Accounts payable	<u>137,306</u>
Total liabilities	<u>137,306</u>
Total restricted net position for individuals, organizations & other govern	<u><u>304,328</u></u>

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

CITY OF YAKIMA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2025

	<u>Custodial Funds</u>
Additions	
Contributions	
Custodial deposits	\$ 5,109,637
Total additions	<u>5,109,637</u>
Deductions	
Disbursements	<u>5,015,896</u>
Total deductions	<u>5,015,896</u>
Net increase (decrease) in fiduciary net position	93,741
Net position - beginning	<u>210,587</u>
Net position - ending	<u><u>\$ 304,328</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2025

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	35
Reporting Entity	35
Basis of Presentation - Government-Wide and Fund Financial Statements.	35
Measurement Focus, Basis of Accounting	35
Budgetary Information	37
Assets, Liabilities, Fund Balance and Net Position	38
NOTE 2 – ACCOUNTING CHANGES & ERROR CORRECTIONS	41
Accounting Changes	41
NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS	42
Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position	42
Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.	43
NOTE 4 – DEPOSITS AND INVESTMENTS	44
Deposits	44
Investments	45
NOTE 5 – PROPERTY TAX	47
NOTE 6 – CONTINGENCIES & LITIGATIONS	48
NOTE 7 – INTERFUND BALANCES AND TRANSFERS	49
Interfund Balances	49
Interfund Transfers	49
NOTE 8 – CAPITAL ASSETS	50
NOTE 9 – CONSTRUCTION COMMITMENTS	51

NOTE 10 – PENSIONS - STATE SPONSORED (DRS) PLANS	53
State Sponsored Pension Plans	53
Public Employees’ Retirement System (PERS)	53
Public Safety Employees’ Retirement System (PSERS)	55
Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)	56
NOTE 11 – PENSIONS - DEFINED BENEFIT PLANS - NO QUALIFYING TRUST	61
Fire Pension	61
Police Pension	63
NOTE 12 – OPEB DEFINED BENEFIT PLAN - NO QUALIFYING TRUST	66
Law Enforcement Officer's and Fire Fighters' (LEOFF) OPEB	66
Fire OPEB	67
Police OPEB	68
Non-LEOFF I OPEB	70
Unfunded Postemployment Benefit Liabilities	72
NOTE 13 – RISK MANAGEMENT	72
Property and Liability Insurance	73
Self Insurance	74
NOTE 14 – CHANGES IN LONG-TERM LIABILITIES	75
NOTE 15 – LONG-TERM DEBT	76
General Obligation Debt	76
Intergovernmental Loans and Contractual Agreements	77
Revenue Bonds	78
Financing Agreements	79
NOTE 16 – SEGMENT INFORMATION	80
NOTE 17 – LEASES (LESSORS)	81
NOTE 18 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS	84
NOTE 19 – ASSET RETIREMENT OBLIGATIONS	85
NOTE 20 – POLLUTION REMEDIATION OBLIGATIONS	86
NOTE 21 – TAX ABATEMENT	87
NOTE 22 – FUND BALANCE CLASSIFICATION	88

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Yakima have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

REPORTING ENTITY

The city was incorporated in 1886 and operates under the laws of the state of Washington applicable to a Council/Manager form of government with a full-time City Manager.

As required by the generally accepted accounting principles the financial statements present the city, the primary government, and its component units. The blended component unit discussed below is included in the city reporting entity because of the significance of their operational or financial relationship with the city.

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 & Event 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. Information on the financial statements for the Yakima Regional Public Facilities District can be found on the State Auditor's Office website.

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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. Our policy is to allocate indirect costs to a specific function or segment. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of the interfund activity has been eliminated for 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.

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.

The city reports the following major governmental funds:

- The **General** (or current expense) **Fund** is the city's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.

The city reports the following major enterprise 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.

Additionally, the city reports the following fund types:

- **Internal Service Funds** account for utility services, 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. The Firemen's Relief & Pension Fund and Police Relief & Pension Fund are Pension Funds reported as part of the General Fund. The custodial funds, which the city is a fiduciary agent for, are the state portion of Municipal Court fines & fees, Parks sales tax, Cemetery sales taxes, seized funds, gun permits, Jail Welfare Trust commissary sales, Jail Inmate Trust collection of inmate funds and FSA.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government Wide and Governmental Funds

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the proprietary fund and fiduciary fund financial statements. 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 revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

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. The city considers property taxes as available if they are collected within sixty days after year end. 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.

Property taxes, licenses, and interest associated within the current period are all 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. All other revenue items are considered to be measurable and available only when cash is received by the city.

Proprietary Funds

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city are water, wastewater, refuse, stormwater, irrigation, transit and airport enterprise funds and of the government's internal service funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BUDGETARY INFORMATION

Scope of Budget

Annual appropriated budgets are adopted at the fund level within available resources (i.e. new revenue and existing revenues) on the modified accrual basis of accounting, except for Fiduciary funds, which are used to account for assets held by the city in a trustee capacity.

Appropriations for general and special revenue funds lapse at year-end except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year upon Council authorization.

Amending the Budget

The City Manager or designee is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, 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 ordinance approved by one more than the majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

Excess Of Expenditures Over Appropriations

The following funds reported excess expenditures and other uses over appropriations for the year ended December 31, 2025:

<u>Fund</u>	<u>Amount</u>
Public Safety Communications	196,957
Unemployment Compensation Reserve	16,907
Employees' Health Benefit Reserve	890,159
Total	<u>1,104,024</u>

The excess of expenditures over appropriations for Public Safety Communications is due to training new staff & overtime; for Unemployment Compensation Reserve it's due to an increase in SUI tax for fourth quarter; and for Employees' Health Benefit Reserve it's due to unexpected stop-losses and increased claims at year end.

The overspent amount is funded using the reserves of each Fund.

ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION

Cash and Cash Equivalents

The city considers cash and cash equivalents to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. In addition, because the Local Government Investment Pool (LGIP) is sufficiently liquid to effectively allow for deposit and withdrawal of cash at any time without prior notice or penalty as if it were a demand deposit account, equity in the pool is also deemed to be a cash equivalent.

For purposes of the statement of cash flows, the city's proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

It is the city's policy that investments of city funds may be made on a pooled basis across all funds, with principal and interest apportioned for the benefit of the various participating funds or for the benefit of the general fund. (RCW 35.39.034)

Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Note 5 - Property Tax). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Amounts Due to and from Other Funds, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable. All other outstanding balances between funds are reported as due to/from other funds. A separate schedule of interfund loans receivable and payable is furnished in Note 7 - Interfund Balances and Transfers.

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are consumed.

Inventories in proprietary funds are valued by the weighted average method (which approximates the market value).

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., 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 \$10,000 and an estimated useful life in excess of 2 year(s) 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.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	5 - 50 Years
Improvements other than buildings	2 - 100 Years
Utility plant	3 - 100 Years
Equipment	2 - 40 Years
Intangibles (organization costs and goodwill)	5 - 20 Years
Infrastructure	5 - 50 Years

See Note 8 - Capital Assets, for additional information.

Leases & Subscription-Based Information Technology Arrangements (SBITAs)

Lessee/SBITA: The city recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide and proprietary fund financial statements. The city recognizes lease liabilities with an initial, individual value of \$100,000 or more and SBITA liabilities with an initial, individual value of \$10,000 or more.

The lease/SBITA asset is amortized using the straight-line basis over the lease terms.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease/SBITA. Lease/SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

The city uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not provided, the city generally uses its incremental borrowing rate as the discount rate.

Lessor: The city recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

The deferred inflow of resources is recognized as revenue over the life of the lease term using straight-line basis.

The city uses its estimated incremental borrowing rate as the discount rate for leases.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported

only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Vacation pay, which may be accumulated up to a certain number of hours and a percentage of sick leave, depending on employee group, is payable upon resignation, retirement or death. The liability for compensated absences is calculated using the Pool Approach.

Pensions

For purposes of measuring the net pension liability, net pension 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.

For purposes of calculating the restricted net position related to the net pension asset, the city includes the net pension asset and the related deferred outflows and deferred inflows.

Fund Balance

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

The city's highest decision-making level of authority rests with the City Council. Fund balance is reported as committed when the City Council passes a (resolution or ordinance) that places specified constraints on how resources may be used. The City Council can modify or rescind a commitment of resources through passage of a new resolution.

Resources that are constrained by the city's intent to use them for a specific purpose but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the City Council, the City Manager, or his/her designee.

Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the city for any purpose. When expenditures are incurred and both restricted and unrestricted resources are available, it is the city's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Minimum Fund Balance

The minimum fund balance target is to achieve and maintain a fund balance of at least 12.0% of the total expenditures. Fund balance equals total assets minus total liabilities on the Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds.

Net Position Classification

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the city will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the city’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2 – ACCOUNTING CHANGES & ERROR CORRECTIONS

ACCOUNTING CHANGES

New Funds

The following special revenue funds were created:

- Fund 123 Economic Development moved out of General Fund for better tracking.
- Fund 133 Aquatics created due to the increase in stormwater in-lieu tax that’s intended specifically to provide funding for the City’s various facilities.
- Fund 184 Lodging Tax Fund was created for the transparency and sound financial management to account for the receipt and disbursement of funds.
- Fund 185 Affordable Housing was created due to funds being restricted for eligible uses defined by RWC 82.14.540.

Fund 613 Police Relieve and Pension Fund was created to segregate revenues collected and the expenditures incurred to meet the objectives of the Yakima Police Relief and Pension Board.

Change to or Within the Reporting Entity

ARPA Fiscal Recovery Fund (fund 180) is presented as a nonmajor governmental fund.

Error Correction

During fiscal year 2025, changes to or within the financial reporting entity and an error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances								
Governmental Funds			Proprietary Funds			Government-Wide		
(1)	(2)	(3)	(4)	(5)	(6)			
Parks & Rec	St Overlay & Recon	Airport	Stormwater	Wastewater	Water	Gov't Activities	Business-Type Activities	
12/31/2024, as previously reported	\$ 583,374	\$ 3,641,434	\$ 24,202,056	\$ 16,113,540	\$ 101,797,446	\$ 44,752,135	\$ 244,433,988	\$ 267,420,951
Error correction	(13,320)	(268,713)	(2,053)	(5,750)	(39,148)	(2,274)	(282,033)	(49,224)
12/31/2024, as restated	\$ 570,054	\$ 3,372,721	\$ 24,200,003	\$ 16,107,790	\$ 101,758,298	\$ 44,749,861	\$ 244,151,955	\$ 267,371,727

During fiscal year 2025, it was determined several projects should have been previously closed due to being completed. Therefore, capital assets, net of depreciation was understated as outlined:

1. Tahoma Cemetery, Harmon HVAC & Elks Park projects error correction of (\$13,320), Fund 331.

2. Soccer Frontage, Spring Cr Rd, 48th/WA Improvement & Roosevelt/McKinley projects error correction of (\$345,854), Fund 346.
3. Airport Terminal Environmental project error correction of (\$2,844), Fund 422.
3. Airport Terminal Apron project error correction of (\$1,208), Fund 422.
4. Drainage Improvement District & Fechter Rd Traffic Curb project error correction of (\$7,086), Fund 442.
5. Radio Tower, WWTP Catwalk, Sludge Spiral, Rudkin Rd, Lighting Phase 3, Waste Pump Discharge, WWTP Airflow Control Valve & WWTP, Effluent UV Trans Monitor project error corrections of (\$39,148), Fund 473.
6. WTP LED Conversion project error correction of (\$2,274), Fund 474.

It was also determined a few projects were erroneously closed in previous years along with minor errors when projects were set up in the Fixed Asset software. Therefore, capital assets, net of depreciation was overstated as outlined:

2. Nob Hill & 53rd/64th project error correction of \$77,141, Fund 346.
3. Airport ARF Truck & SRE Blower closure & classification error correction of \$1,999, Fund 422.
4. Buchanan Lake fielder project error correction of \$1,336, Fund 442.

NOTE 3 – 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 funds' balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that “capital and subscription 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	\$ 17,719,255
Construction in progress	23,620,990
Development in progress	113,559
Buildings	59,179,668
Less: Accumulated depreciation - buildings	(35,585,187)
Machinery, equipment and vehicles	30,539,334
Less: Accumulated depreciation - machinery, equipment and vehicles	(22,230,697)
Infrastructure	357,359,814
Less: Accumulated depreciation - infrastructure	(253,439,000)
Subscription asset	832,097
Less: Accumulated depreciation - right-to-use subscription asset	(470,563)
Other improvements	61,004,402
Less: Accumulated depreciation - other improvements	(23,237,066)
Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ 215,406,606</u></u>

Another element of that reconciliation explains “long-term liabilities, including bonds payable and subscription assets, 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	\$ (27,157,757)
Add: Issuance premium (to be amortized over the life of the debt)	-
Intergovernmental loans	(3,955,511)
Lease purchase agreements	(1,578,584)
Add: Issuance premium (to be amortized over the life of the debt)	(306,371)
Subscription-Bases Information Technology Arrangements (SBITA)	(256,809)
Compensated absences	(10,732,595)
Subtotal	<u>(43,987,627)</u>
Accrued interest payable	(169,506)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (44,157,133)</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	\$ 22,990,106
Net pension liability	(6,365,236)
Deferred outflow change in proportionate share	27,191,070
Deferred inflow change in proportionate share	(7,861,194)
Other postemployment benefit obligation	(37,091,494)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (1,136,748)</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 funds' 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	\$ 17,486,535
Depreciation expense	(13,498,479)
Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u><u>\$ 3,988,056</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.	\$ (199,849)
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.	941,361
Net adjustment to increase total government funds to arrive at changes in net position of governmental activities	<u>\$ 741,512</u>

Another element of that reconciliation states that “the issuance of long-term debt and subscription assets (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 Subscription Based Information Technology Assets (SBITAs)	\$ (372,297)
Principal repayments	
General obligation debt	1,548,142
Intergovernmental loans	561,914
Lease purchase agreements	331,650
Interest accrued	
Debt Issued	124,064
Subscription Based Information Technology Assets (SBITAs)	267,635
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ 2,461,108</u>

NOTE 4 – 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 Depositary 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, 2025:

Banks and savings and loan institutions	\$ 17,753,789
Cash with fiscal agent	413,670
Petty cash and other imprest funds	8,430
Local Government Investment Pool (LGIP)	<u>70,018,011</u>
Subtotal	88,193,900
Custodial fund	<u>441,634</u>
Total	<u>\$ 88,635,534</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.

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 and adopted by ordinance on February 1, 2022. This policy received a Certification of Excellence from the Washington Public Treasurer's Association. The policy applies to all funds as indicated in the policy itself.

State statutes (RCW 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) 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 2a-7 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.

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 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 rates 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.

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%	0.4
Corporate medium term notes	5 Years	15%	2% or \$1M
Local Government Investment Pool (LGIP)	n/a	100%	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	

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).

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.

At this time there are no investments in any one issuer of Corporate Medium Term Notes.

Reinvestment Risk - 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, 2025, the City of Yakima had the following investments:

DISTRIBUTION OF FAIR VALUE

Investment Type	Fair Value	Remaining Maturity				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
Local Government Investment Pool (LGIP)	\$ 70,018,011	\$ 70,018,011	\$ -	\$ -	\$ -	\$ -
US Treasury securities	31,349,695	7,978,758	7,807,109	12,579,922	2,983,906	-
Government Sponsored Enterprise (GSE)	32,889,942	15,033,608	15,929,901	1,926,433	-	-
Corporate securities	10,171,874	-	-	8,133,761	2,038,112	-
Municipal securities	260,477	-	-	260,477	-	-
	<u>\$ 144,689,999</u>	<u>\$ 93,030,377</u>	<u>\$ 23,737,011</u>	<u>\$ 22,900,593</u>	<u>\$ 5,022,018</u>	<u>\$ -</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 and Agencies, 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, 2025 the city had the following investments measured at fair value:

FAIR VALUE MEASUREMENTS

	12/31/2025	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	\$ 31,349,695	\$ 31,349,695	\$ -	\$ -
Federal agency obligations	32,889,942	-	32,889,941	-
Corporate securities	10,171,874	-	10,171,873	-
Municipal securities	260,477	-	260,477	-
Total investments measured at fair value	74,671,988	31,349,695	43,322,291	-
Investments measured at amortized cost				
State Local Government Investment Pool (LGIP)	70,018,011	70,018,011	-	-
Total Investments	<u>\$ 144,689,999</u>	<u>\$ 101,367,706</u>	<u>\$ 43,322,291</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 43.250. 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, Washington 98504-0200 or online at www.tre.wa.gov.

Interest Rate Risk - 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.

NOTE 5 – PROPERTY TAX

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 2025, the City's regular tax levy was \$1.8475 per \$1,000 on a total assessed valuation of \$12.1 billion, for a total regular levy of \$22.4 million. 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.

NOTE 6 – CONTINGENCIES & LITIGATIONS

The city has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the city will have to make payment. In the opinion of management, the city (insurance policies and/or self-insurance reserves) are adequate to pay all known or pending claims.

As discussed in the Long-Term Debt note, the city is contingently liable for repayment of refunded debt.

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. Other than the instances described above, city management believes that such disallowances, if any, will be immaterial.

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.

UNCOLLECTABILITY OF RECEIVABLES

Receivables as of year-end for the city's individual major, nonmajor and internal service funds are in the aggregate, which 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

Airport	\$ 763,152
Refuse	368,833
Wastewater	802,719
Water	427,063
Irrigation	88,000
Irrigation Capital	43,344
Total	<u>\$ 2,493,111</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

INTERFUND BALANCES

Under the City's Interfund Loan program established in Chapter 3.123 of the City of Yakima Municipal code, loans between funds are authorized as needed to keep the funds of the City solvent. Generally, such needs are due to timing differences between a fund's regular receipts of revenue and ordinary operating expenditures or expenses. Interfund loans for brief periods up to a calendar quarter will not be subject to interest.

Interfund balances were as follows at year end:

INTERFUND BALANCES

<u>Payable Fund(s)</u>	<u>Receivable Fund</u>	<u>Amount</u>
Yakima Revenue Dev Area / Parks Capital	General Fund	397,130
Irrigation Capital	Wastewater Capital	833,333
Irrigation Capital	Stormwater Capital	833,333
	Total	<u>\$ 2,063,796</u>

INTERFUND TRANSFERS

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs. Other transfers generally represent debt service and capital project funding.

The following chart depicts interfund transfer activity during 2025:

INTERFUND TRANSFERS

<u>Transfer Out From Fund</u>	<u>Transfer In To Fund Other Gen Gov't</u>
General Fund	\$ 3,267,562
Other Gen Gov't	4,582,295
Wastewater	84,448
Total	<u>\$ 7,934,305</u>

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2025 was as follows:

CAPITAL ASSET ACTIVITY

	Balance 1/1/2025	Additions	Adjustments	Deletions	Balance 12/31/25
Governmental activities					
Capital assets - not being depreciated					
Land	\$ 17,719,255	\$ -	\$ -	\$ -	\$ 17,719,255
Construction in progress	29,442,202	9,069,181	(14,890,248)	(145)	23,620,990
Development in progress	-	113,559	-	-	113,559
Total capital assets not being depreciated	47,161,457	9,182,740	(14,890,248)	(145)	41,453,804
Capital assets being depreciated					
Buildings	59,713,418	-	-	(533,750)	59,179,668
Machinery, equipment and vehicles	30,761,753	237,846	-	(460,265)	30,539,334
Infrastructure	346,725,432	4,051,309	6,583,073	-	357,359,814
Other improvements	49,021,858	4,583,705	8,307,175	(908,336)	61,004,402
Subscription asset	504,634	327,463	-	-	832,097
Total capital assets being depreciated	486,727,095	9,200,323	14,890,248	(1,902,351)	508,915,315
Less accumulated depreciation					
Buildings	(34,941,282)	(1,177,655)	-	533,750	(35,585,187)
Machinery, equipment and vehicles	(21,171,289)	(1,506,591)	-	447,183	(22,230,697)
Infrastructure	(244,626,377)	(8,543,910)	(268,713)	-	(253,439,000)
Other improvements	(21,996,146)	(1,949,314)	(13,320)	721,714	(23,237,066)
Subscription asset	(185,398)	(321,009)	-	35,844	(470,563)
Total accumulated depreciation	(322,920,492)	(13,498,479)	(282,033)	1,738,491	(334,962,513)
Total capital assets being depreciated - net	163,806,603	(4,298,156)	14,608,215	(163,860)	173,952,802
Governmental activities capital assets - net	210,968,060	4,884,584	(282,033)	(164,005)	215,406,606
Internal service funds - governmental activities					
Capital assets being depreciated					
Buildings	406,473	-	-	-	406,473
Machinery, equipment and vehicles	33,870,132	2,220,328	-	(813,569)	35,276,891
Other improvements	755,576	-	-	-	755,576
Subscription asset	101,243	-	-	-	101,243
Total capital assets being depreciated	35,133,424	2,220,328	-	(813,569)	36,540,183
Less accumulated depreciation					
Buildings	(192,740)	(39,006)	-	-	(231,746)
Machinery, equipment and vehicles	(18,300,717)	(2,019,917)	-	653,948	(19,666,686)
Other improvements	(461,465)	(37,790)	-	-	(499,255)
Subscription asset	(28,845)	(34,654)	-	-	(63,499)
Total accumulated depreciation	(18,983,767)	(2,131,367)	-	653,948	(20,461,186)
Total capital assets being depreciated - net	16,149,657	88,961	-	(159,621)	16,078,997
Internal service - gov't act cap assets - net	\$ 227,117,717	\$ 4,973,545	\$ (282,033)	\$ (323,626)	\$ 231,485,603
Business-type activities					
Capital assets - not being depreciated					
Land	\$ 10,522,940	\$ -	\$ -	\$ -	\$ 10,522,940
Construction in progress	41,871,978	21,884,778	(8,163,335)	-	55,593,421
Total capital assets not being depreciated	52,394,918	21,884,778	(8,163,335)	-	66,116,361

	Balance 1/1/2025	Additions	Adjustments	Deletions	Balance 12/31/25
Capital assets being depreciated					
Buildings	89,083,306	-	-	-	89,083,306
Machinery, equipment and vehicles	45,458,214	1,052,235.00	-	(268,009)	46,242,440
Other improvements	225,305,038	2,197,343.00	8,163,335.00	-	235,665,716
Intangible assets	1,906,343	-	-	-	1,906,343
Subscription asset	-	93,200	-	-	93,200
Total capital assets - depreciated	361,752,901	3,342,778	8,163,335	(268,009)	372,991,005
Less accumulated depreciation					
Buildings	(72,445,703)	(1,245,730)	-	-	(73,691,433)
Machinery, equipment and vehicles	(31,816,579)	(1,991,888)	1,999	205,027	(33,601,441)
Other improvements	(110,503,542)	(8,318,840)	(51,224)	-	(118,873,606)
Intangible assets	(1,645,527)	(30,207)	-	-	(1,675,734)
Subscription asset	-	(17,087)	-	-	(17,087)
Total accumulated depreciation	(216,411,351)	(11,603,752)	(49,225)	205,027	(227,859,301)
Total capital assets being depreciated - net	145,341,550	(8,260,974)	8,114,110	(62,982)	145,131,704
Total capital assets - business activities	\$ 197,736,468	\$ 13,623,804	\$ (49,225)	\$ (62,982)	\$ 211,248,065

Depreciation expense was charged to functions/programs of the primary government as follows:

DEPRECIATION EXPENSE

Function/Program	Amount
General government	\$ 654,044
Public safety	1,490,719
Transportation	7,854,459
Economic environment	1,210,483
Culture and recreation	2,288,774
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,131,368
Total depreciation - governmental activities	<u>\$ 15,629,847</u>

Function/Program	Amount
Airport	\$ 2,678,029
Transit	1,030,757
Wastewater	4,790,204
Water	2,215,845
Irrigation	494,213
Stormwater	394,704
Total depreciation - business-type activities	<u>\$ 11,603,752</u>

NOTE 9 – CONSTRUCTION COMMITMENTS

The City of Yakima has active construction projects as of December 31, 2025. At the year-end, the City's commitments with contractors for infrastructure projects are as follows:

Water Capital continues to work on Water Main Replacements. 34th & Fruitvale Roundabout Waterline (AC2482) completed as part of street improvement project funded by Water capital in 2025. Unserved Areas Water Improvements (AC2570) Northeast/Southcentral installation of new water infrastructure to serve homes without public water services 40% complete as of the end of 2025. S. Fair Ave. / E. Nob Hill Blvd Waterline – Street Reconstruction (AC2789) walk through for final inspection to be completed May 2026. W. Nob Hill Blvd. Waterline – Grind and Overlay (S. 28th Ave. to S. 40th Ave.) (AC2853) to start Mid-2026.

Irrigation Capital is in the completion portion of Phase 2A. Waiting on detailed scope of work and budget from contractor before finalizing Phase 2B. Anticipating federal funding. Possible funding in congressionally directed spending through Senator Patty Murray's office in mid/late-2026.

Wastewater Construction Capital completed work on the Rudkin Road CIPP Project SC2819, and the design and construction for the first area of the Underserved Water and Wastewater Systems Project was ongoing throughout 2025. The design of the second area is underway, with construction to start in early 2026. Construction for Biosolids Dewatering, and UASB/Primary Digester Improvements will continue throughout 2026.

Stormwater Capital completed the construction of SW2661 DID #29 Re-alignment. Construction was initiated on SW2832 Citywide Storm Water Spot Repairs, and design and construction on Randal Park Pond Outlet will continue into 2026.

City Engineering (Arterial Streets) completed several projects in 2025. Projects continuing into 2026 are Nob Hill and Fair Ave Intersection Improvements, Fruitvale/34th/River Road Roundabout, Washington and 72nd Ave Roundabout, and N 1st Street Phase 3. Funding sources to pay for these projects come from Federal and State grants, Transportation Improvement Board (TIB), SIED, Arterial Street Gas Tax, Transportation Benefit District, and possibly other funds.

Yakima Cascade Mill Site consists of several stages before it is considered a completed project, therefore, this project will continue into 2026. The different stages of the project can include, environmental monitoring, utilities, and roadway. Funding sources depend on availability, which can be Federal and State Grants, YRDA Gas Tax Credit, interfund loans, and possibly a future bond.

Parks completed the Municipal Aquatic Center that provides a recreational area in Yakima that is comprised of a high percentage of low income families and a high percentage of persons of color with swimming opportunities. The swimming facility includes water slides, activity areas, water volleyball and basketball, a climbing wall, lap lanes and water exercise areas along with restrooms, changing areas and an outdoor eating area. Programs will include recreational swimming, water walking and water exercise, lap swimming and a community room that is available for reservation and community gatherings. The project used State, County SIED, Donations, and other funds to complete the project.

The West Valley Community Park pedestrian bridge project is a replacement of the current homemade bridge over Wide Hollow Creek. The funds have been granted through WSDOT. The total budget for the project is \$900,000. There are no matching grant funds needed for this project. The new pedestrian bridge will allow for safe travel from the north side of the park to the south side of the park. The bridge is also used by students to walk to and from West Valley Junior HS. The new pedestrian bridge will be ADA accessible and will be above the normal high water mark.

Yakima Airport Terminal Work Package, Phase 1A is near completion in construction as the new roof is finished and the new HVAC unit is 98% complete. Only punch list work remains on that phase. Work Package 1, Phase 2, Baggage Claim, is underway. The 221-day project started March 2nd, A second round of an RFP solicitation was advertised for Work Package 2, Phase 1, which will consist of building new counter space and back offices for the rental car concessions. Phase 2 of the work package will include new airline ticket counters along with a new terminal ingress. The previous airport plan to move passenger screening and jetways upstairs (under Work Package 3), has been suspended pending new input from the Technical Advisory Group (TAG). Construction of the airport over-flow parking lot is scheduled to take place after June 8. The FAA approved a resurfacing project that involves milling 2-4 inches of surface and replacing with new asphalt, sealing, and painting of the crosswind Runway 4-22.

CURRENT CONSTRUCTION COMMITMENTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Water	\$ 573,347	\$ 110,829	\$ 462,518
Irrigation System Design/Rebuild	11,668,200	7,555,288	4,112,912
Wastewater Treatment Plant/Facility Improv	8,102,804	6,081,575	2,021,229
Sewer Projects	3,174,614	2,753,815	420,800
Stormwater Capital	2,144,471	790,976	1,353,495
Environmental Review	2,017,736	1,269,407	748,329
Millsite Street Construction	3,857,228	2,979,490	877,738
TBD Street Capital	3,778,997	2,809,477	969,520
Street Construction	9,274,926	6,456,889	2,818,037
Airport	14,034,899	4,846,611	9,188,288
Total	<u>\$ 58,627,222</u>	<u>\$ 35,654,356</u>	<u>\$ 22,972,866</u>

NOTE 10 – PENSIONS - STATE SPONSORED (DRS) PLANS

The following table represents the aggregate pension amounts for all pension plans for the year 2025:

AGGREGATE PENSION AMOUNTS - ALL PLANS

Pension liabilities	\$ (7,302,791)
Pension assets	26,536,857
Deferred outflows of resources	31,306,188
Deferred inflows of resources	(6,825,389)
Pension expense / expenditures	(503,152)

The following table represents the aggregate pension amounts for all state sponsored plans for the year 2025:

PENSION AMOUNTS - ALL STATE SPONSORED PLANS

Pension liabilities	\$ (2,036,609)
Pension assets	26,536,857
Deferred outflows of resources	31,306,188
Deferred inflows of resources	(6,825,389)
Pension expense / expenditures	(313,881)

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR 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 local governments; and higher education employees not participating in higher education retirement programs.

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

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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's 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. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

EMPLOYER CONTRIBUTION RATES

Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January - June	6.36%	2.55%	0.20%	9.11%
July - December	5.38%	0.00%	0.20%	5.58%

EMPLOYEE CONTRIBUTION RATES

Plan	Rate
PERS 1	6.00%
PERS 2	6.36% January - June and 5.38% July - December
PERS 3	Varies: 5% - 15%

The City of Yakima's actual PERS plan contributions were \$486,177 to PERS Plan 1 (including the UAAL contributions) and \$2,026,687 to PERS Plan 2/3 for the year ended December 31, 2025.

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established in Chapter 41.37 RCW. PSERS is a cost-sharing, multiple-employer retirement system composed of a single defined benefit plan, PSERS Plan 2, for both accounting and membership purposes.

PSERS membership includes certain public employees whose jobs contain a high degree of physical or psychological risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Washington State Counties
- Washington State Cities (except for Seattle, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act
- A limited number of state agencies

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member's years of service. The AFC is based on the member's 60 consecutive highest creditable months of service. 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. 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. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 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 if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. 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 rates are adopted by the Pension Funding Council and are subject to change by the Legislature. For part of the year, the Plan 2 employer rates included a component to address the PERS Plan 1 UAAL.

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

EMPLOYER CONTRIBUTION RATES

Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January - June	6.76%	2.55%	0.20%	9.51%
July - December	6.91%	0.00%	0.20%	7.11%

The employee contribution rate was 6.76% from January - June and 6.91% from July - December.

The City of Yakima's actual plan contributions were \$238,702 to PSERS Plan 2 for the year ended December 31, 2025.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are defined benefit plans.

LEOFF Plan 1 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 – 1.0% 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-paid 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 a COLA. 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 0%, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for the fiscal year. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit 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 – 52, 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 a COLA (based on the CPI), capped at 3% annually. 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

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 3.41%.

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

EMPLOYER CONTRIBUTION RATES

Employer Type	Timeframe	Contribution Rate	Admin Fee	Total Employer
State & Local Governments	January - December	5.12%	0.20%	5.32%

The employee contribution rate was 8.53%.

The City of Yakima's actual contributions to the plan were \$1,576,911 for the year ended December 31, 2025.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability of Plan 2 in accordance with the recommendations of the Office of the State Actuary 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, 2025, the state contributed \$106,578,576 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$(11.2) million.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2025 with a valuation date of June 30, 2024. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation completed as of June 30, 2024 with the results rolled forward to June 30, 2025. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2024 actuarial valuation report.

- Inflation - 2.75% total economic inflation; 3.25% salary inflation
- Salary increases - In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- Investment rate of return - 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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 of 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 their lifetime.

Change in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLA's for current annuitants in all plans except PERS1.

Long-Term Expected Rate of Return

OSA selected a 7% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) 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

The table below summarizes the 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, 2025. The inflation component used to create the table is 2.5% 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	19.00%	2.10%
Tangible assets	8.00%	4.50%
Real estate	18.00%	4.80%
Global equity	30.00%	5.60%
Private Equity	25.00%	8.60%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%. 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 7.0% was used to determine the total liability.

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 7.0%, 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 (6.0%) or 1% point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
PERS 1	\$ 3,436,579	\$ 2,036,609	\$ 808,803
PERS 2/3	12,502,412	(7,704,440)	(24,299,905)
PSERS 2	856,135	(95,034)	(847,616)
LEOFF 1	(6,742,334)	(7,535,571)	(8,227,313)
LEOFF 2	8,424,747	(11,201,813)	(27,255,751)

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

The City of Yakima's proportionate share of the net pension liabilities and assets are as follows:

	<u>Asset</u>	<u>Liability</u>
PERS 1	\$ -	\$ 2,036,609
PERS 2/3	(7,704,440)	-
PSERS 2	(95,034)	-
LEOFF 1	(7,535,571)	-
LEOFF 2	(11,201,813)	-
Total	<u>\$ (26,536,858)</u>	<u>\$ 2,036,609</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:

<u>Risk</u>	<u>LEOFF 1 Asset</u>	<u>LEOFF 2 Asset</u>
Employer's proportionate share	\$ (7,535,571)	\$ (11,201,813)
State's proportionate share of the net pension asset associated with the employer	(50,970,413)	(7,189,625)
Total	<u>\$ (58,505,984)</u>	<u>\$ (18,391,438)</u>

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

	<u>Proportionate 6/30/24</u>	<u>Proportionate 6/30/25</u>	<u>Change in Proportion</u>
PERS 1	0.1790%	0.1727%	(0.0063)%
PERS 2/3	0.2195%	0.2019%	(0.0176)%
PSERS 2	0.1073%	0.2509%	0.1436%
LEOFF 1	0.2403%	0.2378%	(0.0025)%
LEOFF 2	0.6198%	0.5782%	(0.0416)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2025 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 2025. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). 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 2025, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

For the year ended December 31, 2025, the City of Yakima's recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (312,521)
PERS 2/3	(177,094)
PSERS 2	125,090
LEOFF 1	(815,676)
LEOFF 2	866,320
Total	<u>\$ (313,881)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2025, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

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	\$ -	\$ 140,010
Contributions subsequent to the measurement date	3,316	-
Total PERS Plan 1	<u>3,316</u>	<u>140,010</u>
PERS Plan 2/3		
Differences between expected and actual experience	5,633,027	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,734,981
Changes of assumptions	2,977,476	212,749
Changes in proportion and differences between contributions and proportionate share of contributions	1,810,197	66,905
Contributions subsequent to the measurement date	<u>939,342</u>	<u>-</u>
Total PERS Plan 2/3	<u>11,360,042</u>	<u>2,014,635</u>
PSERS Plan 2		
Differences between expected and actual experience	371,606	53,945
Net difference between projected and actual investment earnings on pension plan investments	-	72,589
Changes of assumptions	97,843	33,656
Changes in proportion and differences between contributions and proportionate share of contributions	27,072	181,234
Contributions subsequent to the measurement date	<u>126,733</u>	<u>-</u>
Total PSERS Plan 2	<u>623,254</u>	<u>341,424</u>
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	-	143,565
Total LEOFF 1	<u>-</u>	<u>143,565</u>
LEOFF 2		
Differences between expected and actual experience	9,751,540	50,707
Net difference between projected and actual investment earnings on pension plan investments	-	1,595,135
Changes of assumptions	3,970,810	681,083
Changes in proportion and differences between contributions and proportionate share of contributions	4,815,488	1,858,831
Contributions subsequent to the measurement date	<u>781,738</u>	<u>-</u>
Total LEOFF 2	<u>19,319,576</u>	<u>4,185,756</u>
Total	<u>\$ 31,306,188</u>	<u>\$ 6,825,390</u>

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

Year ended December 31	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
2026	\$ 133,599	\$ 3,003,906	\$ 41,728	\$ 143,250	\$ 2,888,247
2027	(97,324)	1,401,516	(3,233)	(100,811)	1,265,328
2028	(101,070)	1,397,243	(2,569)	(106,564)	1,325,591
2029	(75,215)	739,616	5,726	(79,439)	1,549,557
2030	-	1,247,319	29,985	-	2,116,488
Thereafter	-	616,464	83,460	-	5,206,872

NOTE 11 – PENSIONS - DEFINED BENEFIT PLANS - NO QUALIFYING TRUST

The following table represents the aggregate Fire pension amounts.

AGGREGATE PENSION AMOUNTS - FIRE

Pension liabilities	\$ (3,370,954)
Pension assets	-
Deferred outflows of resources	-
Deferred inflows of resources	-
Pension expense / expenditures	(181,555)

FIREMEN'S PENSION

The City has a single employer, defined benefit pension plan for Firefighters employed prior to March 1, 1970, and governed by RCW 41.26. Under the terms of the governing law, the pension member is entitled to payment from the City's pension plan for those benefits in excess of those calculated under the LEOFF plan.

The City's Firemen's Pension Fund is a closed group. The number of inactive, retired members and survivors covered by the benefit terms is 49, with a combined monthly pension of \$28,653 paid by the City. Cost of Living Adjustment (COLA) was 3.06% and Collective Bargaining Agreement (CBA) was 4.25%. 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, 2025, 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, 2025.

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 \$0.0643 per \$1,000 of assessed valuation of all taxable property of the City in the amount of \$750,000 for fiscal year 2025.
- 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 \$136,795 for fiscal year 2025.

- There was no additional funding provided by investment interest earnings in fiscal 2025.

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, 2025, measurements were based on the results of an actuarial experience study covering the period from January 1, 2025 through December 31, 2025. Those assumptions, applied to all periods included in the measurement, are as follows.

- Inflation - 2.50%
- Salary increases, including inflation - 3.50%
- Mortality - Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 4.00%, 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 (3.00%) or 1% point higher (5.00%) than the current rate.

	1% Decrease 3.75%	Current Discount Rate 4.00%	1% Increase 5.75%
Total pension liability	\$ 3,606,946	\$ 3,370,954	\$ 3,161,614

Pension Expenses

For the year ended December 31, 2025, the pension expense is \$(181,555).

Total Pension Liability

The City is 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, 2025. Changes in the City's total pension liability were as follows:

Fire Pension	Total Pension Liability
Balances at 12/31/2024	\$ 3,757,432
Changes for the year:	
Interest on total pension liability	143,257
Effect of economic / demographic gains or losses	-
Effect of assumptions changes or inputs	(174,253)
Benefit payments	(355,482)
Net changes in total pension liability	(386,478)
Balance at 12/31/2025	<u><u>\$ 3,370,954</u></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 increased from 3.25% to 4.00%.

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, 2025, 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	-	-
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, 2025. There are no deferred outflows as of December 31, 2025. 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
2026	\$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	-

POLICE PENSION

The following table represents the aggregate Police pension amounts for the for the year 2025 - the chart for aggregate pension amount for all plans can be found in the Pensions - State Sponsored (DRS) Plans note.

AGGREGATE PENSION AMOUNTS - POLICE

Pension liabilities	\$ (1,895,228)
Pension assets	-
Deferred outflows of resources	-
Deferred inflows of resources	-
Pension expense / expenditures	(7,717)

The City has a single employer, defined benefit pension plan for Police Officers employed prior to March 1, 1970, and governed by RCW 41.20 and RCW 41.26. Under the governing law, the pension member is entitled to payment from the City's pension plan for those benefits in excess of those calculated under the LEOFF plan. The

City also covers four members who were ineligible under the State Law Enforcement Officers and Firefighters (LEOFF) Program.

The City’s Police Pension Fund is a closed group. The number of inactive, retired members and survivors covered by the benefit terms is 37, with a combined monthly pension of \$10,547 paid by the City. Cost of Living Adjustment (COLA) was 3.06% and Collective Bargaining Agreement (CBA) was 4.04% with a retro increase dating back to the prior year. 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, 2025, 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, 2025. 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, 2025 the valuation date, calculated based on the discount rate and actuarial assumptions below.

- Inflation - 2.50%
- Salary increases, including inflation - 3.50%
- Mortality - Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 4.00%, 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 (3.00%) or 1% point higher (5.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	3.75%	4.75%	5.75%
Total pension liability	\$ 2,014,360	\$ 1,895,228	\$ 1,788,129

Pension Expenses

For the year ended December 31, 2025, the pension expense is \$(7,717).

Total Pension Liability

The City is 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, 2025. Changes in the City's total pension liability were as follows:

Police Pension	Total Pension Liability
Balances at 12/31/2024	\$ 2,115,373
Changes for the year:	
Interest on total pension liability	80,408
Effect of economic / demographic gains or losses	-
Effect of assumptions changes or inputs	(88,125)
Benefit payments	(212,428)
Net changes in total pension liability	(220,145)
Balance at 12/31/2025	<u>\$ 1,895,228</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 increased from 3.25% to 4.00%.

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, 2025, 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	<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, 2025. There are no deferred outflows as of December 31, 2025. 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
2026	\$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	-

NOTE 12 – OPEB DEFINED BENEFIT PLAN - NO QUALIFYING TRUST

The following table represents the aggregate Other Postemployment Benefit (OPEB) amounts for all plans.

AGGREGATE AMOUNTS - ALL OPEB PLANS

OPEB liabilities	\$ 39,104,244
OPEB assets	-
Deferred outflows of resources	1,526,309
Deferred inflows of resources	2,773,153
OPEB expense / expenditures	(580,223)

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 2025, the costs totaled \$713,462 for the Firemen's Pension and \$303,918 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' (LEOFF 1) OPEB

Under RCW law, retiree medical, hospital, and nursing care, as long as a disability exists, are covered for any active firefighter hired prior to March 1, 1970. For any retired officer hired prior to March 1, 1970, retiree medical, hospital, and nursing care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for retiree medical benefits during retirement. Under LEOFF

Law, the necessary hospital, retiree medical, and nursing care expenses not payable by Workers’ Compensation, Social Security, etc. are covered for any active or retired LEOFF 1 member.

Employees are eligible to receive lifetime retiree medical benefits upon service retirement after age 50 with at least five years of service. If they are not eligible to retire when leaving LEOFF, but have 20 years of service credit, they are eligible for retiree medical benefits when pension benefits commence. Employees also receive lifetime benefits upon disability.

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

The number of inactive, retired members and survivors, covered by the benefit terms is 86. 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, 2025, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2025. 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 calculated using the discount rate of 4.75%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>3.75%</u>	<u>Rate</u>	<u>5.75%</u>
		<u>4.75%</u>	
Total December 31, 2025 OPEB liability	\$ 18,698,916	\$ 16,961,754	\$ 15,472,413

The following presents the total OPEB liability of the City 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.

	<u>1% Decrease</u>	<u>Current Healthcare</u>	<u>1% Increase</u>
		<u>Cost Trend</u>	
		<u>Rate</u>	
Total December 31, 2025 OPEB liability	\$ 15,457,264	\$ 16,961,754	\$ 18,673,050

The number of inactive, retired members and survivors, covered by the benefit terms is 44. There are no active members covered by the benefit terms.

CHANGES IN FIRE OPEB LIABILITY

	<u>Total OPEB Liability</u>
Fire OPEB	
Total OPEB liability - beginning	\$ 18,500,005
Changes for the year:	
Interest on total OPEB liability	720,554
Effect of economic / demographic gains or losses	-
Effect of assumptions, changes or inputs	(1,276,854)
Expected benefit payments	(981,951)
Net changes in total OPEB liability	<u>(1,538,251)</u>
Total OPEB liability - ending	<u>\$ 16,961,754</u>

CHANGES IN FIRE OPEB EXPENSE

	<u>Jan. 1, 2025 to Dec. 31, 2025</u>
OPEB Expense	
Interest on total pension liability	\$ 720,554
Recognition of deferred inflows / outflows of resources	
Recognition of economic / demographic gains or losses	-
Effect of assumptions changes or inputs	(1,276,854)
OPEB expense	<u>\$ (556,300)</u>

At December 31, 2025, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Fire OPEB</u>		
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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2026	\$ -
2027	-
2028	-
2029	-
2030	-
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, 2025, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2025.

There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of 4.75%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate.

	1% Decrease 3.75%	Current Discount Rate 4.75%	1% Increase 5.75%
Total December 31, 2025 OPEB liability	\$ 16,197,046	\$ 14,654,892	\$ 13,332,386

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.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total December 31, 2025 OPEB liability	\$ 13,319,465	\$ 14,654,892	\$ 16,172,198

The number of inactive, retired members and survivors, covered by the benefit terms is 34. There are no active members covered by the benefit terms.

CHANGES IN POLICE OPEB LIABILITY

	Total OPEB Liability
Police OPEB	
Total OPEB liability - beginning	\$ 15,897,192
Changes for the year:	
Interest on total OPEB liability	621,429
Effect of economic / demographic gains or losses	-
Effect of assumptions, changes or inputs	(1,133,597)
Expected benefit payments	(730,132)
Net changes in total OPEB liability	(1,242,300)
Total OPEB liability - ending	<u>\$ 14,654,892</u>

CHANGES IN POLICE OPEB EXPENSE

	Jan. 1, 2025 to Dec. 31, 2025
OPEB Expense	
Interest on total pension liability	\$ 621,429
Recognition of deferred inflows / outflows of resources	
Recognition of economic / demographic gains or losses	-
Effect of assumptions changes or inputs	(1,133,597)
OPEB expense	<u>\$ (512,168)</u>

At December 31, 2025, 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, 2025. 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
2026	\$ -
2027	-
2028	-
2029	-
2030	-
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 \$988.65 per month for pre-65 Medical coverage for 2025. If a retiree chooses to cover his spouse and/or eligible family an amount of \$2,340.56 per month for pre-65 medical and dental coverage was paid in 2025.

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, 2025, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2025. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of 4.75%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate.

	1% Decrease 3.75%	Current Discount Rate 4.75%	1% Increase 5.75%
Total December 31, 2025 OPEB liability	\$ 8,034,490	\$ 7,487,598	\$ 6,973,137

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.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total December 31, 2025 OPEB liability	\$ 6,621,022	\$ 7,487,598	\$ 8,509,324

The number of inactive, retired members and survivors, covered by the benefit terms is 48. There are no active members covered by the benefit terms.

CHANGES IN NON-LEOFF OPEB LIABILITY

	Total OPEB Liability
Non-LEOFF OPEB	
Total OPEB liability - beginning	\$ 7,537,595
Changes for the year:	
Service cost	449,477
Interest on total OPEB liability	311,488
Effect of economic / demographic gains or losses	-
Effect of assumptions, changes or inputs	(407,243)
Expected benefit payments	(403,719)
Net changes in total OPEB liability	(49,997)
Total OPEB liability - ending	<u>\$ 7,487,598</u>

CHANGES IN NON-LEOFF OPEB EXPENSE

	Jan. 1, 2025 to Dec. 31, 2025
OPEB Expense	
Service cost	\$ 449,477
Interest on total pension liability	311,488
Recognition of deferred inflows / outflows of resources	
Recognition of economic / demographic gains or losses	(71,860)
Effect of assumptions changes or inputs	(200,860)
OPEB expense	<u>\$ 488,245</u>

At December 31, 2025, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NonLEOFF OPEB	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (1,128,078)	\$ 1,231,568
Changes of assumptions	(1,645,075)	294,741
Total	<u>\$ (2,773,153)</u>	<u>\$ 1,526,309</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, 2025. 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
2025	\$ (272,720)
2026	(272,720)
2027	(272,720)
2028	(251,420)
2029	(200,835)
Thereafter	23,571

UNFUNDED POSTEMPLOYMENT BENEFIT LIABILITIES

An initial actuarial evaluation was performed as of January 1, 2025. By State statute, the City is required to provide health care benefits for certain retired police officers and firefighters. The City's self-insured medical plan allows retirees and the eligible dependents to self-pay premiums using the same rate as active employees, until they reach age 65, thereby creating an "implicit rate subsidy". All three of the programs are pay as you go.

OUTSTANDING LIABILITIES

	Balance 1/1/25	Additions	Balance 12/31/25
OPEB Fire - medical	\$ 18,500,005	\$ (1,538,251)	\$ 16,961,754
OPEB Police - medical	15,897,192	(1,242,300)	14,654,892
OPEB Non-LEOFF - medical	7,537,595	(49,997)	7,487,598
Total	<u>\$ 41,934,792</u>	<u>\$ (2,830,548)</u>	<u>\$ 39,104,244</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 State (DRS) Pension Plans and Defined Benefit Pension Plans notes for additional information on the pension funds, and the Other Post Employment Benefit (OPEB) note for additional information on Other Postemployment Benefits.

NOTE 13 – 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 \$4.5 million. 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 re-evaluated 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, 2025, is \$3.4 million.

The Risk Management fund balance was \$3.2 million at the end of 2025.

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 up to a \$100,000 per occurrence deductible, depending on the nature of the claim.

Cities Insurance Association of Washington (CIAW)

RCW 48.62 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. The CIAW insurance pool is administered by Clear Risk Solutions. 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 of Yakima became an associate member effective December 14, 2005, and became a member effective September 1, 2010. As of December 31, 2021, 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.

Coverage – The City of Yakima has a \$100,000 deductible, and the CIAW pool is responsible for claims between \$100,000 and \$200,000, while insurance covers insured losses over \$200,000 to the limits of each policy.

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. Additionally, the City purchases excess liability layers through Safety National, Princeton, and Arch insurance companies. The City's total policy limits depend on the type of coverage.

Coverage - The City's general liability limits are \$5.0 million per occurrence and \$10.0 million aggregate with Safety National Casualty with aggregate with \$10.0 million per occurrence and \$15.0 million aggregate in limits above the layer provided by Princeton Excess & Surplus Lines and Arch Insurance. Limits are subject to aggregates and sub-limits; self-insured retention is \$1.0 million.

The City's Law Enforcement liability limits are \$5.0 million per occurrence and \$5.0 million aggregate with \$5.0 per occurrence and \$10.0 million aggregate limits above the layer provided by Princeton Excess & Surplus Lines and Arch Insurance. Retention is \$1.0 million.

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.

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. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP and excess layers are \$25,000,000. Since joining on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits.

Cyber Insurance

The City has its cyber insurance policy with Homeland Insurance Company. Most covered losses are subject to a \$5,000,000 per occurrence limit, with a retention of \$50,000.

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 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 \$271,675 for 2025. The reserve balance at the end of 2025 was \$521,872.

Medical & Dental Coverage

In August, 1979, the City 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 2025 were \$15.3 million. The reserve balance at the end of 2025 was \$1,491,573, after considering the costs that are estimated to be incurred should the program be discontinued (commonly referred to as Incurred But Not Reported, or IBNR) of \$2.8 million 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 Sun Life and Aetna respectively. Under the individual stop loss insurance, the City pays the first \$300,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$300,000 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 Penser North America.

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 \$3.9 million. The reserve balance at the end of 2025 was \$1,089,905 after considering, based on the claims manager's estimate, the costs that are estimated to be incurred should the program be discontinued (commonly referred to IBNR) of \$750,000 at December 31, 2025.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance. This insurance is provided through Marsh & McLennan Agency, LLC under a policy purchased from Safety National Casualty Corporation. Under the individual stop loss coverage, the City pays the first \$750,000 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 14 – CHANGES IN LONG-TERM LIABILITIES

The following schedule of long-term debt provides a listing of the outstanding debt of the City and summarizes the City's debt transactions.

LONG-TERM LIABILITIES

	Balance 1/1/2025	Additions	Payments/ Retirements	Balance 12/31/2025	Amounts Due Within One Year	Noncurrent Portion
Governmental activities						
General obligation debt						
Bonds	\$ 28,705,899	\$ -	\$ 1,548,142	\$ 27,157,757	\$ 1,594,537	\$ 25,563,220
Unamortized premium/(discount)	417,175	-	110,803	306,372	-	306,372
Intergovernmental loans	4,517,425	-	561,914	3,955,511	575,711	3,379,800
Lease purchase agreements	1,910,234	-	331,650	1,578,584	344,200	1,234,384
Subscriptions (SBITA's)	217,157	372,297	307,650	281,804	195,141	86,663
Net pension liability	7,902,037	-	1,349,058	6,552,979	-	6,552,979
Total OPEB Liability	40,099,514	-	2,582,113	37,517,401	2,030,241	35,487,160
Compensated absences ¹	11,020,998	269,129	-	11,290,127	2,838,052	8,452,075
Total liabilities - governmental activities	94,790,439	641,426	6,791,330	88,640,535	7,577,882	81,062,653
Business type activities						
Revenue debt						
Revenue bonds	3,415,000	-	560,000	2,855,000	570,000	2,285,000
Unamortized discount/(premium)	173,325	-	28,939	144,386	-	144,386
Intergovernmental loans	9,878,415	-	1,357,967	8,520,448	1,188,238	7,332,210
Subscriptions (SBITA's)	-	93,200	18,666	74,534	17,787	56,747
Net pension liability	1,151,148	-	401,336	749,812	-	749,812
Total OPEB Liability	1,835,278	-	248,435	1,586,843	85,561	1,501,282
Compensated absences ¹	2,376,831	-	24,019	2,352,812	587,470	1,765,342
Noncurrent liabilities-business type activities	18,829,997	93,200	2,639,362	16,283,835	2,449,056	13,834,779
Total noncurrent liabilities	\$ 113,620,436	\$ 734,626	\$ 9,430,692	\$ 104,924,370	\$ 10,026,938	\$ 94,897,432

¹ The change in the compensated absences liability is presented as a net change.

Funds used to liquidate compensated absences and net pension liability were general fund, special revenue funds, and proprietary funds.

NOTE 15 – LONG-TERM DEBT

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		7.5%	0.0%

The basic percentages for general purpose debt 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 \$12.1 billion, resulting in the debt limits, as of December 31, 2025, for the City as follows:

CUMULATIVE DEBT LIMITS

Assessed valuation of taxable property in the City of Yakima - tax year 2025	\$ 12,101,391,489			
	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	\$ 181,520,872	\$ 302,534,787	\$ 605,069,574	\$ 907,604,362
Less: net outstanding indebtedness (see below)	11,636,785	11,636,785	11,636,785	11,636,785
Margin available	\$ 169,884,087	\$ 290,898,002	\$ 593,432,789	\$ 895,967,577
Less: net outstanding indebtedness				
Outstanding debt	\$ 32,998,223			
Less: available resources to repay debt	(21,361,438)			
Net outstanding indebtedness	\$ 11,636,785			

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.

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, 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.

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/2025	Average Annual Debt Service
Regular property tax levy					
2018 Street Resurfacing Project (Refunding)	12/01/28	3.25% - 3.85%	\$ 3,500,000	\$ 1,122,183	\$ 399,664
2018 Yakima Sports Complex (Refunding)	06/01/35	4.85%	4,440,127	2,975,396	441,767
2018 Aquatic Center YMCA	12/01/42	4.85%	8,009,873	7,600,177	659,983
Total regular property tax levy			<u>15,950,000</u>	<u>11,697,756</u>	
Public Facilities District (state sales tax credit)					
2020 Refunded Convention Center	12/01/44	2.20% - 4.083%	2,495,000	2,080,000	156,851
2020 Convention Center Addition	12/01/44	2.20% - 4.083%	12,620,000	10,530,000	792,707
2020 Refunded Capital Theatre	12/01/32	2.20% - 4.083%	4,910,000	2,850,000	461,507
Total Public Facilities District			<u>20,025,000</u>	<u>15,460,000</u>	-
			<u>\$ 35,975,000</u>	<u>\$ 27,157,756</u>	

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 12/31/2025
General long-term debt				
Arterial street gas tax				
2016 SIED Loan - 2016 Yakima County SIED loan	2.6%	06/01/27	\$ 900,000	\$ 204,315
2018 SIED Loan - River Road	3.8%	06/01/29	500,000	229,307
2021 SIED Loan - SOZO	2.4%	06/01/32	1,000,000	746,415
2022 SIED Loan Russell Lane	5.8%	06/01/35	416,000	416,000
2023 SIED Loan Yakima Chief	6.4%	06/01/36	312,500	312,500
Real estate excise tax				
L1000030-0 - 2010 Railroad grade separation	2.9%	06/01/34	1,229,295	631,674
PC-08-951-052 - 2009 Railroad grade separation	0.5%	06/01/28	3,000,000	495,301
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	920,000
Sub-total general long-term debt				<u>3,955,512</u>
Revenue debt				
Wastewater operating revenue				
PW-07-962-019 - 2007 Ultra violet disinfection	0.5%	06/01/27	2,300,000	242,778
PC-12-951-065 - 2012 Wastewater Treatment Plan	0.25%	06/01/31	5,000,000	1,614,475
PC-13-961-059 - 2012 Industrial sewer main extensions	0.5%	06/01/37	2,000,000	976,077
L1100008 - 2011 Energy efficiency project	2.8%	03/31/33	516,192	233,975
L1200019 - 2012 Industrial waste anaerobic	2.6%	07/01/34	602,634	314,226
Water operating revenue				
PC-08-951-051 - 2009 New water well	0.5%	06/01/28	2,257,200	363,446
PC-13-961-074 - 2013 Automated reading system	0.25%	06/01/32	5,000,000	1,842,105
PC20-96103-044 2021 Waterline Improvement	1.08%	06/01/39	1,740,000	1,351,705
DM-11-952-038 - 2013 Design WTP lagoons	1.50%	10/01/34	3,480,000	1,581,660
Sub-total revenue debt				<u>8,520,447</u>
Total intergovernmental debt				<u>\$ 12,475,959</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 / INTERGOVERNMENTAL DEBT SERVICE
(In Thousands)

Year ended December 31	Bonded Debt	Interest	Notes & Contracts	Interest
2026	\$ 1,595	\$ 1,111	\$ 576	\$ 160
2027	1,653	1,053	626	163
2028	1,711	995	558	99
2029	1,375	934	409	84
2030	1,432	883	357	70
2031-2035	6,595	3,584	1,385	160
2036-2040	7,620	2,131	44	3
2041-2044	5,177	460	-	-
	<u>\$ 27,158</u>	<u>\$ 11,151</u>	<u>\$ 3,955</u>	<u>\$ 739</u>

At December 31, 2025, the City had \$437,603 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.

REVENUE BONDS

Wastewater and Irrigation revenue bonds consist of serial and term bonds, to be retired through the fiscal year. The principal and interest for the 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 12/31/2025	Average Annual Debt Service
2020A Irrigation 04 Refunded	12/01/34	3.0%	\$ 3,260,000	\$ 2,125,000	\$ 273,125
2020A Wastewater 08 Refunded	12/01/27	3.0%	2,590,000	730,000	383,517
			<u>\$ 5,850,000</u>	<u>\$ 2,855,000</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 Thousands)

Year ended December 31	Bonded Debt	Interest	Notes & Contracts	Interest
2026	\$ 570	\$ 86	\$ 1,188	\$ 69
2027	585	69	1,190	61
2028	220	51	1,070	53
2029	225	44	951	45
2030	240	38	953	38
2031-2035	1,015	77	2,620	88
2036-2039	-	-	549	12
	<u>\$ 2,855</u>	<u>\$ 365</u>	<u>\$ 8,521</u>	<u>\$ 366</u>

FINANCING AGREEMENTS

The LOCAL program provides Washington municipalities with a cost-effective way to finance equipment and/or real estate projects. These financing agreements which transfer ownership to the City at the end of the lease term, are recorded at 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.

Listed below are LOCAL program debt issuances:

- On September 28, 2017 the City of Yakima borrowed \$2,189,736 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were 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 a Fire Aerial & Pump.
- 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.

EQUIPMENT AGREEMENTS

Equipment	
Energy Efficiency Project	\$ 1,055,000
Energy Project (Lighting)	220,382
Fire Aerial & Pump	303,202
Total	<u>\$ 1,578,584</u>

As of December 31, 2025, the principal and interest requirements to maturity are as follows:

EQUIPMENT PAYMENTS

2026	\$ 402,705
2027	403,278
2028	136,625
2029	131,875
2030	132,000
2031 - 2035	<u>667,000</u>
Total minimum lease payments	1,873,482
Less: Amount representing interest	<u>294,899</u>
Present value of minimum lease payments	<u>\$ 1,578,584</u>

NOTE 16 – SEGMENT INFORMATION

Investors in the revenue bonds rely on the revenue generated by Wastewater activities for repayment. Investors in irrigation revenue bonds rely solely on the revenue generated from the irrigation utility for repayment. Summary financial information is as follows:

SEGMENT INFORMATION

	<u>Wastewater</u>	<u>Irrigation</u>
Condensed statement of net position		
Assets		
Current assets	\$ 38,954,747	\$ 2,810,347
Restricted assets	-	-
Capital assets, net of accumulated depreciation	78,087,569	44,866,496
Total assets	<u>117,042,316</u>	<u>47,676,843</u>
Deferred outflows of resources	1,368,324	271,583
Total assets and deferred outflows of resources	<u>118,410,640</u>	<u>47,948,426</u>
Liabilities		
Current liabilities	6,109,710	2,336,694
Noncurrent liabilities	4,508,241	2,177,720
Total liabilities	<u>10,617,951</u>	<u>4,514,414</u>
Deferred inflows of resources	421,176	65,472
Total liabilities and deferred inflows	<u>11,039,127</u>	<u>4,579,886</u>
Net position		
Net investment in capital assets	72,667,443	42,555,677
Restricted	1,896,328	295,609
Unrestricted	32,807,742	517,254
Total net position	<u>\$ 107,371,513</u>	<u>\$ 43,368,540</u>
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges and fees for services	\$ 26,196,527	\$ 4,041,554
Other operating revenue	45	-
Total operating revenues	<u>26,196,572</u>	<u>4,041,554</u>
Operating expenses		
Personnel services	5,754,726	827,124
Materials and supplies	1,190,493	73,530
Contractual services	11,918,374	1,503,121
Depreciation	4,790,204	494,213
Total operating expenses	<u>23,653,797</u>	<u>2,897,988</u>
Operating income (loss)	2,542,775	1,143,566
Nonoperating revenues (expenses)		
Grants and subsidies	1,781,604.00	4,753,969
Interest income	71,390	-
Other nonoperating revenues	1,464	-
Interest and other debt related costs	(43,845)	(212,315)
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>1,810,613</u>	<u>4,541,654</u>
Income (loss) before contributions and transfers	4,353,388	5,685,220

	Wastewater	Irrigation
Capital contributions	1,344,275	-
Operating transfers (net)	(84,448)	-
Change in net position	5,613,215	5,685,220
Net position - January 1, as previously reported	101,797,446	37,683,320
Error Correction	(39,148)	-
Net position - January 1, as previously reported	101,758,298	37,683,320
Net position - December 31	<u>\$ 107,371,513</u>	<u>\$ 43,368,540</u>
Condensed statement of cash flows		
Net cash provided (used)		
Cash flows from operating activities	\$ 9,816,706	\$ 1,398,726
Cash flows from noncapital financing activities	395,142	6,043,040
Cash flows from capital financing activities	(7,783,838)	(7,596,782)
Cash flows from investing activities	1,441,767	246,726
Net increase (decrease) in cash and cash equivalents	<u>3,869,777</u>	<u>91,710</u>
Cash and cash equivalents - January 1	13,557,582	865,092
Cash and cash equivalents - December 31	<u>\$ 17,427,359</u>	<u>\$ 956,802</u>

NOTE 17 – LEASES (LESSORS)

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of future payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measure as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any lease extension options that are considered reasonably certain of being exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed and variable payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

GENERAL DESCRIPTION OF LEASE ARRANGEMENT

Lease Title ¹	Lease Type	Measurement Date	Leased Asset	Lease Terms (Months)	Interest Rate	Extension Options ¹	Fixed Payments (Monthly)
McCormick Lease #2	Lessor	1/1/2022	Land	392	2.583%	1 option of 120 months	\$ 3,713
McCormick Lease #3	Lessor	1/1/2022	Land	360	2.583%	1 option of 120 months	963
McCormick Lease #5	Lessor	1/1/2022	Land	381	2.583%	1 option of 120 months	567
McCormick Lease #6	Lessor	1/1/2022	Land	393	2.583%	3 options of 120 months	1,278
McCormick Lease #8	Lessor	1/1/2022	Land	575	2.583%	2 options of 120 months	446
CAS Properties	Lessor	1/1/2022	Land	261	2.463%	1 option of 79 months	1,417
McAllister Museum	Lessor	1/1/2022	Land	342	2.553%	1 option of 120 months	651
Jim DBA Cub Crafters	Lessor	1/1/2022	Land	300	2.066%	1 option of 120 months	986
DA Arthur #2	Lessor	1/1/2022	Land	365	2.583%	2 options of 120 months	607
Airport Business Park LLC	Lessor	1/1/2022	Land	699	2.583%	7 options of 60 months	2,500
Yakima Airpark LLC (A)	Lessor	1/1/2022	Land	406	2.583%	1 option of 120 months	1,680
Yakima Airpark LLC (B)	Lessor	1/1/2022	Land	406	2.583%	1 option of 120 months	483
Yakima Airport Maxi Space	Lessor	1/1/2022	Land	294	1.992%	1 option of 120 months	973
Richmond Parking Lot	Lessor	1/1/2022	Land	400	2.583%	1 option of 120 months	596
Richmond #3 Tract C-1	Lessor	1/1/2022	Buildings	489	2.583%	1 option of 120 months	809
DA Arthur #1	Lessor	1/1/2022	Buildings	501	2.583%	No Extension Options	531
Staci's Catering	Lessor	1/1/2022	Buildings	130	1.146%	1 option of 84 months	637
US Gov't GSA/TSA Lease	Lessor	1/1/2022	Buildings	191	2.139%	1 option of 120 months	2,129
Makito Fuel Farm	Lessor	11/20/2024	Land	360	3.497%	4 options of 60 months	642
Makito FBO	Lessor	11/20/2024	Land	360	3.497%	4 options of 60 months	2,800

¹All extension options except Makito Fuel Farm and Makito FBO, were considered reasonably certain of being exercised due to history of renewals and limited options for lessee. Extension periods are included in the lease terms. Makito Fuel Farm and FBO have mutual agreement extension clauses therefore extensions excluded from lease terms.

Lease fixed monthly payments are subject to reviews and modifications periodically. Richmond Parking Lot, Yakima Airport Maxi Space, McCormick #2, #3, #5, #8, Jim DBA Cub Crafters, Yakima Airpark LLC (A), Yakima Airpark LLC (B) and McAllister lease payments are to be reviewed every two (2) year anniversary and be set at then current aviation or commercial rates as stated in the respective lease contracts. CAS Properties and DA Arthur #1 lease payments are to be reviewed every five (5) year anniversary and be set at the then commercial rate. Staci's Catering, McCurley Fruitvale Property, Airport Business Park LLC, and US Gov't GSA/TSA Lease have set payment schedule with set increments. Richmond #3 Tract C-1, McCormick #6, and DA Arthur #2 lease payments are to be reviewed annually and be set at either CPI rate or when rates change.

FINANCIAL LEASE INFORMATION

Lease Title	Lease Rec'v at Measure Date	Lease Rec'v Adds (New Leases)	Lease Rec'v as of 12/31/25	Lease Revenue	Interest Revenue	Def. Inflow at Measure Date	Deferred Inflow Adds (New Leases)	Def. Inflow as of 12/31/25	Inflows not in Lease Rec'v ⁵
McCormick Lease #2	\$ 984,462	\$ 384,158	\$ 1,283,201	\$ (29,291)	\$ (24,737)	\$ (984,462)	\$ (384,158)	\$ (1,248,919)	\$ (12,815)
McCormick Lease #3	241,337	-	218,554	(8,045)	(5,727)	(241,337)	-	(209,159)	(3,541)
McCormick Lease #5	147,457	-	134,618	(4,644)	(3,523)	(147,457)	-	(128,880)	(1,479)
McCormick Lease #6	339,122	-	310,890	(10,355)	(8,131)	(339,122)	-	(297,702)	(7,432)
McCormick Lease #8	147,254	-	140,490	(3,073)	(3,653)	(147,254)	-	(134,962)	(846)
CAS Properties	286,304	-	244,228	(13,163)	(6,160)	(286,304)	-	(233,650)	(2,183)
McAllister Museum ²	158,368	-	142,238	(5,557)	(3,689)	(158,368)	-	(136,141)	(3,818)
Jim DBA Cub Crafters	231,048	-	201,361	(9,242)	(4,245)	(231,048)	-	(194,080)	(1,519)
DA Arthur #2 ¹	153,596	-	139,376	(5,050)	(3,651)	(153,596)	-	(133,397)	(1,284)
Airport Business Park LLC	902,503	-	874,967	(15,494)	(22,703)	(902,503)	-	(840,528)	(3,852)
Yakima Airpark LLC (A)	455,203	-	419,070	(13,454)	(10,954)	(455,203)	-	(401,386)	(3,786)
Yakima Airpark LLC (B)	130,763	-	120,383	(3,865)	(3,147)	(130,763)	-	(115,303)	(1,088)
Yakima Airport Maxi Space	226,393	-	196,313	(9,240)	(3,994)	(226,393)	-	(189,431)	(4,007)
Richmond Parking Lot	160,022	-	147,039	(4,801)	(3,845)	(160,022)	-	(140,819)	(2,618)
Richmond #3 Tract C-1	244,812	-	230,169	(6,008)	(5,997)	(244,812)	-	(220,781)	(4,705)
DA Arthur #1	170,989	-	161,370	(4,095)	(4,203)	(170,989)	-	(154,607)	(860)
Staci's Catering	100,356	-	71,055	(9,264)	(865)	(100,356)	-	(63,301)	(1,145)
US Gov't GSA/TSA Lease	377,395	-	301,549	(23,711)	(6,686)	(377,395)	-	(282,553)	-
Makito Fuel Farm ³	142,960	-	-	(397)	(415)	(142,960)	-	-	(181)
Makito FBO ³	623,879	-	-	(1,733)	(1,812)	(623,879)	-	-	(790)
Total	\$ 6,224,223	\$ 384,158	\$ 5,336,871	\$ (180,482)	\$ (128,137)	\$ (6,224,223)	\$ (384,158)	\$ (5,125,599)	\$ (57,949)

¹ Composed of \$67,013 of leasehold tax and \$16,091 of variable payments due to change in airport's rates and charges and CPI for DA Arthur #2 lease not part of initial lease measurement.

² McAllister Museum (Lessee to the city) is given a monthly credit incentive of 381.63 (Jan-Dec 2025).

³ Makito Fuel Farm and Makito FBO lease receivables and deferred inflows reported net of allowance for doubtful accounts. No payment was received from lessee for period of February - December 2025..

As of December 31, 2025, future lease receivable principal and interest payments are as follows:

Fiscal Year	Principal and Interest Expected to Maturity		
	Principal	Interest	Total
2026	\$ 118,390	\$ 159,024	\$ 277,414
2027	121,896	156,106	278,001
2028	126,709	153,087	279,797
2029	130,344	149,969	280,313
2030	134,094	146,761	280,855
2031-2035	691,079	682,992	1,374,070
2036-2040	668,400	594,153	1,262,553
2041-2045	661,250	505,914	1,167,164
2046-2050	598,694	417,984	1,016,677
2051-2055	515,005	332,971	847,976
2056-2060	326,220	267,242	593,462
2061-2065	341,683	205,169	546,852
2066-2070	367,706	137,947	505,654
2071-2075	414,773	58,760	473,533
2076-2080	120,628	6,872	127,500
	<u>\$ 5,336,871</u>	<u>\$ 3,974,951</u>	<u>\$ 9,311,821</u>

NOTE 18 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use (RTU) an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

GENERAL DESCRIPTION OF SBITAS

Subscription Title ¹	Measurement Date	Lease Terms (Months)	Interest Rate	Extension Options ²	Fixed Payments (Annually)
FileOnQ Software	1/1/2023	35	2.796%	5 option of 12 months	\$ 23,590
Granicus ²	1/17/2023	28	2.847%	0 options	17,905
Westlaw (Thomson Reuters) ²	5/16/2023	36	2.796%	0 options	3,054
Questica	7/1/2024	24	3.177%	Year to year	67,060
GovInvest	10/1/2024	36	2.321%	Year to year	36,050
AirBadge (New for 2025)	2/19/2025	120	1.543%	Year to year	9,975
ESRI (New for 2025)	3/28/2025	36	2.992%	0 options	66,200
Granicus (Clerks) (New for 2025)	5/18/2025	36	2.876%	0 options	20,116
Granicus (Codes) (New for 2025)	2/1/2025	24	2.967%	Year to year	57,186

¹ Granicus and Westlaw subscriptions have a set increase payment schedule through 2025 and 2026 respectively.

² All extension options were considered reasonably certain of being exercised due to history of renewals and limited options for government. Extension periods, except Questica and GovInterest are included in the lease terms.

Subscription Title	Liability at Measure Date	Lease Liability Additions (New SBITAS)	Liability as of 12/31/25	Interest Expense	ROU Asset at Measure Date	ROU Asset Additions	Amort Expense	ROU Asset as of 12/31/25	Outflows not in Liability ¹
FileOnQ Software	\$ 22,948	\$ -	\$ -	\$ 642	\$ 22,533	\$ -	\$ 13,543	\$ -	\$ 1,212
Granicus	-	-	-	-	5,803	-	5,803	-	-
Westlaw - GF	32,623	-	9,869	626	29,957	-	21,146	8,811	1,838
GovInvest - GF	35,349	-	18,145	820	51,605	-	19,976	31,629	1,496
Questica	68,245	-	-	2,168	209,337	-	139,558	69,779	5,844
ESRI	-	192,886	126,686	-	-	192,886	53,580	139,307	5,495
Granicus (Clerks)	-	62,799	42,683	-	-	62,799	13,955	48,844	1,670
Granicus (Codes)	-	116,612	59,426	-	-	116,612	53,447	63,165	4,746
General Fund Totals	159,165	372,297	256,809	4,256	319,235	372,297	321,008	361,535	22,301
Westlaw - IS	22,643	-	6,850	434	20,793	-	14,678	6,116	1,276
GovInvest - IS	35,349	-	18,145	820	51,605	56,599	19,976	31,629	1,496
AirBadge	-	93,200	74,534	1,284	-	93,200	17,087	76,114	1,656
Internal Service Totals	57,992	93,200	99,529	2,538	72,398	149,799	51,741	113,859	4,428
Grand Total	\$ 217,157	\$ 465,497	\$ 356,338	\$ 6,794	\$ 391,633	\$ 522,096	\$ 372,749	\$ 475,394	\$ 26,729

¹ Sales Tax

Subscription Title	Beginning Balance	Additions	Reductions	Ending Balance
FileOnQ Software	\$ 22,948	\$ -	\$ (22,948)	\$ -
Granicus (Terminated 2025)	-	-	-	-
Westlaw	55,266	-	(38,546)	16,720
Questica	68,245	-	(68,245)	-
GovInvest - GF	70,698	-	(34,409)	36,289
ESRI	-	192,886	(66,200)	126,686
Granicus (Clerks)	-	62,799	(20,116)	42,683
Granicus (Codes)	-	116,612	(57,186)	59,426
Governmental Totals	217,157	372,297	(307,650)	281,804
AirBadge	-	93,200	(18,666)	74,534
Enterprise Totals	-	93,200	(18,666)	74,534
Grand Totals	\$ 217,157	\$ 465,497	\$ (326,316)	\$ 356,338

As of December 31, 2025, the principal and interest requirements to maturity are as follows:

Fiscal Year	Principal and Interest Expected to Maturity		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 212,928	\$ 9,904	\$ 222,831
2027	105,003	4,177	109,181
2028	18,910	1,040	19,950
2029	19,498	452	19,950

NOTE 19 – ASSET RETIREMENT OBLIGATIONS

GASB provides guidance on the accounting and financial reporting for certain Asset Retirement Obligations (ARO's), which represent legally enforceable liabilities associated with the retirement of tangible capital assets.

The City of Yakima identified the following ARO's. However, the City's financial statements do not reflect ARO liabilities or associated deferred outflows with these assets for the estimable life cannot be determined or there is no remaining useful life.

Wastewater Treatment Plant: Disposal of these assets must be accomplished in accordance with Washington Administrative Code (WAC) 173-303-610 and site preservation or restoration in accordance with WAC chapter 463-72-080. The depreciable assets associated with this operation were buildings, these along with all other related assets are associated with maintenance costs or replacement of a component and do not fall under guidance of GASB. There is no formal written plan on the decommissioning of this asset, as the City plans on continuing its operation in perpetuity, therefore, the remaining life of its operations are not able to be estimated. Consequently, the City has not recognized an obligation for the costs that would be incurred in the event the City would cease its operations, as it is a remote event, making exact estimable remaining life undeterminable for liability calculation.

Wastewater Treatment Plant Biosolids Centrate Lagoon: Disposal of this asset must be accomplished in accordance with Washington Administrative Code (WAC) 173-303-610 and site preservation or restoration in accordance with WAC chapter 463-72-080. There is no formal written plan on the decommissioning of this asset, as the City plans on continuing its operation in perpetuity, therefore, the remaining life of its operations are not able to be estimated. Consequently, the City has not recognized an obligation for the costs that would be incurred in the event the City would cease its operations, as it is a remote event, making exact estimable remaining life undeterminable for liability calculation.

Water Treatment Plant: Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-303-610 and site preservation or restoration in accordance with Washington Administrative Code Chapter 463-72-080. The depreciable assets associated with this operation were buildings purchased and added on in 2004. These along with all other related assets, are associated with maintenance costs or replacement of a component and do not fall under guidance of GASB. There is no formal written plan on the decommissioning of this asset, as the City plans on continuing its operation in perpetuity, therefore, the remaining life of its operations are not able to be estimated. Consequently, the City has not recognized an obligation for the costs that would be incurred in the event the City would cease its operations, as it is a remote event, making exact estimable remaining life undeterminable for liability calculation.

Water Wells: Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-160-381. Several wells have been constructed by the City and have no remaining depreciable life. All water well assets are associated with maintenance costs, replacement of a component, or land (non-depreciable) and do not fall under the guidance of GASB. Consequently, the City has not recognized an obligation for the costs that would be incurred in the event the City would cease its well operations, as it is a remote event, making exact estimable remaining life undeterminable for liability calculation.

Underground Storage Fuel Tanks: Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-360A-0810. The City placed two 15,000-gallon tanks into service at the Public Works complex 29 years ago, these are double walled fiber glass tanks with no set expiration date. Both tanks at PW are in use until failure at which point our environmental fund source will replace. In addition, the City placed one 15,000-gallon tank double lined fiberglass and one 10,000-gallon steel tank into service at its 1st St./Lincoln Ave. Upon need for replacement, said assets shall be replaced/modified in accordance with WAC 173-360A-300 and funded by the City's Environmental Fund. The City has not recognized obligations since there is no remaining depreciable life therefore the City does not have an estimable liability.

City of Yakima Wastewater Division Lift Station Telemetry Antenna Tower: Disposal of this asset must be accomplished in accordance with Washington Administrative Code (WAC) 173-303-610 and site preservation or restoration in accordance with WAC chapter 463-72-080. There is no formal written plan on decommissioning of this asset, as the City plans on continuing its operation in perpetuity, therefore, the remaining life of its operations are not able to be estimated. Consequently, the City has not recognized an obligation for the costs that would be incurred in the event the City of Yakima would cease its operations, as it is a remote event, making exact estimable remaining life undeterminable for liability calculation.

NOTE 20 – POLLUTION REMEDIATION OBLIGATIONS

GASB provides guidance on accounting and financial reporting for Pollution Remediation Obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

The City of Yakima identified the following Pollution Remediation Obligations. However, the City's financial statements do not reflect pollution remediation liabilities or associated expenses with these obligations due the cleanup efforts not being estimable.

Interstate 82 Exit 33A Yakima City Landfill: Also known as the Millsite. The mutual objective of the State of Washington, Department of Ecology and the City under the Agreed Order 15861 is to provide for remedial action at Millsite where there has been a release or threatened release of hazardous substances. The Agreed Order requires the City to complete an interim action, an updated Conceptual Site Model, Feasibility Study, and Draft Cleanup Action Plan, for Millsite. Future estimated liabilities cannot be determined as the Conceptual Site Model, Feasibility Study, and Draft Cleanup Action Plan as required by Agreed Order have not been completed. Current plan for completion of those items is 2026 and beyond.

The City received \$8.7 million in a Toxic Cleanup grant in 2020. That money was used to for the Interim Action work performed on Contract 2529 in 2021. Another \$3.0 million Toxic Cleanup grant from DOE was awarded to the City in 2022. It will be used for cleanup efforts related to utility installations. Future recoveries cannot be determined as the City does not yet know the cleanup requirements or eligibility of future cleanup efforts.

Tiger Oil 24th Ave & W Nob Hill: When the City purchased the Tiger Oil – Nob Hill site it also became liable for the environmental contamination cleanup. The City has since sold the property, but remains responsible for the cleanup. The City entered into an Agreed Order 90-C140 with the Department of Ecology (DOE) that created a partnership between the City and DOE. DOE will provide cleanup funding with matching dollars coming from the City. DOE will lead the environmental cleanup efforts regarding design and implementation of any work to be done. Due to the nature of the cleanup efforts, neither the City, nor DOE, are able to estimate the time or cost of the cleanup efforts. DOE will continue to lead the effort with grant funding and engineering with the City providing matching funds and implementation of cleanup efforts. According to DOE, this site may never receive a “No Further Action” designation (full cleanup), however, the hope is to one day achieve a cleanup level that does not prohibit/inhibit development of the site.

Tiger Oil N 1st St: When the City purchased the Tiger Oil – N 1st Street site it also became liable for the environmental contamination cleanup. The City entered into an Agreed Order 19882 with the Department of Ecology (DOE) that created a partnership between the City and DOE. DOE will provide cleanup funding with matching dollars coming from the City. DOE will lead the environmental cleanup efforts regarding design and implementation of any work to be done. Due to the nature of the cleanup efforts, neither the City, nor DOE, are able to estimate the time or cost of the cleanup efforts. DOE will continue to lead the effort with grant funding and engineering with the City providing matching funds and implementation of cleanup efforts. The City and DOE hope to achieve a “No Further Action” designation (full cleanup) however that is dependent upon the success of the cleanup actions. Cleanup actions have been completed and monitoring is now all that remains. It will take years to evaluate the effectiveness and whether or not additional work will be required.

NOTE 21 – TAX ABATEMENT

The City of Yakima provides tax abatements through the Multi-Unit Urban Housing Property Tax Exemption referenced in RCW 84.14.020.

Multi-Unit Urban Housing Property Tax Exemption

It is the purpose of this chapter to encourage increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers where the governing authority of the affected city has found there is insufficient housing opportunities, including affordable housing opportunities. It is further the purpose of this chapter to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities, including affordable housing opportunities, within these urban centers. To achieve these purposes, this chapter provides for special valuations in residentially deficient urban centers for eligible improvements associated with multi-unit housing, which includes affordable housing. It is an additional purpose of this chapter to allow unincorporated areas of rural counties that are within urban growth areas to stimulate housing opportunities and for certain counties to stimulate housing opportunities near college campuses to promote dense, transit-oriented, walkable college communities.

Tax Abatement Program	Amount of
	Taxes Abated
Multi-Unit Urban Housing Property Tax Exemption	\$ 11,458
	\$ 11,458

NOTE 22 – FUND BALANCE CLASSIFICATION

The City's fund balances are classified in accordance with GASB Fund Balance Reporting and Governmental Fund Type Definitions 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, 2025.

FUND BALANCE

Fund Balance	General Fund	Other Gov't Funds	Total
Nonspendable			
Inventories and prepayments	\$ 17,406	\$ 191,513	\$ 208,919
Permanent fund	-	779,840	779,840
Total nonspendable	17,406	971,353	988,759
Restricted			
Emergency services	-	1,124,381	1,124,381
Arterial street construction & maintenance	-	5,114,888	5,114,888
Housing & economic development	-	1,658,821	1,658,821
Public safety	-	2,545,773	2,545,773
Debt service	-	419,976	419,976
Capital improvements	-	6,280,154	6,280,154
Other purposes	-	1,078,105	1,078,105
Tourism, conv & business improvement	-	3,662,367	3,662,367
Total restricted	-	21,884,465	21,884,465
Committed			
Public safety & emergency programs	1,480,705	-	1,480,705
Community relations	-	317,511	317,511
Parks and recreation	-	2,024,220	2,024,220
Streets maintenance	-	3,275,949	3,275,949
Capital improvements	-	3,091,809	3,091,809
Other purposes	-	1,383,187	1,383,187
Tourism, conv & business improvement	-	130,682	130,682
Total committed	1,480,705	10,223,358	11,704,063
Assigned			
Parks and recreation	-	1,024,264.00	1,024,264
Streets maintenance	-	5,431,331.00	5,431,331
Public safety	-	2,267,012.00	2,267,012
Debt service	-	17,626.00	17,626
Tourism, conv & business improvement	-	583,696.00	583,696
Total assigned	-	9,323,929	9,323,929
Unassigned	18,073,497	-	18,073,497
Total fund balance	\$ 19,571,608	\$ 42,403,105	\$ 61,974,713

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

Schedule of Proportionate Share of the Net Pension Liability - The Governmental Accounting Standards Board (GASB) requires 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 - GASB also requires a schedule that provides 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.

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.

CITY OF YAKIMA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2025

Page 1 of 1

	2025		2026		2025	Variance
	Budgeted Amounts		Budgeted Amounts		Actual Amounts	with Final Budget
	Original	Final	Original	Final*		
Revenues						
Taxes	\$ 63,774,532	\$ 63,774,532	\$ 76,712,538	\$ 76,712,538	\$ 63,499,501	\$ (275,031)
Licenses and permits	1,876,550	1,876,550	2,075,000	2,075,000	2,220,721	344,171
Intergovernmental revenues	2,568,006	5,178,092	2,179,994	2,179,994	3,131,851	(2,046,241)
Charges for goods and services	3,601,634	3,611,634	1,377,143	1,377,143	3,942,337	330,703
Fines, forfeitures and penalties	1,581,200	1,581,200	1,954,250	1,954,250	1,862,505	281,305
Contributions and donations	-	-	-	-	36,800	36,800
Investment earnings	2,706,900	2,706,900	3,539,401	3,539,401	6,512,002	3,805,102
Miscellaneous revenues	269,908	269,908	56,316	56,316	124,846	(145,062)
Total revenues	76,378,730	78,998,816	87,894,642	87,894,642	81,330,563	2,331,747
Expenditures						
Current						
General government	15,391,993	16,624,293	14,370,278	14,370,278	13,757,468	(2,866,823)
Public safety	59,847,870	61,505,091	57,396,896	57,396,896	59,543,885	(1,961,204)
Transportation	1,036,877	1,036,877	1,223,055	1,223,055	879,686	(157,192)
Economic environment	2,155,887	2,401,887	1,161,364	1,161,364	1,859,342	(542,545)
Public health services	30,000	30,000	30,000	30,000	27,756	(2,244)
Capital outlay	-	-	-	-	-	-
General government	100,000	100,000	-	-	537,840	437,840
Public safety	46,000	92,199	100,000	100,000	48,291	(43,908)
Economic environment	-	-	46,000	46,000	-	-
Debt service	-	-	-	-	-	-
Principal	145,728	145,728	150,100	150,100	411,391	265,663
Interest and related charges	8,250	8,250	4,563	4,563	12,506	4,256
Total expenditures	78,762,605	81,944,325	74,482,256	74,482,256	77,078,165	(4,866,157)
Excess (deficiency) of rev over (under) exp	(2,383,875)	(2,945,509)	13,412,386	13,412,386	4,252,398	7,197,904
Other financing sources (uses)						
Transfers in	-	-	(1,132,018)	(1,132,018)	-	-
Transfers out	(2,296,185)	(3,267,562)	(15,370,556)	(15,370,556)	(3,267,562)	-
Sale of capital assets	-	-	-	-	7,009	7,009
Subscription liabilities issued	-	-	-	-	372,297	372,297
Total other financing sources (uses)	(2,296,185)	(3,267,562)	(16,502,574)	(16,502,574)	(2,888,256)	379,306
Net change in fund balances	(4,680,060)	(6,213,071)	(3,090,188)	(3,090,188)	1,364,142	7,577,210
Fund balances - January 1	18,165,430	18,207,464	13,485,374	11,907,197	18,207,461	(3)
Fund balances - December 31	\$ 13,485,370	\$ 11,994,393	\$ 10,395,186	\$ 8,817,009	\$ 19,571,603	\$ 7,577,207

*As of reporting date

CITY OF YAKIMA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

As of June 30

Last 10 Fiscal Years

Continued

	2025	2024
PERS 1		
Employer's proportion of the net pension liability (asset)	0.1727%	0.1790%
Employer's proportionate share of the net pension liability (asset)	\$ 2,036,609	\$ 3,180,380
Covered payroll	36,990,321	35,040,154
Employer's proportionate share of the net pension liability as a percentage of covered payroll	5.5%	9.1%
Plan fiduciary net position as a percentage of the total pension liability	89.1%	84.1%
PERS 2/3		
Employer's proportion of the net pension liability (asset)	0.2019%	0.2195%
Employer's proportionate share of the net pension liability (asset)	\$ (7,704,440)	\$ (7,234,725)
Covered payroll	33,814,376	33,853,621
Employer's proportionate share of the net pension liability as a percentage of covered payroll	(22.8)%	(21.4)%
Plan fiduciary net position as a percentage of the total pension liability	105.5%	105.2%
PSERS		
Employer's proportion of the net pension liability (asset)	0.2509%	0.1073%
Employer's proportionate share of the net pension liability (asset)	\$ (95,034)	\$ (45,736)
Covered payroll	3,074,680	1,087,815
Employer's proportionate share of the net pension liability as a percentage of covered payroll	(3.1)%	(4.2)%
Plan fiduciary net position as a percentage of the total pension liability	102.0%	102.6%
LEOFF 1		
Employer's proportion of the net pension liability (asset)	0.2378%	0.2403%
Employer's proportionate share of the net pension liability (asset)	\$ (7,535,571)	\$ (6,834,662)
State's proportion of the net pension liability (asset) associated with the employer	(50,970,413)	(46,229,481)
Total	<u>\$ (58,505,984)</u>	<u>\$ (53,064,143)</u>
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-%	-%
Plan fiduciary net position as a percentage of the total pension liability	178.0%	168.5%
LEOFF 2		
Employer's proportion of the net pension liability (asset)	0.5782%	0.6198%
Employer's proportionate share of the net pension liability (asset)	\$ (11,201,813)	\$ (11,607,049)
State's proportion of the net pension liability (asset) associated with the employer	(7,189,625)	(7,532,358)
Total	<u>\$ (18,391,438)</u>	<u>\$ (19,139,407)</u>
Covered payroll	\$ 30,874,247	\$ 29,688,434
Employer's proportionate share of the net pension liability as a percentage of covered payroll	(36.3)%	(39.1)%
Plan fiduciary net position as a percentage of the total pension liability	108.8%	109.3%

Notes to the Schedule:

The City of Yakima has no current LEOFF I employees.
Significant changes: Discount Rate increased from 3.75% to 4.00%

CITY OF Yakima

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

As of June 30

Last 10 Fiscal Years

2023	2022	2021	2020	2019	2018	2017	2016
0.1907%	0.2028%	0.2100%	0.2126%	0.2239%	0.2304%	0.2396%	0.2437%
\$ 4,352,622	\$ 5,647,086	\$ 2,581,615	\$ 7,507,587	\$ 8,608,173	\$ 10,291,797	\$ 11,370,630	\$ 13,085,797
34,097,023	32,382,356	32,154,893	31,609,557	30,981,922	30,238,586	29,549,697	28,675,000
12.8%	17.4%	8.0%	23.8%	27.8%	34.0%	38.5%	45.6%
80.2%	76.6%	88.7%	68.6%	67.1%	63.2%	61.2%	59.0%
0.2377%	0.2535%	0.2586%	0.2592%	0.2730%	0.2771%	2.8844%	0.2903%
\$ (9,740,807)	\$ (9,400,944)	\$ (25,763,211)	\$ 3,314,662	\$ 2,651,884	\$ 4,731,133	\$ 10,021,946	\$ 14,618,037
33,034,897	31,335,035	31,002,101	30,344,986	29,750,683	29,077,617	29,284,000	27,400,579
(29.5)%	(30.0)%	(83.1)%	10.9%	8.9%	16.3%	34.2%	53.3%
107.0%	106.7%	120.3%	97.2%	97.8%	96.8%	91.0%	85.8%
0.1246%	0.1415%	0.1346%	0.1493%	0.1852%	0.2135%	0.2143%	0.2172%
\$ (132,138)	\$ (101,203)	\$ (309,174)	\$ (20,538)	\$ (24,082)	\$ 2,645	\$ 41,981	\$ 92,291
966,640	945,513	913,085	919,785	861,074	845,912	765,000	705,303
(13.7)%	(10.7)%	(33.9)%	(2.2)%	(2.8)%	0.3%	5.5%	13.1%
107.9%	106.0%	123.7%	101.7%	101.9%	99.8%	96.3%	90.4%
0.2442%	0.2489%	0.2523%	0.2593%	0.2608%	0.2633%	0.2625%	0.2642%
\$ (7,248,538)	\$ (7,139,375)	\$ (8,642,659)	\$ (4,896,828)	\$ (5,154,646)	\$ (4,781,106)	\$ (3,982,551)	\$ (2,722,428)
(49,028,930)	(48,290,558)	(58,458,729)	(33,122,025)	(34,865,895)	(32,339,285)	(26,937,875)	(18,414,434)
\$ (56,277,468)	\$ (55,429,933)	\$ (67,101,388)	\$ (38,018,853)	\$ (40,020,541)	\$ (37,120,391)	\$ (30,920,426)	\$ (21,136,862)
-%	-%	-%	-%	-%	-%	-%	-%
176.0%	169.6%	187.5%	146.9%	148.8%	144.4%	136.0%	123.7%
0.7235%	0.6316%	0.6478%	0.6455%	0.6823%	0.7097%	0.7399%	0.7434%
\$ (17,352,657)	\$ (17,164,301)	\$ (37,628,068)	\$ (13,167,462)	\$ (15,806,217)	\$ (14,409,269)	\$ (10,267,387)	\$ (4,323,611)
(11,081,228)	(11,118,660)	(24,274,211)	(8,419,594)	(10,350,954)	(9,329,730)	(6,660,262)	(741,394)
\$ (28,433,885)	\$ (28,282,961)	\$ (61,902,279)	\$ (21,587,056)	\$ (26,157,171)	\$ (23,738,999)	\$ (16,927,649)	\$ (5,065,005)
\$ 32,255,467	\$ 25,506,773	\$ 25,210,904	\$ 24,461,464	\$ 23,998,147	\$ 23,520,795	\$ 23,238,000	\$ 22,519,542
(53.8)%	(67.3)%	(149.3)%	(53.8)%	(65.9)%	(61.3)%	(44.2)%	(19.2)%
113.2%	116.1%	142.0%	115.8%	119.4%	118.5%	113.4%	106.0%

Benefit changes: None to report.

Valuation assumptions: As of January 1, 2025: Economic assumptions - salary increases 3.5%, investment return assumption (discount rate) 4.00%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.5%; related to consumer price index 2.5%.

CITY OF YAKIMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the year ended December 31

Last 10 Fiscal Years

Continued

	2025	2024
PERS 1		
Statutorily or contractually required contributions	\$ 486,177	\$ 982,915
Contributions in relation to the statutorily or contractually required contributions	(486,177)	(982,915)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 38,146,156	 \$ 35,609,058
Contributions as a percentage of covered employee payroll	1.3%	2.8%
 PERS 2/3		
Statutorily or contractually required contributions	\$ 2,026,687	\$ 2,130,950
Contributions in relation to the statutorily or contractually required contributions	(2,026,687)	(2,130,950)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 34,553,133	 \$ 33,508,802
Contributions as a percentage of covered employee payroll	5.9%	6.4%
 PSERS		
Statutorily or contractually required contributions	\$ 238,702	\$ 134,909
Contributions in relation to the statutorily or contractually required contributions	(238,702)	(134,909)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 3,490,562	 \$ 2,000,244
Contributions as a percentage of covered employee payroll	6.8%	6.7%
 LEOFF 2		
Statutorily or contractually required contributions	\$ 1,576,911	\$ 1,557,555
Contributions in relation to the statutorily or contractually required contributions	(1,576,911)	(1,557,555)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 30,763,839	 \$ 30,370,523
Contributions as a percentage of covered employee payroll	5.1%	5.1%

Notes to the Schedule:

The City of Yakima has no current LEOFF I employees.

Significant changes: Discount Rate Discount Rate increased from 3.75% to 4.00%.

Benefit Changes: None to report.

Valuation assumptions: As of January 1, 2025: Economic assumptions - salary increases 3.5%, investment return assumption (discount rate) 4.00%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.5%; related to consumer price index 2.5%.

CITY OF *Yakima*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the year ended December 31

Last 10 Fiscal Years

2023	2022	2021	2020	2019	2018	2017	2016
\$ 1,189,525 (1,189,525)	\$ 1,250,290 (1,250,290)	\$ 1,390,651 (1,390,651)	\$ 1,553,225 (1,553,225)	\$ 1,588,430 (1,588,430)	\$ 1,570,927 (1,570,927)	\$ 1,489,000 (1,489,000)	\$ 1,432,792 (1,432,792)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 34,892,161 3.4%	\$ 33,119,925 3.8%	\$ 32,197,771 4.3%	\$ 31,835,568 4.9%	\$ 31,546,711 5.0%	\$ 30,471,519 5.2%	\$ 29,079,000 5.1%	\$ 29,271,148 4.9%
\$ 2,148,681 (2,148,681)	\$ 2,041,098 (2,041,098)	\$ 2,223,260 (2,223,260)	\$ 2,422,004 (2,422,004)	\$ 2,337,893 (2,337,893)	\$ 2,194,199 (2,194,199)	\$ 1,930,423 (1,930,423)	\$ 1,740,727 (1,740,727)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 33,794,311 6.4%	\$ 32,092,726 6.4%	\$ 31,133,321 7.1%	\$ 30,580,945 7.9%	\$ 30,285,570 7.7%	\$ 29,256,142 7.5%	\$ 28,706,000 6.7%	\$ 27,400,579 6.4%
\$ 66,499 (66,499)	\$ 61,000 (61,000)	\$ 64,110 (64,110)	\$ 66,594 (66,594)	\$ 63,637 (63,637)	\$ 57,599 (57,599)	\$ 52,963 (52,963)	\$ 48,978 (48,978)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,001,033 6.6%	\$ 933,481 6.5%	\$ 937,407 6.8%	\$ 924,911 7.2%	\$ 891,749 7.1%	\$ 840,693 6.9%	\$ 800,000 6.6%	\$ 705,303 6.9%
\$ 1,748,118 (1,748,118)	\$ 1,312,467 (1,312,467)	\$ 1,311,683 (1,311,683)	\$ 1,257,023 (1,257,023)	\$ 1,290,668 (1,290,668)	\$ 1,233,450 (1,233,450)	\$ 1,198,134 (1,198,134)	\$ 1,152,459 (1,152,459)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 34,100,991 5.1%	\$ 25,623,241 5.1%	\$ 25,541,326 5.1%	\$ 24,407,692 5.2%	\$ 24,804,414 5.2%	\$ 23,473,737 5.3%	\$ 23,417,000 5.1%	\$ 22,519,542 5.1%

CITY OF YAKIMA

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

For the year ended December 31

Last 10 Fiscal Years

Continued

	2025	2024	2023	2022	2021
Fire Pension					
Balances at 12/31/2024	\$ 3,757,432	\$ 5,145,880	\$ 5,276,501	\$ 6,185,676	\$ 6,617,462
Changes for the year:					
Interest on total pension liability	143,257	161,564	188,597	118,726	126,790
Effect of economic / demographic gains or losses	-	(986,694)	-	(140,823)	-
Effect of assumptions changes or inputs	(174,253)	(211,178)	179,857	(385,852)	-
Benefit payments	(355,482)	(352,140)	(499,075)	(501,226)	(558,576)
Net changes in total pension liability	(386,478)	(1,388,448)	(130,621)	(909,175)	(431,786)
Balance at 12/31/2025	<u>\$ 3,370,954</u>	<u>\$ 3,757,432</u>	<u>\$ 5,145,880</u>	<u>\$ 5,276,501</u>	<u>\$ 6,185,676</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Police Pension					
Balances at 12/31/2024	\$ 2,115,373	\$ 2,677,930	\$ 2,747,211	\$ 3,492,482	\$ 3,715,125
Changes for the year:					
Interest on total pension liability	80,408	83,524	98,243	66,560	71,377
Effect of economic / demographic gains or losses	-	(321,148)	-	(205,121)	-
Effect of assumptions changes or inputs	(88,125)	(107,242)	89,631	(312,174)	-
Benefit payments	(212,428)	(217,691)	(257,155)	(294,536)	(294,020)
Net changes in total pension liability	(220,145)	(562,557)	(69,281)	(745,271)	(222,643)
Balance at 12/31/2025	<u>\$ 1,895,228</u>	<u>\$ 2,115,373</u>	<u>\$ 2,677,930</u>	<u>\$ 2,747,211</u>	<u>\$ 3,492,482</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -

Notes to the Schedule

Due to a GASB implementation, the City is 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.

Until a full 10-year trend is compiled, only information for those years available is presented.

Economic assumptions: Salary increases 3.5%, investment return assumption (discount rate) 4.0%, 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.

CITY OF YAKIMA

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

For the year ended December 31

Last 10 Fiscal Years

	2020	2019	2018	2017
Fire Pension				
Balances at 12/31/2024	\$ 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 12/31/2025	<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 12/31/2024	\$ 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 12/31/2025	<u>\$ 3,715,125</u>	<u>\$ 4,451,427</u>	<u>\$ 4,269,513</u>	<u>\$ 4,664,239</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -

CITY OF YAKIMA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31

Last 10 Fiscal Years

Continued

	2025	2024	2023	2022	2021
LEOFF 1 Fire					
Total OPEB liability - beginning	\$ 18,500,005	\$ 20,011,716	\$ 19,031,764	\$ 23,813,442	\$ 24,147,639
Interest on total OPEB liability	720,554	635,986	697,919	468,316	474,902
Effect of economic / demographic gains or losses	-	338,881	-	582,178	-
Effect of assumptions, changes or inputs	(1,276,854)	(1,593,596)	1,131,013	(5,032,894)	-
Expected benefit payments	(981,951)	(892,982)	(848,980)	(799,278)	(809,099)
Net changes in total OPEB liability	(1,538,251)	(1,511,711)	979,952	(4,781,678)	(334,197)
Total OPEB liability - ending	<u>\$ 16,961,754</u>	<u>\$ 18,500,005</u>	<u>\$ 20,011,716</u>	<u>\$ 19,031,764</u>	<u>\$ 23,813,442</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a
LEOFF 1 Police					
Total OPEB liability - beginning	\$ 15,897,192	\$ 18,014,344	\$ 17,111,639	\$ 22,500,246	\$ 22,771,904
Interest on total OPEB liability	621,429	575,300	628,352	443,518	448,274
Effect of economic / demographic gains or losses	-	(443,350)	-	(1,276,779)	-
Effect of assumptions, changes or inputs	(1,133,597)	(1,618,452)	992,118	(3,903,426)	-
Expected benefit payments	(730,132)	(630,650)	(717,765)	(651,920)	(719,932)
Net changes in total OPEB liability	(1,242,300)	(2,117,152)	902,705	(5,388,607)	(271,658)
Total OPEB liability - ending	<u>\$ 14,654,892</u>	<u>\$ 15,897,192</u>	<u>\$ 18,014,344</u>	<u>\$ 17,111,639</u>	<u>\$ 22,500,246</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a
Non-LEOFF					
Total OPEB liability - beginning	\$ 7,537,595	\$ 6,475,640	\$ 5,982,192	\$ 6,425,956	\$ 6,186,687
Service cost	449,477	395,202	350,519	460,129	444,569
Interest on total OPEB liability	311,488	215,925	231,469	134,073	129,295
Effect of economic / demographic gains or losses	-	1,322,958	-	232,008	-
Effect of assumptions, changes or inputs	(407,243)	(414,472)	234,804	(903,271)	-
Expected benefit payments	(403,719)	(457,658)	(323,344)	(366,703)	(334,595)
Net changes in total OPEB liability	(49,997)	1,061,955	493,448	(443,764)	239,269
Total OPEB liability - ending	<u>\$ 7,487,598</u>	<u>\$ 7,537,595</u>	<u>\$ 6,475,640</u>	<u>\$ 5,982,192</u>	<u>\$ 6,425,956</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a

Notes to the Schedule

Due to a GASB implementation, the City is 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.

Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF YAKIMA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31

Last 10 Fiscal Years

	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 changes 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 changes 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 changes 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

COMBINING BALANCE SHEET **NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2025

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Assets					
Cash	\$ 12,337,752	\$ 432,987	\$ 12,991,038	\$ 776,083	\$ 26,537,860
Cash with fiscal agent	60,343	4,616	212,685	-	277,644
Investments	5,467,461	-	9,664,299	-	15,131,760
Receivables, net of allowance for uncollectible accounts					
Taxes	800,561	-	130,879	-	931,440
Customer accounts	2,776,668	-	562,933	3,757	3,343,358
Notes and contracts	1,736,968	-	-	-	1,736,968
Due from other governments	551,812	-	2,081,486	-	2,633,298
Inventories and prepayments	191,514	-	-	-	191,514
Total assets	23,923,079	437,603	25,643,320	779,840	50,783,842
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 23,923,079	\$ 437,603	\$ 25,643,320	\$ 779,840	\$ 50,783,842
Liabilities					
Accounts payable	\$ 467,167	\$ -	\$ 838,788	\$ -	\$ 1,305,955
Unearned revenue	915,696	-	-	-	915,696
Contracts payable	30,927	-	52,916	-	83,843
Accrued salaries and benefits	1,255,340	-	-	-	1,255,340
Deposits type accounts	73,839	-	-	-	73,839
Due to other governments	106	-	99	-	205
Due to other funds	-	-	397,130	-	397,130
Total liabilities	2,743,075	-	1,288,933	-	4,032,008
Deferred inflows of resources					
Unavailable revenue	3,787,495	-	561,228	-	4,348,723
Total deferred inflows of resources	3,787,495	-	561,228	-	4,348,723
Total liabilities and deferred inflows	6,530,570	-	1,850,161	-	8,380,731
Fund balances					
Nonspendable	191,513	-	-	779,840	971,353
Restricted	10,069,446	419,977	11,395,044	-	21,884,467
Committed	7,131,550	-	3,091,809	-	10,223,359
Assigned	-	17,626	9,306,306	-	9,323,932
Total fund balances	\$ 17,392,509	\$ 437,603	\$ 23,793,159	\$ 779,840	\$ 42,403,111
Total liabilities, deferred inflows & fund balances	\$ 23,923,079	\$ 437,603	\$ 25,643,320	\$ 779,840	\$ 50,783,842

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

CITY OF YAKIMA

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

For the Year Ended December 31, 2025

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Revenues					
Taxes	\$ 16,914,416	\$ 900,000	\$ 8,339,302	\$ -	\$ 26,153,718
Licenses and permits	408,286	-	-	-	408,286
Intergovernmental revenues	6,922,229	-	9,711,713	-	16,633,942
Charges for goods and services	6,663,722	-	133,606	-	6,797,328
Fines, forfeitures and penalties	3,105	-	-	-	3,105
Contributions and donations	126,795	-	3,680,923	-	3,807,718
Investment earnings	25,943	-	-	-	25,943
Miscellaneous revenues	1,332,362	-	109,596	48,445	1,490,403
Total revenues	32,396,858	900,000	21,975,140	48,445	55,320,443
Expenditures					
Current					
General government	2,776,749	-	-	-	2,776,749
Public safety	7,820,600	-	367,213	-	8,187,813
Utilities services	420,450	-	-	-	420,450
Transportation	5,125,281	-	924,367	-	6,049,648
Economic environment	4,663,428	-	9,361	-	4,672,789
Public health services	667,121	-	-	-	667,121
Culture and recreation	8,004,691	-	471,443	-	8,476,134
Capital outlay					
General government	-	-	1,045,305	-	1,045,305
Public safety	137,571	-	-	-	137,571
Transportation	880,089	-	10,973,850	-	11,853,939
Culture and recreation	-	-	3,863,589	-	3,863,589
Debt service					
Principal	270,922	1,548,143	476,914	-	2,295,979
Interest and related charges	92,809	1,164,572	76,966	-	1,334,347
Total expenditures	30,859,711	2,712,715	18,209,008	-	51,781,434
Excess (def) of revenues over (under) expenditure	1,537,147	(1,812,715)	3,766,132	48,445	3,539,009
Other financing sources (uses)					
Transfers in	4,860,539	1,599,496	1,474,270	-	7,934,305
Transfers out	(4,107,831)	-	(462,464)	(12,000)	(4,582,295)
Sale of capital assets	17,433	-	77,550	-	94,983
Total other financing sources (uses)	770,141	1,599,496	1,089,356	(12,000)	3,446,993
Net change in fund balances	2,307,288	(213,219)	4,855,488	36,445	6,986,002
Fund balances - January 1, as previously reported	15,017,524	650,821	18,937,669	743,395	35,349,409
Changes within financial reporting entity:					
Change from major to nonmajor fund	67,700	-	-	-	67,700
Fund balance - January 1, ad adjusted or restated	15,085,224	650,821	18,937,669	743,395	35,417,109
Fund balances - December 31	\$ 17,392,512	\$ 437,602	\$ 23,793,157	\$ 779,840	\$ 42,403,111
Funds do not reconcile by:	(3)	1	2	-	-

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 and Mainstream Tax Credit funding, and parking revenue.

Neighborhood Development Fund (124) – accounts for the Office of Neighborhood Development, which is the focus of the City’s effort to improve economic opportunities and housing conditions in Yakima. Federal Housing and Urban Development grants are the major revenue source for this program.

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.

Aquatic Center at MLK Park Fund (132) - This special revenue fund was authorized by City Council on January 16th, 2024 to segregate money received for the operation and maintenance of the Aquatic Center at MLK Jr. Park.

Aquatics Fund (133) - Created in 2025 to maintain greater accountability and transparency related to the aquatics facilities by segregating aquatic related financial activities from other city expenditures.

Clean City Fund (136) was originally created in 2019 as a part of the General Fund, but became a Special Revenue fund in 2021. This account was set up for the utility tax increase imposed on the City’s waste systems’ commercial refuse collection to meet Clean City program objectives.

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.

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 Fund (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.

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

Opioid Lawsuit (155) - The City of Yakima received settlement funds from a number of state lawsuits against opioid manufacturers, distributors and prescribers. These funds are required to be used as outlined in the settlement agreement and the One Washington Memorandum of Understanding Between Washington Municipalities.

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 & Event 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 & Event Center.

Capitol Theatre Operating Fund (171) - Created in 1980 for the purpose of maintaining, managing, and operating the Capitol Theatre.

Public Facilities District - Convention & Event Center Fund (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 & Event Center.

Tourism Promotion Area Fund (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 Fund (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.

American Rescue Plan Act (ARPA) Fund (180) - Created in 2021, is a special revenue fund created to account for program expenditures used for fiscal recovery.

Lodging Tax Fund (184) - Created in 2025 to manage, report and expend revenue received from the restricted lodging tax revenues that support tourism and economic development efforts.

Affordable Housing Fund (184) - Created in 2025 per RCW 82.14.540 authorizing cities to receive a share of the State's portion of the sales and use tax to support affordable and supportive housing.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2025

Continued

	Economic Develop	ONDS Fund	Community Relations	Parks and Recreation	Aquatic Ctr MLK Park	Aquatics
Assets						
Cash	\$ 165,275	\$ 504,628	\$ 374,790	\$ 784,171	\$ 610,967	\$ 156,175
Cash with fiscal agent	-	-	-	15,238	-	3,590
Investments	-	-	-	795,156	-	-
Receivables, net allowance for uncollectible accounts						
Taxes	-	-	-	-	-	-
Customer accounts	-	-	630	38,021	-	92
Notes and contracts	-	1,636,394	-	-	-	-
Due from other governments	-	130,895	-	4,468	-	-
Inventories and prepayments	-	-	-	-	-	-
Total assets	<u>165,275</u>	<u>2,271,917</u>	<u>375,420</u>	<u>1,637,054</u>	<u>610,967</u>	<u>159,857</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 165,275</u>	<u>\$ 2,271,917</u>	<u>\$ 375,420</u>	<u>\$ 1,637,054</u>	<u>\$ 610,967</u>	<u>\$ 159,857</u>
Liabilities						
Accounts payable	\$ 275	\$ 55,940	\$ 5,187	\$ 49,780	\$ 51,983	\$ 18,430
Unearned revenue	-	-	-	-	-	-
Contracts payable	-	30,000	-	172	-	-
Accrued salaries and benefits	-	29,463	51,462	180,363	-	64,021
Deposits type accounts	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>275</u>	<u>115,403</u>	<u>56,649</u>	<u>230,315</u>	<u>51,983</u>	<u>82,451</u>
Deferred inflows of resources						
Unavailable revenue	-	1,636,394	1,260	16,683	-	2,225
Total deferred inflows of resources	<u>-</u>	<u>1,636,394</u>	<u>1,260</u>	<u>16,683</u>	<u>-</u>	<u>2,225</u>
Total liabilities and deferred inflows	<u>275</u>	<u>1,751,797</u>	<u>57,909</u>	<u>246,998</u>	<u>51,983</u>	<u>84,676</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	165,000	520,120	-	-	-	-
Committed	-	-	317,511	1,390,056	558,984	75,181
Total fund balances	<u>165,000</u>	<u>520,120</u>	<u>317,511</u>	<u>1,390,056</u>	<u>558,984</u>	<u>75,181</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 165,275</u>	<u>\$ 2,271,917</u>	<u>\$ 375,420</u>	<u>\$ 1,637,054</u>	<u>\$ 610,967</u>	<u>\$ 159,857</u>

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, 2025

Continued

	Clean City	Streets	Cemetery	Emergency Services	Public Safety Comm	Police Grants
Assets						
Cash	\$ 591,082	\$ 1,695,019	\$ 188,806	\$ 634,175	\$ 1,515,598	\$ 840,760
Cash with fiscal agent	-	16,054	-	16,998	8,463	-
Investments	599,936	1,720,410	-	643,674	-	-
Receivables, net allowance for uncollectible accounts						
Taxes	73,171	-	-	101,656	-	-
Customer accounts	8,348	1,470	11,071	-	440,743	-
Notes and contracts	-	-	-	-	-	-
Due from other governments	-	209,412	-	-	-	207,037
Inventories and prepayments	-	191,514	-	-	-	-
Total assets	<u>1,272,537</u>	<u>3,833,879</u>	<u>199,877</u>	<u>1,396,503</u>	<u>1,964,804</u>	<u>1,047,797</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,272,537</u>	<u>\$ 3,833,879</u>	<u>\$ 199,877</u>	<u>\$ 1,396,503</u>	<u>\$ 1,964,804</u>	<u>\$ 1,047,797</u>
Liabilities						
Accounts payable	\$ 8,586	\$ 94,507	\$ 8,989	\$ 1,715	\$ 3,677	\$ 24,811
Unearned revenue	-	-	-	-	-	-
Contracts payable	-	668	-	-	-	-
Accrued salaries and benefits	33,959	268,197	21,002	182,801	416,500	7,572
Deposits type accounts	-	-	-	-	-	-
Due to other governments	-	106	-	-	-	-
Total liabilities	<u>42,545</u>	<u>363,478</u>	<u>29,991</u>	<u>184,516</u>	<u>420,177</u>	<u>32,383</u>
Deferred inflows of resources						
Unavailable revenue	7,968	2,940	8,721	87,607	14,269	-
Total deferred inflows of resources	<u>7,968</u>	<u>2,940</u>	<u>8,721</u>	<u>87,607</u>	<u>14,269</u>	<u>-</u>
Total liabilities and deferred inflows	<u>50,513</u>	<u>366,418</u>	<u>38,712</u>	<u>272,123</u>	<u>434,446</u>	<u>32,383</u>
Fund balances:						
Nonspendable	-	191,513	-	-	-	-
Restricted	-	-	-	1,124,380	1,530,358	1,015,414
Committed	1,222,024	3,275,948	161,165	-	-	-
Total fund balances	<u>1,222,024</u>	<u>3,467,461</u>	<u>161,165</u>	<u>1,124,380</u>	<u>1,530,358</u>	<u>1,015,414</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 1,272,537</u>	<u>\$ 3,833,879</u>	<u>\$ 199,877</u>	<u>\$ 1,396,503</u>	<u>\$ 1,964,804</u>	<u>\$ 1,047,797</u>

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, 2025

	Opioid Lawsuit	DYBID	Trolley	PBIA	Tourist Promo Conv Center	Capitol Theatre
Assets						
Cash	\$ 503,867	\$ 166,897	\$ 56,089	\$ 7,299	\$ 655,904	\$ 68,906
Cash with fiscal agent	-	-	-	-	-	-
Investments	511,415	-	-	-	665,729	-
Receivables, net allowance for uncollectible accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Customer accounts	1,908,854	237	-	-	52,054	-
Notes and contracts	-	90,599	-	9,975	-	-
Due from other governments	-	-	-	-	-	-
Inventories and prepayments	-	-	-	-	-	-
Total assets	<u>2,924,136</u>	<u>257,733</u>	<u>56,089</u>	<u>17,274</u>	<u>1,373,687</u>	<u>68,906</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 2,924,136</u>	<u>\$ 257,733</u>	<u>\$ 56,089</u>	<u>\$ 17,274</u>	<u>\$ 1,373,687</u>	<u>\$ 68,906</u>
Liabilities						
Accounts payable	\$ 4,877	\$ 43,752	\$ 320	\$ -	\$ 20,278	\$ 3,013
Unearned revenue	-	-	-	-	-	-
Contracts payable	-	-	-	-	87	-
Accrued salaries and benefits	-	-	-	-	-	-
Deposits type accounts	-	-	-	-	73,839	-
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>4,877</u>	<u>43,752</u>	<u>320</u>	<u>-</u>	<u>94,204</u>	<u>3,013</u>
Deferred inflows of resources						
Unavailable revenue	1,908,854	90,599	-	9,975	-	-
Total deferred inflows of resources	<u>1,908,854</u>	<u>90,599</u>	<u>-</u>	<u>9,975</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>1,913,731</u>	<u>134,351</u>	<u>320</u>	<u>9,975</u>	<u>94,204</u>	<u>3,013</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	1,010,405	-	55,769	-	1,279,483	65,893
Committed	-	123,382	-	7,299	-	-
Total fund balances	<u>1,010,405</u>	<u>123,382</u>	<u>55,769</u>	<u>7,299</u>	<u>1,279,483</u>	<u>65,893</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 2,924,136</u>	<u>\$ 257,733</u>	<u>\$ 56,089</u>	<u>\$ 17,274</u>	<u>\$ 1,373,687</u>	<u>\$ 68,906</u>

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, 2025

Continued

	PFD Conv	Tourist	PFD Cap		Lodging	Affordable	
	Ctr	Promo Area	Theatre	ARPA Fund	Tax	Housing	Total
Assets							
Cash	\$ 830,546	\$ 822	\$ 459,562	\$ 523,302	\$ 64,320	\$ 938,792	\$12,337,752
Cash with fiscal agent	-	-	-	-	-	-	60,343
Investments	-	-	-	531,141	-	-	5,467,461
Receivables, net allowance for uncollectible accounts							
Taxes	214,781	-	162,826	-	213,218	34,909	800,561
Customer accounts	102,353	135,257	77,538	-	-	-	2,776,668
Notes and contracts	-	-	-	-	-	-	1,736,968
Due from other governments	-	-	-	-	-	-	551,812
Inventories and prepayments	-	-	-	-	-	-	191,514
Total assets	<u>1,147,680</u>	<u>136,079</u>	<u>699,926</u>	<u>1,054,443</u>	<u>277,538</u>	<u>973,701</u>	<u>23,923,079</u>
Deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,147,680</u>	<u>\$ 136,079</u>	<u>\$ 699,926</u>	<u>\$ 1,054,443</u>	<u>\$ 277,538</u>	<u>\$ 973,701</u>	<u>\$23,923,079</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 71,047	\$ -	\$ -	\$ 467,167
Unearned revenue	-	-	-	915,696	-	-	915,696
Contracts payable	-	-	-	-	-	-	30,927
Accrued salaries and benefits	-	-	-	-	-	-	1,255,340
Deposits type accounts	-	-	-	-	-	-	73,839
Due to other governments	-	-	-	-	-	-	106
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>986,743</u>	<u>-</u>	<u>-</u>	<u>2,743,075</u>
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	3,787,495
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,787,495</u>
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>986,743</u>	<u>-</u>	<u>-</u>	<u>6,530,570</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	191,513
Restricted	1,147,680	136,079	699,926	67,700	277,538	973,701	10,069,446
Committed	-	-	-	-	-	-	7,131,550
Total fund balances	<u>1,147,680</u>	<u>136,079</u>	<u>699,926</u>	<u>67,700</u>	<u>277,538</u>	<u>973,701</u>	<u>17,392,509</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 1,147,680</u>	<u>\$ 136,079</u>	<u>\$ 699,926</u>	<u>\$ 1,054,443</u>	<u>\$ 277,538</u>	<u>\$ 973,701</u>	<u>\$23,923,079</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, 2025

Continued

	Economic Develop	ONDS Fund	Community Relations	Parks and Recreation	Aquatic Ctr MLK Park	Aquatics
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 3,031,845	\$ -	\$ 937,827
Licenses and permits	-	-	408,286	-	-	-
Intergovernmental revenues	-	2,637,532	-	13,404	-	-
Charges for goods and services	-	-	-	842,140	72,351	144,301
Fines, forfeitures and penalties	-	-	-	-	-	-
Contributions and donations	-	-	-	126,795	-	-
Investment earnings	-	5,490	-	-	-	-
Miscellaneous revenues	-	132,829	-	78,282	4,829	13,578
Total revenues	-	2,775,851	408,286	4,092,466	77,180	1,095,706
Expenditures						
Current						
Capital outlay						
General government	-	-	640,291	-	-	-
Public safety	-	-	-	26,162	-	-
Utilities services	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	2,549,834	-	-	-	-
Public health services	-	-	-	667,121	-	-
Culture and recreation	-	-	-	4,509,420	237,196	1,020,525
Public safety	-	-	-	-	-	-
Transportation	-	727,824	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and related charges	-	-	-	-	-	-
Total expenditures	-	3,277,658	640,291	5,202,703	237,196	1,020,525
Excess (def) of revenue over (under) expenditure	-	(501,807)	(232,005)	(1,110,237)	(160,016)	75,181
Other financing sources (uses)						
Transfers in	165,000	-	-	2,009,162	-	-
Transfers out	-	-	-	(318,000)	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	165,000	-	-	1,691,162	-	-
Net change in fund balances	165,000	(501,807)	(232,005)	580,925	(160,016)	75,181
Fund balances - January 1, as previously reported	-	1,021,927	549,516	809,132	719,000	-
Changes within financial reporting entity:						
Change from major to nonmajor fund	-	-	-	-	-	-
Fund balances - January 1, as adjusted or restated	-	1,021,927	549,516	809,132	719,000	-
Fund balances - December 31	\$ 165,000	\$ 520,120	\$ 317,511	\$ 1,390,057	\$ 558,984	\$ 75,181
Funds do not reconcile by:	-	-	-	(1)	-	-

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

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

December 31, 2025

Continued

	Clean City	Streets	Cemetery	Emergency Services	Public Safety Comm	Police Grants
Revenues						
Taxes	\$ 974,643	\$ 3,130,000	\$ -	\$ 2,712,530	\$ 1,920,000	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	1,338,049	-	5,059	-	506,944
Charges for goods and services	11,443	1,141,105	232,767	-	2,765,520	86,948
Fines, forfeitures and penalties	3,105	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	11,937
Miscellaneous revenues	928	1,843	2,400	-	-	93,206
Total revenues	990,119	5,610,997	235,167	2,717,589	4,685,520	699,035
Expenditures						
Current						
Capital outlay						
General government	-	-	-	-	-	10,988
Public safety	-	-	-	1,982,821	4,930,217	675,238
Utilities services	-	-	420,450	-	-	-
Transportation	-	5,117,457	-	-	-	-
Economic environment	637,992	-	-	-	-	-
Public health services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Public safety	-	-	-	-	-	137,571
Transportation	-	-	-	-	-	-
Debt service						
Principal	-	185,922	-	-	85,000	-
Interest and related charges	-	60,746	-	-	32,063	-
Total expenditures	637,992	5,364,125	420,450	1,982,821	5,047,280	823,797
Excess (def) of revenue over (under) expenditure	352,127	246,872	(185,283)	734,768	(361,760)	(124,762)
Other financing sources (uses)						
Transfers in	-	-	230,000	-	100,000	-
Transfers out	-	(10,000)	-	(200,000)	-	-
Sale of capital assets	-	17,433	-	-	-	-
Total other financing sources (uses)	-	7,433	230,000	(200,000)	100,000	-
Net change in fund balances	352,127	254,305	44,717	534,768	(261,760)	(124,762)
Fund balances - January 1, as previously reported	869,897	3,213,153	116,450	589,612	1,792,118	1,140,176
Changes within financial reporting entity:						
Change from major to nonmajor fund	-	-	-	-	-	-
Fund balances - January 1, as adjusted or restated	869,897	3,213,153	116,450	589,612	1,792,118	1,140,176
Fund balances - December 31	\$ 1,222,024	\$ 3,467,458	\$ 161,167	\$ 1,124,380	\$ 1,530,358	\$ 1,015,414
Funds do not reconcile by:	-	3	(2)	-	-	-

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

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

December 31, 2025

	Opioid Lawsuit	DYBID	Trolley	PBIA	Tourist Promo Conv Center	Capitol Theatre
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,567
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Charges for goods and services	-	-	-	-	306,657	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous revenues	168,528	200,888	5,797	2,600	626,654	-
Total revenues	168,528	200,888	5,797	2,600	933,311	88,567
Expenditures						
Current						
Capital outlay						
General government	62,658	-	-	-	-	-
Public safety	-	-	-	-	-	-
Utilities services	-	-	-	-	-	-
Transportation	-	-	7,824	-	-	-
Economic environment	-	-	-	1,922	409,260	-
Public health services	-	-	-	-	-	-
Culture and recreation	-	181,546	-	-	1,597,425	434,411
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and related charges	-	-	-	-	-	-
Total expenditures	62,658	181,546	7,824	1,922	2,006,685	434,411
Excess (def) of revenue over (under) expenditure	105,870	19,342	(2,027)	678	(1,073,374)	(345,844)
Other financing sources (uses)						
Transfers in	-	-	10,000	-	1,225,000	315,000
Transfers out	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	10,000	-	1,225,000	315,000
Net change in fund balances	105,870	19,342	7,973	678	151,626	(30,844)
Fund balances - January 1, as previously reported	904,535	104,040	47,796	6,621	1,127,857	96,737
Changes within financial reporting entity:						
Change from major to nonmajor fund	-	-	-	-	-	-
Fund balances - January 1, as adjusted or restated	904,535	104,040	47,796	6,621	1,127,857	96,737
Fund balances - December 31	\$ 1,010,405	\$ 123,382	\$ 55,769	\$ 7,299	\$ 1,279,483	\$ 65,893
Funds do not reconcile by:	-	-	-	-	-	-

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

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

December 31, 2025

Continued

	PFD Conv Ctr	Tourist Promotion	PFD Cap Theatre	ARPA Fund	Lodging Tax	Affordable Housing	Total
Revenues							
Taxes	\$ 1,218,871	\$ -	\$ 923,490	\$ -	\$ 1,809,319	\$ 167,324	\$ 16,914,416
Licenses and permits	-	-	-	-	-	-	408,286
Intergovernmental revenues	-	-	-	2,421,241	-	-	6,922,229
Charges for goods and services	-	1,060,490	-	-	-	-	6,663,722
Fines, forfeitures and penalties	-	-	-	-	-	-	3,105
Contributions and donations	-	-	-	-	-	-	126,795
Investment earnings	2,960	3,314	2,242	-	-	-	25,943
Miscellaneous revenues	-	-	-	-	-	-	1,332,362
Total revenues	1,221,831	1,063,804	925,732	2,421,241	1,809,319	167,324	32,396,858
Expenditures							
Current							
Capital outlay							
General government	-	-	-	2,062,812	-	-	2,776,749
Public safety	-	-	-	206,162	-	-	7,820,600
Utilities services	-	-	-	-	-	-	420,450
Transportation	-	-	-	-	-	-	5,125,281
Economic environment	-	1,064,420	-	-	-	-	4,663,428
Public health services	-	-	-	-	-	-	667,121
Culture and recreation	12,084	-	12,084	-	-	-	8,004,691
Public safety	-	-	-	-	-	-	137,571
Transportation	-	-	-	152,265	-	-	880,089
Debt service							
Principal	-	-	-	-	-	-	270,922
Interest and related charges	-	-	-	-	-	-	92,809
Total expenditures	12,084	1,064,420	12,084	2,421,239	-	-	30,859,711
Excess (def) of revenue over (under) expenditure	1,209,747	(616)	913,648	2	1,809,319	167,324	1,537,147
Other financing sources (uses)							
Transfers in	-	-	-	-	-	806,377	4,860,539
Transfers out	(863,791)	-	(1,184,259)	-	(1,531,781)	-	(4,107,831)
Sale of capital assets	-	-	-	-	-	-	17,433
Total other financing sources (uses)	(863,791)	-	(1,184,259)	-	(1,531,781)	806,377	770,141
Net change in fund balances	345,956	(616)	(270,611)	2	277,538	973,701	2,307,288
Fund balances - January 1, as previously reported	801,724	136,695	970,538	-	-	-	15,017,524
Changes within financial reporting entity:							
Change from major to nonmajor fund	-	-	-	67,700	-	-	67,700
Fund balances - January 1, as adjusted or restated	801,724	136,695	970,538	67,700	-	-	15,085,224
Fund balances - December 31	\$ 1,147,680	\$ 136,079	\$ 699,927	\$ 67,702	\$ 277,538	\$ 973,701	\$ 17,392,512
Funds do not reconcile by:	-	-	(1)	(2)	-	-	(3)

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

NONMAJOR DEBT SERVICE FUNDS

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

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

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

COMBINING BALANCE SHEET **NONMAJOR DEBT SERVICE FUNDS**

December 31, 2025

	Conv Ctr/ Cap Th Bond	Various GO Bonds	Total
Assets			
Cash	\$ 419,977	\$ 13,010	\$ 432,987
Cash with fiscal agent	-	4,616	4,616
Receivables, net allowance for uncollectible accounts			
Total assets	<u>\$ 419,977</u>	<u>\$ 17,626</u>	<u>\$ 437,603</u>
Fund balances			
Restricted	\$ 419,977	\$ -	\$ 419,977
Assigned	-	17,626	17,626
Total fund balances	<u>419,977</u>	<u>17,626</u>	<u>437,603</u>
Total liabilities, deferred inflows & fund balances	<u><u>\$ 419,977</u></u>	<u><u>\$ 17,626</u></u>	<u><u>\$ 437,603</u></u>

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

CITY OF YAKIMA

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

December 31, 2025

	Conv Ctr/ Cap Th Bond	Various GO Bonds	Total
Revenues			
Taxes	\$ -	\$ 900,000	\$ 900,000
Expenditures			
Debt service			
Principal	835,000	713,143	1,548,143
Interest and related charges	578,050	586,522	1,164,572
Total expenditures	1,413,050	1,299,665	2,712,715
Excess (def) of revenue over (under) expenditure	(1,413,050)	(399,665)	(1,812,715)
Other financing sources (uses)			
Transfers in	1,199,832	399,664	1,599,496
Net change in fund balances	(213,218)	(1)	(213,219)
Fund balances - January 1	633,195	17,626	650,821
Fund balances - December 31	\$ 419,977	\$ 17,625	\$ 437,602
Funds do not reconcile by:	-	1	1

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

NONMAJOR CAPITAL PROJECT FUNDS

Central Business District Capital Improvement Fund (321) - Created by Ordinance No. 1599. The Central Business District Improvement Program, which is currently inactive, worked to develop a long range guide for evaluating proposals for physical changes and the scheduling of improvements to the Central Business District.

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 original 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.

Street Overlay and Reconstruction (346) - This fund was originally created in 2013 as the Arterial Street Fund (142) 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. The fund became a capital fund in 2022.

Yakima Convention & Event Center Capital Fund (370) - Was established for the Convention & Event 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 & Event 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.

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

CITY OF YAKIMA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2025

Continued

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
Assets					
Cash	\$ 55,024	\$ 587,436	\$ 1,595,710	\$ 640,362	\$ 554,529
Cash with fiscal agent	-	-	-	696	-
Investments	-	-	1,619,613	649,954	-
Receivables, net allowance for uncollectible accounts					
Taxes	-	-	-	-	-
Customer accounts	-	-	-	-	30
Due from other governments	-	-	26,368	-	39,694
Total assets	<u>\$ 55,024</u>	<u>\$ 587,436</u>	<u>\$ 3,241,691</u>	<u>\$ 1,291,012</u>	<u>\$ 594,253</u>
Liabilities					
Accounts payable	\$ -	\$ 58,763	\$ 2,752	\$ 16,746	\$ 35,037
Contracts payable	-	-	-	-	550
Due to other governments	-	-	-	-	99
Due to other funds	-	-	147,130	250,000	-
Total liabilities	<u>-</u>	<u>58,763</u>	<u>149,882</u>	<u>266,746</u>	<u>35,686</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Total liabilities and deferred inflows	<u>-</u>	<u>58,763</u>	<u>149,882</u>	<u>266,746</u>	<u>35,686</u>
Fund balances					
Restricted	-	-	-	-	-
Committed	-	-	3,091,809	-	-
Assigned	55,024	528,673	-	1,024,266	558,567
Total fund balances	<u>55,024</u>	<u>528,673</u>	<u>3,091,809</u>	<u>1,024,266</u>	<u>558,567</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 55,024</u>	<u>\$ 587,436</u>	<u>\$ 3,241,691</u>	<u>\$ 1,291,012</u>	<u>\$ 594,253</u>

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

CITY OF YAKIMA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2025

	Law and Justice	REET 1 PW Trust	REET 2 Capital	Streets Capital	Street Overlay & Reconstruct
Assets					
Cash	\$ 1,708,444	\$ 1,692,887	\$ 519,862	\$ 2,657,429	\$ 1,790,781
Cash with fiscal agent	-	99,775	99,775	-	12,439
Investments	-	1,718,245	-	2,697,236	1,817,606
Receivables, net allowance for uncollectible accounts					
Taxes	-	1,070	1,070	128,739	-
Customer accounts	-	-	-	-	562,903
Due from other governments	-	-	-	-	2,015,424
Total assets	<u>\$ 1,708,444</u>	<u>\$ 3,511,977</u>	<u>\$ 620,707</u>	<u>\$ 5,483,404</u>	<u>\$ 6,199,153</u>
Liabilities					
Accounts payable	\$ -	\$ 171,670	\$ -	\$ 40,528	\$ 496,180
Contracts payable	-	13,207	164	11,544	26,855
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>184,877</u>	<u>164</u>	<u>52,072</u>	<u>523,035</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	561,228
Total liabilities and deferred inflows	<u>-</u>	<u>184,877</u>	<u>164</u>	<u>52,072</u>	<u>1,084,263</u>
Fund balances					
Restricted	-	3,327,100	620,543	-	5,114,890
Committed	-	-	-	-	-
Assigned	1,708,444	-	-	5,431,332	-
Total fund balances	<u>1,708,444</u>	<u>3,327,100</u>	<u>620,543</u>	<u>5,431,332</u>	<u>5,114,890</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 1,708,444</u>	<u>\$ 3,511,977</u>	<u>\$ 620,707</u>	<u>\$ 5,483,404</u>	<u>\$ 6,199,153</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2025

Continued

	Yak Conv Center	Cumulative Reserve	Total
Assets			
Cash	\$ 1,144,501	\$ 44,073	\$ 12,991,038
Cash with fiscal agent	-	-	212,685
Investments	1,161,645	-	9,664,299
Receivables, net allowance for uncollectible accounts			
Taxes	-	-	130,879
Customer accounts	-	-	562,933
Due from other governments	-	-	2,081,486
Total assets	<u>\$ 2,306,146</u>	<u>\$ 44,073</u>	<u>\$ 25,643,320</u>
Liabilities			
Accounts payable	\$ 17,112	\$ -	\$ 838,788
Contracts payable	596	-	52,916
Due to other governments	-	-	99
Due to other funds	-	-	397,130
Total liabilities	<u>17,708</u>	<u>-</u>	<u>1,288,933</u>
Deferred inflows of resources			
Unavailable revenue	-	-	561,228
Total liabilities and deferred inflows	<u>17,708</u>	<u>-</u>	<u>1,850,161</u>
Fund balances			
Restricted	2,288,438	44,073	11,395,044
Committed	-	-	3,091,809
Assigned	-	-	9,306,306
Total fund balances	<u>2,288,438</u>	<u>44,073</u>	<u>23,793,159</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 2,306,146</u>	<u>\$ 44,073</u>	<u>\$ 25,643,320</u>

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

CITY OF YAKIMA

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

December 31, 2025

Continued

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
Revenues					
Taxes	\$ -	\$ -	\$ 1,000,000	\$ 135,721	\$ -
Intergovernmental revenues	-	-	33,520	447,399	10,397
Charges for goods and services	-	-	-	-	113,353
Contributions and donations	-	-	-	3,618,564	-
Miscellaneous revenues	-	-	-	-	1,053
Total revenues	-	-	1,033,520	4,201,684	124,803
Expenditures					
Current					
Public safety	-	-	-	-	239,685
Transportation	-	-	-	-	-
Economic environment	-	-	9,361	-	-
Culture and recreation	-	255,585	-	24,431	-
Capital outlay					
General government	-	-	-	-	-
Transportation	-	-	140,300	-	-
Culture and recreation	-	-	-	3,863,589	-
Debt service					
Principal	-	-	-	-	-
Interest and related charges	-	-	6,973	7,772	-
Total expenditures	-	255,585	156,634	3,895,792	239,685
Excess (Def) of revenue over (under) expenditure	-	(255,585)	876,886	305,892	(114,882)
Other financing sources (uses)					
Transfers in	-	559,999	-	100,000	100,000
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	35,000	-
Total other financing sources (uses)	-	559,999	-	135,000	100,000
Net change in fund balances	-	304,414	876,886	440,892	(14,882)
Fund Balances - January 1	55,024	224,258	2,214,921	583,375	573,449
Fund Balances - December 31	\$ 55,024	\$ 528,672	\$ 3,091,807	\$ 1,024,267	\$ 558,567
Funds do not reconcile by:	-	1	2	(1)	-

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

CITY OF YAKIMA

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

December 31, 2025

	Law and Justice	REET 1 PW Trust	REET 2 Capital	Streets Capital	Street Overlay & Reconstruct
Revenues					
Taxes	\$ 120,000	\$ 1,487,108	\$ 1,487,108	\$ 1,684,099	\$ 2,425,266
Intergovernmental revenues	-	-	-	-	9,220,397
Charges for goods and services	-	-	-	-	20,253
Contributions and donations	-	-	-	-	62,359
Miscellaneous revenues	-	-	-	-	108,543
Total revenues	<u>120,000</u>	<u>1,487,108</u>	<u>1,487,108</u>	<u>1,684,099</u>	<u>11,836,818</u>
Expenditures					
Current					
Public safety	127,528	-	-	-	-
Transportation	-	347,368	227,327	6,761	342,911
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay					
General government	-	184,567	860,738	-	-
Transportation	-	-	-	1,001,583	9,831,967
Culture and recreation	-	-	-	-	-
Debt service					
Principal	-	64,601	165,100	-	247,213
Interest and related charges	-	19,847	3,302	-	39,072
Total expenditures	<u>127,528</u>	<u>616,383</u>	<u>1,256,467</u>	<u>1,008,344</u>	<u>10,461,163</u>
Excess (Def) of revenue over (under) expenditure	(7,528)	870,725	230,641	675,755	1,375,655
Other financing sources (uses)					
Transfers in	287,023	84,448	-	-	62,800
Transfers out	-	(399,664)	-	(62,800)	-
Sale of capital assets	7,550	-	-	-	35,000
Total other financing sources (uses)	<u>294,573</u>	<u>(315,216)</u>	<u>-</u>	<u>(62,800)</u>	<u>97,800</u>
Net change in fund balances	287,045	555,509	230,641	612,955	1,473,455
Fund Balances - January 1	1,421,399	2,771,591	389,902	4,818,377	3,641,435
Fund Balances - December 31	<u>\$ 1,708,444</u>	<u>\$ 3,327,100</u>	<u>\$ 620,543</u>	<u>\$ 5,431,332</u>	<u>\$ 5,114,890</u>
Funds do not reconcile by:	-	-	-	-	-

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

CITY OF YAKIMA

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

December 31, 2025

Continued

	Yak Conv Center	Cumulative Reserve	Total
Revenues			
Taxes	\$ -	\$ -	\$ 8,339,302
Intergovernmental revenues	-	-	9,711,713
Charges for goods and services	-	-	133,606
Contributions and donations	-	-	3,680,923
Miscellaneous revenues	-	-	109,596
Total revenues	-	-	21,975,140
Expenditures			
Current			
Public safety	-	-	367,213
Transportation	-	-	924,367
Economic environment	-	-	9,361
Culture and recreation	191,427	-	471,443
Capital outlay			
General government	-	-	1,045,305
Transportation	-	-	10,973,850
Culture and recreation	-	-	3,863,589
Debt service			
Principal	-	-	476,914
Interest and related charges	-	-	76,966
Total expenditures	191,427	-	18,209,008
Excess (Def) of revenue over (under) expenditure	(191,427)	-	3,766,132
Other financing sources (uses)			
Transfers in	280,000	-	1,474,270
Transfers out	-	-	(462,464)
Sale of capital assets	-	-	77,550
Total other financing sources (uses)	280,000	-	1,089,356
Net change in fund balances	88,573	-	4,855,488
Fund Balances - January 1	2,199,865	44,073	18,937,669
Fund Balances - December 31	\$ 2,288,438	\$ 44,073	\$ 23,793,157
Funds do not reconcile by:	-	-	2

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

PERMANENT FUND

Cemetery Trust Fund (710) - This non-expendable Trust is credited for all money received from owners for endowment care. The principal shall be held forever in trust by the City of Yakima, while interest earnings are transferred to the Cemetery Fund.

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

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUND

December 31, 2025

	Cemetery Trust
Assets	
Cash	\$ 776,083
Receivables, net allowance for uncollectible accounts	
Customer accounts	<u>3,757</u>
Total assets	<u><u>\$ 779,840</u></u>
Fund balances:	
Nonspendable	<u>\$ 779,840</u>
Total liabilities, deferred inflows & fund balances	<u><u>\$ 779,840</u></u>

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

CITY OF YAKIMA

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

December 31, 2025

	<u>Cemetery Trust</u>
Revenues	
Miscellaneous revenues	\$ 48,445
Total revenues	<u>48,445</u>
Other financing sources (uses)	
Transfers out	<u>(12,000)</u>
Net change in fund balances	36,445
Fund balances - January 1	<u>743,395</u>
Fund balances - December 31	<u><u>\$ 779,840</u></u>

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

NONMAJOR PROPRIETARY FUNDS

Stormwater Fund (441) - Created in 2009, this fund was set up to meet the responsibilities and obligations set forth by the City's Eastern Washington Phase II Municipal Stormwater Permit and the State mandated Underground Injection Control (UIC) Program (WAC 173-218). The Federal and State mandated responsibilities include collecting, transporting, and treatment of surface water (stormwater) to protect the environment, public health and welfare, and assess and comply with regulatory agency requirements.

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

December 31, 2025

Continued

	<u>Stormwater</u>
Assets	
Current assets	
Cash	\$ 4,159,343
Cash with fiscal agent	21,628
Investments	4,221,650
Receivables, net of allowance for uncollectible accounts	
Taxes	1,693
Notes and contracts	665,207
Due from other governments	78,136
Due from other funds	833,333
Total current assets	<u>9,980,990</u>
Noncurrent assets	
Capital assets not being depreciated	
Construction in progress	513,132
Capital assets, net of accumulated depreciation	
Machinery, equipment and vehicles	-
Other improvements	6,926,896
Other noncurrent assets	
Net pension asset	165,755
Total noncurrent assets	<u>7,605,783</u>
Total assets	<u>17,586,773</u>
Deferred outflows of resources	
Deferred outflows related to pension	244,474
Deferred outflows related to OPEB	16,286
Total deferred outflows of resources	<u>260,760</u>
Total assets and deferred outflows of resources	<u><u>17,847,533</u></u>

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

STATEMENT OF NET POSITION

NONMAJOR PROPRIETARY FUNDS

December 31, 2025

	<u>Stormwater</u>
Liabilities	
Current liabilities	
Accounts payable	91,622
Accrued salaries and benefits	89,869
Compensated absences	45,205
Total other post-employment benefits - current	4,308
Total current liabilities	<u>231,004</u>
Noncurrent liabilities	
Compensated absences	142,781
Net pension liability	43,816
Total other post-employment benefits	75,587
Total noncurrent liabilities	<u>262,184</u>
Total liabilities	<u>493,188</u>
Deferred inflows of resources	
Deferred inflows related to pension	46,356
Deferred inflows related to OPEB	29,590
Total deferred inflow of resources	<u>75,946</u>
Total liabilities and deferred inflows	<u>569,134</u>
Net position	
Investment in capital assets net of related debt	7,440,028
Restricted for:	
Pension plans	366,815
Unrestricted	9,471,556
Total net position	<u>\$ 17,278,399</u>

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

CITY OF YAKIMA

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

December 31, 2025

	<u>Stormwater</u>
Operating revenues	
Charges and fees for services	\$ 4,747,558
Total operating revenues	<u>4,747,558</u>
Operating expenses	
Personnel services	980,304
Materials and supplies	22,165
Contractual services	2,860,779
Depreciation	394,704
Total operating expenses	<u>4,257,952</u>
Operating income (loss)	489,606
Nonoperating revenues (expenses)	
Grants and subsidies	410,435
Interest income	71,388
Total nonoperating revenues (expenses)	<u>481,823</u>
Income (loss) before contributions and transfers	971,429
Capital contributions	199,180
Change in net position	<u>1,170,609</u>
Net position - January 1, as previously reported	16,113,540
Error Correction	(5,750)
Net Position - January 1, as adjusted or restated	<u>16,107,790</u>
Net position - December 31	<u><u>\$ 17,278,399</u></u>

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

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2025

Continued

	<u>Stormwater</u>
Cash flows from operating activities	
Receipts from customers	\$ 4,629,780
Payments to suppliers and service providers	(2,802,117)
Payments to employees for salaries and benefits	(1,050,320)
Other Receipts	-
Net cash provided by operating activities	<u>777,343</u>
Cash flows from noncapital financing activities	
Operating grants/non-operating revenue	382,942
Interfund loan issued	1,627,421
Net cash provided by noncapital financing activities	<u>2,010,363</u>
Cash flows from capital financing activities	
Acquisition and construction of capital assets	(59,843)
Other receipts	-
Net cash used for capital financing activities	<u>(59,843)</u>
Cash flows from investing activities	
Proceeds from sale of investments	3,263,418
Interest on investments	71,388
Purchase of investments	(4,221,650)
Net cash provided by investing activities	<u>(886,844)</u>
Net increase (decrease) in cash and cash equivalents	1,841,019
Cash and cash equivalents - January 1	<u>2,339,951</u>
Cash and cash equivalents - December 31	<u>\$ 4,180,970</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operations	
Operating income (loss)	\$ 489,607
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations	
Depreciation expense	394,704
(Increase) decrease in net accounts receivable	(117,777)
(Decrease) increase in accounts payable	80,827
(Decrease) Increase in wages/benefits payable	2,396
(Decrease) increase in compensated absences	8,553
(Decrease) inc in due to other governments	-
(Decrease) increase in pension/OPEB liab - current yr	(80,965)
Total adjustments	<u>287,738</u>
Net cash provided by (used for) operations	<u>\$ 777,345</u>
Schedule of noncash capital financing activities	
Contributions of capital assets	<u>\$ 199,180</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 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.

Utility Services Fund (581) - The Utility Services Division provides the revenue billing and collections function for City utilities and the cashiering function for all City departments. The division delivers customer service to external utility customers and internal utility operating divisions. In 2019, Utility Services was moved out of the General Fund and became an Enterprise fund, and in 2021, moved from an Enterprise fund to an Internal Service fund.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2025

Continued

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Assets				
Current assets				
Cash	\$ 530,929	\$ 1,593,684	\$ 813,990	\$ 3,280,914
Investments	-	1,617,557	826,183	3,330,060
Receivables, net of allowance for uncollectible accounts				
Customer accounts	27,782	1,133,842	328,725	-
Inventories and prepayments	-	1,855	-	-
Total current assets	558,711	4,346,938	1,968,898	6,610,974
Noncurrent assets				
Capital assets, net of accumulated depreciation				
Buildings	-	-	-	-
Machinery, equipment and vehicles	-	-	-	-
Other improvements	-	-	-	-
Subscription asset	-	-	-	6,116
Other noncurrent assets				
Net pension asset	11,740	37,479	32,723	105,455
Total noncurrent assets	11,740	37,479	32,723	111,571
Total assets	570,451	4,384,417	2,001,621	6,722,545
Deferred outflows of resources				
Deferred outflows related to pension	17,315	55,278	48,263	155,537
Deferred outflows related to OPEB	910	4,345	4,009	16,028
Total deferred outflows of resources	18,225	59,623	52,272	171,565
Total assets and deferred outflows of resources	588,676	4,444,040	2,053,893	6,894,110

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2025

Continued

	Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration
Assets				
Current assets				
Cash	\$ 266,489	\$ 1,916,828	\$ 264,098	\$ 779,687
Investments	-	1,945,541	-	-
Receivables, net of allowance for uncollectible accounts				
Customer accounts	-	-	-	-
Inventories and prepayments	-	852,623	-	-
Total current assets	266,489	4,714,992	264,098	779,687
Noncurrent assets				
Capital assets, net of accumulated depreciation				
Buildings	-	-	-	174,727
Machinery, equipment and vehicles	-	15,299,926	166,405	130,674
Other improvements	5,104	-	175,429	75,788
Subscription asset	-	-	-	31,629
Other noncurrent assets				
Net pension asset	-	191,380	-	118,052
Total noncurrent assets	5,104	15,491,306	341,834	530,870
Total assets	271,593	20,206,298	605,932	1,310,557
Deferred outflows of resources				
Deferred outflows related to pension	-	282,268	-	174,117
Deferred outflows related to OPEB	-	20,889	-	17,215
Total deferred outflows of resources	-	303,157	-	191,332
Total assets and deferred outflows of resources	271,593	20,509,455	605,932	1,501,889

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2025

Continued

	<u>Utility Services</u>	<u>Total</u>
Assets		
Current assets		
Cash	\$ 707,459	\$ 10,154,078
Investments	715,733	8,435,074
Receivables, net of allowance for uncollectible accounts		
Customer accounts	178	1,490,527
Inventories and prepayments	-	854,478
Total current assets	<u>1,423,370</u>	<u>20,934,157</u>
Noncurrent assets		
Capital assets, net of accumulated depreciation		
Buildings	-	174,727
Machinery, equipment and vehicles	13,200	15,610,205
Other improvements	-	256,321
Subscription asset	-	37,745
Other noncurrent assets		
Net pension asset	213,402	710,231
Total noncurrent assets	<u>226,602</u>	<u>16,789,229</u>
Total assets	<u>1,649,972</u>	<u>37,723,386</u>
Deferred outflows of resources		
Deferred outflows related to pension	314,749	1,047,527
Deferred outflows related to OPEB	23,422	86,818
Total deferred outflows of resources	<u>338,171</u>	<u>1,134,345</u>
Total assets and deferred outflows of resources	<u>1,988,143</u>	<u>38,857,731</u>

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

CITY OF YAKIMA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2025

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Liabilities				
Current liabilities				
Accounts payable	42,665	2,346	132,507	38,164
Contracts payable	-	-	-	-
Claims and judgments payable	-	2,839,300	750,000	3,379,092
Accrued salaries and benefits	4,503	22,412	19,530	75,080
Compensated absences	3,177	12,850	6,803	29,003
Deposits type accounts	-	-	-	-
Other current liabilities	-	-	-	-
Subscriptions due within one year	-	-	-	6,850
Total other post-employment benefits - current	241	1,149	1,061	4,239
Total current liabilities	50,586	2,878,057	909,901	3,532,428
Noncurrent liabilities				
Compensated absences	3,955	25,960	10,392	50,267
Net pension liability	3,103	9,907	8,650	27,876
Total other post-employment benefits	4,224	20,167	18,609	74,387
Total noncurrent liabilities	11,282	56,034	37,651	152,530
Total liabilities	61,868	2,934,091	947,552	3,684,958
Deferred inflows of resources				
Deferred inflows related to pension	3,283	10,481	9,151	29,492
Deferred inflows related to OPEB	1,653	7,895	7,285	29,121
Total deferred inflow of resources	4,936	18,376	16,436	58,613
Total liabilities and deferred inflows	66,804	2,952,467	963,988	3,743,571
Net position				
Investment in capital assets net of related debt	-	-	-	(735)
Restricted for:				
Pension plans	25,980	82,941	72,415	233,372
Unrestricted	495,892	1,408,632	1,017,490	2,917,902
Total net position	\$ 521,872	\$ 1,491,573	\$ 1,089,905	\$ 3,150,539

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2025

Continued

	Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration
Liabilities				
Current liabilities				
Accounts payable	8,563	77,655	8,684	49,387
Contracts payable	-	99	13	202
Claims and judgments payable	-	-	-	-
Accrued salaries and benefits	-	101,683	-	97,994
Compensated absences	-	30,575	-	53,792
Deposits type accounts	-	-	-	-
Other current liabilities	-	-	-	-
Subscriptions due within one year	-	-	-	18,145
Total other post-employment benefits - current	-	5,525	-	4,554
Total current liabilities	8,563	215,537	8,697	224,074
Noncurrent liabilities				
Compensated absences	-	108,920	-	124,266
Net pension liability	-	50,590	-	31,206
Total other post-employment benefits	-	96,951	-	79,900
Total noncurrent liabilities	-	256,461	-	235,372
Total liabilities	8,563	471,998	8,697	459,446
Deferred inflows of resources				
Deferred inflows related to pension	-	53,522	-	33,015
Deferred inflows related to OPEB	-	37,954	-	31,279
Total deferred inflow of resources	-	91,476	-	64,294
Total liabilities and deferred inflows	8,563	563,474	8,697	523,740
Net position				
Investment in capital assets net of related debt	5,104	15,299,827	341,821	394,471
Restricted for:				
Pension plans	-	423,521	-	261,249
Unrestricted	257,926	4,222,633	255,414	322,429
Total net position	\$ 263,030	\$ 19,945,981	\$ 597,235	\$ 978,149

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

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

December 31, 2025

	<u>Utility Services</u>	<u>Total</u>
Liabilities		
Current liabilities		
Accounts payable	(16,933)	343,038
Contracts payable	-	314
Claims and judgments payable	-	6,968,392
Accrued salaries and benefits	113,570	434,772
Compensated absences	31,530	167,730
Deposits type accounts	477,178	477,178
Other current liabilities	5,018	5,018
Subscriptions due within one year	-	24,995
Total other post-employment benefits - current	6,195	22,964
Total current liabilities	<u>616,558</u>	<u>8,444,401</u>
Noncurrent liabilities		
Compensated absences	66,042	389,802
Net pension liability	56,411	187,743
Total other post-employment benefits	108,705	402,943
Total noncurrent liabilities	<u>231,158</u>	<u>980,488</u>
Total liabilities	<u>847,716</u>	<u>9,424,889</u>
Deferred inflows of resources		
Deferred inflows related to pension	59,681	198,625
Deferred inflows related to OPEB	42,555	157,742
Total deferred inflow of resources	<u>102,236</u>	<u>356,367</u>
Total liabilities and deferred inflows	<u>949,952</u>	<u>9,781,256</u>
Net position		
Investment in capital assets net of related debt	13,200	16,053,688
Restricted for:		
Pension plans	472,257	1,571,735
Unrestricted	552,734	11,451,052
Total net position	<u>\$ 1,038,191</u>	<u>\$ 29,076,475</u>

The Notes to the Financial Statements, found in 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, 2025

Continued

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Operating revenues				
Charges and fees for services	\$ -	\$ -	\$ -	\$ -
Charges for insurance	-	-	-	4,546,287
Employer premium payments	271,675	15,251,811	3,907,815	-
Employee premium payments	-	2,060,723	119,347	-
Other operating revenue	-	-	-	-
Total operating revenues	271,675	17,312,534	4,027,162	4,546,287
Operating expenses				
Personnel services	44,518	227,167	223,022	867,073
Materials and supplies	-	1,449	5,928	8,478
Contractual services	5,796	3,258,395	747,283	4,728,951
Claims and other benefits	171,982	13,042,597	2,687,692	4,260
Depreciation	-	-	-	14,678
Total operating expenses	222,296	16,529,608	3,663,925	5,623,440
Operating income (loss)	49,379	782,926	363,237	(1,077,153)
Nonoperating revenues (expenses)				
Grants and subsidies	-	-	-	-
Other nonoperating revenues	-	9,679	311,680	12,772
Interest and other debt related costs	-	-	-	(434)
Gain (loss) on disposal of property	-	-	-	-
Total nonoperating revenues (expenses)	-	9,679	311,680	12,338
Change in net position	49,379	792,605	674,917	(1,064,815)
Net Position - January 1	472,493	698,968	414,988	4,215,354
Net Position - December 31	\$ 521,872	\$ 1,491,573	\$ 1,089,905	\$ 3,150,539

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

CITY OF YAKIMA

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

December 31, 2025

	Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration
Operating revenues				
Charges and fees for services	\$ -	\$ 5,897,624	\$ 61,815	\$ 1,691,603
Charges for insurance	-	-	-	-
Employer premium payments	75,000	-	-	-
Employee premium payments	-	-	-	-
Other operating revenue	-	462	-	-
Total operating revenues	75,000	5,898,086	61,815	1,691,603
Operating expenses				
Personnel services	-	1,140,466	-	1,015,809
Materials and supplies	1,419	1,399,849	986	27,542
Contractual services	46,637	810,724	126,477	613,587
Claims and other benefits	-	28,503	-	25,525
Depreciation	681	1,958,231	43,367	88,011
Total operating expenses	48,737	5,337,773	170,830	1,770,474
Operating income (loss)	26,263	560,313	(109,015)	(78,871)
Nonoperating revenues (expenses)				
Grants and subsidies	-	-	34,809	-
Other nonoperating revenues	-	24,726	-	-
Interest and other debt related costs	-	-	-	(820)
Gain (loss) on disposal of property	-	(117,645)	-	-
Total nonoperating revenues (expenses)	-	(92,919)	34,809	(820)
Change in net position	26,263	467,394	(74,206)	(79,691)
Net Position - January 1	236,767	19,478,587	671,441	1,057,840
Net Position - December 31	\$ 263,030	\$ 19,945,981	\$ 597,235	\$ 978,149

The Notes to the Financial Statements, found in 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, 2025

Continued

	<u>Utility Services</u>	<u>Total</u>
Operating revenues		
Charges and fees for services	\$ 2,485,168	\$ 10,136,210
Charges for insurance	-	4,546,287
Employer premium payments	-	19,506,301
Employee premium payments	-	2,180,070
Other operating revenue	-	462
Total operating revenues	<u>2,485,168</u>	<u>36,369,330</u>
Operating expenses		
Personnel services	1,308,985	4,827,040
Materials and supplies	13,791	1,459,442
Contractual services	969,526	11,307,376
Claims and other benefits	12,413	15,972,972
Depreciation	26,400	2,131,368
Total operating expenses	<u>2,331,115</u>	<u>35,698,198</u>
Operating income (loss)	154,053	671,132
Nonoperating revenues (expenses)		
Grants and subsidies	-	34,809
Other nonoperating revenues	-	358,857
Interest and other debt related costs	-	(1,254)
Gain (loss) on disposal of property	-	(117,645)
Total nonoperating revenues (expenses)	<u>-</u>	<u>274,767</u>
Change in net position	<u>154,053</u>	<u>945,899</u>
Net Position - January 1	884,138	28,130,576
Net Position - December 31	<u>\$ 1,038,191</u>	<u>\$ 29,076,475</u>

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

CITY OF YAKIMA

COMBINING STATEMENT OF CASH FLOWS**INTERNAL SERVICE FUNDS**

December 31, 2025

Continued

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve	Wellness/ EAP
Cash flows from operating activities					
Receipts from customers	\$ -	\$ -	\$ -	\$ 4,546,287	\$ -
Contributions received - employer and employee	270,965	17,882,519	4,031,032	-	75,000
Payments to suppliers and service providers	(21,979)	(3,257,498)	(705,463)	(4,799,119)	(41,201)
Payments to employees for salaries and benefits	(47,717)	(240,629)	(233,112)	(858,636)	-
Payments to claimants and beneficiaries	(171,982)	(13,042,597)	(2,687,692)	(4,259)	-
Other operating revenue	-	-	-	-	-
Net cash provided by operating activities	29,287	1,341,795	404,765	(1,115,727)	33,799
Cash flows from noncapital financing activities					
Operating grants/non-operating revenue	-	9,679	311,680	12,772	-
Net cash provided by noncapital financing activities	-	9,679	311,680	12,772	-
Cash flows from capital financing activities					
Proceeds from disposal of capital assets	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-
Interest and related charges paid	-	-	-	(434)	-
Other receipts	-	-	-	-	-
Net cash used for capital financing activities	-	-	-	(434)	-
Cash flows from investing activities					
Proceeds from sale of investments	-	1,086,777	-	4,507,981	-
Interest on investments	-	-	-	-	-
Purchase of investments	-	(1,617,557)	(826,183)	(3,330,060)	-
Net cash provided by investing activities	-	(530,780)	(826,183)	1,177,921	-
Net increase (decrease) in cash and cash equivalents	29,287	820,695	(109,738)	74,531	33,799
Cash and cash equivalents - January 1	501,642	772,989	923,728	3,206,382	232,690
Cash and cash equivalents - December 31	\$ 530,929	\$ 1,593,684	\$ 813,990	\$ 3,280,913	\$ 266,489
Reconciliation of operating income (loss) to net cash provided by (used for) operations					
Operating income (loss)	\$ 49,380	\$ 782,925	\$ 363,238	\$ (1,077,146)	\$ 26,263
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations					
Depreciation expense	-	-	-	14,678	681
(Increase) decrease in net accounts receivable	(710)	569,986	3,870	-	-
(Increase) decrease in inventory	-	-	-	-	-
(Decrease) increase in accounts payable	(16,184)	2,346	47,747	(61,694)	6,855
(Decrease) Increase in wages/benefits payable	(3,521)	(13,775)	(11,148)	(1,254)	-
(Decrease) increase in compensated absences	322	313	1,059	9,689	-
(Decrease) Increase claims and judgements	-	-	-	-	-
Total Adjustments	(20,093)	558,870	41,528	(38,581)	7,536
Net cash provided by (used for) operations	\$ 29,287	\$ 1,341,795	\$ 404,766	\$ (1,115,727)	\$ 33,799

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

CITY OF YAKIMA

COMBINING STATEMENT OF CASH FLOWS**INTERNAL SERVICE FUNDS**

December 31, 2025

Continued

	Equipment Rental	Environmental	Public Works Admin	Utility Services	Total
Cash flows from operating activities					
Receipts from customers	\$ 5,989,933	\$ 327,400	\$ 1,691,603	\$ 2,485,163	\$ 15,040,386
Contributions received - employer and employee	-	-	-	-	22,259,516
Payments to suppliers and service providers	(2,228,817)	(129,002)	(639,328)	(914,116)	(12,736,523)
Payments to employees for salaries and benefits	(1,215,318)	-	(971,008)	(1,387,160)	(4,953,580)
Payments to claimants and beneficiaries	(28,503)	-	(25,525)	(12,413)	(15,972,971)
Other operating revenue	462	-	-	-	462
Net cash provided by operating activities	2,517,295	198,398	55,742	171,474	3,637,290
Cash flows from noncapital financing activities					
Operating grants/non-operating revenue	24,726	34,809	(820)	-	392,846
Net cash provided by noncapital financing activities	24,726	34,809	(820)	-	392,846
Cash flows from capital financing activities					
Proceeds from disposal of capital assets	(117,645)	-	-	-	(117,645)
Acquisition and construction of capital assets	(1,959,970)	-	(100,736)	-	(2,060,706)
Interest and related charges paid	-	-	-	-	(434)
Other receipts	99	-	46	-	145
Net cash used for capital financing activities	(2,077,516)	-	(100,690)	-	(2,178,640)
Cash flows from investing activities					
Proceeds from sale of investments	1,985,313	-	-	754,587	8,334,658
Interest on investments	-	-	-	-	-
Purchase of investments	(1,945,541)	-	-	(715,733)	(8,435,074)
Net cash provided by investing activities	39,772	-	-	38,854	(100,416)
Net increase (decrease) in cash and cash equivalents	504,738	233,207	(45,768)	210,327	1,751,078
Cash and cash equivalents - January 1	1,412,089	30,891	825,455	497,132	8,402,998
Cash and cash equivalents - December 31	\$ 1,916,827	\$ 264,098	\$ 779,687	\$ 707,459	\$ 10,154,076
Reconciliation of operating income (loss) to net cash provided by (used for) operations					
Operating income (loss)	\$ 560,313	\$ (109,014)	\$ (78,870)	\$ 154,055	671,144
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations					
Depreciation expense	1,958,231	43,367	88,011	26,400	2,131,368
(Increase) decrease in net accounts receivable	92,310	265,585	-	(5)	931,036
(Increase) decrease in inventory	(29,351)	-	-	-	(29,351)
(Decrease) increase in accounts payable	11,107	(1,540)	1,801	69,201	59,639
(Decrease) Increase in wages/benefits payable	(91,116)	-	(15,331)	(92,346)	(228,491)
(Decrease) increase in compensated absences	16,264	-	60,132	14,168	101,947
(Decrease) Increase claims and judgements	-	-	-	-	-
Total Adjustments	1,957,445	307,412	134,613	17,418	2,966,148
Net cash provided by (used for) operations	\$ 2,517,758	\$ 198,398	\$ 55,743	\$ 171,473	\$ 3,637,292

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

FIDUCIARY FUND

Custodial Fund (633) - The Governmental Accounting Standards Board (GASB) came out with a statement regarding Fiduciary Activities with the purpose of determining whether a government is controlling the asset and the beneficiaries with whom a custodial relationship exists. A custodial relationship typically involves the collection of receipts and remittance of the fiduciary resources to individuals, private organizations or other governments. This fund is used solely to account for the resources that are held by the City in a purely custodial capacity.

COMBINING STATEMENT OF FIDUCIARY NET POSITION

December 31, 2025

	<u>Custodial Fund</u>
Assets	
Current assets	
Cash	\$ 441,634
Receivables, net of allowance for uncollectible accounts	
Total assets	<u>441,634</u>
Liabilities	
Current liabilities	
Accounts payable	<u>137,306</u>
Total liabilities	<u>137,306</u>
Total restricted net position for individuals, organizations & other govern	<u><u>304,328</u></u>

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

CITY OF YAKIMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2025

	<u>Custodial Fund</u>
Additions	
Contributions	
Custodial deposits	\$ 5,109,637
Total additions	<u>5,109,637</u>
Deductions	
Disbursements	<u>5,015,896</u>
Total deductions	<u>5,015,896</u>
Net increase (decrease) in fiduciary net position	93,741
Net position - January 1	<u>210,587</u>
Net position - December 31	<u><u>\$ 304,328</u></u>

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