

2015

Comprehensive Annual Financial Report (CAFR)

CITY OF

Yakima,

Washington



Martin Luther King Jr. underpass opening

CITY OF *Yakima*
Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2015

REPORT PREPARED BY:

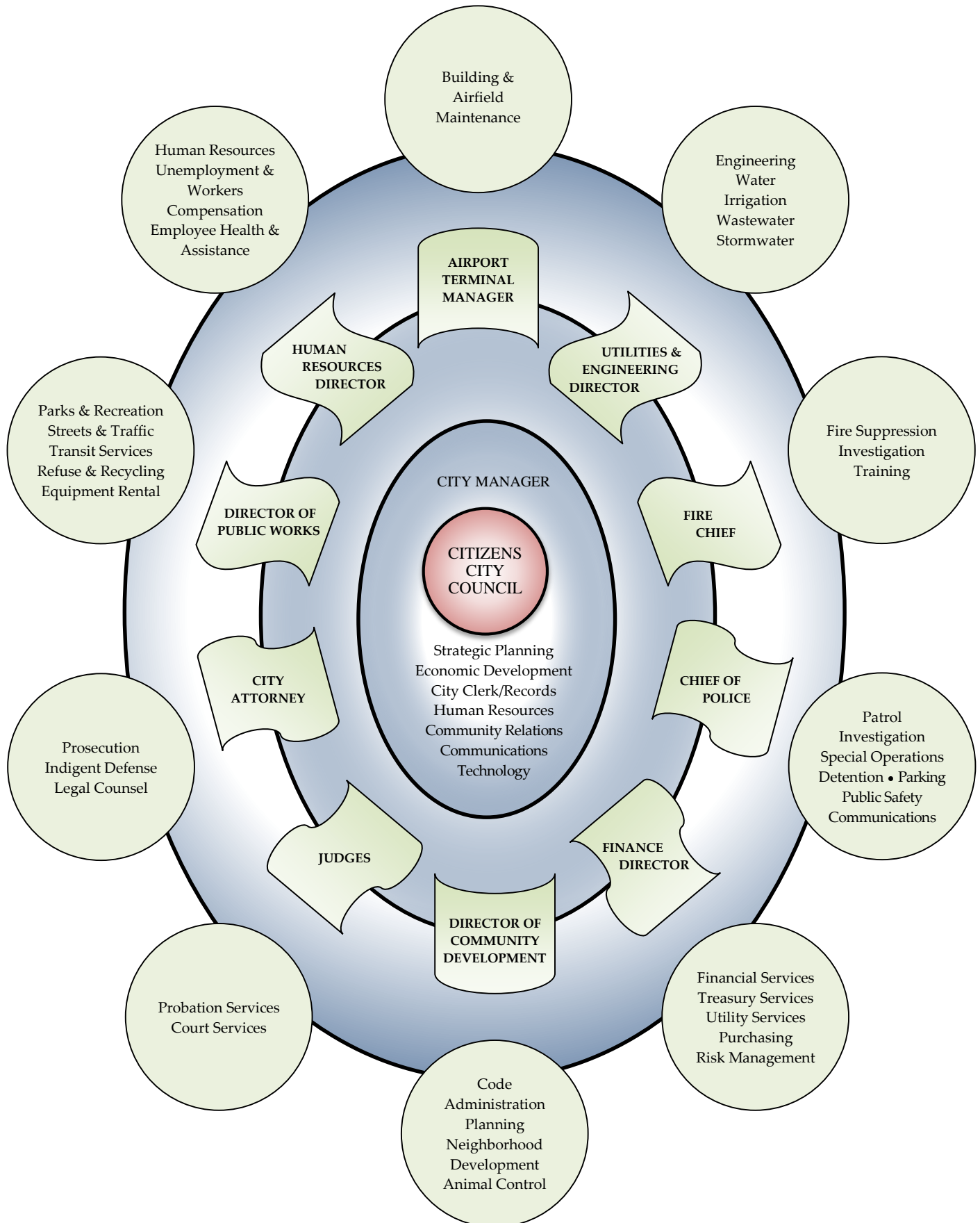
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CITY OF *Yakima*
2015 ORGANIZATIONAL CHART





CITY OF *Yakima*

2015 PRINCIPAL OFFICIALS

CITY COUNCIL

Micah Cawley
Kathy Coffey
Maureen Adkison
Thomas Dittmar
Rick Ensey
Dave Ettl
Bill Lover

Mayor, At Large, Position 6
Assistant Mayor, District 4
District 1
District 2
District 3
At Large, Position 5
At Large, Position 7

CITY MANAGEMENT EXECUTIVES

Tony O'Rourke
Connie Mendoza
Jeff Cutter
Susan Woodard
Cindy Epperson
Joan Davenport
Dominic Rizzi
Bob Stewart
Robert Peterson
Debbie Cook
Scott Schafer

City Manager
Human Resources Director
City Attorney
Municipal Court Presiding Judge
Director of Finance & Budget
Director of Community Development
Police Chief
Fire Chief
Airport Terminal Manager
Director of Utilities & Engineering
Director of Public Works

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CITY OF *Yakima*
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
For the year ended December 31, 2015

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*DEPARTMENT OF FINANCE & BUDGET
129 North Second Street
Yakima, Washington 98901*



September 19, 2016

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, 2015, 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. 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 consequently do not meet the GASB criteria that would determine them to be a component unit of the City. The Yakima Regional Public Facilities District is a separate governmental agency created by interlocal agreements with the Cities of Yakima, Union Gap, and Selah for the purpose of supporting the capital needs of the City owned Convention Center and Capitol Theatre. Because most of the PFD revenue is dedicated to debt service and capital maintenance of City owned facilities, the PFD is a blended component unit, and is accounted for as a special revenue fund.

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 28.17 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 an estimated 2015 population of 93,220, Yakima is the tenth 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. Up until the end of 2015, the City Council consisted of seven Council members, four of whom were elected from separate districts, and three elected at large. Council members elected in 2015 to serve in 2016 and beyond will

consist of 7 members elected from separate districts, with no at large positions. The Council chooses the Mayor from within its own membership every two years.

The City provides a full range of municipal services, which include public safety (police, fire, and building), 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 including hops and vegetables, make the Yakima Valley one of the top agricultural producing areas of the nation. There are over 400,000 acres of agriculturally 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.

Adding to the area's economy are over 250 manufacturing firms in the Yakima area that produce a variety of products and services, including numerous food processing companies, a major plastic packaging producer and aircraft parts.

Transportation

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

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 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. These businesses have created over 600 new jobs and are expected to add at least 200 jobs during 2016 in Yakima County.

Higher Education

There are several higher education institutions serving the Yakima area. Yakima Valley College (YVC) in Yakima and Grandview is a two-year institution 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. The Pacific Northwest University of Health Sciences (PNWU) accommodates up to 280 osteopathic physician students.

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. 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. There is also a new soccer complex being built by SOZO Sports that will include 19 full size soccer fields, plus an indoor multi-sport facility.

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 includes a Production Center and 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.

Yakima also provides hunting, fishing and biking opportunities, along with numerous recreation opportunities within an hour’s drive which include snow skiing, mountain climbing, rafting, hiking, and rock climbing.

The Yakima Valley produces 78% of the hops in the United States and contains 13,215 acres of wine grapes. The hop and wine grape production sustains many local industries by bringing increasing numbers of tourists to the Yakima Valley’s outstanding vineyards, wineries and breweries. There are over forty wineries located in the Yakima Valley, and many area wines have received significant recognition and awards. There are also several local breweries that have begun operations in the Yakima area within the last few years.

THE “FUTURE”

Economic Improvement

The City continues to seek out opportunities to create economic growth in our region. A year round Public Market / Business Incubator was identified as a key recommendation of the Downtown Master Plan project undertaken by the City of Yakima in 2013. Public Market / Business Incubators have been effective small business development tools throughout the state. Well known examples include Pike Place Market in Seattle and the Pybus Market in Wenatchee. The City of Yakima has hired BDS Consulting from Seattle to determine the overall feasibility of the project, potential locations, operating structure and potential financing options.

The Downtown Master Plan also identified the need for a world-renowned downtown gathering place. The City engaged Gustafson Guthrie and scape architect Nichol with local ties to design a 120,000 sq. foot plaza in the downtown. The community has pledged to provide $\frac{3}{4}$ of the total cost to accomplish this project, which is targeted to be able to go to bid by spring of 2017.

In 2007, Washington State 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.

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.

General Government

The 2016 General Fund budget is balanced within available resources. As the City slowly emerges from the recession, the emphasis is on both the built environment and economic development. 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).

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,

Cliff Moore
City Manager

Cindy Epperson
Director of Finance & Budget





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 19, 2016

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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 13, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, information on postemployment benefits other than pensions on pages 91 through 94 and pension plan information on pages 95 through 99 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

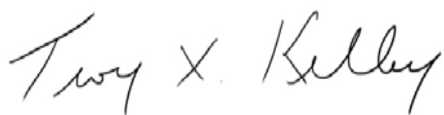
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 101 through 152 is presented for purposes 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 19, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
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, 2015. 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 and deferred outflows of the City of Yakima exceeded its liabilities and deferred inflows at December 31, 2015, by \$304.3 million. Net position invested in capital (net of depreciation and related debt) account for 92.1% of this amount, with a value of \$280.3 million.
- The City's total net position increased slightly to \$304.3 million from \$303.8 million in 2014 after restatement for a prior period adjustment described in the Notes to the Financial Statements under "Change in Accounting Principle" related to the new GASB reporting requirement to present the City's share of net pension obligations of the Washington State Department of Retirement Systems.
- As of December 31, 2015, the City of Yakima's governmental activities reported combined ending net position of \$151.1 million, a decrease of \$6.3 million in comparison with the prior year. The net investment in governmental capital assets was \$152.3 million and \$22.4 million was legally restricted for specific projects or programs including \$10.8 million that represents the City's restricted pension assets for the LEOFF 1 & 2 plans. Unrestricted net position increased by \$1.9 million to negative \$23.6 million from 2014 as restated for the implementation of GASB 68. It should be noted that the impact to the unrestricted net position for governmental activities of long-term pension liabilities and other long-term postemployment benefits is \$39.8 million and that without these long-term liabilities unrestricted net position would be \$16.2 million representing 21.6% of revenue from governmental activities.
- Unassigned fund balance for the General Fund was \$5.9 million dollars at December 31, 2015. This balance represents 9.9% of total General Fund revenues. It should be noted that the City purchased 4 abandoned gas station/mini-marts for \$1.1 million in 2014 and has partnered with the Department of Ecology for environmental remediation. As the properties are cleaned, they are being resold with the proceeds restoring this temporary use of reserves - none of the properties were sold in 2015, although 1 was sold in the spring of 2016.
- The City of Yakima's total outstanding debt at December 31, 2015, was \$86.0 million (about \$47.7 million in Governmental activities and \$38.3 million in business type activities), with a remaining capacity for non-voted General Obligation debt at \$34.9 million, or 41.1% of the legal limit. Total debt decreased by \$0.8 million during the current fiscal year. Major components of the change in debt include:
 - Issuance of \$5.0 million of non-voted general obligation bonds to participate in developing a new sports complex with SOZO Sports of Yakima. The City's portions includes land development and infrastructure improvements of \$4.1 million with another \$0.9 million for an adjacent land purchase for parks facilities;
 - Making debt service payments of \$7.3 million

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 deferred outflows, liabilities and deferred inflows, with the difference between the two groupings reported as net position. This statement serves a purpose similar to that of the balance sheet of a private sector business. Over time, increases or decreases in net position may serve as a useful indicator of changes in the City's financial position. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities (Changes in Net Position) presents information showing how the government's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenue be reported when earned and expenses be reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2015, 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 2015.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Yakima, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Yakima can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. Governmental Funds are used to account for most, if not all, of a government's tax supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present a separate column of financial data for the General Fund, which is

considered to be a major fund, based on criteria established by 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 \$304.3 million at December 31, 2015. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2014, as restated for the implementation of the new pension reporting standard required by the Government Accounting Standards Board (GASB) Statement 68. Details of this change in Accounting Principle are located in the notes to the financial statements.

NET POSITION						
(Restated for GASB 68)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets ⁽¹⁾	\$ 59,656,478	\$ 64,484,228	\$ 39,970,841	\$ 31,761,145	\$ 99,627,319	\$ 96,245,373
Net capital assets	<u>200,220,546</u>	<u>200,056,694</u>	<u>165,897,125</u>	<u>171,419,226</u>	<u>366,117,671</u>	<u>371,475,919</u>
Total assets	<u>259,877,023</u>	<u>264,540,921</u>	<u>205,867,966</u>	<u>203,180,371</u>	<u>465,744,989</u>	<u>467,721,292</u>
Deferred outflows	-	-	432,515	489,280	432,515	489,280
Total assets & def outflows	<u>259,877,023</u>	<u>264,540,921</u>	<u>206,300,481</u>	<u>203,669,651</u>	<u>466,177,504</u>	<u>468,210,572</u>
Liabilities						
Payables & other liabilities	21,241,335	21,202,326	6,160,785	5,978,743	27,402,120	27,181,069
Long-term liabilities ⁽¹⁾	<u>85,499,788</u>	<u>75,721,299</u>	<u>46,722,438</u>	<u>48,885,723</u>	<u>132,222,226</u>	<u>124,607,022</u>
Total liabilities	<u>106,741,123</u>	<u>96,923,626</u>	<u>52,883,223</u>	<u>54,864,465</u>	<u>159,624,346</u>	<u>151,788,091</u>
Deferred inflows ⁽¹⁾	<u>5,128,022</u>	<u>10,201,159</u>	<u>1,268,313</u>	<u>2,379,985</u>	<u>6,396,335</u>	<u>12,581,144</u>
Total liabilities & def inflows	<u>111,869,145</u>	<u>107,124,785</u>	<u>54,151,536</u>	<u>57,244,450</u>	<u>166,020,681</u>	<u>164,369,235</u>
Net Position						
Net invest in capital assets	152,325,473	153,733,295	128,008,983	130,496,463	280,334,456	284,229,758
Restricted	22,370,932	29,146,116	2,019,340	1,808,344	24,390,272	30,954,460
Unrestricted ⁽¹⁾	<u>(23,566,222)</u>	<u>(25,463,274)</u>	<u>23,121,938</u>	<u>14,120,394</u>	<u>(444,284)</u>	<u>(11,342,880)</u>
Total net position, as restated	<u>\$ 151,130,183</u>	<u>\$ 157,416,137</u>	<u>\$ 153,150,261</u>	<u>\$ 146,425,200</u>	<u>\$ 304,280,444</u>	<u>\$ 303,841,337</u>

(1) 2014 restated for GASB 68 – see notes to the financial statements.

The City of Yakima's total assets stand at \$465.7 million as of December 31, 2015. Of this amount, \$366.1 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$200.2 million in capital assets reported in Governmental activities at December 31, 2015, \$113.3 million (56.6%) 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 \$66.2 million was accounted for in cash, cash equivalents, and investments, \$21.4 million in various receivables, and \$1.2 million inventories and prepayments.

At December 31, 2015, the City had outstanding liabilities of \$159.6 million, of which \$132.2 million is considered long-term and is due over an extended period of time. There is a deficit in unrestricted net position in the governmental funds because the City has long-term commitments that are greater than currently available resources, primarily long-term citywide pension benefits and other post-employment benefit liabilities for certain police officers and firefighters. Refer to the notes to the financial statements for a more in depth discussion of pension liabilities.

Current liabilities for the entire City in both governmental and business type activities total \$27.4 million, and include \$4.7 million in accounts payable, \$4.6 million in claims and judgments payable, \$7.1 million in accrued salaries and benefits, \$1.5 million in compensated absences accrued, and other various liabilities. Also included are debt payments due within the next calendar year totaling \$7.4 million.

The largest portion of the City's net position (92.1%) 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 8.0% of the City's net position is subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government).

At December 31, 2015, the City of Yakima reports a net position of \$304.3 million, of which \$151.1 million represents governmental activities and \$153.2 represents business type activities.

The Statement of Activities (Changes in Net Position)

The City of Yakima's total net position increased slightly by \$0.4 million over 2014 as restated for the prior period adjustment resulting from the implementation of GASB 68 and restatement of 2014 to provide comparative pictures of both years. Net position for governmental activities decreased by \$6.3 million while business type activities increased by \$6.7 million. A major component of this decrease was the use of General Fund balance of about \$2.0 million. A drought was declared in April of 2015, and since our economy is primarily agriculturally based, both sales tax and utility taxes related to water use came in below budgeted estimates of about \$1.6 million. Even though operating budgets were tasked with reducing expenditures, unusual circumstances, including an active fire season, large medical claims both for inmates and in our self-insured fund, and a severance package for the City Manager combined to drive total expenditures slightly over budget. The net effect of reduced revenue and extraordinary expenditures created this one-time use of General Fund reserves. Additionally, depreciation expense increased about \$1.0 million.

A prior period adjustment was recognized in 2015 related to the City's implementation of GASB 68. This adjustment is shown in 2014 on the comparative chart below in order to restate 2014 to the new standard. In so doing, readers can compare the various categories of net position as though the standard were in effect for both years.

Total revenues for the City of Yakima were \$130.3 million in 2015. Governmental activities provided \$75.0 million (57.5%), while business type activities added \$55.4 million (42.5%).

Expenses for the year totaled \$130.0 million, with governmental activities accounting for \$89.3 million or 68.7% and business type activities accounting for \$40.7 million or 31.3%. Key elements in changes in net position are shown in the following table.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues						
Charges for services	\$ 14,861,825	\$ 14,000,319	\$ 43,171,918	\$ 43,871,032	\$ 58,033,743	\$ 57,871,351
Oper grants & cont's	6,700,242	5,126,387	3,206,137	2,546,534	9,906,379	7,672,921
Capital grants & cont's	1,698,358	5,098,759	3,226,199	4,265,441	4,924,557	9,364,200
General revenues						
Property tax	16,427,031	16,130,658	-	-	16,427,031	16,130,658
Sales tax	22,036,712	21,536,529	5,565,978	5,456,905	27,602,690	26,993,434
Other taxes	12,587,979	12,301,017	-	-	12,587,979	12,301,017
Other	<u>657,673</u>	<u>2,077,399</u>	<u>203,949</u>	<u>418,971</u>	<u>861,622</u>	<u>2,496,370</u>
Total revenues	<u>74,969,818</u>	<u>76,271,068</u>	<u>55,374,181</u>	<u>56,558,883</u>	<u>130,343,999</u>	<u>132,829,951</u>
Expenses						
General government	10,934,631	11,306,925	-	-	10,934,631	11,306,925
Public safety	48,220,877	48,645,079	-	-	48,220,877	48,645,079
Utilities	454,804	1,729,063	-	-	454,804	1,729,063
Transportation	14,367,542	10,839,036	-	-	14,367,542	10,839,036
Economic environment	5,159,477	4,476,875	-	-	5,159,477	4,476,875
Public health service	681,916	639,588	-	-	681,916	639,588
Culture & recreation	7,710,611	7,145,627	-	-	7,710,611	7,145,627
Interest long-term debt	1,776,056	1,434,288	-	-	1,776,056	1,434,288
Transit	-	-	9,045,238	8,890,510	9,045,238	8,890,510
Airport	-	-	1,845,561	1,824,586	1,845,561	1,824,586
Refuse	-	-	4,336,907	4,992,669	4,336,907	4,992,669
Wastewater	-	-	14,403,285	15,540,721	14,403,285	15,540,721
Water	-	-	7,297,236	7,110,622	7,297,236	7,110,622
Irrigation	-	-	2,134,575	2,077,786	2,134,575	2,077,786
Stormwater	<u>-</u>	<u>-</u>	<u>1,609,027</u>	<u>1,351,408</u>	<u>1,609,027</u>	<u>1,351,408</u>
Total expenses	<u>89,305,915</u>	<u>86,216,480</u>	<u>40,671,829</u>	<u>41,788,302</u>	<u>129,977,744</u>	<u>128,004,782</u>

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Increase (decrease) in net position before transfer	(14,336,096)	(9,945,412)	14,702,352	14,770,581	366,255	4,825,169
Gain/loss sale cap assets	29,359	(19,780)	43,490	(117,598)	72,849	(137,378)
Transfers	8,020,783	6,643,115	(8,020,783)	(6,643,115)	-	-
Change in net position	(6,285,954)	(3,322,076)	6,725,059	8,009,868	439,105	4,687,791
Net position - January 1	157,416,137	168,218,461	146,425,200	148,758,277	303,841,336	316,976,738
Prior period adjustment	-	(7,480,248)	-	(10,342,945)	-	(17,823,193)
Net position - December 31	<u>\$ 151,130,182</u>	<u>\$ 157,416,137</u>	<u>\$ 153,150,259</u>	<u>\$ 146,425,200</u>	<u>\$ 304,280,441</u>	<u>\$ 303,841,336</u>

Governmental Activities

Within governmental activities, tax revenue accounted for 68.1% of total revenue sources, with grants and contributions accounting for 11.2%. The remaining 20.7% 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 \$6.3 million or 4.0%. Total revenues decreased by \$1.3 million or 1.7%. The significant fluctuations in revenue are as follows:

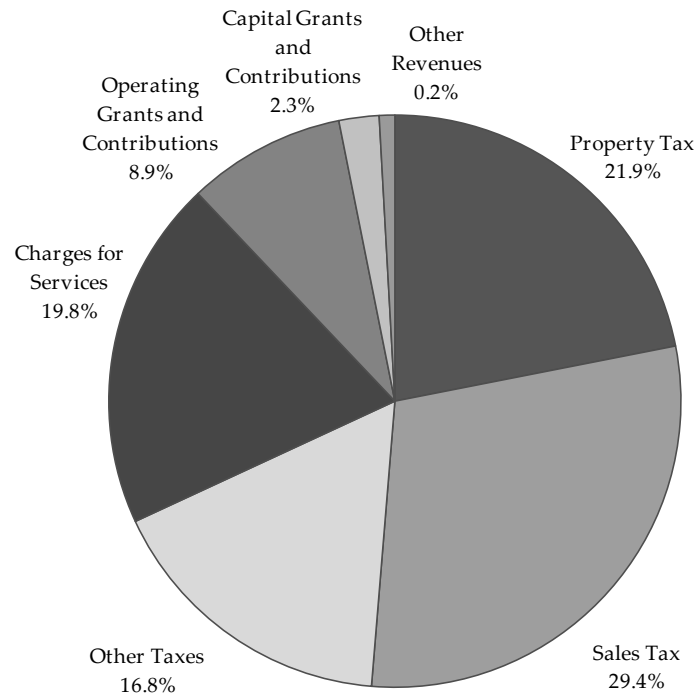
- Capital Grants & Contributions decreased by \$3.4 million, primarily because 2014 included the second major railroad grade separation project that built a new underpass which was mostly funded by grants.
- Total taxes increased by \$1.1 million or 2.2% from \$50.0 million to \$51.1 million.
 - Property Taxes increased \$0.3 million or 1.8% consisting primarily of a 1.0% increase in the base levy (capped by state law) plus new construction.
 - Sales Tax increased by \$0.5 million or 2.3% from 2014. This key revenue source was estimated to grow at about 4%, but starting in mid-year 2015 the City experienced a significant lag in sales tax revenue growth due to drought conditions in the area resulting in constriction of spending in the local agricultural sector.
- Transfers from Business Type Activities consists primarily of in-lieu utility taxes of \$6.8 million. Also included are transfers by enterprise funds to the Vehicle Replacement Reserve. This category increased by \$1.4 million primarily because of variability in contributions to the equipment replacement internal service fund.

The largest program expenses consist of Public Safety - 54.0%; General Government – 12.2% and Transportation – 16.1%. These programs accounted for 82.3% of total governmental expenses.

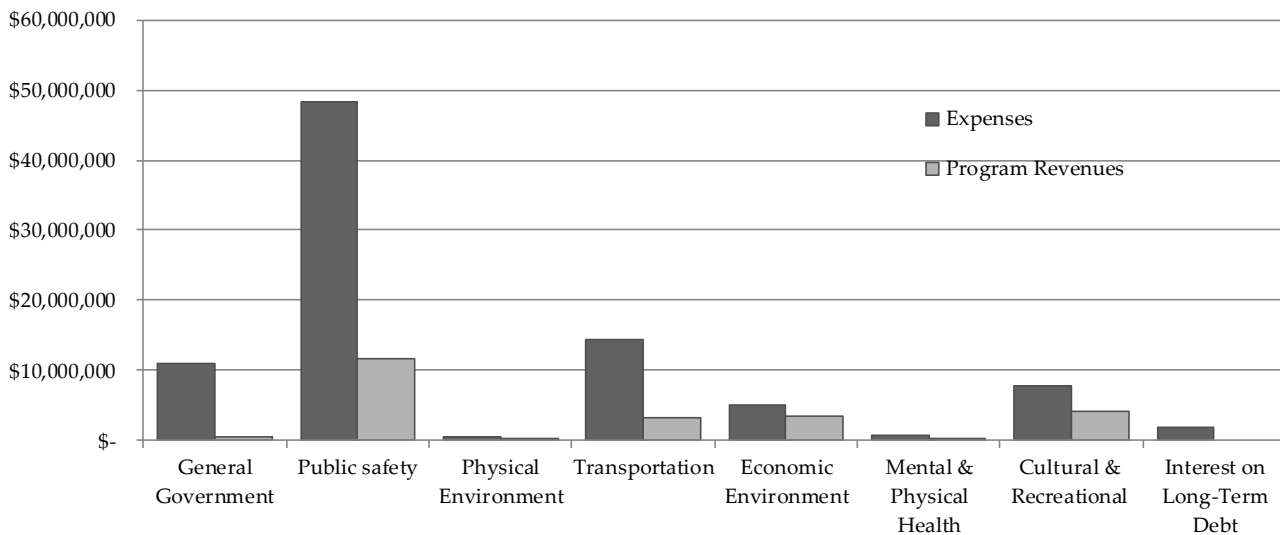
In total, governmental expenses increased \$3.1 million or 3.6%. An increase of about \$1.0 million in depreciation expense and normal inflationary pressures are major factors. Most bargaining units settled between 2.0 to 2.5%.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2015.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Business Type Activities

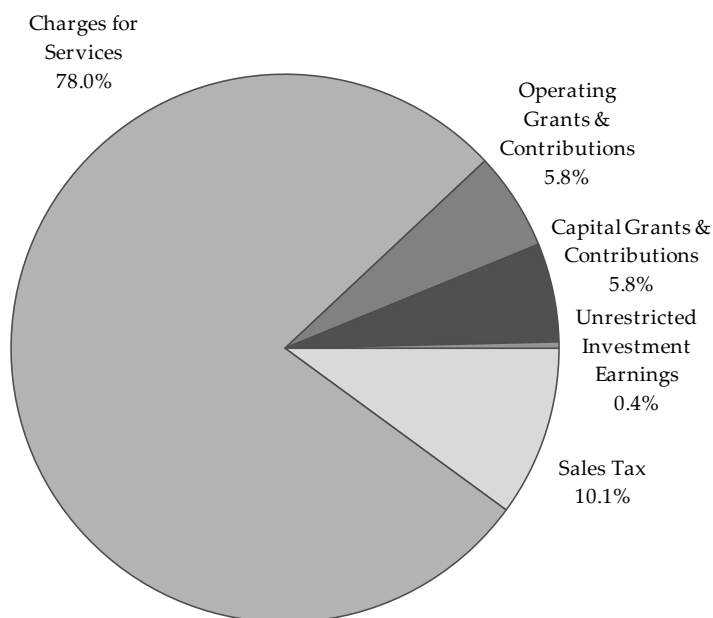
Of the \$55.4 million in business type revenues, 78.0% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated a decrease of \$1.2 million or 2.1% over 2014. Charges for Services declined by about \$0.7 million, as none of the utilities imposed a rate increase in 2015, and the drought encouraged water conservation and resulting reductions in both water and wastewater revenues.

Of the \$40.7 million in business type expenses, 35.4% are associated with the Wastewater program and 22.2% with Transit, domestic water programs represent about 17.9%, Refuse 10.7%, Irrigation 5.2%, Airport 4.5%

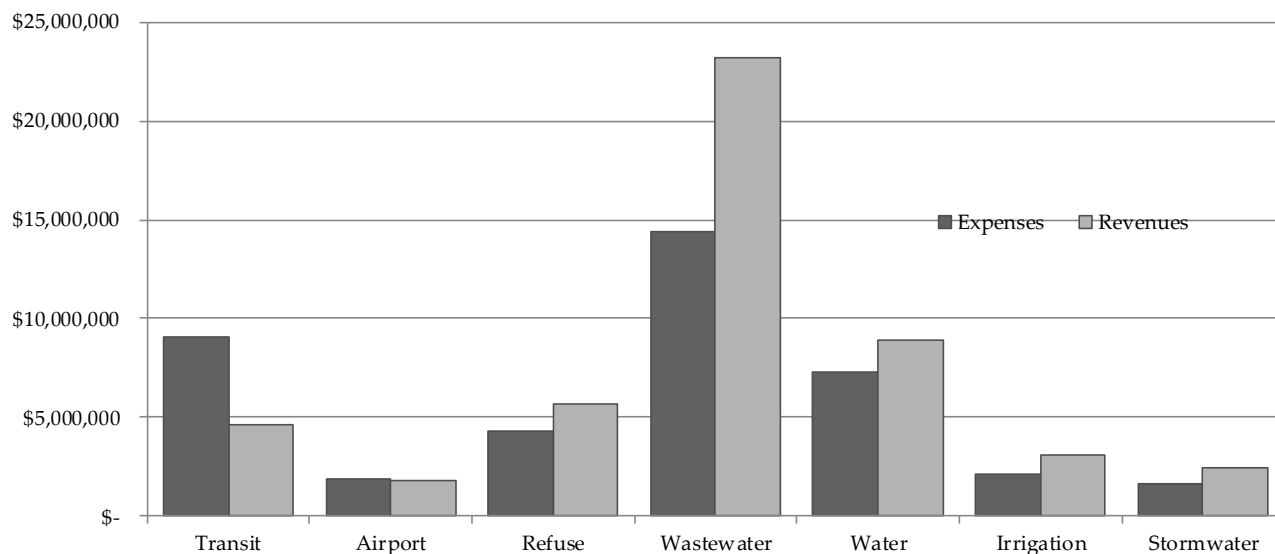
and Stormwater 4.0%. Generally, changes in expenses are in line with changes in general operating increases, although expense reduction measures were implemented when lower revenue trends were recognized, resulting in a flat increase to net position of approximately \$14.7 million in both years.

The following charts depict the expenses and program revenues, with a breakdown of revenues by source for the business type activities.

REVENUES BY SOURCE – BUSINESS TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES – BUSINESS TYPE ACTIVITIES



Charges for services represent the majority 78.0% 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 is the City's only major fund (as defined in GASB #34) in 2015. The General Fund accounts for 36.8% of total governmental fund assets and 26.7% 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, 2015, the City's governmental funds reported combined fund balances of \$22.0 million. Of this total amount, about \$5.5 million (25.0%) is unassigned and available for spending within these funds. About \$0.6 million is not spendable (cemetery perpetual care), \$11.5million is restricted (primarily for transportation, capital improvements, and public safety), \$2.7 million is committed primarily for transportation system improvements and \$1.6 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 2015 fiscal year, unassigned fund balance of the General Fund was \$5.9 million. Unassigned fund balance is about 9.6% of total general fund revenues (which represents about a 1.24 month reserve). Total assets in the General Fund amounted to \$14.4 million, accounting for 36.8% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund decreased by \$2.0 million during the current fiscal year. As sales tax revenue rebounded in 2013 and 2014, Council approved strategic initiatives to enhance primarily Public Safety and Transportation. However, due to drought conditions the growth in sales tax revenue that has been experienced since the recession stagnated during the summer and fall months caused by a sharp decline in agricultural spending. As discussed previously, General Fund also experienced some one-time expenditures, with the net reduction in revenue and increased expenditures using fund balance. With a good snow pack it is predicted that growing conditions will be improved with adequate water availability in the coming year and the resulting impact on general fund reserves is expected to be positive. The City Council has been briefed on the situation, and has authorized budget reductions early in 2016 to bring General Fund into balance and start rebuilding the reserves. The other extraordinary item to consider in the General Fund balance is that the City used \$1.1 million in 2014 to purchase 4 abandoned gas station/mini-marts with the intention of partnering with the Department of Ecology for environmental remediation. Once these properties are cleaned, they will be resold — \$400,000 was included in the 2015 General Fund revenue budget for a sale, but the sale was postponed until the spring of 2016. Assuming the City can recoup the original \$1.1 million in the resale, General Fund balance would be \$7.0 million or 11.8% of total General Fund revenue.

The General Fund accounts for 69.8% of all governmental fund revenue and 59.7% of all expenditures.

Other governmental funds ended with a net decrease in fund balances of \$2,104,763. The Public Safety Communications Fund used \$1.2 million of fund balance, as they were moving the 911 and Public Safety Dispatch operation to a new facility. Most other 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 2015 (GASB 34) Financial Statements while the Yakima Air Terminal, Refuse, and Stormwater are nonmajor funds.

As of December 31, 2015, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$153.2 million, with \$71.7 million or approximately 46.8% being contributed by the Wastewater fund. Additionally, about \$128.0 million (83.6%) of net position is accounted for by investment in capital assets, net of related debt, \$2.0 million is restricted for debt service and \$23.1 million is unrestricted. The Notes to the Financial Statements (Note 12) present segment information that is grouped according to revenue bond requirements for these business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

The following table shows the 2015 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
	Original	Final	Amounts	w/ Final Budget
Revenues				
Taxes and assessments	\$ 47,333,295	\$ 47,333,295	\$ 45,492,351	\$ (1,840,944)
Licenses and permits	1,429,050	1,429,050	1,530,699	101,649
Intergovernmental revenues	2,137,146	2,137,146	2,109,278	(27,868)
Charges for services	7,928,162	7,928,162	8,126,955	198,793
Fines and forfeitures	1,658,310	1,658,310	1,605,864	(52,446)
Interest	268,000	268,000	435,559	167,559
Other revenues	179,978	179,978	101,927	(78,051)
Total revenues	<u>60,933,941</u>	<u>60,933,941</u>	<u>59,402,633</u>	<u>(1,531,308)</u>
Expenditures				
Current				
General government	12,290,297	12,490,226	12,390,124	100,102
Public safety	38,910,935	38,952,512	39,202,169	(249,657)
Utilities	1,319,395	1,358,384	1,361,959	(3,575)
Transportation	882,550	882,550	801,759	80,791
Economic environment	1,721,296	1,721,296	1,741,232	(19,936)
Public health services	19,500	19,500	22,430	(2,930)
Capital outlay				
General government	75,000	101,085	102,681	(1,596)
Public safety	-	-	16,207	(16,207)
Debt service				
Principal	786,197	786,197	841,486	(55,289)
Interest and related charges	164,555	164,555	179,225	(14,670)
Total expenditures	<u>56,169,725</u>	<u>56,476,305</u>	<u>56,659,272</u>	<u>(182,967)</u>
Excess (deficiency) of revenues over (under) expenditures	4,764,216	4,457,636	2,743,361	(1,714,275)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	w/ Final Budget
Other financing sources (uses)				
Transfers in	-	-	4,009	(4,009)
Transfers out	(4,805,371)	(4,805,371)	(4,761,621)	(43,750)
Other	400,000	400,000	7,867	392,133
Total other financing sources (uses)	<u>(4,405,371)</u>	<u>(4,405,371)</u>	<u>(4,749,745)</u>	<u>(344,374)</u>
Net change in fund balances	358,845	52,265	(2,006,384)	(2,058,649)
Fund balances - January 1	<u>8,394,076</u>	<u>8,394,076</u>	<u>7,873,757</u>	<u>(520,319)</u>
Fund balances - December 31	<u>\$ 8,752,921</u>	<u>\$ 8,446,341</u>	<u>\$ 5,867,373</u>	<u>\$ (2,578,968)</u>

During the year, the 2015 General Fund Expenditure budget was increased from \$56.2 million to \$56.5 million, or by about \$0.3 million consisting entirely of the carry forward of appropriations for outstanding encumbrances / commitments which were to be funded from General Fund reserves:

General Fund Budget to Actual

Total General Fund revenues were originally budgeted at about \$60.9 million - there was no formal change in the revenue budget, although the year end estimates were reduced mid-year. As discussed earlier, a drought negatively affected both Sales and Utility Taxes, bringing actual revenue down to \$59.4 million.

General Fund expenditures, including other financing uses, totaled \$61.4 million, exceeding the final budget by \$527,000. 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. Additionally, there were some unforeseen, one-time expenditures that came late in the year. Council was informed of these overages and the condition of the General Fund balance in a 2015 Year-End Budget Revenue & Expenditure Report presented at their April 5, 2016 meeting.

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. 2015 was an exception because of the revenue downturn tied to a drought in our agriculturally based economy, and some unanticipated expenditures. Measures have been taken in 2016 to keep expenditures within revenues and to begin to rebuild reserve balances.

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, 2015, amounts to \$366.1 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 were virtually unchanged from 2014 to 2015, at \$200.2 million. The addition of new assets just slightly exceeded depreciation expense by about \$0.2 million.

Business-type Activities: Business-type capital activities decreased by \$5.5 million, attributable primarily to depreciation expenses exceeding capital investment. The Water and Wastewater utilities were both in a planning stage for their capital improvement program and had greatly reduced capital spending in 2015.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital assets						
Land	\$ 17,466,377	\$ 15,650,502	\$ 5,648,404	\$ 5,582,170	\$ 23,114,781	\$ 21,232,672
Building	33,689,856	34,975,076	29,675,719	31,468,822	63,365,575	66,443,898
Impr other than bldg	8,479,542	7,732,426	98,668,378	97,702,900	107,147,920	105,435,326
Machinery & equipment	18,324,092	17,463,738	16,592,224	17,923,270	34,916,316	35,387,008
Infrastructure	113,298,754	120,174,944	-	-	113,298,754	120,174,944
Intangibles	-	-	1,185,100	1,279,572	1,185,100	1,279,572
Construction in progress	8,961,925	4,060,007	14,127,299	17,462,492	23,089,224	21,522,499
Total capital assets	<u>\$ 200,220,546</u>	<u>\$ 200,056,693</u>	<u>\$ 165,897,124</u>	<u>\$ 171,419,226</u>	<u>\$ 366,117,671</u>	<u>\$ 371,475,919</u>

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, 2015, the City of Yakima had total bonded debt outstanding of about \$54.7 million. Of this amount, \$37.6 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$17.1 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

In 2015 the City issued \$5.0 million limited tax general obligation (LTGO) bonds to develop a new multipurpose sports complex in partnership with SOZO Sports of Central Washington, a local non-profit organization. This debt will be repaid with Parks Fund revenues as part of a Charter amendment passed by voters in 2014 to allocate \$750,000 annually (adjusted for inflation) for parks improvements. City of Yakima's total bonded debt had a net increase of \$3.6 million when the total LTGO debt service payments are netted from the new bond issue.

The City's remaining capacity for non-voted debt on December 31, 2015, was approximately \$34.9 million in comparison to the total legal limit of \$84.9 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-" in September 2015. A summary of the City's debt follows. Additional information on the City's long-term obligations can be found in Note 9.

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 37,644,965	\$ 34,039,193	\$ -	\$ -	\$ 37,644,965	\$ 34,039,193
Revenue bonds	-	-	17,059,095	17,785,000	17,059,095	17,785,000
Intergovernmental loans	6,252,753	6,126,180	21,261,563	22,335,079	27,514,316	28,461,259
Other debt	3,764,897	6,158,023	-	314,461	3,764,897	6,472,484
Total outstanding debt	<u>\$ 47,662,615</u>	<u>\$ 46,323,396</u>	<u>\$ 38,320,658</u>	<u>\$ 40,434,540</u>	<u>\$ 85,983,273</u>	<u>\$ 86,757,936</u>

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 (8.4% as of April, 2016) 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 72% 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 2015 and 2016, the Yakima County nonfarm labor market added 3,604 jobs, a 3.3% upturn. All employment categories, with the exception of "Manufacturing" and "Health Care and Social Assistance" experienced an increase from April of 2015.
- 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 medical school began instruction in late 2008 - the first class graduated in May, 2011. A local technical institute is planning an expansion, and is diligent to work with local industries to provide needed programs.
- A 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. In 2015, a roundabout was constructed that would provide access into the area. Because of all the complexities surrounding a project of this scope, most of the remaining phases are still in a planning stage.
- In 2015, City voters approved a Charter amendment to designate \$750,000 annually to a Parks Capital program. The City is partnering with 2 local non-profits to develop a multipurpose sports complex, and a new aquatic center. Debt service on these 2 projects is estimated to be about \$750,000. Bonds for the sports complex were issued in 2015, while the aquatic center will likely need funding in 2017.

The 2016 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 in 2014. For the 2016 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. 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.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Balance Sheet, Governmental Funds – General Fund and aggregated amounts for all other non-major governmental funds. Reconciliation of the Balance Sheet to the government-wide Statement of Net Position.

Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds – General Fund and aggregated information for all other non-major governmental funds.

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

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

PROPRIETARY FUNDS

Statement of Net Position, Proprietary Funds – Major funds include Transit, Wastewater, Water and Irrigation. Other nonmajor funds shown in aggregate.

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.

FIDUCIARY 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, 2015

Page 1 of 2

	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 15,019,061	\$ 4,236,010	\$ 19,255,071
Investments	18,368,398	26,512,528	44,880,926
Receivables, net of allowance for uncollectible accounts			
Taxes	5,122,960	996,813	6,119,773
Accounts	4,501,744	3,324,183	7,825,927
Other receivables	94,160	-	94,160
Notes and contracts receivable	4,432,673	-	4,432,673
Due from other governments	461,866	2,485,609	2,947,475
Inventories and prepayments	785,663	396,357	1,182,020
Total current assets	48,786,525	37,951,500	86,738,025
Noncurrent assets			
Restricted cash	-	586,503	586,503
Restricted investments	-	1,432,838	1,432,838
Capital assets not being depreciated			
Land	17,466,377	5,648,404	23,114,781
Construction in progress	8,961,925	14,127,300	23,089,225
Capital assets, net of accumulated depreciation			
Buildings	33,689,856	29,675,719	63,365,575
Machinery, equipment and vehicles	18,324,091	16,592,224	34,916,315
Infrastructure	113,298,755	-	113,298,755
Other improvements and utility systems	8,479,542	98,668,378	107,147,920
Intangibles	-	1,185,100	1,185,100
Other noncurrent assets			
Net pension asset	10,869,953	-	10,869,953
Total noncurrent assets	211,090,499	167,916,466	379,006,965
Total assets	259,877,023	205,867,966	465,744,989
Deferred outflows of resources			
Deferred amount on refunding	-	432,515	432,515
Deferred outflows related to pension	3,122,305	1,001,316	4,123,621
Total deferred outflows of resources	3,122,305	1,433,831	4,556,136
Total assets and deferred outflows	262,999,328	207,301,797	470,301,125

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

STATEMENT OF NET POSITION

December 31, 2015

Page 2 of 2

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts and contracts payable	3,939,793	794,457	4,734,250
Claims and judgments	4,596,713	-	4,596,713
Deposits payable	154,742	624,471	779,213
Accrued salaries and benefits	5,749,447	1,332,261	7,081,708
Compensated absences	1,236,094	228,866	1,464,960
Custodial accounts	872,510	-	872,510
Other current liabilities	-	31,273	31,273
Interest payable	232,457	213,220	445,677
Debt principal due within one year	4,459,578	2,936,237	7,395,815
Total current liabilities	21,241,335	6,160,785	27,402,120
Noncurrent liabilities			
Compensated absences	7,196,320	1,381,487	8,577,807
Pension liability	15,032,104	8,463,633	23,495,737
Other postemployment benefits (OPEB)	20,068,327	1,492,898	21,561,225
Debt payments due in more than one year	43,203,037	35,384,420	78,587,457
Total noncurrent liabilities	85,499,788	46,722,438	132,222,226
Total liabilities	106,741,123	52,883,223	159,624,346
Deferred inflows of resources			
Deferred inflows related to pension	5,128,022	1,268,313	6,396,335
Total liabilities and deferred inflows	111,869,145	54,151,536	166,020,681
Net position			
Net investment in capital assets	152,325,473	128,008,983	280,334,456
Restricted for:			
Public safety and emergency programs	574,542	-	574,542
Arterial street construction & maintenance	1,281,875	-	1,281,875
Housing & economic development	973,475	-	973,475
Debt service	232,621	2,019,340	2,251,961
Capital improvements	7,048,140	-	7,048,140
Tourism, conv & business improvement	1,390,326	-	1,390,326
Pension plans	10,869,953	-	10,869,953
Unrestricted	(23,566,222)	23,121,938	(444,284)
Total net position	\$ 151,130,183	\$ 153,150,261	\$ 304,280,444

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, 2015

Page 1 of 1

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges f/ Services	Grants & Contributions		Gov't	Business-type	Total
			Operating	Capital	Activities	Activities	
Governmental activities							
General government	\$ 10,934,631	\$ 420,809	\$ -	\$ -	\$ (10,513,821)	\$ -	\$ (10,513,821)
Public safety	48,220,877	8,503,720	3,258,465	-	(36,458,692)	-	(36,458,692)
Utilities	454,804	238,596	-	-	(216,208)	-	(216,208)
Transportation	14,367,542	47,249	1,961,380	1,179,851	(11,179,062)	-	(11,179,062)
Economic environment	5,159,477	1,729,591	1,405,649	228,341	(1,795,896)	-	(1,795,896)
Public health services	681,916	-	65,170	-	(616,746)	-	(616,746)
Culture & recreation	7,710,611	3,921,858	9,578	290,165	(3,489,009)	-	(3,489,009)
Interest on long-term debt	1,776,056	-	-	-	(1,776,056)	-	(1,776,056)
Total governmental activities	<u>89,305,915</u>	<u>14,861,825</u>	<u>6,700,242</u>	<u>1,698,358</u>	<u>(66,045,490)</u>	<u>-</u>	<u>(66,045,490)</u>
Business-type activities							
Transit	9,045,238	1,353,585	3,206,137	43,468	-	(4,442,048)	(4,442,048)
Airport	1,845,561	1,313,580	-	455,605	-	(76,376)	(76,376)
Refuse	4,336,907	5,670,636	-	-	-	1,333,729	1,333,729
Wastewater	14,403,285	20,931,897	-	2,237,873	-	8,766,485	8,766,485
Water	7,297,236	8,581,751	-	336,847	-	1,621,362	1,621,362
Irrigation	2,134,575	3,048,334	-	5,900	-	919,659	919,659
Stormwater	1,609,027	2,272,135	-	146,506	-	809,614	809,614
Total business-type activities	<u>40,671,829</u>	<u>43,171,918</u>	<u>3,206,137</u>	<u>3,226,199</u>	<u>-</u>	<u>8,932,425</u>	<u>8,932,425</u>
Total	<u>\$ 129,977,744</u>	<u>\$ 58,033,743</u>	<u>\$ 9,906,379</u>	<u>\$ 4,924,557</u>	<u>(66,045,490)</u>	<u>8,932,425</u>	<u>(57,113,066)</u>
General revenues							
Taxes							
Property taxes					16,427,031	-	16,427,031
Sales and use taxes					22,036,712	5,565,978	27,602,690
Franchise and utility tax					9,719,492	-	9,719,492
Excise tax					2,868,487	-	2,868,487
Unrestricted investment earnings					451,525	(43,490)	408,035
Judgments and settlements					8,394	-	8,394
Miscellaneous					197,753	247,439	445,192
Gain (loss) disposition of capital assets					29,359	43,490	72,849
Transfers					8,020,783	(8,020,783)	-
Total general revenues & transfers					<u>59,759,536</u>	<u>(2,207,366)</u>	<u>57,552,171</u>
Change in net position					(6,285,954)	6,725,059	439,105
Net position - beginning					164,896,385	156,768,145	321,664,530
Direct adjustment to beginning net position - GASB 68					<u>(7,480,248)</u>	<u>(10,342,945)</u>	<u>(17,823,193)</u>
Net position - ending					<u>\$ 151,130,183</u>	<u>\$ 153,150,259</u>	<u>\$ 304,280,442</u>

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, 2015

Page 1 of 1

	General Fund	Other Gov't Funds	Total Gov't Funds
Assets			
Cash & cash equivalents	\$ 132,272	\$ 10,176,294	\$ 10,308,566
Cash with fiscal agent	151,805	170,776	322,581
Investments	6,748,987	8,034,348	14,783,335
Receivables			
Taxes	4,597,223	495,113	5,092,336
Customer accounts	2,526,032	1,076,662	3,602,694
Interest	92,305	-	92,305
Notes & contracts	-	4,128,599	4,128,599
Due from other governments	154,812	307,053	461,865
Due from other funds	-	125,000	125,000
Inventories & prepayments	25,000	304,665	329,665
Total assets	<u>14,428,436</u>	<u>24,818,510</u>	<u>39,246,946</u>
Liabilities			
Accounts payable	1,153,461	1,899,898	3,053,359
Contracts payable	-	137,854	137,854
Wages & benefits payable	4,558,398	964,733	5,523,131
Custodial accounts	227,660	799,558	1,027,218
Due to other funds	-	125,000	125,000
Other liabilities	67,726	2,445	70,171
Total liabilities	<u>6,007,245</u>	<u>3,929,488</u>	<u>9,936,733</u>
Deferred inflows of resources			
Deferred taxes receivable	376,961	170,452	547,413
Unavailable revenue and notes	2,176,857	4,593,309	6,770,166
Total deferred inflows of resources	<u>2,553,818</u>	<u>4,763,761</u>	<u>7,317,579</u>
Total liabilities and deferred inflows	<u>8,561,063</u>	<u>8,693,249</u>	<u>17,254,312</u>
Fund balances			
Nonspendable	-	647,731	647,731
Restricted	-	11,500,978	11,500,978
Committed	-	2,699,548	2,699,548
Assigned	-	1,642,833	1,642,833
Unassigned	5,867,373	(365,829)	5,501,544
Total fund balances	<u>5,867,373</u>	<u>16,125,261</u>	<u>21,992,634</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 14,428,436</u>	<u>\$ 24,818,510</u>	<u>\$ 39,246,946</u>

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, 2015

Page 1 of 1

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

Total fund balances - governmental funds (previous page)	\$ 21,992,634
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	190,601,430
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	7,317,579
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.	11,613,769
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(56,003,102)
Pension and other postemployment benefits are not due and payable in the current period and therefore are not reflected in the funds.	(24,392,127)
Net position of governmental activities	<u>\$ 151,130,183</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 1

	General Fund	Other Gov't Funds	Total Gov't Funds
Revenues			
Taxes and assessments	\$ 45,492,351	\$ 14,434,969	\$ 59,927,320
Licenses and permits	1,530,699	687,493	2,218,192
Intergovernmental revenue	2,109,278	4,732,694	6,841,972
Charges for services	8,126,955	4,043,864	12,170,819
Fines and forfeitures	1,605,864	-	1,605,864
Interest	435,559	48,580	484,139
Other revenues	101,927	1,709,120	1,811,047
Total revenues	<u>59,402,633</u>	<u>25,656,720</u>	<u>85,059,353</u>
Expenditures			
Current			
General government	12,390,124	788,599	13,178,723
Public safety	39,202,169	5,161,816	44,363,985
Utilities	1,361,959	281,178	1,643,137
Transportation	801,759	5,586,323	6,388,082
Economic environment	1,741,232	2,623,482	4,364,714
Public health services	22,430	628,494	650,924
Cultural and recreation	-	5,939,681	5,939,681
Capital outlay			
General government	102,681	1,308,718	1,411,399
Public safety	16,207	1,834,605	1,850,812
Transportation	-	5,827,911	5,827,911
Natural and economic environment	-	491,450	491,450
Cultural and recreation	-	2,398,513	2,398,513
Debt service			
Principal	841,486	3,521,694	4,363,180
Interest and related charges	179,225	1,781,556	1,960,781
Total expenditures	<u>56,659,272</u>	<u>38,174,020</u>	<u>94,833,292</u>
Excess (deficiency) of revenues over (under) expenditures	2,743,361	(12,517,300)	(9,773,939)
Other financing sources (uses)			
Proceeds from issuance of long-term debt	-	5,457,000	5,457,000
Transfers in	4,009	9,029,040	9,033,049
Transfers out	(4,761,621)	(4,303,314)	(9,064,935)
Sale of capital assets	-	229,811	229,811
Other	7,867	-	7,867
Total other financing sources (uses)	<u>(4,749,745)</u>	<u>10,412,537</u>	<u>5,662,792</u>
Net change in fund balances	(2,006,384)	(2,104,763)	(4,111,147)
Fund balances - January 1	<u>7,873,757</u>	<u>18,230,024</u>	<u>26,103,781</u>
Fund balances - December 31	<u>\$ 5,867,373</u>	<u>\$ 16,125,261</u>	<u>\$ 21,992,634</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 1

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance: \$ (4,111,147)

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 in the current period. (307,403)

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. 94,787

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 579,719

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. (573,333)

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). (373,810)

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. (1,594,768)

Change in net position, as reflected on the Statement of Activities \$ (6,285,955)

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, 2015

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 47,333,295	\$ 47,333,295	\$ 45,492,351	\$ (1,840,944)
Licenses and permits	1,429,050	1,429,050	1,530,699	101,649
Intergovernmental revenues	2,137,146	2,137,146	2,109,278	(27,868)
Charges for services	7,928,162	7,928,162	8,126,955	198,793
Fines and forfeitures	1,658,310	1,658,310	1,605,864	(52,446)
Interest	268,000	268,000	435,559	167,559
Other revenue	179,978	179,978	101,927	(78,051)
Total revenues	60,933,941	60,933,941	59,402,633	(1,531,308)
Expenditures				
Current				
General government	12,290,297	12,490,226	12,390,124	100,102
Public safety	38,910,935	38,952,512	39,202,169	(249,657)
Utilities	1,319,395	1,358,384	1,361,959	(3,575)
Transportation	882,550	882,550	801,759	80,791
Natural and economic environment	1,721,296	1,721,296	1,741,232	(19,936)
Public health services	19,500	19,500	22,430	(2,930)
Capital outlay				
General government	75,000	101,085	102,681	(1,596)
Public safety	-	-	16,207	(16,207)
Debt service				
Principal	786,197	786,197	841,486	(55,289)
Interest and related charges	164,555	164,555	179,225	(14,670)
Total expenditures	56,169,725	56,476,305	56,659,272	(182,967)
Excess (deficiency) of revenues over (under) expenditures	4,764,216	4,457,636	2,743,361	(1,714,275)
Other financing sources (uses)				
Transfers in	-	-	4,009	(4,009)
Transfers out	(4,805,371)	(4,805,371)	(4,761,621)	(43,750)
Other	400,000	400,000	7,867	(392,133)
Total other financing sources (uses)	(4,405,371)	(4,405,371)	(4,749,745)	(344,374)
Net change in fund balances	358,845	52,265	(2,006,384)	(2,058,649)
Fund balances - January 1	8,394,076	8,394,076	7,873,757	(520,319)
Fund balances - December 31	\$ 8,752,921	\$ 8,446,341	\$ 5,867,373	\$ (2,578,968)

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2015

Page 1 of 2

	Business-type Activities						Gov't Activities
					Other Enterprise Funds	Total	Internal Service Funds
	Transit	Wastewater	Water	Irrigation			
Assets							
Current assets							
Cash and cash equivalents	\$ 460,186	\$ 1,570,869	\$ 769,022	\$ 225,661	\$ 1,204,177	4,229,915	\$ 4,387,912
Cash with fiscal agent	-	-	-	-	6,095	6,095	1,854
Investments	3,041,261	12,027,011	6,258,229	1,887,995	3,298,032	26,512,528	3,585,062
Receivables, net allow f/uncoll accts							
Taxes	942,921	-	-	-	53,892	996,813	-
Accounts	92,715	1,893,955	200,491	358,150	691,796	3,237,107	956,990
Other receivables	45,203	-	-	-	41,873	87,076	276,758
Due from other governments	2,485,609	-	-	-	-	2,485,609	-
Due from other funds	-	-	-	-	170,000	170,000	-
Inventories and prepayments	-	-	396,357	-	-	396,357	455,998
Total current assets	<u>7,067,895</u>	<u>15,491,835</u>	<u>7,624,099</u>	<u>2,471,806</u>	<u>5,465,865</u>	<u>38,121,500</u>	<u>9,664,574</u>
Noncurrent assets							
Restricted cash	-	185,310	366,380	34,813	-	586,503	-
Restricted investments	-	1,432,838	-	-	-	1,432,838	-
Capital Assets not being depreciated							
Land	1,307,989	649,505	173,613	98,500	3,418,797	5,648,404	-
Construction in progress	-	3,583,478	6,572,348	3,114,346	857,128	14,127,300	-
Capital assets, net of accum dep							
Buildings	2,435,110	20,814,072	5,292,674	320,874	812,989	29,675,719	7,405
Other improvements	1,036,211	45,499,166	29,359,923	15,186,982	7,586,096	98,668,378	513,909
Machinery, equip & vehicles	3,772,324	11,707,499	389,826	5,792	716,783	16,592,224	9,097,802
Intangibles	-	-	185,659	-	999,441	1,185,100	-
Total noncurrent assets	<u>8,551,634</u>	<u>83,871,868</u>	<u>42,340,423</u>	<u>18,761,307</u>	<u>14,391,234</u>	<u>167,916,466</u>	<u>9,619,116</u>
Total assets	<u>15,619,529</u>	<u>99,363,703</u>	<u>49,964,522</u>	<u>21,233,113</u>	<u>19,857,099</u>	<u>206,037,966</u>	<u>19,283,690</u>
Deferred outflows of resources							
Deferred amount on refunding	-	419,551	12,964	-	-	432,515	-
Deferred outflows rel to pension	<u>233,911</u>	<u>353,201</u>	<u>182,188</u>	<u>49,499</u>	<u>182,517</u>	<u>1,001,316</u>	<u>180,613</u>
Total deferred outflows of resources	<u>233,911</u>	<u>772,752</u>	<u>195,152</u>	<u>49,499</u>	<u>182,517</u>	<u>1,433,831</u>	<u>180,613</u>
Total assets and deferred outflows	<u>15,853,440</u>	<u>100,136,455</u>	<u>50,159,674</u>	<u>21,282,612</u>	<u>20,039,616</u>	<u>207,471,797</u>	<u>19,464,303</u>

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2015

Page 2 of 2

	Business-type Activities						Gov't Activities
	Other Enterprise Funds					Total	Internal Service Funds
	Transit	Wastewater	Water	Irrigation			
Liabilities							
Current liabilities							
Accounts payable	297,063	195,082	100,616	8,840	159,727	761,328	672,799
Contracts payable	-	-	8,632	-	24,496	33,128	-
Claims and judgments	-	-	-	-	-	-	4,596,713
Deposits payable	-	327,936	113,308	-	183,227	624,471	-
Accrued salaries and benefits	350,207	398,855	242,090	62,362	278,747	1,332,261	231,935
Compensated absences	53,700	83,060	41,264	9,899	40,944	228,867	47,381
Due to other funds	-	-	-	-	170,000	170,000	-
Other current liabilities	795	3,703	18,130	-	8,646	31,274	23
Interest payable	-	111,687	40,686	60,847	-	213,220	-
Debt prin due within one year	-	1,854,393	946,844	135,000	-	2,936,237	-
Total current liabilities	701,765	2,974,716	1,511,570	276,948	865,787	6,330,786	5,548,851
Noncurrent liabilities							
Compensated absences	316,758	498,519	253,385	62,374	250,451	1,381,487	277,003
Bonds payable	-	11,386,372	452,333	3,745,389	-	15,584,094	-
Pension liability	1,977,132	2,985,434	1,539,942	418,395	1,542,730	8,463,633	1,526,629
Other postemployment benefits	348,745	526,600	271,630	73,800	272,123	1,492,898	269,281
Debt pmts due over one year	-	9,605,965	10,194,361	-	-	19,800,326	-
Total noncurrent liabilities	2,642,635	25,002,890	12,711,651	4,299,958	2,065,304	46,722,438	2,072,913
Total liabilities	3,344,400	27,977,606	14,223,221	4,576,906	2,931,091	53,053,224	7,621,764
Deferred inflows of resources							
Deferred inflow related to pension	296,281	447,380	230,767	62,698	231,187	1,268,313	228,771
Total liabilities and deferred inflows	3,640,681	28,424,986	14,453,988	4,639,604	3,162,278	54,321,537	7,850,535
Net Position							
Net investment in capital assets	8,551,634	59,826,541	30,393,469	14,846,105	14,391,234	128,008,983	9,619,116
Restricted for debt service	-	1,618,148	366,380	34,812	-	2,019,340	-
Unrestricted	3,661,125	10,266,780	4,945,837	1,762,091	2,486,104	23,121,937	1,994,652
Total net position	\$ 12,212,759	\$ 71,711,469	\$ 35,705,686	\$ 16,643,008	\$ 16,877,338	\$ 153,150,260	\$ 11,613,768

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, 2015

Page 1 of 1

	Business-type Activities						Gov't Activities
					Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Transit	Wastewater	Water	Irrigation	Funds	Funds	Funds
Operating revenues							
Charges and fees for services	\$ 1,232,752	\$ 20,909,441	\$ 8,738,919	\$ 3,047,555	\$ 8,398,689	\$ 42,327,356	\$ 3,870,124
Charges for insurance	-	-	-	-	-	-	3,684,460
Employer contributions	-	-	-	-	-	-	9,573,354
Employee contributions	-	-	-	-	-	-	1,550,006
Other operating revenue	55,803	-	63,112	-	852,761	971,676	-
Total operating revenues	1,288,555	20,909,441	8,802,031	3,047,555	9,251,450	43,299,032	18,677,944
Operating expenses							
Personnel services	3,869,150	4,470,107	2,471,648	682,414	2,892,548	14,385,867	1,912,398
Materials and supplies	701,393	807,602	609,048	82,120	369,707	2,569,870	1,505,667
Contractual services	3,452,568	8,448,538	4,253,847	805,116	4,585,328	21,545,397	7,737,184
Claims and other benefits	-	-	-	-	29,027	29,027	10,702,409
Depreciation	1,022,128	4,249,590	1,496,554	373,231	906,169	8,047,672	1,276,712
Total operating expenses	9,045,239	17,975,837	8,831,097	1,942,881	8,782,779	46,577,833	23,134,370
Operating income (loss)	(7,756,684)	2,933,604	(29,066)	1,104,674	468,671	(3,278,801)	(4,456,426)
Nonoperating revenues (expenses)							
Grants and subsidies	8,772,115	-	-	-	548,173	9,320,288	-
Interest revenue	2,449	2,200	425	500	881	6,455	243,037
Other nonoperating revenues	23,387	15,958	26,735	280	4,020	70,380	1,365,731
Interest and other debt service costs	-	(496,291)	(171,054)	(191,694)	-	(859,039)	-
Gain (loss) on disposal of property	39,194	4,296	-	-	-	43,490	(54,463)
Total nonoperating revenues (expenses)	8,837,145	(473,837)	(143,894)	(190,914)	553,074	8,581,574	1,554,305
Income (loss) before conts & transfers	1,080,461	2,459,767	(172,960)	913,760	1,021,745	5,302,773	(2,902,121)
Capital contributions	43,468	2,237,873	336,847	5,900	53,938	2,678,026	20,206
Transfers in	74,676	43,512	9,103	1,811	47,957	177,059	1,529,315
Transfers (out)	-	(309,821)	(202,979)	(30,000)	(890,000)	(1,432,800)	(242,168)
Change in net position	1,198,605	4,431,331	(29,989)	891,471	233,640	6,725,058	(1,594,768)
Net position - January 1	13,430,298	70,928,473	37,617,554	16,262,833	18,528,989	156,768,147	15,074,144
Direct adjustment to beginning net position - GASB 68	(2,416,144)	(3,648,335)	(1,881,879)	(511,296)	(1,885,291)	(10,342,945)	(1,865,608)
Net position - December 31	\$ 12,212,759	\$ 71,711,469	\$ 35,705,686	\$ 16,643,008	\$ 16,877,338	\$ 153,150,260	\$ 11,613,768

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, 2015

Page 1 of 2

	Business-type Activities						Gov't Activities
					Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Transit	Wastewater	Water	Irrigation	Funds	Funds	Funds
Cash flows from operating activities							
Receipts from customers	\$ 194,809	\$ 20,876,263	\$ 8,723,269	\$ 3,040,621	\$ 8,182,450	\$ 41,017,412	\$ 7,554,584
Contributions received - employer & employee	-	-	-	-	-	-	11,123,360
Payments to suppliers and service providers	(4,145,033)	(10,163,760)	(5,312,527)	(935,755)	(4,962,265)	(25,519,340)	(9,329,024)
Payments to employees for salaries & benefits	(3,872,944)	(4,551,498)	(2,469,055)	(665,771)	(2,815,842)	(14,375,110)	(1,927,141)
Other receipts	55,803	-	63,112	-	852,761	971,676	-
Payments to claimants and beneficiaries	-	-	-	-	(29,027)	(29,027)	(10,149,938)
Net cash provided by operating activities	<u>(7,767,365)</u>	<u>6,161,005</u>	<u>1,004,799</u>	<u>1,439,095</u>	<u>1,228,077</u>	<u>2,065,611</u>	<u>(2,728,159)</u>
Cash flows from noncapital financing activities							
Sales tax received	5,565,978	-	-	-	-	5,565,978	-
Operating grants	2,341,068	-	-	-	92,568	2,433,636	-
Other receipts	<u>74,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,977</u>	<u>126,653</u>	<u>2,667,879</u>
Net cash provided noncapital financing activities	<u>7,981,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,545</u>	<u>8,126,267</u>	<u>2,667,879</u>
Cash flows from capital financing activities							
Proceeds from debt financing	-	181,502	395,871	-	-	577,373	-
Proceeds from disposal of property	41,911	4,296	-	280	-	46,487	59,752
Capital grants and contributions	43,468	2,069,098	238,627	-	455,605	2,806,798	-
Principal paid on capital debt	-	(2,014,028)	(941,844)	(130,000)	-	(3,085,872)	-
Acquisition and construction of capital assets	(17,826)	(519,489)	(467,972)	(621,700)	(574,485)	(2,201,472)	(1,747,189)
Interest and related charges paid	-	(536,736)	(174,177)	(186,008)	-	(896,921)	-
Other receipts	23,387	15,958	26,735	-	-	66,080	-
Transfers in	-	43,512	9,103	1,811	-	54,426	-
Transfers out	<u>-</u>	<u>(309,821)</u>	<u>(202,979)</u>	<u>(30,000)</u>	<u>(890,000)</u>	<u>(1,432,800)</u>	<u>(15,000)</u>
Net cash provided by (used for) financing	<u>90,940</u>	<u>(1,065,708)</u>	<u>(1,116,636)</u>	<u>(965,617)</u>	<u>(1,008,880)</u>	<u>(4,065,901)</u>	<u>(1,702,437)</u>
Cash flows from investing activities							
Proceeds from sale of investments	3,024,511	9,367,162	6,760,377	1,552,815	3,782,454	24,487,319	8,451,470
Interest on investments	2,449	2,200	425	500	881	6,455	243,037
Purchase of investments	<u>(3,041,261)</u>	<u>(13,459,849)</u>	<u>(6,258,229)</u>	<u>(1,887,995)</u>	<u>(3,298,032)</u>	<u>(27,945,366)</u>	<u>(3,585,063)</u>
Net cash provided by investing activities	<u>(14,301)</u>	<u>(4,090,487)</u>	<u>502,573</u>	<u>(334,680)</u>	<u>485,303</u>	<u>(3,451,592)</u>	<u>5,109,444</u>
Net increase (decrease) in cash & cash equivalents	290,996	1,004,810	390,736	138,798	849,045	2,674,385	3,346,727
Cash and cash equivalents - January 1	<u>169,190</u>	<u>751,369</u>	<u>744,666</u>	<u>121,676</u>	<u>361,227</u>	<u>2,148,128</u>	<u>1,041,185</u>
Cash and cash equivalents - December 31	\$ 460,186	\$ 1,756,179	\$ 1,135,402	\$ 260,474	\$ 1,210,272	\$ 4,822,513	\$ 4,387,912

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, 2015

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	Business-type Activities						Gov't
						Total	Activities
	Transit	Wastewater	Water	Irrigation	Other Enterprise Funds	Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operations							
Operating income (loss)	\$ (7,756,684)	\$ 2,933,604	\$ (29,066)	\$ 1,104,674	\$ 468,671	\$ (3,278,801)	\$ (4,456,426)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations							
Depreciation expense	1,022,128	4,249,590	1,496,554	373,231	906,169	8,047,672	1,276,712
(Increase) decrease in net accounts receivable	(1,037,943)	(33,178)	(15,650)	(6,934)	(63,087)	(1,156,792)	176,440
(Increase) decrease in due f/other governments	(865,069)	-	-	-	(153,152)	(1,018,221)	-
(Increase) decrease in inventory	-	-	(72,253)	-	-	(72,253)	(91,722)
(Decrease) increase in accounts payable	14,245	(470,882)	(150,085)	(24,624)	(195,756)	(827,102)	(170,891)
(Decrease) increase in wages/benefits payable	(5,317)	5,208	(23,520)	(1,735)	20,460	(4,904)	-
(Decrease) increase in accrued liabilities	-	(24,539)	22,645	9,278	-	7,384	-
(Decrease) increase in compensated absences	(3,794)	(14,730)	25,196	13,267	76,706	96,645	(14,743)
(Decrease) increase in contracts payable	-	(441,946)	(227,294)	(22,160)	168,066	(523,334)	-
(Decrease) increase in claims & judgments	-	(42,122)	(21,728)	(5,902)	-	(69,752)	552,471
Total adjustments	(875,750)	3,227,401	1,033,865	334,421	759,406	4,479,343	1,728,267
Net cash provided by (used for) operations	<u>\$ (8,632,434)</u>	<u>\$ 6,161,005</u>	<u>\$ 1,004,799</u>	<u>\$ 1,439,095</u>	<u>\$ 1,228,077</u>	<u>\$ 1,200,542</u>	<u>\$ (2,728,159)</u>
Schedule of noncash capital & related financing activities							
Contribution of capital assets	\$ -	\$ 168,775	\$ 98,220	\$ 5,900	\$ 53,938	\$ 326,833	\$ -

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, 2015

Page 1 of 1

	Firemen's Relief and Pension	Agency Fund	Total
Assets			
Cash & equity in pooled investments	\$ 122,719	\$ 113,786	\$ 236,505
Investments, at amortized cost	907,038	-	907,038
Taxes	25,048	6,185	31,233
Equipment	-	855,321	855,321
Total assets	<u>1,054,805</u>	<u>975,292</u>	<u>2,030,097</u>
Liabilities			
Warrants/accounts payable	9,907	-	9,907
Due to other governmental units	-	975,292	975,292
Total liabilities	<u>9,907</u>	<u>975,292</u>	<u>\$ 985,199</u>
Deferred inflows	<u>25,048</u>	<u>-</u>	<u>25,048</u>
Total liabilities and deferred inflows	<u>34,955</u>	<u>975,292</u>	<u>1,010,247</u>
Net position			
Held in trust for pension benefits and other purposes	<u>\$ 1,019,850</u>	<u>\$ -</u>	<u>\$ 1,019,850</u>

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, 2015

Page 1 of 1

	Firemen's Relief and Pension
Additions	
Employer contributions	\$ 1,265,220
Interest	<u>500</u>
Total additions	<u>1,265,720</u>
Deductions	
Administrative/overhead	53,203
Pension benefits	621,267
Other benefits	<u>545,944</u>
Total deductions	<u>1,220,414</u>
Change in net position	45,306
Total net position - January 1	<u>974,543</u>
Total net position - December 31	<u><u>\$ 1,019,849</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2015

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.

NEW ACCOUNTING STANDARD

In 2012 the Governmental Accounting Standards Board issued Statement 68 – Accounting and Financial Reporting for Pensions, effective for reporting years ending in 2015. The City implemented GASB Statement 68 in 2015 and presented restated 2014 balances in the comparative charts presented in the Management Discussion and Analysis section of this document. This new statement requires local government employers who participate in cost-sharing plans to recognize the proportionate share of the collective pension amounts for all benefits provided through the plans. This change in reporting has had a material impact to the City of Yakima. The related assets, deferred outflows, liabilities and deferred inflows are presented in Note 5 – Pension Plans.

The implementation also resulted in an adjustment to beginning net position on the citywide Statement of Activities and the Statement of Revenues, Expenses and Changes in Fund Net Position.

	Primary Government		
	Governmental	Business Type	Total
	Activity	Activity	
PERS 1	\$ (8,730,272)	\$ (4,930,206)	\$ (13,660,478)
PERS 2/3	(7,332,275)	(4,140,722)	(11,472,997)
PSERS 2	4,482	-	4,482
LEOFF 1	2,095,990	-	2,095,990
LEOFF 2	5,209,810	-	5,209,810
Total adjustment to beginning net position	\$ (8,752,265)	\$ (9,070,928)	\$ (17,823,193)

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.

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

Applying these criteria, the primary government statements consist of the legal entity of the City and the blended component unit of the Yakima Regional Public Facilities District.

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

The *Yakima Housing Authority (YHA)* was created by Resolution No. D-1575, in 1971, and, under certain conditions, can be dissolved by the City. Yet, it is an independent entity with distinct governmental character and organization. The City of Yakima created the Housing Authority per Washington State Revised Code Chapter 35.82 which provides that liabilities incurred by the Housing Authority will be satisfied from its assets, and that no person shall have any right of action against the City on account of its debts, obligations, and liabilities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

Government Wide

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

Fund Financial Statements

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

Certain charges for service, sales based taxes, and interest associated within the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned. Other revenues such as state shared revenue, licenses, fines and fees are not considered susceptible to accrual since they are not generally measurable until received. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Yakima reports the following major governmental funds:

- The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The 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.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS, AND FUND BALANCE / NET POSITION

Cash, Cash Equivalents and Investments

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.

Under the City's investment policy, excess cash balances are invested. The City is authorized by State law to purchase certificates of deposit issued by Washington State depositories that participate in a state insurance

poll managed by the Washington Public Deposit Protection Commission; investment deposits in a qualified public depository located in the State of Washington; U.S. Treasury and Agency securities; banker's acceptances trading in the secondary market; Washington State Treasurers Local Government Investment Pool; and repurchase agreements with dealers that use authorized securities as collateral. As further discussed in Note 4, the City reports investments at net book value.

Receivables

Taxes receivable consists of property and other taxes including related interest and penalties (See Note 4). Customer accounts receivable consists of amounts due from private individuals or organizations for goods and services incurred in the normal course of conducting business. Customer accounts receivable are reported net of estimated uncollectible accounts in proprietary funds. Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Accrued interest receivable consists of amounts earned on investments, notes, and contracts as of year-end. Notes and contracts receivable consists of amounts owed on open account from private individuals or organizations for goods and services rendered. The major component of the notes receivable category is in the 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.

Amounts Due To and From Other Governments

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

Inventories

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

Restricted Assets and Liabilities

These accounts contain resources for debt service reserve requirements and debt redemption in the enterprise funds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Current Liabilities

Liabilities include primarily salaries and benefits payable and claims and judgments payable in the Internal Service Funds, current portion due on long-term debt and other liabilities due.

Noncurrent Liabilities

Noncurrent liabilities include long-term debt, compensated absences, cumulative unfinanced liability related to post-employment benefits and pension liabilities as prescribed by GASB 68.

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.

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 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.

Net Positions and Fund Balances

Net position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the city is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

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

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

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

Committed – These funds have constraints imposed by formal action 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.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance – total government funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$190,601,430 are as follows:

Land	\$ 17,466,377
Construction in progress	8,961,140
Buildings	57,531,324
Less: Accumulated depreciation - buildings	(23,848,873)
Machinery, equipment and vehicles	22,563,051
Less: Accumulated depreciation - machinery, equipment and vehicles	(13,336,762)
Infrastructure	289,317,582
Less: Accumulated depreciation - infrastructure	(176,018,827)
Other improvements	17,499,412
Less: Accumulated depreciation - other improvements	(9,532,994)
Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	<u>\$ 190,601,430</u>

Another element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(56,003,102) difference are as follows:

Bonds payable	\$ (36,213,366)
Add: Issuance premium (to be amortized over the life of the debt)	(1,431,599)
Intergovernmental loans	(6,252,753)
Lease purchase agreements	(3,764,897)
Compensated absences	<u>(8,108,030)</u>
Subtotal	<u>(55,770,645)</u>
Accrued interest payable	(232,457)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u>\$ (56,003,102)</u>

The effect of long-term pension assets, liabilities and deferred inflows and outflows of resources as well as liabilities for Other Postemployment Benefits do not impact current economic resources and are therefore not reported in the funds. Details of this \$(24,392,127) difference are as follows:

Pension asset	\$ 10,869,953
Net pension liability	(13,505,475)
Deferred outflow change in proportionate share	2,941,692
Deferred inflow change in proportionate share	(4,899,251)
Other postemployment benefit obligation	(19,799,046)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u>\$ (24,392,127)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that

reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” This is the amount by which capital outlays exceeded depreciation expense in the current period. The details of this \$(307,403) difference are as follows:

Capital outlay	\$ 12,066,071
Depreciation expense	(12,373,474)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (307,403)</u>

Another element of that reconciliation states that “in the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the fund assets. This also includes donations of capital assets and infrastructure obtained by annexation.” The details of this \$94,787 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.	\$ (132,283)
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.	227,070
Net adjustment to increase total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 94,787</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items”. The details of this \$(573,333) difference are as follows:

Debt issued	
Issuance of general obligation bonds	\$ (5,000,000)
Intergovernmental loans	(457,000)
Principal repayments	
General obligation debt	2,825,828
Intergovernmental loans	330,427
Lease purchase agreements	809,500
Interfund loans repaid	733,187
Interest accrued	184,725
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (573,333)</u>

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 which is the only major governmental fund. Budgets for special revenue funds are required to be prepared, but not required to be reported individually in this report. Budgets for debt service and capital projects are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lines of debt issues or projects. Budgets for proprietary funds, although not legally required, are prepared for operational oversight. Budgetary comparisons for all funds not presented in this report 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 \$15.7 million. The principal amendments were to: 1) appropriate the purchase of land and improvements for a new soccer complex in the amount of \$5.0 million; 2) reappropriate 2014 outstanding encumbrances in the amount of \$4.9 million and 3) appropriate the purchase of a utility billing software package in the amount of \$1.5 million.

Excess of Expenditures over Appropriations

General Fund slightly exceeded its \$61.3 million budget by about \$130,000. There were unforeseen one-time expenditures late in the year. City Council was apprised of the overage in a 2015 Year-End Budget Revenue & Expenditure Report presented at their April 5, 2016 meeting.

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 \$647,731 in the Cemetery Trust Fund represents a portion of the amounts paid for cemetery plots. Provisions of these sales require \$120 of the sales price be held in trust and that the income on the investment of these amounts be used to maintain the plots.

Fiduciary Fund Net Position

The Firemen's Relief and Pension Fund has Net Position held in Trust for Pension Benefits and other purposes of \$1,019,850 which represents the accumulated contributions made by the government through property taxes 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, 2015:

Banks and savings and loan institutions	\$ 11,212,979
Cash with fiscal agent	237,816
Petty cash and other imprest funds	14,677
Local Government Investment Pool (LGIP)	<u>8,376,102</u>
Total	<u>\$ 19,841,574</u>

Custodial Credit Risk: Deposits – The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the City’s deposits 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, 2015, the City of Yakima had the following investments:

INVESTMENT PORTFOLIO

	Carrying Value	Fair Value	Weighted Average Maturity to Expected Call (Days)	Weighted Average Expected Maturity (Days)	Rating
Federal agency securities	\$ 44,593,037	\$ 44,411,926	712	784	n/a
Local government agency securities	2,355,383	2,360,545	241	241	A1, A
Certificates of deposit - PDPC	272,379	272,379	1,320	1,320	n/a
Total portfolio	<u>\$ 47,220,799</u>	<u>\$ 47,044,850</u>			

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.

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.

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 2015, the City's regular tax levy was \$3.1239 per \$1,000 on a total assessed valuation of \$5.7 billion, for a total regular levy of \$17,676,090. Included in the City's regular levy is an authorization to levy for the Firemen's Relief and Pension Fund. This levy is subject to the same limitations as the levy for general government services. The Firemen's Relief and Pension portion of the regular tax levy for 2015 was \$.2090 per \$1,000, or \$1,182,452.

RECEIVABLES

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

Accounts receivable balances of the Enterprise funds are reported net of allowances for uncollectible accounts. Historically, write-offs in the utility funds have been about 1% of billed charges. Estimated uncollectible balances are as follows:

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

Refuse	\$ 111,764
Wastewater	566,868
Water	496,153
Irrigation	89,254
Stormwater	<u>68,878</u>
Total	<u><u>\$ 1,332,916</u></u>

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Under the City's Interfund Loan program established in Chapter 3.123 of the City of Yakima Municipal code, loans between funds are authorized in order to fund short term working capital requirements of funds that may be in a negative cash position. Generally, such needs are due to timing differences between a fund's regular receipts of revenue and ordinary operating expenditures or expenses. Such loans that extend beyond one calendar quarter are subject to interest at published rates.

Interfund balances are eliminated on the government-wide financial statement. Interfund balances were as follows at year end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Stormwater Capital	Refuse	\$ 170,000
Law & Justice Capital	Public Safety Communications	<u>125,000</u>
		<u><u>\$ 295,000</u></u>

Interfund Transfers

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to: 1) allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs; and 2) support the Public Safety dispatch operation with a portion of the telephone tax. Other transfers generally represent debt service and capital project funding.

The Equipment Rental Fund operates as an Internal Service Fund to support City motorized vehicle operations and as such "owns" most City vehicles other than Police or Fire vehicles. The fund administers a Vehicle Replacement program whereby participating funds make periodic deposits to the Vehicle Replacement Reserve for future purchases. These deposits are treated as transfers from the participating fund to Equipment Rental's Reserve. The Equipment Rental Fund also operates a maintenance and repair shop to service City vehicles (excluding Fire vehicles which are maintained by the Fire Department and Police vehicles which are serviced by an external vendor). By definition an Internal Service fund should not build an excessive fund balance. Their services should be rendered at approximate cost. Over the past several years the Equipment Rental fund had slowly begun to build an excessive fund balance. The amount is not considered material to the City's financial statements, but a "refund" was made in the form of transfers back to participating funds of the excess balance generated by the shop activities. This "refund" transfer can be seen in the chart that follows. The refund totaled \$242,168 and was distributed to the funds based on relative charges paid over prior periods.

The following chart depicts interfund transfer activity during 2015:

INTERFUND TRANSFERS

Transfer out	Transfer In								
	General Fund	Other Gen Gov't	Transit	Waste-water	Water	Irrig	Other Enterprise	Internal Service	Total
General Fund	\$ -	\$ 4,750,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,396	\$ 4,761,621
Other Gen Gov't	-	3,815,745	-	-	-	-	-	487,569	4,303,314
Wastewater	-	111,340	-	-	-	-	-	198,481	309,821
Water	-	26,892	-	32,687	-	-	-	143,400	202,979
Irrigation	-	-	-	-	-	-	-	30,000	30,000
Other Enterprise	-	260,000	-	-	-	-	-	630,000	890,000
Internal Service	<u>4,009</u>	<u>65,318</u>	<u>74,676</u>	<u>10,825</u>	<u>9,103</u>	<u>1,811</u>	<u>47,957</u>	<u>28,469</u>	<u>242,168</u>
Total	<u>\$ 4,009</u>	<u>\$ 9,029,520</u>	<u>\$ 74,676</u>	<u>\$ 43,512</u>	<u>\$ 9,103</u>	<u>\$ 1,811</u>	<u>\$ 47,957</u>	<u>\$ 1,529,315</u>	<u>\$ 10,739,903</u>

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance 01/01/15	Additions	Adjustments	Deletions	Balance 12/31/15
Governmental activities					
Capital assets - not being depreciated					
Land	\$ 15,650,502	\$ 1,815,875	\$ -	\$ -	\$ 17,466,377
Construction in progress	<u>4,059,223</u>	<u>6,108,939</u>	<u>(1,206,980)</u>	<u>(41)</u>	<u>8,961,140</u>
Total capital assets not being depreciated	<u>19,709,724</u>	<u>7,924,814</u>	<u>(1,206,980)</u>	<u>(41)</u>	<u>26,427,517</u>
Capital assets being depreciated					
Buildings	57,476,622	54,701	-	-	57,531,324
Other improvements	15,871,052	1,355,853	272,507	-	17,499,412
Machinery, equipment and vehicles	20,758,801	2,730,702	(27,680)	(898,773)	22,563,051
Infrastructure	<u>288,156,039</u>	<u>227,070</u>	<u>934,473</u>	<u>-</u>	<u>289,317,582</u>
Total capital assets being depreciated	<u>382,262,514</u>	<u>4,368,327</u>	<u>1,179,300</u>	<u>(898,773)</u>	<u>386,911,369</u>
Less accumulated depreciation					
Buildings	(22,509,699)	(1,339,172)	-	-	(23,848,871)
Other improvements	(8,673,501)	(859,493)	-	-	(9,532,994)
Machinery, equipment and vehicles	(11,993,899)	(2,137,076)	7,474	786,738	(13,336,763)
Infrastructure	<u>(167,981,095)</u>	<u>(8,037,732)</u>	<u>-</u>	<u>-</u>	<u>(176,018,827)</u>
Total accumulated depreciation	<u>(211,158,194)</u>	<u>(12,373,473)</u>	<u>7,474</u>	<u>786,738</u>	<u>(222,737,455)</u>
Total capital assets being depreciated - net	<u>171,104,320</u>	<u>(8,005,146)</u>	<u>1,186,774</u>	<u>(112,035)</u>	<u>164,173,914</u>
Governmental activities capital assets - net	<u>190,814,045</u>	<u>(80,332)</u>	<u>(20,206)</u>	<u>(112,076)</u>	<u>190,601,431</u>
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	619,816	12,190	-	-	632,006
Machinery, equipment and vehicles	<u>22,735,674</u>	<u>1,734,998</u>	<u>27,680</u>	<u>(648,993)</u>	<u>23,849,359</u>
Total capital assets being depreciated	<u>23,392,887</u>	<u>1,747,188</u>	<u>27,680</u>	<u>(648,993)</u>	<u>24,518,761</u>

Less accumulated depreciation					
Buildings	(29,244)	-	-	-	(29,244)
Other improvements	(84,941)	-	-	-	(84,941)
Machinery, equipment and vehicles	(14,036,838)	(1,276,711)	(7,474)	534,778	(14,786,245)
Total accumulated depreciation	(14,151,023)	(1,276,711)	(7,474)	534,778	(14,900,430)
Total capital assets being depreciated - net	9,241,864	470,477	20,206	(114,215)	9,618,331
Internal service - gov't act cap assets - net	<u>\$ 200,056,694</u>	<u>\$ 390,145</u>	<u>\$ 0</u>	<u>\$ (226,291)</u>	<u>\$ 200,220,548</u>
Business-type activities					
Capital assets - not being depreciated					
Land	\$ 5,582,170	\$ 66,235	\$ -	\$ -	\$ 5,648,405
Construction in progress	17,462,492	1,085,607	(4,420,779)	(20)	14,127,300
Total capital assets not being depreciated	<u>23,044,662</u>	<u>1,151,842</u>	<u>(4,420,779)</u>	<u>(20)</u>	<u>19,775,705</u>
Capital assets being depreciated					
Buildings	88,362,671	-	-	-	88,362,671
Other improvements	162,459,307	703,905	4,420,779	-	167,583,991
Machinery, equipment and vehicles	36,262,323	672,559	-	(213,020)	36,721,862
Intangibles	2,190,139	-	-	-	2,190,139
Total capital assets - depreciated	289,274,440	1,376,464	4,420,779	(213,020)	294,858,663
Less accumulated depreciation					
Buildings	(56,893,849)	(1,793,103)	-	-	(58,686,952)
Other improvements	(64,756,407)	(4,159,207)	-	-	(68,915,614)
Machinery, equipment and vehicles	(18,339,053)	(2,000,892)	-	210,305	(20,129,640)
Intangibles	(910,567)	(94,471)	-	-	(1,005,038)
Total accumulated depreciation	(140,899,876)	(8,047,673)	-	210,305	(148,737,244)
Total capital assets being depreciated - net	<u>148,374,564</u>	<u>(6,671,209)</u>	<u>4,420,779</u>	<u>(2,715)</u>	<u>146,121,419</u>
Total capital assets - business activities	<u>\$171,419,226</u>	<u>\$ (5,519,367)</u>	<u>\$ (0)</u>	<u>\$ (2,735)</u>	<u>\$165,897,124</u>

NOTE - The adjustment column represents construction works in progress that were completed and either classified into the appropriate capital asset category, or expensed. Assets transferred between fund categories are also included as an adjustment. Depreciation expense was charged to functions/programs as follows:

DEPRECIATION EXPENSE

Function/Program	Amount
General government	\$ 265,659
Public safety	2,117,614
Utilities	104,939
Transportation	7,810,213
Economic environment	586,920
Culture & recreation	1,488,128
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,276,711
Total depreciation - governmental activities	<u>\$13,650,184</u>

Function/Program	Amount
Transit	\$ 1,022,128
Wastewater	4,249,590
Water	1,496,554
Irrigation	373,231
Stormwater	61,111
Airport	845,058
Total depreciation - business-type activities	<u>\$ 8,047,673</u>

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2015. Projects include improvements to the Wastewater collection system, design of the next phase of irrigation system improvements, and improvements to the water distribution system. Street projects include a West Valley Middle School vicinity safety improvement project and a traffic signal at Tieton and 64th. It also includes the construction of a roundabout to access the former Boise Cascade Mill site and Phase 1 design work for the revitalization of North 1st Street. The Airport projects are construction of the Terminal Apron and the Alpha Taxiway. Design work is in process for a new Yakima Central Plaza to be located downtown.

CURRENT CONSTRUCTION COMMITMENTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Streets - construction	\$ 8,382,122	\$ 5,343,270	\$ 3,038,852
Parks - Central Plaza	1,110,031	400,676	709,355
Airport	906,543	582,440	324,103
Wastewater mains	751,724	23,637	728,087
Stormwater system improvements	654,908	158,376	496,532
Water	409,489	62,164	347,325
Irrigation - system design and rebuild	147,000	41,113	105,887
Total	<u>\$12,361,817</u>	<u>\$6,611,676</u>	<u>\$ 5,750,141</u>

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, grants 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. The design work on the downtown Central Plaza is being funded by Real Estate Excise Tax 2 and a local grant.

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Pension liabilities	\$ 23,495,738
Pension assets	10,869,953
Deferred outflows of resources	4,123,621
Deferred inflows of resources	6,396,335
Pension expense/expenditures	1,735,809

STATE SPONSORED PENSION PLANS

Substantially all Yakima full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1

This plan provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The City of Yakima's actual contributions to the plan were \$55,543 for the year ended December 31, 2015. The state also allocates a component from PERS Plan 2/3 and PSERS 2 of \$1,207,694 to address Plans 1 unfunded actuarial accrued liability (UAAL). This allocation comes from the city contributions to those plans.

PERS Plan 2/3

This plan provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2*</u>
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3	-	Varies

The City of Yakima's actual contributions to the plan were \$2,687,453 for the year ended December 31, 2015 of which \$1,176,494 was the component to the PERS Plan 1 UAAL allocated by the state. This leaves \$1,510,959 contributed to the PERS Plan 2/3.

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

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

PSERS membership includes:

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

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2015 were as follows:

PSERS Plan 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The City of Yakima's actual contributions to the plan were \$77,307 for the year ended December 31, 2015 of which \$31,200 was the component to the PERS Plan 1 UAAL allocated by the state. This leaves \$46,107 contributed to the PERS Plan 2.

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

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1

This plan provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2

This plan provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City of Yakima's actual contributions to the plan were \$1,120,514 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

ACTUARIAL ASSUMPTIONS

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation - 3% total economic inflation; 3.75% salary inflation
- Salary increases - In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return - 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% LT Exp Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of Net Pension Liability

The table below presents the City of Yakima's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	Current		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$15,752,462	\$12,938,339	\$10,518,452
PERS 2/3	30,739,007	10,512,470	(4,974,231)
PSERS 2	341,397	44,929	(165,962)
LEOFF 1	(2,071,109)	(3,237,356)	(4,231,365)
LEOFF 2	7,643,551	(7,632,597)	(19,128,478)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets)

At June 30, 2015, the City of Yakima reported a total pension liability of \$12,625,785 for its proportionate share of the net pension liabilities as follows:

	Liability (Asset)
PERS 1	\$12,938,339
PERS 2/3	10,512,470
PSERS 2	44,929
LEOFF 1	(3,237,356)
LEOFF 2	(7,632,597)

The amount of the liability (asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City of Yakima. The amount recognized by the city as its proportionate share of the net pension liability (asset), the related State support, and the total portion of the net pension liability (asset) that was associated with the city were as follows:

Risk	Liability (Asset)
LEOFF 2 – employer's proportionate share	\$ (7,632,597)
LEOFF 2 – State's proportionate share of the net pension	(12,679,270)
Liability/(asset) associated with the employer	
Total	\$ (20,311,867)

At June 30, the City of Yakima's proportionate share of the collective net pension liabilities was as follows (only report applicable plans):

	Prop Share 6/30/14	Prop Share 6/30/15	Change
PERS 1	0.2512%	0.2473%	-0.0038%
PERS 2/3	0.2912%	0.2942%	0.0030%
PSERS 2	0.2574%	0.2462%	-0.0112%
LEOFF 1	0.2746%	0.2686%	-0.0059%
LEOFF 2	0.7483%	0.7426%	-0.0057%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require

new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the City of Yakima's recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 552,313
PERS 2/3	1,278,991
PSERS 2	52,906
LEOFF 1	(594,837)
LEOFF 2	<u>446,436</u>
Total	\$ 1,735,809

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City of Yakima's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DEFERRED OUTFLOWS/INFLOWS

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Plan 1		
Differences between expected and actual experience	\$ -	\$ 707,868
Contributions subsequent to the measurement date	<u>696,653</u>	<u>-</u>
Total PERS Plan 1	<u>\$ 696,653</u>	<u>\$ 707,868</u>
PERS Plan 2/3		
Differences between expected and actual experience	\$ 1,117,479	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	2,806,332
Changes of assumptions	16,938	-
Changes in proportion and differences between contributions and proportionate share of contributions	95,693	-
Contributions subsequent to the measurement date	<u>847,662</u>	<u>-</u>
Total PERS Plan 2/3	<u>\$ 2,077,772</u>	<u>\$ 2,806,332</u>

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS Plan 2		
Differences between expected and actual experience	\$ 42,093	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	22,285
Changes of assumptions	278	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	684
Contributions subsequent to the measurement date	<u>23,209</u>	<u>-</u>
Total PSERS Plan 2	<u>\$ 65,580</u>	<u>\$ 22,969</u>
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	-	546,529
Total LEOFF 1	<u>\$ -</u>	<u>\$ 546,529</u>
LEOFF 2		
Differences between expected and actual experience	\$ 668,361	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	2,312,637
Changes of assumptions	20,132	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,696	-
Contributions subsequent to the measurement date	<u>565,427</u>	<u>-</u>
Total LEOFF 2	<u>\$ 1,283,616</u>	<u>\$ 2,312,637</u>

Deferred outflows of resources related to pensions resulting from the City of Yakima's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended						
December 31	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2	
2016	\$ (274,345)	\$ (733,787)	\$ (1,945)	\$ (212,074)	\$ (765,933)	
2017	(274,345)	(733,787)	(1,945)	(212,074)	(765,933)	
2018	(274,345)	(733,789)	(1,948)	(212,074)	(765,940)	
2019	115,168	625,141	11,347	89,692	537,616	
2020	-	-	6,948	-	138,119	
Thereafter	-	-	6,946	-	27,624	

OTHER RETIREMENT SYSTEMS

Volunteer Firefighters' Relief and Pension Fund

VFFRPF is a cost-sharing, multiple-employer defined benefit plan administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The Board is appointed by the Governor and is comprised of five members of fire departments covered by Chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation. Approximately 500 local governments, consisting of fire departments, emergency medical service districts and law enforcement agencies, contribute to the plan. In addition, the state contributes 40 percent of the fire insurance premium tax. Retirement benefits are established in Chapter 41.24 RCW and may be amended only the Legislature.

The VFFRPF plan does not issue a stand-alone financial report, but is included in the comprehensive annual financial report (CAFR) of the State of Washington. The State CAFR may be downloaded from the Office of Financial Management (OFM) website at www.ofm.wa.gov.

Membership in the VFFRPF includes volunteer firefighters, emergency medical technicians, and commissioned reserve law enforcement officers of participating employers. After 25 years of active membership, members having reached the age of 65 and who have paid their annual retirement fee for 25 years are entitled to receive a monthly benefit of \$50 plus \$10 per year of service, for a maximum monthly benefit of \$300. Reduced pensions are available for members under the age of 65 or with less than 25 years of service.

Members are vested after ten years of service. The VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination. Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214,000 and funeral and burial expenses of \$2,000. Members receiving disability benefits at the time of death shall be paid \$500.

Contributions

Contribution rates for emergency medical service districts (EMSD) and law enforcement agencies are set each year by the Board based on the actual cost of participation as determined by the Office of the State Actuary. All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

The contribution rates for 2015 were:

<u>Actual Contribution Rates</u>	<u>Volunteers</u>	<u>Employer</u>
Member Fee	\$ 30	\$ 30

The City of Yakima's actual contributions to the plan were \$270 for the year ended December 31, 2015.

In accordance with Chapter 41.24 RCW, the state contributes 40 percent of the fire insurance premium tax to the plan. For fiscal year 2015, the fire insurance premium tax contribution was \$5.9 million.

Actuarial Assumptions

The total pension liability for the VFFRPF was determined by an actuarial valuation by the Office of the State Actuary (OSA) as of June 30, 2014, and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: N/A
- Investment rate of return: 7.0%

The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 *Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2014 valuation report.

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Discount Rate

The discount rate used to measure the total VFFRPF pension liability was 7 percent. To determine that rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included as assumed 7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members, municipalities, and the state will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VFFRPF pension plan investments of 7 percent was determined using a building-block-method. As the plan has assets managed by both the Washington State Investment Board (WSIB) and the Office of the State Treasurer (OST), the long-term expected rate of return of 7 percent represents an approximate weighted-average of the assets managed by WSIB (7.5% expected return) and OST (4 percent expected return). The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	% LT Expected Real Rate of	
	Target Allocation	Return Arithmetic
Fixed income	20%	1.70%
Tangible assetss	5%	4.40%
Real estate	15%	5.80%
Global equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The following presents the City of Yakima's proportionate share of the VFFRPF net pension liability calculated using the discount rate of 7 percent, as well as what the City of Yakima's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6 percent) or 1-percentage point higher (8 percent) than the current rate.

	Current Discount		
	1% Increase	Rate	1% Increase
	(6.0%)	(7.0%)	(8.0%)
VFFRPF	\$ 3,946	\$ (10,787)	\$ (24,082)

Pension Plan Fiduciary Net Position

Detailed information about the VFFRPF plan's fiduciary net position is available in the separately issued State of Washington CAFR.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City of Yakima reported an asset of (\$10,787.26) for its proportionate share of the VFFRPF plan's net pension asset. The City of Yakima's proportion of the net pension asset was based on actual contributions to the plan relative to total contributions of all participating municipalities. At June 30, 2015, the City of Yakima's proportion was .06%.

The VFFRPF collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended December 31, 2015, the City of Yakima recognized pension expense of \$270. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

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.

During the year ended December 31, 2015, there were no plan amendments.

Contributions

Firefighters are no longer required to contribute to the Firemen's Pension. The City is required to contribute the amount necessary to fund the Firemen's Pension, using the aggregate projected benefit method. Under state law, partial funding of the Firemen's Pension Fund is provided by:

- An annual tax levy of up to \$.45 per \$1,000 of assessed valuation of all taxable property of the City in the amount of \$1,182,452 for fiscal year 2015.
- 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 which totaled \$82,768 for fiscal year 2015.
- Additional funding is provided by investment interest earnings, which in fiscal 2015 totaled \$500.

Actuarial Assumptions

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

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.

	Fire		
	2013	2014	2015
Amortization of UAAL	\$ 505,289	\$ 442,369	\$ 442,369
Interest to EOY	<u>20,212</u>	<u>16,589</u>	<u>16,589</u>
ARC at EOY	525,501	458,958	458,958
Interest on NPO	(55,170)	(55,657)	(61,197)
Adjustment to ARC	<u>(97,585)</u>	<u>(106,619)</u>	<u>(121,739)</u>
Annual pension cost	567,916	509,920	519,500
Employer contributions	<u>672,849</u>	<u>657,636</u>	<u>664,756</u>
Change in net pension obligation	(104,933)	(147,716)	(145,256)
Net pension obligation (BOY)	<u>(1,379,259)</u>	<u>(1,484,192)</u>	<u>(1,631,908)</u>
Net pension obligation (EOY)	<u><u>\$(1,484,192)</u></u>	<u><u>\$(1,631,908)</u></u>	<u><u>\$(1,777,164)</u></u>

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, 2015, there were no plan amendments.

Contributions

The Police Pension is a department within the General Fund. The City engaged Milliman U.S.A., Consultant & Actuaries, to perform the pension's actuarial study. They issued a valuation dated January 1, 2015. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

Actuarial Assumptions

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

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		
	2013	2014	2015
Annual required contribution (ARC)			
Amortization of UAAL	\$ 529,561	\$ 460,717	\$ 460,717
Interest to EOY	<u>21,182</u>	<u>17,277</u>	<u>17,277</u>
ARC at EOY	550,743	477,994	477,994
Interest on NPO	21,583	17,419	15,550
Adjustment to ARC	<u>38,176</u>	<u>33,369</u>	<u>30,934</u>
Annual pension cost	534,150	462,044	462,610
Employer contributions	<u>609,223</u>	<u>511,883</u>	<u>441,551</u>
Change in net pension obligation	(75,073)	(49,839)	21,059
Net pension obligation (BOY)	<u>539,579</u>	<u>464,506</u>	<u>414,667</u>
Net pension obligation (EOY)	<u>\$ 464,506</u>	<u>\$ 414,667</u>	<u>\$ 435,726</u>

NOTE 6 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

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 2015, the costs totaled \$545,944 for the Firemen's Pension which has a total of 65 participants currently eligible to receive benefits and \$593,717 for the Police Pension which has a total of 60 participants currently eligible to receive benefits.

LEOFF I

Under RCW law, retiree medical, hospital, and nursing care, as long as a disability exists, are covered for any active firefighter hired prior to March 1, 1970. For any retired officer hired prior to March 1, 1970, retiree medical, hospital, and nursing care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for retiree medical benefits during retirement. Under LEOFF Law, the necessary hospital, retiree medical, and nursing care expenses not payable by Workers' Compensation, Social Security, etc. are covered for any active or retired LEOFF 1 member.

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

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

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.

OPEB Costs, Contributions, and Net Obligations

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 \$12,419,050 is included as a noncurrent liability on the Statement of Net Position.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF

	Fire		
	2013	2014	2015
Annual required contribution (ARC)			
Annual normal cost	\$ 45,837	\$ 45,837	\$ -
Amortization of UAAL	1,584,900	1,584,900	1,775,393
Interest	65,229	65,229	62,139
ARC at EOY	1,695,966	1,695,966	1,837,532
Interest on net OPEB obligation	139,481	182,227	195,718
Adjustment to ARC	214,626	287,300	345,884
Annual OPEB cost	1,620,821	1,590,893	1,687,366
Employer contributions	552,171	554,617	545,944
Change in net OPEB obligation	1,068,650	1,036,276	1,141,422
Net beginning OPEB obligation	3,487,018	4,555,668	5,591,944
Net OPEB obligation	<u>\$4,555,668</u>	<u>\$5,591,944</u>	<u>\$6,733,366</u>

	Police		
	2013	2014	2015
Annual required contribution (ARC)			
Annual normal cost	\$ 19,732	\$ 19,732	\$ -
Amortization of UAAL	1,541,006	1,541,006	1,628,448
Interest	62,430	62,430	56,996
ARC at EOY	1,623,168	1,623,168	1,685,444
Interest on net OPEB obligation	121,238	154,244	165,225
Adjustment to ARC	186,554	243,182	291,995
Annual OPEB cost	1,557,852	1,534,230	1,558,674
Employer contributions	732,690	669,604	593,717
Change in net OPEB obligation	825,162	864,626	964,957
Net beginning OPEB obligation	3,030,939	3,856,101	4,720,727
Net OPEB obligation	<u>\$3,856,101</u>	<u>\$4,720,727</u>	<u>\$5,685,684</u>

Funded Status

As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$55,030,000 and the actuarial value of the assets was \$0, resulting in a UAAL of \$55,030,000. 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	12/31/13	\$1,620,821	34.0%	\$4,555,668
	12/31/14	1,590,893	35.0%	5,591,944
	12/31/15	1,687,366	32.0%	6,733,366
Police	12/31/13	\$ 1,557,852	47.0%	\$ 3,856,101
	12/31/14	1,534,230	44.0%	4,720,727
	12/31/15	1,558,674	38.0%	5,685,684

Actuarial 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, 2015 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 3.5% 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 7.1% for 2015 dropping gradually to 5.0% 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.

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.

City members under the age of 65 are eligible for retiree medical benefits after becoming eligible for retirement pension benefits (either reduced or full pension benefits). Spouses of retired members of Plan 1 of LEOFF under the age of 65 are also eligible for benefits. Also, dependent children of retirees under the age of 25 are eligible for benefits.

Former members who are entitled to a deferred vested pension benefit are eligible to receive medical benefits after pension benefit commencement. Spouses under age 65 of covered members are eligible for medical benefits after the members' benefits terminate due to death or obtaining age 65.

Upon retirement, members are permitted to receive medical benefits. Retirees paid \$694.57 per month for pre-65 Medical coverage for 2015. If a retiree chooses to cover his spouse and/or eligible family an amount of \$677.32 per month for pre-65 Medical coverage was paid in 2015.

Funding Policy

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

OPEB Costs, Contributions, and Net Obligations

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		
	2013	2014	2015
Annual required contribution (ARC)			
Annual normal cost	\$ 469,157	\$ 469,157	\$ 436,955
Amortization of UAAL	471,818	471,818	451,435
Interest	37,639	37,639	31,094
ARC at EOY	978,614	978,614	919,484
Interest on net OPEB obligation	99,355	121,126	123,357
Adjustment to ARC	152,883	190,968	218,002
Annual OPEB cost	925,086	908,772	824,839
Employer contributions	380,818	412,448	212,830
Change in net OPEB obligation	544,268	496,324	612,009
Net beginning OPEB obligation	2,483,880	3,028,148	3,524,472
Net OPEB obligation	<u>\$3,028,148</u>	<u>\$3,524,472</u>	<u>\$4,136,481</u>

Funded Status

As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$7,298,000 and the actuarial value of the assets was \$0, resulting in a UAAL of \$7,298,000. 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 for 2015 is shown in the following chart.

OPEB CONTRIBUTIONS – NON-LEOFF

(Amount Expressed in Thousands)

	<u>Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percent of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
Non-LEOFF	12/31/13	\$ 925,086	41.0%	\$3,028,148
	12/31/14	908,772	45.0%	3,524,472
	12/31/15	824,839	26.0%	4,136,481

Actuarial Assumptions

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.

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, 2015 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 3.5% 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 7.1% for 2015 dropping gradually to 5.0% 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.

NOTE 7 – SELF-INSURANCE

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

UNEMPLOYMENT COMPENSATION

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

has contracted with 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 - these totaled \$201,961 for 2015. The reserve balance at the end of 2015 was \$390,145. No incurred but not reported claims have been accrued as a liability.

MEDICAL & DENTAL COVERAGE

The City, in August, 1979, self-insured its medical and dental programs for all eligible employees (temporary employees and employees hired to work less than half time are not eligible to participate in the plan). The City's Human Resources Office administers the self-insured program and claims payments. The third party administrator is Employee Benefit Management Services, 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, the contracted broker. Factors considered by the broker include the amount of claims paid the previous year, increases over prior years, claims administration costs, projected insurance industry inflation rates and the status of the Fund's Reserve. Interfund premiums for 2015 were \$8,339,322. The reserve balance at the end of 2015 was \$164,711, after considering incurred but not reported claims of \$1,326,830 that have been accrued as a liability.

In order to avoid catastrophic losses, the City reinsures the program by purchasing insurance known as "stop loss insurance." Two types of "stop loss" insurance are purchased: 1) individual stop loss; and, 2) aggregate stop loss, with both provided through Sun Life Financial. 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 Sun Life. 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

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

Each operating fund is charged an appropriate accrual amount, per employee, based on rate requirements prescribed by the State of Washington. Each year the reserve fund balance is reviewed to determine a contribution rate which provides for an appropriate reserve. Interfund premiums to the fund were \$992,071. The reserve balance at the end of 2015 was \$178,732 after considering, based on the claims manager's estimate, the accrual for incurred but not reported claims of \$459,883 at December 31, 2015.

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 \$650,000 of a claim and the insurance company pays the balance for an individual claim or the balance up to a maximum of \$25 million for multiple claims arising from a single incident.

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Risk Management Fund was established in 1986 to account for its risk management program. Resources accrue to the fund through interfund premiums to operating funds for appropriate insurance coverage and the replenishment and building of reserves for potential liability claims. City interfund contributions to the Risk Management Reserve Fund were \$3,502,997. 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, 2015, is \$2,810,000.

Because of the higher liability, coupled with the pension obligations tied to City employees allocated to this function, the reserve balance at the end of 2015 was (\$2,592,466). The City increased the premium allocation by 10% in 2016, and will continue to address this liability.

PROPERTY AND LIABILITY INSURANCE**Affiliated FM Insurance Company**

The City of Yakima purchases property insurance and boiler and machinery insurance from Affiliated FM Insurance Company covering loss or damage to City owned property from various perils including earthquake and flood.

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

Cities Insurance Association of Washington

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 Cities Insurance Association of Washington (CIAW) was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The City of Yakima became an associate member effective December 14, 2005, and became a member effective September 1, 2010. As of December 31, 2015, 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.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The interlocal Agreement is renewed automatically each

year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal Agreement.

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

Coverage – The program acquires liability insurance through the 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.

Washington State Transit Insurance Pool

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.

The City of Yakima Transit Division is insured for liability insurance through the Washington State Transit Insurance Pool (WSTIP), and has been a member since September 1, 2005.

Coverage – The City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount, and public official liability coverage, subject to a deductible amount of \$5,000, with the Washington State Transit Insurance Pool ("WSTIP"), Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are \$20,000,000. 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 LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto liability	1/1/15 - 12/31/15	\$20,000,000 per occurrence with a \$0 deductible
General liability	1/1/15 - 12/31/15	\$20,000,000 per occurrence with a \$0 deductible
Public officials	1/1/15 - 12/31/15	\$20,000,000 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 2015 follows:

UNPAID CLAIMS

	2015	2014	2013
Unpaid claims, January 1	\$ 2,310,000	\$ 1,521,000	\$ 1,219,000
Incurred claims (incl IBNR's)	2,962,818	3,387,901	1,482,650
Claim payments (incl direct legal costs)	<u>(2,462,818)</u>	<u>(2,598,901)</u>	<u>(1,180,650)</u>
Unpaid claims, December 31	<u>\$ 2,810,000</u>	<u>\$ 2,310,000</u>	<u>\$ 1,521,000</u>

NOTE 9 – LONG-TERM LIABILITIES, DEBT AND CAPITAL LEASES

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

LEGAL DEBT PERCENTAGE

		<u>Limit by Section</u>	<u>Cumulative Limit</u>
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		<u>2.5%</u>	7.5%
Total legal limit		<u>7.5%</u>	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.50% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about \$5.7 billion, resulting in the debt limits, as of December 31, 2015, for the City as follows:

CUMULATIVE DEBT LIMITS

Assessed valuation of taxable property in the
City of Yakima - tax year 2015

\$5,658,387,596

	<u>Without a Vote</u>	<u>With a Vote</u>		
	<u>General Purpose</u>	<u>General Purpose</u>	<u>Utilities</u>	<u>Open Space & Parks</u>
	<u>1.5%</u>	<u>+1.0%=2.5%</u>	<u>+2.5%=5.0%</u>	<u>+2.5%=7.5%</u>
Legal limit - percent of assessed valuation	\$ 84,875,814	\$ 141,459,690	\$ 282,919,380	\$ 424,379,070
Less: net outstanding indebtedness ⁽¹⁾	<u>49,962,494</u>	<u>49,962,494</u>	<u>49,962,494</u>	<u>49,962,494</u>
Margin available	<u>\$ 34,913,320</u>	<u>\$ 91,497,196</u>	<u>\$ 232,956,886</u>	<u>\$ 374,416,576</u>

(1) Net outstanding indebtedness

Outstanding debt	\$ (47,662,615)
Compensated absence liability	(8,108,030)
Less: available resources to repay debt	<u>5,808,151</u>
Net outstanding indebtedness	<u>\$ (49,962,494)</u>

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, except for the recent \$5.0 million private placement Parks bond issued in 2015 – see note below. 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 2015.

LONG-TERM LIABILITIES

	Amounts					
	Balance		Payments/	Balance	Due Within	Noncurrent
	01/01/15	Additions	Retirements	12/31/15	One Year	Portion
Governmental activities						
General obligation debt						
Bonds	\$ 34,039,194	\$ 5,000,000	\$ 2,825,828	36,213,366	\$3,311,136	\$ 32,902,230
Unamortized prem/(disc)	1,583,627	-	152,028	1,431,599	-	1,431,599
Intergovernmental loans	6,126,181	457,000	330,427	6,252,753	313,622	5,939,131
Lease purchase agreements	4,574,397	-	809,500	3,764,897	834,820	2,930,077
Net pension liability (restated)	11,848,140	3,183,964	-	15,032,104	-	15,032,104
Unfunded pension/OPEB liab	17,549,761	2,518,566	-	20,068,327	-	20,068,327
Compensated absences	7,856,268	576,146	-	8,432,414	1,236,094	7,196,320
Total liabilities - gov't activities	<u>83,577,568</u>	<u>11,735,676</u>	<u>4,117,783</u>	<u>91,195,460</u>	<u>5,695,673</u>	<u>85,499,788</u>
Business-type activities						
Revenue debt						
Revenue bonds	17,785,000	-	1,435,000	16,350,000	1,475,000	14,875,000
Unamortized prem/(disc)	803,741	-	94,646	709,095		709,095
Intergovernmental loans	22,379,453	532,982	1,650,872	21,261,563	1,461,237	19,800,326
Net pension liability (restated)	6,690,943	1,772,691	-	8,463,634	-	8,463,634
Unfunded pension/OPEB liab	1,272,017	220,881	-	1,492,898		1,492,898
Compensated absences	1,523,576	86,777	-	1,610,353	228,866	1,381,487
Noncurrent liabilities-bus type act	<u>50,454,730</u>	<u>2,613,331</u>	<u>3,180,518</u>	<u>49,887,543</u>	<u>3,165,103</u>	<u>46,722,440</u>
Total noncurrent liabilities	<u>\$134,032,298</u>	<u>\$14,349,007</u>	<u>\$ 7,298,301</u>	<u>\$141,083,003</u>	<u>\$8,860,775</u>	<u>\$132,222,227</u>

GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2035. 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.

In December, 2015 the City issued a private placement taxable Limited Tax General Obligation Bond in the principal amount of \$5,000,000. The proceeds are being used to finance the City's share of a multipurpose sports complex in partnership with SOZO Sports of central Washington, a local non-profit organization. Under the agreement, the City will fund improvements of \$4.1 million. Another \$900,000 is for expansion of adjacent park space/land. The bonds are being repaid with Parks Fund revenues as part of a Charter Amendment passed by voters in 2014 to allocate \$750,000 annually (adjusted for inflation) for parks improvements. The debt is being repaid and the premium amortized over a 20 year period ending June 1, 2031.

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/15	Average Annual Debt Service
Regular property tax levy					
2005 Parks capital project	12/01/15	4.0% - 4.5%	755,000	-	94,050
2008 Fire ladder truck	12/01/21	3.25% - 4.0%	760,000	390,000	73,996
2013 Streets project	06/20/28	1.67%	5,000,000	4,253,078	363,757
2014 Street resurfacing project	06/01/24	3.0% - 5.0%	13,140,000	12,255,000	1,648,493
2015 Yakima sports complex	06/01/35	3.30%	5,000,000	5,000,000	400,000
Total regular property tax levy			<u>24,655,000</u>	<u>21,898,078</u>	
Regular property tax levy/real excise tax					
2007 River Road project bond	05/01/17	4.0% - 5.0%	1,765,000	420,000	220,625
2007 Fire station West Valley rehab bond	05/01/22	4.0% - 5.0%	815,000	445,000	73,358
2007 Downtown revitalization project	05/01/22	4.0% - 5.0%	1,490,000	810,000	132,889
2008 Third Ave/Mead/Walnut St project bond	12/01/19	3.25% - 4.0%	<u>2,190,000</u>	<u>875,000</u>	240,713
Total regular property tax levy/real excise tax			<u>6,260,000</u>	<u>2,550,000</u>	
Motel/hotel tax					
2004 Conv center expansion bond ref 1996	11/01/19	2.0% - 4.2%	4,175,000	1,475,000	410,538
Public Facilities District (state sales tax credit)					
2007 Conv center addition refund 2002	05/01/26	4.0% - 5.0%	4,910,000	4,045,000	457,223
2009 Capitol Theatre expansion	12/01/32	3.0% - 6.6%	<u>7,035,000</u>	<u>5,690,000</u>	748,742
Total Public Facilities District			<u>11,945,000</u>	<u>9,735,000</u>	
Business licenses & real estate excise tax					
2003 SunDome expansion	12/01/23	2.34% - 4.72%	1,430,528	555,288	148,424
			<u>\$48,465,528</u>	<u>\$36,213,366</u>	

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 12/31/15	Average Annual Debt Service
2004 Irrigation revenue bonds	09/01/34	2.0%-4.8%	5,215,000	3,960,000	319,959
2008 Wastewater revenue bonds (refund 1998)	11/01/27	4.0-5.0%	1,883,951	3,855,000	413,034
2008 Wastewater revenue bonds	11/01/18	4.0-5.0%	5,440,000	635,000	233,725
2012 Wastewater revenue bonds (refund 2003)	11/01/23	2.0%-4.0%	<u>9,400,000</u>	<u>7,900,000</u>	1,164,500
			<u>\$21,938,951</u>	<u>\$16,350,000</u>	

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

REVENUE DEBT SERVICE

	Bonded		Notes &	
	Debt	Interest	Contracts	Interest
2016	\$ 1,475	\$ 654	\$ 1,461	\$ 152
2017	1,515	613	1,462	143
2018	1,575	556	1,464	133
2019	1,400	498	1,465	123
2020	1,460	551	1,466	114
2021-2025	5,855	1,859	6,775	428
2026-2030	1,930	765	4,869	217
2031-2035	1,140	495	2,137	52
2036-2037	-	-	163	1
	<u>\$ 16,350</u>	<u>\$ 5,991</u>	<u>\$ 21,262</u>	<u>\$ 1,363</u>

At December 31, 2015, the City had \$2,019,340 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 2015, the City borrowed \$307,000 from Yakima County's Supporting Investment in Economic Development (SIED) program to improve streets at the south side of the Yakima Air Terminal in order to open up the area to airport related development. Gas tax will be used to repay the debt. An additional \$150,000 was drawn down on the Public Works Trust fund loan already authorized for the railroad grade separation project, also to be repaid with gas tax.

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/15
General long-term debt				
Arterial street gas tax				
PW-5-95-791-052 - Fair Avenue improvements	1.0%	07/01/15	\$ 1,000,000	\$ -
PC08-951-052 - 2009 Railroad grade separation	0.5%	07/01/28	3,000,000	2,146,303
2015 SIED Loan - 2015 Yakima County SIED Loan	2.4%	06/01/23	307,000	307,000
Real estate excise tax				
L1000030-0 - 2010 Railroad grade separation	2.9%	06/01/34	1,229,295	1,200,705
General fund sales tax				
CERB 1995 - 1995 Community Economic Revitalization Board	5.5%	07/01/16	425,448	33,745
General fund telephone utility tax - Yakima County				
COMM Ctr 911 - 2014 City Portion of 911 Call Dispatch Center	2.0-3.5%	05/01/34	1,716,500	1,665,000
Local Infrastructure Financing Tool (LIFT) sale tax credit				
2014 SIED (LIFT) Loan - 2014 Yakima County SIED Loan (LIFT)	2.4%	06/01/17	900,000	900,000
Sub-total general long-term debt				<u>6,252,753</u>

	<u>Interest</u>	<u>Maturity Date</u>	<u>Maximum Authorized</u>	<u>Outstanding 12/31/15</u>
Revenue debt				
Wastewater operating revenue				
PW-5-95-791-053 - 1995 Wastewater treatment facility rehab	1.0%	07/01/15	3,030,558	-
PW-5-95-791-054 - 1995 Neighborhood collection system	1.0%	07/01/15	209,367	-
PW-01-691-071 - 2001 Fruitvale neighborhood Sewer	0.5%	07/01/21	1,466,250	465,750
PW-05-691-064 - 2005 River Road sewer	0.5%	07/01/25	2,307,000	1,242,458
PW-07-962-019 - 2007 Ultra violet disinfection	0.5%	07/01/27	2,300,000	1,456,667
PC-12-951-065 - 2012 Wastewater Treatment Plan	0.5%	06/01/32	5,000,000	4,305,266
PC-13-961-059 - 2012 Industrial Sewer main extensions	0.5%	06/01/37	2,000,000	1,789,474
L1100008 - 2011 Energy efficiency project	2.8%	03/31/33	516,192	478,571
L1200019 - 2012 Industrial waste anaerobic	2.6%	07/01/34	602,634	587,173
Water operating revenue				
PW-03-691-027 - 2003 Naches WTP improvements	0.5%	07/01/23	2,559,775	1,077,800
SRF-04-65104-037 - 2005 Naches river WTP filter rehab	0.5%	10/01/25	894,380	470,726
PC-08-951-051 - 2009 New water well	0.5%	07/01/28	2,257,200	1,574,935
PC-13-961-074 - 2013 Automated reading system	0.3%	07/01/32	5,000,000	4,473,684
DM-11-952-038 - 2013 Design WTP lagoons	1.5%	10/01/34	3,480,000	3,339,060
Sub-total revenue debt				<u>21,261,563</u>
Total intergovernmental loans				<u>\$ 27,514,316</u>

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

	<u>Bonded Debt</u>	<u>Interest</u>	<u>Notes & Contracts</u>	<u>Interest</u>
2016	\$ 3,311	\$ 1,450	\$ 314	\$ 103
2017	3,430	1,346	1,181	166
2018	3,321	1,230	336	100
2019	3,362	1,111	339	94
2020	2,893	988	342	89
2021-2025	12,828	3,659	1,695	343
2026-2030	4,518	1,545	1,328	194
2031-2035	2,550	467	719	55
	<u>\$ 36,213</u>	<u>\$ 11,796</u>	<u>\$ 6,254</u>	<u>\$ 1,144</u>

At December 31, 2015, the City had \$232,621 available in debt service funds to service the General Obligation Bonds and notes.

There are a number of other limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

LEASE PURCHASE AGREEMENTS

General Capital Assets

As part of the City's capital equipment budgeting program, selected items are obtained via lease purchase and municipal lease/deferred purchase plans. Since the leases are financing agreements which transfer ownership to the City at the end of the lease term, the City records the present value of future lease payments as a capital outlay expenditure and as an offset to other financial sources in the year that the asset is received. The present value of payments due in future periods is shown as a liability in the financial statements and the cost of the asset is recorded in the financial statements.

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

On 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	\$ 311,443
One fire apparatus	258,748
74 Police vehicles; 70 airpaks for fire service	<u>3,194,706</u>
Total	<u>\$3,764,897</u>

The following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at December 31, 2015, for the fiscal year listed:

LEASE PAYMENTS

Due in 2016	\$ 985,109
Due in 2017	985,109
Due in 2018	985,109
Due in 2019	985,109
Due in 2020	109,174
Due in 2021-2023	<u>117,647</u>
Total minimum lease payments	4,167,259
Less: Amount representing interest	<u>402,362</u>
Present value of minimum lease payments	<u>\$3,764,897</u>

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		Balance
	1/1/15	Additions	12/31/15
Police pension	\$ 4,984,635	\$ 21,059	\$ 5,005,694
OPEB Fire - medical	5,591,944	1,141,422	6,733,366
OPEB Police - medical	4,720,727	964,957	5,685,684
OPEB Non-LEOFF - medical	<u>3,524,472</u>	<u>612,009</u>	<u>4,136,481</u>
Total	<u>\$ 18,821,778</u>	<u>\$ 2,739,447</u>	<u>\$ 21,561,225</u>

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 6 for additional information on Other Post-Employment Benefits.

NOTE 10 – 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, 2015, 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, 2015, 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 was a party to a lawsuit in federal court in Case No. 12-CV-3108-TOR where the plaintiffs claimed that the City was 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 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. The seven members of the current City Council were elected under this system in November, 2015. On June 19, 2015, Judge Thomas O. Rice issued an Order in which plaintiffs were awarded a total of \$1,846,014.26 (\$1,521,911.50, and litigation expenses in the amount of \$320,461.26). In April 2016, pursuant to City Resolution No. R-2016-051, the parties settled the case, and the City paid \$1,846,014.26 pursuant to the Order of June 19, 2015. On April 12, 2016, pursuant to the stipulation of the parties, the appeals to the U.S. Court of Appeals for the Ninth Circuit were voluntarily dismissed with prejudice. This amount is included in the claims and judgements liability in the Risk Management Reserve Fund.

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 lawsuit against the City and a City police officer after a second trial in 2010 where he was acquitted. The police officer remained as a defendant, 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 in U.S. Court of Appeals for the Ninth Circuit in Case No. 14-35651. On September 25, 2015, the Ninth Circuit reversed the summary judgment, the case was remanded for trial, and the jury trial was set for September 12, 2016. On May 23, 2016, Judge Thomas O. Rice issued an "Order on Defendant's Motion for Summary Judgment" and granted summary judgment in the police officer's favor. The Court granted defendant's Motion for Summary Judgment, and dismissed all plaintiff's claims with prejudice. On May 25, 2016, the plaintiff filed an appeal to the U.S. Court of Appeals for 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 of Yakima 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. The jury trial in both cases is set for March 27, 2017. 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 federal court 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 in *Westchester Surplus Lines Insurance Company v. Yakima Air Terminal McAllister Field*; *City of Yakima*; and *County of Yakima*, Case No. CV-3021-TOR (jury trial on September 12, 2016).

NOTE 11 – FUND BALANCE CLASSIFICATION

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The following is a schedule of the ending fund balance as of December 31, 2015.

FUND BALANCE

Fund Balance	General Fund	Other Gov't Funds	Total
Nonspendable			
Permanent fund	-	647,731	647,731
Restricted			
Emergency services	-	203,162	203,162
Arterial street construction & maintenance	-	1,281,875	1,281,875
Housing & economic development	-	973,475	973,475
Public safety	-	371,379	371,379
Debt service	-	232,621	232,621
Capital improvements	-	7,048,140	7,048,140
Tourism, conv & business improvement	-	1,390,326	1,390,326
Total restricted	-	11,500,978	11,500,978
Committed			
Community relations	-	657,411	657,411
Parks and recreation	-	535,902	535,902
Streets maintenance	-	749,551	749,551
Capital improvements	-	677,827	677,827
Other purposes	-	42,216	42,216
Tourism, conv & business improvement	-	36,641	36,641
Total committed	-	2,699,548	2,699,548
Assigned			
Parks and recreation	-	488,625	488,625
Streets maintenance	-	94,164	94,164
Public safety	-	777,230	777,230
Debt service	-	34,063	34,063
Tourism, conv & business improvement	-	248,751	248,751
Total assigned	-	1,642,833	1,642,833
Unassigned	5,867,373	(365,829)	5,501,544
Total fund balance	<u>\$ 5,867,373</u>	<u>\$ 16,125,261</u>	<u>\$ 21,992,634</u>

NOTE 12 – SEGMENT INFORMATION

WATER AND WASTEWATER UTILITIES

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

SYSTEM INFORMATION

	<u>Water /</u> <u>Wastewater</u>	<u>Irrigation</u>
Condensed statement of net position		
Assets		
Current assets	\$ 23,115,934	\$ 2,471,806
Restricted assets	1,984,528	34,813
Capital assets	124,227,763	18,726,494
Total assets	<u>149,328,225</u>	<u>21,233,113</u>
Deferred outflows	432,515	-
Total assets and deferred outflows	<u>149,760,740</u>	<u>21,233,113</u>
Liabilities		
Current liabilities	4,486,286	276,948
Noncurrent liabilities	37,714,541	4,299,958
Total liabilities	<u>42,200,827</u>	<u>4,576,906</u>
Deferred inflows	142,758	13,199
Total liabilities and deferred inflows	<u>42,343,585</u>	<u>4,590,105</u>
Net position		
Invested in capital assets, net of related debt	89,787,495	14,846,105
Restricted	1,984,528	34,812
Unrestricted	15,645,132	1,762,091
Total net position	<u>\$ 107,417,155</u>	<u>\$ 16,643,008</u>
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges for services	\$ 29,648,360	\$ 3,047,555
Other operating revenues	63,112	-
Total operating revenues	<u>29,711,472</u>	<u>3,047,555</u>
Operating expenses		
Operations and maintenance	15,287,032	1,569,650
In lieu taxes	5,773,758	-
Depreciation	5,746,144	373,231
Total operating expenses	<u>26,806,934</u>	<u>1,942,881</u>
Operating income (loss)	2,904,538	1,104,674
Nonoperating revenues (expenses)		
Miscellaneous interest (net)	(664,720)	(191,194)
Other Nonoperating (net)	46,989	280
Total Nonoperating revenues (expenses)	<u>(617,731)</u>	<u>(190,914)</u>
Income (loss) before contributions and transfers	2,286,807	913,760

	Water / Wastewater	Irrigation
Capital contributions	2,574,720	5,900
Operating transfers (net)	(460,185)	(28,189)
Change in net position	<u>4,401,342</u>	<u>891,471</u>
Total net position - January 1	<u>108,546,027</u>	<u>16,262,833</u>
Direct adjustment to beginning net position - GASB 68	<u>(5,530,214)</u>	<u>(511,296)</u>
Total net position - December 31	<u><u>\$ 107,417,155</u></u>	<u><u>\$ 16,643,008</u></u>
Condensed statement of cash flows		
Net cash provided (used)		
Operating activities	\$ 7,165,804	\$ 1,439,095
Capital financing activities	(2,182,344)	(965,617)
Investing activities	<u>(3,587,914)</u>	<u>(334,680)</u>
Net increase (decrease)	<u>1,395,546</u>	<u>138,798</u>
Beginning cash and cash equivalents	<u>1,496,035</u>	<u>121,676</u>
Ending cash and cash equivalents	<u><u>\$ 2,891,581</u></u>	<u><u>\$ 260,474</u></u>

NOTE 13 – 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.

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

Schedules of Contributions and Proportionate Share of the Net Pension Liability – Added in 2015 per GASB 68 which requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.



SCHEDULE OF EMPLOYER CONTRIBUTION

December 31, 2015

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POLICE PENSION**POLICE OPEB**

Fiscal Year Ending	Actual Employer Contrib Taxes	Medical	Net Employer Contrib	Annual Required Contrib (ARC)	% of ARC Contrib	Fiscal Year Ending	Actual Employer Contrib Taxes	Medical	Net Employer Contrib	Annual Required Contrib (ARC)	% of ARC Contrib
		Benefit Payments & Admin Expenses						Benefit Payments			
12/31/06	\$1,235,437	\$ 701,306	\$ 534,131	\$ 657,086	81.3%	12/31/06	n/a	n/a	n/a	n/a	n/a
12/31/07	1,384,894	765,907	618,987	657,086	94.2%	12/31/07	n/a	n/a	n/a	n/a	n/a
12/30/08	1,279,173	723,381	555,792	546,180	101.8%	12/30/08	\$ 721,262	\$ 721,262	\$ 721,262	\$1,298,388	55.6%
12/30/09	1,316,310	742,965	573,345	546,180	105.0%	12/30/09	725,561	725,561	725,561	1,298,388	55.9%
12/30/10	1,368,431	783,984	584,447	546,180	107.0%	12/30/10	779,481	779,481	779,481	1,298,388	60.0%
12/30/11	1,471,511	844,804	626,707	546,180	114.7%	12/30/11	840,870	840,870	840,870	1,298,388	64.8%
12/30/12	1,264,681	629,237	635,444	550,743	115.4%	12/30/12	609,766	609,766	609,766	1,623,168	37.6%
12/30/13	1,344,773	735,550	609,223	550,743	110.6%	12/30/13	732,690	732,690	732,690	1,623,168	45.1%
12/30/14	1,193,161	681,278	511,883	477,994	107.1%	12/30/14	669,604	669,604	669,604	1,623,168	41.3%
12/30/15	1,038,971	597,420	441,551	477,994	92.4%	12/30/15	593,717	593,717	593,717	1,685,444	35.2%

SCHEDULE OF EMPLOYER CONTRIBUTION

December 31, 2015

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FIRE PENSION

Fiscal Year Ending	Actual Employer Contrib Taxes	Medical Benefit Payments & Admin Expenses	Net Employer Contrib	Annual Required Contrib (ARC)	% of ARC Contrib
12/31/06	\$1,558,187	\$ 815,278	\$ 742,909	\$ 633,545	117.3%
12/31/07	1,603,774	814,394	789,380	633,545	124.6%
12/30/08	1,627,553	732,318	895,235	563,583	158.8%
12/30/09	1,487,075	796,765	690,310	563,583	122.5%
12/30/10	1,575,935	825,933	750,002	563,583	133.1%
12/30/11	1,480,800	822,612	658,188	563,583	116.8%
12/30/12	1,381,576	595,880	785,696	525,501	149.5%
12/30/13	1,278,539	593,090	685,449	525,501	130.4%
12/30/14	1,275,077	617,441	657,636	458,958	143.3%
12/30/15	1,265,720	600,464	665,256	458,958	144.9%

FIRE OPEB

Fiscal Year Ending	Actual Employer Contrib Taxes	Medical Benefit Payments	Net Employer Contrib	Annual Required Contrib (ARC)	% of ARC Contrib
12/31/06	n/a	n/a	n/a	n/a	n/a
12/31/07	n/a	n/a	n/a	n/a	n/a
12/30/08	687,047	687,047	687,047	1,365,282	50.3%
12/30/09	724,291	724,291	724,291	1,365,282	53.1%
12/30/10	785,124	785,124	785,124	1,365,282	57.5%
12/30/11	781,717	781,717	781,717	1,365,282	57.3%
12/30/12	566,185	566,185	566,185	1,695,966	33.4%
12/30/13	552,171	552,171	552,171	1,695,966	32.6%
12/30/14	554,617	554,617	554,617	1,695,966	32.7%
12/30/15	545,944	545,944	545,944	1,837,532	29.7%

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, 2015

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NON-LEOFF OPEB

Fiscal Year Ending	Actual Employer Contrib Taxes	Medical Benefit Payments	Net Employer Contrib	Annual Required Contrib (ARC)	% of ARC Contrib
12/31/06	n/a	n/a	n/a	n/a	n/a
12/31/07	n/a	n/a	n/a	n/a	n/a
12/30/08	344,732	344,732	344,732	870,610	39.6%
12/30/09	371,940	371,940	371,940	870,610	42.7%
12/30/10	391,940	391,940	391,940	870,610	45.0%
12/30/11	427,796	427,796	427,796	870,610	49.1%
12/30/12	343,042	343,042	343,042	978,614	35.1%
12/30/13	380,818	380,818	380,818	978,614	38.9%
12/30/14	412,448	412,448	412,448	978,614	42.1%
12/30/15	212,830	212,830	212,830	919,484	23.1%

SCHEDULE OF FUNDING PROGRESS

December 31, 2015

Amounts Expressed in Thousands

Page 1 of 1

	Actuarial	Actuarial	Actuarial	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL % of Covered Payroll
	Valuation Date	Value of Assets	Accrued Liability				
Police Pension	01/01/12	\$ -	\$ 7,726	\$ 7,726	0.0%	\$ -	0.0%
	01/01/14	-	6,413	6,413	0.0%	-	0.0%
	01/01/16	-	5,726	5,726	0.0%	-	0.0%
Police OPEB	01/01/08	-	23,007	23,007	0.0%	n/a	n/a
	01/01/12	-	25,615	25,615	0.0%	n/a	n/a
	01/01/16	-	26,327	26,317	0.0%	n/a	n/a
Fire Pension	01/01/12	795	8,168	7,373	10.0%	-	0.0%
	01/01/14	941	7,099	6,158	13.0%	-	0.0%
	01/01/16	1,019	7,392	6,373	14.0%	-	0.0%
Fire OPEB	01/01/08	-	24,295	24,295	0.0%	n/a	n/a
	01/01/12	-	26,344	26,344	0.0%	n/a	n/a
	01/01/16	-	28,703	28,703	0.0%	n/a	n/a
Non-LEOFF OPEB	01/01/08	-	7,003	7,003	0.0%	n/a	n/a
	01/01/12	-	7,843	7,843	0.0%	n/a	n/a
	01/01/16	-	7,298	7,298	0.0%	n/a	n/a

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

SCHEDULES OF CONTRIBUTIONS AND PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

As of June 30, 2015

Amounts Expressed in Thousands

Page 1 of 5

PERS 1

Local Government's Proportionate Share - Net Pension Liability	2015
Employer's proportion of the net pension liability (asset)	0.2473%
Employer's proportionate share of the net pension liability	\$ 12,938
Employer's covered employee payroll	664
Employer's proportionate share - net pension liability as a % of covered employee payroll	1948.9%
Plan fiduciary net position as a percentage of the total pension liability	59.1%
Schedule of Contributions	2015
Statutorily or contractually required contributions	\$ 1,263
Contributions in relation to the statutorily or contractually required contributions	(1,263)
Contribution deficiency (excess)	\$ -
Covered employer payroll	\$ 554
Contributions as a percentage of covered employee payroll	228.0%

Notes:

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2015. There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

SCHEDULES OF CONTRIBUTIONS AND PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

As of June 30, 2015

Amounts Expressed in Thousands

Page 2 of 5

PERS 2 & 3

Local Government's Proportionate Share - Net Pension Liability	2015
Employer's proportion of the net pension liability (asset)	0.2942%
Employer's proportionate share of the net pension liability	\$ 10,512
Employer's covered employee payroll	21,025
Employer's proportionate share - net pension liability as a % of covered employee payroll	50.0%
Plan fiduciary net position as a percentage of the total pension liability	89.2%
Schedule of Contributions	2015
Statutorily or contractually required contributions	\$ 1,511
Contributions in relation to the statutorily or contractually required contributions	(1,511)
Contribution deficiency (excess)	\$ -
Covered employer payroll	\$ 26,794
Contributions as a percentage of covered employee payroll	5.6%

Notes:

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2015. There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

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

SCHEDULES OF CONTRIBUTIONS AND PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

As of June 30, 2015

Amounts Expressed in Thousands

Page 3 of 5

PSERS

Local Government's Proportionate Share - Net Pension Liability	2015
Employer's proportion of the net pension liability (asset)	0.2462%
Employer's proportionate share of the net pension liability	\$ 45
Employer's covered employee payroll	718
Employer's proportionate share - net pension liability as a % of covered employee payroll	6.3%
Plan fiduciary net position as a percentage of the total pension liability	95.1%
Schedule of Contributions	2015
Statutorily or contractually required contributions	\$ 46
Contributions in relation to the statutorily or contractually required contributions	(46)
Contribution deficiency (excess)	\$ -
Covered employer payroll	\$ 712
Contributions as a percentage of covered employee payroll	6.5%

Notes:

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2015. There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

SCHEDULES OF CONTRIBUTIONS AND PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

As of June 30, 2015

Amounts Expressed in Thousands

Page 4 of 5

LEOFF 1

Local Government's Proportionate Share - Net Pension Liability	2015
Employer's proportion of the net pension liability (asset)	0.2686%
Employer's proportionate share of the net pension liability	\$ (3,237)
Employer's covered employee payroll	-
Employer's proportionate share - net pension liability as a % of covered employee payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	127.4%
Schedule of Contributions	2015
Statutorily or contractually required contributions	\$ -
Contributions in relation to the statutorily or contractually required contributions	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered employer payroll	\$ -
Contributions as a percentage of covered employee payroll	0.0%

Notes:

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2015. There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

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

SCHEDULES OF CONTRIBUTIONS AND PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

As of June 30, 2015

Amounts Expressed in Thousands

Page 5 of 5

LEOFF 2

Local Government's Proportionate Share - Net Pension Liability	2015
Employer's proportion of the net pension liability (asset)	0.7426%
Employer's proportionate share of the net pension liability	\$ (7,633)
State's proportion of the net pension liability (asset) associated with the employer	(720)
Total	<u>\$ (8,352)</u>
Employer's covered employee payroll	21,562
Employer's proportionate share - net pension liability as a % of covered employee payroll	-35.4%
Plan fiduciary net position as a percentage of the total pension liability	111.7%
Schedule of Contributions	2015
Statutorily or contractually required contributions	\$ 1,121
Contributions in relation to the statutorily or contractually required contributions	(1,121)
Contribution deficiency (excess)	<u>\$ -</u>
Covered employer payroll	\$ 22,188
Contributions as a percentage of covered employee payroll	5.0%

Notes:

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2015
There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Assets					
Cash & equity in pooled investments	\$ 6,218,448	\$ 219,203	\$ 3,090,912	\$ 647,731	\$ 10,176,294
Cash with fiscal agent	28,228	-	142,548	-	170,776
Investments	974,589	-	7,059,759	-	8,034,348
Receivables					
Taxes	307,815	47,481	139,817	-	495,113
Customer accounts	676,597	-	400,065	-	1,076,662
Notes & contracts	4,128,599	-	-	-	4,128,599
Due from other government units	307,053	-	-	-	307,053
Due from other funds	-	-	125,000	-	125,000
Inventories & prepayments	304,665	-	-	-	304,665
Total assets	\$ 12,945,994	\$ 266,684	\$ 10,958,101	\$ 647,731	\$ 24,818,510
Liabilities					
Accounts payable	\$ 797,683	\$ -	\$ 1,102,215	\$ -	\$ 1,899,898
Contracts payable	16,770	-	121,084	-	137,854
Wages & benefits payable	964,733	-	-	-	964,733
Custodial accounts	799,558	-	-	-	799,558
Other liabilities	2,445	-	-	-	2,445
Due to other funds	125,000	-	-	-	125,000
Total liabilities	2,706,189	-	1,223,299	-	3,929,488
Deferred inflows of resources					
Deferred taxes receivable	170,452	-	-	-	170,452
Deferred special assessments	4,193,244	-	400,065	-	4,593,309
Total deferred inflows of resources	4,363,696	-	400,065	-	4,763,761
Total liabilities and deferred inflows	7,069,885	-	1,623,364	-	8,693,249
Fund balances					
Nonspendable	-	-	-	647,731	647,731
Restricted	4,220,217	232,621	7,048,140	-	11,500,978
Committed	2,021,721	-	677,827	-	2,699,548
Assigned	-	34,063	1,608,770	-	1,642,833
Unassigned	(365,829)	-	-	-	(365,829)
Total fund balances	5,876,109	266,684	9,334,737	647,731	16,125,261
Total liabilities and fund balances	\$ 12,945,994	\$ 266,684	\$ 10,958,101	\$ 647,731	\$ 24,818,510

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, 2015

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Revenues					
Taxes and special assessments	\$ 10,464,030	\$ 428,505	\$ 3,542,434	\$ -	\$ 14,434,969
Licenses and permits	687,493	-	-	-	687,493
Intergovernmental revenues	4,425,670	101,218	205,806	-	4,732,694
Charges for services	4,028,155	-	-	15,709	4,043,864
Interest	35,467	800	313	12,000	48,580
Other revenues	1,479,525	-	229,595	-	1,709,120
Total revenues	21,120,340	530,523	3,978,148	27,709	25,656,720
Expenditures					
Current					
General government	779,012	-	9,587	-	788,599
Public safety	4,843,312	-	318,504	-	5,161,816
Utilities	281,178	-	-	-	281,178
Transportation	5,176,023	-	410,300	-	5,586,323
Economic environment	2,598,882	-	24,600	-	2,623,482
Public health services	628,494	-	-	-	628,494
Culture & recreation	5,562,024	-	377,657	-	5,939,681
Capital outlay					
General government	-	-	1,308,718	-	1,308,718
Public safety	498,594	-	1,336,011	-	1,834,605
Transportation	1,801,197	-	934,474	-	2,735,671
Economic environment	-	-	3,583,690	-	3,583,690
Culture & recreation	109,243	-	2,289,270	-	2,398,513
Debt service					
Principal retirement	104,751	2,825,827	591,116	-	3,521,694
Interest	63,530	1,638,601	79,425	-	1,781,556
Total expenditures	22,446,240	4,464,428	11,263,352	-	38,174,020
Excess (deficiency) of revenues over (under) expenditures	(1,325,900)	(3,933,905)	(7,285,204)	27,709	(12,517,300)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	307,000	-	5,150,000	-	5,457,000
Transfers in	2,924,722	3,936,832	2,167,486	-	9,029,040
Transfers (out)	(3,303,049)	(15)	(988,250)	(12,000)	(4,303,314)
Sale of capital assets	67,220	-	162,591	-	229,811
Total other financing sources (uses)	(4,107)	3,936,817	6,491,827	(12,000)	10,412,537
Net change in fund balances	(1,330,007)	2,912	(793,377)	15,709	(2,104,763)
Fund balances - January 1	7,206,116	263,772	10,128,114	632,022	18,230,024
Fund balances - December 31	\$ 5,876,109	\$ 266,684	\$ 9,334,737	\$ 647,731	\$ 16,125,261

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

NONMAJOR SPECIAL REVENUE FUNDS

Page 1 of 2

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

Page 2 of 2

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, 2015

Page 1 of 3

	Economic Dev	Community Dev	Cable TV	Parks & Recreation	Streets
Assets					
Cash & equity in pooled investments	\$ 643,661	\$ 781,818	\$ 535,393	\$ 743,357	\$ 1,199,500
Cash with fiscal agent	-	-	-	8,926	10,634
Investments, at amortized cost	-	-	-	-	-
Receivables					
Taxes	-	-	-	55,205	65,768
Customer accounts	-	254,257	169,879	38,623	1,370
Notes & contracts	-	4,128,599	-	-	-
Due from other governments	-	-	-	-	-
Inventories & prepayments	-	-	-	-	304,665
Total assets	<u>\$ 643,661</u>	<u>\$ 5,164,674</u>	<u>\$ 705,272</u>	<u>\$ 846,111</u>	<u>\$ 1,581,937</u>
Liabilities					
Accounts payable	\$ 6,000	\$ 92,425	\$ 759	\$ 58,469	\$ 482,971
Contracts payable	-	-	2,962	-	-
Wages & benefits payable	11,668	46,572	43,720	174,556	279,933
Custodial accounts	549,572	-	-	3,143	-
Other liabilities	-	24	-	-	2,343
Due to other funds	-	-	-	-	-
Total liabilities	<u>567,240</u>	<u>139,021</u>	<u>47,441</u>	<u>236,168</u>	<u>765,247</u>
Deferred inflows of resources					
Deferred inflows - taxes receivable	-	-	-	55,205	65,768
Deferred inflows - receivables	-	4,128,599	420	18,836	1,370
Total deferred inflows of resources	<u>-</u>	<u>4,128,599</u>	<u>420</u>	<u>74,041</u>	<u>67,138</u>
Total liabilities and deferred inflows	<u>567,240</u>	<u>4,267,620</u>	<u>47,861</u>	<u>310,209</u>	<u>832,385</u>
Fund balances					
Restricted	76,421	897,054	-	-	-
Committed	-	-	657,411	535,902	749,551
Unassigned	-	-	-	-	-
Total fund balances	<u>76,421</u>	<u>897,054</u>	<u>657,411</u>	<u>535,902</u>	<u>749,551</u>
Total liabilities and fund balances	<u>\$ 643,661</u>	<u>\$ 5,164,674</u>	<u>\$ 705,272</u>	<u>\$ 846,111</u>	<u>\$ 1,581,936</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2015

Page 2 of 3

	Arterial Streets	Cemetery	Emergency Services	Pub Safety Comm	Police Grants
Assets					
Cash & equity in pooled investments	\$ 21,270	\$ 52,747	\$ 315,673	\$ 36,455	\$ 598,538
Cash with fiscal agent	-	-	8,668	-	-
Investments, at amortized cost	974,589	-	-	-	-
Receivables					
Taxes	-	-	49,479	-	-
Customer accounts	-	6,182	-	3,988	32,762
Notes & contracts	-	-	-	-	-
Due from other governments	307,054	-	-	-	-
Inventories & prepayments	-	-	-	-	-
Total assets	<u>\$ 1,302,913</u>	<u>\$ 58,929</u>	<u>\$ 373,820</u>	<u>\$ 40,443</u>	<u>\$ 631,300</u>
Liabilities					
Accounts payable	\$ 21,038	\$ 536	\$ 1,532	\$ 9,338	\$ 15,534
Contracts payable	-	-	-	5,728	-
Wages & benefits payable	-	14,674	119,647	261,645	12,318
Custodial accounts	-	-	-	-	232,069
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	125,000	-
Total liabilities	<u>21,038</u>	<u>15,210</u>	<u>121,179</u>	<u>401,711</u>	<u>259,921</u>
Deferred inflows of resources					
Deferred inflows - taxes receivable	-	-	49,479	-	-
Deferred inflows - receivables	-	6,182	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>6,182</u>	<u>49,479</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>21,038</u>	<u>21,392</u>	<u>170,658</u>	<u>401,711</u>	<u>259,921</u>
Fund balances					
Restricted	1,281,875	-	203,162	-	371,379
Committed	-	37,537	-	-	-
Unassigned	-	-	-	(361,268)	-
Total fund balances	<u>1,281,875</u>	<u>37,537</u>	<u>203,162</u>	<u>(361,268)</u>	<u>371,379</u>
Total liabilities and fund balances	<u>\$ 1,302,913</u>	<u>\$ 58,929</u>	<u>\$ 373,820</u>	<u>\$ 40,443</u>	<u>\$ 631,300</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2015

Page 3 of 3

<u>Parking & Bus Impr</u>	<u>Trolley</u>	<u>Front St Bus Impr</u>	<u>Tourist Promotion</u>	<u>Capitol Theatre</u>	<u>PFD Conv Ctr</u>	<u>Tourism Promo Area</u>	<u>PFD Cap Thtr</u>	<u>Capitol Thtr Res</u>	<u>Total</u>
\$ 10,968	\$ 81,551	\$ 4,679	\$ 411,815	\$ 1,529	\$ 514,586	\$ 61,357	\$ 166,910	\$ 36,641	\$ 6,218,448
-	-	-	-	-	-	-	-	-	28,228
-	-	-	-	-	-	-	-	-	974,589
-	-	-	56,955	-	-	80,408	-	-	307,815
34,702	-	3,135	101,074	30,625	-	-	-	-	676,597
-	-	-	-	-	-	-	-	-	4,128,599
-	-	-	-	-	-	-	-	-	307,054
-	-	-	-	-	-	-	-	-	304,665
<u>\$ 45,670</u>	<u>\$ 81,551</u>	<u>\$ 7,814</u>	<u>\$ 569,844</u>	<u>\$ 32,154</u>	<u>\$ 514,586</u>	<u>\$ 141,765</u>	<u>\$ 166,910</u>	<u>\$ 36,641</u>	<u>\$ 12,945,995</u>
\$ 15,451	\$ 292	\$ -	\$ 26,809	\$ 5,587	\$ -	\$ 60,942	\$ -	\$ -	\$ 797,683
-	8,080	-	-	-	-	-	-	-	16,770
-	-	-	-	-	-	-	-	-	964,733
-	-	-	14,774	-	-	-	-	-	799,558
78	-	-	-	-	-	-	-	-	2,445
-	-	-	-	-	-	-	-	-	125,000
<u>15,529</u>	<u>8,372</u>	<u>-</u>	<u>41,583</u>	<u>5,587</u>	<u>-</u>	<u>60,942</u>	<u>-</u>	<u>-</u>	<u>2,706,189</u>
-	-	-	-	-	-	-	-	-	170,452
<u>34,702</u>	<u>-</u>	<u>3,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,193,244</u>
<u>34,702</u>	<u>-</u>	<u>3,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,363,696</u>
<u>50,231</u>	<u>8,372</u>	<u>3,135</u>	<u>41,583</u>	<u>5,587</u>	<u>-</u>	<u>60,942</u>	<u>-</u>	<u>-</u>	<u>7,069,885</u>
-	73,179	-	528,261	26,567	514,586	80,823	166,910	-	4,220,217
-	-	4,679	-	-	-	-	-	36,641	2,021,721
(4,561)	-	-	-	-	-	-	-	-	(365,829)
<u>(4,561)</u>	<u>73,179</u>	<u>4,679</u>	<u>528,261</u>	<u>26,567</u>	<u>514,586</u>	<u>80,823</u>	<u>166,910</u>	<u>36,641</u>	<u>5,876,109</u>
<u>\$ 45,670</u>	<u>\$ 81,551</u>	<u>\$ 7,814</u>	<u>\$ 569,844</u>	<u>\$ 32,154</u>	<u>\$ 514,586</u>	<u>\$ 141,765</u>	<u>\$ 166,910</u>	<u>\$ 36,641</u>	<u>\$ 12,945,994</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 3

	Economic Dev	Community Dev	Cable TV	Parks & Recreation	Streets
Revenues					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 2,956,085	\$ 3,574,732
Licenses and permits	-	-	687,493	-	-
Intergovernmental revenues	113,853	1,287,796	-	76,982	1,345,493
Charges for services	123,000	-	-	845,795	255,866
Interest	-	28,572	-	-	3,000
Other revenues	-	158,795	551	217,161	10,060
Total revenues	<u>236,853</u>	<u>1,475,163</u>	<u>688,044</u>	<u>4,096,023</u>	<u>5,189,151</u>
Expenditures					
Current					
General government	126,550	-	525,552	-	-
Public safety	-	-	-	89,719	-
Utilities	-	-	-	-	-
Transportation	-	-	-	-	5,165,070
Economic environment	121,633	1,408,139	4,806	-	-
Public health services	-	-	-	628,494	-
Culture & recreation	-	-	-	3,689,010	-
Capital outlay					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	34,749
Culture & recreation	-	-	101,230	8,013	-
Debt service					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>248,183</u>	<u>1,408,139</u>	<u>631,588</u>	<u>4,415,236</u>	<u>5,199,819</u>
Excess (deficiency) of revenues over expenditures	(11,330)	67,024	56,456	(319,213)	(10,668)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	47	1,449,559	51,285
Transfers (out)	-	-	(2,565)	(1,139,050)	(350,004)
Sale of capital assets	2,319	-	-	13,999	50,902
Total other financing sources (uses)	<u>2,319</u>	<u>-</u>	<u>(2,518)</u>	<u>324,508</u>	<u>(247,817)</u>
Net change in fund balances	(9,011)	67,024	53,938	5,295	(258,485)
Fund balances - January 1	<u>85,432</u>	<u>830,030</u>	<u>603,473</u>	<u>530,607</u>	<u>1,008,036</u>
Fund balances - December 31	<u>\$ 76,421</u>	<u>\$ 897,054</u>	<u>\$ 657,411</u>	<u>\$ 535,902</u>	<u>\$ 749,551</u>

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

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

For the Year Ended December 31, 2015

Page 2 of 3

Arterial Streets	Cemetery	Emergency Services	Pub Safety Comm	Police Grants	Parking & Bus Impr	Trolley	Front St Bus Impr	Tourist Promotion	Capitol Theatre
\$ -	\$ -	\$ 1,298,475	\$ 159,891	\$ -	\$ -	\$ -	\$ -	\$ 720,015	\$ 293,586
-	-	-	-	-	-	-	-	-	-
1,353,666	-	1,341	-	18,198	-	228,341	-	-	-
6,913	129,292	-	1,686,117	322,315	-	-	-	-	-
1,000	-	300	750	-	-	-	35	50	250
14,300	-	-	249	159,708	182,093	1,275	1,766	733,567	-
1,375,879	129,292	1,300,116	1,847,007	500,221	182,093	229,616	1,801	1,453,632	293,836
-	-	-	-	126,910	-	-	-	-	-
-	-	1,130,260	3,446,665	176,668	-	-	-	-	-
-	281,178	-	-	-	-	-	-	-	-
10,953	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	406,383	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	199,062	24,681	3,221	1,204,502	406,528
-	-	-	498,594	-	-	-	-	-	-
1,536,808	-	-	-	-	-	229,640	-	-	-
-	-	-	-	-	-	-	-	-	-
53,251	-	-	51,500	-	-	-	-	-	-
488	-	-	63,042	-	-	-	-	-	-
1,601,500	281,178	1,130,260	4,059,801	303,578	199,062	254,321	3,221	1,610,885	406,528
(225,621)	(151,886)	169,856	(2,212,794)	196,643	(16,969)	(24,705)	(1,420)	(157,253)	(112,692)
307,000	-	-	-	-	-	-	-	-	-
53,784	133,047	-	980,000	-	-	-	-	145,000	112,000
(220,875)	-	(175,000)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
139,909	133,047	(175,000)	980,000	-	-	-	-	145,000	112,000
(85,712)	(18,839)	(5,144)	(1,232,794)	196,643	(16,969)	(24,705)	(1,420)	(12,253)	(692)
1,367,587	56,376	208,306	871,526	174,736	12,408	97,884	6,099	540,514	27,259
\$ 1,281,875	\$ 37,537	\$ 203,162	\$ (361,268)	\$ 371,379	\$ (4,561)	\$ 73,179	\$ 4,679	\$ 528,261	\$ 26,567

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, 2015

Page 3 of 3

	PFD Conv Ctr	Tourism Promo Area	PFD Cap Thtr	Capitol Thtr Res	Total
Revenues					
Taxes and special assessments	\$ 831,341	\$ -	\$ 629,905	\$ -	\$ 10,464,030
Licenses and permits	-	-	-	-	687,493
Intergovernmental revenues	-	-	-	-	4,425,670
Charges for services	-	658,857	-	-	4,028,155
Interest	750	260	500	-	35,467
Other revenues	-	-	-	-	1,479,525
Total revenues	<u>832,091</u>	<u>659,117</u>	<u>630,405</u>	<u>-</u>	<u>21,120,340</u>
Expenditures					
Current					
General government	-	-	-	-	779,012
Public safety	-	-	-	-	4,843,312
Utilities	-	-	-	-	281,178
Transportation	-	-	-	-	5,176,023
Economic environment	-	657,921	-	-	2,598,882
Public health services	-	-	-	-	628,494
Culture & recreation	21,510	-	13,510	-	5,562,024
Capital outlay					
Public safety	-	-	-	-	498,594
Transportation	-	-	-	-	1,801,197
Culture & recreation	-	-	-	-	109,243
Debt service					
Principal retirement	-	-	-	-	104,751
Interest	-	-	-	-	63,530
Total expenditures	<u>21,510</u>	<u>657,921</u>	<u>13,510</u>	<u>-</u>	<u>22,446,240</u>
Excess (deficiency) of revenues over expenditures	810,581	1,196	616,895	-	(1,325,900)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	-	-	307,000
Transfers in	-	-	-	-	2,924,722
Transfers (out)	(717,220)	-	(626,408)	(71,927)	(3,303,049)
Sale of capital assets	-	-	-	-	67,220
Total other financing sources (uses)	<u>(717,220)</u>	<u>-</u>	<u>(626,408)</u>	<u>(71,927)</u>	<u>(4,107)</u>
Net change in fund balances	93,361	1,196	(9,513)	(71,927)	(1,330,007)
Fund balances - January 1	<u>421,225</u>	<u>79,627</u>	<u>176,423</u>	<u>108,568</u>	<u>7,206,116</u>
Fund balances - December 31	<u>\$ 514,586</u>	<u>\$ 80,823</u>	<u>\$ 166,910</u>	<u>\$ 36,641</u>	<u>\$ 5,876,109</u>

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, 2015

Page 1 of 1

	<u>LID</u>	<u>Conv Ctr</u>	<u>Various</u>	<u>Fire &</u>	<u>Convention</u>	<u>Local Impr</u>	
	<u>Guaranty</u>	<u>PFD</u>	<u>GO Bonds</u>	<u>Parks Ref</u>	<u>Center</u>	<u>Districts</u>	<u>Total</u>
Assets							
Cash & equity in pooled investments	\$ 25,329	\$ 163,591	\$ 8,734	\$ -	\$ 21,549	\$ -	\$ 219,203
Receivables							
Taxes	-	-	-	-	47,481	-	47,481
Total Assets	<u>\$ 25,329</u>	<u>\$ 163,591</u>	<u>\$ 8,734</u>	<u>\$ -</u>	<u>\$ 69,030</u>	<u>\$ -</u>	<u>\$ 266,684</u>
Fund Balances							
Restricted	\$ -	\$ 163,591	\$ -	\$ -	\$ 69,030	\$ -	\$ 232,621
Committed	-	-	-	-	-	-	-
Assigned	<u>25,329</u>	<u>-</u>	<u>8,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,063</u>
Total fund balances	<u>\$ 25,329</u>	<u>\$ 163,591</u>	<u>\$ 8,734</u>	<u>\$ -</u>	<u>\$ 69,030</u>	<u>\$ -</u>	<u>\$ 266,684</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 1

	<u>LID</u>	<u>Conv Ctr</u>	<u>Various</u>	<u>Fire &</u>	<u>Convention</u>	<u>Local Impr</u>	
	<u>Guaranty</u>	<u>PFD</u>	<u>GO Bonds</u>	<u>Parks Ref</u>	<u>Center</u>	<u>Districts</u>	<u>Total</u>
Revenues							
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 428,505	\$ -	\$ 428,505
Intergovernmental revenues	-	101,218	-	-	-	-	101,218
Interest	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>800</u>
Total revenues	<u>50</u>	<u>101,218</u>	<u>-</u>	<u>-</u>	<u>429,255</u>	<u>-</u>	<u>530,523</u>
Expenditures							
Debt service							
Principal retirement	-	500,000	1,970,827	-	355,000	-	2,825,827
Interest	<u>-</u>	<u>526,050</u>	<u>1,039,361</u>	<u>-</u>	<u>73,190</u>	<u>-</u>	<u>1,638,601</u>
Total expenditures	<u>-</u>	<u>1,026,050</u>	<u>3,010,188</u>	<u>-</u>	<u>428,190</u>	<u>-</u>	<u>4,464,428</u>
Excess of revenues over (under) expenditures	50	(924,832)	(3,010,188)	-	1,065	-	(3,933,905)
Other financing sources (uses)							
Transfers in	15	926,628	3,010,189	-	-	-	3,936,832
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(15)</u>
Total other financing sources (uses)	<u>15</u>	<u>926,628</u>	<u>3,010,189</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>3,936,817</u>
Net change in fund balances	65	1,796	1	-	1,065	(15)	2,912
Fund balances - January 1	<u>25,264</u>	<u>161,795</u>	<u>8,733</u>	<u>-</u>	<u>67,965</u>	<u>15</u>	<u>263,772</u>
Fund balances - December 31	<u>\$ 25,329</u>	<u>\$ 163,591</u>	<u>\$ 8,734</u>	<u>\$ -</u>	<u>\$ 69,030</u>	<u>\$ -</u>	<u>\$ 266,684</u>

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



NONMAJOR CAPITAL PROJECT FUNDS

Central Business District 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.

Streets Capital Fund (344) – Created in 2014 to account for the 2013 voter supported investment of \$2 million annually into streets projects.

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, 2015

Page 1 of 2

	Central Bus Dist Impr	Capitol Thtr Const	Yakima Rev Dev Area	Parks and Recreation	Fire
Assets					
Cash & equity in pooled investments	\$ 23,000	\$ 252,178	\$ 154,944	\$ 179,453	\$ 72,457
Cash with fiscal agent	-	-	-	-	-
Investments, at amortized cost	-	-	1,198,040	3,664,341	-
Receivables					
Taxes Receivable	-	-	105,667	-	-
Customer accounts	400,065	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 423,065</u>	<u>\$ 252,178</u>	<u>\$ 1,458,651</u>	<u>\$ 3,843,794</u>	<u>\$ 72,457</u>
Liabilities					
Accounts payable	\$ 46,298	\$ 3,427	\$ 641,380	\$ 33,538	\$ 35,532
Contracts payable	-	-	116,146	-	-
Total liabilities	<u>46,298</u>	<u>3,427</u>	<u>757,526</u>	<u>33,538</u>	<u>35,532</u>
Deferred inflows of resources					
Deferred special assessments	400,065	-	-	-	-
Total liabilities and deferred inflows	<u>446,363</u>	<u>3,427</u>	<u>757,526</u>	<u>33,538</u>	<u>35,532</u>
Fund balances					
Restricted	-	-	-	3,321,631	-
Committed	(23,298)	-	701,125	-	-
Assigned	-	248,751	-	488,625	36,925
Total fund balances	<u>(23,298)</u>	<u>248,751</u>	<u>701,125</u>	<u>3,810,256</u>	<u>36,925</u>
Total liabilities and fund balances	<u>\$ 423,065</u>	<u>\$ 252,178</u>	<u>\$ 1,458,651</u>	<u>\$ 3,843,794</u>	<u>\$ 72,457</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2015

Page 2 of 2

<u>Law and Justice</u>	<u>PW Const</u>	<u>REET 2 Const</u>	<u>Streets Capital</u>	<u>Convention Center</u>	<u>Cumulative Reserve</u>	<u>Total</u>
\$ 644,981	\$ 128,432	\$ 281,687	\$ 94,164	\$ 575,517	\$ 684,099	\$ 3,090,912
-	71,274	71,274	-	-	-	142,548
-	993,048	-	-	-	1,204,330	7,059,759
-	-	-	-	34,150	-	139,817
-	-	-	-	-	-	400,065
125,000	-	-	-	-	-	125,000
<u>\$ 769,981</u>	<u>\$ 1,192,754</u>	<u>\$ 352,961</u>	<u>\$ 94,164</u>	<u>\$ 609,667</u>	<u>\$ 1,888,429</u>	<u>\$ 10,958,101</u>
\$ 29,676	\$ 21,278	\$ -	\$ -	\$ 19,704	\$ 271,382	\$ 1,102,215
-	-	-	-	4,938	-	121,084
<u>29,676</u>	<u>21,278</u>	<u>-</u>	<u>-</u>	<u>24,642</u>	<u>271,382</u>	<u>1,223,299</u>
-	-	-	-	-	-	400,065
<u>29,676</u>	<u>21,278</u>	<u>-</u>	<u>-</u>	<u>24,642</u>	<u>271,382</u>	<u>1,623,364</u>
-	1,171,476	352,961	-	585,025	1,617,047	7,048,140
-	-	-	-	-	-	677,827
<u>740,305</u>	<u>-</u>	<u>-</u>	<u>94,164</u>	<u>-</u>	<u>-</u>	<u>1,608,770</u>
<u>740,305</u>	<u>1,171,476</u>	<u>352,961</u>	<u>94,164</u>	<u>585,025</u>	<u>1,617,047</u>	<u>9,334,737</u>
<u>\$ 769,981</u>	<u>\$ 1,192,754</u>	<u>\$ 352,961</u>	<u>\$ 94,164</u>	<u>\$ 609,667</u>	<u>\$ 1,888,429</u>	<u>\$ 10,958,101</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 2

	Central Bus Dist Impr	Capitol Thtr Const	Yakima Rev Dev Area	Parks and Recreation	Fire
Revenues					
Taxes and special assessments	\$ -	\$ -	\$ 1,124,618	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	36,000
Interest	-	-	-	63	-
Other revenues	26,526	-	-	182,946	9,567
Total revenues	26,526	-	1,124,618	183,009	45,567
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	138,820
Transportation	-	-	-	-	-
Economic environment	24,600	-	-	-	-
Culture & recreation	50,000	-	-	40,067	-
Capital outlay					
General government	-	-	-	-	-
Public safety	-	-	-	-	1,081,358
Transportation	-	-	3,092,240	-	-
Economic environment	491,450	-	-	-	-
Culture & recreation	-	17,649	-	2,232,449	-
Debt Service					
Principal retirement	-	-	-	294,461	-
Interest	-	-	-	9,000	-
Total Expenditures	566,050	17,649	3,092,240	2,575,977	1,220,178
Excess (deficiency) of revenues over (under) expenditures	(539,524)	(17,649)	(1,967,622)	(2,392,968)	(1,174,611)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	-	5,000,000	-
Transfers in	400,000	121,927	-	950,000	75,000
Transfers (out)	-	-	-	-	-
Sale of capital assets	-	-	-	-	38,685
Total other financing sources (uses)	400,000	121,927	-	5,950,000	113,685
Net change in fund balances	(139,524)	104,278	(1,967,622)	3,557,032	(1,060,926)
Fund balances - January 1	116,226	144,473	2,668,747	253,224	1,097,851
Fund balances - December 31	\$ (23,298)	\$ 248,751	\$ 701,125	\$ 3,810,256	\$ 36,925

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, 2015

Page 2 of 2

Law and Justice	PW Const	REET 2 Const	Streets Capital	Convention Center	Cumulative Reserve	Total
\$ 222,295	\$ 977,070	\$ 977,070	\$ 76,770	\$ 164,611	\$ -	\$ 3,542,434
42,586	-	-	-	-	127,220	205,806
250	-	-	-	-	-	313
6,056	2,000	2,000	-	500	-	229,595
271,187	979,070	979,070	76,770	165,111	127,220	3,978,148
-	-	-	-	-	9,587	9,587
179,684	-	-	-	-	-	318,504
-	60,300	350,000	-	-	-	410,300
-	-	-	-	-	-	24,600
-	-	-	-	287,590	-	377,657
-	54,701	-	-	-	1,254,017	1,308,718
254,653	-	-	-	-	-	1,336,011
-	-	-	934,474	-	-	4,026,714
-	-	-	-	-	-	491,450
-	-	-	-	39,172	-	2,289,270
-	131,554	165,101	-	-	-	591,116
-	60,394	10,031	-	-	-	79,425
434,337	306,949	525,132	934,474	326,762	1,263,604	11,263,352
(163,150)	672,121	453,938	(857,704)	(161,651)	(1,136,384)	(7,285,204)
-	-	-	-	-	150,000	5,150,000
205,300	84,448	-	20,811	110,000	200,000	2,167,486
-	(335,835)	(652,415)	-	-	-	(988,250)
123,906	-	-	-	-	-	162,591
329,206	(251,387)	(652,415)	20,811	110,000	350,000	6,491,827
166,056	420,734	(198,477)	(836,893)	(51,651)	(786,384)	(793,377)
574,249	750,742	551,438	931,057	636,676	2,403,431	10,128,114
\$ 740,305	\$ 1,171,476	\$ 352,961	\$ 94,164	\$ 585,025	\$ 1,617,047	\$ 9,334,737

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, 2015

Page 1 of 1

	Cemetery
	Trust
Assets	
Cash & equity in pooled investments	<u>\$ 647,731</u>
Total assets	<u>647,731</u>
Fund balances	
Nonspendable	<u>647,731</u>
Total fund balances	<u>647,731</u>
Total liabilities and fund balances	<u>\$ 647,731</u>

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

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

For the Year Ended December 31, 2015

Page 1 of 1

	Cemetery Trust
	<u> </u>
Revenues	
Charges for services	\$ 15,709
Interest	<u>12,000</u>
Total revenues	<u>27,709</u>
 Other financing sources (uses)	
Transfers out	<u>(12,000)</u>
Total other financing sources (uses)	<u>(12,000)</u>
 Net change in fund balances	 15,709
 Fund balances - January 1	 <u>632,022</u>
Fund balances - December 31	<u><u>\$ 647,731</u></u>

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



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

NONMAJOR PROPRIETARY FUNDS

Airport Fund (421) – Accounts for the operation of the Yakima Air Terminal. Effective February 12, 2015, 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 (441) – Created in 2009, this fund was set up to meet the responsibilities and obligations set forth by the City's Eastern Washington Phase II Municipal Stormwater Permit and the State mandated Underground Injection Control (UIC) Program (WAC 173-218). The Federal and State mandated responsibilities include collecting, transporting, and treatment of surface water (stormwater) to protect the environment, public health and welfare, and assess and comply with regulatory agency requirements.

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

December 31, 2015

Page 1 of 2

	<u>Airport</u>	<u>Stormwater</u>	<u>Refuse</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 936,775	\$ 264,445	\$ 2,957	\$ 1,204,177
Cash with fiscal agent	-	6,095	-	6,095
Investments	-	3,298,032	-	3,298,032
Receivables, net of allowance for uncollectible accounts				
Taxes	-	53,892	-	53,892
Accounts	46,036	357	645,403	691,796
Other receivables	-	41,873	-	41,873
Due from other funds	-	170,000	-	170,000
Total current assets	<u>982,811</u>	<u>3,834,694</u>	<u>648,360</u>	<u>5,465,865</u>
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	812,989	-	-	812,989
Other improvements	5,745,111	1,840,985	-	7,586,096
Machinery, equipment & vehicles	709,721	7,062	-	716,783
Intangibles	<u>999,441</u>	<u>-</u>	<u>-</u>	<u>999,441</u>
Total noncurrent assets	<u>12,297,262</u>	<u>2,093,972</u>	<u>-</u>	<u>14,391,234</u>
Total assets	<u>13,280,073</u>	<u>5,928,666</u>	<u>648,360</u>	<u>19,857,099</u>
Deferred outflows of resources				
Deferred outflows related to pension	<u>26,633</u>	<u>52,132</u>	<u>103,752</u>	<u>182,517</u>
Total assets and deferred outflows	<u>13,306,706</u>	<u>5,980,798</u>	<u>752,112</u>	<u>20,039,616</u>

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

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

December 31, 2015

Page 2 of 2

	<u>Airport</u>	<u>Stormwater</u>	<u>Refuse</u>	<u>Total</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 18,675	\$ 14,821	\$ 126,231	\$ 159,727
Contracts payable	24,496	-	-	24,496
Deposits payable	33,389	-	149,838	183,227
Accrued salaries and benefits	56,149	80,278	142,320	278,747
Compensated absences	8,224	11,587	21,133	40,944
Other current liabilities	8,239	-	407	8,646
Due to other funds	-	-	170,000	170,000
Non-current liabilities				
Compensated absences	50,444	71,523	128,484	250,451
Pension liability	225,108	440,647	876,976	1,542,731
OPEB	39,707	77,726	154,690	272,123
Total liabilities	<u>464,431</u>	<u>696,582</u>	<u>1,770,079</u>	<u>2,931,092</u>
Deferred inflows of resources				
Net change in pension liabilities & expected earnings	<u>33,734</u>	<u>66,034</u>	<u>131,419</u>	<u>231,187</u>
Total liabilities and deferred inflows	<u>498,165</u>	<u>762,616</u>	<u>1,901,498</u>	<u>3,162,279</u>
Net position				
Net investment in capital assets	12,297,262	2,093,971	-	14,391,233
Unrestricted	<u>511,280</u>	<u>3,124,210</u>	<u>(1,149,385)</u>	<u>2,486,105</u>
Total net position	<u>\$ 12,808,542</u>	<u>\$ 5,218,181</u>	<u>\$ (1,149,385)</u>	<u>\$ 16,877,338</u>

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, 2015

Page 1 of 1

	<u>Airport</u>	<u>Stormwater</u>	<u>Refuse</u>	<u>Total</u>
Operating revenues				
Charges and fees for services	\$ 461,040	\$ 2,272,133	\$ 5,665,516	\$ 8,398,689
Other operating revenue	<u>851,661</u>	<u>-</u>	<u>1,100</u>	<u>852,761</u>
Total operating revenues	<u>1,312,701</u>	<u>2,272,133</u>	<u>5,666,616</u>	<u>9,251,450</u>
Operating expenses				
Personnel services	608,568	812,836	1,471,144	2,892,548
Materials and supplies	55,889	26,398	287,420	369,707
Contractual services	336,046	813,230	3,436,052	4,585,328
Claims and other benefits	-	29,027	-	29,027
Depreciation	<u>845,058</u>	<u>61,111</u>	<u>-</u>	<u>906,169</u>
Total operating expenses	<u>1,845,561</u>	<u>1,742,602</u>	<u>5,194,616</u>	<u>8,782,779</u>
Operating income (loss)	<u>(532,860)</u>	<u>529,531</u>	<u>472,000</u>	<u>468,671</u>
Nonoperating revenues (expenses)				
Grants and subsidies	455,605	92,568	-	548,173
Interest revenue	879	2	-	881
Other nonoperating revenues	<u>-</u>	<u>-</u>	<u>4,020</u>	<u>4,020</u>
Total nonoperating revenues (expenses)	<u>456,484</u>	<u>92,570</u>	<u>4,020</u>	<u>553,074</u>
Income (loss) before contributions and transfers	(76,376)	622,101	476,020	1,021,745
Capital contributions	-	53,938	-	53,938
Transfers in	600	957	46,400	47,957
Transfers (out)	<u>-</u>	<u>(260,000)</u>	<u>(630,000)</u>	<u>(890,000)</u>
Change in net position	<u>(75,776)</u>	<u>416,996</u>	<u>(107,580)</u>	<u>233,640</u>
Net position - January 1	13,159,412	5,339,677	29,900	18,528,989
Direct adjustment to beginning net position - GASB 68	<u>(275,094)</u>	<u>(538,492)</u>	<u>(1,071,705)</u>	<u>(1,885,291)</u>
Net position - December 31	<u>\$ 12,808,542</u>	<u>\$ 5,218,181</u>	<u>\$ (1,149,385)</u>	<u>\$ 16,877,338</u>

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, 2015

Page 1 of 2

	<u>Airport</u>	<u>Stormwater</u>	<u>Refuse</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 417,377	\$ 2,048,241	\$ 5,716,832	\$ 8,182,450
Payments to suppliers and service providers	(393,350)	(891,483)	(3,677,432)	(4,962,265)
Payments to employees for salaries and benefits	(597,688)	(751,946)	(1,466,208)	(2,815,842)
Other receipts	851,661	-	1,100	852,761
Payments to claimants and beneficiaries	-	(29,027)	-	(29,027)
Net cash provided by operating activities	<u>278,000</u>	<u>375,785</u>	<u>574,292</u>	<u>1,228,077</u>
Cash flows from noncapital financing activities				
Operating grants	-	92,568	-	92,568
Other receipts	<u>600</u>	<u>957</u>	<u>50,420</u>	<u>51,977</u>
Net cash flows from noncapital financing activities	<u>600</u>	<u>93,525</u>	<u>50,420</u>	<u>144,545</u>
Cash flows from capital financing activities				
Capital grants and contributions	455,605	-	-	455,605
Acquisition and construction of capital assets	(574,485)	-	-	(574,485)
Transfers (out)	-	(260,000)	(630,000)	(890,000)
Net cash used for capital financing activities	<u>(118,880)</u>	<u>(260,000)</u>	<u>(630,000)</u>	<u>(1,008,880)</u>
Cash flows from investing activities				
Proceeds from sale of investments	625,430	3,157,024	-	3,782,454
Interest on investments	879	2	-	881
Purchase of investments	-	(3,298,032)	-	(3,298,032)
Net cash provided by investing activities	<u>626,309</u>	<u>(141,006)</u>	<u>-</u>	<u>485,303</u>
Net increase (decrease) in cash and cash equivalents	786,029	68,304	(5,288)	849,045
Cash and cash equivalents - January 1	<u>150,746</u>	<u>202,236</u>	<u>8,245</u>	<u>361,227</u>
Cash and cash equivalents - December 31	<u>\$ 936,775</u>	<u>\$ 270,540</u>	<u>\$ 2,957</u>	<u>\$ 1,210,272</u>

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, 2015

Page 2 of 2

	<u>Airport</u>	<u>Stormwater</u>	<u>Refuse</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operations				
Operating income (loss)	\$ (532,860)	\$ 529,531	\$ 472,000	\$ 468,671
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	845,058	61,111	-	906,169
(Increase) decrease in net accounts receivable	(43,663)	(53,892)	34,468	(63,087)
(Increase) decrease in due from other governments	-	(170,000)	16,848	(153,152)
(Decrease) increase in accounts payable	(9,571)	(51,855)	(134,330)	(195,756)
(Decrease) increase in accrued liabilities	10,090	-	10,370	20,460
(Decrease) increase in compensated absences	10,880	60,890	4,936	76,706
(Decrease) increase in contracts payable	(1,934)	-	170,000	168,066
Total adjustments	<u>810,860</u>	<u>(153,746)</u>	<u>102,292</u>	<u>759,406</u>
Net cash provided by (used for) operating activities	<u>\$ 278,000</u>	<u>\$ 375,785</u>	<u>\$ 574,292</u>	<u>\$ 1,228,077</u>
Schedule of noncash capital financing activities				
Contributions of capital assets	\$ -	\$ 53,938	\$ -	\$ 53,938

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, 2015

Page 1 of 2

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Assets				
Current assets				
Cash and equivalents	\$ 465,517	\$ 952,436	\$ 723,186	\$ 844,365
Cash with fiscal agent	-	1,854	-	-
Investments	-	-	-	-
Receivables, net of allowance for uncollectible accounts				
Accounts	21,230	732,498	86,611	116,651
Other receivables	-	10,521	-	-
Inventories and prepayments	-	-	-	-
Total current assets	<u>486,747</u>	<u>1,697,309</u>	<u>809,797</u>	<u>961,016</u>
Noncurrent assets				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery, equip & vehicles	-	-	1,030	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>-</u>
Total assets	<u>486,747</u>	<u>1,697,309</u>	<u>810,827</u>	<u>961,016</u>
Deferred outflows of resources				
Deferred outflows related to pension	<u>3,304</u>	<u>10,234</u>	<u>8,081</u>	<u>44,400</u>
Total assets and deferred outflows	<u>490,051</u>	<u>1,707,543</u>	<u>818,908</u>	<u>1,005,416</u>
Liabilities				
Current liabilities				
Accounts payable	37,698	65,837	62,656	188,749
Claims and judgments	-	1,326,830	459,883	2,810,000
Accrued salaries and benefits	7,806	14,503	12,927	39,025
Compensated absences	2,566	2,997	1,978	9,016
Other current liabilities	-	-	-	-
Total current liabilities	<u>48,070</u>	<u>1,410,167</u>	<u>537,444</u>	<u>3,046,790</u>
Noncurrent liabilities				
Compensated absences	14,787	17,948	12,129	53,387
Pension liability	27,935	86,498	68,316	375,274
Other postemployment benefits (OPEB)	4,927	15,257	12,050	66,195
Total noncurrent liabilities	<u>47,649</u>	<u>119,703</u>	<u>92,495</u>	<u>494,856</u>
Total liabilities	<u>95,719</u>	<u>1,529,870</u>	<u>629,939</u>	<u>3,541,646</u>
Deferred inflows of resources				
Net change in pension	<u>4,187</u>	<u>12,962</u>	<u>10,237</u>	<u>56,236</u>
Total liabilities and deferred inflows	<u>99,906</u>	<u>1,542,832</u>	<u>640,176</u>	<u>3,597,882</u>
Net position				
Net investment in capital assets	-	-	1,030	-
Unrestricted	<u>390,145</u>	<u>164,711</u>	<u>177,702</u>	<u>(2,592,466)</u>
Total net position	<u>\$ 390,145</u>	<u>\$ 164,711</u>	<u>\$ 178,732</u>	<u>\$ (2,592,466)</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2015

Page 2 of 2

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
\$ 132,188	\$ 1,146,701	\$ 69,102	\$ 54,417	\$ 4,387,912
-	-	-	-	1,854
-	2,585,062	500,000	500,000	3,585,062
-	-	-	-	956,990
-	266,237	-	-	276,758
-	455,998	-	-	455,998
132,188	4,453,998	569,102	554,417	9,664,574
-	-	-	7,405	7,405
-	-	470,665	43,244	513,909
15,477	9,047,902	13,907	19,486	9,097,802
15,477	9,047,902	484,572	70,135	9,619,116
147,665	13,501,900	1,053,674	624,552	19,283,690
-	71,324	-	43,270	180,613
147,665	13,573,224	1,053,674	667,822	19,464,303
4,979	298,043	3,821	11,016	672,799
-	-	-	-	4,596,713
-	98,530	-	59,144	231,935
-	20,347	-	10,477	47,381
23	-	-	-	23
5,002	416,920	3,821	80,637	5,548,851
-	115,765	-	62,987	277,003
-	602,864	-	365,742	1,526,629
-	106,339	-	64,513	269,281
-	824,968	-	493,242	2,072,913
5,002	1,241,888	3,821	573,879	7,621,764
-	90,341	-	54,808	228,771
5,002	1,332,229	3,821	628,687	7,850,535
15,477	9,047,902	484,572	70,135	9,619,116
127,186	3,193,093	565,281	(31,000)	1,994,652
\$ 142,663	\$ 12,240,995	\$ 1,049,853	\$ 39,135	\$ 11,613,768

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

For the Year Ended December 31, 2015

Page 1 of 2

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Operating revenues				
Charges and fees for services	\$ -	\$ -	\$ -	\$ -
Charges for insurance - risk management	-	-	-	3,502,997
Employer contributions	201,961	8,339,322	992,071	-
Employee contributions	-	1,486,223	63,783	-
Total operating revenues	<u>201,961</u>	<u>9,825,545</u>	<u>1,055,854</u>	<u>3,502,997</u>
Operating expenses				
Personnel services	70,718	114,069	99,747	401,217
Materials and supplies	-	5,223	1,778	6,223
Contractual services	10,729	1,227,276	266,536	4,137,919
Benefits and claims paid	124,739	9,153,317	830,947	123,817
Depreciation	-	-	2,059	2,539
Total operating expenses	<u>206,186</u>	<u>10,499,885</u>	<u>1,201,067</u>	<u>4,671,715</u>
Operating income (loss)	(4,225)	(674,340)	(145,213)	(1,168,718)
Nonoperating revenues				
Interest revenue	-	108,000	500	100,000
Other non-operating revenue (expense)	-	-	41,650	288,573
Gain (loss) on capital assets disposition	-	-	-	-
Non-operating revenue net of expenses	<u>-</u>	<u>108,000</u>	<u>42,150</u>	<u>388,573</u>
Income (loss) before transfers	(4,225)	(566,340)	(103,063)	(780,145)
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Change in net position	<u>(4,225)</u>	<u>(566,340)</u>	<u>(103,063)</u>	<u>(780,145)</u>
Total net position - January 1	428,509	836,754	365,280	(1,353,719)
Direct adjustment to beginning net position - GASB 68	<u>(34,139)</u>	<u>(105,703)</u>	<u>(83,485)</u>	<u>(458,602)</u>
Total net position - December 31	<u>\$ 390,145</u>	<u>\$ 164,711</u>	<u>\$ 178,732</u>	<u>\$ (2,592,466)</u>

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

For the Year Ended December 31, 2015

Page 2 of 2

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
\$ -	\$ 2,754,686	\$ -	\$ 1,115,438	\$ 3,870,124
-	-	181,463	-	3,684,460
40,000	-	-	-	9,573,354
-	-	-	-	1,550,006
40,000	2,754,686	181,463	1,115,438	18,677,944
-	771,415	-	455,232	1,912,398
17,150	1,427,711	-	47,582	1,505,667
78,380	302,408	1,263,543	450,393	7,737,184
-	310,002	-	159,587	10,702,409
5,766	1,223,169	34,460	8,719	1,276,712
101,296	4,034,705	1,298,003	1,121,513	23,134,370
(61,296)	(1,280,019)	(1,116,540)	(6,075)	(4,456,426)
-	34,537	-	-	243,037
-	3,104	1,032,404	-	1,365,731
-	(54,463)	-	-	(54,463)
-	(16,822)	1,032,404	-	1,554,305
(61,296)	(1,296,841)	(84,136)	(6,075)	(2,902,121)
-	20,206	-	-	20,206
-	1,528,531	-	784	1,529,315
-	(227,168)	-	(15,000)	(242,168)
(61,296)	24,728	(84,136)	(20,291)	(1,594,768)
203,959	12,952,993	1,133,989	506,379	15,074,144
-	(736,726)	-	(446,953)	(1,865,608)
\$ 142,663	\$ 12,240,995	\$ 1,049,853	\$ 39,135	\$ 11,613,768

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2015

Page 1 of 2

	Unemployment Comp Reserve	Employees' Health Bnft Reserve	Workers' Comp Reserve	Risk Mgmt Reserve
Cash flows from operating activities				
Receipts from customers and interfund charges	\$ -	\$ -	\$ -	\$ 3,502,997
Contributions received - employer and employee	201,961	9,825,545	1,055,854	-
Cash paid to suppliers for goods and services	7,442	(1,095,636)	(271,375)	(4,296,430)
Cash paid for salaries and benefits	(58,937)	(117,465)	(98,271)	(438,132)
Cash paid to claimants and beneficiaries	(124,739)	(9,053,707)	(878,086)	376,183
Net cash provided by operating activities	<u>25,727</u>	<u>(441,263)</u>	<u>(191,878)</u>	<u>(855,382)</u>
Cash flows from noncapital financing activities				
Transfer in/other non-operating revenue	-	-	41,650	288,574
Cash transfers to other funds	-	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>41,650</u>	<u>288,574</u>
Cash flows from capital financing activities				
Cash received from disposal of capital assets	-	-	-	-
Capital expenditures paid	-	-	-	-
Transfers out	-	-	-	-
Net cash used for capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Proceeds from sale and maturity of investment securities	-	1,217,588	826,671	1,300,620
Interest received on investments	-	108,000	500	100,000
Purchase of investment securities	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>1,325,588</u>	<u>827,171</u>	<u>1,400,620</u>
Net increase (decrease) in cash and cash equivalents	25,727	884,325	676,943	833,812
Cash and cash equivalents at beginning of year	<u>439,790</u>	<u>68,111</u>	<u>46,243</u>	<u>10,553</u>
Cash and cash equivalents at end of year	<u>\$ 465,517</u>	<u>\$ 952,436</u>	<u>\$ 723,186</u>	<u>\$ 844,365</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Net operating income (loss)	\$ (4,225)	\$ (674,340)	\$ (145,213)	\$ (1,168,718)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	-	-	2,059	2,539
(Increase) decrease in accounts receivable	(1,087)	160,463	(1,994)	(113,963)
(Increase) decrease in inventory	-	-	-	-
Increase (decrease) in warrants/accounts payable	19,258	(23,600)	(1,067)	(38,325)
Increase (decrease) in wages/benefits payable	1,863	(9,221)	(1,556)	(20,447)
Increase (decrease) in compensated absence	9,918	5,825	3,032	(16,468)
Increase (decrease) in claims and judgments	-	99,610	(47,139)	500,000
Total adjustments	<u>29,952</u>	<u>233,077</u>	<u>(46,665)</u>	<u>313,336</u>
Net cash provided by operating activities	<u>\$ 25,727</u>	<u>\$ (441,263)</u>	<u>\$ (191,878)</u>	<u>\$ (855,382)</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2015

Page 2 of 2

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
\$ -	\$ 2,754,686	\$ 181,463	\$ 1,115,438	\$ 7,554,584
40,000	-	-	-	11,123,360
(99,393)	(1,754,281)	(1,296,196)	(523,155)	(9,329,024)
-	(769,045)	-	(445,291)	(1,927,141)
-	(310,002)	-	(159,587)	(10,149,938)
(59,393)	(78,642)	(1,114,733)	(12,595)	(2,728,159)
-	1,531,635	1,032,404	784	2,895,047
-	(227,168)	-	-	(227,168)
-	1,304,467	1,032,404	784	2,667,879
-	59,752	-	-	59,752
-	(1,717,743)	(12,190)	(17,256)	(1,747,189)
-	-	-	(15,000)	(15,000)
-	(1,657,991)	(12,190)	(32,256)	(1,702,437)
-	3,912,033	628,465	566,093	8,451,470
-	34,537	-	-	243,037
-	(2,585,063)	(500,000)	(500,000)	(3,585,063)
-	1,361,507	128,465	66,093	5,109,444
(59,393)	929,341	33,946	22,026	3,346,727
191,581	217,360	35,156	32,391	1,041,185
\$ 132,188	\$ 1,146,701	\$ 69,102	\$ 54,417	\$ 4,387,912
\$ (61,296)	\$ (1,280,019)	\$ (1,116,540)	\$ (6,075)	\$ (4,456,426)
5,766	1,223,169	34,460	8,719	1,276,712
-	133,021	-	-	176,440
-	(91,722)	-	-	(91,722)
(3,863)	(65,461)	(32,653)	(25,180)	(170,891)
-	(129,184)	-	6,590	(151,955)
-	131,554	-	3,351	137,212
-	-	-	-	552,471
1,903	1,201,377	1,807	(6,520)	1,728,267
\$ (59,393)	\$ (78,642)	\$ (1,114,733)	\$ (12,595)	\$ (2,728,159)



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 FUND

December 31, 2015

Page 1 of 1

	YakCorps			
	Balance		Balance	
	As of		As of	
	01/01/15	Additions	Deductions	12/31/15
Assets				
Cash & equity in pooled investments	\$ 246,594	\$ 775,043	\$ 907,851	\$ 113,786
Accounts receivable	-	802,332	796,147	6,185
Equipment (net of accumulated depreciation)	1,017,835	-	162,514	855,321
Total assets	<u>\$ 1,264,429</u>	<u>\$ 1,577,375</u>	<u>\$ 1,866,512</u>	<u>\$ 975,292</u>
Liabilities				
Warrants/accounts payable	\$ 1,623	\$ 697,309	\$ 698,932	\$ -
Other accrued liabilities	2,326	-	2,326	-
Due to other government units	1,260,480	880,066	1,165,254	975,292
Total liabilities	<u>\$ 1,264,429</u>	<u>\$ 1,577,375</u>	<u>\$ 1,866,512</u>	<u>\$ 975,292</u>

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, 2015

Page 1 of 1

	Balance as of						Const In
	12/31/15	Land	Buildings	Imp's	Infrastructure	Equipment	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	4,219,338	1,134,857	3,084,481	-	-	-	-
Engineering	42,198	-	-	-	-	42,198	-
Miscellaneous general gov't	2,253,278	1,485,681	-	40,254	-	727,343	-
Total general government	10,009,733	2,620,538	4,280,351	71,017	-	3,037,826	-
Public safety							
Fire	15,690,412	107,793	7,322,757	604,320	-	7,655,541	-
Police	23,174,600	2,589,641	11,461,769	155,705	-	8,967,485	-
Total public safety	38,865,012	2,697,434	18,784,526	760,026	-	16,623,026	-
Physical environment							
Cemetery	754,248	477,660	135,841	140,747	-	-	-
Transportation							
Streets	149,361,230	2,117,793	-	380,686	146,554,296	308,454	-
Arterial Street	137,290,849	2,709,145	-	1,140,610	130,118,777	1,264,023	2,058,294
Transportation (Trolley)	1,297,129	28,500	209,324	421,845	-	192,133	445,327
Total transportation	287,949,208	4,855,438	209,324	1,943,142	276,673,073	1,764,610	2,503,621
Economic environment							
Senior Citizen Center	3,500,000	-	3,500,000	-	-	-	-
Community Development	8,642,928	793,260	52,161	504,500	1,168,550	80,423	6,044,034
Central Business District	11,881,062	-	-	336,913	11,475,959	68,190	-
Total economic environment	24,023,990	793,260	3,552,161	841,413	12,644,509	148,613	6,044,034
Culture and recreation							
Bicentennial Pavilion	8,956,055	1,193,729	7,414,946	295,295	-	52,085	-
Parks and Recreation	19,553,584	4,335,535	2,013,997	12,716,074	-	77,092	410,886
SE Community Center	912,644	60,579	574,267	277,798	-	-	-
Capitol Theatre	13,849,283	80,000	13,459,420	17,649	-	292,214	-
Cable TV	788,811	189,596	130,061	164,283	-	304,871	-
Convention Center	7,075,274	162,608	6,375,385	271,968	-	262,713	2,599
Gateway - Visitor Center	601,044	-	601,044	-	-	-	-
Total culture and recreation	51,736,695	6,022,047	30,569,120	13,743,067	-	988,975	413,485
Total	\$ 413,338,886	\$ 17,466,377	\$ 57,531,323	\$ 17,499,412	\$ 289,317,582	\$ 22,563,051	\$ 8,961,140

(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, 2015

Page 1 of 1

	Balance as of 01/01/15	Additions	Deletions	Balance as of 12/31/15
General government				
City Administration	\$ 1,191,085	\$ -	\$ -	\$ 1,191,085
Finance	2,210,713	1,901,246	(9,500)	4,102,459
Human Resources	8,239	-	-	8,239
Legal	20,305	-	-	20,305
Municipal Court	64,576	-	-	64,576
Code Administration	4,164,636	155,931	-	4,320,567
Engineering	42,198	-	-	42,198
Miscellaneous general government	2,143,891	-	-	2,143,891
Total general government	9,845,643	2,057,177	(9,500)	11,893,320
Public safety				
Fire	14,380,039	1,585,416	(275,043)	15,690,412
Police	23,564,320	249,189	(638,909)	23,174,600
Total public safety	37,944,359	1,834,605	(913,952)	38,865,012
Physical environment				
Cemetery	754,248	-	-	754,248
Transportation				
Streets	148,164,938	261,818	-	148,426,756
Arterial Street	134,500,065	5,121,166	(41)	139,621,190
Transportation (Trolley)	1,067,489	229,640	-	1,297,129
Total transportation	283,732,492	5,612,624	(41)	289,345,075
Economic environment				
Senior Citizen Center	3,500,000	-	-	3,500,000
Community Development	4,976,253	-	(3,000)	4,973,253
Central Business District	11,881,063	491,450	-	12,372,513
Total economic environment	20,357,316	491,450	(3,000)	20,845,766
Culture and recreation				
Bicentennial Pavilion	8,956,055	-	-	8,956,055
Parks and Recreation	17,313,121	2,240,463	-	19,553,584
SE Community Center	912,644	-	-	912,644
Capitol Theatre	13,831,634	56,821	-	13,888,455
Cable TV	687,581	-	-	687,581
Convention Center	7,036,102	-	-	7,036,102
Gateway - Visitor Center	601,044	-	-	601,044
Total Culture and recreation	49,338,181	2,297,284	-	51,635,465
Total	\$ 401,972,239	\$ 12,293,140	\$ (926,493)	\$ 413,338,886

(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, 2015

Page 1 of 1

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
General capital assets					
Land	\$ 15,650,502	\$ 1,815,875	\$ -	\$ -	\$ 17,466,377
Buildings	57,476,622	54,701	-	-	57,531,323
Improvements other than buildings	15,871,053	1,355,853	-	272,507	17,499,413
Infrastructure	288,156,039	227,070	-	934,473	289,317,582
Equipment	20,758,800	2,730,702	(898,773)	(27,680)	22,563,050
Construction in progress	4,059,223	6,108,939	(41)	(1,206,980)	8,961,140
Total general capital assets	<u>\$ 401,972,239</u>	<u>\$ 12,293,141</u>	<u>\$ (898,814)</u>	<u>\$ (27,680)</u>	<u>\$ 413,338,886</u>
Investment in general capital assets					
1984 physical inventory	\$ 15,920,371	\$ -	\$ -	\$ -	\$ 15,920,371
Federal grants	4,195,954	666,879	-	-	4,862,833
State grants	2,051,893	1,559,276	-	-	3,611,169
Interlocal grants	143,728,214	-	-	-	143,728,214
General fund	4,055,337	-	-	(27,680)	4,027,657
Special revenue funds	11,737,789	208,797	-	-	11,946,586
Federal revenue sharing	394,765	-	-	-	394,765
General obligation bond	42,735,913	5,307,000	-	-	48,042,913
Capital projects	64,566,497	3,324,341	(898,814)	-	66,992,024
Grants/GOB/local match	100,907,300	-	-	-	100,907,300
Private contributions	8,892,211	1,226,848	-	-	10,119,059
Proprietary/internal service funds	2,785,995	-	-	-	2,785,995
Total investment in general capital assets	<u>\$ 401,972,239</u>	<u>\$ 12,293,141</u>	<u>\$ (898,814)</u>	<u>\$ (27,680)</u>	<u>\$ 413,338,886</u>

- (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 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 9
LONG-TERM DEBT

For the Year Ended December 31, 2015

Page 1 of 1

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	2009 Capitol Theatre Expansion 816	12/02/22	\$ 5,905,000	\$ -	\$ 215,000	\$ 5,690,000
251.11	2003 SunDome Expansion 818	12/02/27	647,664	-	92,376	555,288
251.11	2005 Parks And Recreation 821	12/02/19	90,000	-	90,000	-
251.11	2007 Downtown Revitalization Project 822	05/02/26	905,000	-	95,000	810,000
251.11	2007 Fire Station (West Valley, 92nd) 820	05/02/26	500,000	-	55,000	445,000
251.11	2007 River Road/16th Fruitvale 819	05/02/21	615,000	-	195,000	420,000
251.11	2008 Fire Ladder Apparatus 817	12/02/25	445,000	-	55,000	390,000
251.11	2008 Infrastructure Project 823	12/02/23	1,075,000	-	200,000	875,000
251.11	2013 Various City Street Improvements 872	06/21/32	4,556,529	-	303,452	4,253,077
251.11	2014 Street Improvement Project 2014 868	06/02/28	13,140,000	-	885,000	12,255,000
251.11	2004 Convention Center Expansion II 827	11/02/23	1,830,000	-	355,000	1,475,000
251.11	2007 Convention Center Addition III 815	05/02/30	4,330,000	-	285,000	4,045,000
251.11	2015 Yakima Sports Complex 878	06/02/39	-	5,000,000	-	5,000,000
263.96	2011 Two Fire Apparatus 829	12/02/24	366,732	-	55,289	311,443
263.96	2013 (70) Fire Air Packs 870	06/02/23	389,163	-	72,228	316,935
263.96	2013 (74) Police Vehicles 871	06/02/23	3,533,597	-	655,826	2,877,771
263.96	2013 Fire Apparatus 869	07/02/27	284,905	-	26,157	258,748
263.81	PW-5-95-791-052 807	07/02/19	53,251	-	53,251	-
263.81	PC-08-951-052 REET2 867	07/02/32	2,161,403	150,000	165,100	2,146,303
263.81	L1000030-0 REET1 831	06/02/38	1,229,295	-	28,590	1,200,705
263.81	1995 Community Econ Revit Bd (CERB) 804	07/02/20	65,731	-	31,986	33,745
263.81	2015 Community Center Move	05/02/38	1,716,500	-	51,500	1,665,000
263.81	Yakima SIED Loan - Millsite Development (LIFT) 801	05/02/21	900,000	-	-	900,000
263.81	2015 SIED Loan Airport 809	06/02/27	-	307,000	-	307,000
Total General Obligations			44,739,770	5,457,000	3,965,755	46,231,015
Revenue Obligations						
252.11	2004 Irrigation System Revenue Bonds 855	09/02/38	4,090,000	-	130,000	3,960,000
252.11	2008 Wastewater Revenue Bonds 854	11/02/31	4,095,000	-	240,000	3,855,000
252.11	2008 Water Revenue Bonds (Ref Of 1998) 853	11/02/22	835,000	-	200,000	635,000
252.11	2012 Wastewater Revenue Bonds, Ref 03B 858	11/02/27	8,765,000	-	865,000	7,900,000
263.82	PW-5-95-791-053 WW 839	07/02/19	163,374	-	163,374	-
263.82	PW-5-95-791-054 WW 840	07/02/19	11,685	-	11,685	-
263.82	PW-01-691-071 WW 842	07/02/25	543,375	-	77,625	465,750
263.82	PW-03-691-027 Water 846	07/02/27	1,212,525	-	134,725	1,077,800
263.82	PW-05-691-064 WW 844	07/02/29	1,366,704	-	124,246	1,242,458
263.82	PW-07-962-019 WW 845	07/02/31	1,578,056	-	121,389	1,456,667
263.82	PC-08-951-051 Water 848	07/02/32	1,696,084	-	121,149	1,574,935
263.82	PC-12-951-065 WW 862	06/02/36	4,574,345	-	269,079	4,305,266
263.82	PC-13-961-059 WW 863	06/02/36	1,894,737	-	105,263	1,789,474
263.82	PC-13-961-074 Water 866	07/02/37	4,736,842	-	263,158	4,473,684
263.82	DM-11-952-038 Water part Federal loan 866	10/02/39	3,163,320	351,480	175,740	3,339,060
263.82	SRF-04-65104-037 Water 847	10/02/29	517,799	-	47,073	470,726
263.82	L1100008 WW 864	04/01/37	499,475	-	20,905	478,570
263.82	L1200019 WW 876	07/02/38	421,132	181,502	15,461	587,173
Total Revenue Obligations			40,164,453	532,982	3,085,872	37,611,563
Total Liabilities:			\$84,904,223	\$ 5,989,982	\$ 7,051,627	\$83,842,578

SCHEDULE 15
STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2015

Page 1 of 1

<u>Grantor/Pass-Through Grantor</u>	<u>Program Title</u>	<u>BARS Account No.</u>	<u>Current Year Expenditures</u>
State Grant from Department of Transportation	Paratransit Special Needs	3340360	\$ 237,089
	Regional Mobility	334036	38,671
	Regional Mobility ParkNRide	334036	36,390
	Washington Airport Aid Program	3340360	519
	Sub-total:		<u>312,669</u>
State Grant from Transportation Improvement Board (TIB)	64th Ave Intersection	Project 2282	72,847
	MLK RR Grade	Project 1818	2,487
	Sub-total:		<u>75,334</u>
State Grant from Recreation and Conservation Office	Salmon Project	334027	12,557
	Gap to Gap Outfall Relocation	Project 2267	604,042
	Sub-total:		<u>616,599</u>
State Grant from Department of Ecology	Trolley Site	3340310	228,341
	Stormwater	3340310	50,000
	UIC Retrofit Project	Project 2313	42,568
	Tiger Oil Site	3340310	1,026,202
	Sub-total:		<u>1,347,111</u>
State Grant from Department of Social and Health Services	State Respite	334046	9,476
	Pre-Hospital Emergency Mgmt	334046	1,341
	Sub-total:		<u>10,817</u>
State Grant from Other Judicial Agencies	Indigent Defense Cities	334012	91,500
	Sub-total:		<u>91,500</u>
State Grant from State Patrol	Fire Fighter Training	3340130	3,012
	Sub-total:		<u>3,012</u>
State Grant from Traffic Safety Commission	Police OT & Equip	334035	88,885
	Sub-total:		<u>88,885</u>
	Grand total:		<u>\$ 2,545,927</u>

SCHEDULE 16**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2015

Page 1 of 4

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrcpts	Note
				From Pass- Through Awards	From Direct Awards	Total		
Food And Nutrition Service, Department Of Agriculture (via WA Office of Superintendent)	Child and Adult Care Food Program	10.558	39141326	\$ 14,231	\$ -	\$ 14,231	\$ -	
Office Of Community Planning And Development, Department Of Housing And Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B15-MC-53- 0008	-	548,660	548,660	125,000	7
Office Of Community Planning And Development, Department Of Housing And Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B14-MC-53- 0008	-	495,725	495,725	-	
Office Of Community Planning And Development, Department Of Housing And Urban Development	Community Development Block Grants/Entitlement Grants	14.218	CDBG Program Income	-	70,715	70,715	-	3
Total CFDA 14.218:				<u>-</u>	<u>1,115,100</u>	<u>1,115,100</u>	<u>125,000</u>	
Office Of Community Planning And Development, Department Of Housing And Urban Development	Home Investment Partnerships Program	14.239	M15-MC53- 0203	-	36,993	36,993	-	
Office Of Community Planning And Development, Department Of Housing And Urban Development	Home Investment Partnerships Program	14.239	M14-MC53- 0203	-	206,417	206,417	-	
Office Of Community Planning And Development, Department Of Housing And Urban Development	Home Investment Partnerships Program	14.239	Home Program Income	-	23,659	23,659	-	3
Total CFDA 14.239:				<u>-</u>	<u>267,069</u>	<u>267,069</u>	<u>-</u>	
National Park Service, Department Of The Interior (via WA Dept of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	DAHA #FY16- 61016-011	4,000	-	4,000	-	
Bureau Of Justice Assistance, Department Of Justice	Bulletproof Vest Partnership Program	16.607	Bulletproof Vest	-	7,940	7,940	-	

SCHEDULE 16**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2015

Page 2 of 4

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrcpts	Note
				From Pass- Through Awards	From Direct Awards	Total		
Bureau Of Justice Assistance, Department Of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	Emphasis Patrol Radios	-	18,198	18,198	-	
Bureau Of Justice Assistance, Department Of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	333	-	42,586	42,586	-	
Total CFDA 16.738:				-	60,784	60,784	-	
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 32	-	48,694	48,694	-	2
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 33	-	351	351	-	2
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 34	-	400,000	400,000	-	2
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 35	-	896	896	-	2
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 36	-	2,572	2,572	-	
Federal Aviation Administration (FAA), Department Of Transportation	Airport Improvement Program	20.106	AIP 37	-	2,573	2,573	-	2
Total CFDA 20.106:				-	455,086	455,086	-	

SCHEDULE 16**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2015

Page 3 of 4

Federal Agency (Pass-Through Agency)		Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to	
					From Pass- Through Awards	From Direct Awards	Total	Subrcpts	Note
Highway Planning and Construction Cluster									
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	#2143 STPUS- 4566(007)	2,846	-	2,846	-	2	
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	Project 2343	184,613	-	184,613	-	2	
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	Project 2344	96,470	-	96,470	-	2	
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	#2340 STPUS=457 9(011)	17,636	-	17,636	-	2	
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	#2357 POMV1000 S(369)	327,982	-	327,982	-	2	
Federal Highway Administration (FHWA), Dept Of Transportation (via WA State DOT)	Highway Planning and Construction	20.205	#2380 SRTS- 4711(004)	35,385	-	35,385	-	2	
Total Highway Planning and Construction Cluster:				664,932	-	664,932	-		
Federal Transit Cluster									
Federal Transit Administration (FTA), Department Of Transportation	Federal Transit Formula Grants	20.507	WA-90X605- 00	-	2,381,292	2,381,292	-		
Total Federal Transit Cluster:				-	2,381,292	2,381,292	-		
Federal Transit Administration (FTA), Department Of Transportation (via WA State DOT)	Formula Grants for Rural Areas	20.509	5311	95,707	-	95,707	-	2	

SCHEDULE 16**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2015

Page 4 of 4

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrcpts	Note
				From Pass- Through Awards	From Direct Awards	Total		
Transit Services Programs Cluster								
Federal Transit Administration (FTA), Dept Of Transportation (via WA State DOT)	Job Access And Reverse Commute Program	20.516	5316 JARC Eburt	46,297	-	46,297	-	2
Total Transit Services Programs Cluster:				46,297	-	46,297	-	
Office Of The Secretary (OST) Administration Secretary, Department Of Transportation	Payments for Small Community Air Service Development	20.930	Air Service Dev	-	69,482	69,482	-	
Administration For Community Living, Department Of Health And Human Services (via Yakima County)	Special Programs for the Aging-Title III, Part D-Disease Prevention & Health Promotion Services	93.043	Transit Paratransit	404	-	404	-	
Administration For Community Living, Department Of Health And Human Services (via Yakima County)	Special Programs for the Aging-Title III, Part D-Disease Prevention & Health Promotion Services	93.043	Foot care 0969-54703	15,161	-	15,161	-	
Total CFDA 93.043:				15,565	-	15,565	-	
Aging Cluster								
Administration For Community Living, Department Of Health And Human Services (via Yakima County)	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	Daycare 0969-54703	17,309	-	17,309	-	
Total Aging Cluster:				17,309	-	17,309	-	
Department Of Homeland Security	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	SAFER	-	243,988	243,988	-	
Total Federal Awards Expended:				\$ 858,041	\$4,600,741	\$5,458,782	\$ 125,000	

SCHEDULE 16**NOTES TO THE SCHEDULE OF EXPENDITURES**

For the Year Ended December 31, 2015

Page 1 of 1

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 2015. Since the City is only contingently liable, this amount is not included in the Schedule of Long-Term Debt.

Note 5 - Noncash Awards

Not applicable

Note 6 - Indirect Cost Rate

Not applicable

Note 7- Amount Paid to Subrecipients

The City of Yakima paid the following amounts to subrecipients:

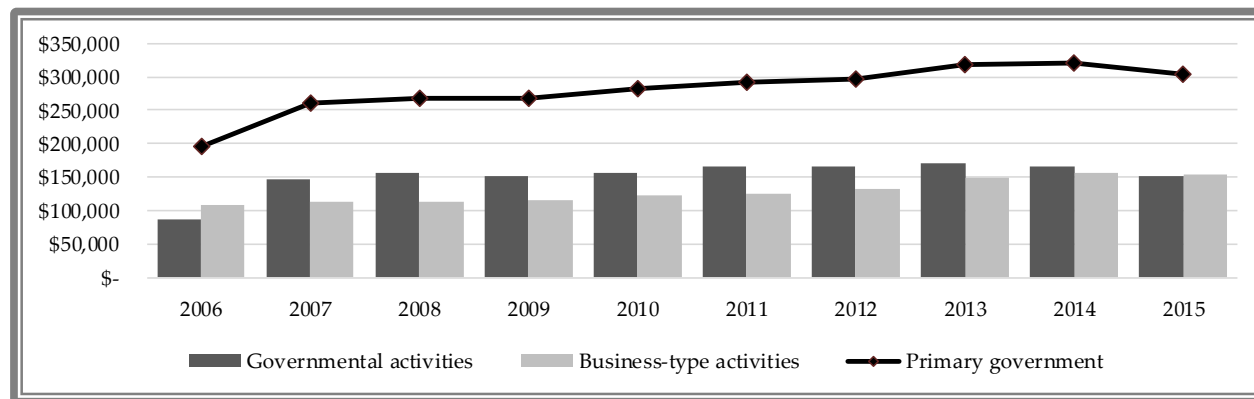
CDBG-14.218	\$ 75,000	OIC
	<u>50,000</u>	RCDR
	<u>\$ 125,000</u>	

NET POSITION BY COMPONENT**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 72,842	\$ 121,925	\$ 130,196	\$ 128,071	\$ 137,521	\$ 147,349	\$ 149,222	\$ 155,430	\$ 153,733	\$ 152,325
Restricted	4,238	10,991	9,804	9,286	9,350	18,624	18,548	21,768	18,483	22,371
Unrestricted	9,668	14,327	16,073	14,928	10,545	(921)	(2,528)	(7,268)	(7,320)	(23,566)
Total governmental activities net position	<u>\$ 86,748</u>	<u>\$ 147,243</u>	<u>\$ 156,073</u>	<u>\$ 152,285</u>	<u>\$ 157,416</u>	<u>\$ 165,052</u>	<u>\$ 165,242</u>	<u>\$ 169,930</u>	<u>\$ 164,896</u>	<u>\$ 151,130</u>
Business-type activities										
Net investment in capital assets	\$ 89,124	\$ 90,617	\$ 86,560	\$ 98,161	\$ 101,913	\$ 105,681	\$ 109,844	\$ 126,846	\$ 130,496	\$ 127,576
Restricted	2,705	2,722	2,362	2,366	2,370	2,372	1,757	1,761	1,808	2,019
Unrestricted	17,156	20,771	22,963	15,449	19,461	17,690	19,984	20,151	24,463	23,554
Total business-type activities net position	<u>\$ 108,985</u>	<u>\$ 114,110</u>	<u>\$ 111,885</u>	<u>\$ 115,976</u>	<u>\$ 123,744</u>	<u>\$ 125,743</u>	<u>\$ 131,585</u>	<u>\$ 148,758</u>	<u>\$ 156,768</u>	<u>\$ 153,150</u>
Primary government										
Net investment in capital assets	\$ 161,966	\$ 212,542	\$ 216,756	\$ 226,232	\$ 239,434	\$ 253,030	\$ 259,066	\$ 282,276	\$ 284,230	\$ 279,902
Restricted	6,943	13,713	12,166	11,652	11,720	20,996	20,305	23,529	20,291	24,390
Unrestricted	26,824	35,098	39,036	30,377	30,006	16,769	17,456	12,883	17,143	(12)
Total primary government net position	<u>\$ 195,733</u>	<u>\$ 261,353</u>	<u>\$ 267,958</u>	<u>\$ 268,261</u>	<u>\$ 281,160</u>	<u>\$ 290,795</u>	<u>\$ 296,827</u>	<u>\$ 318,688</u>	<u>\$ 321,665</u>	<u>\$ 304,280</u>



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)

Page 1 of 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government	\$ 7,336	\$ 7,867	\$ 8,145	\$ 8,656	\$ 8,512	\$ 8,814	\$ 8,668	\$ 8,744	\$ 11,307	\$ 10,935
Public safety	32,059	33,706	36,959	40,009	40,088	40,614	42,996	47,682	48,645	48,221
Utilities	1,339	872	1,355	1,190	828	670	658	794	1,729	455
Transportation	6,821	11,516	11,213	11,109	11,604	10,693	11,530	13,075	10,839	14,368
Economic environment	3,937	4,007	4,146	4,821	5,670	4,840	3,950	4,407	4,477	5,159
Public health services	17	20	19	86	87	22	24	18	640	682
Culture & recreation	7,819	6,807	7,156	7,021	7,471	7,859	7,522	8,205	7,146	7,711
Interest on long-term debt	815	871	863	1,004	1,217	1,160	1,122	1,175	1,434	1,776
Total expenses - governmental activities	<u>60,143</u>	<u>65,666</u>	<u>69,856</u>	<u>73,896</u>	<u>75,477</u>	<u>74,672</u>	<u>76,470</u>	<u>84,100</u>	<u>86,216</u>	<u>89,306</u>
Business-type activities										
Transit	6,769	7,317	8,323	7,929	8,365	8,564	9,085	8,806	8,891	9,045
Airport	-	-	-	-	-	-	-	1,407	1,825	1,846
Refuse	3,176	3,521	3,971	4,218	4,362	4,472	4,679	4,808	4,993	4,337
Wastewater	11,545	11,794	12,167	12,297	12,813	13,972	13,634	14,255	15,541	14,403
Water	5,044	5,395	5,520	5,748	5,654	5,546	5,834	6,368	7,111	7,297
Irrigation	1,572	1,568	1,695	1,733	1,811	1,884	1,891	2,071	2,078	2,135
Stormwater	-	-	583	1,028	1,240	1,317	1,318	1,322	1,351	1,609
Total expenses - business-type activities	<u>28,106</u>	<u>29,595</u>	<u>32,259</u>	<u>32,953</u>	<u>34,245</u>	<u>35,755</u>	<u>36,441</u>	<u>39,037</u>	<u>41,788</u>	<u>40,672</u>
Total expenses	<u>\$ 88,249</u>	<u>\$ 95,261</u>	<u>\$ 102,115</u>	<u>\$ 106,849</u>	<u>\$ 109,722</u>	<u>\$ 110,427</u>	<u>\$ 112,911</u>	<u>\$ 123,137</u>	<u>\$ 128,005</u>	<u>\$ 129,978</u>

CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 2 of 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 170	\$ 145	\$ 19	\$ 12	\$ 4	\$ (2)	\$ 9	\$ 32	\$ 400	\$ 421
Public safety	1,389	1,625	1,823	2,539	2,183	2,088	2,385	2,075	7,077	8,504
Utilities	1,101	901	980	649	1,544	768	735	619	217	239
Transportation	64	261	161	59	259	225	232	245	12	47
Economic environment	1,259	2,072	1,664	1,673	1,719	2,258	1,231	1,520	2,398	1,730
Culture & recreation	1,744	1,922	2,037	2,070	2,100	2,216	2,122	2,618	3,896	3,922
Operating grants and contributions	5,235	4,640	5,488	6,378	7,981	10,507	10,848	10,093	5,126	6,700
Capital grants and contributions	9,301	14,595	4,961	5,090	15,490	14,991	4,883	12,819	5,099	1,698
Total government activities	<u>20,263</u>	<u>26,161</u>	<u>17,133</u>	<u>18,470</u>	<u>31,280</u>	<u>33,051</u>	<u>22,445</u>	<u>30,021</u>	<u>24,225</u>	<u>23,260</u>
Business-type activities										
Charges for services										
Transit	484	578	1,234	931	935	1,015	1,047	1,252	1,368	1,354
Airport	-	-	-	-	-	-	-	931	1,236	1,314
Refuse	3,861	3,952	4,244	4,655	4,880	4,770	5,430	5,440	5,822	5,671
Wastewater	14,614	14,433	14,898	15,941	16,442	15,466	18,703	19,154	21,471	20,932
Water	6,158	6,360	6,394	7,097	7,058	6,887	8,599	8,126	8,650	8,582
Irrigation	2,449	2,486	2,563	2,646	2,711	2,718	2,901	2,986	3,148	3,048
Stormwater	-	-	1,065	1,707	1,976	2,170	2,183	2,142	2,176	2,272
Operating grants and contributions	2,801	2,386	2,102	2,019	2,410	2,911	2,713	2,703	2,547	3,206
Capital grants and contributions	1,912	2,789	3,345	1,659	4,993	1,646	2,118	1,761	4,265	3,226
Total business-type activities	<u>32,279</u>	<u>32,984</u>	<u>35,845</u>	<u>36,655</u>	<u>41,405</u>	<u>37,583</u>	<u>43,694</u>	<u>44,495</u>	<u>50,683</u>	<u>49,604</u>
Total program revenues	<u>\$ 52,542</u>	<u>\$ 59,145</u>	<u>\$ 52,978</u>	<u>\$ 55,125</u>	<u>\$ 72,685</u>	<u>\$ 70,634</u>	<u>\$ 66,139</u>	<u>\$ 74,516</u>	<u>\$ 74,908</u>	<u>\$ 72,865</u>
Net expense/revenue										
Governmental activities	\$ (39,880)	\$ (39,505)	\$ (52,723)	\$ (55,426)	\$ (44,197)	\$ (41,621)	\$ (54,025)	\$ (54,079)	\$ (61,991)	\$ (66,045)
Business-type activities	<u>4,173</u>	<u>3,389</u>	<u>3,586</u>	<u>3,702</u>	<u>7,160</u>	<u>1,828</u>	<u>7,253</u>	<u>5,458</u>	<u>8,895</u>	<u>8,932</u>
Total net expense	<u>\$ (35,707)</u>	<u>\$ (36,116)</u>	<u>\$ (49,137)</u>	<u>\$ (51,724)</u>	<u>\$ (37,037)</u>	<u>\$ (39,793)</u>	<u>\$ (46,772)</u>	<u>\$ (48,621)</u>	<u>\$ (53,096)</u>	<u>\$ (57,113)</u>

CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

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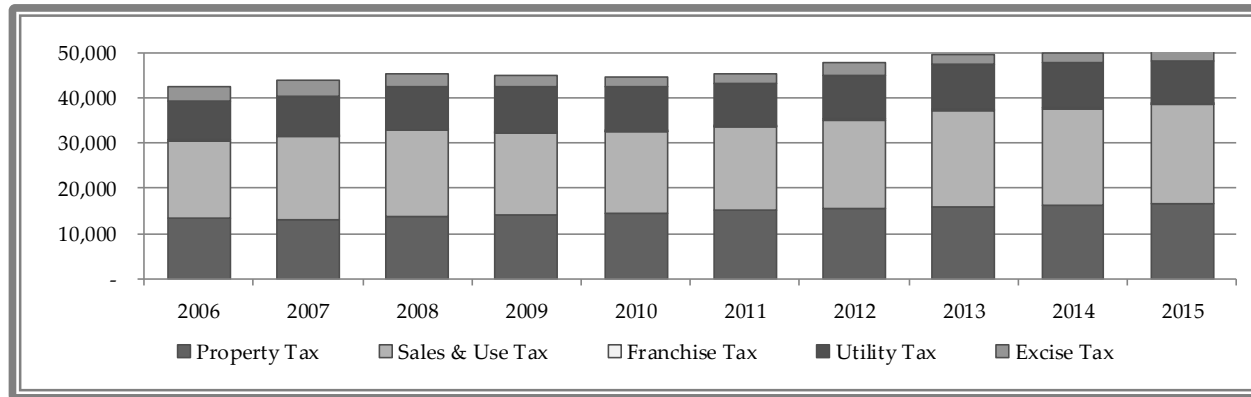
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues & other changes in net position										
Governmental activities										
Taxes										
Property taxes	\$ 13,265	\$ 13,071	\$ 13,782	\$ 14,261	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427
Sales and use taxes	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306	21,537	22,037
Franchise and utility taxes	9,045	9,025	9,584	10,293	9,959	9,675	9,798	10,084	9,960	9,719
Excise tax	3,081	3,469	2,839	2,412	2,281	2,234	2,656	2,205	2,341	2,868
Penalties and interest	11	10	3	5	1	1	-	-	-	-
State entitlements	3,497	3,790	3,614	3,739	3,589	-	-	-	-	-
Unrestricted investment earnings	695	913	863	556	403	272	309	101	371	452
Judgments and settlements	-	-	-	-	-	-	-	-	1,350	8
Miscellaneous	137	(38)	147	101	(64)	33	42	40	356	198
Gain (loss) disposition of capital assets	(695)	(553)	135	85	(922)	(148)	73	2,182	(20)	29
Intergovernmental agreements	(39)	-	-	-	-	-	-	-	-	-
Transfers	3,084	2,624	3,664	4,188	3,927	3,718	6,172	6,372	6,643	8,021
Debt issue cost	-	-	(3)	(31)	-	-	-	489	-	-
Accounting loss on GO debt refunding	140	-	-	-	-	-	-	-	-	-
Total government activities	<u>49,334</u>	<u>50,704</u>	<u>53,615</u>	<u>53,419</u>	<u>51,629</u>	<u>49,257</u>	<u>54,214</u>	<u>58,768</u>	<u>58,669</u>	<u>59,760</u>
Business-type activities										
Sales and use taxes	4,511	4,789	4,828	4,490	4,485	4,449	4,762	5,081	5,457	5,566
Unrestricted investment earnings	656	380	198	100	21	9	11	6	5	(43)
Judgments and settlements	-	-	-	-	-	-	-	-	14	-
Miscellaneous	-	-	-	-	-	-	-	-	400	247
Gain (loss) disposition of capital assets	100	(227)	1,286	(1)	(6)	(529)	7	(98)	(118)	43
Transfers	(3,315)	(3,207)	(4,188)	(4,201)	(3,892)	(3,718)	(6,191)	(6,372)	(6,643)	(8,021)
Total business-type activities	<u>1,952</u>	<u>1,735</u>	<u>2,124</u>	<u>388</u>	<u>608</u>	<u>211</u>	<u>(1,411)</u>	<u>(1,383)</u>	<u>(885)</u>	<u>(2,207)</u>
Total primary government	<u>\$ 51,286</u>	<u>\$ 52,439</u>	<u>\$ 55,739</u>	<u>\$ 53,807</u>	<u>\$ 52,237</u>	<u>\$ 49,468</u>	<u>\$ 52,803</u>	<u>\$ 57,385</u>	<u>\$ 57,784</u>	<u>\$ 57,552</u>
Change in net position										
Governmental activities	\$ 9,454	\$ 11,199	\$ 892	\$ (2,007)	\$ 7,432	\$ 7,636	\$ 189	\$ 4,689	\$ (3,322)	\$ (6,286)
Business-type activities	<u>6,125</u>	<u>5,124</u>	<u>5,710</u>	<u>4,090</u>	<u>7,768</u>	<u>2,039</u>	<u>5,842</u>	<u>4,076</u>	<u>8,010</u>	<u>6,725</u>
Total change in net position	<u>\$ 15,579</u>	<u>\$ 16,323</u>	<u>\$ 6,602</u>	<u>\$ 2,083</u>	<u>\$ 15,200</u>	<u>\$ 9,675</u>	<u>\$ 6,031</u>	<u>\$ 8,765</u>	<u>\$ 4,688</u>	<u>\$ 439</u>

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Utility Tax	Excise Tax	Total
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
2015	16,427	22,037	56	9,663	2,868	51,052



CITY OF *Yakima***FUND BALANCES OF GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ 377	\$ 458	\$ 464	\$ 356	\$ 67	\$ 44	\$ 42	\$ 35	\$ -	\$ -
Unassigned	9,145	10,034	10,583	8,486	8,643	8,812	9,738	9,692	7,874	5,867
Total general fund	9,522	10,492	11,047	8,842	8,710	8,856	9,780	9,727	7,874	5,867
All other governmental funds										
Nonspendable	-	-	-	-	592	604	694	623	632	648
Restricted	-	-	-	-	7,404	6,769	8,601	7,264	9,453	11,501
Committed	-	-	-	-	1,168	2,085	3,082	3,478	5,111	2,700
Assigned	-	-	-	-	991	829	975	2,405	2,104	1,643
Unassigned	-	-	-	-	-	-	-	-	-	(366)
Reserved	2,817	2,909	1,685	2,943	-	-	-	-	-	-
Unreserved reported in:										
Special revenue funds	4,937	5,962	7,096	6,591	-	-	-	-	-	-
Capital project funds	3,981	6,312	6,039	8,672	-	-	-	-	-	-
Total all other governmental funds	11,735	15,183	14,820	18,206	10,155	10,287	13,352	13,770	17,299	16,125
Governmental funds										
Nonspendable	377	458	464	356	659	648	736	658	632	648
Restricted	-	-	-	-	7,404	6,769	8,601	7,264	9,453	11,501
Committed	-	-	-	-	1,168	2,085	3,082	3,478	5,111	2,700
Assigned	-	-	-	-	991	829	975	2,405	2,104	1,643
Unassigned	9,145	10,034	10,583	8,486	8,643	8,812	9,738	9,692	7,874	5,502
Reserved	2,817	2,909	1,685	2,943	-	-	-	-	-	-
Unreserved	8,918	12,274	13,135	15,263	-	-	-	-	-	-
Grand total governmental funds	\$ 21,257	\$ 25,675	\$ 25,867	\$ 27,048	\$ 18,865	\$ 19,143	\$ 23,132	\$ 23,497	\$ 25,173	\$ 21,993

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)

Page 1 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes and assessments	\$ 45,601	\$ 47,061	\$ 48,427	\$ 48,256	\$ 48,273	\$ 48,744	\$ 53,685	\$ 55,839	\$ 58,653	\$ 59,927
Licenses and permits	741	982	993	712	768	842	892	818	2,093	2,218
Intergovernmental revenue	17,346	16,756	11,994	14,984	23,795	24,267	13,023	21,366	8,803	7,149
Charges for services	5,543	6,996	6,536	6,496	7,225	7,935	6,300	7,772	10,766	12,171
Fines and forfeitures	1,309	1,420	1,583	1,632	1,693	1,600	1,542	1,603	1,600	1,606
Interest	1,168	1,696	1,407	753	531	380	508	186	411	484
Other revenues	1,852	1,647	1,681	1,834	2,156	2,561	3,550	2,400	5,014	1,811
Total Revenues	73,560	76,558	72,621	74,667	84,441	86,329	79,500	89,984	87,339	85,366
Expenditures										
Current										
General government	10,452	10,757	11,367	11,626	11,594	11,886	11,558	12,285	12,742	13,179
Public safety	30,929	32,691	34,815	37,907	37,742	37,767	40,725	42,712	42,143	44,364
Utilities	1,704	1,675	1,680	1,653	1,496	1,224	1,164	1,190	1,551	1,643
Transportation	5,129	5,129	5,777	5,395	5,713	5,455	5,406	5,724	5,735	6,388
Economic environment	3,976	3,869	4,144	4,778	5,658	4,854	3,890	4,237	3,948	4,365
Public health services	18	20	19	86	87	22	24	18	610	651
Culture & recreation	6,951	5,712	6,217	6,062	6,580	6,497	6,390	6,659	5,612	5,940
Capital outlay	12,153	12,754	8,857	10,642	19,312	17,144	6,743	20,021	27,104	11,990
Debt service										
Principal	2,351	2,890	2,552	2,633	2,916	2,753	3,010	3,322	3,284	4,198
Interest and related charges	822	832	861	979	1,228	1,165	1,131	1,180	1,272	2,116
Total expenditures	74,485	76,329	76,289	81,761	92,326	88,767	80,041	97,348	104,001	94,833
Excess (deficiency) of revenues over expenditures	(925)	229	(3,668)	(7,094)	(7,885)	(2,438)	(541)	(7,364)	(16,662)	(9,467)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**

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

Page 2 of 2

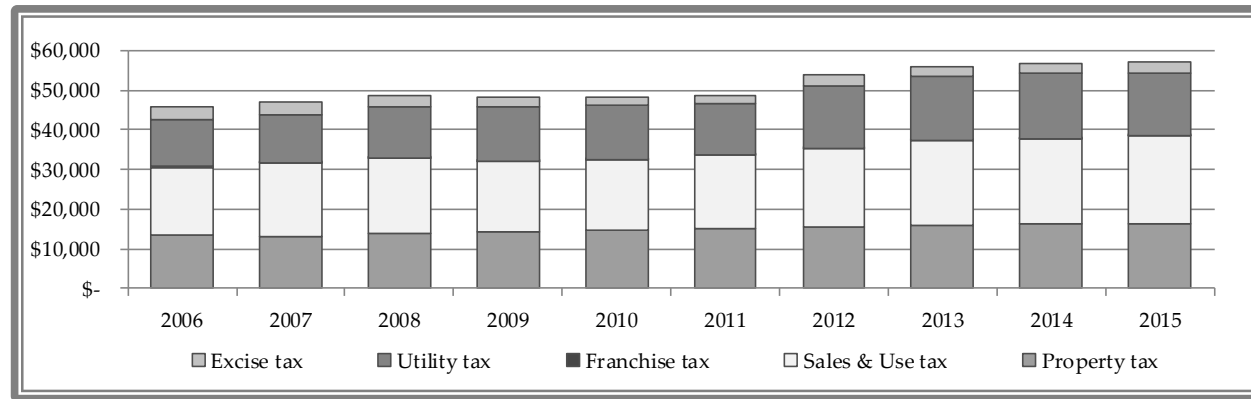
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Proceeds from capital lease financing	-	38	-	-	149	577	-	310	-	-
Proceeds from issuance of long-term debt	-	4,686	2,946	7,004	-	-	-	9,633	14,207	5,150
Proceeds from intergovernmental loans	50	-	242	600	1,690	1,592	450	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-	-	488	1,672	-
Transfers in	5,049	5,196	5,774	6,139	5,299	4,986	6,220	5,844	9,593	9,033
Transfers out	(5,050)	(5,664)	(5,338)	(5,426)	(4,949)	(4,631)	(6,115)	(5,727)	(8,947)	(9,065)
Intergovernmental agreements	(39)	(81)	(39)	(39)	(97)	(97)	(97)	(92)	-	-
Sale of capital assets	199	155	155	92	47	191	100	448	44	230
Other	546	-	-	-	864	-	600	-	-	8
Total other financing sources (uses)	755	4,330	3,740	8,370	3,003	2,618	1,158	10,904	16,569	5,356
Net change in fund balances	<u>\$ (170)</u>	<u>\$ 4,559</u>	<u>\$ 72</u>	<u>\$ 1,276</u>	<u>\$ (4,882)</u>	<u>\$ 180</u>	<u>\$ 617</u>	<u>\$ 3,540</u>	<u>\$ (92)</u>	<u>\$ (4,111)</u>
Debt Service as a percentage of noncapital expenditures	5.1%	5.9%	5.1%	5.1%	5.7%	5.5%	5.7%	5.8%	5.9%	7.6%

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**LAST TEN FISCAL YEARS**

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

Page 1 of 1

Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property tax	\$ 13,265	\$ 13,071	\$ 13,782	\$ 14,261	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427
Sales & Use tax	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306	21,537	22,037
Franchise tax	343	42	40	52	45	45	56	57	49	56
Utility tax	11,787	12,076	12,772	13,716	13,492	12,992	15,808	16,282	16,555	15,799
Excise tax	3,092	3,479	2,843	2,412	2,281	2,235	2,656	2,205	2,341	2,868
Total	<u>\$ 45,600</u>	<u>\$ 47,061</u>	<u>\$ 48,427</u>	<u>\$ 48,251</u>	<u>\$ 48,273</u>	<u>\$ 48,744</u>	<u>\$ 53,684</u>	<u>\$ 55,839</u>	<u>\$ 56,612</u>	<u>\$ 57,187</u>

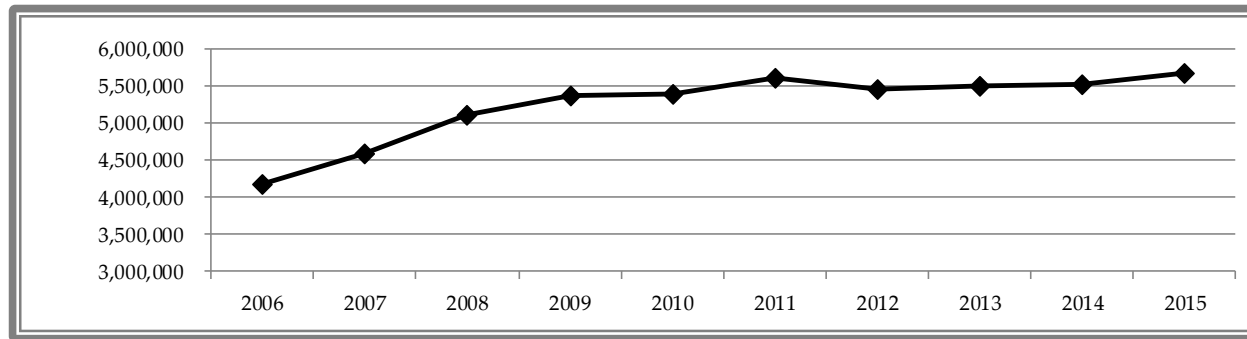


CITY OF *Yakima***ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY***LAST TEN FISCAL YEARS (RATE/1,000)*

(Dollar Amounts Expressed in Thousands)

Page 1 of 1

Fiscal Year	Count	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
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
2015	32,331	5,184,974	473,413	5,658,387	3.1239

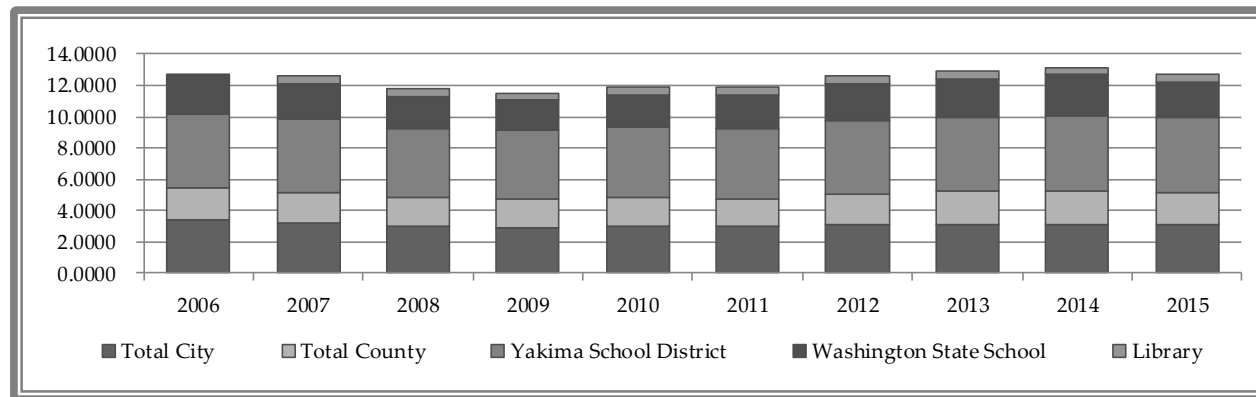


Source: Yakima County Assessor

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**LAST TEN FISCAL YEARS (RATE/1,000)**

Page 1 of 1

Fiscal Year	City of Yakima			Yakima County			Yakima School District			State		Direct & Overlapping Rates
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M&O	Total School	School Levy	Library	
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	-	2.1059	1.7009	3.1316	4.8325	2.6149	0.4812	13.1730
2015	3.1239	-	3.1239	2.0387	-	2.0387	1.6835	3.1154	4.7989	2.2645	0.4762	12.7022



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).

CITY OF *Yakima***PRINCIPAL PROPERTY TAX PAYER COMPARISON ⁽¹⁾**

(Amounts Expressed in Thousands)

Page 1 of 1

Taxpayer	2015			2006		
			Percentage			Percentage
			of Total			of Total
	Taxable Assessed Value	Rank	Taxable Assessed Value	Taxable Assessed Value	Rank	Taxable Assessed Value
Yakima HMA	\$ 60,942	1	1.08%	\$ 52,852	1	1.27%
Washington Fruit & Produce	42,384	2		17,226	7	0.41%
Wal-Mart Stores	37,419	3	0.66%			
Shields Bag & Printing	33,371	4	0.59%	37,217	2	0.89%
John I Haas	30,925	5	0.55%	17,234	6	0.41%
Chiawana	30,926	6				
Longview Fibre Paper & Packaging	24,968	7	0.44%	21,735	3	0.52%
Michelsen Packaging	23,041	8	0.41%			
Pacificorp / Pacific Power & Light	22,662	9	0.40%			
Cascade Natural Gas	22,388	10	0.40%	14,577	10	0.35%
Wide Hollow Development	-		0.00%			
Castle Creek Apartments	-		0.00%			
Qwest Communications				20,503	4	0.49%
Leelynn & Wiley Mountain				19,311	5	0.46%
Yakima Valley Memorial Hospital				16,912	8	0.41%
Yakima Mall / Center				15,822	9	0.38%
Total	\$ 329,026		4.52%	\$ 233,389		5.5900%

Source: Yakima County Assessor

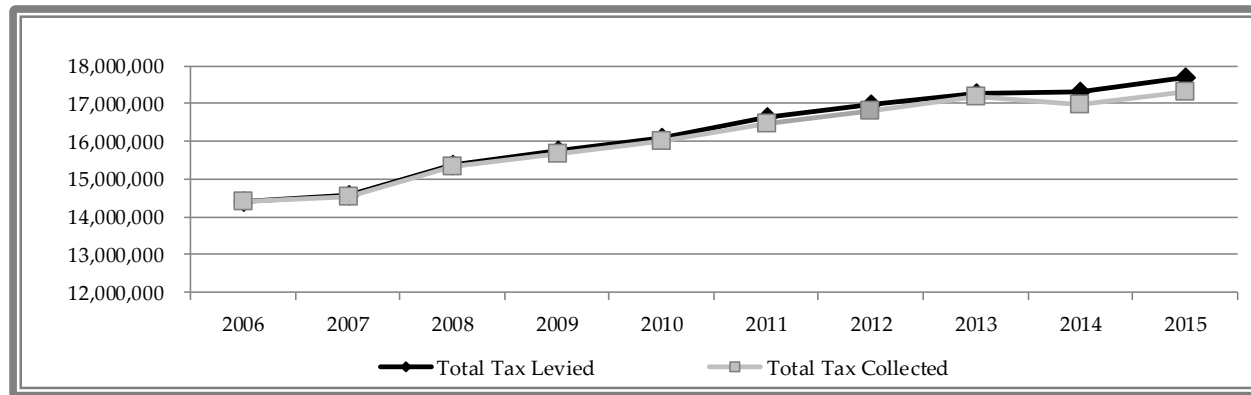
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

Fiscal Year Ended	Total Levy for the Year	Collected Within the Year of the Levy		Collected in Subsequent Years	Total Collection to Date	
		Percentage			Percentage	
		Amount	of Levy		Amount	of Levy
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%	379,739	16,484,847	99.1%
2012	16,960,323	16,493,387	97.2%	336,016	16,829,403	99.2%
2013	17,268,232	16,870,392	97.7%	313,341	17,183,733	99.5%
2014	17,308,161	16,975,648	98.1%	194,515	16,975,648	98.1%
2015	17,692,881	17,325,866	97.9%	n/a	17,325,866	97.9%

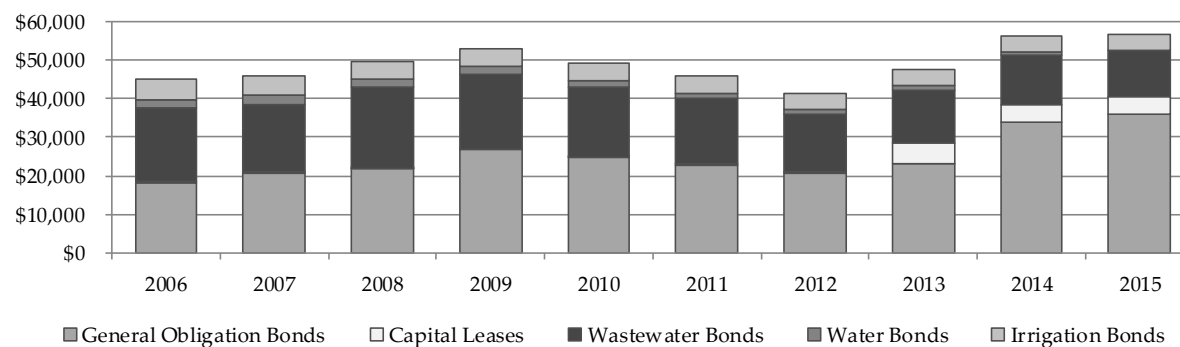


RATIOS OF OUTSTANDING DEBT BY TYPE**LAST TEN FISCAL YEARS**

(Dollar Amounts Expressed in Thousands)

Page 1 of 1

	Governmental Activities		Business-Type Activities						
	General					Total	Percentage		
	Obligation	Capital	Wastewater	Water	Irrigation	Primary	of		Per
Year	Bonds	Leases	Bonds	Bonds	Bonds	Gov't	Income	Population	Capita
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	3.02%	92,620	609
2015	36,213	4,167	12,390	-	3,960	56,730	n/a	93,220	609



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.

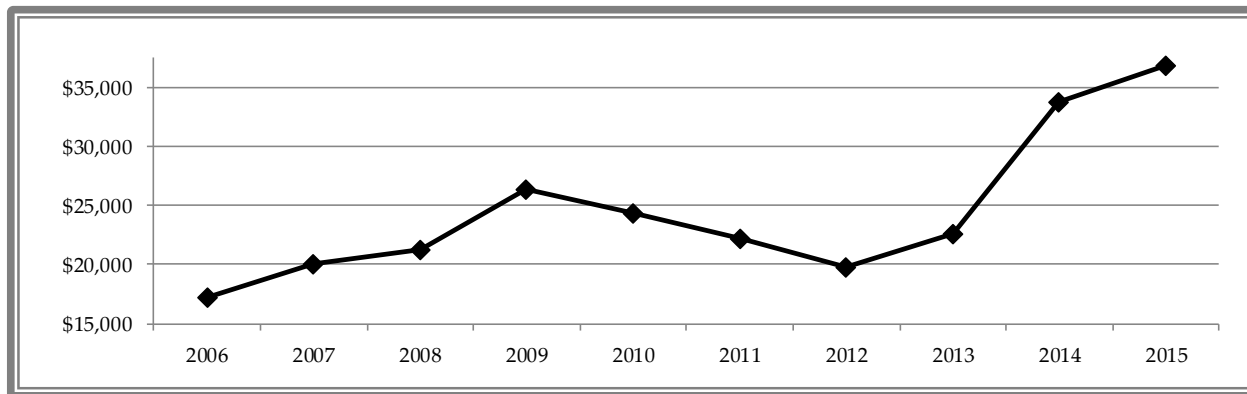
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Dollar Amounts Expressed in Thousands)

Page 1 of 1

Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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	239	33,801	0.61%	365
2015	37,063	267	36,796	0.65%	395



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

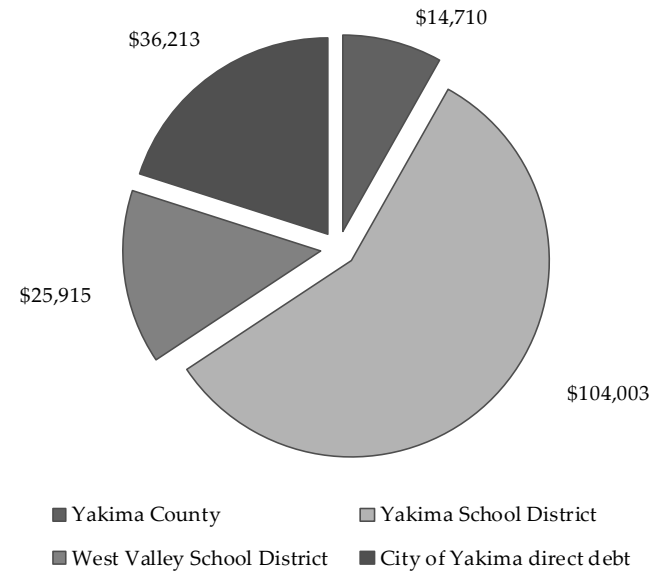
CITY OF *Yakima***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

AS OF DECEMBER 31, 2013

(Amounts Expressed in Thousands)

Page 1 of 1

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated
			Share of Overlapping Debt
Debt repaid with property taxes			
Yakima County	\$ 40,470	36.3%	\$ 14,710
Yakima School District	109,860	94.7%	104,002.68
West Valley School District	43,000	60.3%	25,915.33
Subtotal - overlapping debt	\$ 193,330		144,628
City of Yakima direct debt			36,213.37
Total direct and overlapping debt			<u>\$ 180,841</u>



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)

Page 1 of 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 344,019	\$ 382,824	\$ 402,672	\$ 404,191	\$ 419,945	\$ 409,066	\$ 412,087	\$ 412,087	\$ 413,645	\$ 424,379
Net outstanding indebtedness	18,433	20,119	21,220	28,469	27,127	25,768	22,401	30,504	43,235	49,962
Legal debt margin	<u>\$ 325,586</u>	<u>\$ 362,705</u>	<u>\$ 381,452</u>	<u>\$ 375,722</u>	<u>\$ 392,818</u>	<u>\$ 383,298</u>	<u>\$ 389,686</u>	<u>\$ 381,583</u>	<u>\$ 370,410</u>	<u>\$ 374,417</u>
Total net debt applicable to the limit										
as a percentage of debt limit	5.4%	5.3%	5.3%	7.0%	6.5%	6.3%	5.4%	7.4%	10.5%	11.8%

Legal Debt Margin Calculation for fiscal year 2014

Total assessed value	\$5,658,387
Debt limit (7.5%) of total assessed value	424,379
I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	84,876
Debt applicable to councilmanic limit	
General obligation bonds & other debt	55,771
Less: amount set aside for repayment of general obligation debt	<u>5,808</u>
Net debt applicable to councilmanic limit	<u>49,962</u>
Total legal debt margin - councilmanic	34,913
b. Voted general obligation debt (additional 1% Total assessed value)	56,584
Debt applicable to limit	-
II. Voted utility purposed debt (additional 2.5% total assessed value)	141,460
Debt applicable to limit	-
III. Voted open space and park debt (additional 2.5% total assessed value)	141,460
Debt applicable to limit	-
Total legal debt margin - all categories	<u><u>374,417</u></u>

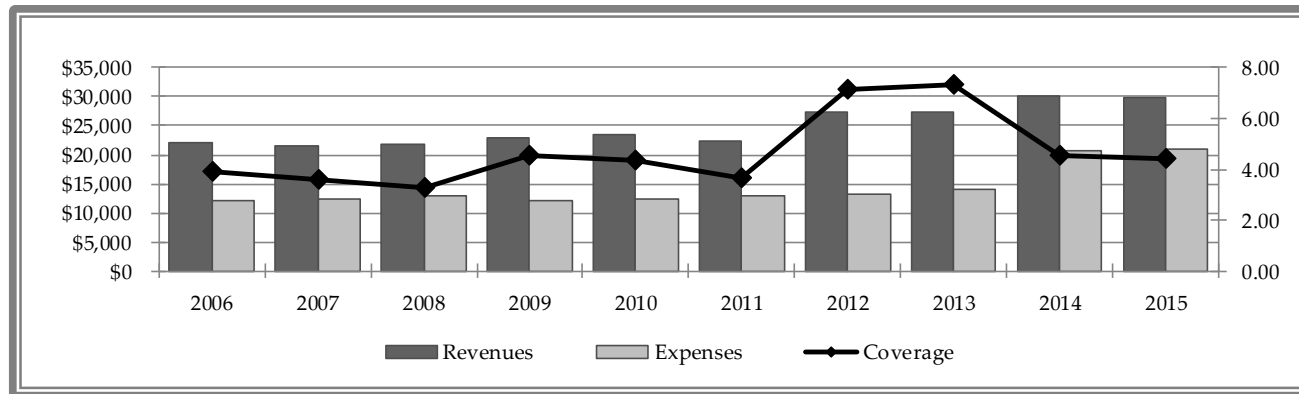
Note: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5%; for utility or open space, park, and capital facilities with a vote not to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

PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands)

Page 1 of 1

Year	Water & Wastewater Operating Revenues	Water & Wastewater Revenue Bonds				Coverage
	Less Operating Expenses	Net Available Revenue	Debt Service			
			Principal	Interest		
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	809	4.52
2015	29,711	21,061	8,651	1,305	667	4.39



Note: Operating expenses exclude depreciation, amortization and City taxes

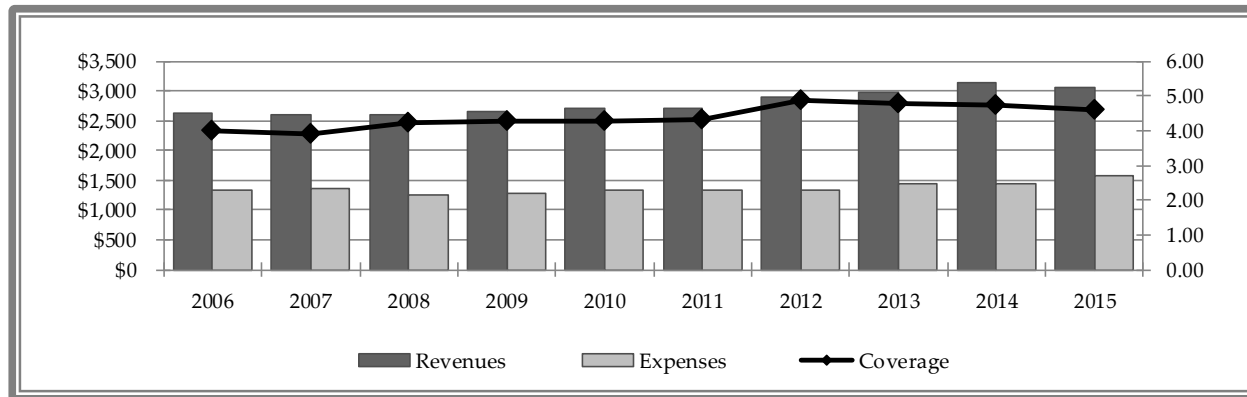
PLEDGED REVENUE COVERAGE - IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

		Irrigation Revenue Bonds				
	Irrigation	Less	Net	Debt Service		
	Operating	Operating	Available			
Year	Revenues	Expenses	Revenue	Principal	Interest	Coverage
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	228	4.73
2015	3,048	1,570	1,478	130	192	4.59



Notes:

Debt Service began in 2005.

Operating expenses exclude depreciation, amortization and City taxes.

DEMOGRAPHIC AND ECONOMIC STATISTICS*LAST TEN FISCAL YEARS*

Page 1 of 1

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
2006	82,867	1,483,631	18,563	32.4	12.7	14,436	7.4%
2007	83,731	1,734,125	21,874	31.9	12.5	14,660	7.0%
2008	84,300	1,611,918	20,143	34.4	12.7	14,804	7.3%
2009	84,850	1,493,832	17,703	33.7	12.4	15,327	9.0%
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	10.7%
2012	91,930	1,802,876	21,043	33.2	12.6	15,627	10.6%
2013	92,620	1,756,992	19,908	33.0	12.5	15,786	10.0%
2014	93,080	1,870,059	20,736	33.2	12.5	15,428	8.6%
2015	93,220	Not Yet Available				15,768	8.0%

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

	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	1,700	1	1.4%	1,050	1	0.9%
Zirkle Fruit	1,500	2	1.2%	-	-	-
Washington Fruit	1,500	3	1.2%	-	-	-
Borton Fruit	1,200	4	1.0%	-	-	-
Monson Fruit	1,000	5	0.8%	-	-	-
Washington Beef	-	-	-	620	2	0.5%
Tree Top	-	-	-	500	3	0.4%
Shields Bag & Printing	-	-	-	470	4	0.4%
Western Recreational	-	-	-	300	5	0.3%
Non-manufacturers						
Yakima Valley Memorial Hospital	2,500	1	2.0%	1,500	1	1.3%
Yakima School District, No. 7	1,900	2	1.6%	1,000	2	0.9%
Yakima County	1,100	3	0.9%	1,000	3	0.9%
Yakima Valley Farm Workers Clinic	1,000	4	0.8%	-	-	-
Yakima Regional Medical Center (HMA)	800	5	0.7%	950	4	0.8%
City of Yakima	-	-	-	623	5	0.5%
Total	\$ 14,200		11.6%	\$ 7,390		6.3%

Sources:

Chamber of Commerce / New Vision / Corporate websites
Employment Security Department (Civilian Labor Force)

CITY OF *Yakima***FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION****LAST TEN FISCAL YEARS – ADOPTED BUDGET**

Page 1 of 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	217.43	221.34	223.19	228.70	221.00	218.50	211.50	210.87	225.47	222.72
Public Safety										
Police										
Officers	126.00	137.00	137.00	137.00	138.00	134.00	139.00	143.00	145.00	145.00
Civilians	50.00	50.00	51.00	51.00	51.00	49.00	49.00	49.00	50.00	52.00
Fire										
Firefighters and officers	84.00	85.00	85.00	84.00	84.00	84.00	84.00	83.00	86.00	96.00
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	15.00	17.00	17.00	16.00	13.00	13.00	11.00	11.00	9.00	9.00
Street	26.50	26.50	26.50	27.00	26.00	24.00	24.00	23.00	23.00	22.00
Parks & Recreation	26.47	26.83	25.83	25.60	23.30	21.30	20.30	20.30	21.30	21.30
Airport	-	-	-	-	-	-	-	-	-	7.00
Transit	49.75	50.75	51.25	50.00	50.00	52.00	52.00	52.50	53.95	54.95
Refuse	19.50	19.50	19.00	19.00	19.00	19.00	20.50	20.50	20.50	20.00
Wastewater Operating	66.45	65.05	72.05	69.50	69.50	69.50	69.00	69.00	69.20	70.20
Water Operating	30.00	30.00	30.00	31.00	31.00	31.00	31.00	35.00	35.00	31.00
Irrigation Operating	8.92	9.17	9.17	8.00	8.00	8.00	8.00	7.00	7.00	7.00
	<u>723.02</u>	<u>741.14</u>	<u>749.99</u>	<u>749.80</u>	<u>736.80</u>	<u>726.30</u>	<u>722.30</u>	<u>727.17</u>	<u>748.42</u>	<u>761.17</u>

OPERATING INDICATORS BY FUNCTION**LAST TEN FISCAL YEARS**

Page 1 of 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical Arrests	5,579	5,433	5,185	4,889	4,745	5,439	7,915	5,918	3,281	4,509
Parking Violations	2,018	2,616	4,321	2,844	4,837	5,096	3,778	3,252	3,150	3,218
Traffic Violations	16,929	18,533	18,025	17,559	15,303	11,849	14,976	20,159	19,059	16,549
Fire										
Number of Calls Answered	8,954	9,200	9,288	9,737	10,011	8,439	9,439	8,232	7,606	8,987
Inspections	2,302	3,101	2,948	2,268	2,909	2,646	30	2,669	3,799	5,101
Highways and Streets										
Street Resurfacing (miles)	25	32	30	6	5	2	2	8	23	3
Refuse										
Refuse Collected (tons/day)	87	88	91	100	102	105	103	107	100	90
Yard Waste Collected (tons/day)	16	15	17	19	19	19	19	17	19	14
Culture and Recreation										
Community Center Admissions	107,478	99,035	93,325	96,483	118,867	122,870	125,040	124,683	125,428	125,428
Irrigation										
Customers	10,565	10,596	10,585	10,587	10,597	10,595	10,601	10,619	10,619	10,619
Water Main Breaks										
New Connections	148	133	105	68	79	61	74	68	52	71
Water Main Breaks	12	12	8	17	5	7	4	3	5	5
Average Daily Consumption (thousands of gallons)	12,980	13,051	12,158	11,581	10,338	10,040	10,200	10,307	10,518	10,899
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	10,778	10,680	10,100	10,100	10,100	10,100	10,100	10,500	10,200	9,244

CITY OF *Yakima***CAPITAL ASSET STATISTICS BY FUNCTION**

LAST TEN FISCAL YEARS

Page 1 of 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	2	2	2	2	2	2	1	1	1	1
Patrol Units	61	61	61	61	62	61	53	124	124	124
Fire Stations	5	5	5	5	5	5	5	5	5	6
Refuse										
Collection trucks	13	13	14	14	15	16	16	21	22	22
Highways and Streets										
Streets (miles)	419	419	419	420	325	380	380	380	369	398
Streetlights	3,872	3,910	4,459	4,465	4,465	4,195	4,240	4,260	4,280	3,706
Traffic Signals	122	130	137	139	140	151	152	154	154	141
Culture and Recreation										
Parks Acreage	265	287	284	386	386	352	352	351	346	393
Parks	31	32	32	32	32	34	34	34	34	35
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	26	26	26	26	24	24	24	22	24	24
Community Centers	3	3	3	3	3	3	3	3	2	2
Water										
Water Mains	300	300	300	300	300	300	300	300	300	300
Fire Hydrants (City Owned)	2,174	2,204	2,204	2,239	2,249	2,254	2,279	2,285	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)	322	327	329	337	337	337	337	337	337	344
Storm Sewers (miles)	104	105	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. Fire stations went up by 1 in 2015 due to the Fire services agreement with Union Gap. Highways and Streets were recalculated in 2007 due to GASB, in 2010 due to program changes, in 2011 due to physical inventory and in 2015 due reconfiguration of assets.

2015 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.....	10
Rank in Size – County	1
Population	93,220
Assessed Valuation	\$5,658,387,596
City Employees (Full-time Equivalents).....	760.67
Election and Voter Registration	
Number of Precincts.....	59
Number of Registered Voters	39,514

PROPERTY TAX LEVY

Regular Levy	\$17,676,090
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SALES TAX RATES

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

PARKS AND RECREATION

Total Acreage	405.82
Number of Parks.....	36
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

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

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	5,616
Regulatory Licenses –	
Varies from \$11.00 to \$1,000	521

FIRE PROTECTION

Commissioned Fire Fighting Personnel.....	99
Number of Non-Commissioned Personnel	<u>3</u>
Total Number of Fire Personnel	102

POLICE PROTECTION

Commissioned Police Personnel.....	150
Non-Commissioned Police Personnel	<u>47</u>
Total Number of Police Personnel	197
Number of Calls for Service	235 / day

UTILITY AND FRANCHISE TAX RATES

Electricity, Gas, Telephone (4% Capped @ \$4,000 per customer per month).....	6%
Water, Wastewater.....	20%
Stormwater	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

UTILITY CUSTOMER BASES

Water (Inside the City)	19,457
Water (Outside the City	<u>101</u>
Total Water Customers	19,588
Wastewater Residential (Inside the City)	27,598
Wastewater Residential (Outside the City)	54
Wastewater Commercial.....	<u>2,304</u>
Total Wastewater Customers.....	29,956
Irrigation Customers	14,000
Refuse Accounts	26,019

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

