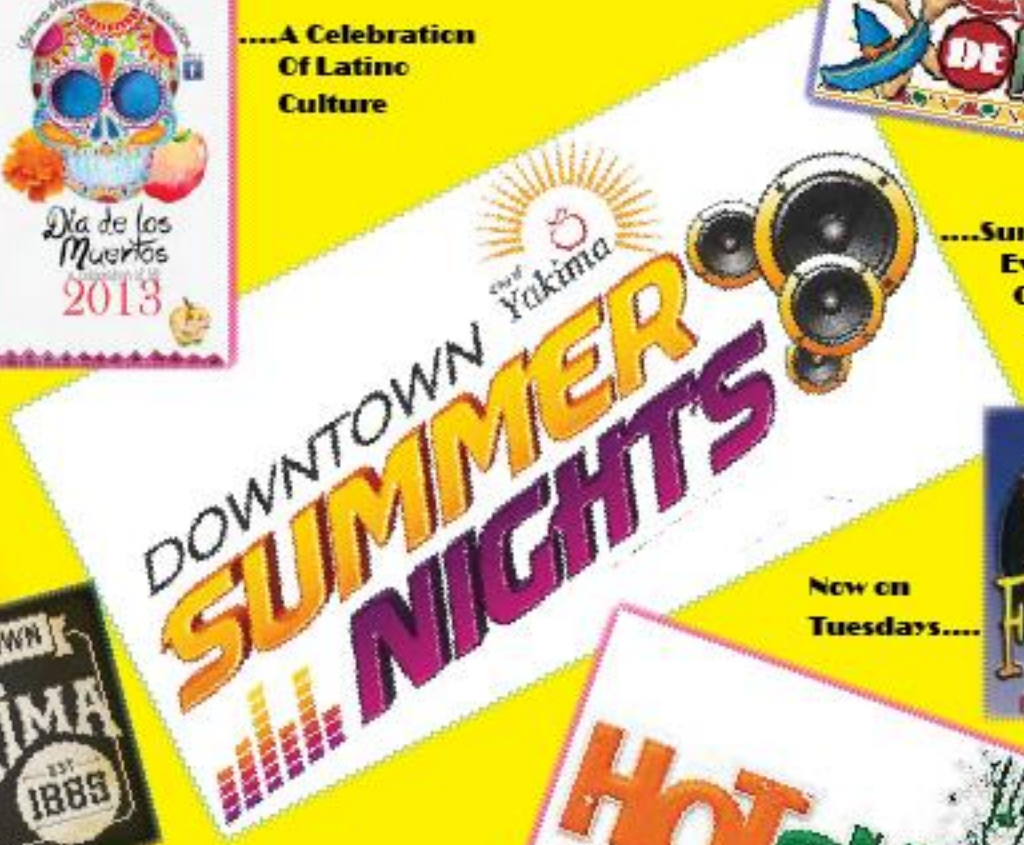
City of

Yakima, Washington

2014 Comprehensive Annual Finacial Report

Celebrating Downtown Yakima!

....A Celebration Of Latino Culture



....Summer Evening Concert Series

Now on Tuesdays....

....Friday Concert Series

CITY OF *Yakima*

Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2014

REPORT PREPARED BY:

DEPARTMENT OF FINANCE AND BUDGET

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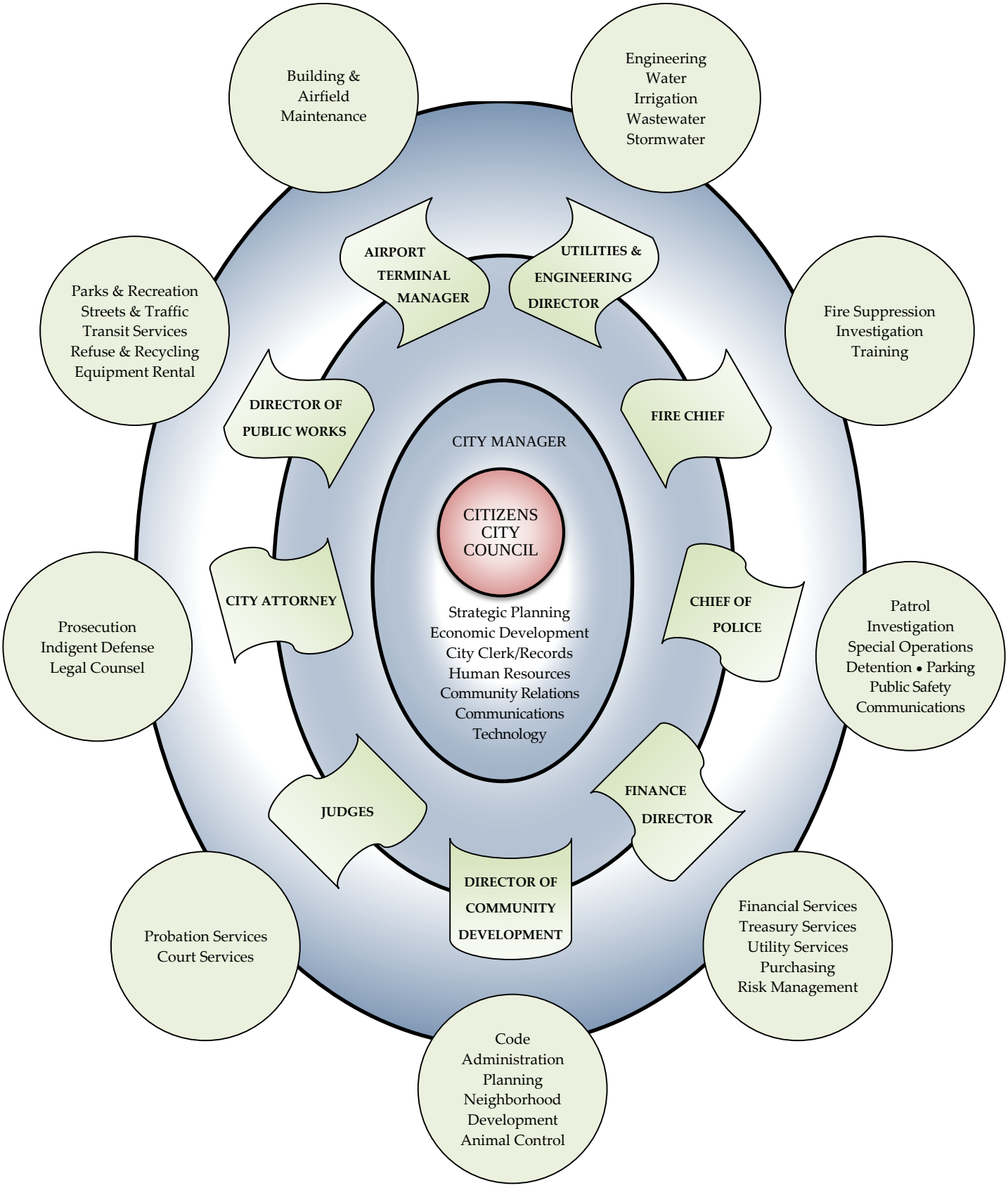
Wendy Harvey	Accountant
Kathryn Miles	Financial Services Technician
Martha Ramirez	Accounting Intern

PRODUCTION

June Smith	Print Shop Operator

CITY OF *Yakima*

2014 ORGANIZATIONAL CHART



CITY OF *Yakima*

PRINCIPAL OFFICIALS

CITY COUNCIL

Micah Cawley	Mayor, At Large, Position 6
Kathy Coffey	Assistant Mayor, District 4
Maureen Adkison	District 1
Thomas Dittmar	District 2
Rick Ensey	District 3
Dave Ettl	At Large, Position 5
Bill Lover	At Large, Position 7

CITY MANAGEMENT EXECUTIVES

Tony O'Rourke	City Manager
Connie Mendoza	Human Resources Director
Jeff Cutter	City Attorney
Kelley Olwell	Municipal Court Presiding Judge
Cindy Epperson	Director of Finance & Budget
Joan Davenport	Director of Community Development
Dominic Rizzi	Police Chief
Bob Stewart	Fire Chief
Robert Peterson	Airport Terminal Manager
Debbie Cook	Director of Utilities & Engineering
Scott Schafer	Director of Public Works

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CITY OF *Yakima*

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

For the year ended December 31, 2014

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DEPARTMENT OF FINANCE & BUDGET
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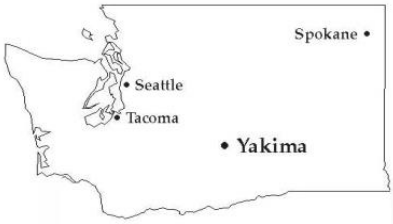


September 28, 2015

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

We are pleased to submit to you this Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2014, as required by State Statute RCW 43.09.230. Responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the management of the City of Yakima. We believe the data, as presented, is accurate in all material respects; that it is presented in conformity with GAAP (Generally Accepted Accounting Principles) and with statements issued by GASB (Governmental Accounting Standards Board). GAAP and GASB regulations are established in an effort to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all required disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. In addition to General Government activities, in 2012 the City exercised oversight responsibilities over the Yakima Air Terminal, which was operated under a joint operating agreement with Yakima County – the Air Terminal became a part of the City of Yakima in early 2013 and is included as an enterprise fund. Yakima County; Yakima Valley Regional Library; the Yakima, West Valley and Union Gap School Districts; Yakima Health District; Yakima Conference of Governments; and the Yakima Housing Authority have separate governmental or other entity characteristics and have substantial autonomy and, thus do not meet the GASB criteria that would determine them to be a component unit of the City.

ABOUT THE CITY

The City of Yakima, county seat of Yakima County, was incorporated in 1886 and is located in central Washington State. It encompasses 28.7 square miles in an area of rich volcanic soil. The City is 145 miles southeast of Seattle, 200 miles southwest of Spokane, and 180 miles northeast of Vancouver, Washington. The region is served by rail, highway and air transportation facilities, which have helped develop the City as the commercial and business center of Central Washington. With a 2014 population of 93,080 Yakima is the ninth largest city in the State of Washington.

The City of Yakima operates as a first class charter city under the Council/Manager form of government. The City Council consists of seven Council members, four of whom are elected from separate districts, and three elected at large. The Council chooses the Mayor from within its own membership every two years.

The City provides the full range of municipal services contemplated by charter or statute. These include public safety (police, fire, and building), public improvements (streets, traffic signals), sanitation (solid waste disposal, sanitary wastewater utility), water and irrigation utilities, transit, community development, parks and recreation, and general administrative services.

The City of Yakima lies within Yakima County in the fertile Yakima River Valley. Apples, cherries, pears, grapes, and other fruits, plus a wide variety of field crops and vegetables make the Yakima Valley one of the top agricultural producing areas of the nation. There are over 400,000 acres of Agriculture zoned land within the County which produce over thirty types of fruits and vegetables. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. With its farm production base, the Yakima area is a major food processing region.

Adding to the area's economy are over 250 manufacturing firms in the Yakima area that produced a variety of products including wood products, packaging, plastic products, produce and aircraft parts.

Transportation
Commercial airline service is provided by Alaska Airlines through the Yakima Air Terminal. Greyhound Bus has regular passenger service schedules to and from Yakima, and the Burlington Northern Santa Fe Railroad supplies product services for Yakima. The air, highway and rail systems in the Yakima Valley provide critical, high quality services to our agricultural, industrial, commercial and tourism based businesses.

Hospitals
There are two major hospitals in the Yakima area. Yakima Valley Memorial Hospital inpatient services include, but are not limited to, Cardiology, Critical Care, Orthopedics, the Family Birthplace, Pediatrics Unit, Neonatal Intensive Care, Surgery, Psychiatric Health Care, Respiratory Therapy, as well as a Laboratory and a Pharmacy. Yakima Regional Medical and Cardiac Center provides a full complement of medical services, including open heart surgery, a 17-bed CARF accredited inpatient rehabilitation unit, a newly renovated and expanded 21-bed emergency department, a level III trauma designation and on campus MRI.

Cancer Care Clinic
The North Star Lodge is a 36,000 square foot outpatient Cancer Center built in 2000, and founded by Memorial Hospital. The facility offers services beyond what many major medical centers offer. The innovative and comprehensive cancer care offered at North Star Lodge allows Central Washington cancer patients the same innovative treatments available at major cancer centers throughout the country.

Museum
The 69,500 square foot Yakima Valley Museum's historical exhibits about the Yakima Valley include natural history, American Indian culture, pioneer life, early city life, and information regarding the Yakima Valley's agriculture history.

Economic Development
The nonprofit Yakima County Development Association (New Vision), originally funded with $1,000,000 in donations from local business and industry, has made tangible progress over the years in business expansion, industrial recruitment, development of new business ventures and infrastructure development with broad public and private sector involvement. Over the past five years New Vision has provided in-depth assistance to 15 companies that have located or expanded business facilities in Yakima County. These companies have collectively invested over $120 million in new facilities or equipment. The businesses have created over 600 new jobs and are expected to add another 50-100 jobs during 2015.

Higher Education
There are several higher education institutions serving the Yakima area. Yakima Valley Community College (YVCC) in Yakima and Grandview is a two-year institution founded in 1928, which offers a multitude of academic programs. Heritage University is located a few miles southeast of Yakima, and is an accredited four-year liberal arts college. Perry Technical Institute offers a nationally recognized vocational / technical program and is accredited by ACCSCT (Accrediting Commission of Career Schools and Colleges of Technology). The Pacific Northwest University of Health Sciences (PNWU) opened in 2008 and trains approximately 75 new primary care physicians per year. PNWU is the first medical university to open in the Pacific Northwest in 60 years.

Tourism
Yakima is a popular location for sports events, conventions and a variety of tourism activities due to its dry climate, approximately 300 days of sunshine annually, and convenient central location in the State. The Yakima area provides hunting, fishing and water skiing opportunities, and provides numerous recreation opportunities in both summer and winter - within an hour's drive there are abundant recreational activities, such as snow skiing, hiking, mountain climbing, and rock climbing, located in numerous National Parks - including Mt. Rainier National Park.

Yakima Valley produces 78% of the hops in the United States, which sustains many local industries by bringing increasing numbers of tourists to the Yakima Valley's magnificent vineyards and wineries. The area is fast becoming known as the "Gateway to Wine Country." There are over forty wineries located in the Yakima Valley, and many area wines have received significant recognition and awards.

Recreational opportunities are plentiful in Greater Yakima. There are 34 parks, for a total of 345.8 acres, located within the City for public use. The City operates two swimming pools – one outdoor and one indoor, along with two water playground areas and two skate parks. In addition, there are two public and one private 18-hole golf courses, three nine-hole courses and 24 public tennis courts. There are also six little league fields and ten softball fields – eight of which have lighting. In addition to the eight soccer fields located in City parks, the J.M. Perry Complex has fields that can be configured into either ten youth or six full size soccer fields.

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

- The *Yakima Convention Center* has an impressive 41,000 square feet of meeting space available. The fully carpeted, column free, 23,400 square foot Grand Ballroom can be divided into eight separate rooms and the South Ballroom can be divided into six separate rooms, allowing many possible variations to fit specific needs.
- The *Yakima Valley Sun Dome*, a multipurpose trade and convention center with 56,000 square feet of usable space and seating for up to 8,000 people. The *Sun Dome* is utilized for meetings, concerts, trade shows and indoor sporting events, and regularly hosts many statewide, regional and high school sporting events.
- The *Capitol Theatre*, a magnificent and historical theatre originally built in 1920, seats 1,500 and holds over 150 activities and events annually. The theatre recently expanded by adding a Production Center which was completed in late 2010. This facility includes a 500 seat black box theatre now known as the "4th Street Theatre", as well as an expanded loading/unloading area that will accommodate larger productions, and an additional basement storage area.

THE "FUTURE"

Economic Improvement

The Yakima Valley is moving towards becoming a world-class wine producing area and is emerging as a hot spot for microbreweries. The City continues to seek out opportunities to create economic growth in our region.

- Yakima has participated in a Housing and Urban Development (HUD) Section 108 Loan/Grant Program for businesses located in the target Area. The program is designated to provide financial assistance in the form of a HUD loan to help fund start up or expansion costs for businesses that create a set level of new jobs. The City of Yakima is currently authorized for up to $7 million in loans.
- Washington State recently established a Local Infrastructure Financing Tool (LIFT) program, as outlined in RCW 39.102. Yakima's application to the State Community Economic Revitalization Board (CERB) was approved, granting a project award of up to $1 million in annual taxing authority (both property tax and sales tax) for up to 25 years. The financing will be used for public infrastructure improvements related to the redevelopment of the former Boise Cascade/Yakima Resources sawmill and plywood plant.

General Government

The 2015 General Fund budget is balanced within available resources. As the City emerges from the recession, the emphasis is on both the built environment and economic development. Revitalization of the Downtown, along with an extensive street rehabilitation project were the major projects for 2014. Long-term allocation of General Government Resources (General Fund, Parks and Streets) continues to be of primary budgetary focus.

Utilities / Enterprise Funds

In the area of utilities and enterprise operations, planning and improvement costs are driven primarily by unfunded State and Federal mandates and the need to upgrade aging facilities. The cost of these mandates and facility improvements are paid for through customer rates.

Legislative Changes

In recent years voter approved initiatives have primarily had negative effects on governments in Washington State. The City's management staff and policy makers recognize the challenges many of these initiatives will continue to have on our ability to balance future budgets. Additionally, the voters strong desire, as indicated in recent State and local elections, not to raise taxes (i.e. government revenues) significantly adds to the difficult challenges of balancing our budget within available resources while maintaining existing critical and core services to our community. Staff and City Council will continue to work closely with our state and federal legislative representatives to inform them of, and to promote, legislative changes necessary to help maintain the safety and security of our citizens and reduce the fiscal pressures on local government.

FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principles. It presents financial data at a city-wide level and incorporates increasing levels of detail as necessary to report the financial position and operating results of the City's individual funds, to demonstrate compliance with finance-related legal and contractual requirements and to assure adequate disclosure at both the individual fund level and on a City-wide basis.

This report is divided into three sections:

- *The Introductory Section* – provides general information on the City's structure and personnel as well as information useful in assessing the City's financial condition.
- *The Financial Section* – contains the basic financial statements and required supplementary information (including management's discussion and analysis), as well as the independent auditor's report. The financial section also provides information on each individual fund for which data is not reported separately in the basic financial statements.
- *The Statistical Section* – provides a broad range of trend data covering key financial indicators from the past ten fiscal years. It also contains demographic and miscellaneous data that may be useful in assessing the City's financial condition.

ACKNOWLEDGEMENTS

Independent Audit
Washington State Statute RCW 43.09.260 requires that an audit of the books of account, financial records, and transactions of all administrative departments of the City be conducted at least once every three years by the State Auditor's Office. However, it is the practice of the State Auditor to conduct audits of cities the size of Yakima on an annual basis. Enclosed is a copy of the State Auditors' opinion related to their audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on the financial statements (refer to the Auditor's opinion in the front of the Financial Section, herein).

SUMMARY
Preparation of this report could not have been accomplished without the professional and dedicated services of the Finance and Information Technology Services staff. The assistance of the Examiners from the Office of the State Auditor is also gratefully acknowledged.

Further, appreciation is extended to the City Council for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner.

Respectfully submitted,

Tony O'Rourke
City Manager

Cindy Epperson
Director of Finance & Budget

Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 28, 2015

Mayor and City Council
City of Yakima
Yakima, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Yakima, Yakima County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Yakima, Yakima County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Streets Capital funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19 and information on pensions and postemployment benefits other than pensions on pages 88 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 91 through 166 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 28, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Yakima's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal and in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

- The total assets of the City of Yakima exceeded its liabilities at December 31, 2014, by $321.7 million. Net position invested in capital (net of depreciation and related debt) account for 88.4% of this amount, with a value of $284.2 million. Of the remaining net position, $17.1 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net position increased by $4.7 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2014, the City of Yakima's governmental activities reported combined ending net position of $164.9 million, a decrease of $3.3 million in comparison with the prior year. Of that amount, $153.7 million was invested in capital assets and $18.5 million was legally restricted for specific projects or programs. Unrestricted net position was virtually unchanged at negative $7.3 million which is negative primarily because of the liability for long-term post-employment benefits.
- Unassigned fund balance for the General Fund was $7.9 million dollars at December 31, 2014. This balance represents 13.2% of total General Fund revenues. It should be noted that the City purchased 4 abandoned gas station/mini-marts for $1.1 million with the intention of partnering with the Department of Ecology for environmental remediation. Once the properties are cleaned, they will be resold. If the $1.1 million is added back, General Fund balance is $9.0 million or 15.5% of revenues.
- The City of Yakima's total noncurrent liabilities at December 31, 2014, was $86.8 million (about $51.8 million in Governmental activities and $34.0 million in business type activities), with a remaining capacity for non-voted General Obligation debt at $39.5 million, or 47.7% of the legal limit. Total debt increased by $16.9 million during the current fiscal year. Major components of the debt increase include:
    - Issuing $13.1 million of non-voted general obligation bonds to continue a street improvement initiative;
    - Entering into intergovernmental agreements with Yakima County for $1.7 million to move and improve the joint 911/Dispatch Communication Center and $0.9 million for infrastructure improvements in a redevelopment area and;
    - Borrowing $2.8 million respectively for Water facility improvements from state revolving loan programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Yakima's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

Government-Wide Financial Statements

There are two government-wide financial statements, the statement of net position and the statement of activities, which are designed to provide readers with a broad overview of the City of Yakima's finances in a manner similar to a private sector business. Both of the government-wide financial statements distinguish functions of the City of Yakima that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant

portion of their costs through user fees and charges (referred to as "business type activities"). The governmental activities of the City of Yakima include a full range of local governmental services provided to the public, such as public safety (police, municipal court, fire, and building); 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 liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private sector business. Over time, increases or decreases in net position may serve as a useful indicator of changes in the City's financial position. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities (Changes in Net Position) presents information showing how the government's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenue be reported when earned and expenses be reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2014, 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 2014.

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

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

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

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

Proprietary Funds

There are two types of proprietary funds: Enterprise and Internal Service. Enterprise Funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste (Refuse); Wastewater; Domestic Water; Irrigation; Stormwater; Transit; and Airport functions. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the City's various functions. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column.

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

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

Fiduciary Funds

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

The City of Yakima has two fiduciary funds—a Firefighter pension trust fund, and an agency fund. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements, in the Basic Financial Statements section.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Yakima's net position total $321.7 million at December 31, 2014. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2013.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	$ 51,187,194	$ 53,341,983	$ 31,761,145	$ 28,737,216	$ 82,948,339	$ 82,079,199
Capital assets	200,056,694	184,021,260	171,419,226	167,253,031	371,475,919	351,274,291
Total assets	251,243,887	237,363,243	203,180,371	195,990,247	454,424,258	433,353,490
Deferred outflows	-	-	489,280	546,045	489,280	546,045
Total assets & deferred outflows	251,243,887	237,363,243	203,669,651	196,536,292	454,913,538	433,899,535
Liabilities						
Payables and other liabilities	21,202,326	13,006,442	5,978,743	6,613,661	27,181,069	19,620,103
Long-term liab outstanding	65,145,176	56,138,372	40,922,763	40,618,312	106,067,939	96,756,684
Total liabilities	86,347,503	69,144,814	46,901,505	47,231,973	133,249,008	116,376,787
Net Position						
Inv in cap assets, net/rel debt	153,733,295	153,718,371	130,496,463	126,845,875	284,229,758	280,564,246
Restricted	18,483,015	21,768,422	1,808,344	1,760,713	20,291,359	23,529,135
Unrestricted	(7,319,925)	(7,268,364)	24,463,339	20,151,686	17,143,413	12,883,322
Total net position	$164,896,385	$168,218,429	$156,768,145	$148,758,274	$321,664,530	$316,976,703

The City of Yakima's total assets stand at $454.4 million as of December 31, 2014. Of this amount, $371.5 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of $200.1 million in capital assets reported in Governmental activities at December 31, 2014, $120.2 million (60.1%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road).

Of the remaining City assets, approximately $63.5 million was accounted for in cash, cash equivalents, and investments, $12.8 million in accounts receivable, $4.4 million in notes receivable, and $2.3 million spread among miscellaneous assets.

At December 31, 2014, the City had outstanding liabilities of $133.2 million, with $106.1 million in long-term liabilities. Of the long-term liabilities, $7.8 million was due within a year, with the remainder due over an extended period of time. The deficit in "unrestricted" net position in the governmental funds increased slightly because the City has long-term commitments that are greater than currently available resources, primarily in pension and other post-employment benefits for certain police officers and firefighters. Refer to the notes to the financial statements (Note 7) for a more in depth discussion of long-term debt.

"Payables and Other Liabilities" for total Governmental and Business type activities total $27.2 million, and include $4.9 million in accounts payable, $4.0 million in claims and judgments payable, $0.6 million in deposits payable, $16.7 million in accrued liabilities and $0.9 million in miscellaneous liabilities.

The largest portion of the City's net position (88.4%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 6.3% of the City's net position is subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government). The remaining balance of $17.1 million (unrestricted net position) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2014, the City of Yakima reports positive balances in all three categories of net position, for the government as a whole, as well as for governmental activities and business type activities.

The Statement of Activities (Changes in Net Position)

The City of Yakima's total net position is increased by $4.7 million in 2014. Net position for governmental activities decreased by $3.3 million while business type activities increased by $8.0 million. An increase in depreciation expense of $1.5 million in governmental activities tied primarily to initial depreciation of street improvement projects made up about 45% of the decrease.

Total revenues for the City of Yakima were $132.8 million in 2014. Governmental activities provided $76.3 million (57.4%), while business type activities added $56.6 million (42.6%).

Expenses for the year totaled $128.0 million, with governmental activities accounting for $86.2 million or 67.4% and business type activities accounting for $41.8 million or 32.6%. Key elements in changes in net position are shown in the following table.

It should be noted that Washington State updated its Budgeting, Accounting and Reporting System chart of accounts, and the City carefully reviewed our various operations to more closely match the recommended classifications. This resulted in some changes among categories, both in revenues and expenses.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	$ 14,000,319	$ 7,109,728	$ 43,871,032	$ 40,031,511	$ 57,871,351	$ 47,141,239
Operating grants & cont's	5,126,387	10,092,583	2,546,534	2,702,735	7,672,921	12,795,318
Capital grants & cont's	5,098,759	12,818,937	4,265,441	1,761,400	9,364,200	14,580,337
General revenues						
Property tax	16,130,658	15,988,834	-	-	16,130,658	15,988,834
Sales tax	21,536,529	21,305,977	5,456,905	5,081,303	26,993,434	26,387,280
Other taxes	12,301,017	12,289,379	-	-	12,301,017	12,289,379
Other	2,077,399	141,191	418,971	6,188	2,496,370	147,379
Total revenues	76,271,068	79,746,629	56,558,883	49,583,137	132,829,951	129,329,766

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Expenses						
General government	11,306,925	8,744,134	-	-	11,306,925	8,744,134
Public safety	48,645,079	47,615,384	-	-	48,645,079	47,615,384
Utilities	1,729,063	794,227	-	-	1,729,063	794,227
Transportation	10,839,036	13,075,464	-	-	10,839,036	13,075,464
Economic environment	4,476,875	4,406,712	-	-	4,476,875	4,406,712
Public health service	639,588	17,774	-	-	639,588	17,774
Culture & recreation	7,145,627	8,205,245	-	-	7,145,627	8,205,245
Interest on long-term debt	1,434,288	1,174,762	-	-	1,434,288	1,174,762
Transit	-	-	8,890,510	8,806,447	8,890,510	8,806,447
Airport	-	-	1,824,586	1,406,774	1,824,586	1,406,774
Refuse	-	-	4,992,669	4,808,311	4,992,669	4,808,311
Wastewater	-	-	15,540,721	14,255,246	15,540,721	14,255,246
Water	-	-	7,110,622	6,367,483	7,110,622	6,367,483
Irrigation	-	-	2,077,786	2,070,543	2,077,786	2,070,543
Stormwater	-	-	1,351,408	1,322,448	1,351,408	1,322,448
Total expenses	86,216,480	84,033,702	41,788,302	39,037,252	128,004,782	123,070,954
Increase in NP before transfers	(9,945,412)	(4,287,073)	14,770,581	10,545,885	4,825,169	6,258,812
Gain/loss sale capital assets	(19,780)	403,142	(117,598)	(97,515)	(137,378)	305,627
Transfers	6,643,115	6,372,224	(6,643,115)	(6,372,224)	-	-
Debt issue cost/premium	-	488,445	-	-	-	488,445
Change in net position	(3,322,076)	2,976,738	8,009,868	4,076,146	4,687,791	7,052,884
Net position - January 1	168,218,461	165,241,691	148,758,277	144,682,131	316,976,738	309,923,822
Net position - December 31	$164,896,385	$168,218,429	$156,768,145	$148,758,277	$321,664,529	$316,976,706

Governmental Activities

Within governmental activities, tax revenue accounted for 65.5% of total revenue sources, with grants and contributions accounting for 13.4%. The remaining 21.1% of revenue was provided by charges for services, interest income, and miscellaneous revenues. (Note: the revenue indicators in these charts do not include one-time only financing sources, such as proceeds from new debt or the sale of assets.)

Governmental activities decreased net position by $3.3 million or 2.0%. Total revenues decreased by $3.5 million or 4.4%. The Significant fluctuations in revenue are as follows:

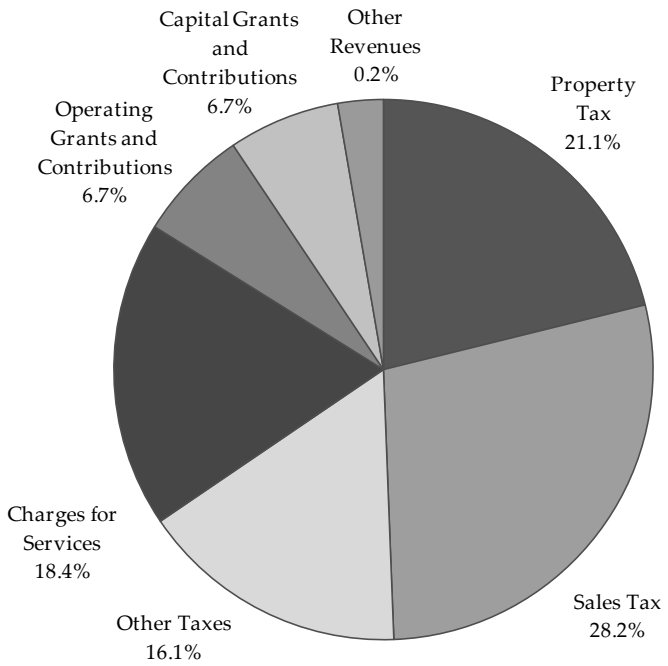
- Capital Grants & Contributions decreased by $7.7 million, primarily because 2013 included the second major railroad grade separation project that built a new underpass which was mostly funded by grants.
- Total taxes increased by $0.4 million or 0.8% from $49.6 million to $50.0 million.
    - Property Taxes increased 0.9% consisting primarily of a 1.0% increase in the base levy (capped by state law) plus new construction, less a reduction in voted tax for debt service that was paid in full in 2014.
    - Sales Tax increased by $0.2 million or 1.1% from 2013. This category experienced a change in presentation—the basic sales tax increased $1.0 million or 6.9% from 2013, as the City continued to experience improvement in sales tax primarily due to strength in the agricultural sector and growth in the construction industry.
- Transfers from Business Type Activities consist of in-lieu utility taxes. This category increased by $0.3 million or 4.3% primarily because of rate and usage increases in the utilities.

The largest program expenses consist of Public Safety - 56.4%; General Government – 13.1% and Transportation – 12.6%. These programs accounted for 82.1% of total governmental expenses.

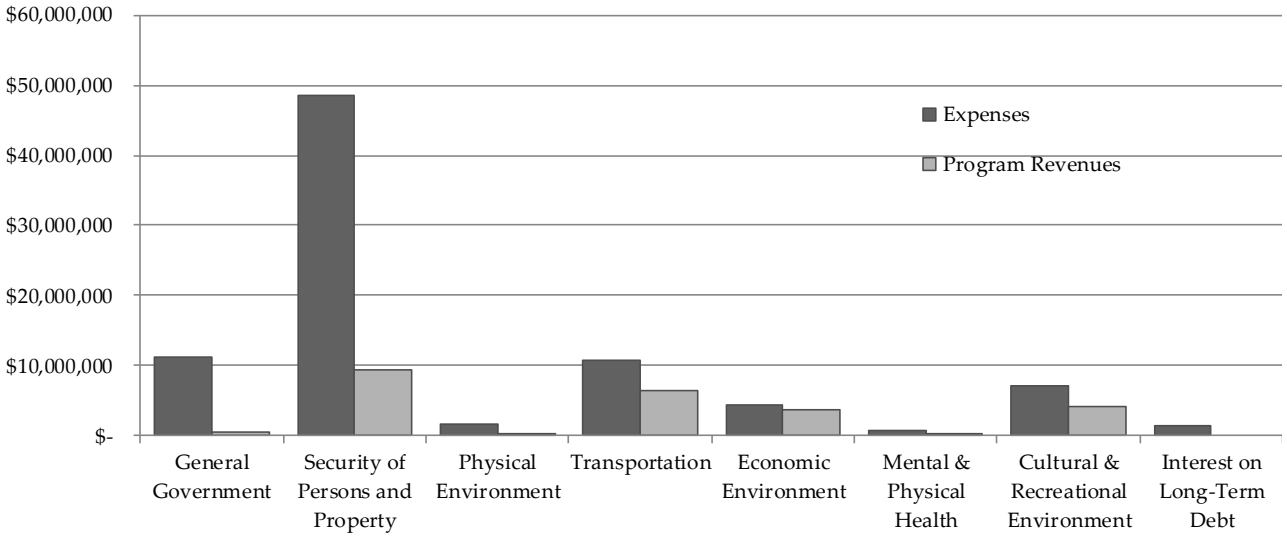
For the most part, changes in expenses were the result of the implementation of strategic initiatives in response to community input since the revenue started to rebound from the lows experienced in the midst of the recent recession. The major exceptions to this rule are generally tied to grant activity. In total, governmental expenses increased $2.2 million or 2.6%.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2014.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Business Type Activities
Of the $56.6 million in business type revenues, 77.6% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated an increase of $7.0 million or 14.1% over 2014.

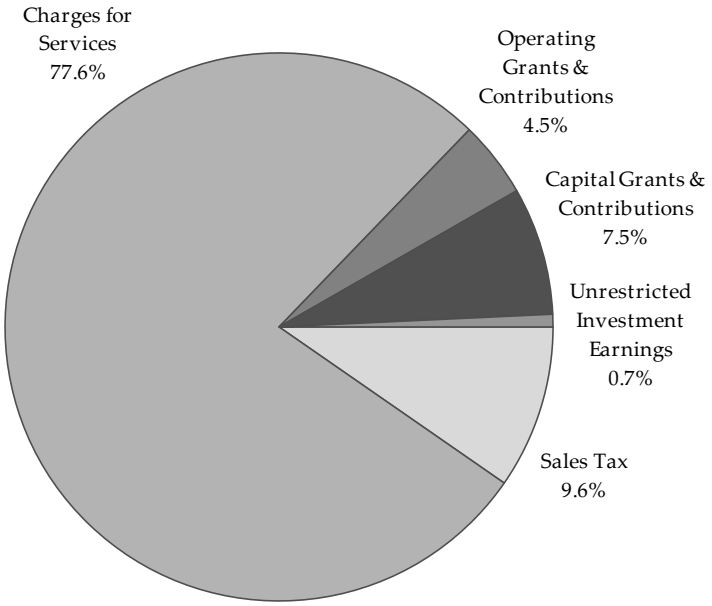
Business type revenues experienced the following fluctuations:

- Charges for Services increased by $3.8 million or 9.6%. The Wastewater and Irrigation utilities had rate increases as of January, 2014 of 5.1%, and 5.5% respectively. Additionally, usage was impacted by a large agricultural crop year, which increased water and wastewater usage for processing plants. One other factor is the implementation of a new automated meter reading system, which increased accuracy in accounting for water and wastewater usage.
- The City took sole ownership of the Yakima Air Terminal as of March 1, 2013, so the 2013 statements include 10 months of operating activity for the Airport, while 2014 includes the full year of operations.

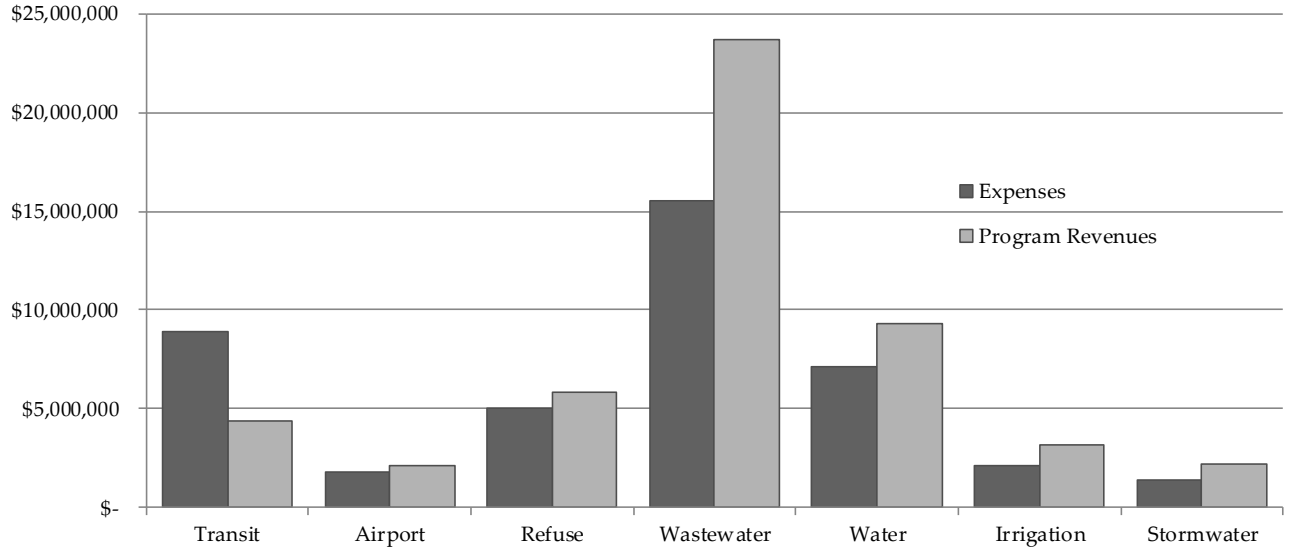
Of the $41.8 million in business type expenses, 37.2% are associated with the Wastewater program and 21.3% with Transit, domestic water programs represent about 17.0%, Refuse 11.9%, Irrigation 5.0%, Airport 4.4% and Stormwater 3.2%. Generally, changes in expenses are in line with general operating increases and additional depreciation on donated assets.

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 77.6% of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is subsidized by a voter approved local option sales tax of 0.3% and a federal operating grant.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Yakima uses fund accounting to ensure and demonstrate compliance with finance related legal and regulatory requirements. Following is a financial analysis of the City's governmental and proprietary funds.

Governmental Funds Analysis

The General Fund and the Streets Capital fund are the City's major funds (as defined in GASB #34) in 2014. Together these funds account for 40.4% of total governmental fund assets and 33.7% of total governmental fund balances.

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, 2014, the City's governmental funds reported combined fund balances of $26.1 million. Of this total amount, about $7.9 million (30.2%) is unassigned and available for spending within these funds. About $0.6 million is not spendable (perpetual care), $9.5 million is restricted (primarily for transportation, capital improvements, and public safety), $5.1 million is committed primarily for transportation system improvements and $3.0 million is assigned primarily for public safety.

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2014 fiscal year, unassigned fund balance of the General Fund was $7.9 million. Unassigned fund balance is about 13.2% of total general fund revenues (which represents about a 1.6 month reserve). Total assets in the General Fund amounted to $15.2 million, accounting for 37.4% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund decreased by $1.3 million during the current fiscal year. As sales tax revenue started to rebound Council approved strategic initiatives to enhance primarily Public Safety and Transportation. There was also a one-time purchase of 4 abandoned gas station/mini-marts for $1.1 million with the intention of partnering with the Department of Ecology for environmental

remediation. Once the properties are cleaned, they will be resold. If the $1.1 million is added back, General Fund balance would be $9.0 million or 15.5% of revenues.

The General Fund accounts for 66.7% of all governmental fund revenue and 52.4% of all expenditures.

The Streets Capital Fund is a new fund which made its debut as a major fund. In August of 2013 voters approved a City Charter amendment requiring the City to invest at least $2 million annually on the restoration or reconstruction of Yakima streets. The City chose to bond for 10 years to complete about 120 lane miles of street improvements costing about $16.7 million. This large capital project resulted in this fund representing 16.0% of the governmental fund expenditures.

Other governmental funds ended with a net increase in fund balances of $233,210. Most funds had only modest changes in fund balance.

Enterprise Funds Analysis

Transit, Wastewater, Domestic (potable) Water, and Irrigation Water are considered major funds in the City's 2014 (GASB 34) Financial Statements while the Yakima Air Terminal, Refuse, and Stormwater are nonmajor funds. Because the regional airport was acquired by the City as of March 1, 2013, only 10 months of operating activity is included in the 2013 column on the "Statement of Activities", while 2014 includes a full 12 months.

As of December 31, 2014, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of $156.8 million, with $70.9 million or approximately 45.2% being contributed by the Wastewater fund. Additionally, about $130.5 million (83.2%) of net position is accounted for by investment in capital assets, net of related debt, $1.8 million is restricted for debt service and $24.5 million is unrestricted. The Notes to the Financial Statements (Note 10) present segment information that is grouped according to revenue bond requirements for these business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

The following table shows the 2014 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts, and the variance of Actuals compared to the Final budget.

CHANGE IN GENERAL FUND BALANCE

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 45,135,830	$ 46,075,830	$ 46,274,969	$ 199,139
Licenses and permits	1,329,200	1,329,200	1,443,093	113,893
Intergovernmental revenues	1,800,300	1,930,020	1,952,637	22,617
Charges for services	6,882,535	6,882,535	6,502,551	(379,984)
Fines and forfeitures	1,676,500	1,676,500	1,599,906	(76,594)
Interest	269,000	269,000	342,436	73,436
Other revenues	88,478	113,478	129,586	16,108
Total revenues	57,181,843	58,276,563	58,245,178	(31,385)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current				
General government	11,432,085	11,655,209	11,508,790	146,419
Public safety	36,376,882	36,966,872	37,348,511	(381,639)
Utilities	1,290,431	1,290,431	1,295,838	(5,407)
Transportation	1,081,702	1,081,702	790,783	290,919
Economic environment	1,374,669	1,407,669	1,317,864	89,805
Public health services	19,500	19,500	24,998	(5,498)
Capital outlay				
General government	45,000	1,197,000	1,164,205	32,795
Debt service				
Principal	786,033	786,033	829,687	(43,654)
Interest and related charges	176,483	176,483	201,574	(25,091)
Total expenditures	52,582,785	54,580,899	54,482,250	98,649
Excess (deficiency) of revenues over (under) expenditures	4,599,058	3,695,664	3,762,928	67,264
Other financing sources (uses)				
Transfers out	(4,453,671)	(4,953,671)	(5,019,334)	65,663
Total other financing sources (uses)	(4,453,671)	(4,953,671)	(5,019,334)	(65,663)
Net change in fund balances	145,387	(1,258,007)	(1,256,406)	1,601
Fund balances - January 1	9,245,320	9,245,320	9,726,390	481,070
Reclassification of deferred revenue	-	-	(596,228)	(596,228)
Fund balances - December 31	$ 9,390,707	$ 7,987,313	$ 7,873,756	$ (113,557)

During the year, the 2014 General Fund Expenditure budget was increased from $52.6 million to $54.6 million, or by about $2.0 million. The significant increases in appropriations are summarized as follows:

- $0.3 million in outstanding encumbrances / commitments which were rebudgeted from the prior year.
- $1.1 million to purchase property for the purpose of environmental remediation (see discussion above).
- Transfers out was also increased by $0.5 million to maximize the required match for the Local Infrastructure Financing Tool (LIFT) to be used in an economic redevelopment area that was formerly a lumber mill site.

Most of these budget adjustments were to be funded from the General Fund reserves, growth in taxes, and/or grants and additional charges for services.

General Fund Budget to Actual

Total General Fund revenues were originally budgeted at about $57.2 million, which included conservative estimate for sales and utility taxes. As tax growth continued into 2014, a budget amendment was made to increase the tax revenue by $940,000, to be used primarily to enhance transfers for capital improvements in a redevelopment area of $500,000, and support other one-time expenses (i.e. leave cashouts for unscheduled retirements, support staff for specific one-time projects, etc.). A new firefighter hiring grant was also

awarded in the amount of $129,720, and a concession revenue tied to a new event was increased by $25,000. Revenue was increased in total by about $1.1 million, bringing the total budget to $58.3 which approximated actual revenue.

General Fund expenditures, including other financing uses, totaled $59.5 million also approximating the final budget. Because of pressures in risk management funds most of the positive variance generated by position vacancies and other spending constraints was transferred to shore up those balances.

The General Fund budget is typically built assuming positive variances in both revenue and expenditures. Revenue is conservatively estimated, while expenditure estimates utilize highest probable costs. Historically, actual amounts have been close to "break even", with actual revenues slightly exceeding expenditures. 2014 was only an exception because of the land purchase of $1.1 million described above, with a net decrease in fund balance of $1.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Yakima's total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2014, amounts to $371.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, infrastructure, and construction in progress on buildings and systems.

Governmental Activities: Capital assets from governmental activities increased $16.0 million. Key elements of this change are as follows:

- Increase in Land of $1.1 million due to the purchase of land for environmental remediation, to be resold when approved by the State Department of Ecology.
- Depreciation expense generated an overall reduction in capital assets of $12.7 million.
- Two major street infrastructure projects (both placed in service in 2014):
    - The continuation of a street renovation project of about $16.5 million, funded primarily by issuance of non-voted general obligation bonds.
    - An additional $5.6 million on the second phase of a railroad grade separation project, funded primarily by state and federal grants, a contribution from BNSF Railroad, and a settlement from a dispute on the design on the first phase of the project.
- Vehicles, street equipment and trucks were added to the Equipment Rental fleet as either additional equipment or replacements during the year, at a cost of $1.5 million.

Business-type Activities: Business-type capital activities increased by $4.2 million. Key elements of this change include:

- The purchase of 4 replacement buses and other vehicles of $1.7 million in the Transit Fund.
- Depreciation expense generated an overall reduction in capital assets of $7.6 million.
- Wastewater invested $3.2 million on capital improvements in 2014, including work on an anaerobic digester and related biogas enhancement projects, changes to the outflow into the Yakima River, and collection system pipe installation/replacement.
- The Domestic Water Treatment plant capital program spent about $4.3 million in 2014, with the major project being improvements to the treatment plant lagoons - $3.1 million, funded primarily with a Drinking Water State Revolving Fund loan.
- The Yakima Air Terminal was awarded a $12.0 million grant from the FAA to reconstruct the Alpha Taxiway. Preliminary costs incurred in 2014 amounted to $1.1 million.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital assets						
Land	$ 15,650,502	$ 14,549,645	$ 5,582,170	$ 5,582,170	$ 21,232,672	$ 20,131,815
Building	34,975,076	36,184,041	31,468,822	33,525,476	66,443,898	69,709,517
Impr other than bldg	7,732,426	8,344,523	97,702,900	78,544,766	105,435,326	86,889,289
Machinery & equipment	17,463,738	18,385,687	17,923,270	17,973,703	35,387,008	36,359,390
Infrastructure	120,174,944	90,737,761	-	-	120,174,944	90,737,761
Intangibles	-	-	1,279,572	720,105	1,279,572	720,105
Construction in progress	4,060,007	15,819,603	17,462,492	30,906,794	21,522,499	46,726,397
Total capital assets	$200,056,693	$184,021,260	$171,419,226	$167,253,014	$371,475,919	$351,274,274

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

Long-Term Debt

On December 31, 2014, the City of Yakima had total bonded debt outstanding of about $11.0 million. Of this amount, million is classified as governmental activity and backed by the full faith and credit of the City. The remaining million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

In 2014 the City issued $13.14 million limited tax general obligation bonds to continue a street renovation program. City of Yakima's total bonded debt had a net increase of million during 2014, when the debt service payments are netted from the new bond issue.

The City participates in a loan program administered by the State's Department of Community Development, which is included as Intergovernmental loans in the long-term debt schedules. Infrastructure improvements, such as street, bridge, water, or sewage projects, are eligible to compete for loan awards. This type of funding is preferred because the interest rates for new loans range from 0.5% to 1.5% based on the percentage of local match available for the project (i.e. the higher the match, the lower the interest rate). In 2013, the City borrowed $2.8 million for Water and Wastewater projects utilizing this State program. Debt service requirements on these loans are being incorporated in the applicable rate studies.

The City has also partnered with Yakima County to relocate and improve the 911/public safety dispatch center, by entering into an agreement to pay a portion of the debt issued by the County for this purpose. The City's portion of the debt is $1.7 million payable annually over 20 years.

The City's remaining capacity for non-voted debt on December 31, 2014, was approximately $39.5 million in comparison to the total legal limit of $82.7 million. The City has a policy of retaining 30% of its non-voted capacity for emergencies. In May, 2014 the City was upgraded to "AA-" rating from Standard & Poor's for general obligation debt in conjunction with accessing debt markets for a street renovation project. The combined Water and Wastewater utility was affirmed at "AA-" for the revenue bond refunding accomplished in May 2012. A summary of the City's debt follows. Additional information on the City's long-term obligations can be found in Note 7.

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 34,039,193	$ 23,053,078	$ -	$ -	$ 34,039,193	$ 23,053,078
Revenue bonds	-	-	17,785,000	19,190,000	17,785,000	19,190,000
Intergovernmental loans	6,126,180	3,501,035	22,335,079	21,067,897	28,461,259	24,568,932
Other debt	6,158,023	5,373,764	314,461	360,413	6,472,484	5,734,177
Total outstanding debt	$ 46,323,396	$ 31,927,877	$ 40,434,540	$ 40,618,310	$ 86,757,936	$ 72,546,187

ECONOMIC FACTORS

There are a number of factors that have a fiscal impact on various revenues of the City, including voter approved initiatives over the last few years, as well as changes in State and Federal regulations. Following is a list of significant factors, which have an impact on the City's revenues. The City is committed to the continued application of sound fiscal management practices to ensure balanced budgets are maintained and critical core services are provided to our citizens.

- In 2001 state voters approved Initiative 747, which capped property tax levy growth each year at a maximum of 1%, plus any additions for annexations and new construction. This initiative represents a restriction on local government revenue growth, which makes budget balancing more difficult because actual inflation rates have grown at an average of 3 times the 1% limitation.
- The Downtown area is in transition from a retail center to a central business district. The City has actively participated in several projects to upgrade the downtown over the past 5 years, including infrastructure and pedestrian improvements in the downtown core, and the upgrade/expansion of the historic City owned Capitol Theatre, located in the center of the downtown area. The City completed a Downtown Master Plan in 2013, and design work on projects identified in the Plan is in process in 2015.
- The unemployment rate (7.7% as of April, 2015) in the County continues to be higher than the state and national average. The County's predominant industry is agriculture and related support. This industry has a history of high unemployment rates, seasonal employment, and low median household income (Yakima is about 74% of the state average). However, the agriculture based local economy was not as negatively affected in the recent severe national recession as many other cities around the state and country. Yakima County MSA is experiencing growth in total employment. Between April of 2014 and 2015, the Yakima County nonfarm labor market added 3110 jobs, a 3.0% upturn. All employment categories, with the exception of "Retail Trade" and "Leisure and Hospitality" experienced an increase from April of 2014.
- Efforts to diversify our economic base include expansion of the current community college to offer four-year degree programs through major state institutions, including Washington State University and University of Washington. Additionally, a new medical school began instruction in late 2008 - the first class graduated in May, 2011.
- The next major economic development initiative that the City is embarking on is a competitive state redevelopment/tax increment program called Local Infrastructure Financing Tool (LIFT), as set forth in RCW 39.102. The redevelopment area consists of 556 acres adjacent to Interstate 82, formerly used as a sawmill and plywood plant. The City received an award of up to $1 million per year for 25 years from the state to support required infrastructure improvements to service the new mixed use proposed development. The first year of participation by the state was 2011. Because of all the complexities surrounding a project of this scope, it is still in a planning stage.

The 2015 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. The City of Yakima has established a consistent track record of living within our means, and was awarded for that strong budgetary performance with an upgrade in our credit rating by Standard and Poors. For the 2015 budget, the major revenues were estimated assuming the continued growth of the local economy. This growth was allocated to programs in alignment with the Council's strategic priorities of public safety; improving the built environment; economic development; public trust and accountability; and partnership development. The citizen's responded positively to the category of "improving the built environment" as they passed a City Charter amendment to allocate an additional $2 million of existing tax revenues each year for street renovation and maintenance. This additional allocation was included in the 2015 budget, and will be used to repay $13.1 million of councilmanic bonds issued in May, 2014 to continue necessary street renovations. To date, the improvements in revenues are continuing, and General Fund is within the expected parameters. Overall, citywide budget results are performing as expected.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Yakima's finances for all those with an interest in the government's finances. This report, along with the City's published budget documents are posted on the City's website at www.yakimawa.gov/services/finance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Yakima – Finance Department, 129 North Second Street, Yakima, WA 98901.

BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be "liftable" from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

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.

FUND FINANCIAL STATEMENTS

Balance Sheet, Governmental Funds – Balance Sheets for major funds and aggregated amounts for all other governmental funds. Includes the reconciliation of the Balance Sheet to the government-wide Statement of Net Position.

Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds – Information for each major fund and aggregated information for all other governmental funds.

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

Statement of Revenues, Expenditures, & Changes in Fund Balance, Budget & Actual, General/Community Development Funds – Budget information, along with actual results for each major fund which has a legally adopted budget.

Statement of Net Position, Proprietary Funds – Information on all assets and liabilities, with the difference reported as change in net position for each of the enterprise funds, as well as a separate column of information for the internal service funds.

Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds – Information for each of the enterprise funds, as well as a separate column for aggregate information for internal service funds.

Statement of Cash Flows, Proprietary Funds – Information on the sources and uses of cash for each of the enterprise funds and aggregate information for internal service funds.

Statement of Net Position, Fiduciary Funds – Information on the pension trust, fund assets and liabilities, with the difference reported as net position.

Statement of Changes in Fund Net Position, Fiduciary Funds – Information on additions to and deductions from the pension trust, with the difference reported as change in net position.

NOTES TO FINANCIAL STATEMENTS

Disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 9,316,549	$ 1,262,850	$ 10,579,400
Investments	27,558,639	23,564,255	51,122,894
Taxes receivable	5,116,415	941,587	6,058,002
Receivables, net of allowance for uncollectibles	3,074,790	3,053,453	6,128,244
Other receivables	475,176	110,751	585,927
Notes and contracts receivable	4,387,615	-	4,387,615
Due from other governments	539,444	695,800	1,235,244
Inventories and prepayments	718,566	324,105	1,042,670
Restricted cash and investments	-	1,808,344	1,808,344
Capital assets not being depreciated			
Land	15,650,502	5,582,169	21,232,671
Construction in progress	4,059,223	17,462,491	21,521,714
Capital assets, net of accumulated depreciation			
Buildings	34,975,073	31,468,821	66,443,894
Machinery, equipment and vehicles	17,463,741	17,923,273	35,387,014
Infrastructure	120,174,944	-	120,174,944
Other improvements and utility systems	7,733,211	97,702,901	105,436,112
Intangibles	-	1,279,572	1,279,572
Total assets	251,243,888	203,180,372	454,424,260
Deferred outflows of resources			
Deferred amount on refunding	-	489,280	489,280
Total deferred outflows of resources	-	489,280	489,280
Liabilities			
Accounts payable	2,632,300	2,317,181	4,949,481
Claims and judgments payable	4,044,242	-	4,044,242
Deposits payable	-	586,392	586,392
Accrued salaries, benefits and other liabilities	13,654,815	3,049,942	16,704,757
Custodial accounts	633,186	-	633,186
Other current liabilities	237,782	25,227	263,010
Noncurrent liabilities			
Due within one year	4,855,041	2,908,201	7,763,242
OPEB & unfunded pension liability	18,821,778	-	18,821,778
Other debt payments due in more than one year	41,468,358	38,014,561	79,482,919
Total liabilities	86,347,503	46,901,505	133,249,008
Net position			
Net investment in capital assets	153,733,295	130,496,463	284,229,758
Restricted for:			
Capital projects	8,610,189	-	8,610,189
Debt service	263,771	1,808,344	2,072,115
Community redevelopment	5,274,144	-	5,274,144
Emergency response	669,628	-	669,628
Law enforcement federal programs	168,464	-	168,464
Historic preservation	97,884	-	97,884
Tourism and public facilities	1,245,049	-	1,245,049
Unrestricted	(5,166,039)	24,463,339	19,297,300
Total net position	$ 164,896,385	$ 156,768,145	$ 321,664,531

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges f/	Grants & Contributions		Gov't	Business-type	
Functions/Programs	Expenses	Services	Operating	Capital	Activities	Activities	Total
Governmental activities							
General government	$ 11,306,925	$ 399,964	$ -	$ -	$ (10,906,961)	$ -	$ (10,906,961)
Public safety	48,645,079	7,077,238	2,255,130	-	(39,312,711)	-	(39,312,711)
Utilities	1,729,063	216,858	-	-	(1,512,205)	-	(1,512,205)
Transportation	10,839,036	12,345	1,603,839	4,731,344	(4,491,508)	-	(4,491,508)
Economic environment	4,476,875	2,398,021	1,185,158	205,543	(688,153)	-	(688,153)
Public health services	639,588	-	68,019	-	(571,569)	-	(571,569)
Culture & recreation	7,145,627	3,895,893	14,241	161,872	(3,073,621)	-	(3,073,621)
Interest	1,434,288	-	-	-	(1,434,288)	-	(1,434,288)
Total governmental activities	86,216,480	14,000,319	5,126,387	5,098,759	(61,991,015)	-	(61,991,015)
Business-type activities							
Transit	8,890,510	1,368,476	2,509,034	492,582	-	(4,520,417)	(4,520,417)
Airport	1,824,586	1,235,633	-	852,001	-	263,049	263,049
Refuse	4,992,669	5,821,864	37,500	-	-	866,695	866,695
Wastewater	15,540,721	21,471,308	-	2,226,778	-	8,157,364	8,157,364
Water	7,110,622	8,650,327	-	686,372	-	2,226,077	2,226,077
Irrigation	2,077,786	3,147,910	-	-	-	1,070,124	1,070,124
Stormwater	1,351,408	2,175,514	-	7,708	-	831,814	831,814
Total business-type activities	41,788,302	43,871,032	2,546,534	4,265,441	-	8,894,705	8,894,705
Total primary government	$ 128,004,782	$ 57,871,351	$ 7,672,921	$ 9,364,200	(61,991,015)	8,894,705	(53,096,310)
General revenues							
Taxes							
Property taxes					16,130,658	-	16,130,658
Sales and use taxes					21,536,529	5,456,905	26,993,434
Franchise and utility tax					9,959,803	-	9,959,803
Excise Tax					2,341,214	-	2,341,214
Unrestricted investment earnings					371,445	5,299	376,745
Judgments and settlements					1,350,000	14,144	1,364,144
Miscellaneous					355,954	399,527	755,481
Gain (loss) disposition of capital assets					(19,780)	(117,598)	(137,378)
Transfers					6,643,115	(6,643,115)	-
Total general revenues					58,668,939	(884,838)	57,784,101
Change in net position					(3,322,076)	8,009,867	4,687,791
Net position - January 1					168,218,461	148,758,278	316,976,739
Net position - December 30					$ 164,896,385	$ 156,768,145	$ 321,664,530

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

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General Fund	Streets Capital	Other Gov't Funds	Total Gov't Funds
Assets				
Cash & cash equivalents	$ 2,400,050	$ 65,716	$ 5,449,524	$ 7,915,290
Cash with fiscal agent	174,123	-	184,096	358,219
Investments	5,867,035	1,174,752	12,401,144	19,442,931
Receivables				
Taxes	4,824,972	-	291,443	5,116,415
Customer accounts	1,616,573	-	445,452	2,062,025
Assessments	-	-	342,927	342,927
Interest	132,249	-	-	132,249
Notes & contracts	-	-	4,387,615	4,387,615
Due from other governments	149,131	-	390,313	539,444
Inventories & prepayments	25,000	-	329,290	354,290
Total assets	$ 15,189,133	$ 1,240,468	$ 24,221,804	$ 40,651,405
Liabilities, deferred inflows of resources & fund balances				
Liabilities				
Accounts payable	$ 871,792	$ 309,411	$ 616,212	$ 1,797,415
Contracts payable	1,393	-	-	1,393
Due to other governments	67,937	-	-	67,937
Salaries & benefits payable	4,247,028	-	892,959	5,139,987
Custodial accounts	86,821	-	546,365	633,186
Other liabilities	93,157	-	76,689	169,846
Total liabilities	5,368,128	309,411	2,132,225	7,809,764
Deferred inflows of resources				
Unavailable revenue, taxes and notes	1,947,249	-	4,790,611	6,737,860
Total deferred inflows of resources	1,947,249	-	4,790,611	6,737,860
Fund balances				
Nonspendable	-	-	632,022	632,022
Restricted	-	-	9,452,597	9,452,597
Committed	-	-	5,110,555	5,110,555
Assigned	-	931,057	2,103,794	3,034,851
Unassigned	7,873,756	-	-	7,873,756
Total fund balances	7,873,756	931,057	17,298,968	26,103,781
Total liabilities, deferred inflows of resources & fund balances	$ 15,189,133	$ 1,240,468	$ 24,221,804	$ 40,651,405

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

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

December 31, 2014

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

Total fund balances - governmental funds (previous page)	$ 26,103,781
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	190,814,045
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,737,860
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.	15,074,145
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(73,100,259)
Interfund loans between Internal Service and Governmental funds are not reported in the Governmental fund.	(733,186)
Net position of governmental activities	$ 164,896,386

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

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

For the Year Ended December 31, 2014

	General Fund	Streets Capital	Other Gov't Funds	Total Gov't Funds
Revenues				
Taxes and assessments	$ 46,274,969	$ -	$ 12,377,794	$ 58,652,763
Licenses and permits	1,443,093	-	649,605	2,092,698
Intergovernmental revenue	1,952,637	-	6,849,881	8,802,518
Charges for services	6,502,551	-	4,263,342	10,765,893
Fines and forfeitures	1,599,906	-	-	1,599,906
Interest	342,436	8,804	59,787	411,027
Other revenues	129,586	14,400	4,870,408	5,014,394
Total revenues	58,245,178	23,204	29,070,817	87,339,199
Expenditures				
Current				
General government	11,508,790	-	1,233,343	12,742,133
Public safety	37,348,511	-	4,794,599	42,143,110
Utilities	1,295,838	-	255,443	1,551,281
Transportation	790,783	-	4,943,767	5,734,550
Economic environment	1,317,864	-	2,629,642	3,947,506
Public health services	24,998	-	584,969	609,967
Culture & recreation	-	-	5,611,713	5,611,713
Capital outlay				
General government	1,164,205	-	177,140	1,341,345
Public safety	-	-	591,894	591,894
Transportation	-	16,542,588	7,193,093	23,735,681
Economic environment	-	-	1,263,563	1,263,563
Culture & recreation	-	-	171,504	171,504
Debt Service				
Principal	829,687	-	2,454,559	3,284,246
Interest and related charges	201,574	111,390	959,304	1,272,268
Total expenditures	54,482,250	16,653,978	32,864,533	104,000,761
Excess (deficiency) of revenues over expenditures	3,762,928	(16,630,774)	(3,793,716)	(16,661,562)
Other financing sources (uses)				
Proceeds from issuance of long-term debt	-	13,140,000	1,067,145	14,207,145
Premium on issuance of long-term debt	-	1,672,310	-	1,672,310
Transfers in	-	2,749,521	6,843,713	9,593,234
Transfers out	(5,019,334)	-	(3,928,123)	(8,947,457)
Gain (loss) on capital assets	-	-	44,191	44,191
Other	-	-	-	-
Total other financing sources (uses)	(5,019,334)	17,561,831	4,026,926	16,569,423
Net change in fund balances	(1,256,406)	931,057	233,210	(92,139)
Fund balances - January 1	9,726,390	-	17,131,218	26,857,608
Reclassification of deferred revenue	(596,228)	-	(65,460)	(661,688)
Fund balances - December 31	$ 7,873,756	$ 931,057	$ 17,298,968	$ 26,103,781

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

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

For the Year Ended December 31, 2014

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	$ (92,139)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	15,692,870
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.	100,120
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	204,433
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.	(12,586,335)
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).	(5,124,302)
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.	(1,516,724)
Change in net position, as reflected on the Statement of Activities	$ (3,322,077)

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

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – BUDGET & ACTUAL – GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 45,135,830	$ 46,075,830	$ 46,274,969	$ 199,139
Licenses and permits	1,329,200	1,329,200	1,443,093	113,893
Intergovernmental revenues	1,800,300	1,930,020	1,952,637	22,617
Charges for services	6,882,535	6,882,535	6,502,551	(379,984)
Fines and forfeitures	1,676,500	1,676,500	1,599,906	(76,594)
Interest	269,000	269,000	342,436	73,436
Other revenue	88,478	113,478	129,586	16,108
Total revenues	57,181,843	58,276,563	58,245,178	(31,385)
Expenditures				
Current				
General government	11,432,085	11,655,209	11,508,790	146,419
Public safety	36,376,882	36,966,872	37,348,511	(381,639)
Utilities	1,290,431	1,290,431	1,295,838	(5,407)
Transportation	1,081,702	1,081,702	790,783	290,919
Economic environment	1,374,669	1,407,669	1,317,864	89,805
Public health services	19,500	19,500	24,998	(5,498)
Capital outlay				
General government	45,000	1,197,000	1,164,205	32,795
Debt service				
Principal	786,033	786,033	829,687	(43,654)
Interest and related charges	176,483	176,483	201,574	(25,091)
Total expenditures	52,582,785	54,580,899	54,482,250	98,649
Excess (deficiency) of revenues over (under) expenditures	4,599,058	3,695,664	3,762,928	67,264
Other financing sources (uses)				
Transfers out	(4,453,671)	(4,953,671)	(5,019,334)	(65,663)
Total other financing sources (uses)	(4,453,671)	(4,953,671)	(5,019,334)	(65,663)
Net change in fund balances	145,387	(1,258,007)	(1,256,406)	1,601
Fund balances - January 1	9,245,320	9,245,320	9,726,390	481,070
Reclassification of deferred revenue	-	-	(596,228)	(596,228)
Fund balances - December 31	$ 9,390,707	$ 7,987,313	$ 7,873,756	$ (113,557)

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

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – BUDGET & ACTUAL – STREETS CAPITAL

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest	$ -	$ -	$ 8,804	$ 8,804
Miscellaneous	-	-	14,400	14,400
Total revenues	-	-	23,204	23,204
Expenditures				
Capital outlay				
Transportation	16,500,000	17,585,000	16,542,588	1,042,412
Debt service				
Interest and related charges	-	-	111,390	(111,390)
Total expenditures	16,500,000	17,585,000	16,653,978	931,022
Excess (deficiency) of revenues over (under) expenditures	(16,500,000)	(17,585,000)	(16,630,774)	954,226
Other financing sources (uses)				
Proceeds from issuance of long-term debt	16,500,000	16,500,000	13,140,000	3,360,000
Premium on issuance of long-term debt	-	-	1,672,310	(1,672,310)
Transfers in	-	1,085,000	2,749,521	(1,664,521)
Total other financing sources (uses)	16,500,000	17,585,000	17,561,831	(23,169)
Net change in fund balances	$ -	$ -	$ 931,057	$ (931,057)
Fund balances - January 1	-	-	-	-
Fund balances - December 31	$ -	$ -	$ 931,057	$ 931,057

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

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

PROPRIETARY FUNDS

Proprietary Funds present information for each of the enterprise funds as well as a separate column for aggregate information for internal service funds. Please refer to the Basic Financial Statements, found at the beginning of this section.

Transit Funds (462 and 464) – Created on September 26, 1966, pursuant to the result of a special election on September 20, 1966, ratifying Ordinance 821, which proposed that the City of Yakima lease, operate and subsidize a City transit system. On October 1, 1970, the City assumed full management of the City transit system. The system is subsidized by a .3% sales tax which became effective in November 1980 by the vote of the citizens ratifying Ordinance 2469.

Wastewater and Water Funds (973 and 974) – Accounts for the provision of water and wastewater services to the residents of the City and other outside utility agreements. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, financing and related debt service, billing and collection.

Irrigation Utility Fund (975) – Established in 1998 to replace the Special Revenue Fund titled Irrigation. This fund is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2014

	Business-type Activities						Gov't Activities
	Transit	Wastewater	Water	Irrigation	Other Enterprise Funds	Total	Internal Service Funds
Assets							
Current assets							
Cash and cash equivalents	$ 169,190	$ 266,857	$ 378,711	$ 86,864	$ 345,275	1,246,897	$ 1,041,186
Cash with fiscal agent	-	-	-	-	15,953	15,953	1,855
Investments	3,024,511	8,444,098	6,760,377	1,552,815	3,782,454	23,564,255	8,451,470
Accounts receivable	42,897	1,860,776	184,842	351,216	613,723	3,053,453	1,012,265
Other receivables	-	-	-	-	110,751	110,751	500
Due from other funds	-	-	-	-	-	-	397,424
Due from other governments	1,620,539	-	-	-	16,848	1,637,387	-
Inventories and prepayments	-	-	324,105	-	-	324,105	364,275
Total current assets	4,857,137	10,571,731	7,648,034	1,990,895	4,885,003	29,952,801	11,268,976
Noncurrent assets							
Restricted cash	-	484,512	365,955	34,812	-	885,279	-
Restricted investments	-	923,064	-	-	-	923,064	-
Capital Assets not being depreciated							
Land	1,307,989	583,270	173,613	98,500	3,418,797	5,582,169	-
Construction in progress	-	7,926,655	6,181,209	2,497,500	857,127	17,462,491	-
Capital assets net of accumulated depreciation						-	
Buildings	2,605,141	21,935,276	5,568,447	334,825	1,025,132	31,468,821	8,153
Other improvements	1,071,145	42,702,024	30,344,191	15,532,637	8,052,904	97,702,901	535,661
Machinery/equipment/vehicles	4,574,377	12,667,822	451,306	8,663	221,105	17,923,273	8,698,835
Intangibles	-	-	185,659	-	1,093,913	1,279,572	-
Total noncurrent assets	9,558,652	87,222,623	43,270,380	18,506,937	14,668,978	173,227,570	9,242,649
Total assets	14,415,789	97,794,354	50,918,414	20,497,832	19,553,981	203,180,371	20,511,625
Deferred charge on refunding	-	471,995	17,285	-	-	489,280	-
Liabilities							
Current liabilities							
Accounts payable	282,818	665,964	250,701	33,465	355,483	1,588,431	833,493
Contracts payable	-	441,946	235,926	22,161	28,717	728,749	-
Accrued liabilities	696,573	1,150,664	559,131	174,670	467,844	3,048,882	559,746
Claims and judgments	-	-	-	-	-	-	4,044,242
Due to other governments	-	909,028	565,234	-	-	1,474,262	-
Current portion of bonds payable	-	1,105,000	200,000	130,000	-	1,435,000	-
Deposits payable	6,100	300,488	107,299	-	172,505	586,392	-
Other liabilities	-	6,670	18,113	-	444	25,227	-
Total Current liabilities	985,491	4,579,759	1,936,404	360,296	1,024,993	8,886,943	5,437,480
Noncurrent liabilities							
Bonds payable	-	12,614,261	664,778	3,874,704	-	17,153,743	-
Due to other governments	-	10,143,856	10,716,964	-	-	20,860,820	-
Total noncurrent liabilities	-	22,758,117	11,381,742	3,874,704	-	38,014,562	-
Total liabilities	985,491	27,337,876	13,318,146	4,234,999	1,024,993	46,901,506	5,437,480
Net Position							
Net investment in capital assets	9,558,652	61,042,902	30,757,449	14,467,422	14,670,039	130,496,463	9,242,649
Restricted for debt service	-	1,407,576	365,955	34,812	-	1,808,343	-
Unrestricted	3,871,646	8,477,995	6,494,149	1,760,599	3,858,950	24,463,339	5,831,495
Total net position	$ 13,430,298	$ 70,928,473	$ 37,617,553	$ 16,262,833	$ 18,528,988	$ 156,768,145	$ 15,074,144

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

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

For the Year Ended December 31, 2014

	Business-type Activities						Gov't Activities
	Transit	Wastewater	Water	Irrigation	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues							
Charges and fees for services	$ 1,282,002	$ 21,465,110	$ 8,599,640	$ 3,147,910	$ 8,438,008	$ 42,932,670	$ 5,547,759
Charges for insurance	-	-	-	-	-	-	3,362,150
Employer contributions	-	-	-	-	-	-	8,863,515
Employee contributions	-	-	-	-	-	-	1,507,831
Other operating revenue	86,474	6,198	50,687	-	812,245	955,604	69,718
Total operating revenues	1,368,476	21,471,308	8,650,327	3,147,910	9,250,253	43,888,274	19,350,973
Operating expenses							
Personnel services	3,844,333	4,617,460	2,515,753	645,902	2,667,489	14,290,937	3,126,163
Materials and supplies	963,316	657,727	626,615	85,556	575,431	2,908,645	1,988,398
Services	3,106,769	8,264,600	4,026,030	724,500	4,440,973	20,562,872	5,175,357
Claims and other benefits	-	-	-	-	-	-	9,701,105
Depreciation	976,092	4,030,150	1,349,742	374,133	866,520	7,596,637	1,234,399
Total operating expenses	8,890,510	17,569,937	8,518,140	1,830,091	8,550,413	45,359,091	21,225,422
Operating income (loss)	(7,522,034)	3,901,371	132,187	1,317,819	699,840	(1,470,817)	(1,874,449)
Nonoperating revenues (expenses)							
Grants and subsidies	8,458,521	-	-	-	897,209	9,355,730	-
Interest revenue	1,132	2,700	425	500	542	5,299	216,088
Other nonoperating revenue	7,591	17,103	147,203	4	3,524	175,425	241,335
Interest and other debt service costs	-	(681,552)	(127,000)	(227,696)	-	(1,036,248)	-
Gain (loss) on capital assets	102,418	-	-	-	994	103,412	(20,632)
Total nonoperating revenues (expenses)	8,569,662	(661,749)	20,628	(227,192)	902,269	8,603,618	436,791
Income (loss) before conts & transfers	1,047,628	3,239,622	152,815	1,090,627	1,602,109	7,132,801	(1,437,658)
Capital contributions	-	2,226,778	686,372	-	-	2,913,150	-
Transfers in	-	274,554	-	-	-	274,554	-
Transfers out	-	(1,224,122)	(204,897)	(20,000)	(861,615)	(2,310,634)	(79,065)
Change in net position	1,047,628	4,516,832	634,290	1,070,627	740,494	8,009,871	(1,516,723)
Total net position - January 1	12,382,670	66,411,641	36,983,263	15,192,206	17,788,494	148,758,274	16,590,867
Total net position - December 31	$ 13,430,298	$ 70,928,473	$ 37,617,553	$ 16,262,833	$ 18,528,988	$ 156,768,145	$ 15,074,144

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities						Gov't Activities
	Transit	Wastewater	Water	Irrigation	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities							
Receipts from customers	$ 1,281,102	$ 20,509,000	$ 8,558,855	$ 3,015,975	$ 8,500,882	$ 41,865,814	$ 8,909,909
Contributions received - employer & employee	-	-	-	-	-	-	10,371,346
Payments to suppliers and service providers	(3,966,509)	(9,380,731)	(5,393,382)	(759,203)	(5,051,023)	(24,550,848)	(6,727,495)
Payments to employees for salaries and benefits	(3,929,992)	(4,630,873)	(2,447,974)	(660,853)	(2,665,611)	(14,335,303)	(3,075,033)
Other receipts	86,474	6,198	50,687	-	812,245	955,604	69,718
Payments to claimants and beneficiaries	-	-	-	-	-	-	(9,149,257)
Net cash provided by operating activities	(6,528,925)	6,503,594	768,186	1,595,919	1,596,493	3,935,267	399,188
Cash flows from noncapital financing activities							
Sales tax received	5,365,864	-	-	-	-	5,365,864	-
Operating grants	2,477,034	-	-	-	45,208	2,522,242	-
Other receipts	-	-	-	-	3,524	3,524	233,751
Net cash provided by noncap financing activities	7,842,898	-	-	-	48,732	7,891,630	233,751
Cash flows from capital & related financing activities							
Proceeds from debt financing	-	12,634	-	-	-	12,634	-
Proceeds from disposal of property	103,030	-	-	-	-	103,030	99,450
Capital grants and contributions	-	2,226,778	3,038,821	-	852,001	6,117,600	-
Principal paid on capital debt	-	(2,148,832)	(665,127)	(130,000)	-	(2,943,959)	-
Acquisition and construction of capital assets	(1,676,047)	(3,192,952)	(4,253,251)	(863,434)	(1,225,571)	(11,211,255)	(1,520,793)
Interest and related charges paid	-	(577,111)	(76,742)	(192,129)	-	(845,982)	-
Other receipts	12,880	17,103	2,622	4	-	32,609	-
Transfers in	-	274,554	-	-	-	274,554	-
Transfers out	-	(1,224,122)	(204,897)	(20,000)	(861,615)	(2,310,634)	(15,000)
Net cash provided by (used for) financing	(1,560,137)	(4,611,948)	(2,158,574)	(1,205,559)	(1,235,185)	(10,771,403)	(1,436,343)
Cash flows from investing activities							
Proceeds from sale of investments	2,849,414	6,435,624	7,132,452	1,034,065	2,369,289	19,820,844	7,926,107
Interest on investments	1,132	2,700	425	500	542	5,299	216,088
Purchase of investments	(3,024,511)	(9,367,162)	(6,760,377)	(1,552,815)	(3,782,454)	(24,487,319)	(8,451,897)
Net cash provided by investing activities	(173,965)	(2,928,838)	372,500	(518,250)	(1,412,623)	(4,661,176)	(309,702)
Net increase (decrease) in cash & cash equivalents	(420,129)	(1,037,192)	(1,017,888)	(127,890)	(1,002,583)	(3,605,682)	(1,113,106)
Cash and cash equivalents - January 1	589,319	1,788,563	1,762,555	249,564	1,363,810	5,753,811	2,154,290
Cash and cash equivalents - December 31	$ 169,190	$ 751,371	$ 744,667	$ 121,674	$ 361,227	$ 2,148,129	$ 1,041,184

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities						Gov't Activities
	Transit	Wastewater	Water	Irrigation	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating income (loss)	$ (7,522,034)	$ 3,901,371	$ 132,187	$ 1,317,819	$ 699,840	$ (1,470,817)	$ (1,874,448)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	976,092	4,030,150	1,349,742	374,133	866,520	7,596,637	1,234,398
(Increase) decrease in net accounts receivable	(900)	(956,110)	(40,785)	(131,935)	62,652	(1,067,078)	(103,602)
(Increase) decrease in due f/other governments	-	-	-	-	13,294	13,294	-
(Increase) decrease inventory	-	-	(98,487)	-	-	(98,487)	34,687
(Decrease) increase accounts payable	103,576	(15,101)	(442,741)	28,692	(5,902)	(331,476)	505,176
(Decrease) increase accrued liabilities	(85,659)	(52,812)	(201,674)	(5,575)	-	(345,720)	-
(Decrease) increase compensated absences	-	(13,413)	269,453	(9,376)	1,878	248,542	51,130
(Decrease) increase contracts payable	-	-	-	22,161	(28,717)	(6,556)	-
(Decrease) increase claims & judgments payable	-	(390,491)	(199,509)	-	(13,072)	(603,072)	551,848
Total adjustments	993,109	2,602,223	635,999	278,100	896,653	5,406,084	2,273,637
Net cash provided by operating activities	$ (6,528,925)	$ 6,503,594	$ 768,186	$ 1,595,919	$ 1,596,493	$ 3,935,267	$ 399,189
Schedule of noncash capital & related financing activities							
Contribution of capital assets	$ -	$ 124,090	$ 424,300	$ -	$ 15,180	$ 563,570	$ 10,000

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

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2014

	Firemen's Relief and Pension	Agency Fund
Assets		
Cash & equity in pooled investments	$ 58,606	$ 246,595
Investments, at amortized cost	928,359	-
Equipment	-	1,017,835
Total assets	986,965	1,264,430
Liabilities		
Warrants/accounts payable	12,421	1,623
Other accrued liabilities	-	2,326
Due to other governmental units	-	1,260,481
Total liabilities	12,421	$ 1,264,430
Net position		
Held in trust for pension benefits and other purposes	$ 974,543	$ -

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

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2014

	Firemen's Relief and Pension
Additions	
Employer contributions	$ 1,274,577
Interest	500
Total additions	1,275,077
Deductions	
Administrative/overhead	54,074
Pension benefits	624,202
Other benefits	563,368
Total deductions	1,241,643
Change in net position	33,433
Total net position - January 1	941,110
Total net position - December 31	$ 974,543

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Yakima, Washington, conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The City has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the accepted standard setting body for establishing governmental accounting and financial reporting principles nationally. The following is a summary of the more significant policies. The policies should be reviewed as an integral part of the financial statements and are presented to assist the reader in interpreting the financial statements and other data in this report.

REPORTING ENTITY

The City of Yakima was incorporated in 1886 and operates under a Council/Manager form of government with a full-time City Manager. The City of Yakima provides a full range of municipal services, which include: police, fire, engineering, parks, cemetery, street, economic development, and administrative services. Included in the City's Enterprise Fund financial reports are: water, irrigation, sanitary wastewater, solid waste, stormwater, transit and the Yakima Air Terminal, which was operated under a joint venture agreement with Yakima County, but became a City department in early 2013.

The City's financial statements include all funds, agencies and boards which are financially accountable to the City. Financial accountability is manifest when the primary government appoints the majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify the budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. Applying these criteria, the primary government consists solely of the legal entity of the City.

Related Organization – The City's officials are also responsible for appointing the members of the boards of another organization, but the City's accountability for this organization does not extend beyond making the appointments.

Yakima Housing Authority – The Yakima Housing Authority was created by Resolution No. D-1575, in 1971, and, under certain conditions, can be dissolved by the City. Yet, it is an independent entity with distinct governmental character and organization. The City of Yakima created the Housing Authority per Washington State Revised Code Chapter 35.82 which provides that liabilities incurred by the Housing Authority will be satisfied from its assets, and that no person shall have any right of action against the City on account of its debts, obligations, and liabilities, except for a Contingent Loan Agreement dated October 1, 1998, for a single bond issue of $2.6 million. It should be noted that the City was released from this contingency in May, 2014.

Yakima Regional Public Facilities District – Although a separate legal entity, the City has elected to account for the operations of the Public Facilities District, as a blended component unit, in two Nonmajor Special Revenue Funds. The cities of Yakima, Selah and Union Gap originally formed a Public Facilities District

(PFD) for the purpose of expanding the Yakima Convention Center and in 2008 added expansion of the Capitol Theatre. The City appoints a majority of the board members and must approve the annual budget. The financial agreement stipulates that all revenue derived by the PFD (primarily two separate state sales tax credits) be transferred to the City and the City will use these funds for the applicable project debt service and operations, and reimbursement of administrative costs of the PFD.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is to allocate indirect costs to individual functions, if they are non-tax supported.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) fines and forfeitures; and 3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain charges for service, sales based taxes, and interest associated within the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned. Other revenues such as state shared revenue, licenses, fines and fees are not considered

susceptible to accrual since they are not generally measurable until received. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Yakima reports the following major governmental funds:

- The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Streets Capital Fund*** is used to account for the 2013 voter supported investment of $2 million annually into streets projects.

The City reports the following enterprise funds as major funds:

- The ***Transit Fund*** accounts for the operation of the City Transit System, funded primarily by 0.3% sales tax, federal grants and fares.
- The ***Water and Wastewater Funds*** account for the provision of water and wastewater services to the residents of the City and other outside utility agreements.
- The ***Irrigation Utility Fund*** is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

Additionally, the government reports the following fund types:

- ***Internal Service Funds*** account for fleet management services, liability insurance, employee benefit reserves, and public works administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.
- ***Fiduciary Funds*** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds which technically have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition.
    - ***Pension Trust Funds*** are used to account for the operations of trust established for employee retirement benefits. They are accounted for in essentially the same manner as proprietary funds because of the need for determining the periodic income of the trust.
    - ***Agency Funds*** account for assets held by the City as an agent for joint, intergovernmental operations through interlocal agreements. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. The City is the fiduciary agent for the fiscal activity of Yakima Consortium for Regional Public Safety (YAKCORPS).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the water, wastewater, refuse, stormwater and irrigation enterprise funds and of the government's internal service funds are charges to

customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

New Accounting Standard
In March 2012, the GASB issued Statement of Governmental Accounting Standard No. 65 "*Items Previously Reported as Assets and Liabilities.*" This statement further defines deferred inflows of resources and deferred outflow of resources as introduced by GASB Statement No. 63 implemented by the City in 2012. The objective is to classify certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflow of resources (revenues).

ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION

Cash and Cash Equivalents
Cash is considered to be cash on hand, demand deposits, and highly liquid investments with maturities of three months or less from the date of acquisition. Included in this category are all funds held in the Washington State Treasurer's Local Government Investment Pool (LGIP).

The LGIP is comparable to an SEC regulated Rule 2a-7 money market fund in which funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

Investments (Refer to Deposits and Investments Note 4.)

Receivables
Taxes receivable consists of property and other taxes including related interest and penalties (See Note 4). Customer accounts receivable consists of amounts due from private individuals or organizations for goods and services incurred in the normal course of conducting business. Customer accounts receivable are reported net of estimated uncollectible accounts. Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. Accrued interest receivable consists of amounts earned on investments, notes, and contracts as of year-end. Notes and contracts receivable consists of amounts owed on open account from private individuals or organizations for goods and services rendered. The major component of the notes receivable category is in the Community Development fund and represents a revolving home ownership assistance program.

Amounts Due To and From Other Funds; Interfund Loans and Advances Receivable
These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note 4 – Interfund Receivables. Long-term interfund loans are separately identified as "Advances" – at December 31, 2014, there were no interfund advances.

Amounts Due To and From Other Governments
These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services, except amounts billed for utility usage which is included in customer receivables.

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

Restricted Assets and Liabilities
These accounts contain resources for debt service reserve/redemption in the enterprise funds. Specific debt service reserve requirements are described in Note 7.

Capital Assets (See Note 4 – Capital Assets)
Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, and lighting systems.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings	25 - 40 Years
Improvements other than buildings	7 - 50 Years
Utility plant	33 - 50 Years
Equipment	2 - 25 Years
Intangibles (organization costs and goodwill)	75 - 100 Years
Infrastructure	15 - 50 Years

These accounts reflect the liability for net monetary assets being held by the City in its trustee or agency capacity.

Deferred Outflow of Resources
Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls.

Accrued Liabilities
Other accrued liabilities include primarily claims and judgments payable in the Internal Service Funds, current interest payable on long-term debt and small miscellaneous payables not classified in other categories in Enterprise Funds.

Noncurrent Liabilities
Noncurrent liabilities include long-term debt, compensated absences and the cumulative unfinanced liability related to post-employment benefits. For additional information on long-term debt see Note 7.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The bond proceeds, net of premiums, discounts and issuance costs are reported as "other financing sources".

Compensated Absences – Contracts with employees call for the accumulation of vacation and sick leave. At termination of employment, employees may receive cash payment for all accumulated vacation up to a certain number of hours and a percentage of sick leave, depending on employee group. The payment is based on current wage at termination.

The amounts of unpaid vacation and sick leave accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The City uses the last-in, first-out method of recognizing the hours used of compensated absences. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is a reconciling item between the fund and government-wide presentations.

Deferred Inflow of Resources

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a net decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. A detailed listing is presented in Note 4.

Fund Balance Classifications (See Note 9 – Fund Balance Classifications)

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The Net Position, comprised of the fund balances, is the excess of all the city's assets over all liabilities, regardless of fund.

Nonspendable – Represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances are required to be maintained intact and include permanent funds and assets not expected to be converted to cash, such as inventories, and notes receivable.

Restricted – Are funds that have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which require the resources to be used only for a specific purpose.

Committed – These funds have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council.

Assigned – Funds in this category are amounts constrained by the City to be used for a specific purpose, but are neither restricted nor committed and may be changed.

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

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between f*und balance – total government funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $190,814,045 are as follows:

Land	$ 15,650,502
Construction in progress	4,059,223
Buildings	57,476,622
Less: Accumulated depreciation - buildings	(22,509,702)
Machinery, equipment and vehicles	20,758,801
Less: Accumulated depreciation - machinery, equipment and vehicles	(11,993,895)
Infrastructure	288,156,039
Less: Accumulated depreciation - infrastructure	(167,981,095)
Other improvements	15,871,052
Less: Accumulated depreciation - other improvements	(8,673,502)
Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	$ 190,814,045

Another element of that reconciliation explains "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $73,100,260 difference are as follows:

Bonds payable	$ 34,039,194
Add: Issuance premium (to be amortized over the life of the debt)	1,583,627
Intergovernmental loans	6,126,181
Lease purchase agreements	4,574,397
Compensated absences	7,689,929
Other postemployment benefit obligations	18,821,778
Subtotal	72,835,106
Accrued interest payable	265,154
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	$ 73,100,260

The final element of that reconciliation explains that "internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this $733,186 difference are as follows:

Special assessment notes due from debt service fund to internal service fund	$ 335,762
Interfund loan due from capital fund to internal service fund	397,424
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	$ 733,186

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." This is the amount by which capital outlays exceeded depreciation expense in the current period. The details of this $15,692,870 difference are as follows:

Capital outlay	$ 27,103,987
Depreciation expense	(11,411,117)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 15,692,870

Another element of that reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position." The details of this $100,120 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.	$ (47,239)
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.	147,359
Net adjustment to increase total governmental funds to arrive at changes in net position of governmental activities	$ 100,120

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items". The details of this $12,586,335 difference are as follows:

Debt issued	
Issuance of general obligation bonds	$ 13,140,000
Intergovernmental loans	1,067,145
Plus premium	1,672,310
Principal repayments	
General obligation debt	(2,164,032)
Intergovernmental loans	(237,955)
Lease purchase agreements	(789,221)
Interfund loan	(101,912)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 12,586,335

Another element of that reconciliation states that "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." The details of this ($5,124,304) difference is as follows:

Compensated absences	$ (382,630)
Change in claims and judgments and other payables	(2,458,624)
Change in other post employment benefit and unfunded pension liability	(2,347,382)
Amortization of premium	(88,683)
Accrued interest payable	153,015
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (5,124,304)

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

Scope of Budget

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

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and Special Revenue Funds only. Budgets for debt service and capital projects are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lines of debt issues or projects. Budgetary comparisons for proprietary funds, although not legally required, may be requested from the Department of Finance and Budget.

Annual appropriated budgets are adopted at the fund level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for general and special revenue funds lapse at year end.

Procedures for Adopting the Original Budget

The City's budget procedures are mandated by Washington State Law. The steps in the budget process are as follows:

- Prior to November 1, the City Manager submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by City departments during the preceding months and balanced with revenue estimates.
- The Council conducts two public hearings on the proposed budget in November/December to obtain taxpayer comments.
- During December, the budget is legally enacted through passage of an ordinance.

Amending the Budget

The City Manager is authorized to transfer budgeted appropriations between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of permanently

authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by an ordinance approved by a one more than simple majority of those council members present after holding two public hearings.

The budget amounts shown in the financial statements represent the original adopted budget and all supplemental appropriations. City-wide, supplemental appropriations totaled $12.3 million. The principal amendments were to reappropriate 2013 outstanding encumbrances in the amount of $2.8 million and nonlapsing appropriations for various projects in capital funds (Arterial Street, Domestic Water Improvement, and Wastewater Facilities) in the amount of $6.0 million.

Excess of Expenditures over Appropriations
No funds exceeded budget limits in 2015.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City reappropriates outstanding encumbrances in the subsequent year.

FUND EQUITY

Nonspendable Fund Balance in Permanent Funds
The fund balance of $632,022 in the Cemetery Trust Fund represents a portion of the amounts paid for cemetery plots. Provisions of these sales require $120 of the sales price be held in trust and that the income on the investment of these amounts be used to maintain the plots.

Fiduciary Fund Net Position
The Firemen's Relief and Pension Fund has Net Position held in Trust for Pension Benefits and other purposes of $974,543 which represents the accumulated contributions made by the government through property taxes (see Note 4) plus interest earnings and state fire insurance premium tax proceeds.

NOTE 4 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

DEPOSITS AND INVESTMENTS

Deposits
The City of Yakima maintains deposit relationships with several Washington State commercial banks and savings and loan institutions that are classified as Public Depositories (see below).

The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not insured by the Federal Depository Insurance Corporation (FDIC). The PDPC is a statutory authority established under RCW 39.58. It constitutes a multiple financial institution collateral pool that insures public deposits. In such a pool, a group of financial institutions holding public funds pledge collateral to a common pool. The PDPC provides protection by maintaining strict standards as to the amount of public deposits financial

institutions can accept, and by monitoring the financial condition of all public depositories and optimizing collateralization requirements.

The City of Yakima had the following cash on hand and deposit balances on December 31, 2014:

Banks and savings and loan institutions	$ 9,425,474
Cash with fiscal agent	787,766
Petty cash and other imprest funds	14,677
Local Government Investment Pool (LGIP)	1,541,963
Total	$11,769,880

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 with banks and savings and loan associations may not be recovered. Because of the PDPC, the City's deposits are not subject to this risk.

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (SEC). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

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 does not participate in making deposits or investments that are exposed to this type of risk.

Investments

Cash and investments are managed under the guidance of the City's Investment Policy (Resolution R2011-134). The policy is based on the Model Investment Policy prepared by the Association of Public Treasurers of the United States and Canada and applies to all financial assets of the City of Yakima (excluding the Firemen's Relief and Pension Fund).

As of December 31, 2014, the City of Yakima had the following investments:

INVESTMENT PORTFOLIO

Investment Types	Carrying Value	Fair Value	Weighted Average Maturity to Expected Call (Days)	Weighted Average Final Maturity (Days)	Rating
Federal agency securities	$49,752,549	$49,446,402	820	1,420	n/a
Local government agency securities	2,953,783	2,969,923	751	751	A1, A
Certificates of deposit - PDPC	267,985	267,985	209	209	n/a
Total portfolio	$52,974,317	$52,684,310			

Carrying Value

Investments are reported at Net Book Value on the Financial Statements.

Investments are held until maturity unless called by the issuer prior to the maturity date. Premiums or Discounts realized at purchase are amortized over the life of the investment such that Net Book Value is equal to the amount realized at maturity.

Fair value is a volatile number that reflects the market price on a given date. Swings in fair value create arbitrary gains and losses which are never realized due to the City's policy of holding investments until maturity.

Interest Rate Risk
In accordance with its adopted investment policy, the City manages its exposure to declines in fair value due to rising interest rates by limiting the weighted average maturity of its cash and security portfolio as a whole. Additionally, the City does not use derivatives, pass through obligations or other extremely interest rate sensitive instruments in its portfolio. Weighted average maturity on callable securities is calculated using both the expected call date and the final maturity date.

Credit Risk
State law, under RCW sections 35.39 and 39.59, limits investments that a Washington class 1 City may hold to: (1) Direct and Indirect obligations of the US Government, (2) high quality Municipal Bonds of Washington State or Cities and Towns within the State, (3) high quality General Obligation bonds of another State or City, by Washington Administrative Code permission, not in the RCW's, (4) Bankers Acceptances and high quality Commercial Paper as long as they hold one of the 2 highest Credit ratings issued by at least two nationally recognized rating agencies, and the (4) State Treasurer's LGIP. The LGIP is a 2a7 like pool, and investments in the pool are reported at the share price of 100% of dollars invested. The City's own adopted Investment Policy adheres to the RCW's and also allows for investment in high quality Commercial Paper, Bankers Acceptances and the LGIP (see Deposit Note for information on the LGIP).

Custodial Credit Risk
The City's investment Policy does not include Repurchase, Reverse – Repurchase agreements or securities lending as allowable investment activity; therefore no custodial credit risk exists. All investments are held in the City's name by a third party custodian through a Trust Agreement, with the exception of the LGIP and LID Notes (see Deposit note for custodial risk details).

PROPERTY TAXES
The County Treasurer acts as an agent to collect property taxes levied within the county for all taxing authorities. Collections are distributed after the end of each month, on the tenth day of the following month.

PROPERTY TAX CALENDAR

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for next year's levy at 100% of market value.
October 31	Second installment 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 collectable.

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 $.50/$1,000 for the Library District, beginning in 2007. 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 2014, the City's regular tax levy was $3.1188 per $1,000 on a total assessed valuation of $5.5 billion, for a total regular levy of $17,200,931. Included in the City's regular levy is an authorization to levy for the Firemen's Relief and Pension Fund (see Note 5). This levy is subject to the same limitations as the levy for general government services. The Firemen's Relief and Pension portion of the regular tax levy for 2014 was $.2163 per $1,000, or $1,192,883. Additionally, special levies for General Obligation Bond obligations totaled $107,230.

RECEIVABLES

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

ACCOUNTS RECEIVABLE

	Taxes	Accounts	Special Assmts	Due f/Other Gov'ts	Interest & Penalties	Other	Total
General government	$4,824,972	$1,616,573	$ -	$ 149,131	$ 132,249	$ -	$ 6,722,925
Nonmajor government (1)	291,443	445,452	342,927	390,313	-	-	1,470,135
Transit	941,587	42,897	-	678,952	-	-	1,663,436
Refuse	-	789,415	-	16,848	-	-	806,263
Wastewater	-	2,361,297	-	-	-	-	2,361,297
Water	-	646,100	-	-	-	-	646,100
Irrigation	-	434,339	-	-	-	-	434,339
Stormwater	-	111,108	-	-	-	-	111,108
Airport	-	2,373	-	-	-	-	2,373
Internal service	-	1,012,264	-	-	-	397,924	1,410,188
Total	$6,058,002	$7,461,818	$ 342,927	$ 1,235,244	$ 132,249	$ 397,924	$15,628,164

(1) Delinquent Local Improvement District (LID) assessments of $38,153 are included in the Special Assessment balance.

Accounts receivable balances of the Enterprise funds are reported net of allowances for uncollectible accounts. Estimated uncollectible balances are as follows:

UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Refuse	$ 109,544
Wastewater	500,520
Water	461,259
Irrigation	83,123
Stormwater	68,878
Total	$1,223,324

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds are shown in the following chart.

DEFERRED INFLOWS OF RESOURCES

	Unavailable
General fund	
Court revenues receivable	$ 1,429,007
Delinquent property taxes	517,879
Miscellaneous	362
Community Economic Development - Homeownership programs	4,389,568
Special revenue funds	
Parks & Recreation - pool & field rentals	7,420
Cemetery - lot sales	6,182
Emergency services - delinquent property taxes	53,315
Debt service funds	
LID fund - special assessments not yet due	342,927
Total deferred inflows for governmental funds	$ 6,746,660

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Classification of Interfund Transactions

Interfund transactions are classified as follows:

- Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services, are similarly treated when they involve other funds of the City.
- Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
- Contributions to the capital of enterprise or internal service funds (transfers between those funds and the general capital assets account group), transfer to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as transfers and reported as non-operating revenues.
- Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity. As of December 31, 2014, there were no advances to/from any funds.

Interfund Loans and Receivables

The City uses Interfund loans as a way to fund short term capital requirements. As Equipment Rental has funds available for investment, it is typically used for these loans. Park and Recreation borrowed $600,000 in 2014 to complete a Ballfield complex project to be repaid over a 5 year term. The 2014 year-end balance was $397,424.

Vehicle replacement reserves held by the Equipment Rental fund have been used in the past to fund Local Improvement District projects. Special assessments receivable from the beneficiaries of the improvements total $342,927. Receipts are used to repay the Equipment Rental fund with interest. The balance due to the equipment Rental fund at the end of 2014 is $337,296.

Interfund Transfers

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to: 1) allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs; and 2) support

the Public Safety dispatch operation with a portion of the telephone tax. Other transfers generally represent debt service and capital project funding. The following table depicts interfund operating transfer activity during 2014.

INTERFUND TRANSFERS

	Transfer In				
Transfer out	Streets Capital	Non Major Gov't	Internal Service	Wastewater	Total
General government	$ 1,622,770	$ 3,385,168	$ 11,396	$ -	$ 5,019,334
Nonmajor governmental	1,126,751	2,401,346	312,565	-	3,840,662
Nonmajor proprietary	-	-	620,000	241,615	861,615
Internal service	-	-	15,000	-	15,000
Wastewater	-	1,025,641	198,481	-	1,224,122
Water	-	31,558	140,400	32,939	204,897
Irrigation	-	-	20,000	-	20,000
Total	$ 2,749,521	$ 6,843,713	$ 1,317,842	$ 274,554	$ 11,185,630

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance 1/1/2014	Additions	Adjustments	Deletions	Balance 12/31/2014
Governmental activities					
Capital assets - not being depreciated					
Land	$ 14,549,645	$ 1,100,857	$ -	$ -	$ 15,650,502
Construction in progress	15,818,818	24,935,886	(36,695,482)	-	4,059,222
Total capital assets not being depreciated	30,368,463	26,036,743	(36,695,482)	-	19,709,724
Capital assets being depreciated					
Buildings	57,343,286	133,336	-	-	57,476,622
Other improvements	15,692,444	208,607	(29,999)	-	15,871,052
Machinery, equipment and vehicles	20,139,876	872,660	61,192	(314,927)	20,758,801
Infrastructure	251,439,551	-	36,716,488	-	288,156,039
Total capital assets being depreciated	344,615,157	1,214,603	36,747,681	(314,927)	382,262,514
Less accumulated depreciation					
Buildings	(21,168,808)	(1,340,891)	-	-	(22,509,699)
Other improvements	(7,866,964)	(806,537)	-	-	(8,673,501)
Machinery, equipment and vehicles	(10,259,654)	(1,984,384)	(17,549)	267,688	(11,993,899)
Infrastructure	(160,701,790)	(7,279,305)	-	-	(167,981,095)
Capitalized leases	-	-	-	-	-
Total accumulated depreciation	(199,997,216)	(11,411,117)	(17,549)	267,688	(211,158,194)
Total capital assets being depreciated - net	144,617,941	(10,196,514)	36,730,132	(47,239)	171,104,320
Governmental activities capital assets - net	174,986,404	15,840,229	34,650	(47,239)	190,814,044

	Balance 1/1/2014	Additions	Adjustments	Deletions	Balance 12/31/2014
Internal service funds - governmental activities					
Capital Assets - not being depreciated					
Construction in progress	785	-	-	-	785
Capital assets being depreciated					
Buildings	37,397	-	-	-	37,397
Other improvements	572,993	46,823	-	-	619,816
Machinery, equipment and vehicles	21,563,343	1,483,970	(52,199)	(259,440)	22,735,674
Total capital assets being depreciated	22,173,733	1,530,793	(52,199)	(259,440)	23,392,887
Less accumulated depreciation					
Buildings	(27,834)	(1,410)	-	-	(29,244)
Other improvements	(53,950)	(30,991)	-	-	(84,941)
Machinery, equipment and vehicles	(13,057,878)	(1,219,547)	17,549	223,038	(14,036,838)
Total accumulated depreciation	(13,139,662)	(1,251,948)	17,549	223,038	(14,151,023)
Total capital assets being depreciated - net	9,034,071	278,845	(34,650)	(36,402)	9,241,864
Internal service - gov't act cap assets - net	$184,021,260	$16,119,074	$ -	$ (83,641)	$200,056,693
Business-type activities					
Capital assets - not being depreciated					
Land	$ 5,582,170	$ 70,000	$ (70,000)	$ -	$ 5,582,170
Construction in progress	30,906,794	8,463,986	(21,908,288)	-	17,462,492
Total capital assets not being depreciated	36,488,964	8,533,986	(21,978,288)	-	23,044,662
Capital assets being depreciated					
Buildings	88,362,832	-	(161)	-	88,362,671
Other improvements	139,706,441	1,302,677	21,450,189	-	162,459,307
Machinery, equipment and vehicles	34,599,494	1,865,677	(15,178)	(187,670)	36,262,323
Intangibles	1,574,217	72,484	543,438	-	2,190,139
Total capital assets - depreciated	264,242,984	3,240,838	21,978,288	(187,670)	289,274,440
Less accumulated depreciation					
Buildings	(54,837,356)	(2,056,656)	163	-	(56,893,849)
Other improvements	(61,161,675)	(3,590,236)	(4,496)	-	(64,756,407)
Machinery, equipment and vehicles	(16,625,791)	(1,893,290)	-	180,028	(18,339,053)
Intangibles	(854,112)	(56,455)	-	-	(910,567)
Total accumulated depreciation	(133,478,934)	(7,596,637)	(4,333)	180,028	(140,899,876)
Total capital assets being depreciated - net	130,764,050	(4,355,799)	21,973,955	(7,642)	148,374,564
Total capital assets - business activities	$167,253,014	$ 4,178,187	$ (4,333)	$ (7,642)	$171,419,226

NOTE - The adjustment column represents construction works in progress that were completed and either classified into the appropriate capital asset category, or expensed. Assets transferred between fund categories are also included as an adjustment.

Depreciation expense was charged to functions/programs as follows:

General government	$ 210,119
Public safety	1,924,093
Utilities	8,924
Transportation	7,252,157
Economic environment	535,842
Culture & recreation	1,479,983
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,251,948
Total depreciation - governmental activities	$12,663,066
Transit	$ 976,092
Wastewater	4,030,150
Water	1,349,742
Irrigation	374,133
Stormwater	61,048
Airport	805,472
Total depreciation - business-type activities	$ 7,596,637

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2014. Projects include improvements to the Wastewater facility and collection system, the rebuilding of the irrigation system, and improvements to the water distribution system. This also includes widening of 64th Avenue between Nob Hill and Tieton, and a signal at Tieton and 64th. It also includes planning and design work on the Old Boise Cascade Mill site and Phase 1 design work of the revitalization of North 1st Street. The Airport projects are construction of the Terminal Apron and the Alpha Taxiway.

CURRENT CONSTRUCTION PROJECTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Airport	$12,072,885	$1,714,314	$ 10,358,571
Wastewater - treatment plant and mains	5,541,000	2,531,000	3,010,000
Streets - construction	4,342,599	1,774,878	2,567,721
Water	2,220,000	543,805	1,676,195
Irrigation - system design and rebuild	1,718,409	863,434	854,975
Total	$25,894,893	$7,427,431	$ 18,467,462

Street construction is being financed by gas tax and federal, state or local grants. Water improvements are funded by State Public Works Trust fund loans and water utility revenues/capital reserves. Wastewater improvements are being financed by State Public Works Trust Fund and Revolving Fund loans and wastewater utility revenues/capital reserves. Irrigation improvements are funded by irrigation capital rates/reserves. The Airport projects are paid for with FAA Grants and matching Passenger Facility Charges.

NOTE 5 – PENSION PLANS

Substantially all City 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 retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2 & 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised 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 members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or,
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were $99.0 million, and plan refunds paid out were $69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Members Non-vested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer Contributions (1)	9.21% (2)	9.21% (2)	9.21% (3)
Employee Contributions	6.00% (4)	4.92% (4)	(5)

(1) The employer rates include the employer administrative expense fee currently set at 0.18%.
(2) The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
(3) Plan 3 defined benefit portion only.
(4) The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
(5) Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member

Both the city and the employees made the required contributions. The city required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014 contributions	$ 68,773	$1,913,361	$ 461,057
2013 contributions	82,395	1,665,605	383,683
2012 contributions	80,387	1,440,289	320,028

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	% of Final Avg. Salary
Twenty or More Years	2.0%
Ten Years, Less than Twenty Years	1.5%
Five Years, Less than Ten Years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS;

or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.
Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Non-vested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' Fiscal Year 2014, the state contributed $55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer Contributions (1)	0.18%	5.23% (2)
Employee Contributions	0.00%	8.41%
State	N/A	3.36%

(1) The employer rates include the employer administrative expense fee currently set at 0.18%.
(2) The employer rate for ports and universities is 8.59%.

Both the city and the employees made the required contributions. The city required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2014 contributions	$ 172	$1,107,276
2013 contributions	372	1,074,916
2012 contributions	474	1,023,087

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria

Covered employers include:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2014, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	43
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	119
Active Plan Members Vested	4,516
Active Plan Members Non-vested	1,383
Total	6,058

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PSERS Plan 2
Employer Contributions (1)	10.54%
Employee Contributions	6.36%

(1) The employer rate includes an employer administrative expense fee of 0.18%.

Both the city and the employees made the required contributions. The city's required contributions for the years ended December 31 were as follows:

	PSERS Plan 2
2014 contributions	$ 75,066
2013 contributions	66,949
2012 contributions	61,711

OTHER RETIREMENT SYSTEMS – VOLUNTEER FIREFIGHTERS' RELIEF AND PENSION FUND
The Volunteer Firefighters' Relief and Pension Fund System is a cost sharing multiple employer retirement system which was created by the Legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of $30 per year, employer contributions of $30 per year, forty-percent of the Fire Insurance Premium Tax, and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contribution upon termination.

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

The City's Firemen's Pension Fund is a closed group. No new members are permitted. Employees attaining the age of fifty who have completed 25 or more years of service are entitled to annual benefits of fifty-percent of their salary plus an additional two-percent for each year of service in excess of 25 years, up to a maximum of sixty-percent 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.

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 may be provided by an annual tax levy of up to $.45 per $1,000 of assessed valuation of all taxable property of the City. The Firemen's Pension Fund also receives a proportionate share of the 25 percent of the tax on fire insurance premiums set aside by the state for all paid firemen in the state. Additional funding is provided by investment interest earnings.

During the year ended December 31, 2014, there were no plan amendments.

Contributions Required and Contributions Made
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.

Under this method, the normal cost is a portion of the actuarial present value of benefits allocated to a valuation year. The actuarial accrued liability is equal to the actuarial value of assets. (Thus, there is no unfunded actuarial accrued liability under this method.)

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

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

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

The City's Police Pension Fund is a closed group. 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, 2014, there were no plan amendments.

Contributions Required and Contributions Made

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, 2012. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	Fire		
	2012	**2013**	**2014**
Annual required contribution (ARC)			
Amortization of UAAL	$ 505,289	$ 505,289	$ 442,369
Interest to EOY	20,212	20,212	16,589
ARC at EOY	525,501	525,501	458,958
Interest on NPO	(45,426)	(55,170)	(55,657)
Adjustment to ARC	(77,835)	(97,585)	(106,619)
Annual pension cost	557,910	567,916	509,920
Employer contributions	801,531	672,849	657,636
Change in net pension obligation	(243,621)	(104,933)	(147,716)
Net pension obligation (BOY)	(1,135,638)	(1,379,259)	(1,484,192)
Net pension obligation (EOY)	$(1,379,259)	$(1,484,192)	$(1,631,908)

	Police		
	2012	**2013**	**2014**
Annual required contribution (ARC)			
Amortization of UAAL	$ 529,561	$ 529,561	$ 460,717
Interest to EOY	21,182	21,182	17,277
ARC at EOY	550,743	550,743	477,994
Interest on NPO	25,705	21,583	17,419
Adjustment to ARC	44,044	38,176	33,369
Annual pension cost	532,404	534,150	462,044
Employer contributions	635,444	609,223	511,883
Change in net pension obligation	(103,040)	(75,073)	(49,839)
Net pension obligation (BOY)	642,619	539,579	464,506
Net pension obligation (EOY)	$ 539,579	$ 464,506	$ 414,667

EMPLOYER PENSION CONTRIBUTIONS

	Fiscal Year Ended	Annual Pension Cost	Percent Annual Pension Contributed	Net Pension Obligation
Fire	12/31/12	$557,910	100.0%	($1,379,259)
	12/31/13	567,916	100.0%	(1,484,192)
	12/31/14	509,920	100.0%	(1,631,908)
Police	12/31/12	$532,404	100.0%	$539,579
	12/31/13	534,150	100.0%	464,506
	12/31/14	462,044	100.0%	414,667

NOTE 6 – SELF-INSURANCE FUNDS

The City maintains Reserve Funds to provide for self-insurance coverage in the areas of Unemployment Compensation, Medical/Dental coverage, and Workers' Compensation. In addition, the City maintains a Risk Management Fund to provide for property, liability, and other coverage.

UNEMPLOYMENT COMPENSATION

In 1978, the City of Yakima established an Unemployment Compensation Reserve Fund to provide unemployment compensation coverage for its employees, and thereby elected to participate with the State of Washington in a cost reimbursement instead of monthly premium program. In doing so, the City retained its right to appeal awards and determinations made by the State Department of Employment Security.

The City has contracted with Equifax Workforce Solutions to represent the City in appeal hearings and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs. Resources accrue to the Unemployment Compensation Reserve Fund through monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately three-percent of payroll. The City has achieved considerable savings. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi external interfund transactions, a total for 2014 of the self-insured $195,649. No incurred but not reported claims have been accrued as a liability.

SELF-INSURED MEDICAL / DENTAL PROGRAM

The City, in August, 1979, self-insured its medical and dental programs for all eligible employees (temporary employees and employees hired to work less than half time are not eligible to participate in the plan). The City's Human Resources Office administers the self-insured program and claims payments. The third party administrator is Employee Benefit Management Services, Inc. (EBMS).

Each Operating Fund is charged an accrual amount per covered employee which would otherwise have been paid to an insurance carrier. These amounts are determined by the City based upon recommendations made by Emspring. 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 to the Employee Health Benefit Reserve Fund for 2014 were $7,473,445. Incurred but not reported claims of $1,227,220 have been accrued as a liability.

In order to avoid catastrophic losses, the City reinsures the program by purchasing insurance known as "stop loss insurance." Two types of "stop loss" insurance are purchased: 1) individual stop loss; and, 2) aggregate stop loss, with both provided through Optum Insurance Co. Under the individual stop loss insurance, the City pays the first $250,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of $250,000 in a calendar year are thereafter reimbursed by Optum. The aggregate stop loss is designed to protect the City from multiple large claims which may not reach the individual stop loss attachment point ($250,000). The aggregate stop loss attachment point is calculated by determining the projected amount of claims for the year and adding an additional 25% of that amount (125% of projected claims).

WORKERS' COMPENSATION PROGRAM

The City self-insured its workers' compensation program for all employees except those covered by the LEOFF 1 Retirement System in July, 1984. This workers' compensation program provides coverage identical to the state administered workers' compensation program; however, the City pays only the direct injury related costs and certain administrative fees. The program is administered by the City's Human Resources Office with claims administration and safety services provided by Intermountain Claims, Inc.

Each Operating Fund is charged an appropriate accrual amount, per employee, based on rate requirements prescribed by the State of Washington. Each year the Reserve Fund is reviewed to determine a contribution rate which provides for an appropriate reserve. Interfund premiums to the Workers' Compensation Fund for 2012 were $1,044,421. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of $507,022 at December 31, 2014.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance. This insurance is provided through Wells Fargo Insurance Services under a policy purchased from Safety National Casualty Corporation. Under the individual stop loss coverage, the City pays the first $600,000 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.

RISK MANAGEMENT PROGRAM

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 contributions to the Risk Management Reserve Fund for 2014 were $3,181,428. The fund provides for administration, legal services, and claims adjustment and for the purchase of property, general liability, and other insurance coverage.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider recent claim settlement trends, inflation, and other economic or social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate. Based on these factors, the claims manager's estimate of claims liability at December 31, 2014, is $2,310,000.

Property Insurance Coverage

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

Cities Insurance Association of Washington

The City of Yakima became an associate member of the Cities Insurance Association of Washington (CIAW) effective December 14, 2005, and became a member of CIAW effective September 1, 2010.

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2014, there are approximately 250 members in the program.

The City participates in the CIAW insurance pool administered by Canfield & Associates. The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive, and collision, equipment breakdown and crime protection, and liability, including general, automobile, and wrongful acts, are included to fit members' various needs. The City purchases property and equipment breakdown coverage separate from the pool.

The program acquires liability insurance through their Administrator, Canfield, and is subject to a per-occurrence self-insured retention of $200,000 per occurrence. Members are responsible for individual deductibles, which vary by member. The City has a $100,000 self-insured retention and the pool is responsible for claims between $100,000 and $200,000. Insurance covers insured losses over $200,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the $200,000 of the self-insured retention. The program also purchases a Stop Loss Policy to cap the total claims paid by the program in any one year.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Copies of the CIAW pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

Washington State Transit Insurance Pool

The City of Yakima Transit Division is insured for liability insurance through the Washington State Transit Insurance Pool (WSTIP). The City of Yakima Transit Division joined WSTIP on September 1, 2005.

The City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount, and public official liability coverage, subject to a deductible amount of $5,000, with the Washington State Transit Insurance Pool ("WSTIP"), Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are $12,000,000. Since joining WSTIP on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits through WSTIP.

WSTIP is a 25-member self-insurance program with public transit members who provide transit services and is located in Olympia, Washington. WSTIP supplies Yakima Transit auto liability, general liability, and public officials' liability coverage.

The Washington State Transit Insurance Pool was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member Transit Systems programs of joint self-insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the Pool after that time by giving 12 months' notice. The Pool underwriting and rate setting policies have been established after consultation with actuaries. The Pool members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited yearly by the Washington State Auditor.

WSTIP LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto liability	1/1/14 - 12/31/14	$12,000,000 per occurrence with a $0 deductible
General liability	1/1/14 - 12/31/14	$12,000,000 per occurrence with a $0 deductible
Public officials	1/1/14 - 12/31/14	$12,000,000 per claim / aggregate with a $5,000 deductible

Coverage for public official liability is on a "claims made" basis. All other coverages are on an "occurrence" basis. Changes in the balance of claims liability during 2014 follows:

UNPAID CLAIMS

	2014	2013	2012
Unpaid claims, January 1	$ 1,521,000	$ 1,219,000	$ 690,000
Incurred claims (incl IBNR's)	3,387,901	1,482,650	1,346,198
Claim payments (incl direct legal costs)	(2,598,901)	(1,180,650)	(817,198)
Unpaid claims, December 31	$ 2,310,000	$ 1,521,000	$ 1,219,000

NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES

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

LEGAL DEBT PERCENTAGE

		Limit by Section	Cumulative Limit
I. General purpose			
Without a vote (includes capital leases)	1.5%		
With a vote	1.0%	2.5%	2.5%
II. Utilities purpose		2.5%	5.0%
III. Open space and parks facilities		2.5%	7.5%
Total legal limit		7.5%	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.50% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about $5.5 billion, resulting in the debt limits, as of December 31, 2014, for the City as follows:

CUMULATIVE DEBT LIMITS

	Without a Vote	With a Vote		
	General Purpose 1.5%	General Purpose 2.5%	Utilities 5.0%	Open Space & Parks 7.5%
Legal limit	$ 82,728,973	$ 137,881,622	$ 275,763,244	$ 413,644,865
Net outstanding indebtedness	43,234,529	43,234,529	43,234,529	43,234,529
Margin available	$ 39,494,444	$ 94,647,093	$ 232,528,715	$ 370,410,336

(1) Indebtedness is the outstanding debt less cash, investments, and tax receivables available to redeem debt.

There have been no material violations of finance related legal or contractual provisions in any of the funds of the City. All bonded debt of the City is tax-exempt. We believe the City to be in compliance with applicable IRS & SEC regulations.

The accompanying schedule of long term debt provides a listing of the outstanding debt of the City and summarizes the City's debt transactions for 2014.

LONG-TERM LIABILITIES

	Balance 1/1/2014	Additions	Payments/ Retirements	Balance 12/31/2014	Amounts Due Within One Year
Governmental activities					
General obligation debt					
Bonds	$ 23,053,078	$ 13,140,000	$ 2,153,885	$ 34,039,193	$ 2,825,828
Unamortized (premium)/discount	-	1,672,310	88,683	1,583,627	-
Intergovernmental loans	3,501,035	2,863,100	237,955	6,126,180	330,427
Lease purchase agreements	5,373,764	-	799,368	4,574,396	809,500
Unfunded pension/OPEB liability	16,474,396	2,347,382	-	18,821,778	-
Compensated absences	7,307,299	382,630	-	7,689,929	-
Total gov't activities long-term liabilities	55,709,572	20,405,422	3,279,891	72,835,103	3,965,755
Business-type activities					
Revenue bonds	19,190,000	-	1,405,000	17,785,000	1,435,000
Intergovernmental loans	21,067,897	2,763,563	1,496,381	22,335,079	1,474,262
Unamortized discount/premium	906,458	-	102,717	803,741	-
Deferred charge on refunding	(546,045)	-	(56,765)	(489,280)	-
Business-type activities long-term liabilities	40,618,310	2,763,563	2,947,333	40,434,540	2,909,262
Total long term debt	$ 96,327,882	$ 23,168,985	$ 6,227,224	$113,269,643	$ 6,875,017

GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2032. The City levies a special property tax; collects motel/hotel taxes, Business License fees, utility taxes; and receives State sales tax credits and gas tax for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

On June 9, 2014 the City issued Limited Tax General Obligation Bonds (LTGO 2014A) in the principal amount of $13,140,000. The bonds sold at a premium of $1,672,310. The proceeds were used for a major arterial street improvement project in the City in which over 90 lane miles of roadway was repaired, replaced and improved along with sidewalk improvements. The bonds are being repaid with General Fund revenues as per a Charter Amendment passed by voters in 2013 to allocate $2,000,000 annually (adjusted for inflation) to street improvements. The debt is being repaid and the premium amortized over a ten year period ending June 1, 2024,

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/14	Average Annual Debt Service
Special property tax levy					
2004 Fire improvement bond - refund 1995	12/01/14	2.0% - 3.5%	$ 2,300,000	$ -	$ 294,788
Regular property tax levy					
2005 Parks capital projects	12/01/15	4.0% - 4.5%	755,000	90,000	93,463
2008 Fire ladder truck	12/01/21	3.25% - 4.0%	760,000	445,000	74,016
2013 Streets project	06/20/28	1.67%	5,000,000	4,556,529	364,656
2014 Street resurfacing project	06/01/24	3.0% - 5.0%	13,140,000	13,140,000	1,498,630
Total regular property tax levy			19,655,000	18,231,529	
Regular property tax levy/real excise tax					
2007 River Road street project bond	05/01/17	4.0% -5 .0%	1,765,000	615,000	220,394
2007 Fire station West Valley rehab bond	05/01/22	4.0% - 4.05%	815,000	500,000	73,289
2007 Downtown revitalization project bond	05/01/22	4.0% - 4.05%	1,490,000	905,000	133,259
2008 Third Ave/Mead/Walnut St project bond	12/01/19	3.25% - 4.0%	2,190,000	1,075,000	241,056
Total regular property tax levy/real excise tax			6,260,000	3,095,000	
Motel/hotel tax					
2004 Conv center expansion bond ref 1996	11/01/19	2.0% - 4.2%	4,175,000	1,830,000	413,105
Public Facilities District (state sales tax credit)					
2007 Conv center addition refund 2002	05/01/26	4.0% - 4.15%	4,910,000	4,330,000	457,025
2009 Capitol Theatre expansion	12/01/32	3.0% - 6.6%	7,035,000	5,905,000	550,209
Total Public Facilities District			11,945,000	10,235,000	
Business licenses & real estate excise tax					
2003 SunDome expansion	12/01/23	2.34%-4.72%	1,430,528	647,664	148,489
			$ 45,765,528	$ 34,039,193	

REVENUE BONDS

Water / Wastewater / Irrigation revenue bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2034. The principal and interest for the water / 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 12/31/14	Average Annual Debt Service
2004 Irrigation revenue bonds	09/01/34	2.0%-4.8%	5,215,000	4,090,000	320,062
2008 Water revenue bonds (refund 1998)	11/01/18	4.0-5.0%	1,883,951	835,000	235,080
2008 Wastewater revenue bonds	11/01/27	4.0%	5,440,000	4,095,000	413,232
2012 Wastewater rev bonds (refund 2003)	11/01/23	2.0%-5.0%	9,400,000	8,765,000	1,138,340
			$21,938,951	$ 17,785,000	

(1) See 2012 Wastewater Revenue Bonds debt service.

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

REVENUE DEBT SERVICE

	Bonded Debt	Interest	Notes & Contracts	Interest
2015	$ 1,435	$ 697	$ 1,470	$ 157
2016	1,475	654	1,462	155
2017	1,515	613	1,463	145
2018	1,575	556	1,464	135
2019	1,400	498	1,464	125
2020	1,460	441	1,465	116
2021-2025	5,855	1,309	6,755	432
2026-2030	1,930	492	4,834	215
2031-2035	1,140	140	1,958	51
	$ 17,785	$ 5,400	$ 22,335	$ 1,531

At December 31, 2014, the City had $1,808,343 in restricted net position for debt service for the enterprise funds. These are in compliance with reserve requirements as contained in the various indentures.

INTERGOVERNMENTAL LOANS AND CONTRACTUAL AGREEMENTS

The City participated in a program administered by the State's Department of Community Development on behalf of the Public Works Board. The program provides financial assistance for general government activities, such as street / bridge improvements, or proprietary activities, such as water or sewage projects. The City has several loans through the Washington State Loan Programs as described in the following chart.

During 2014, the City entered into an agreement with Yakima County to reimburse a portion of debt service that the County entered into to acquire and equip a new Public Safety Communications Center shared by county-wide 911 and City dispatch operations. The City's portion is $1,716,500 to be repaid over 20 years (through May, 2034)

with an average annual payment of $120,000. Telephone utility taxes are designated as the source of repayment. The City also borrowed $900,000 in 2014 from Yakima County's Supporting Investment in Economic Development (SIED) program, for use in a redevelopment area near the Yakima Avenue/I-82 interchange which is authorized to use a state Local Infrastructure Financing Tool (LIFT) program. This is intended to be repaid in one lump sum when the City bonds for infrastructure in the future (estimated in 2017).

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/2014
General long-term debt				
Arterial street gas tax				
PW-5-95-791-052 - Fair Avenue improvements	1.0%	07/01/15	$1,000,000	$ 53,251
PC08-951-052 - RR grade separations-Lincoln Ave/MLK Jr Blvd	0.5%	07/01/28	3,000,000	2,161,403
Real estate excise tax				
L1000030-0 - Grade separation stormwater drainage	2.9%	07/01/34	1,229,295	1,229,295
General fund sales tax				
CERB loan #C95-107 - Utilities-Madison Ave. and 8th, "J" St & 8th	5.5%	07/01/16	425,448	65,731
General fund telephone utility tax - Yakima County				
City portion of 911 call dispatch center	2.0-3.5%	05/01/34	1,716,500	1,716,500
Local Infrastructure Financing Tool (LIFT) sale tax credit				
2014 Yakima County SIED loan	2.4%	06/01/17	900,000	900,000
Sub-total general long-term debt				6,126,180
Revenue debt				
Wastewater operating revenue				
PW-5-95-791-053 - Headworks/digester rehabilitation	1.0%	07/01/15	3,030,558	163,374
PW-5-95-791-054 - WW improvements King Street collector	1.0%	07/01/15	209,367	11,685
PW-01-691-071 - Fruitvale neighborhood WW/Water project ph I	0.5%	07/01/21	1,466,250	543,375
PW-05-691-064 - River Road wastewater improvement	0.5%	07/01/25	2,307,000	1,366,704
PW-07-962-019 - Ultra violet disinfection	0.5%	07/01/27	2,300,000	1,578,056
PC12-951-065 Wastewater treatment plant	0.5%	06/01/32	5,000,000	4,574,345
PC13-961-059 Industrial Wastewater anaerobic	0.5%	06/01/32	2,000,000	1,894,737
L11000008 - Wastewater energy efficiency project	2.8%	03/31/33	516,192	499,475
L1200019 - Ind waste anaerobic-methane utilitzation/energy cons	2.6%	07/01/34	421,132	421,132
Water operating revenue				
PW-03-027 - Naches river water treatment plant improvement	0.5%	07/01/23	2,559,775	1,212,525
SRF-04-65104-037 - Naches River water treatment filter rehab	0.5%	10/01/25	884,808	508,227
PC08-951-051 - New water well	0.5%	07/01/28	2,257,200	1,696,084
PC13-961-074 Automated meter reading system	0.5%	07/01/33	5,000,000	4,736,842
DM11-952-038 - Design water treatment plant lagoon	1.5%	10/01/35	3,128,520	3,128,520
Sub-total revenue debt				22,335,081
Total intergovernmental loans				$28,461,261

The Public Works Trust Fund loans have a term not to exceed twenty years and require 1/19th of the original principal plus interest to be paid each July 1st. These are subordinate to utility systems' parity debt and do not require a full faith and credit pledge.

The following schedule sets forth the general obligation debt and intergovernmental loans and contracts, debt service requirements including interest, to maturity (in thousands).

GENERAL OBLIGATION DEBT SERVICE

	Bonded Debt	Interest	Notes & Contracts	Interest
2015	$ 2,826	$ 1,639	$ 320	$ 133
2016	3,067	1,294	303	102
2017	3,187	1,188	1,171	165
2018	3,070	1,081	277	92
2019	3,103	970	279	87
2020	2,625	856	280	83
2021-2025	11,909	2,578	1,482	333
2026-2030	3,328	735	1,296	194
2031-2035	925	92	719	55
	$ 34,040	$ 10,433	$ 6,127	$ 1,244

At December 31, 2014, the City had $229,760 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.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

Debt service requirements for special assessment notes are met by assessments levied against property owners. Special assessment debts are notes that are due as moneys become available from payments on individual assessments.

OUTSTANDING SPECIAL ASSESSMENT DEBT

LID #1056; 12/17/2015 Wastewater	$ 2,742
South 7th, 8th, & 9th Avenue installment note, 8.75% interest	
LID #1057; 05/01/2016 Wastewater	19,300
North 84th Avenue & Hawthorne Drive - inst note, 9.25% interest	
LID #1058; 05/01/2016 Wastewater	12,402
North 90th Avenue, 94th Place, Yakima Ave - inst note, 9.25% interest	
LID #1060; 06/01/2020 Wastewater	79,045
North 85th Avenue & Kail Drive- installment note, 5.50% interest	
LID #1061; 04/15/2020 Wastewater	229,438
Simpson Lane - installment note, 5.50% interest	
	$342,927

Debt service requirements for special assessment notes/bonds are met by assessments levied against property owners. Pursuant to RCW 35.54, the City maintains a Local Improvement Guarantee Fund for the purpose of guaranteeing, to the extent of the fund, the payments of its LID bonds. The fund balance at December 31, 2014, of the LID Guarantee Fund totaled $25,264.

LEASE PURCHASE AGREEMENTS

General Capital Assets

As part of the City's capital equipment budgeting program, selected items are obtained via lease purchase and municipal lease/deferred purchase plans. Since the leases are financing agreements which transfer

ownership to the City at the end of the lease term, the City records the present value of future lease payments as a capital outlay expenditure and as an offset to other financial sources in the year that the asset is received. The present value of payments due in future periods is shown as a liability in the financial statements and the cost of the asset is recorded in the financial statements.

On March 19, 2013 the City of Yakima borrowed $310,414 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase one Fire apparatus, approved by City Council on December 4, 2012. The certificates of participation have an all-inclusive financing cost of 1.93% and will be repaid annually over the next 10 years out of General Fund.

On August 16, 2013 the City of Yakima borrowed $4,632,792 from Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase 74 Police vehicles for expansion of the assigned Police vehicle program approved by City Council on June 4, 2013. The certificates of participation have an all-inclusive financing cost of 1.619% and will be repaid annually over the next 6 years out of General Fund.

LEASED EQUIPMENT

Two fire apparatus	$ 366,732
One fire apparatus	284,905
74 Police vehicles; 70 airpacks for fire service	3,922,760
Total	$ 4,574,397

The following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at December 31, 2014, for the fiscal year listed:

LEASE PAYMENTS

Due in 2015	$ 985,109
Due in 2016	985,109
Due in 2017	985,109
Due in 2018	985,109
Due in 2019	985,109
Due in 2020-2023	226,821
Total minimum lease payments	5,152,366
Less: Amount representing interest	577,971
Present value of minimum lease payments	$ 4,574,395

UNFUNDED POST EMPLOYMENT BENEFIT LIABILITIES

The City maintains two single employer defined benefit pension plans, Firemen's Pension and Police Pension, which are closed systems, covering Firemen and Police Officers hired prior to March 1, 1970. Both plans had their first annual actuarial valuation as of March 31, 1989. The required contributions identified in this and subsequent studies were the basis for recording the unfunded pension liability since 1989, with the most recent study performed as of January 1, 2012.

Starting in 2008, the City implemented GASB 45 for Other Post-Employment Benefits (OPEB), and initial actuarial evaluations were performed as of January 1, 2008. By State statute, the City is required to provide healthcare 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 1/1/14	Additions	Balance 12/31/14
Police pension	$ 5,034,474	$ (49,839)	$ 4,984,635
OPEB Fire - medical	4,555,668	1,036,276	5,591,944
OPEB Police - medical	3,856,106	864,621	4,720,727
OPEB Non-LEOFF - medical	3,028,148	496,324	3,524,472
Total	$16,474,396	$2,347,382	$18,821,778

Both the Police Pension and Police OPEB are paid out of a department in the General Fund. The Fire OPEB is paid through the Firemen's pension trust 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 by comparing actual expenditures for benefits to the actuarially determined contribution.

See Note 5 for additional information on the pension funds, and Note 11 for additional information on Other Post-Employment Benefits.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

SECTION 108 LOAN PROGRAM

In 2003, the City was authorized to administer a Housing and Urban Development (HUD) Section 108 Loan program. HUD has authorized the City to lend up to a maximum of $6.945 million in two separate loan pools ($4 million in 2003 and $2.945 million in 2005). These federal loans are available for the purpose of funding property rehabilitation for economic development activities that will create new jobs within the target area. As of December 31, 2014, the City has approved all its authorized maximum Section 108 loans of $6.945 million. The nature of this program is the City approves qualified projects for the loan within HUD guidelines and acts as a conduit for HUD funds. The loan proceeds flow directly to the ultimate Corporate Borrower. Payments flow from the Corporate Borrower to the City's Custodian and then to HUD. The loans are on an amortization schedule from 10 years to 25 years. The HUD contract specifically provides that the loans are not full faith and credit obligations of the City, but instead, future Community Development Block Grant (CDBG) allocations are pledged on these loans. The City has entered into agreements to collateralize their position within HUD underwriting guidelines. In 2005, one of the loans was defeased and another defeased in 2009. Additionally, the City has been awarded a $1 million Economic Development Initiative (EDI) grant from HUD as a protection in case of a default. As of December 31, 2014, there is only one HUD 108 loan remaining.

POTENTIAL LITIGATION

The City is a defendant in various legal actions and claims that arise during the normal course of business, some of which, but not all, are covered by insurance. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable and, in the opinion of City management, the final outcome of these matters, taken individually or in the aggregate, are not expected to have a material adverse effect on the governmental operations or financial position of the City. The City has provided for reserves to

address these matters, which include but are not limited to, lawsuits described below. City management believes these reserves and/or insurance are adequate to cover such matters.

The City is a party to a lawsuit in federal court in Case No. 12-CV-3108-TOR where the plaintiffs claimed that the City is in violation of Section 2 of the federal Voting Rights Act and requested redistricting. The plaintiffs requested injunctive and declaratory relief under Section 2 of the Voting Rights Act, 42 U.S.C. § 1973. Plaintiffs did not request damages other than in the form of the attorneys' fees and costs that could be awarded by the court if they prevailed on their claim. On August 22, 2014, Judge Thomas O. Rice entered an "Order on Cross-Motions for Summary Judgment" in which he granted plaintiffs' motion for summary judgment and concluded that plaintiffs had established liability. On February 17, 2015, Judge Rice issued an Order pursuant to Section 2 of the Voting Rights Act requiring Yakima to implement a new system for electing Councilmembers. Under this system, there are seven district positions and no at-large positions, and only the registered voters within a district can vote for candidates in the primary and general election for the district position. On March 16, 2015, the City filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit (Case No. 15-35309). On March 3, 2015, the plaintiffs filed a motion for attorneys' fees and expenses and requested (1) $2,443,601 in attorneys' fees, and (2) $399,005.25 in litigation expenses. On March 17, 2015, the defendants filed a response and objection to the amount of the attorneys' fees and expenses requested. On June 19, 2015, Judge Thomas O. Rice issued an Order in which plaintiffs were awarded $1,521,911.50, and expenses in the amount of $320,461.26. The case is on appeal.

The City is a party to a lawsuit in federal court in Case No. 13-CV-3012-TOR where the plaintiff alleges his constitutional rights were violated by City police as a result of felony charges, his conviction in 1996 and subsequent imprisonment. The plaintiff brought a claim after a second trial in 2010 where he was acquitted. The City and a police officer are codefendants, and the plaintiff claims damages in the approximate amount of $20 million plus fees and costs. On July 7, 2014, Judge Thomas O. Rice dismissed the case with prejudice. On August 1, 2014, the plaintiff filed a Notice of Appeal, and the case is pending before the U.S. Court of Appeals for the Ninth Circuit in Case No. 14-35651. The briefs have been filed, and the oral argument is scheduled for September 4, 2015 before the Ninth Circuit.

The City is a party in a lawsuit in Yakima County Superior Court Case No. 10-2-00989-1 for wrongfully evicting a tenant of the Yakima Air Terminal, a City-owned municipal airport that had previously been co-owned by the City and Yakima County. On December 10, 2013, the Washington State Court of Appeals issued its opinion that the tenant was improperly evicted. The alleged successor to the tenant claims damages in excess of $7 million, plus fees, costs, interest and treble damages. Another entity identifying itself as a secured creditor to the tenant has filed a claim for $3,408,478.72, plus fees, costs, interest and other unliquidated damages against the City and the County, and subsequently filed a lawsuit in Yakima County Superior Court Case No. 14-2-00967-3. It is unknown when a judgment for damages, if any, will be entered. Any such damages would be allocated equally between the City and the County. Yakima Air Terminal-McAllister Field, the City of Yakima, and the County of Yakima tendered defense and indemnity of the Yakima Air Terminal litigation to their insurers, ACE Property & Casualty Insurance Company and Westchester Surplus Lines Insurance Company. Both insurers are defending the claims under reservation of rights, and both have filed declaratory judgment actions in U.S. District Court for the Eastern District of Washington challenging their duties to defend and indemnify any settlement or judgment in the Yakima Air Terminal litigation. Those insurance coverage lawsuits are pending in *ACE Property and Casualty Insurance Company v. Yakima Air Terminal - McAllister Field; M.A. West Rockies Corporation; Langdon Family Revocable Trust, assignee of M.A. West Rockies Corporation; Byron and Alice Lockwood Foundation*, Case No. CV-3002-RMP, and *Westchester Surplus Lines Insurance Company v. Yakima Air Terminal McAllister Field; City of Yakima; and County of Yakima*, Case No. CV-3021-TOR.

NOTE 9 – FUND BALANCE CLASSIFICATION

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The following is a schedule of the ending fund balance as of December 31, 2014.

FUND BALANCE

Fund Balance	General Fund	Streets Capital	Other Gov't Funds	Total
Nonspendable				
Permanent fund	$ -	$ -	$ 632,022	$ 632,022
Restricted				
Emergency services	-	-	208,306	208,306
Arterial street const & maint	-	-	1,367,587	1,367,587
Housing & economic dev	-	-	915,462	915,462
Public safety	-	-	1,046,262	1,046,262
Debt service	-	-	229,760	229,760
Capital improvements	-	-	4,342,287	4,342,287
Tourism, conv & bus impr	-	-	1,342,931	1,342,931
Total restricted	-	-	9,452,595	9,452,595
Committed				
Community relations	-	-	603,473	603,473
Economic development	-	-	2,668,747	2,668,747
Parks and recreation	-	-	530,607	530,607
Streets maintenance	-	-	1,008,036	1,008,036
Debt service	-	-	15	15
Other purposes	-	-	191,109	191,109
Tourism, conv & bus impr	-	-	108,568	108,568
Total committed	-	-	5,110,555	5,110,555
Assigned				
Parks and recreation	-	-	253,224	253,224
Arterial street const & maint	-	931,057	-	931,057
Public safety	-	-	1,672,100	1,672,100
Debt service	-	-	33,997	33,997
Tourism, conv & bus impr	-	-	144,473	144,473
Total assigned	-	931,057	2,103,794	3,034,851
Unassigned	7,873,756	-	-	7,873,756
Total fund balance	$ 7,873,756	$ 931,057	$ 17,298,966	$ 26,103,779

WATER AND WASTEWATER UTILITIES

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

SYSTEM INFORMATION

	Water / Wastewater	Irrigation
Condensed statement of net position		
Assets		
Current assets	$ 18,219,766	$ 1,990,895
Restricted assets	1,773,531	34,812
Capital assets	128,719,472	18,472,125
Total assets	148,712,769	20,497,832
Liabilities		
Current liabilities	6,516,164	360,296
Noncurrent liabilities	33,650,579	3,874,704
Total liabilities	40,166,743	4,235,000
Net position		
Invested in capital assets, net of related debt	91,800,351	14,467,422
Restricted	1,773,531	34,812
Unrestricted	14,972,144	1,760,599
Total net position	$ 108,546,026	$ 16,262,832
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges for services	$ 30,064,750	$ 3,147,910
Other operating revenues	56,885	-
Total operating revenues	30,121,635	3,147,910
Operating expenses		
Operations and maintenance	15,066,820	1,455,958
In lieu taxes	5,641,365	-
Depreciation	5,379,892	374,133
Total operating expenses	26,088,077	1,830,091
Operating income (loss)	4,033,558	1,317,819
Nonoperating revenues (expenses)		
Miscellaneous interest (net)	(805,427)	(227,196)
Other Nonoperating (net)	164,306	4
Total Nonoperating revenues (expenses)	(641,121)	(227,192)
Income (loss) before contributions and transfers	3,392,437	1,090,627

	Water / Wastewater	Irrigation
Capital contributions	2,913,150	-
Operating transfers (net)	(1,154,465)	(20,000)
Change in net position	5,151,122	1,070,627
Total net position - January 1	103,394,906	15,192,205
Total net position - December 31	$ 108,546,028	$ 16,262,832
Condensed statement of cash flows		
Net cash provided (used)		
Operating activities	$ 7,271,780	$ 1,595,919
Capital and related financing activities	(6,770,522)	(1,205,559)
Investing activities	(2,556,338)	(518,250)
Net increase (decrease)	(2,055,080)	(127,890)
Beginning cash and cash equivalents	3,551,118	249,564
Ending cash and cash equivalents	$ 1,496,038	$ 121,674

NOTE 11 – OTHER POSTEMPLOYMENT BENEFIT PLANS

BENEFITS OTHER THAN PENSION BENEFIT

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 2014, the costs totaled $554,617 for the Firemen's Pension which has a total of 69 participants currently eligible to receive benefits and $669,604 for the Police Pension which has a total of 62 participants currently eligible to receive benefits.

In 2008 the City engaged Milliman USA Consultants and Actuaries to perform the first actuarial valuation of other postemployment benefits (OPEB) obligations for LEOFF I Fire/Police and Non-LEOFF I employees, in accordance with GASB 45. The valuation was updated in 2012.

LEOFF I EMPLOYEES

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.

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

Eligibility
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.

Retiree Premiums

Funding Policy – Funding for LEOFF retiree healthcare 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.

Annual OPEB Cost and Net OPEB Obligation – The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2012. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net Fire and Police OPEB obligation of $10,312,671 is included as a noncurrent liability on the Statement of Net Position.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF

	Fire		
	2012	2013	2014
Annual required contribution (ARC)			
Annual normal cost	$ 45,837	$ 45,837	$ 45,837
Amortization of UAAL	1,584,900	1,584,900	1,584,900
Interest	65,229	65,229	65,229
ARC at EOY	1,695,966	1,695,966	1,695,966
Interest on net OPEB obligation	96,230	139,481	182,227
Adjustment to ARC	144,732	214,626	287,300
Annual OPEB cost	1,647,464	1,620,821	1,590,893
Employer contributions	566,185	552,171	554,617
Change in net OPEB obligation	1,081,279	1,068,650	1,036,276
Net beginning OPEB obligation	2,405,739	3,487,018	4,555,668
Net OPEB obligation	$3,487,018	$4,555,668	$5,591,944

	Police		
	2012	2013	2014
Annual required contribution (ARC)			
Annual normal cost	$ 19,732	$ 19,732	$ 19,732
Amortization of UAAL	1,541,006	1,541,006	1,541,006
Interest	62,430	62,430	62,430
ARC at EOY	1,623,168	1,623,168	1,623,168
Interest on net OPEB obligation	82,362	121,238	154,244
Adjustment to ARC	123,874	186,554	243,182
Annual OPEB cost	1,581,656	1,557,852	1,534,230
Employer contributions	609,767	732,690	669,604
Change in net OPEB obligation	971,889	825,162	864,626
Net beginning OPEB obligation	2,059,050	3,030,939	3,856,101
Net OPEB obligation	$3,030,939	$3,856,101	$4,720,727

Funded Status and Funding Progress – As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was $51,959,000 and the actuarial value of the assets was $0, resulting in a UAAL of $51,959,000. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation is shown in the following chart.

OPEB CONTRIBUTIONS – LEOFF

	Valuation Date	Annual OPEB Cost	Percent of OPEB Contributed	Net OPEB Obligation
Fire	12/31/12	$1,647,464	34.3%	$3,487,018
	12/31/13	1,620,821	34.0%	4,555,668
	12/31/14	1,590,893	35.0%	5,591,944
Police	12/31/12	$1,581,656	38.5%	$3,030,939
	12/31/13	1,557,852	47.0%	3,856,101
	12/31/14	1,534,230	44.0%	4,720,727

NON-LEOFF I EMPLOYEES

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.

Eligibility

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

Only people under age 65 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.

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees paid $651.54 per month for pre-65 Medical coverage for 2014. If a retiree chooses to cover his spouse and/or eligible family an amount of $464.69 per month for pre-65 Medical coverage was paid in 2014.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement

45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2012. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – NON-LEOFF

	Non-LEOFF		
	2012	**2013**	**2014**
Annual required contribution (ARC)			
Annual normal cost	$ 469,157	$ 469,157	$ 469,157
Amortization of UAAL	471,818	471,818	471,818
Interest	37,639	37,639	37,639
ARC at EOY	978,614	978,614	978,614
Interest on net OPEB obligation	75,454	99,355	121,126
Adjustment to ARC	113,484	152,883	190,968
Annual OPEB cost	940,584	925,086	908,772
Employer contributions	343,042	380,818	412,448
Change in net OPEB obligation	597,542	544,268	496,324
Net beginning OPEB obligation	1,886,338	2,483,880	3,028,148
Net OPEB obligation	$2,483,880	$3,028,148	$3,524,472

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is shown in the following chart.

OPEB CONTRIBUTIONS – NON-LEOFF
(Amount Expressed in Thousands)

	Valuation Date	Annual OPEB Cost	Percent of OPEB Contributed	Net OPEB Obligation
Non-LEOFF	12/31/12	$ 940,584	36.5%	$ 2,483,880
	12/31/13	925,086	41.0%	3,028,148
	12/31/14	908,772	45.0%	3,524,472

Actuarial Methods and Assumptions

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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 4.0% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Medical trend assumptions range from 6.2% for 2014 dropping gradually to 5.6% in 2024 and beyond.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2008 was 30 years.

Funded Status and Funding Progress
As of January 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was $7.8 million, and the actuarial value of assets was $0, resulting in a UAAL of $7.8 million. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 12 – OTHER DISCLOSURES

RELATED PARTIES
The Yakcorps (632) fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. An Interlocal Agreement provides for the structure, governance, operations and funding of the Consortium and its activities. Per the Agreement, the City of Yakima acts as fiscal agent for the Consortium.

RECLASSIFICATION OF DEFERRED INFLOWS OF RESOURCES
In 2013 the City implemented Governmental Accounting Standards Board (GASB) Statement 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Delinquent property taxes receivable which should have been reported as unavailable revenue under the classification of deferred inflows of resources on the Governmental Funds Balance Sheet were inadvertently accrued as revenue and reported as part of the ending fund balance. Beginning fund balances are therefore restated on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to reflect the actual beginning fund balances for 2014.

CHANGE IN ACCOUNTING ENTITY
The Streets Capital fund (344) was added in 2014 and is used to account for the 2013 voter supported investment of $2 million annually into streets projects.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions – This section includes pension and OPEB (Other Postemployment Benefits Plan) contributions for Police and Fire, along with OPEB information for non-LEOFF (Law Enforcement Officers and Fire Fighters) contributions.

Schedule of Funding Progress – Includes OPEB and pension funding progress

SCHEDULE OF EMPLOYER CONTRIBUTION

December 31, 2014

POLICE PENSION

Fiscal Year Ending	Actual Employer Contributions Taxes	Medical Benefit Payments and Admin Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/09	$1,316,310	$742,965	$573,345	$546,180	105.0%
12/31/10	1,368,431	783,984	584,447	546,180	107.0%
12/31/11	1,471,511	844,804	626,707	546,180	114.7%
12/31/12	1,264,681	629,237	635,444	550,743	115.4%
12/31/13	1,344,773	735,550	609,223	550,743	110.6%
12/31/14	1,193,161	681,278	511,883	477,994	107.1%

POLICE OPEB

	Actual Employer Contributions Taxes	Medical Benefit Payments	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/09	$725,561	$725,561	$725,561	$1,298,388	55.9%
12/31/10	779,481	779,481	779,481	1,298,388	60.0%
12/31/11	840,870	840,870	840,870	1,298,388	64.8%
12/31/12	609,766	609,766	609,766	1,623,168	37.6%
12/31/13	732,690	732,690	732,690	1,623,168	45.1%
12/31/14	669,604	669,604	669,604	1,623,168	41.3%

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

SCHEDULE OF EMPLOYER CONTRIBUTION

December 31, 2014

FIRE PENSION

Fiscal Year Ending	Actual Employer Contributions Taxes & Fire Insurance Premiums	Medical Benefit Payments and Admin Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/09	$1,487,075	$796,765	$690,310	$563,583	122.5%
12/31/10	1,575,935	825,933	750,002	563,583	133.1%
12/31/11	1,480,800	822,612	658,188	563,583	116.8%
12/31/12	1,381,576	595,880	785,696	525,501	149.5%
12/31/13	1,278,539	593,090	685,449	525,501	130.4%
12/31/14	1,275,077	617,441	657,636	458,958	143.3%

FIRE OPEB

Fiscal Year Ending	Actual Employer Contributions Taxes	Medical Benefit Payments	Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/09	$724,291	$724,291	$724,291	$1,365,282	53.1%
12/31/10	785,124	785,124	785,124	1,365,282	57.5%
12/31/11	781,717	781,717	781,717	1,365,282	57.3%
12/31/12	566,185	566,185	566,185	1,695,966	33.4%
12/31/13	552,171	552,171	552,171	1,695,966	32.6%
12/31/14	554,617	554,617	554,617	1,695,966	32.7%

NON-LEOFF OPEB

Fiscal Year Ending	Actual Employer Contributions Taxes	Medical Benefit Payments	Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/09	$371,940	$371,940	$371,940	$870,610	42.7%
12/31/10	391,940	391,940	391,940	870,610	45.0%
12/31/11	427,796	427,796	427,796	870,610	49.1%
12/31/12	343,042	343,042	343,042	978,614	35.1%
12/31/13	380,818	380,818	380,818	978,614	38.9%
12/31/14	412,448	412,448	412,448	978,614	42.1%

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

SCHEDULE OF FUNDING PROGRESS

December 31, 2014

Amounts Expressed in Thousands

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police OPEB	01/01/08	$0	$23,007	$23,007	0.0%	n/a	n/a
	01/01/12	0	25,615	25,615	0.0%	n/a	n/a
Fire OPEB	01/01/08	0	24,295	24,295	0.0%	n/a	n/a
	01/01/12	0	26,344	26,344	0.0%	n/a	n/a
Non-LEOFF OPEB	01/01/08	0	7,003	7,003	0.0%	n/a	n/a
	01/01/12	0	7,843	7,843	0.0%	n/a	n/a

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Fire Pension	01/01/08	646	9,935	9,289	7.00%	0	0.00%
	01/01/12	795	8,168	7,373	10.00%	0	0.00%
	01/01/14	941	7,099	6,158	13.00%	0	0.00%
Police Pension	01/01/08	0	9,002	9,002	0.00%	0	0.00%
	01/01/12	0	7,726	7,726	0.00%	0	0.00%
	01/01/14	0	6,413	6,413	0.00%	0	0.00%

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Assets					
Cash & cash equivalents	$ 2,687,480	$ 263,772	$ 2,464,790	$ 33,482	$ 5,449,524
Cash with fiscal agent	36,065	-	148,030	-	184,095
Investments	5,000,812	-	6,801,792	598,540	12,401,144
Receivables					
Taxes	291,443	-	-	-	291,443
Customer accounts	445,388	-	65	-	445,453
Assessments	-	342,927	-	-	342,927
Notes & contracts	4,387,615	-	-	-	4,387,615
Due from other governments	388,387	-	1,926	-	390,313
Inventories & prepayments	329,290	-	-	-	329,290
Total assets	$ 13,566,480	$ 606,699	$ 9,416,603	$ 632,022	$ 24,221,804
Liabilities, deferred inflows of resources & fund balances					
Liabilities					
Accounts payable	$ 398,325	$ -	$ 217,889	$ -	$ 616,214
Salaries & benefits payable	891,301	-	1,657	-	892,958
Custodial accounts	546,365	-	-	-	546,365
Other liabilities	76,690	-	-	-	76,690
Total liabilities	1,912,681	-	219,546	-	2,132,227
Deferred inflows of resources					
Deferred special assessments	4,447,684	342,927	-	-	4,790,611
Total deferred inflows of resources	4,447,684	342,927	-	-	4,790,611
Fund balances					
Nonspendable	-	-	-	632,022	632,022
Restricted	4,880,548	229,760	4,342,287	-	9,452,595
Committed	2,325,567	15	2,784,973	-	5,110,555
Assigned	-	33,997	2,069,797	-	2,103,794
Total fund balances	7,206,115	263,772	9,197,057	632,022	17,298,966
Total liabilities, deferred inflows and fund balances	$ 13,566,480	$ 606,699	$ 9,416,603	$ 632,022	$ 24,221,804

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

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

For the Year Ended December 31, 2014

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Revenues					
Taxes and assessments	$ 8,789,388	$ 536,300	$ 3,052,106	$ -	$ 12,377,794
Licenses and permits	649,605	-	-	-	649,605
Intergovernmental revenues	4,122,706	101,001	2,626,174	-	6,849,881
Charges for services	4,254,216	-	-	9,126	4,263,342
Interest	36,970	6,316	4,500	12,000	59,786
Other revenue	2,635,136	47,603	2,187,670	-	4,870,409
Total revenues	20,488,021	691,220	7,870,450	21,126	29,070,817
Expenditures					
Current					
General government	909,264	-	324,078	-	1,233,342
Public safety	4,274,887	-	519,711	-	4,794,598
Utilities	255,443	-	-	-	255,443
Transportation	4,533,467	-	410,300	-	4,943,767
Economic environment	2,559,858	-	69,783	-	2,629,641
Public health services	584,969	-	-	-	584,969
Culture & recreation	5,295,795	-	315,918	-	5,611,713
Capital outlay					
General government	-	-	177,140	-	177,140
Security of persons and property	6,043	-	585,851	-	591,894
Transportation	1,581,598	-	5,611,494	-	7,193,092
Economic environment	34,652	-	1,228,911	-	1,263,563
Culture & recreation	67,173	-	104,331	-	171,504
Debt service					
Principal	53,251	2,246,923	154,386	-	2,454,560
Interest and related charges	533	947,192	11,579	-	959,304
Total expenditures	20,156,933	3,194,115	9,513,482	-	32,864,530
Excess (deficiency) of revenues over (under) expenditures	331,088	(2,502,895)	(1,643,032)	21,126	(3,793,713)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	1,067,145	-	1,067,145
Transfers in	2,583,610	2,281,219	1,978,885	-	6,843,714
Transfers out	(3,325,593)	(13,705)	(576,825)	(12,000)	(3,928,123)
Gain (loss) on capital assets	16,721	-	27,469	-	44,190
Total other financing sources (uses)	(725,262)	2,267,514	2,496,674	(12,000)	4,026,926
Net change in fund balances	(394,174)	(235,381)	853,642	9,126	233,213
Fund balances - January 1	7,654,940	509,962	8,343,415	622,896	17,131,213
Reclassification of deferred revenue	(54,651)	(10,809)	-	-	(65,460)
Fund balances - December 31	$ 7,206,115	$ 263,772	$ 9,197,057	$ 632,022	$ 17,298,966

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

Community 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.

Cable TV Communications Fund (125) – Created by Ordinance No. 2510 in 1981 to pay expenses incurred by the City in administering Cable TV franchises for Cable TV operators doing business in the City and formulate community access television programming.

Parks and Recreation Fund (131) – Accounts for the Metropolitan Park District which was made a part of the General Fund in 1970 by Ordinance 1276. In 1971 it became a separate fund primarily supported by program fees and tax levies.

Street Fund (141) – While not a self-supporting fund, it is required to be a separate fund for the purpose of accounting for the disbursement of the Motor Vehicle Fuel Tax revenues paid by the State of Washington to the City. Primarily, the fund is used for maintenance of existing City streets and traffic signalization, supported by a portion of the gas tax and an allocation of property taxes.

Arterial Street Fund (142) – Created for the purpose of maintaining existing arterial streets and constructing new arterial streets out of moneys provided by the State from the one-half cent per gallon gas tax levied by the State for this purpose.

Cemetery Fund (144) – A self-supporting fund for the operation of the Tahoma Cemetery. Revenues are provided through the sale of grave sites and other services; it receives interest from Cemetery Trust Fund investments. Disbursements from this fund are for all expenses for the care of lots, blocks or parts thereof under endowment or annual care.

Emergency Services Fund (150) – Established in 1991 when a special property tax levy was approved by the voters to provide for emergency medical services.

Public Safety Communications Fund (151) – Created in 1996 to consolidate 9-1-1 call taking and public safety dispatch both for Yakima County and the City. This is supported by 9-1-1 and dispatching contracts with neighboring jurisdictions, and telephone utility tax transferred from the General Fund.

Police Grants (152) – The Police Grants Fund was created in 2009 to account for supplemental police grant-funded programs, including the COPS Hiring Recovery Program. Additionally, the City/County Narcotics Unit (CCNU) was dissolved in the fall of 2009; therefore, the City's portion of drug related seized and forfeited assets will be managed through this fund.

Parking and Business Improvement 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.

NONMAJOR SPECIAL REVENUE FUNDS

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

Front Street Business Improvement 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 Fund (170) – Established in 1978 and centralizes all City expenditures for the support of tourist and convention activities and publicity, including operational expenses of the city-owned Convention Center.

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

Public Facilities District – Convention Center (172) – Created in 2002 to account for the revenues received from the Yakima Regional Public Facilities District, which was established to expand the local convention center.

Tourism Promotion Area (173) – Created in 2005 by a self-assessment of the lodging industry to fund activities designed to increase tourism and convention business within Yakima County.

Public Facilities District – Capitol Theatre (174) – Created in 2009 to account for the revenues received from the Yakima Regional Public Facilities District, which was established for the expansion of the Capitol Theatre.

Capitol Theatre Reserve Fund (198) – Established in 1981 using the $1,000,000 proceeds of an insurance settlement. The fund has been maintained as a General Contingency Reserve. Interest earnings are allocated to fund a Depreciation Reserve for the Capitol Theatre.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2014

	Economic Dev	Community Dev	Cable TV	Parks & Recreation	Streets
Assets					
Cash & cash equivalents	$ 34,553	$ 43,074	$ 488,929	$ 62,690	$ 138,617
Cash with fiscal agent	-	-	-	9,279	17,287
Investments	617,682	768,220	-	660,497	922,051
Receivables					
Taxes	-	-	-	-	-
Customer accounts	-	111,401	156,444	9,044	1,020
Notes & contracts	-	4,387,615	-	-	-
Due from other governments	-	-	-	-	-
Inventories & prepayments	-	-	-	-	329,290
Total assets	$ 652,235	$ 5,310,310	$ 645,373	$ 741,510	$ 1,408,265
Liabilities, deferred inflows of resources & fund balances					
Liabilities					
Accounts payable	$ 6,000	$ 40,661	$ 145	$ 22,583	$ 144,172
Salaries & benefits payable	14,438	50,051	41,754	172,021	256,057
Custodial accounts	546,365	-	-	-	-
Other liabilities	-	-	-	8,879	-
Total Liabilities	566,803	90,712	41,899	203,483	400,229
Deferred inflows of resources					
Assessments	-	4,389,568	-	7,420	-
Total deferred inflows of resources	-	4,389,568	-	7,420	-
Fund balances					
Restricted	85,432	830,030	-	-	-
Committed	-	-	603,474	530,607	1,008,036
Total fund balances	85,432	830,030	603,474	530,607	1,008,036
Total liabilities, deferred inflows and fund balances	$ 652,235	$ 5,310,310	$ 645,373	$ 741,510	$ 1,408,265

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, 2014

	Arterial Streets	Cemetery	Emergency Services	Pub Safety Comm	Police Grants
Assets					
Cash & cash equivalents	$ 54,685	$ 71,567	$ 297,474	$ 88,496	$ 183,686
Cash with fiscal agent	-	-	9,499	-	-
Investments	977,568	-	-	1,054,794	-
Receivables					
Taxes	-	-	53,315	-	-
Customer accounts	-	6,182	-	101	3,855
Notes & contracts	-	-	-	-	-
Due from other governments	388,387	-	-	-	-
Inventories & prepayments	-	-	-	-	-
Total assets	$ 1,420,640	$ 77,749	$ 360,288	$ 1,143,391	$ 187,541
Liabilities, deferred inflows of resources & fund balances					
Liabilities					
Accounts payable	$ 53,053	$ 191	$ 2,191	$ 38,870	$ 449
Salaries & benefits payable	-	15,000	96,476	232,995	12,356
Custodial accounts	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities	53,053	15,191	98,667	271,865	12,805
Deferred inflows of resources					
Assessments	-	6,182	53,315	-	-
Total deferred inflows of resources	-	6,182	53,315	-	-
Fund balances					
Restricted	1,367,587	-	208,306	871,526	174,736
Committed	-	56,376	-	-	-
Total fund balances	1,367,587	56,376	208,306	871,526	174,736
Total liabilities, deferred inflows and fund balances	$ 1,420,640	$ 77,749	$ 360,288	$ 1,143,391	$ 187,541

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, 2014

Parking & Bus Impr	Trolley	Front St Bus Impr	Tourist Promotion	Capitol Theatre	PFD Conv Ctr	Tourism Promo Area	PFD Cap Thtr	Capitol Thtr Res	Total
$ 19,643	$ 105,023	$ 4,465	$ 297,134	$ 29,676	$ 422,203	$ 59,596	$ 177,401	$ 108,568	$ 2,687,480
-	-	-	-	-	-	-	-	-	36,065
-	-	-	-	-	-	-	-	-	5,000,812
-	-	-	158,916	-	-	79,212	-	-	291,443
-	-	-	157,341	-	-	-	-	-	445,388
-	-	-	-	-	-	-	-	-	4,387,615
-	-	-	-	-	-	-	-	-	388,387
-	-	-	-	-	-	-	-	-	329,290
$ 19,643	$ 105,023	$ 4,465	$ 613,391	$ 29,676	$ 422,203	$ 138,808	$ 177,401	$ 108,568	$ 13,566,480
$ 14,402	$ 7,053	$ -	$ 4,999	$ 2,417	$ 978	$ 59,181	$ 978	$ -	$ 398,323
-	86	-	67	-	-	-	-	-	891,301
-	-	-	-	-	-	-	-	-	546,365
-	-	-	67,811	-	-	-	-	-	76,690
14,402	7,139	-	72,877	2,417	978	59,181	978	-	1,912,679
(7,167)	-	(1,634)	-	-	-	-	-	-	4,447,684
(7,167)	-	(1,634)	-	-	-	-	-	-	4,447,684
-	97,884	-	540,514	27,259	421,225	79,627	176,423	-	4,880,549
12,408	-	6,099	-	-	-	-	-	108,568	2,325,568
12,408	97,884	6,099	540,514	27,259	421,225	79,627	176,423	108,568	7,206,117
$ 19,643	$ 105,023	$ 4,465	$ 613,391	$ 29,676	$ 422,203	$ 138,808	$ 177,401	$ 108,568	$ 13,566,480

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

For the Year Ended December 31, 2014

	Economic Dev	Community Dev	Cable TV	Parks & Recreation	Streets
Revenues					
Taxes and assessments	$ -	$ -	$ -	$ 1,875,098	$ 3,103,441
Licenses and permits	-	-	649,605	-	-
Intergovernmental revenues	98,635	1,042,552	-	83,468	1,092,856
Charges for services	178,000	-	-	882,201	229,671
Interest	-	29,785	-	-	3,000
Other revenue	-	684,511	865	239,510	197,829
Total revenues	276,635	1,756,848	650,470	3,080,277	4,626,797
Expenditures					
Current					
General government	255,241	-	524,620	-	7,767
Public safety	-	-	-	86,104	-
Utilities	-	-	-	-	-
Transportation	-	-	-	-	4,523,044
Economic environment	175,449	1,414,548	2,871	-	-
Public health services	-	-	-	584,969	-
Culture & recreation	-	-	-	3,570,548	-
Capital outlay					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	19,797
Economic environment	-	34,652	-	-	-
Culture & recreation	-	-	67,173	-	-
Debt service					
Principal	-	-	-	-	-
Interest and related charges	-	-	-	-	-
Total expenditures	430,690	1,449,200	594,664	4,241,621	4,550,608
Excess (deficiency) of revenues over expenditures	(154,055)	307,648	55,806	(1,161,344)	76,189
Other financing sources (uses)					
Transfers in	-	-	-	1,413,706	-
Transfers out	-	-	(2,565)	(311,500)	(250,000)
Gain (loss) on capital assets	-	-	-	7,253	9,468
Total other financing sources (uses)	-	-	(2,565)	1,109,459	(240,532)
Net change in fund balances	(154,055)	307,648	53,241	(51,885)	(164,343)
Fund balances - January 1	239,488	522,381	550,233	582,492	1,172,379
Reclassification of deferred revenue	-	-	-	-	-
Fund balances - December 31	$ 85,433	$ 830,029	$ 603,474	$ 530,607	$ 1,008,036

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

For the Year Ended December 31, 2014

Arterial Streets	Cemetery	Emergency Services	Pub Safety Comm	Police Grants	Parking & Bus Impr	Trolley	Front St Bus Impr	Tourist Promotion	Capitol Theatre
$ -	$ -	$ 1,341,638	$ 169,596	$ -	$ -	$ -	$ -	$ 646,143	$ 254,830
-	-	-	-	-	-	-	-	-	-
1,717,725	-	1,473	24,000	61,997	-	-	-	-	-
-	125,496	-	2,144,613	46,510	-	-	-	-	-
1,553	-	297	750	-	-	-	35	50	250
350,000	63	-	66	179,063	204,560	25,455	5,605	747,609	-
2,069,278	125,559	1,343,408	2,339,025	287,570	204,560	25,455	5,640	1,393,802	255,080
-	-	-	-	121,636	-	-	-	-	-
-	-	1,091,290	2,855,158	241,797	538	-	-	-	-
-	255,443	-	-	-	-	-	-	-	-
10,423	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	325,568	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	229,293	17,589	5,216	1,107,241	341,978
-	-	-	-	6,043	-	-	-	-	-
1,544,668	-	-	-	-	-	17,133	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
53,251	-	-	-	-	-	-	-	-	-
533	-	-	-	-	-	-	-	-	-
1,608,875	255,443	1,091,290	2,855,158	369,476	229,831	34,722	5,216	1,432,809	341,978
460,403	(129,884)	252,118	(516,133)	(81,906)	(25,271)	(9,267)	424	(39,007)	(86,898)
70,904	132,000	-	710,000	-	-	100,000	-	100,000	57,000
(1,345,601)	-	(200,000)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(1,274,697)	132,000	(200,000)	710,000	-	-	100,000	-	100,000	57,000
(814,294)	2,116	52,118	193,867	(81,906)	(25,271)	90,733	424	60,993	(29,898)
2,181,881	54,260	210,839	677,659	256,642	37,680	7,150	5,675	479,521	57,158
-	-	(54,651)	-	-	-	-	-	-	-
$ 1,367,587	$ 56,376	$ 208,306	$ 871,526	$ 174,736	$ 12,409	$ 97,883	$ 6,099	$ 540,514	$ 27,260

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

For the Year Ended December 31, 2014

	PFD Conv Ctr	Tourism Promo Area	PFD Cap Thtr	Capitol Thtr Res	Total
Revenues					
Taxes and assessments	$ 796,002	$ -	$ 602,640	$ -	8,789,388
Licenses and permits	-	-	-	-	649,605
Intergovernmental revenues	-	-	-	-	4,122,706
Charges for services	-	647,725	-	-	4,254,216
Interest	750	-	500	-	36,970
Other revenue	-	-	-	-	2,635,136
Total revenues	796,752	647,725	603,140	-	20,488,021
Expenditures					
Current					
General government	-	-	-	-	909,264
Public safety	-	-	-	-	4,274,887
Utilities	-	-	-	-	255,443
Transportation	-	-	-	-	4,533,467
Economic environment	-	641,422	-	-	2,559,858
Public health services	-	-	-	-	584,969
Culture & recreation	11,991	-	11,939	-	5,295,795
Capital outlay					
Public safety	-	-	-	-	6,043
Transportation	-	-	-	-	1,581,598
Economic environment	-	-	-	-	34,652
Culture & recreation	-	-	-	-	67,173
Debt service					
Principal	-	-	-	-	53,251
Interest and related charges	-	-	-	-	533
Total expenditures	11,991	641,422	11,939	-	20,156,933
Excess (deficiency) of revenues over expenditures	784,761	6,303	591,201	-	331,088
Other financing sources (uses)					
Transfers in	-	-	-	-	2,583,610
Transfers out	(625,000)	-	(519,000)	(71,927)	(3,325,593)
Gain (loss) on capital assets	-	-	-	-	16,721
Total other financing sources (uses)	(625,000)	-	(519,000)	(71,927)	(725,262)
Net change in fund balances	159,761	6,303	72,201	(71,927)	(394,174)
Fund balances - January 1	261,465	73,324	104,222	180,495	7,654,944
Reclassification of deferred revenue	-	-	-	-	(54,651)
Fund balances - December 31	$ 421,226	$ 79,627	$ 176,423	$ 108,568	$ 7,206,119

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

ECONOMIC DEVELOPMENT

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ 80,000	$ 80,000	$ 98,635	$ 18,635
Charges for services	178,000	178,000	178,000	-
Total revenues	258,000	258,000	276,635	18,635
Expenditures				
Current				
General government	283,735	283,735	255,241	28,494
Economic environment	172,887	172,887	175,449	(2,562)
Total expenditures	456,622	456,622	430,690	25,932
Excess (deficiency) of revenues over (under) expenditures	(198,622)	(198,622)	(154,055)	44,567
Net change in fund balances	(198,622)	(198,622)	(154,055)	44,567
Fund balances - January 1	265,658	220,658	239,488	18,830
Fund balances - December 31	$ 67,036	$ 22,036	$ 85,433	$ 63,397

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

COMMUNITY DEVELOPMENT

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ 1,314,013	$ 2,667,171	$ 1,042,552	$ (1,624,619)
Interest	25,200	25,200	29,785	4,585
Other revenue	424,950	424,950	684,511	259,561
Total revenues	1,764,163	3,117,321	1,756,848	(1,360,473)
Expenditures				
Current				
Economic environment	1,766,938	3,120,096	1,414,548	1,705,548
Capital outlay				
Economic environment	-	-	34,652	(34,652)
Total expenditures	1,766,938	3,120,096	1,449,200	1,670,896
Excess (deficiency) of revenues over (under) expenditures	(2,775)	(2,775)	307,648	310,423
Net change in fund balances	(2,775)	(2,775)	307,648	310,423
Fund balances - January 1	617,215	617,215	522,381	(94,834)
Fund balances - December 31	$ 614,440	$ 614,440	$ 830,029	$ 215,589

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

CABLE TV

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses and permits	$ 550,000	$ 550,000	$ 649,605	$ 99,605
Other revenue	1,600	1,600	865	(735)
Total revenues	551,600	551,600	650,470	98,870
Expenditures				
Current				
General government	545,285	545,285	524,620	20,665
Economic environment	27,000	27,000	2,871	24,129
Capital outlay				
Culture & recreation	27,000	27,000	67,173	(40,173)
Total expenditures	599,285	599,285	594,664	4,621
Excess (deficiency) of revenues over (under) expenditures	(47,685)	(47,685)	55,806	103,491
Other financing sources (uses)				
Transfers out	(2,565)	(2,565)	(2,565)	-
Total Other financing sources (uses)	(2,565)	(2,565)	(2,565)	-
Net change in fund balances	(50,250)	(50,250)	53,241	103,491
Fund balances - January 1	340,537	340,537	550,233	209,696
Fund balances - December 31	$ 290,287	$ 290,287	$ 603,474	$ 313,187

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

PARKS & RECREATION

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 1,649,000	$ 1,689,000	$ 1,875,098	$ 186,098
Intergovernmental revenues	92,000	92,000	83,468	(8,532)
Charges for services	985,415	995,415	882,201	(113,214)
Other revenue	215,800	230,800	239,510	8,710
Total revenues	2,942,215	3,007,215	3,080,277	73,062
Expenditures				
Current				
Security of persons and property	89,373	89,373	86,104	3,269
Health & human services	717,589	717,589	584,969	132,620
Culture & recreation	3,328,985	3,466,585	3,570,548	(103,963)
Total expenditures	4,135,947	4,273,547	4,241,621	31,926
Excess (deficiency) of revenues over expenditures	(1,193,732)	(1,266,332)	(1,161,344)	104,988
Other financing sources (uses)				
Transfers in	1,360,000	1,408,000	1,413,706	5,706
Transfers out	(276,500)	(283,000)	(311,500)	(28,500)
Gain (loss) on capital assets	55,000	55,000	7,253	(47,747)
Total other financing sources (uses)	1,138,500	1,180,000	1,109,459	(70,541)
Net change in fund balances	(55,232)	(86,332)	(51,885)	34,447
Fund balances - January 1	364,575	171,575	582,492	410,917
Fund balances - December 31	$ 309,343	$ 85,243	$ 530,607	$ 445,364

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

STREETS

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 3,072,000	$ 3,087,000	$ 3,103,441	$ 16,441
Intergovernmental revenues	1,297,600	1,297,600	1,092,856	(204,744)
Charges for services	220,760	240,760	229,671	(11,089)
Interest	3,000	3,000	3,000	-
Other revenue	1,000	1,000	197,829	196,829
Total revenues	4,594,360	4,629,360	4,626,797	(2,563)
Expenditures				
Current				
General government	7,771	7,771	7,767	4
Transportation	4,528,638	4,563,638	4,523,044	40,594
Capital outlay				
Transportation	-	-	19,797	(19,797)
Total expenditures	4,536,409	4,571,409	4,550,608	20,801
Excess (deficiency) of revenues over expenditures	57,951	57,951	76,189	18,238
Other financing sources (uses)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Gain (loss) on capital assets	2,000	2,000	9,468	7,468
Total other financing sources (uses)	(248,000)	(248,000)	(240,532)	7,468
Net change in fund balances	(190,049)	(190,049)	(164,343)	25,706
Fund balances - January 1	1,098,804	1,018,273	1,172,379	154,106
Fund balances - December 31	$ 908,755	$ 828,224	$ 1,008,036	$ 179,812

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

ARTERIAL STREETS

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ 3,460,300	$ 3,460,300	$ 1,717,725	$ (1,742,575)
Interest	2,535	2,535	1,553	(982)
Other revenue	288,941	288,941	350,000	61,059
Total revenues	3,751,776	3,751,776	2,069,278	(1,682,498)
Expenditures				
Current				
Transportation	1,210,000	1,210,000	10,423	1,199,577
Capital outlay				
Transportation	3,623,400	3,623,400	1,544,668	2,078,732
Debt service				
Principal	53,251	53,251	53,251	-
Interest	1,065	1,065	533	532
Total expenditures	4,887,716	4,887,716	1,608,875	3,278,841
Excess (deficiency) of revenues over expenditures	(1,135,940)	(1,135,940)	460,403	1,596,343
Other financing sources (uses)				
Transfers in	72,199	72,199	70,904	(1,295)
Transfers out	(218,850)	(218,850)	(1,345,601)	(1,126,751)
Total other financing sources (uses)	(146,651)	(146,651)	(1,274,697)	(1,128,046)
Net change in fund balances	(1,282,591)	(1,282,591)	(814,294)	468,297
Fund balances - January 1	260,016	260,016	2,181,881	1,921,865
Fund balances - December 31	$ (1,022,575)	$ (1,022,575)	$ 1,367,587	$ 2,390,162

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

CEMETERY

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	$ 132,950	$ 132,950	$ 125,496	$ (7,454)
Other revenue	-	-	63	63
Total revenues	132,950	132,950	125,559	(7,391)
Expenditures				
Current				
Physical environment and utilities	278,900	278,900	255,443	23,457
Total expenditures	278,900	278,900	255,443	23,457
Excess (deficiency) of revenues over expenditures	(145,950)	(145,950)	(129,884)	16,066
Other financing sources (uses)				
Transfers in	132,000	132,000	132,000	-
Total other financing sources (uses)	132,000	132,000	132,000	-
Net change in fund balances	(13,950)	(13,950)	2,116	16,066
Fund balances - January 1	17,139	17,139	54,260	37,121
Fund balances - December 31	$ 3,189	$ 3,189	$ 56,376	$ 53,187

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

EMERGENCY SERVICES

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 1,335,000	$ 1,335,000	$ 1,341,638	$ 6,638
Intergovernmental revenues	1,726	1,726	1,473	(253)
Interest	300	300	297	(3)
Total revenues	1,337,026	1,337,026	1,343,408	6,382
Expenditures				
Current				
Security of persons and property	1,139,282	1,139,282	1,091,290	47,992
Total expenditures	1,139,282	1,139,282	1,091,290	47,992
Excess (deficiency) of revenues over expenditures	197,744	197,744	252,118	54,374
Other financing sources (uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-
Net change in fund balances	(2,256)	(2,256)	52,118	54,374
Fund balances - January 1	69,656	69,656	210,839	141,183
Reclassification of deferred revenue	-	-	(54,651)	(54,651)
Fund balances - December 31	$ 67,400	$ 67,400	$ 208,306	$ 140,906

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

PUBLIC SAFETY COMMUNICATIONS

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 175,000	$ 175,000	$ 169,596	$ (5,404)
Intergovernmental revenues	24,000	24,000	24,000	-
Charges for services	2,109,687	2,109,687	2,144,613	34,926
Interest	750	750	750	-
Other revenue	500	500	66	(434)
Total revenues	2,309,937	2,309,937	2,339,025	29,088
Expenditures				
Current				
Security of persons and property	3,019,639	3,020,921	2,855,158	165,763
Debt service				
Principal	195,000	195,000	-	195,000
Interest	3,600	3,600	-	3,600
Total expenditures	3,218,239	3,219,521	2,855,158	364,363
Excess (deficiency) of revenues over expenditures	(908,302)	(909,584)	(516,133)	393,451
Other financing sources (uses)				
Transfers in	710,000	710,000	710,000	-
Total other financing sources (uses)	710,000	710,000	710,000	-
Net change in fund balances	(198,302)	(199,584)	193,867	393,451
Fund balances - January 1	126,790	111,790	677,659	565,869
Fund balances - December 31	$ (71,512)	$ (87,794)	$ 871,526	$ 959,320

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

POLICE GRANTS

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ 100,000	$ 100,000	$ 61,997	$ (38,003)
Charges for services	80,000	80,000	46,510	(33,490)
Other revenue	304,000	304,000	179,063	(124,937)
Total revenues	484,000	484,000	287,570	(196,430)
Expenditures				
Current				
General government	123,816	123,816	121,636	2,180
Security of persons and property	345,207	345,207	241,797	103,410
Capital outlay				
Security of persons and property	-	-	6,043	(6,043)
Total expenditures	469,023	469,023	369,476	99,547
Excess (deficiency) of revenues over expenditures	14,977	14,977	(81,906)	(96,883)
Net change in fund balances	14,977	14,977	(81,906)	(96,883)
Fund balances - January 1	506,981	501,981	256,642	(245,339)
Fund balances - December 31	$ 521,958	$ 516,958	$ 174,736	$ (342,222)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

PARKING & BUSINESS IMPROVEMENT

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other revenue	$ 235,170	$ 235,170	$ 204,560	$ (30,610)
Total revenues	235,170	235,170	204,560	(30,610)
Expenditures				
Current				
Security of persons and property	-	-	538	(538)
Culture & recreation	244,358	244,358	229,293	15,065
Total expenditures	244,358	244,358	229,831	14,527
Excess (deficiency) of revenues over expenditures	(9,188)	(9,188)	(25,271)	(16,083)
Net change in fund balances	(9,188)	(9,188)	(25,271)	(16,083)
Fund balances - January 1	26,578	(55,470)	37,680	93,150
Fund balances - December 31	$ 17,390	$ (64,658)	$ 12,409	$ 77,067

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

TROLLEY

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ 53,308	$ 62,349	$ -	$ (62,349)
Other revenue	1,618	1,618	25,455	23,837
Total revenues	54,926	63,967	25,455	(38,512)
Expenditures				
Current				
Culture & recreation	4,501	4,501	17,589	(13,088)
Capital outlay				
Transportation	153,308	162,349	17,133	145,216
Total expenditures	157,809	166,850	34,722	132,128
Excess (deficiency) of revenues over expenditures	(102,883)	(102,883)	(9,267)	93,616
Other financing sources (uses)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balances	(2,883)	(2,883)	90,733	93,616
Fund balances - January 1	13,856	3,856	7,150	3,294
Fund balances - December 31	$ 10,973	$ 973	$ 97,883	$ 96,910

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

FRONT STREET BUSINESS IMPROVEMENT

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest	$ 35	$ 35	$ 35	$ -
Other revenue	3,300	3,300	5,605	2,305
Total revenues	3,335	3,335	5,640	2,305
Expenditures				
Current				
Culture & recreation	9,000	9,000	5,216	3,784
Total expenditures	9,000	9,000	5,216	3,784
Excess (deficiency) of revenues over expenditures	(5,665)	(5,665)	424	6,089
Net change in fund balances	(5,665)	(5,665)	424	6,089
Fund balances - January 1	4,688	4,688	5,675	987
Fund balances - December 31	$ (977)	$ (977)	$ 6,099	$ 7,076

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

TOURIST PROMOTION

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 630,000	$ 630,000	$ 646,143	$ 16,143
Interest	50	50	50	-
Other revenue	818,200	818,200	747,609	(70,591)
Total revenues	1,448,250	1,448,250	1,393,802	(54,448)
Expenditures				
Current				
Economic environment	328,000	328,000	325,568	2,432
Culture & recreation	1,155,667	1,155,667	1,107,241	48,426
Total expenditures	1,483,667	1,483,667	1,432,809	50,858
Excess (deficiency) of revenues over expenditures	(35,417)	(35,417)	(39,007)	(3,590)
Other financing sources (uses)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balances	64,583	64,583	60,993	(3,590)
Fund balances - January 1	170,866	170,866	479,522	308,656
Fund balances - December 31	$ 235,449	$ 235,449	$ 540,515	$ 305,066

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

CAPITOL THEATRE

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 240,000	$ 240,000	$ 254,830	$ 14,830
Interest	250	250	250	-
Total revenues	240,250	240,250	255,080	14,830
Expenditures				
Current				
Culture & recreation	342,020	342,020	341,978	42
Total expenditures	342,020	342,020	341,978	42
Excess (deficiency) of revenues over expenditures	(101,770)	(101,770)	(86,898)	14,872
Other financing sources (uses)				
Transfers in	57,000	57,000	57,000	-
Total other financing sources (uses)	57,000	57,000	57,000	-
Net change in fund balances	(44,770)	(44,770)	(29,898)	14,872
Fund balances - January 1	116,546	116,546	57,158	(59,388)
Fund balances - December 31	$ 71,776	$ 71,776	$ 27,260	$ (44,516)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

PFD - CONVENTION CENTER

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 755,000	$ 755,000	$ 796,002	$ 41,002
Interest	750	750	750	-
Total revenues	755,750	755,750	796,752	41,002
Expenditures				
Current				
Culture & recreation	15,000	15,000	11,991	3,009
Total expenditures	15,000	15,000	11,991	3,009
Excess (deficiency) of revenues over expenditures	740,750	740,750	784,761	44,011
Other financing sources (uses)				
Transfers out	(630,000)	(630,000)	(625,000)	5,000
Total other financing sources (uses)	(630,000)	(630,000)	(625,000)	5,000
Net change in fund balances	110,750	110,750	159,761	49,011
Fund balances - January 1	192,599	192,599	261,465	68,866
Fund balances - December 31	$ 303,349	$ 303,349	$ 421,226	$ 117,877

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

TOURISM PROMOTION AREA

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	$ 687,000	$ 687,000	$ 647,725	$ (39,275)
Total revenues	687,000	687,000	647,725	(39,275)
Expenditures				
Current				
Economic environment	687,000	687,000	641,422	45,578
Total expenditures	687,000	687,000	641,422	45,578
Excess (deficiency) of revenues over expenditures	-	-	6,303	6,303
Net change in fund balances	-	-	6,303	6,303
Fund balances - January 1	68,722	68,722	73,324	4,602
Fund balances - December 31	$ 68,722	$ 68,722	$ 79,627	$ 10,905

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

PFD-CAPITOL THEATRE

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 575,000	$ 575,000	$ 602,640	$ 27,640
Interest	500	500	500	-
Total revenues	575,500	575,500	603,140	27,640
Expenditures				
Current				
Culture & recreation	12,000	12,000	11,939	61
Total expenditures	12,000	12,000	11,939	61
Excess (deficiency) of revenues over expenditures	563,500	563,500	591,201	27,701
Other financing sources (uses)				
Transfers out	(519,000)	(519,000)	(519,000)	-
Total other financing sources (uses)	(519,000)	(519,000)	(519,000)	-
Net change in fund balances	44,500	44,500	72,201	27,701
Fund balances - January 1	51,113	51,113	104,222	53,109
Fund balances - December 31	$ 95,613	$ 95,613	$ 176,423	$ 80,810

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

CAPITOL THEATRE RESERVE

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest	$ 500	$ 500	$ -	$ (500)
Total revenues	500	500	-	(500)
Excess (deficiency) of revenues over expenditures	500	500	-	(500)
Other financing sources (uses)				
Transfers out	(71,927)	(71,927)	(71,927)	-
Total other financing sources (uses)	(71,927)	(71,927)	(71,927)	-
Net change in fund balances	(71,427)	(71,427)	(71,927)	(500)
Fund balances - January 1	170,995	170,995	180,495	9,500
Fund balances - December 31	$ 99,568	$ 99,568	$ 108,568	$ 9,000

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

	TOTAL			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes and assessments	$ 8,431,000	$ 8,486,000	$ 8,789,388	$ 303,388
Licenses and permits	550,000	550,000	649,605	99,605
Intergovernmental revenues	6,422,947	7,785,146	4,122,706	(3,662,440)
Charges for services	4,393,812	4,423,812	4,254,216	(169,596)
Interest	33,870	33,870	36,970	3,100
Other revenue	2,295,079	2,310,079	2,635,136	325,057
Total revenues	22,126,708	23,588,907	20,488,021	(3,100,886)
Expenditures				
Current				
General government	960,607	960,607	909,264	51,343
Public safety	4,593,501	4,594,783	4,274,887	319,896
Utilities	278,900	278,900	255,443	23,457
Transportation	5,738,638	5,773,638	4,533,467	1,240,171
Economic environment	2,981,825	4,334,983	2,559,858	1,775,125
Public health services	717,589	717,589	584,969	132,620
Culture & recreation	5,111,531	5,249,131	5,295,795	(46,664)
Capital outlay				
Public Safety	-	-	6,043	(6,043)
Transportation	3,776,708	3,785,749	1,581,598	2,204,151
Economic environment	-	-	34,652	(34,652)
Culture & recreation	27,000	27,000	67,173	(40,173)
Debt service				
Principal	248,251	248,251	53,251	195,000
Interest and related charges	4,665	4,665	533	4,132
Total expenditures	24,439,215	25,975,296	20,156,933	5,818,363
Excess (deficiency) of revenues over expenditures	(2,312,507)	(2,386,389)	331,088	2,717,477
Other financing sources (uses)				
Transfers in	2,531,199	2,579,199	2,583,610	4,411
Transfers out	(2,168,842)	(2,175,342)	(3,325,593)	(1,150,251)
Gain (loss) on capital assets	57,000	57,000	16,721	(40,279)
Total other financing sources (uses)	419,357	460,857	(725,262)	(1,186,119)
Net change in fund balances	(1,893,150)	(1,925,532)	(394,174)	1,531,358
Fund balances - January 1	4,483,334	4,052,755	7,654,945	3,602,190
Reclassification of deferred revenue	-	-	(54,651)	(54,651)
Fund balances - December 31	$ 2,590,184	$ 2,127,223	$ 7,206,120	$ 5,078,897

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

NONMAJOR DEBT SERVICE FUNDS

Local Improvement District Guaranty Fund (221) – This fund is for the purpose of guaranteeing, to the extent of the fund, the payment of its local improvement bonds and warrants issued to pay for the local improvement ordered, subsequent to April 7, 1926.

Convention Center Addition Bonds (272) – The proceeds were used for additions to the Yakima Convention Center.

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

Fire Improvement / Refunding General Obligation Bond Issues (284) – These proceeds are for the purpose of providing funds to acquire, construct and equip firefighting facilities. This issue also refunded the 1988 Parks and 1986 Street Improvement Bond Issue and Recreation Bond Issue (the Parks and Streets portion was paid in full prior to 2003).

Limited Tax General Obligation Bond (287) – The proceeds were used to expand the Convention Center.

Local Improvement District Debt Control (289) – The proceeds are for the purpose of providing funds to pay the bonds or notes issued for local improvement districts' construction from the collection of assessments levied on the property owner.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

December 31, 2014

	LID Guaranty	Conv Ctr PFD	Various GO Bonds	Fire & Parks Ref	Convention Center	Local Impr Districts	Total
Assets							
Cash & cash equivalents	$ 25,264	$ 161,795	$ 8,733	$ -	$ 67,965	$ 15	$ 263,772
Receivables							
Assessments	-	-	-	-	-	342,927	342,927
Total Assets	$ 25,264	$ 161,795	$ 8,733	$ -	$ 67,965	$ 342,942	$ 606,699
Deferred inflows of resources and fund balances							
Deferred inflows of resources							
Assessments	$ -	$ -	$ -	$ -	$ -	$ 342,927	$ 342,927
Total deferred inflows of resources	-	-	-	-	-	342,927	342,927
Fund Balances							
Restricted	-	161,795	-	-	67,965	-	229,760
Committed	-	-	-	-	-	15	15
Assigned	25,264	-	8,733	-	-	-	33,997
Total Fund Balances	25,264	161,795	8,733	-	67,965	15	263,772
Total deferred inflows and fund balances	$ 25,264	$ 161,795	$ 8,733	$ -	$ 67,965	$ 342,942	$ 606,699

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

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

For the Year Ended December 31, 2014

	LID Guaranty	Conv Ctr PFD	Various GO Bonds	Fire & Parks Ref	Convention Center	Local Impr Districts	Total
Revenues							
Taxes and special assessments	$ -	$ -	$ -	$ 108,300	$ 428,000	$ -	$ 536,300
Intergovernmental Revenues	-	101,001	-	-	-	-	101,001
Interest	50	-	-	-	250	6,016	6,316
Other revenue	-	-	-	-	-	47,603	47,603
Total revenues	50	101,001	-	108,300	428,250	53,619	691,220
Expenditures							
Debt service							
Principal	-	470,000	1,058,885	285,000	340,000	93,038	2,246,923
Interest and related charges	-	545,650	305,627	9,975	85,940	-	947,192
Total expenditures	-	1,015,650	1,364,512	294,975	425,940	93,038	3,194,115
Excess (deficiency) of rev over (under) exp	50	(914,649)	(1,364,512)	(186,675)	2,310	(39,419)	(2,502,895)
Other financing sources (uses)							
Transfers in	-	917,000	1,364,219	-	-	-	2,281,219
Transfers out	-	-	-	-	-	(13,705)	(13,705)
Total other financing sources (uses)	-	917,000	1,364,219	-	-	(13,705)	2,267,514
Net change in fund balances	50	2,351	(293)	(186,675)	2,310	(53,124)	(235,381)
Fund balances - January 1	25,214	159,444	9,026	197,484	65,655	53,138	509,961
Reclassification of deferred revenue	-	-	-	(10,809)	-	-	(10,809)
Fund balances - December 31	$ 25,264	$ 161,795	$ 8,733	$ -	$ 67,965	$ 14	$ 263,771

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

NONMAJOR CAPITAL PROJECT FUNDS

Central Business District Improvement Fund (321) – Created by Ordinance No. 1599. The Central Business District Improvement Program is developing a long range guide for evaluating proposals for physical changes and the scheduling of improvements to the Central Business District. Resources are derived from private contributions and transfers from other funds.

Capitol Theatre Construction Fund (322) – Created by Ordinance 1654 on April 15, 1974. The purpose of this fund was for the acquisition of the Capitol Theatre and capital repairs to that building. The Theatre was destroyed by fire in 1975. After the Theatre was rebuilt in 1978, the fund was deactivated. The fund was then reactivated in 2007 when additional funding for renovation became available.

Yakima Revenue Development Area (323) – Created by Ordinance 2011-31 on July 19, 2011. This fund was created to establish a capital fund to account for the activity of the Yakima Revenue Development Area, and utilizes the Washington State Local Infrastructure Financing Tool (LIFT) program, which authorizes the City to use state sales and excise tax revenue to finance public infrastructure needed to accelerate redevelopment of the former sawmill site.

Parks and Recreation Capital Fund (331) – Created to receive the proceeds from bond issues approved by the voters for improvements to City parks. This fund continues to accumulate resources for Park capital improvement projects. Revenues consist of grants, interest earnings, contributions and transfers from the Parks and Recreation operating fund.

Fire Capital Fund (332) – Created for the accumulation of moneys to be used to acquire firefighting and fire training equipment and facilities, including real property, for the City of Yakima Fire Department. Funding sources include Bond Issues, contributions from other funds for equipment replacement, investment income, and proceeds from sale of fire equipment and retired stations.

Law and Justice Capital Fund (333) – Created in 1990 for the purpose of constructing capital facilities for the City's Law and Justice Programs. Funds are provided by an allocation of local Criminal Justice Sales Tax, grants, and interest earnings.

Public Works Trust Construction Fund (342) – Accounts for the moneys received from the first ¼% Real Estate Excise Tax, which has been used to repay Public Works Trust Fund loans for approved public works 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.

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

Cumulative Reserve for Capital Improvement Fund (392) – Is used to account for general government capital projects that are not eligible to be included in other capital funds. A project to construct a railroad underpass, funded by grants and low-interest loans, made this fund eligible to be a major fund in 2013.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2014

	Central Bus Dist Impr	Capitol Thtr Const	Yakima Rev Dev Area	Parks and Recreation	Fire
Assets					
Cash & cash equivalents	$ 118,785	$ 144,473	$ 146,412	$ 253,224	$ 526,058
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	2,617,330	-	577,689
Receivables					
Customer accounts	65	-	-	-	-
Due from other government units	-	-	-	-	-
Total assets	$ 118,850	$ 144,473	$ 2,763,742	$ 253,224	$ 1,103,747
Liabilities and fund balances					
Liabilities					
Accounts payable	$ 1,049	$ -	$ 94,995	$ -	$ 5,896
Salaries & benefits payable	1,575	-	-	-	-
Total liabilities	2,624	-	94,995	-	5,896
Fund balances					
Restricted	-	-	-	-	-
Committed	116,226	-	2,668,747	-	-
Assigned	-	144,473	-	253,224	1,097,851
Total fund balances	116,226	144,473	2,668,747	253,224	1,097,851
Total liabilities and fund balances	$ 118,850	$ 144,473	$ 2,763,742	$ 253,224	$ 1,103,747

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2014

Law and Justice	PW Constr	REET 2 Constr	Convention Center	Cumulative Reserve	Total
$ 596,653	$ 36,203	$ 477,423	$ 37,843	$ 127,717	$ 2,464,791
-	74,015	74,015	-	-	148,030
-	647,181	-	676,488	2,283,104	6,801,792
-	-	-	-	-	65
-	-	-	-	1,926	1,926
$ 596,653	$ 757,399	$ 551,438	$ 714,331	$ 2,412,747	$ 9,416,604
$ 22,404	$ 6,657	$ -	$ 77,573	$ 9,316	$ 217,890
-	-	-	82	-	1,657
22,404	6,657	-	77,655	9,316	219,547
-	750,742	551,438	636,676	2,403,431	4,342,287
-	-	-	-	-	2,784,973
574,249	-	-	-	-	2,069,797
574,249	750,742	551,438	636,676	2,403,431	9,197,057
$ 596,653	$ 757,399	$ 551,438	$ 714,331	$ 2,412,747	$ 9,416,604

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

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

For the Year Ended December 31, 2014

	Central Bus Dist Impr	Capitol Thtr Const	Yakima Rev Dev Area	Parks and Recreation	Fire
Revenues					
Taxes and special assessments	$ -	$ -	$ 1,068,971	$ -	$ -
Intergovernmental revenues	40,000	-	200,000	-	42,879
Interest	-	-	-	-	-
Other revenue	32,745	-	-	60,871	14,565
Total revenues	72,745	-	1,268,971	60,871	57,444
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	67,509
Transportation	-	-	-	-	-
Economic environment	69,783	-	-	-	-
Culture & recreation	50,000	-	-	21,759	-
Capital outlay					
General government	-	-	-	-	-
Public safety	-	-	-	-	108,573
Transportation	-	-	1,228,911	-	-
Economic environment	-	-	-	-	-
Culture & recreation	-	-	-	60,478	-
Debt Service					
Principal	-	-	-	-	-
Interest and related charges	-	-	-	-	-
Total Expenditures	119,783	-	1,228,911	82,237	176,082
Excess (deficiency) of revenues over (under) expenditures	(47,038)	-	40,060	(21,366)	(118,638)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	900,000	-	-
Transfers in	-	71,927	500,000	35,000	100,000
Transfers out	-	-	-	-	-
Gain (loss) on capital assets	-	-	-	-	-
Total other financing sources (uses)	-	71,927	1,400,000	35,000	100,000
Net change in fund balances	(47,038)	71,927	1,440,060	13,634	(18,638)
Fund balances - January 1	163,264	72,546	1,228,687	239,591	1,116,489
Fund balances - December 31	$ 116,226	$ 144,473	$ 2,668,747	$ 253,225	$ 1,097,851

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

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

For the Year Ended December 31, 2014

Law and Justice	PW Constr	REET 2 Constr	Convention Center	Cumulative Reserve	Total
$ 286,013	$ 737,165	$ 737,165	$ 222,792	$ -	$ 3,052,106
45,541	-	-	-	2,297,754	2,626,174
-	2,000	2,000	500	-	4,500
-	-	-	-	2,079,489	2,187,670
331,554	739,165	739,165	223,292	4,377,243	7,870,450
-	-	-	-	324,078	324,078
452,202	-	-	-	-	519,711
-	60,300	350,000	-	-	410,300
-	-	-	-	-	69,783
-	-	-	244,159	-	315,918
-	133,336	-	-	43,804	177,140
477,278		-	-	-	585,851
-	-	-	-	5,611,494	6,840,405
-	-	-	-	-	-
-	-	-	43,853	-	104,331
-	-	154,386	-	-	154,386
-	-	11,579	-	-	11,579
929,480	193,636	515,965	288,012	5,979,376	9,513,482
(597,926)	545,529	223,200	(64,720)	(1,602,133)	(1,643,032)
-	-	-	-	167,145	1,067,145
201,958	-	-	70,000	1,000,000	1,978,885
-	(320,003)	(256,822)	-	-	(576,825)
27,469	-	-	-	-	27,469
229,427	(320,003)	(256,822)	70,000	1,167,145	2,496,674
(368,499)	225,526	(33,622)	5,280	(434,988)	853,642
942,748	525,216	585,060	631,396	2,838,419	8,343,416
$ 574,249	$ 750,742	$ 551,438	$ 636,676	$ 2,403,431	$ 9,197,058

The Notes to the Financial Statements, found in the 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 corpus shall be held forever in trust by the City of Yakima, while interest earnings are transferred to the Cemetery Fund.

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUND

December 31, 2014

	Cemetery Trust
Assets	
Cash & equity in pooled investments	$ 33,482
Investments	598,540
Total assets	$ 632,022
Fund balances	
Nonspendable	$ 632,022
Total fund balances	632,022
Total liabilities, deferred inflows of resources & fund balances	$ 632,022

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

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

For the Year Ended December 31, 2014

	Cemetery Trust
Revenues	
Charges for services	$ 9,126
Interest	12,000
Total revenues	21,126
Other financing sources (uses)	
Transfers out	$ (12,000)
Total other financing sources (uses)	(12,000)
Net change in fund balances	9,126
Fund balances - January 1	622,896
Fund balances - December 31	$ 632,022

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

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

NONMAJOR PROPRIETARY FUNDS

Airport Fund (421) – Accounts for the operation of the Yakima Air Terminal. Effective February 12, 2014, the Joint Air Terminal Operations Agreement between Yakima County and the City of Yakima was terminated. Both parties agreed that it was in the public interest for a single entity to take over ownership and operations of the Airport. All real and personal property owned by the parties as tenants in common was conveyed to the City of Yakima in consideration of the City's assumption of joint obligations and liabilities. The Airport began operating as a department of the City of Yakima subsequent to the termination of the agreement.

Refuse Fund (471) – A self-supporting fund. This fund was established for the purpose of accumulating moneys derived from the operation and maintenance of the garbage collection and disposal service of the City, and for the purpose of defraying all of the operating and maintenance expenses and costs incurred by the City of Yakima in the collection and disposal of refuse.

Stormwater Fund (976) – 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, 2014

	Airport	Stormwater	Refuse	Total
Assets				
Current assets				
Cash & cash equivalents	$ 150,746	$ 186,283	$ 8,245	$ 345,274
Cash with fiscal agent	-	15,953	-	15,953
Investments	625,430	3,157,024	-	3,782,454
Receivables, net of allowance for uncollectibles	2,373	42,230	679,871	724,474
Due from other governments	-	-	16,848	16,848
Total current assets	778,549	3,401,490	704,964	4,885,003
Noncurrent assets				
Capital assets not being depreciated				
Land	3,418,797	-	-	3,418,797
Construction in progress	611,203	245,925	-	857,128
Capital assets net of accumulated depreciation				
Buildings	1,025,132	-	-	1,025,132
Machinery and equipment	212,492	8,613	-	221,105
Other improvements and utility systems	6,206,298	1,846,606	-	8,052,904
Intangibles	1,093,913	-	-	1,093,913
Total noncurrent assets	12,567,835	2,101,144	-	14,668,979
Total assets	$ 13,346,384	$ 5,502,634	$ 704,964	$ 19,553,982
Liabilities				
Current liabilities				
Accounts payable	$ 28,246	$ 66,676	$ 260,561	$ 355,483
Contract payable	28,717	-	-	28,717
Accrued liabilities	96,699	96,280	274,864	467,843
Deposits payable	33,310	-	139,195	172,505
Other current liabilities	-	-	444	444
Total current liabilities	186,972	162,956	675,064	1,024,992
Net position				
Invested in capital assets	12,567,835	2,101,144	-	14,668,979
Unassigned	591,577	3,238,534	29,900	3,860,011
Total net position	$ 13,159,412	$ 5,339,678	$ 29,900	$ 18,528,990

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

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

For the Year Ended December 31, 2014

	Airport	Stormwater	Refuse	Total
Operating revenues				
Charges and fees for services	$ 442,780	$ 2,175,514	$ 5,819,714	$ 8,438,008
Other operating revenue	811,227	-	1,018	812,245
Total operating revenues	1,254,007	2,175,514	5,820,732	9,250,253
Operating expenses				
Personnel services	582,054	622,558	1,462,877	2,667,489
Materials and supplies	64,034	26,133	485,264	575,431
Services	373,025	711,226	3,356,722	4,440,973
Depreciation	805,472	61,048	-	866,520
Total operating expenses	1,824,585	1,420,965	5,304,863	8,550,413
Operating income (loss)	(570,578)	754,549	515,869	699,840
Nonoperating revenues (expenses)				
Grants and subsidies	852,001	7,708	37,500	897,209
Interest revenue	542	-	-	542
Other nonoperating revenue	1,374	-	2,150	3,524
Gain (loss) on capital assets	994	-	-	994
Total nonoperating revenues (expenses)	854,911	7,708	39,650	902,269
Income (loss) before contributions and transfers	284,333	762,257	555,519	1,602,109
Transfers out	-	(301,615)	(560,000)	(861,615)
Change in net position	284,333	460,642	(4,481)	740,494
Net position - January 1	12,875,079	4,879,035	34,380	17,788,494
Net position - December 31	$ 13,159,412	$ 5,339,677	$ 29,899	$ 18,528,988

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

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Airport	Stormwater	Refuse	Total
Cash flows from operating activities				
Receipts from customers	$ 490,874	$ 2,287,324	$ 5,722,684	$ 8,500,882
Payments to suppliers and service suppliers	(455,663)	(784,836)	(3,810,524)	(5,051,023)
Payments to employees for salaries and benefits	(576,806)	(620,876)	(1,467,929)	(2,665,611)
Other receipts	811,227	-	1,018	812,245
Net cash provided by operating activities	269,632	881,612	445,249	1,596,493
Cash flows from noncapital financing activities				
Operating grants received	-	7,708	37,500	45,208
Other receipts	1,374	-	2,150	3,524
Net cash flows from noncapital financing activities	1,374	7,708	39,650	48,732
Cash flows from capital and related financing activities				
Capital grants and contributions	852,001	-	-	852,001
Acquisition and construction of capital assets	(1,128,272)	(97,299)	-	(1,225,571)
Transfer out	-	(301,615)	(560,000)	(861,615)
Net cash flows from capital and related financing activities	(276,271)	(398,914)	(560,000)	(1,235,185)
Cash flows from investing activities				
Proceeds from sale of investments	-	2,369,289	-	2,369,289
Interest received on investments	542	-	-	542
Purchase of investment securities	(625,430)	(3,157,024)	-	(3,782,454)
Net cash provided by investing activities	(624,888)	(787,735)	-	(1,412,623)
Net increase (decrease) in cash and cash equivalents	(630,153)	(297,329)	(75,101)	(1,002,583)
Cash and cash equivalents - January 1	780,899	499,565	83,346	1,363,810
Cash and cash equivalents - December 31	$ 150,746	$ 202,236	$ 8,245	$ 361,227
Reconciliation of operating income (loss) to net cash provided by (used for) operations				
Operating income (loss)	$ (570,578)	$ 754,549	$ 515,869	$ 699,840
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	805,472	61,048	-	866,520
(Increase) decrease in net accounts receivable	47,192	81,668	(66,208)	62,652
(Increase) decrease in due from other governments	-	30,142	(16,848)	13,294
(Decrease) increase in accounts payable	10,113	(47,477)	31,462	(5,902)
(Decrease) increase in compensated absences	5,248	1,682	(5,052)	1,878
(Decrease) increase in contracts payable	(28,717)	-	-	(28,717)
(Decrease) increase in claims and judgments payable	902	-	(13,974)	(13,072)
Total adjustments	840,210	127,063	(70,620)	896,653
Net cash provided by (used for) operating activities	$ 269,632	$ 881,612	$ 445,249	$ 1,596,493
Schedule of noncash capital and related activities				
Capital assets acquired by noncash contributions	$ -	$ 15,180	$ -	15,180

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

INTERNAL SERVICE FUNDS

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

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

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

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

Wellness and Employee Assistance Fund (516) – Established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional wellbeing.

Equipment Rental Fund (551) – A self-supporting fund that derives its revenues from charges to departments for services rendered to their motor vehicles. Vehicles that are owned by this fund are rented to other departments at a rate sufficient to cover the maintenance and operation cost of each vehicle plus a charge for depreciation at a rate sufficient to provide for the eventual replacement of each vehicle.

Environmental Fund (555) – Established in 1991 to accumulate a reserve for environmental contingencies, funded by a surcharge on fuel purchased by the operating funds.

Public Works Administration Fund (560) – Established in 1983. The fund centralizes both the accountability and costs for supervision of funds which are housed at the Public Works facility.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2014

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Assets				
Current assets				
Cash & cash equivalents	$ 439,790	$ 68,111	$ 46,243	$ 10,554
Cash with fiscal agent	-	1,855	-	-
Investments	-	1,217,588	826,671	1,300,620
Receivables				
Customer accounts	20,143	903,482	84,617	2,188
Other receivables	-	-	-	500
Due from other funds	-	-	-	-
Inventories and prepayments	-	-	-	-
Total current assets	459,933	2,191,036	957,531	1,313,862
Capital assets, net of accumulated depreciation				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery & equipment	-	-	3,089	2,539
Total noncurrent assets	-	-	3,089	2,539
Total Assets	459,933	2,191,036	960,620	1,316,401
Liabilities				
Current liabilities				
Accounts payable	18,440	89,437	63,723	227,723
Claims and judgments	-	1,227,220	507,022	2,310,000
Accrued liabilities	12,984	37,624	24,595	132,397
Total current liabilities	31,424	1,354,281	595,340	2,670,120
Net position				
Net investment in capital assets	-	-	3,089	2,539
Unrestricted	428,509	836,754	362,191	(1,356,258)
Total Net Position	$ 428,509	$ 836,754	$ 365,280	$ (1,353,719)

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2014

Wellness/ EAP	Equipment Rental	Environ-mental	Public Works Admin	Total
$ 191,581	$ 217,360	$ 35,156	$ 32,391	$ 1,041,186
-	-	-	-	1,855
-	3,912,033	628,465	566,093	8,451,470
-	1,834	-	-	1,012,264
-	-	-	-	500
-	397,424	-	-	397,424
-	364,275	-	-	364,275
191,581	4,892,926	663,621	598,484	11,268,974
-	-	-	8,153	8,153
-	-	487,372	48,289	535,661
21,243	8,647,337	19,470	5,156	8,698,834
21,243	8,647,337	506,842	61,598	9,242,648
212,824	13,540,263	1,170,463	660,082	20,511,622
8,851	352,652	36,475	36,192	833,493
-	-	-	-	4,044,242
15	234,619	-	117,512	559,746
8,866	587,271	36,475	153,704	5,437,481
21,243	8,647,337	506,842	61,598	9,242,648
182,716	4,305,656	627,147	444,781	5,831,496
$ 203,959	$ 12,952,993	$ 1,133,989	$ 506,379	$ 15,074,144

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

For the Year Ended December 31, 2014

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Operating revenues				
Charges and fees for services	$ -	$ -	$ -	$ -
Charges for insurance	-	-	-	3,181,428
Employer contributions	195,649	7,473,445	1,044,421	-
Employee contributions	-	1,445,087	62,744	-
Other operating revenue	-	69,718	-	-
Total operating revenues	195,649	8,988,250	1,107,165	3,181,428
Operating expenses				
Personnel services	48,806	678,514	205,884	651,096
Materials and supplies	-	6,016	3,634	6,049
Contractual services	9,748	1,045,608	250,298	2,958,520
Benefits and claims paid	97,011	8,515,882	658,831	429,381
Depreciation	-	-	2,059	9,415
Total operating expenses	155,565	10,246,020	1,120,706	4,054,461
Operating income (loss)	40,084	(1,257,770)	(13,541)	(873,033)
Nonoperating revenues				
Interest revenue	-	35,000	500	175,000
Other nonoperating revenue	-	-	43,145	77,399
Gain (loss) on capital assets	-	-	-	-
Total nonoperating revenue	-	35,000	43,645	252,399
Income (loss) before transfers	40,084	(1,222,770)	30,104	(620,634)
Transfers out	-	-	-	-
Change in net position	40,084	(1,222,770)	30,104	(620,634)
Total net position - January 1	388,425	2,059,524	335,176	(733,085)
Total net position - December 31	$ 428,509	$ 836,754	$ 365,280	$ (1,353,719)

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

For the Year Ended December 31, 2014

Wellness/ EAP	Equipment Rental	Environ-mental	Public Works Admin	Total
$ -	$ 4,432,501	$ -	$ 1,115,258	$ 5,547,759
-	-	180,722	-	3,362,150
150,000	-	-	-	8,863,515
-	-	-	-	1,507,831
-	-	-	-	69,718
150,000	4,432,501	180,722	1,115,258	19,350,973
-	969,116	-	572,747	3,126,163
9,783	1,903,479	-	59,438	1,988,399
118,065	278,906	77,807	436,405	5,175,357
-	-	-	-	9,701,105
5,059	1,177,840	33,850	6,175	1,234,398
132,907	4,329,341	111,657	1,074,765	21,225,422
17,093	103,160	69,065	40,493	(1,874,449)
-	5,588	-	-	216,088
-	119,861	-	930	241,335
-	(20,632)	-	-	(20,632)
-	104,817	-	930	436,791
17,093	207,977	69,065	41,423	(1,437,658)
-	(64,065)	-	(15,000)	(79,065)
17,093	143,912	69,065	26,423	(1,516,723)
186,866	12,809,082	1,064,924	479,956	16,590,868
$ 203,959	$ 12,952,994	$ 1,133,989	$ 506,379	$ 15,074,145

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2014

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Cash flows from operating activities				
Receipts from customers	$ -	$ -	$ -	$ 3,181,428
Contributions received - employer and employee	195,649	8,918,532	1,107,165	-
Payment to suppliers and service providers	(31,005)	(1,024,245)	(266,224)	(2,914,122)
Payments to employees for salaries and benefits	(46,416)	(663,835)	(198,897)	(646,190)
Operating revenues collected	-	69,718	-	-
Payments to claimants and beneficiaries	(97,011)	(8,523,991)	(887,874)	359,619
Net cash provided by operating activities	21,217	(1,223,821)	(245,830)	(19,265)
Cash flows from noncapital financing activities				
Transfer in/other nonoperating revenue	-	-	43,145	77,399
Cash received f/other funds	-	-	-	-
Net cash provided by noncapital financing activities	-	-	43,145	77,399
Cash flows from capital financing activities				
Proceeds from the sale of property	-	-	-	-
Capital expenditures	-	-	-	-
Transfers out	-	-	-	-
Net cash used for capital and related financing activities	-	-	-	-
Cash flows from investing activities				
Proceeds from sale of investments	-	2,050,445	890,852	893,288
Interest on investments	-	35,000	500	175,000
Purchase of investments	-	(1,217,588)	(826,671)	(1,300,620)
Net cash provided by investing activities	-	867,857	64,681	(232,332)
Net increase (decrease) in cash and cash equivalents	21,217	(355,964)	(138,004)	(174,198)
Cash and cash equivalents - January 1	418,572	424,075	184,247	184,751
Cash and cash equivalents - December 31	$ 439,789	$ 68,111	$ 46,243	$ 10,553
Reconciliation of operating income (loss) to net cash provided by (used for) operations				
Operating income (loss)	$ 40,084	$ (1,257,770)	$ (13,541)	$ (873,033)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations				
Depreciation	-	-	2,059	9,415
(Increase) decrease in deposits w/fiscal agent/trustee	-	10,620	-	-
(Increase) decrease in net accounts receivable	(375)	(107,405)	(1,920)	(2,688)
(Increase) decrease in capital assets (contributions)	-	35,000	-	-
(Increase) decrease in inventory	-	-	-	-
Increase (decrease) in accounts payable	(20,882)	89,164	(10,372)	53,135
Increase (decrease) in salaries and benefits	1,966	14,889	4,589	1,749
Increase (decrease) in compensated absences	424	(210)	2,398	3,157
Increase (decrease) in claims and judgments payable	-	(8,109)	(229,043)	789,000
Total adjustments	(18,867)	33,949	(232,289)	853,768
Net cash provided by (used for) operations	$ 21,217	$ (1,223,821)	$ (245,830)	$ (19,265)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2014

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
$ -	$ 4,432,501	$ 180,722	$ 1,115,258	$ 8,909,909
150,000	-	-	-	10,371,346
(123,471)	(1,857,536)	(41,332)	(469,560)	(6,727,495)
-	(952,075)	-	(567,620)	(3,075,033)
-	-	-	-	69,718
-	-	-	-	(9,149,257)
26,529	1,622,890	139,390	78,078	399,188
-	11,295	-	-	131,839
-	101,912	-	-	101,912
-	113,207	-	-	233,751
-	98,520	-	930	99,450
(19,366)	(1,454,604)	-	(46,823)	(1,520,793)
-	-	-	(15,000)	(15,000)
(19,366)	(1,356,084)	-	(60,893)	(1,436,343)
-	3,175,679	434,391	481,452	7,926,107
-	5,588	-	-	216,088
-	(3,912,033)	(628,465)	(566,520)	(8,451,897)
-	(730,766)	(194,074)	(85,068)	(309,702)
7,163	(350,753)	(54,684)	(67,883)	(1,113,106)
184,417	568,113	89,841	100,274	2,154,290
$ 191,580	$ 217,360	$ 35,157	$ 32,391	$ 1,041,184
$ 17,093	$ 103,160	$ 69,065	$ 40,493	$ (1,874,449)
5,059	1,177,840	33,850	6,175	1,234,398
	-	-	-	10,620
-	(1,834)	-	-	(114,222)
-	-	-	-	35,000
-	(313)	-	-	(313)
4,377	326,996	36,475	26,283	505,176
-	17,041	-	(4,072)	36,162
-	-	-	9,199	14,968
-	-	-	-	551,848
9,436	1,519,730	70,325	37,585	2,273,637
$ 26,529	$ 1,622,890	$ 139,390	$ 78,078	$ 399,188

AGENCY FUNDS

YakCorps (632) – This fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. The Inter-Local Agreement provides for the structure governance, operations and funding of the Consortium and its activities. Per the Agreement the City of Yakima acts as fiscal agent for the Consortium.

STATEMENT OF NET POSITION
AGENCY FUNDS

December 31, 2014

	Balance As of 01/01/14	Additions	Deductions	Balance As of 12/31/14
Assets				
Cash & equity in pooled investments	$ 333,270	$ 583,741	$ 670,417	$ 246,594
Accounts receivable	-	1,182,326	1,182,326	-
Equipment (net of accumulated depreciation)	1,180,349	-	162,514	1,017,835
Total assets	$ 1,513,619	$ 1,766,067	$ 2,015,257	$ 1,264,429
Liabilities				
Warrants/accounts payable	$ 7,058	$ 677,474	$ 672,039	$ 1,623
Other accrued liabilities	-	-	2,326	2,326
Due to other government units	1,506,561	1,088,593	1,340,892	1,260,480
Total liabilities	$ 1,513,619	$ 1,766,067	$ 2,015,257	$ 1,264,429

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

CAPITAL ASSETS

These are assets used in operations funded by governmental funds. Capital assets include any asset with a cost of $5,000 or more and an expected useful life of at least two years. This includes all capital assets of the City except for those used in Enterprise or Internal Service Funds.

Schedule of Capital Assets by Function and Activity – A report allocating components of capital assets (land, building, construction in progress, improvements, and machinery and equipment) to various City functions and programs.

Schedule of Changes in Capital Assets by Functions and Activity – A report that shows additions and deletions of total capital assets within separate City functions and programs.

Schedule by Changes in General Fixed Assets – A report that summarizes major funding sources for City capital assets.

SCHEDULE BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS (1)

December 31, 2013

	Balance as of 12/31/14	Land	Buildings	Imp's	Infrastructure	Equipment	Const In Progress
General government							
City Administration	$ 1,191,085	$ -	$ 1,135,895	$ 13,094	$ -	$ 42,096	$ -
Finance	2,210,713	-	51,280	17,669	-	2,141,764	-
Human Resources	8,239	-	-	-	-	8,239	-
Legal	20,305	-	8,695	-	-	11,610	-
Municipal Court	64,576	-	-	-	-	64,576	-
Code Administration	4,164,636	1,134,857	3,029,779	-	-	-	-
Engineering	42,198	-	-	-	-	42,198	-
Miscellaneous general governmen	2,143,891	1,485,681	-	40,254	-	617,956	-
Total general government	9,845,643	2,620,538	4,225,649	71,017	-	2,928,439	-
Public safety							
Fire	14,380,039	107,793	7,322,757	105,726	-	6,843,763	-
Police	23,564,320	2,589,641	11,461,769	109,683	-	9,403,227	-
Total public safety	37,944,359	2,697,434	18,784,526	215,409	-	16,246,990	-
Physical environment							
Cemetery	754,248	477,660	135,841	140,747	-	-	-
Transportation							
Streets	148,164,938	2,117,793	-	380,686	145,392,753	273,706	-
Arterial Street	134,500,065	2,648,715	-	1,073,737	130,118,777	30,991	627,845
Transportation (Trolley)	1,067,489	28,500	209,324	192,205	-	192,133	445,327
Total transportation	283,732,492	4,795,008	209,324	1,646,628	275,511,530	496,830	1,073,172
Economic environment							
Senior Citizen Center	3,500,000	-	3,500,000	-	-	-	-
Community Development	4,976,253	707,248	52,161	13,050	1,168,550	83,423	2,951,821
Central Business District	11,881,063	-	-	336,913	11,475,960	68,190	-
Total economic environment	20,357,316	707,248	3,552,161	349,963	12,644,510	151,613	2,951,821
Culture and recreation							
Bicentennial Pavilion	8,956,055	1,193,729	7,414,946	295,295	-	52,085	-
Parks and Recreation	17,313,121	2,666,102	2,013,997	12,546,635	-	52,157	34,230
SE Community Center	912,644	60,579	574,267	277,798	-	-	-
Capitol Theatre	13,831,634	80,000	13,459,420	-	-	292,214	-
Cable TV	687,581	189,596	130,061	63,053	-	304,871	-
Convention Center	7,036,102	162,608	6,375,385	264,507	-	233,602	-
Gateway - Visitor Center	601,044	-	601,044	-	-	-	-
Total culture and recreation	49,338,181	4,352,614	30,569,120	13,447,288	-	934,929	34,230
Total	$ 401,972,239	$ 15,650,502	$ 57,476,621	$ 15,871,052	$ 288,156,040	$ 20,758,801	$ 4,059,223

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental/enterprise activities in the statement of net position.

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY GOVERNMENTAL FUND CAPITAL ASSETS (1)

December 31, 2013

	Balance as of 01/01/14	Additions	Deletions	Balance as of 12/31/14
General government				
City Administration	$ 1,191,085	$ -	$ -	$ 1,191,085
Finance	2,103,561	107,152	-	2,210,713
Human Resources	8,239	-	-	8,239
Legal	20,305	-	-	20,305
Municipal Court	64,576	-	-	64,576
Code Administration	2,930,443	1,234,193	-	4,164,636
Engineering	42,198	-	-	42,198
Miscellaneous general government	2,143,891	-	-	2,143,891
Total general government	8,504,298	1,341,345	-	9,845,643
Public safety				
Fire	14,271,466	108,573		14,380,039
Police	23,343,727	535,520	(314,927)	23,564,320
Total public safety	37,615,193	644,093	(314,927)	37,944,359
Physical environment				
Cemetery	754,248	-	-	754,248
Transportation				
Streets	147,997,782	167,156	-	148,164,938
Arterial Street	110,801,315	23,698,750	-	134,500,065
Transportation (Trolley)	1,050,356	17,133	-	1,067,489
Total transportation	259,849,453	23,883,039	-	283,732,492
Economic environment				
Senior Citizen Center	3,500,000	-	-	3,500,000
Community Development	3,712,690	1,263,563	-	4,976,253
Central Business District	11,881,063	-	-	11,881,063
Total economic environment	19,093,753	1,263,563	-	20,357,316
Culture and recreation				
Bicentennial Pavilion	8,956,055	-	-	8,956,055
Parks and Recreation	17,252,643	60,478	-	17,313,121
SE Community Center	912,644	-	-	912,644
Capitol Theatre	13,831,634	-	-	13,831,634
Cable TV	620,408	67,173	-	687,581
Convention Center	6,992,249	43,853	-	7,036,102
Gateway - Visitor Center	601,044	-	-	601,044
Total Culture and recreation	49,166,677	171,504	-	49,338,181
Total	$ 374,983,622	$ 27,303,544	$ (314,927)	$ 401,972,239

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental / enterprise activities in the statement of net position.

SCHEDULE BY CHANGES IN GENERAL FIXED ASSETS (1)

December 31, 2013

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
General capital assets					
Land	$ 14,549,645	$ 1,100,857	$ -	$ -	$ 15,650,502
Buildings	57,343,286	133,336	-	-	57,476,622
Improvements other than buildings	15,692,445	208,607	-	(29,999)	15,871,053
Infrastructure	251,439,551	-	-	36,716,488	288,156,039
Equipment	20,139,875	872,660	(314,927)	61,192	20,758,800
Construction in progress	15,818,819	24,935,886	-	(36,695,482)	4,059,223
Total general capital assets	$ 374,983,621	$ 27,251,346	$ (314,927)	$ 52,199	$ 401,972,239
Investment in general capital assets					
1984 physical inventory	$ 15,920,371	$ -	$ -	$ -	$ 15,920,371
Federal grants	1,988,957	2,206,997	-	-	4,195,954
State grants	551,428	1,500,465	-	-	2,051,893
Interlocal grants	143,728,214	-	-	-	143,728,214
General fund	2,891,132	1,164,205	-	-	4,055,337
Special revenue funds	11,608,030	129,759	-	-	11,737,789
Federal revenue sharing	394,765	-	-	-	394,765
General obligation bond	27,923,603	14,812,310	-	-	42,735,913
Capital projects	58,670,662	6,210,762	(314,927)	-	64,566,497
Grants/GOB/local match	100,907,300	-	-	-	100,907,300
Private contributions	7,665,363	1,226,848	-	-	8,892,211
Proprietary/internal service funds	2,733,796	-	-	52,199	2,785,995
Total investment in general capital assets	$ 374,983,621	$ 27,251,346	$ (314,927)	$ 52,199	$ 401,972,239

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental/enterprise activities in the statement of net position.

SUPPLEMENTAL SCHEDULES

Schedule 9 Long-Term Debt – This schedule provides information about the long-term debt for the City of Yakima. It is also used to corroborate the amounts of long-term debt shown on any balance sheets and the amounts of debt services (principal only) shown on operating statements.

Schedule 10 Limitation of Indebtedness – This schedule applies only to general obligation debt. General obligation debt is backed by the full faith and credit of the government. The debt service on non-voted debt is paid out of general government revenues. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056.

Schedule 15 State Financial Assistance – Expenditures from grants received directly or indirectly from state agencies (334), grants from other local government (337), loans from the state and other local governments, and program income.

Schedule 16 Expenditures of Federal Awards – Expenditures of federal awards that were received directly from a federal agency and indirectly (pass-through) from a state agency or local government. Following the Schedule of Expenditures of Federal Awards are the **Notes to Schedule 16,** which include disclosure of the basis of accounting and any other significant accounting policies used in preparing Schedule 16.

Schedule 17 Public Works – A report regarding the limitation on public works projects performed by public employees.

Schedule 19 Labor Relations Consultant – The 1993 Legislature has required the state Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 Legislature.

Schedule 21 Local Government Risk Assumption. – This schedule is used to report self-insurance or assumption of any insurable risk type (liability, property, health and welfare, unemployment compensation, and workers' compensation.

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2014

	State ID No.	City ID No.	Amount of Issue	Date of Issue	Date of Final Maturity	Beginning Outstanding Balance
General obligation debt						
SunDome expansion	251.11	818	$ 1,430,528	06/17/03	12/01/23	$ 743,119
Fire station	251.12	825	2,300,000	09/07/04	12/01/14	285,000
Convention Center expansion phase II	251.11	827	4,175,000	09/07/04	11/01/19	2,170,000
Parks and Recreation	251.11	821	755,000	12/05/05	12/01/15	175,000
Convention Center addition phase III	251.11	815	4,910,000	05/08/07	05/01/26	4,595,000
River Road / 16th & Fruitvale	251.11	819	1,765,000	05/08/07	05/01/17	800,000
Fire station - West Valley / 92nd	251.11	820	815,000	05/08/07	05/01/22	550,000
Downtown revitalization project	251.11	822	1,490,000	05/08/07	05/01/22	1,000,000
Fire ladder apparatus	251.11	817	760,000	08/28/08	12/01/21	500,000
Infrastructure project	251.11	823	2,190,000	08/28/08	12/01/19	1,270,000
Capitol Theatre expansion	251.11	816	7,035,000	08/28/09	12/01/18	6,110,000
Street resurfacing project	251.11	872	5,000,000	06/20/13	06/20/28	4,854,959
Street improvement project	251.11	868	13,140,000	06/06/14	06/01/24	-
Total general obligation debt			$ 45,765,528			$ 23,053,078
Revenue bonds						
Wastewater revenue bonds, refunding 03A	252.11	857	$ 7,390,000	12/22/03	11/01/14	$ 255,000
Irrigation system revenue bonds	252.11	855	5,215,000	09/14/04	09/01/34	4,220,000
Water revenue bonds, refunding 1998	252.11	853	1,883,951	11/01/08	11/01/18	1,030,000
Wastewater revenue bonds	252.11	854	5,440,000	11/01/08	11/01/27	4,330,000
Wastewater revenue bonds, refunding 03B	252.11	858	9,400,000	11/01/12	11/01/23	9,355,000
Total revenue bonds			$ 29,328,951			$ 19,190,000
Special assessment notes						
#1056	263.63	895	$ 218,481	12/17/05	12/17/15	$ 12,500
#1057	263.63	895	346,238	05/01/06	05/01/16	25,800
#1058	263.63	895	200,014	05/01/06	05/01/16	23,000
#1060	263.63	895	497,728	04/01/10	04/01/20	268,500
#1061	263.63	895	398,216	06/01/10	06/01/20	99,000
Total special assessment notes			$ 1,660,677			$ 428,800

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2014

Amount Issued	Rec Fund #	Amount Redeemed	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
$ -	392	$ 95,455	281	$ 647,664	2.34% - 4.72%
-	284	285,000	284	-	2.00% - 4.20%
-	370	340,000	287	1,830,000	2.00% - 4.20%
-	331	85,000	281	90,000	4.00% - 4.50%
-	272	265,000	272	4,330,000	4.00% - 4.15%
-	142	185,000	281	615,000	4.00% - 5.00%
-	332	50,000	281	500,000	4.00% - 4.05%
-	321	95,000	281	905,000	4.00% - 4.05%
-	332	55,000	281	445,000	3.25% - 4.00%
-	142	195,000	281	1,075,000	3.25% - 4.00%
-	322	205,000	272	5,905,000	3.00% - 6.60%
-	142	298,429	281	4,556,530	1.67%
13,140,000	344	-	281	13,140,000	3.00% - 5.00%
$ 13,140,000		$ 2,153,884		$ 34,039,194	
$ -	478	$ 255,000	493	$ -	2.00-3.625%
-	479	130,000	491	4,090,000	2.00-4.80%
-	477	195,000	486	835,000	4.00-5.00%
-	478	235,000	488	4,095,000	4.00%
-	478	590,000	493	8,765,000	2.00-4.00%
$ -		$ 1,405,000		$ 17,785,000	
$ -	345	$ 9,758	289	2,742	8.75%
-	345	6,500	289	19,300	8.75%
-	345	16,229	289	6,771	8.75%
-	345	39,062	289	229,438	5.50%
-	345	19,955	289	79,045	5.50%
$ -		$ 91,504		$ 337,296	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2014

	State ID No.	City ID No.	Amount of Issue	Date of Issue	Date of Final Maturity	Beginning Outstanding Balance
Intergovernment loans (Public Works Trust and State Revolving fund)						
PW-5-94-784-049	263.82	838	$ 870,517	05/16/94	07/01/14	$ 40,899
PW-5-95-791-052	263.81	807	1,000,000	06/14/94	07/01/15	106,502
PW-5-95-791-054	263.82	840	209,367	06/14/95	07/01/15	23,370
PW-5-95-791-053	263.82	839	3,030,558	08/07/95	07/01/15	326,749
CERB Loan	263.81	804	425,448	08/21/95	07/01/16	96,050
PW-01-691-071	263.82	842	1,466,250	06/01/01	07/01/21	621,000
PW-03-691-027	263.82	846	2,559,775	09/01/03	07/01/23	1,347,250
SRF-04-65104-037	263.82	847	884,808	06/27/05	10/01/25	555,300
PW-05-691-064	263.82	844	2,307,000	12/30/05	07/01/25	1,490,949
PW-07-962-019	263.82	845	2,300,000	04/30/07	07/01/27	1,699,444
PC-08-951-051	263.82	848	2,257,200	04/15/09	07/01/28	1,817,232
PC-08-951-052	263.81	867	2,850,000	08/14/09	07/01/28	2,315,789
L1000030-0	263.81	831	1,229,295	05/06/10	06/01/34	982,696
L1200019	263.82	876	605,738	10/10/11	07/01/34	421,132
L1100008	263.82	864	516,192	10/20/11	03/31/33	503,558
PC-12-951-065	263.82	862	5,000,000	06/01/12	06/01/32	4,843,425
PC-13-961-059	263.82	863	2,000,000	10/11/12	06/01/32	2,000,000
PC-13-961-074	263.82	866	5,000,000	08/05/13	07/01/33	4,282,198
DM-11-952-038	263.82	865	3,128,520	12/12/13	10/01/35	1,095,393
Yakima County SIED Loan (LIFT)	263.81	895	900,000	04/15/14	06/01/17	-
Communications Center / 911	263.82	341	1,716,500	06/17/14	05/01/34	-
Total intergovernment loans			$ 40,257,168			$ 24,568,936
Lease purchase agreements						
#1223521 - Printer/Copier	263.51	803	$ 51,000	01/01/10	12/31/14	$ 10,147
#0857-1-1 Two Fire Apparatus	263.96	829	576,847	06/01/11	12/01/20	420,411
#0857-2-1 Fire Apparatus	263.96	869	310,414	03/19/13	06/01/23	310,414
#0857-4-1 74 Police Cars/70 Airpacs	263.96	870/871	4,632,793	08/22/13	06/01/19	4,632,793
Total lease purchase agreements			$ 5,571,054			$ 5,373,765
Grand total			$ 122,583,378			$ 72,614,579

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2014

Amount Issued	Rec Fund #	Amount Redeemed	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
$ -	476	$ 40,899	473	$ -	1.00%
-	142	53,251	142	53,251	1.00%
-	476	11,685	473	11,685	1.00%
-	478	163,374	473	163,375	1.00%
-	1	30,318	001	65,732	5.50%
-	476/477	77,625	473	543,375	0.50%
-	477	134,725	474	1,212,525	0.50%
-	477	47,073	474	508,227	0.50%
-	476	124,246	473	1,366,703	0.50%
-	478	121,389	473	1,578,055	0.50%
-	477	121,149	474	1,696,083	0.50%
-	392	154,386	343	2,161,403	0.50%
246,600	392	-	342	1,229,296	2.90%
-	478	-	473	421,132	2.60%
12,634	478	16,716	473	499,476	2.80%
-	478	269,079	473	4,574,346	0.50%
-	476	105,263	473	1,894,737	0.50%
717,802	477	263,158	474	4,736,842	1.50%
2,033,127	477	-	474	3,128,520	1.50%
900,000	323	-	323	900,000	2.44%
1,716,500	N/A	-	151	1,716,500	2.00% - 3.50%
$ 5,626,663		$ 1,734,336		$ 28,461,263	
$ -	001	$ 10,147	001	$ -	4.85%
-	332	53,679	001	366,732	2.00% - 5.00%
-	332	25,509	001	284,905	2.00% - 5.00%
-	333	710,033	001	3,922,760	2.00% - 5.00%
$ -		$ 799,368		$ 4,574,397	
$ 18,766,663		$ 6,184,092		$ 85,197,150	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2014

NOTE:

The Public Works Trust Loans are from the State of Washington's Department of Community Development.
Terms of the loans authorize maximum sums as follows:

PW-5-94-784-049	$ 1,481,000
PW-5-95-791-052	1,000,000
PW-5-95-791-053	3,030,558
PW-5-95-791-054	209,367
PW-01-691-071	1,466,250
PW-03-691-027	2,694,000
PW-05-691-064	2,307,000
PW-07-962-019	2,300,000
	14,488,175

SCHEDULE 10
LIMITATIONS OF INDEBTEDNESS

For the Year Ended December 31, 2014

Total Taxable Property Value - $5,515,264,870

		Remaining Debt Capacity
2.50%		
Up to 1.5% debt without a vote (councilmanic)	$ 82,728,973	
Less : Outstanding debt	47,157,628	
Less: Contracts payable	4,628,076	
Less: Excess of debt with a vote	-	
Add: Available assets	8,551,175	
Equals: Remaining debt capacity without a vote		$ 39,494,444
1% General purposes debt with a vote	$ 55,152,649	
Less : Outstanding debt	-	
Less: Contracts payable	-	
Add: Available assets	-	
Equals: Remaining debt capacity with a vote		$ 55,152,649
2.5% Utility purpose limit, voted	$ 137,881,622	
Less : Outstanding debt	-	
Less: Contracts payable	-	
Add: Available assets	-	
Equals: Remaining debt capacity - utility purpose, voted		$ 137,881,622
2.5% Open space, park and capital facilities, voted	$ 137,881,622	
Less : Outstanding debt	-	
Less: Contracts payable	-	
Add: Available assets	-	
Equals: Remaining debt capacity - open Space, park and capital facilities, voted		$ 137,881,622

SCHEDULE 15
STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2014

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Other Identification Information	Current Year Expenditures
State assistance			
Washington State Department of Transportation (WSDOT)			
Transit operating grant	334069		$ 117,196
Regional Mobility grant park & ride	334058		179,075
Washington Airport Aid program	334036		27,121
Subtotal			323,392
Washington State Transportation Improvement Board			
64th Avenue intersection	334038	Project 2282	3,077
MLK railroad grade	334038	Project 1818	1,086,385
Subtotal			1,089,462
Freight Mobility Strategic Investment Board			
MLK railroad grade		Project 1818	214,080
Washington State Recreation and Conservation Office			
Gap to Gap outfall relocation		Project 2267	695,958
Washington State Department of Ecology			
Grant agreement #G1400048	334031		200,000
Refuse grant	334031		37,500
Shoreline master program grant	334031		5,543
UIC retrofit project grant	334031	Project 2313	50,276
Subtotal			293,319
Washington State Department of Social and Health Services			
State respite	334046		16,394
Pre-hospital (emergency management)	334046		1,473
Subtotal			17,867
Washington State Office of Public Defense			
Indigent Defense cities grant	334012		130,725
Washington Traffic Safety Commission			
Police overtime and equipment	334035		63,508
Total State assistance			$ 2,828,311

SCHEDULE 16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2014

Grantor / Pass-Through Grantor Program Title	CFDA No.	Other I.D. Number	From Pass-Through Awards	From Direct Awards	Note
U. S. Department of Agriculture					
Child & Adult Care Food Program	10.558	39141326	$ 11,005	$ -	-
Passed-through Washington Office of Superintendent of Public Instruction					
U. S. Department of Housing & Urban Development					
CFDA 14218					
Community Development Block Grant	14.218	B 14-MC-53-0008	-	346,161	7
Community Development Block Grant	14.218	B 13-MC-53-0008	-	605,888	8
Community Development Block Grant	14.218	CDBG Program Income	-	140,477	3
Sub-Total CFDA 14.218			-	1,092,526	
CFDA 14.239					
Home Investment Partnerships Program	14.239	M14-MC53-0203	-	7,460	-
Home Investment Partnerships Program	14.239	M13-MC53-0203	-	83,044	-
Home Investment Partnerships Program	14.239	Home Program Income	-	218,000	3
Sub-Total CFDA 14.239			-	308,504	-
Total Department of Housing and Urban Development			-	1,401,030	
U. S. Department of the Interior					
Partners for Fish and Wildlife Service	15.631	F13AC00652	-	25,000	-
U. S. Department of Justice					
Title V Delinquency Prevention Program	16.548		4,500	-	-
Passed-through Yakima County					
Edward Byrne Memorial Justice Assistance Grant	16.738		-	14,178	7
Total U.S. Department of Justice			4,500	14,178	
U. S. Department of Transportation					
CFDA 20.106					
Airport Improvement Program	20.106	AIP 32	-	31,164	2
Airport Improvement Program	20.106	AIP 33	-	41,115	2
Airport Improvement Program	20.106	AIP 34	-	4,867	2
Airport Improvement Program	20.106	AIP 35	-	550,860	2
Airport Improvement Program	20.106	AIP 36	-	288,728	2
Airport Improvement Program	20.106	AIP 37	-	24,750	2
Sub-Total CFDA 20.106			-	941,484	
Federal Transit - Formula Grant	20.507	WA-90X508-00	-	2,391,838	-
Enhanced Mobility of Seniors & Individuals w/Disabilities	20.513	GCB1649	313,507	-	-

SCHEDULE 16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2014

Grantor / Pass-Through Grantor Program Title	CFDA No.	Other I.D. Number	From Pass-Through Awards	From Direct Awards	Note
CFDA 20.205 - Highway Planning & Construction					
Railroad grade separation	20.205	STPX-000S (062)	997,289	-	2
Fair Avenue / Nob Hill	20.205	STPUS-4566 (007)	2,313	-	2
64th Avenue roadway widening	20.205	STPUS-4591 (002)	742,059	-	2
Citywide safety	20.205		197,235	-	2
Lincoln corridor safety	20.205		28,504	-	2
North 1st Street revitalization	20.205	STPUS-4579 (011)	202,808	-	2
1st/Main & Nob Hill corridor safety	20.205	POMVI000S(369)	23,253	-	2
West Valley middle school vicinity	20.205	SRTS-4711 (004)	4,895	-	-
Sub-Total CFDA 20.205			2,198,356	-	-
Total U.S. Department of Transportation			2,511,863	3,333,322	
U. S. Environmental Protection Agency					
Safe Drinking Water State Revolving Fund	66.468	DM11-952-038	1,201,701	-	4
Passed-through Washington State Department of Commerce					
Total U.S. Environmental Protection Agency					
U. S. Department of Health and Human Services					
CFDA 93.043 Passed-through Yakima County					
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	851	-	-
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	12,959	-	-
Sub-Total CFDA 93.043			13,810	-	-
Special Programs for the Aging / Grants for Sup Svcs	93.044	0969-54703	15,896	-	-
Total U.S. Department Health Passed-through			29,706	-	
Homeland Security					
Passed-through Yakima County - Emergency Management					
Homeland Security Grant	97.067		31,363	-	-
Staffing for Adequate Fire and Emergency Response (SAFER	97.083		-	125,165	-
Total Homeland Security			31,363	125,165	
Total Pass-through and Direct Awards			3,790,138	4,898,695	
Total Federal Assistance Direct & Pass-Through Awards			$ 8,688,833		

SCHEDULE 16
NOTES TO THE SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 2014

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Award is prepared on the same basis of accounting as the City of Yakima financial statements. The City of Yakima uses modified accrual system for all governmental funds: full accrual system for proprietary, nonexpendable and pension trust funds.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal portion of program costs. Actual program costs, including the City of Yakima's portion may be more than shown.

Note 3 - Program Income

The City of Yakima has a loan program for low income housing. Under this federal grant, repayments to the City of Yakima are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures.

Note 4 - Federal Loans

In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. There were no new loans in 2014. Since the City is only contingently liable, this amount is not included in the Schedule of Long-Term Debt. See Note 8 - Contingencies in the Basic Financial Statements section for details of the entire program.

The City of Yakima was approved by the EPA and the PWB to receive a loan totaling $1,201,701. to improve its drinking water system. The amount listed for this loan includes the proceeds used during the year.

Both the current and prior year loans are also reported on the City of Yakima's Schedule of Liabilities.

Note 5 - Noncash Awards

Not applicable

Note 6 - Amount Paid to Subrecipients

Not applicable

Note 7- Amount Paid to Subrecipients

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218	$ 125,000
JAG-16.738	14,178
	$ 139,178

Note 8

The $605,888 includes 2013 expenses of $35,470 that were incurred late from the vendor and not captured on the 2013 SEFA.

SCHEDULE 17
LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES

For the Year Ended December 31, 2014

1. Total current public works construction budget as amended (annual or biennial as applicable)	$ 66,701,782
2. Total allowable public works (10 percent of line 1)	6,670,178
3. Less: Amount (if any) in excess of permitted amount from prior year	-
4. Total allowable public works (line 2 minus line 3)	6,670,178
5. Total public works projects performed by public employees during the current year (including work performed by a county)	135,945
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	-
7. Restricted (over) under allowable (line 4 minus line 5 minus line 6)	$ 6,534,233

NOTE: If the restricted amount is over allowable, this amount must be carried forward to next year's report.

SCHEDULE 19
LABOR RELATIONS CONSULTANTS

For the Year Ended December 31, 2014

Name Of Firm:

Menke Jackson Beyer Elofson Ehlis & Harper, LLP

Name of Consultant:

A. Menke/K. Harper

Business Address:

807 North 39th Avenue
Yakima, Washington 98901

Amount Paid To Consultant During Fiscal Year:
$6,590.00

Terms And Conditions, As Applicable, Including:

Rates (E.G., Hourly, ETC.):
$80 to $150 an hour plus reimbursable cost (long distance, postage and copy charges)

Maximum Compensation Allowed:
None

Duration of Services:
On Going

Services Provided:
Labor negotiations and arbitration for Police, Fire and AFSCME.

SCHEDULE 21
LOCAL GOVERNMENT RISK ASSUMPTION

For the Year Ended December 31, 2014

Program Manager:
Cindy Epperson

Phone:
(509) 576-6771

Business Address:
129 N. 2nd Street
Yakima, Washington 98901

Email:
cindy.epperson@yakimawa.gov

Which class of risk does the entity self-insure? Check all that apply

- [ ] Liability
- [ ] Property
- [√] Health & Welfare (medical, vision, dental, prescription)
  Third Party Administrator:
  EBMS - 2075 Overland Ave/P.O. Box 21367, Billings MT 59104
- [√] Unemployment Compensation (except when using the state program regardless if using tax or reimbursement method)
  Third Party Administrator:
  TALX Corporation / Equifax Workforce Solutions, 11432 Lackland Road, St. Louis MO 63146
- [√] Workers Compensation (except when using the state program)
  Third Party Administrator:
  Intermountain Claims - P.O. Box 4367, Boise ID 83711, (208) 323-7571
- [ ] Other - please describe: _____

Yes	No	
√		Does the local government self-insure as an individual program?
	√	If yes, does the local government allow another separate legal entity into its self-insurance program(s)? (for example, employees of a different organization participate in a health and welfare program of a city) If yes, list the other member(s):
	√	Does the local government administer its own claims?
√		Does the local government contract with a third party administrator for claims administration?
√		Did the local government receive a claims audit in the last three years, regardless of who administered the claims?
√		Were the program's revenues sufficient to cover the program's expenses?
	√	Did the program use an actuary to determine its liabilities?

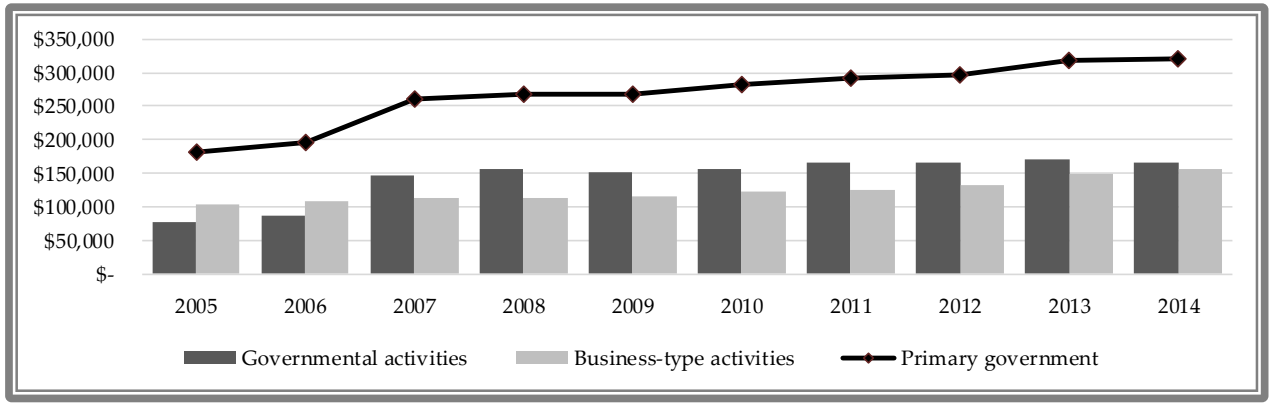
Risk Type	---------- Current Period ---------- # of Claims Received	# of Claims Paid	Total $'s Paid
Healthcare	29,693	30,344	$8,081,961
Unemployment	86	78	$109,716
Workers Compensation	103	97	$600,282

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	$ 63,513	$ 72,842	$ 121,925	$ 130,196	$ 128,071	$ 137,521	$ 147,349	$ 149,222	$ 155,430	$ 153,733
Restricted	4,792	4,238	10,991	9,804	9,286	9,350	18,624	18,548	21,768	18,483
Unrestricted	8,951	9,668	14,327	16,073	14,928	10,545	(921)	(2,528)	(7,268)	(7,320)
Total governmental activities net position	$ 77,256	$ 86,748	$ 147,243	$ 156,073	$ 152,285	$ 157,416	$ 165,052	$ 165,242	$ 169,930	$ 164,896
Business-type activities										
Invested in capital assets, net of related debt	$ 86,609	$ 89,124	$ 90,617	$ 86,560	$ 98,161	$ 101,913	$ 105,681	$ 109,844	$ 126,846	$ 130,496
Restricted	2,701	2,705	2,722	2,362	2,366	2,370	2,372	1,757	1,761	1,808
Unrestricted	14,613	17,156	20,771	22,963	15,449	19,461	17,690	19,984	20,151	24,463
Total business-type activities net position	$ 103,923	$ 108,985	$ 114,110	$ 111,885	$ 115,976	$ 123,744	$ 125,743	$ 131,585	$ 148,758	$ 156,768
Primary government										
Invested in capital assets, net of related debt	$ 150,122	$ 161,966	$ 212,542	$ 216,756	$ 226,232	$239,434	$253,030	$259,066	$282,276	$284,230
Restricted	7,493	6,943	13,713	12,166	11,652	11,720	20,996	20,305	23,529	20,291
Unrestricted	23,564	26,824	35,098	39,036	30,377	30,006	16,769	17,456	12,883	17,143
Total primary government net position	$ 181,179	$ 195,733	$ 261,353	$ 267,958	$ 268,261	$ 281,160	$ 290,795	$ 296,827	$ 318,688	$ 321,665



Note: 2007 was the first year of accounting for the universe of infrastructure.

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	$ 7,381	$ 7,336	$ 7,867	$ 8,145	$ 8,656	$ 8,512	$ 8,814	$ 8,668	$ 8,744	$ 11,307
Public safety	30,222	32,059	33,706	36,959	40,009	40,088	40,614	42,996	47,682	48,645
Utilities	1,232	1,339	872	1,355	1,190	828	670	658	794	1,729
Transportation	5,962	6,821	11,516	11,213	11,109	11,604	10,693	11,530	13,075	10,839
Economic environment	3,747	3,937	4,007	4,146	4,821	5,670	4,840	3,950	4,407	4,477
Public health services	43	17	20	19	86	87	22	24	18	640
Culture & recreation	7,601	7,819	6,807	7,156	7,021	7,471	7,859	7,522	8,205	7,146
Interest	809	815	871	863	1,004	1,217	1,160	1,122	1,175	1,434
Total expenses - governmental activities	56,997	60,143	65,666	69,856	73,896	75,477	74,672	76,470	84,100	86,216
Business-type activities										
Transit	6,282	6,769	7,317	8,323	7,929	8,365	8,564	9,085	8,806	8,891
Airport	-	-	-	-	-	-	-	-	1,407	1,825
Refuse	3,154	3,176	3,521	3,971	4,218	4,362	4,472	4,679	4,808	4,993
Wastewater	11,173	11,545	11,794	12,167	12,297	12,813	13,972	13,634	14,255	15,541
Water	4,921	5,044	5,395	5,520	5,748	5,654	5,546	5,834	6,368	7,111
Irrigation	1,645	1,572	1,568	1,695	1,733	1,811	1,884	1,891	2,071	2,078
Stormwater	-	-	-	583	1,028	1,240	1,317	1,318	1,322	1,351
Total expenses - business-type activities	27,175	28,106	29,595	32,259	32,953	34,245	35,755	36,441	39,037	41,788
Total expenses	$ 84,172	$ 88,249	$ 95,261	$ 102,115	$ 106,849	$ 109,722	$ 110,427	$ 112,911	$ 123,137	$ 128,005

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program revenues										
Governmental activities										
Charges for services										
General government	$ 156	$ 170	$ 145	$ 19	$ 12	$ 4	$ (2)	$ 9	$ 32	$ 400
Public safety	1,561	1,389	1,625	1,823	2,539	2,183	2,088	2,385	2,075	7,077
Utilities	875	1,101	901	980	649	1,544	768	735	619	217
Transportation	84	64	261	161	59	259	225	232	245	12
Economic environment	1,059	1,259	2,072	1,664	1,673	1,719	2,258	1,231	1,520	2,398
Culture & recreation	1,533	1,744	1,922	2,037	2,070	2,100	2,216	2,122	2,618	3,896
Operating grants and contributions	5,134	5,235	4,640	5,488	6,378	7,981	10,507	10,848	10,093	5,126
Capital grants and contributions	3,921	9,301	14,595	4,961	5,090	15,490	14,991	4,883	12,819	5,099
Total government activities	14,323	20,263	26,161	17,133	18,470	31,280	33,051	22,445	30,021	24,225
Business-type activities										
Charges for services										
Transit	450	484	578	1,234	931	935	1,015	1,047	1,252	1,368
Airport	-	-	-	-	-	-	-	-	931	1,236
Refuse	3,508	3,861	3,952	4,244	4,655	4,880	4,770	5,430	5,440	5,822
Wastewater	14,125	14,614	14,433	14,898	15,941	16,442	15,466	18,703	19,154	21,471
Water	5,381	6,158	6,360	6,394	7,097	7,058	6,887	8,599	8,126	8,650
Irrigation	2,435	2,449	2,486	2,563	2,646	2,711	2,718	2,901	2,986	3,148
Stormwater	-	-	-	1,065	1,707	1,976	2,170	2,183	2,142	2,176
Operating grants and contributions	3,103	2,801	2,386	2,102	2,019	2,410	2,911	2,713	2,703	2,547
Capital grants and contributions	2,387	1,912	2,789	3,345	1,659	4,993	1,646	2,118	1,761	4,265
Total business-type activities	31,389	32,279	32,984	35,845	36,655	41,405	37,583	43,694	44,495	50,683
Total program revenues	$ 45,712	$ 52,542	$ 59,145	$ 52,978	$ 55,125	$ 72,685	$ 70,634	$ 66,139	$ 74,516	$ 74,908
Net expense/revenue										
Governmental activities	$ (42,674)	$ (39,880)	$ (39,505)	$ (52,723)	$ (55,426)	$ (44,197)	$ (41,621)	$ (54,025)	$ (54,079)	$ (61,991)
Business-type activities	4,214	4,173	3,389	3,586	3,702	7,160	1,828	7,253	5,458	8,895
Total net expense	$ (38,460)	$ (35,707)	$ (36,116)	$ (49,137)	$ (51,724)	$ (37,037)	$ (39,793)	$ (46,772)	$ (48,621)	$ (53,096)

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

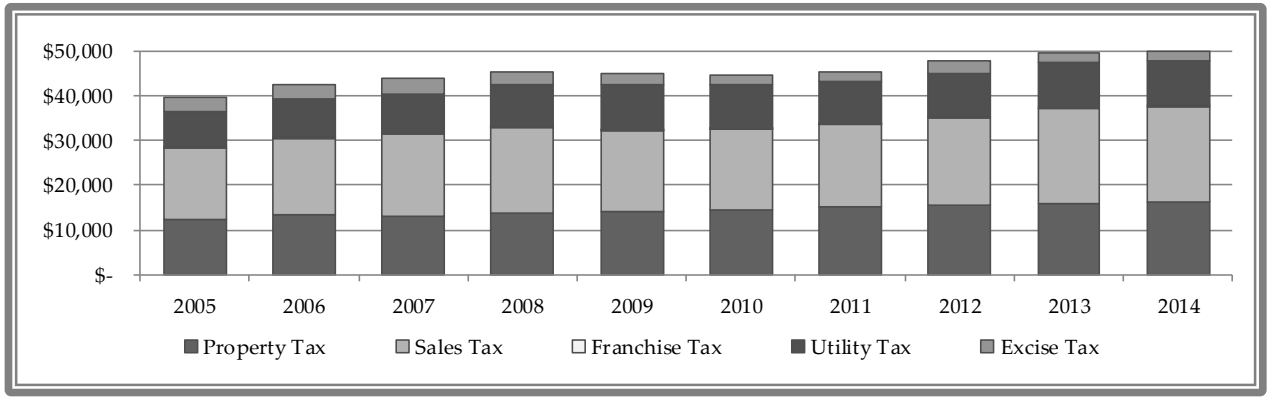
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues & other changes in net position										
Governmental activities										
Taxes										
Property taxes	$ 12,435	$ 13,265	$ 13,071	$ 13,782	$ 14,261	$ 14,535	$ 15,126	$ 15,565	$ 15,989	$ 16,131
Sales and use taxes	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306	21,537
Franchise and utility taxes	8,302	9,045	9,025	9,584	10,293	9,959	9,675	9,798	10,084	9,960
Excise tax	3,213	3,081	3,469	2,839	2,412	2,281	2,234	2,656	2,205	2,341
Penalties and interest	1	11	10	3	5	1	1	-	-	-
State entitlements	2,953	3,497	3,790	3,614	3,739	3,589	-	-	-	-
Unrestricted investment interest	735	695	913	863	556	403	272	309	101	371
Judgments and settlements	-	-	-	-	-	-	-	-	-	1,350
Miscellaneous	57	137	(38)	147	101	(64)	33	42	40	356
Gain (loss) disposition of capital assets	257	(695)	(553)	135	85	(922)	(148)	73	2,182	(20)
Intergovernmental agreements	-	(39)	-	-	-	-	-	-	-	-
Transfers	2,950	3,084	2,624	3,664	4,188	3,927	3,718	6,172	6,372	6,643
Debt issue cost	4	-	-	(3)	(31)	-	-	-	489	-
Accountingg loss on GO debt refunding	-	140	-	-	-	-	-	-	-	-
Total government activities	46,597	49,334	50,704	53,615	53,419	51,629	49,257	54,214	58,768	58,669
Business-type activities										
Sales and use taxes	4,234	4,511	4,789	4,828	4,490	4,485	4,449	4,762	5,081	5,457
Unrestricted investment interest	560	656	380	198	100	21	9	11	6	5
Judgments and settlements	-	-	-	-	-	-	-	-	-	14
Miscellaneous	-	-	-	-	-	-	-	-	-	400
Gain (loss) disposition of capital assets	(56)	100	(227)	1,286	(1)	(6)	(529)	7	(98)	(118)
Transfers	(3,171)	(3,315)	(3,207)	(4,188)	(4,201)	(3,892)	(3,718)	(6,191)	(6,372)	(6,643)
Total business-type activities	1,567	1,952	1,735	2,124	388	608	211	(1,411)	(1,383)	(885)
Total primary government	$ 48,164	$ 51,286	$ 52,439	$ 55,739	$ 53,807	$ 52,237	$ 49,468	$ 52,803	$ 57,385	$ 57,784
Change in net position										
Governmental activities	$ 3,923	$ 9,454	$ 11,199	$ 892	$ (2,007)	$ 7,432	$ 7,636	$ 189	$ 4,689	$ (3,322)
Business-type activities	5,781	6,125	5,124	5,710	4,090	7,768	2,039	5,842	4,076	8,010
Total change in net position	$ 9,704	$ 15,579	$ 16,323	$ 6,602	$ 2,083	$ 15,200	$ 9,675	$ 6,031	$ 8,765	$ 4,688

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Utility Tax	Excise Tax	Total
2005	$ 12,435	$ 15,690	$ 427	$ 7,875	$ 3,213	$ 39,640
2006	13,265	17,113	343	8,702	3,081	42,504
2007	13,071	18,393	42	8,984	3,470	43,960
2008	13,782	18,990	40	9,544	2,839	45,195
2009	14,261	17,810	53	10,240	2,412	44,776
2010	14,535	17,920	45	9,915	2,281	44,696
2011	15,126	18,346	45	9,630	2,235	45,382
2012	15,565	19,599	56	9,742	2,656	47,618
2013	15,989	21,306	57	10,027	2,205	49,584
2014	16,131	21,537	49	9,911	2,341	49,968



FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	$ 278	$ 377	$ 458	$ 464	$ 356	$ 67	$ 44	$ 42	$ 35	#REF!
Unassigned	8,686	9,145	10,034	10,583	8,486	8,643	8,812	9,738	9,692	7,874
Total general fund	8,964	9,522	10,492	11,047	8,842	8,710	8,856	9,780	9,727	#REF!
Streets capital										
Unassigned	-	-	-	-	-	-	-	-	-	-
Total streets capital	-	-	-	-	-	-	-	-	-	-
All other governmental funds										
Nonspendable	-	-	-	-	-	592	604	694	623	632
Restricted	-	-	-	-	-	7,404	6,769	8,601	7,264	9,453
Committed	-	-	-	-	-	1,168	2,085	3,082	3,478	5,111
Assigned	-	-	-	-	-	991	829	975	2,405	2,104
Reserved	3,389	2,817	2,909	1,685	2,943	-	-	-	-	-
Unreserved reported in:										
Special revenue funds	3,874	4,937	5,962	7,096	6,591	-	-	-	-	-
Capital project funds	3,288	3,981	6,312	6,039	8,672	-	-	-	-	-
Total all other governmental funds	10,551	11,735	15,183	14,820	18,206	10,155	10,287	13,352	13,770	17,299
Governmental funds										
Nonspendable	278	377	458	464	356	659	648	736	658	#REF!
Restricted	-	-	-	-	-	7,404	6,769	8,601	7,264	9,453
Committed	-	-	-	-	-	1,168	2,085	3,082	3,478	5,111
Assigned	-	-	-	-	-	991	829	975	2,405	2,104
Unassigned	8,686	9,145	10,034	10,583	8,486	8,643	8,812	9,738	9,692	7,874
Reserved	3,389	2,817	2,909	1,685	2,943	-	-	-	-	-
Unreserved	7,162	8,918	12,274	13,135	15,263	-	-	-	-	-
Grand total governmental funds	$ 19,515	$ 21,257	$ 25,675	$ 25,867	$ 27,048	$ 18,865	$ 19,143	$ 23,132	$ 23,497	#REF!

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

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes and assessments	$ 42,557	$ 45,601	$ 47,061	$ 48,427	$ 48,256	$ 48,273	$ 48,744	$ 53,685	$ 55,839	$ 58,653
Licenses and permits	691	741	982	993	712	768	842	892	818	2,093
Intergovernmental revenue	11,839	17,346	16,756	11,994	14,984	23,795	24,267	13,023	21,366	8,803
Charges for services	5,596	5,543	6,996	6,536	6,496	7,225	7,935	6,300	7,772	10,766
Fines and forfeitures	1,190	1,309	1,420	1,583	1,632	1,693	1,600	1,542	1,603	1,600
Interest	870	1,168	1,696	1,407	753	531	380	508	186	411
Other revenues	1,240	1,852	1,647	1,681	1,834	2,156	2,561	3,550	2,400	5,014
Total Revenues	63,983	73,560	76,558	72,621	74,667	84,441	86,329	79,500	89,984	87,339
Expenditures										
Current										
General government	10,090	10,452	10,757	11,367	11,626	11,594	11,886	11,558	12,285	12,742
Public safety	28,684	30,929	32,691	34,815	37,907	37,742	37,767	40,725	42,712	42,143
Utilities	1,699	1,704	1,675	1,680	1,653	1,496	1,224	1,164	1,190	1,551
Transportation	4,601	5,129	5,129	5,777	5,395	5,713	5,455	5,406	5,724	5,735
Economic environment	3,681	3,976	3,869	4,144	4,778	5,658	4,854	3,890	4,237	3,948
Public health services	43	18	20	19	86	87	22	24	18	610
Culture & recreation	6,900	6,951	5,712	6,217	6,062	6,580	6,497	6,390	6,659	5,612
Capital outlay	5,333	12,153	12,754	8,857	10,642	19,312	17,144	6,743	20,021	27,104
Debt service										
Principal	2,130	2,351	2,890	2,552	2,633	2,916	2,753	3,010	3,322	3,284
Interest and related charges	813	822	832	861	979	1,228	1,165	1,131	1,180	1,272
Total expenditures	63,974	74,485	76,329	76,289	81,761	92,326	88,767	80,041	97,348	104,001
Excess (deficiency) of revenues over expenditures	9	(925)	229	(3,668)	(7,094)	(7,885)	(2,438)	(541)	(7,364)	(16,662)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

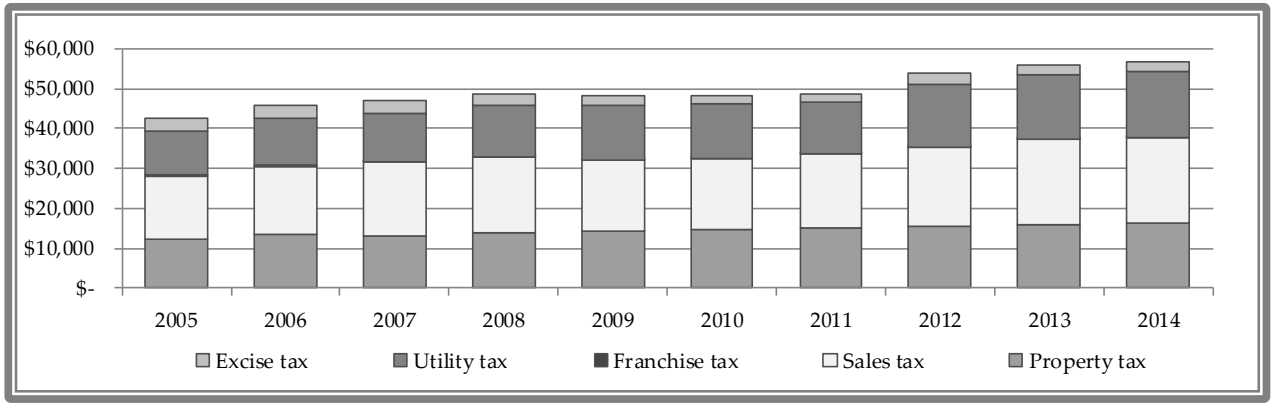
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Proceeds from capital lease financing	-	-	38	-	-	149	577	-	310	-
Proceeds from issuance of long-term debt	760	-	4,686	2,946	7,004	-	-	-	9,633	14,207
Proceeds from intergovernmental loans	148	50	-	242	600	1,690	1,592	450	-	-
Other note proceeds	371	546	-	-	-	864	-	600	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-	-	-	488	1,672
Transfers in	3,878	5,049	5,196	5,774	6,139	5,299	4,986	6,220	5,844	9,593
Transfers out	(3,845)	(5,050)	(5,664)	(5,338)	(5,426)	(4,949)	(4,631)	(6,115)	(5,727)	(8,947)
Intergovernmental agreements	-	(39)	(81)	(39)	(39)	(97)	(97)	(97)	(92)	-
Gain (loss) on capital assets	479	199	155	155	92	47	191	100	448	44
Total other financing sources (uses)	1,791	755	4,330	3,740	8,370	3,003	2,618	1,158	10,904	16,569
Net change in fund balances	$ 1,800	$ (170)	$ 4,559	$ 72	$ 1,276	$ (4,882)	$ 180	$ 617	$ 3,540	$ (92)
Debt Service as a percentage of noncapital expenditures	5.0%	5.1%	5.9%	5.1%	5.1%	5.7%	5.5%	5.7%	5.8%	5.9%

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Source										
Property tax	$ 12,435	$ 13,265	$ 13,071	$ 13,782	$ 14,261	$ 14,535	$ 15,126	$ 15,565	$ 15,989	$ 16,131
Sales tax	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306	21,537
Franchise tax	427	343	42	40	52	45	45	56	57	49
Utility tax	10,792	11,787	12,076	12,772	13,716	13,492	12,992	15,808	16,282	16,555
Excise tax	3,213	3,092	3,479	2,843	2,412	2,281	2,235	2,656	2,205	2,341
Total	$ 42,557	$ 45,600	$ 47,061	$ 48,427	$ 48,251	$ 48,273	$ 48,744	$ 53,684	$ 55,839	$ 56,612

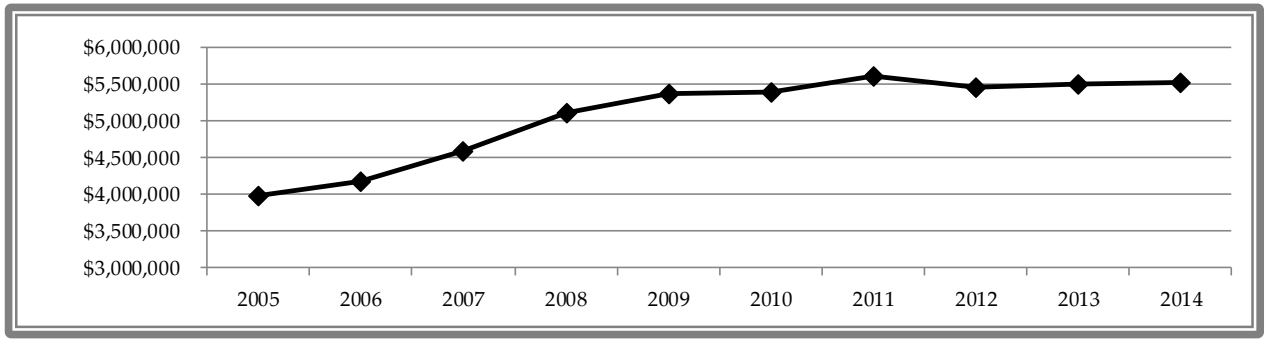


ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (RATE/1,000)

(Dollar Amounts Expressed in Thousands)

Fiscal Year	Count	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
2005	29,851	$ 3,550,847	$ 420,821	$ 3,971,668	3.4395
2006	30,170	3,748,045	421,694	4,169,739	3.3813
2007	31,650	4,177,532	409,392	4,586,924	3.1165
2008	32,463	4,674,742	429,574	5,104,316	2.9549
2009	32,762	4,929,779	439,180	5,368,959	2.9392
2010	32,972	4,951,414	427,805	5,379,219	2.9907
2011	32,415	5,154,871	444,407	5,599,278	2.9715
2012	32,539	4,995,574	458,645	5,454,219	3.0559
2013	32,312	5,080,398	414,099	5,494,497	3.0895
2014	32,164	5,083,412	431,853	5,515,265	3.1188

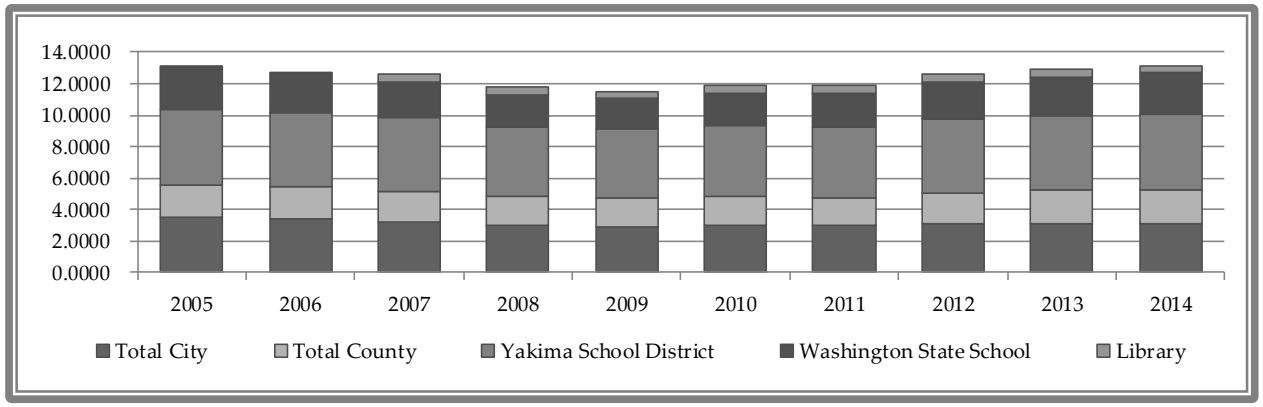


Source: Yakima County Assessor

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS (RATE/1,000)

	City of Yakima			Yakima County			Yakima School District					
Fiscal Year	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M&O	Total School	State School Levy	Library	Total Direct & Overlapping Rates
2005	3.4395	0.0763	3.5158	2.0131	0.0772	2.0903	1.7966	2.9402	4.7368	2.7364	0.0000	13.0793
2006	3.3813	0.0728	3.4541	1.9536	0.0724	2.0260	1.7781	2.9338	4.7119	2.5026	0.0000	12.6946
2007	3.1165	0.0649	3.1814	1.9000	0.0686	1.9686	1.7940	2.9329	4.7269	2.2536	0.4836	12.6141
2008	2.9549	0.0583	3.0132	1.8036	0.0630	1.8666	1.6358	2.7405	4.3763	2.0274	0.4619	11.7454
2009	2.8886	0.0506	2.9392	1.7523	0.0524	1.8047	1.5720	2.7934	4.3654	1.9217	0.4483	11.4793
2010	2.9348	0.0559	2.9907	1.7994	0.0526	1.8520	1.5805	2.9006	4.4811	2.0918	0.4595	11.8751
2011	2.9185	0.0531	2.9716	1.7716	0.0489	1.8205	1.5335	2.8906	4.4241	2.2086	0.4529	11.8777
2012	3.0559	0.0545	3.1104	1.8511	0.0472	1.8983	1.6640	3.0667	4.7307	2.3983	0.4724	12.6101
2013	3.0895	0.0541	3.1436	2.0655	0.0001	2.0656	1.6607	3.0385	4.6992	2.5116	0.4763	12.8963
2014	3.1188	0.0197	3.1385	2.1059	0.0000	2.1059	1.7009	3.1316	4.8325	2.6149	0.4812	13.1730



Source: Yakima County Department of Assessments

Notes:
The Library was separated from the City property tax rates beginning with the 2007 tax levy.

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

PRINCIPAL PROPERTY TAX PAYER COMPARISON (1)

(Amounts Expressed in Thousands)

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Yakima HMA Inc.	$ 60,837	1	1.10%	$ 53,075	1	1.34%
Wal-Mart Stores, Inc	38,021	2	0.69%			
Shields Bag & Printing	32,499	3	0.59%	41,086	2	1.03%
John I Haas	26,223	4	0.48%	20,421	6	0.51%
Michelsen Packaging Co	22,852	5	0.41%			
Pacificorp / Pacific Power & Light	22,103	6	0.40%			
Wide Hollow Development	21,193	7	0.38%			
Cascade Natural Gas Corp.	19,402	8	0.35%			
Castle Creek Apartments	19,278	9	0.35%			
Longview Fibre Paper & Packaging	24,968	10	0.45%	24,337	4	0.61%
Qwest Communications				33,237	3	0.84%
Leelynn Inc & Wiley Mountain Inc				21,032	5	0.53%
Washington Fruit & Produce Co.				16,966	7	0.43%
Yakima Valley Memorial Hospital				16,687	8	0.42%
Snokist Growers				16,496	9	0.42%
Yakima Mall / Center				15,970	10	0.40%
Total	$ 287,376		5.21%	$ 259,307		6.13%

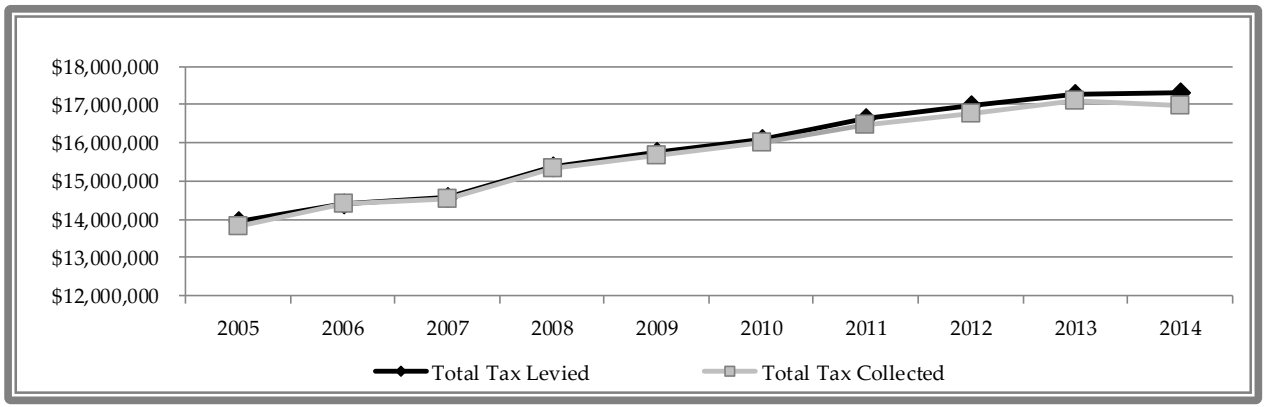
Source: Yakima County Assessor

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Fiscal Year Ended	Total Levy for the Year	Collected Within the Year of the Levy		Collected in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 13,960,632	$ 13,412,195	96.1%	$ 400,090	$ 13,812,285	98.9%
2006	14,399,087	14,047,918	97.6%	350,958	14,398,876	100.0%
2007	14,588,962	14,208,341	97.4%	327,476	14,535,817	99.6%
2008	15,376,850	14,970,413	97.4%	351,930	15,322,343	99.6%
2009	15,776,982	15,270,543	96.8%	406,254	15,676,797	99.4%
2010	16,113,566	15,630,296	97.0%	361,534	15,991,830	99.2%
2011	16,634,342	16,105,108	96.8%	378,795	16,483,903	99.1%
2012	16,960,323	16,493,387	97.2%	285,747	16,779,134	98.9%
2013	17,268,232	16,870,392	97.7%	230,278	17,100,670	99.0%
2014	17,308,161	16,975,648	98.1%	n/a	16,975,648	98.1%

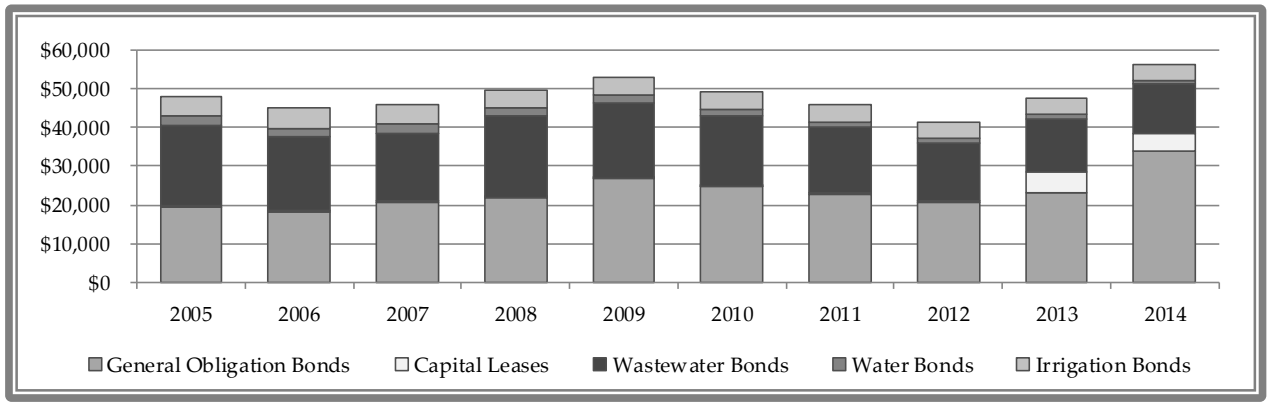


RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Dollar Amounts Expressed in Thousands)

	Governmental Activities		Business-Type Activities						
Year	General Obligation Bonds	Capital Leases	Wastewater Bonds	Water Bonds	Irrigation Bonds	Total Primary Gov't	Percentage of Income	Population	Per Capita
2005	$ 19,365	$ 640	$ 20,386	$ 2,589	$ 5,120	$48,100	3.92%	81,470	590
2006	18,040	449	19,021	2,414	5,015	44,939	3.03%	82,867	542
2007	20,837	287	17,518	2,233	4,910	45,785	2.64%	83,731	547
2008	21,973	72	20,920	2,000	4,805	49,770	3.09%	84,300	590
2009	26,979	10	19,580	1,804	4,695	53,068	3.55%	84,850	625
2010	24,881	132	18,197	1,598	4,580	49,388	2.61%	91,067	542
2011	22,723	614	16,760	1,385	4,465	45,947	2.52%	91,630	501
2012	20,502	520	14,970	1,210	4,345	41,547	2.30%	91,930	452
2013	23,053	5,374	13,940	1,030	4,220	47,617	2.71%	92,620	514
2014	34,039	4,574	12,860	835	4,090	56,399	n/a	93,080	606



Notes:

Details regarding the city's outstanding debt can be found in the notes of the financial statements.

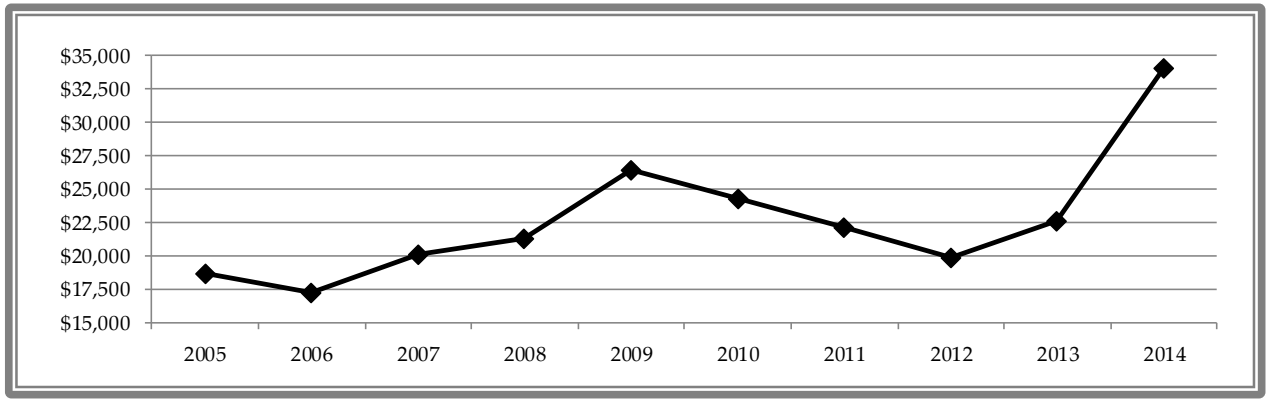
See the Schedule of Demographic and Economic Statistics in this section for personal income.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Dollar Amounts Expressed in Thousands)

Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	$ 19,365	$ 724	$ 18,641	0.47%	229
2006	18,040	751	17,289	0.41%	209
2007	20,838	781	20,057	0.44%	240
2008	21,973	688	21,285	0.42%	252
2009	26,979	537	26,442	0.49%	312
2010	24,881	548	24,333	0.45%	267
2011	22,723	553	22,170	0.40%	242
2012	20,502	692	19,810	0.36%	215
2013	23,053	431	22,622	0.41%	246
2014	34,040	-	34,040	0.62%	368



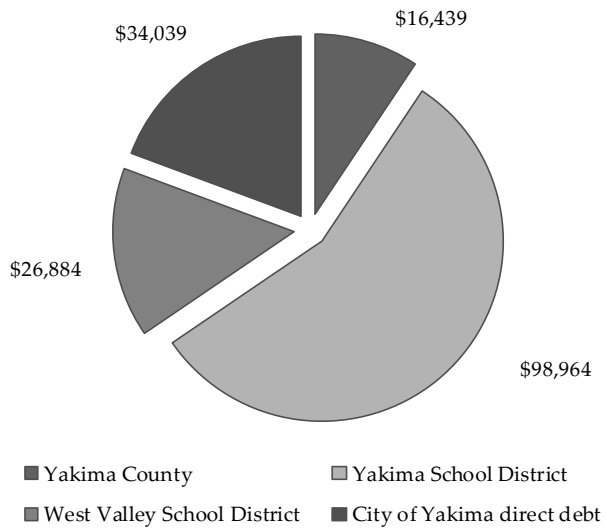
Note: Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2013

(Amounts Expressed in Thousands)

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Yakima County	$ 44,782	36.7%	$ 16,439
Yakima School District	104,460	94.7%	98,964.15
West Valley School District	44,465	60.5%	26,883.94
Subtotal - overlapping debt	$ 193,707		142,287
City of Yakima direct debt			34,039.19
Total direct and overlapping debt			$ 176,326



Source: Yakima County Assessor

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the those overlapping governments that is borne by the residents and businesses of the City of Yakima. This process recognizes that, when considering the issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that is a resident, and therefore responsible for repaying the debt, of each overlapping government. Naches School Districts are excluded in the overlapping debt estimate debt overlap is less than 1% (.31%).

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 312,729	$ 344,019	$ 382,824	$ 402,672	$ 404,191	$ 419,945	$ 409,066	$ 412,087	$ 412,087	$ 413,645
Net outstanding indebtedness	20,493	18,433	20,119	21,220	28,469	27,127	25,768	22,401	30,504	43,235
Legal debt margin	$ 292,236	$ 325,586	$ 362,705	$ 381,452	$ 375,722	$ 392,818	$ 383,298	$ 389,686	$ 381,583	$ 370,410
Total net debt applicable to the limit as a percentage of debt limit	6.6%	5.4%	5.3%	5.3%	7.0%	6.5%	6.3%	5.4%	7.4%	10.5%

Legal Debt Margin Calculation for fiscal year 2014

Total assessed value	$5,515,265
Debt limit (7.5%) of total assessed value	413,645
I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	82,729
Debt applicable to councilmanic limit	
General obligation bonds & other debt	51,786
Less: amount set aside for repayment of general obligation debt	8,551
Net debt applicable to councilmanic limit	43,235
Total legal debt margin - councilmanic	39,494
b. Voted general obligation debt (additional 1% Total assessed value)	55,153
Debt applicable to limit	-
II. Voted utility purposed debt (additional 2.5% total assessed value)	137,882
Debt applicable to limit	-
III. Voted open space and park debt (additional 2.5% total assessed value)	137,882
Debt applicable to limit	-
Total legal debt margin - all categories	370,410

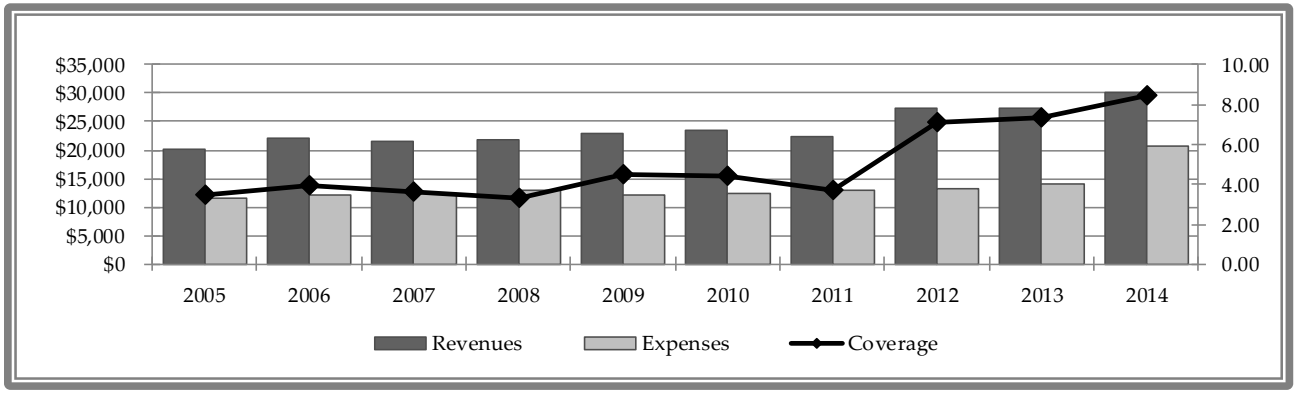
Note: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5%; for utility or open space, park, and capital facilities with a vote not to exceed 5%.

PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Year	Water & Wastewater Operating Revenues	Water & Wastewater Revenue Bonds: Less Operating Expenses	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2005	$ 20,259	$ 11,644	$ 8,615	$ 1,497	$ 1,011	3.44
2006	22,056	12,207	9,849	1,415	1,098	3.92
2007	21,425	12,404	9,021	1,486	1,022	3.60
2008	21,806	13,055	8,751	1,735	933	3.28
2009	23,038	12,143	10,895	1,535	880	4.51
2010	23,500	12,372	11,128	1,590	950	4.38
2011	22,333	13,000	9,333	1,650	893	3.67
2012	27,302	13,110	14,192	1,165	831	7.11
2013	27,279	14,000	13,279	1,210	596	7.35
2014	30,122	20,708	9,413	1,275	(164)	8.48



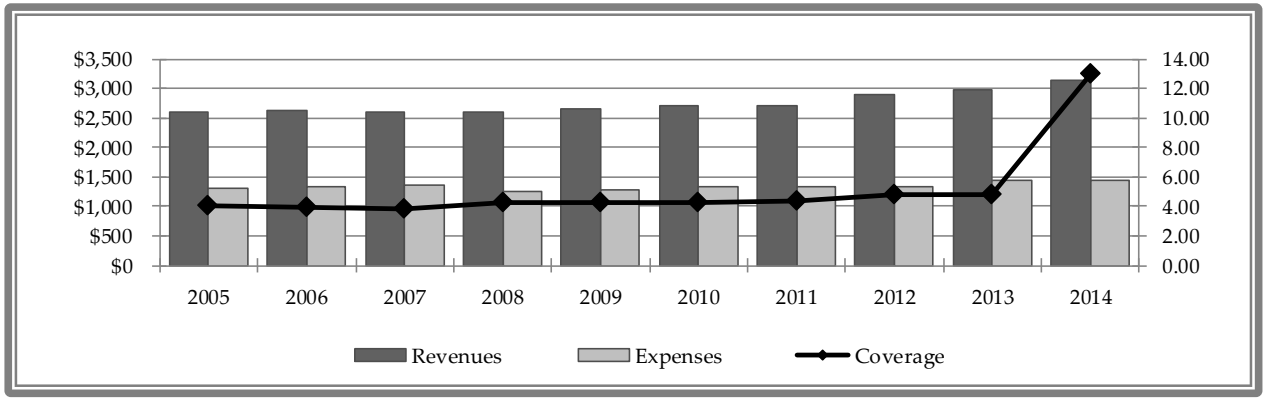
Note: Operating expenses exclude depreciation, amortization and City taxes

PLEDGED REVENUE COVERAGE – IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

		Irrigation Revenue Bonds			
	Irrigation	Less	Net	Debt Service	
	Operating	Operating	Available		
Year	Revenues	Expenses	Revenue	Principal	Interest	Coverage
2005	$ 2,591	$ 1,304	$ 1,287	$ 95	$ 219	4.10
2006	2,617	1,333	1,284	105	217	3.99
2007	2,592	1,350	1,242	105	215	3.88
2008	2,593	1,245	1,348	105	213	4.24
2009	2,646	1,268	1,378	110	211	4.29
2010	2,711	1,328	1,383	115	208	4.28
2011	2,714	1,336	1,378	115	204	4.32
2012	2,894	1,337	1,557	120	201	4.85
2013	2,982	1,443	1,539	125	197	4.78
2014	3,148	1,456	1,692	130	(0)	13.02



Notes:

Debt Service began in 2005.

Operating expenses exclude depreciation, amortization and City taxes.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (Expressed in Thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unempl. Rate
2005	81,470	$ 1,225,715	$ 16,568	31.8	12.4	14,564	7.4%
2006	82,867	1,483,631	18,563	32.4	12.7	14,436	6.9%
2007	83,731	1,734,125	21,874	31.9	12.5	14,660	6.3%
2008	84,300	1,611,918	20,143	34.4	12.7	14,804	7.4%
2009	84,850	1,493,832	17,703	33.7	12.4	15,327	8.8%
2010	91,067	1,891,040	21,626	32.7	12.6	15,247	10.6%
2011	91,630	1,824,335	20,919	33.2	12.6	15,474	9.9%
2012	91,930	1,802,876	21,043	33.2	12.6	15,627	10.1%
2013	92,620	1,756,992	19,908	33.0	12.5	15,786	9.9%
2014	93,080	Not Yet Available				15,428	8.9%

Sources:

Income and Age - American Fact Finder / U.S. Census Bureau
School Enrollment - Yakima School District
Unemployment Rate - Employment Security Department

PRINCIPAL EMPLOYERS – YAKIMA COUNTY

CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	$ 1,500	1	0.6%	$ 545	5	0.7%
Del Monte Foods - Yakima/Toppenish	1,200	2		-	-	-
Washington Beef/ AB Foods	850	3	0.3%	620	3	0.8%
Tree Top, Inc.	550	4	0.3%	1,150	1	1.4%
Shields Bag & Printing Co.	500	5	0.2%	550	4	0.7%
Western Recreational		-	-	665	2	0.8%
Non-manufacturers						
Yakima Valley Memorial Hospital	2,500	1	1.0%	1,100	4	1.4%
Yakima School District, No. 7	1,800	2	0.7%	1,453	1	1.8%
Washington State Social & Health Services	1,400	3	0.6%	1,400	2	1.7%
Yakima County	1,100	4	0.4%	1,200	3	1.5%
Yakima Valley Farm Workers Clinic	1,006	5	0.4%			
Yakima Regional Medical Center (HMA)	750	-	-	841	5	1.0%
Total	$ 13,156		4.7%	$ 9,524		11.8%

Sources:

Chamber of Commerce

Corporate websites

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	221.68	217.43	221.34	223.19	228.70	221.00	218.50	211.50	210.87	225.47
Public Safety										
Police										
Officers	125.00	126.00	137.00	137.00	137.00	138.00	134.00	139.00	143.00	145.00
Civilians	51.00	50.00	50.00	51.00	51.00	51.00	49.00	49.00	49.00	50.00
Fire										
Firefighters and officers	79.00	84.00	85.00	85.00	84.00	84.00	84.00	84.00	83.00	86.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways & Streets										
Traffic Engineering	13.50	15.00	17.00	17.00	16.00	13.00	13.00	11.00	11.00	9.00
Street	24.50	26.50	26.50	26.50	27.00	26.00	24.00	24.00	23.00	23.00
Parks & Recreation	25.47	26.47	26.83	25.83	25.60	23.30	21.30	20.30	20.30	21.30
Transit	48.25	49.75	50.75	51.25	50.00	50.00	52.00	52.00	52.50	53.95
Refuse	19.50	19.50	19.50	19.00	19.00	19.00	19.00	20.50	20.50	20.50
Water Operating	29.00	30.00	30.00	30.00	31.00	31.00	31.00	31.00	35.00	35.00
Wastewater Operating	65.45	66.45	65.05	65.09	69.50	69.50	69.50	69.00	69.00	69.20
Irrigation Operating	8.92	8.92	9.17	9.17	8.00	8.00	8.00	8.00	7.00	7.00
Stormwater	-	-	-	6.96	-	-	-	-	-	-
	714.27	723.02	741.14	749.99	749.80	736.80	726.30	722.30	727.17	748.42

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical Arrests	6,121	5,579	5,433	5,185	4,889	4,745	5,439	7,915	5,918	3,281
Parking Violations	3,326	2,018	2,616	4,321	2,844	4,837	5,096	3,778	3,252	3,150
Traffic Violations	16,754	16,929	18,533	18,025	17,559	15,303	11,849	14,976	20,159	19,059
Fire										
Number of Calls Answered	8,912	8,954	9,200	9,288	9,737	10,011	8,439	9,439	8,232	7,606
Inspections	2,631	2,302	3,101	2,948	2,268	2,909	2,646	30	2,669	3,799
Highways and Streets										
Street Resurfacing (miles)	16	25	32	30	6	5	2	2	8	23
Refuse										
Refuse Collected (tons/day)	81	87	88	91	100	102	105	103	107	100
Yard Waste Collected (tons/day)	14	16	15	17	19	19	19	19	17	19
Culture and Recreation										
Community Center Admissions	99,421	107,478	99,035	93,325	96,483	118,867	122,870	125,040	124,683	125,428
Irrigation										
Customers	10,568	10,565	10,596	10,585	10,587	10,597	10,595	10,601	10,619	10,619
Water Main Breaks										
New Connections	134	148	133	105	68	79	61	74	68	52
Water Main Breaks	8	12	12	8	17	5	7	4	3	5
Average Daily Consumption (thousands of gallons)	11,900	12,980	13,051	12,158	11,581	10,338	10,040	10,200	10,307	10,518
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	10,219	10,778	10,680	10,100	10,100	10,100	10,100	10,100	10,500	10,200

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Stations	2	2	2	2	2	2	2	1	1	1
Patrol Units	61	61	61	61	61	62	61	53	124	124
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse										
Collection trucks	13	13	13	14	14	15	16	16	21	22
Highways and Streets										
Streets (miles)	414	419	419	419	420	325	380	380	380	369
Streetlights	3,872	3,872	3,910	4,459	4,465	4,465	4,195	4,240	4,260	4,280
Traffic Signals	117	122	130	137	139	140	151	152	154	154
Culture and Recreation										
Parks Acreage	265	265	287	284	386	386	352	352	351	346
Parks	33	31	32	32	32	32	34	34	34	34
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	26	26	26	26	26	24	24	24	22	24
Community Centers	3	3	3	3	3	3	3	3	3	2
Water										
Water Mains	297	300	300	300	300	300	300	300	300	300
Fire Hydrants (City Owned)	2,169	2,174	2,204	2,204	2,239	2,249	2,254	2,279	2,285	2,285
Maximum Daily Capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520
Wastewater										
Sanitary Sewers (miles)	315	322	327	329	337	337	337	337	337	337
Storm Sewers (miles)	104	104	105	105	105	105	105	105	105	105
Maximum Daily Capacity (thousands of gallons)	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

Notes:

Patrol unit numbers increase in 2013 due to the police vehicle take home program .

The numbers for Streets were recalculated in 2007 due to GASB rules, again in 2010 to change to the Pavement Management Program, and in 2011 due to physical inventory.

2014 GENERAL INFORMATION*

Statistics

Date of Incorporation	1886
Form of Government	Council-Manager
Type of Government	Charter City
Location	Central Washington
Land Area	28.7 square miles
Rank in Size – State	9
Rank in Size – County	1
Population	93,080
Assessed Valuation	$5,515,264,870
City Employees (Full-time Equivalents)	748.67
Election and Voter Registration	
Number of Precincts	50
Number of Registered Voters	38,857

Property Tax Levy

Regular Levy	$17,200,931
Special Levy	$107,230
Total 2012 Property Tax Levy	$17,308,161

Sales Tax Rates

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

Parks and Recreation

Total Acreage	345.8
Number of Parks	34
Number of Playgrounds	20

Major Facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 16 ball fields (eight lighted), two skate parks, 24 tennis courts, eight soccer fields, Senior Citizen Center, Southeast Center, Tahoma Cemetery, Dog Park.

Bus Passes (1 month)

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

Licenses and Permits Issued

Business Licenses – sliding scale starts at $42.90 for 1 - 2 employees, maximum of $1,285.20 for over eighty employees	5,449
Regulatory Licenses – Varies from $11.00 to $1,000	510

Animal License Fees – Rabies Vaccination Required

1 Year License – Altered, New	$15.00
1 Year License – Altered, Renewal	$12.00
Senior Citizens Lifetime – Altered	$25.00
Senior Citizens Lifetime – Not Altered	$30.00
1 Year License – Not Altered	$30.00
1 Year License – Not Altered, Renewal	$25.00
Disabled / Guide Dog	Free
Replacement License	$5.00

Fire Protection

Commissioned Fire Fighting Personnel	83
Number of Non-Commissioned Personnel	3
Total Number of Fire Personnel	86

Police Protection

Commissioned Police Personnel	145
Non-Commissioned Police Personnel	50
Total Number of Police Personnel	195
Number of Calls for Service	218 / day

Utility and Franchise Tax Rates

Electricity, Gas, Telephone (4% Capped @ $4,000 per customer per month)	6%
Water, Wastewater	20%
Irrigation	6%
Refuse	15%
TV Cable	6%

Utility Rates (2 months)

Water – Average/Family of 4	$52.34
Each Unit	$1.46
Wastewater – Average/Family of 4	$113.48
Each Unit	$3.01
Refuse (Carry-out Available for Additional Charge)	
Automated Collection	
35 Gallon Cart	$18.48
96 Gallon Cart	$31.44
Yard Waste	
64 Gallon Cart	$12.96
96 Gallon Cart	$23.68
Irrigation (per square foot)	$.0352

Water / Wastewater / Irrigation Customer Base

Water (Inside the City)	19,457
Water (Outside the City	101
Total Water Customers	19,558
Wastewater Residential (Inside the City)	27,598
Wastewater Residential (Outside the City)	54
Wastewater Commercial	2,304
Total Wastewater Customers	29,956
Irrigation	14,000

* For informational purposes only – not intended for official or legal purposes.