City of

Yakima, Washington

1994 & 2015

# 2017 Comprehensive Annual Financial Report (CAFR)

*For the year ended December 31, 2017*

CITY OF *Yakima*
Washington

# *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

For the year ended December 31, 2017

## REPORT PREPARED BY:

### Department of Finance and Budget

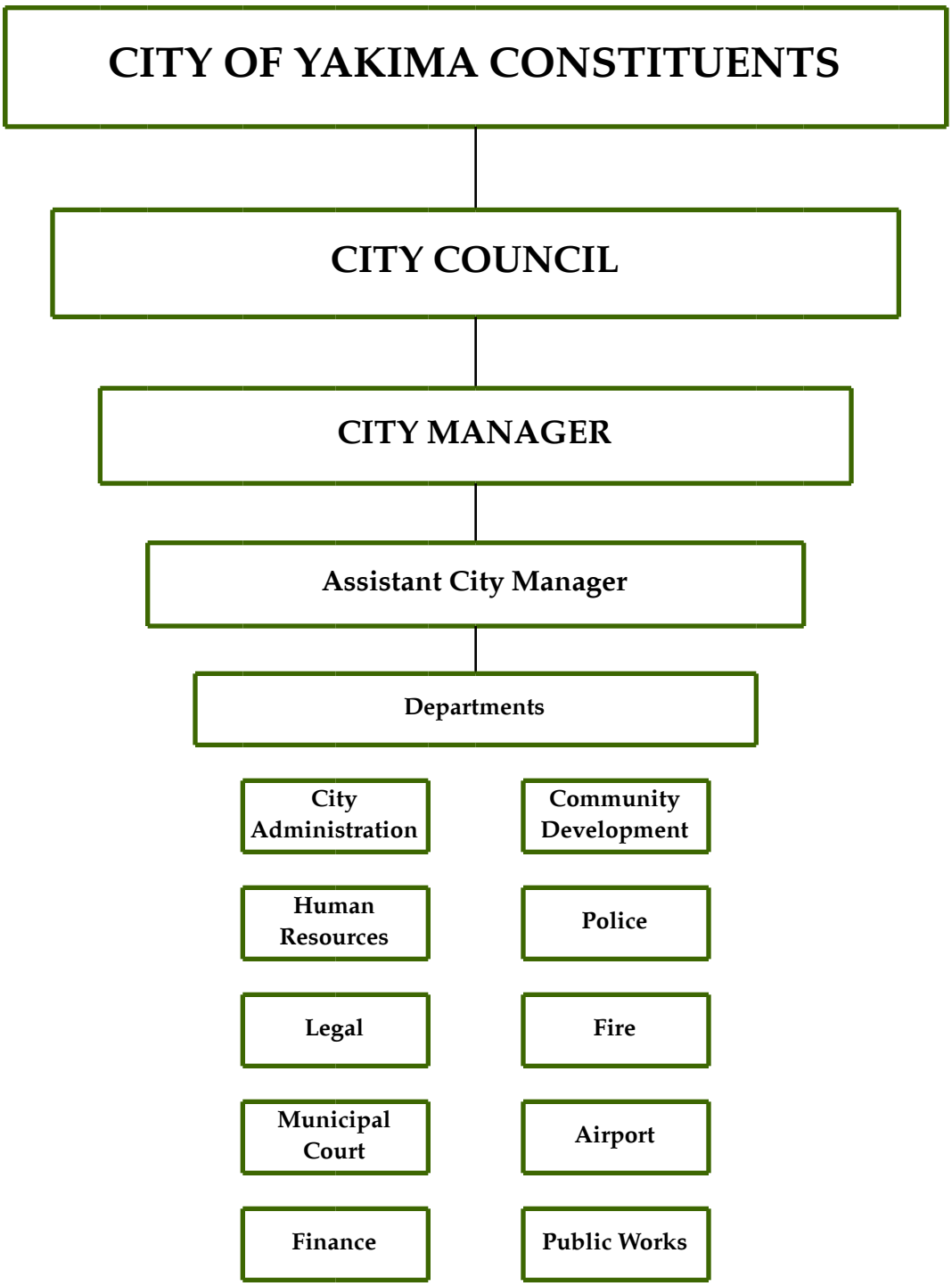
| | |
|---|---|
| Vacant | Director of Finance & Budget |
| Tara Lewis, CPA | Financial Services Manager |
| Jeanne Thompson, CPA | Financial Services Officer |
| Jennifer Coleman | Financial Services Officer |
| Maria Simons | Accountant |
| Wendy Harvey | Accountant |
| Isabel Cruz | Accountant |
| Kathryn Miles | Financial Services Technician |

### Production

| | |
|---|---|
| June Wentz | Print Shop Operator |

CITY OF *Yakima*

# 2017 ORGANIZATIONAL CHART



CITY OF *Yakima*

# 2017 PRICIPAL OFFICIALS

## CITY COUNCIL

| | |
|---|---|
| Kathy Coffey | Mayor, District 5 |
| Carmen Méndez | Assistant Mayor, District 3 |
| Dulce Gutiérrez | District 1 |
| Avina Gutiérrez | District 2 |
| Bill Lover | District 4 |
| Maureen Adkison | District 6 |
| Holly Cousens | District 7 |

## CITY MANAGEMENT EXECUTIVES

| | |
|---|---|
| Cliff Moore | City Manager |
| Jeff Cutter | City Attorney |
| Connie Mendoza | Director of Human Resources |
| Vacant | Director of Finance & Budget |
| Joan Davenport | Director of Community Development |
| Scott Schafer | Director of Public Works |
| Robert Peterson | Director of Yakima Air Terminal |
| Dominic Rizzi | Police Chief |
| Bob Stewart | Fire Chief |
| Susan Woodard | Municipal Court Presiding Judge |

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CITY OF *Yakima*

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CITY OF YAKIMA

INCORPORATED 1886

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

September ??, 2018

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, 2017, 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. Apart from the City, 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 (PFD) 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 2017 population of 93,900, Yakima is the 11th 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. Council members consist of 7 members elected from separate districts. 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 safety), 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. Virginia Mason 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. Astria Regional Medical and Cardiac Center provides a full complement of medical services, including open heart surgery, a 17-bed 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 is the centerpiece of Memorial's cancer care services. 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 more jobs in 2018 in Yakima County.

**Higher Education**
There are several higher education institutions serving the Yakima area. Yakima Valley College (YVC) in Yakima and Grandview offers both 2 and 4-year degrees and 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

nationally recognized vocational / technical programs. The Pacific Northwest University of Health Sciences (PNWU) offers doctoral degrees in osteopathic medicine and has a current enrollment of just under 600 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 36 parks, for a total of 402.6 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, two skate parks and one dog park. 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. A new soccer complex, built by SOZO Sports, includes 19 full size soccer fields, plus an indoor multi-sport facility to be completed in 2018.

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.
- *SOZO Sports of Central Washington* is a championship level indoor and outdoor sports complex. It has both grass and synthetic playing surfaces as well as indoor space to accommodate virtually any type of sporting event.
- The *Seasons Performance Hall* is a non-profit organization that supports musical and cultural events for residents and visitors to the Yakima Valley.

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. Yakima is also the head of the William O. Douglas trail offering hikers passage from Yakima to Mount Rainier.

The Yakima Valley produces about 77% of the hops in the United States and contains over 12,000 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 100 wineries located in the Yakima Valley area, and many wines have received significant recognition and awards.

**THE "FUTURE"**

The 2013 Downtown Master Plan identified the need for a downtown gathering place. The City engaged Gustafason Guthrie Nichol (GGN) to design a 120,000 sq. foot plaza in the downtown area. The community pledged to provide ¾ of the total cost to accomplish this project, with a fundraising target date of December, 2017. The $9.0 million community target was exceeded and final design is underway.

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 state tax credit per year 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. There is currently one project in the program, the Hotel Maison in downtown Yakima.

**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 including general demographic and economic information useful in assessing the City's financial environment.
- *The Financial Section* - begins with the independent auditor's report, followed by management's discussion and analysis of the financial activities and position of the City. Next, the basic financial statements, required supplemental information and notes to the financial statements are presented in accordance with Generally Accepted Accounting Principals (GAAP). Additional fund level information is then presented for funds 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 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 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 | Tara Lewis |
| City Manager | Financial Services Manager |

# Office of the Washington State Auditor
# Pat McCarthy

September ??, 2018

Council
City of Yakima
Yakima, Washington

Pat McCarthy

State Auditor

Olympia, WA

CITY OF YAKIMA
INCORPORATED 1886

# *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, 2017. 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, 2017, by $314.3 million. Net position invested in capital (net of depreciation and related debt) account for 91.4% of this amount, with a value of $287.2 million.
- The City's total net position increased by $2.8 million to $314.3 million from $311.5 million due primarily to grant funded capital improvements in the City's proprietary funds. General revenues increased by $1.4 million and charges for services increased by $0.8 million. (Note: Due to the implementation of GASB 73, which required a prior period restatement of 2016 net position to account for the pension liability of the Fire and Police pensions, the 2016 ending net position was reduced by $7.3 million from $318.8 million to $311.5 million.)
- The fund balance of the General Fund was $8.8 million dollars at the end of 2017, which represents 14.2% of total General Fund expenditures. While the fund balance of the General Fund remains less than target of 16.7%, it has been growing. The current 5-Year Plan outlines management's commitment to rebuild fund balance to policy level over the next few years.

## 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 codes); 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 2017, 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 2017.

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

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

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

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

**Proprietary Funds**

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

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

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

**Fiduciary Funds**

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

The City of Yakima has one fiduciary fund - 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 totaled $314.3 million at December 31, 2017. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2016.

**NET POSITION**
(Restated for GASB 73)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | | | |
| Current and other assets | $ 60,463,481 | $ 54,084,387 | $ 51,133,222 | $ 47,174,087 | $ 111,596,703 | $ 101,258,474 |
| Net capital assets | 192,089,737 | 197,597,447 | 168,167,790 | 170,580,982 | 360,257,527 | 368,178,429 |
| Total assets | 252,553,218 | 251,681,834 | 219,301,012 | 217,755,069 | 471,854,230 | 469,436,903 |
| Deferred outflows | 3,111,008 | 6,154,711 | 1,395,955 | 2,051,487 | 4,506,963 | 8,206,198 |
| Total assets & deferred outflows | 255,664,226 | 257,836,545 | 220,696,967 | 219,806,556 | 476,361,193 | 477,643,101 |
| Liabilities | | | | | | |
| Payables & other liabilities | 19,008,044 | 19,485,787 | 6,903,795 | 6,607,878 | 25,911,839 | 26,093,665 |
| Long-term liabilities | 89,437,456 | 94,101,373 | 40,001,063 | 45,292,375 | 129,438,519 | 139,393,748 |
| Total liabilities | 108,445,500 | 113,587,160 | 46,904,858 | 51,900,253 | 155,350,358 | 165,487,413 |
| Deferred inflows | 5,418,119 | 397,811 | 1,265,277 | 215,337 | 6,683,396 | 613,148 |
| Total liabilities & deferred inflows | 113,863,619 | 113,984,971 | 48,170,135 | 52,115,590 | 162,033,754 | 166,100,561 |
| Net position | | | | | | |
| Net investment in capital assets | 151,106,237 | 154,344,918 | 136,111,813 | 135,654,638 | 287,218,050 | 289,999,556 |
| Restricted | 25,019,672 | 17,490,879 | 1,835,000 | 1,835,000 | 26,854,672 | 19,325,879 |
| Unrestricted | (34,325,302) | (27,984,223) | 34,580,018 | 30,201,327 | 254,716 | 2,217,104 |
| Total net position | $ 141,800,607 | $ 143,851,574 | $ 172,526,831 | $ 167,690,965 | $ 314,327,438 | $ 311,542,539 |

The City of Yakima's total assets stand at $471.9 million as of December 31, 2017. Of this amount, $360.3 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of $192.1 million in capital assets reported in Governmental activities at December 31, 2017, $104.8 million (54.6%) 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 $74.4 million was accounted for in cash, cash equivalents, restricted cash and investments, $21.8 million in various receivables, $14.2 million in net pension assets and $1.2 million inventories and prepayments.

At December 31, 2017, the City had outstanding liabilities of $155.4 million, of which $129.4 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. Refer to the notes to the financial statements for a more in depth discussion of pension and other long-term liabilities.

Current liabilities for the entire City in both governmental and business-type activities total $25.9 million, and include $5.2 million in accounts & contracts payable, $1.7 million in claims and judgments payable, $7.6 million in accrued salaries and benefits, $3.7 million in compensated absences accrued and other various liabilities. Also included are debt payments due within the next calendar year totaling $7.8 million.

The largest portion of the City's net position (91.4%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 8.6% 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, 2017, the City of Yakima reports a net position of $314.3 million, of which $141.8 million represents governmental activities and $172.5 million represents business-type activities. Note that the 2016 unrestricted net position was reduced by a prior period adjustment of $7.3 million due to the implementation of GASB 73.

## CHANGES IN NET POSITION
(Restated for GASB 73)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 14,889,953 | $ 15,047,597 | $ 46,682,236 | $ 45,683,892 | $ 61,572,189 | $ 60,731,489 |
| Operating grants & contributions | 6,981,703 | 8,132,493 | 2,601,883 | 2,817,102 | 9,583,586 | 10,949,595 |
| Capital grants & contributions | 2,340,255 | 2,358,429 | 4,789,572 | 12,263,301 | 7,129,827 | 14,621,730 |
| General revenues | | | | | | |
| Property taxes | 18,278,481 | 18,283,317 | — | — | 18,278,481 | 18,283,317 |
| Sales and use taxes | 23,146,192 | 22,808,941 | 5,886,780 | 5,854,835 | 29,032,972 | 28,663,776 |
| Other taxes and fees | 13,452,504 | 11,988,947 | — | — | 13,452,504 | 11,988,947 |
| Other revenues | 884,738 | 1,010,568 | 39,688 | 326,123 | 924,426 | 1,336,691 |
| Total revenues | 79,973,826 | 79,630,292 | 60,000,159 | 66,945,253 | 139,973,985 | 146,575,545 |
| Expenditures | | | | | | |
| General government | 12,577,931 | 11,991,764 | — | — | 12,577,931 | 11,991,764 |
| Public safety | 47,245,264 | 49,780,170 | — | — | 47,245,264 | 49,780,170 |
| Utilities | 707,982 | 523,675 | — | — | 707,982 | 523,675 |
| Transportation | 12,837,330 | 12,073,876 | — | — | 12,837,330 | 12,073,876 |
| Economic environment | 7,307,839 | 6,339,801 | — | — | 7,307,839 | 6,339,801 |
| Public health services | 626,296 | 613,618 | — | — | 626,296 | 613,618 |
| Cultural and recreational | 7,492,432 | 7,367,586 | — | — | 7,492,432 | 7,367,586 |
| Interest on long-term debt | 1,492,793 | 1,540,102 | — | — | 1,492,793 | 1,540,102 |
| Transit | — | — | 9,489,641 | 9,186,674 | 9,489,641 | 9,186,674 |
| Airport | — | — | 2,235,534 | 2,012,219 | 2,235,534 | 2,012,219 |
| Refuse | — | — | 4,846,811 | 4,602,926 | 4,846,811 | 4,602,926 |
| Wastewater | — | — | 17,326,405 | 15,144,974 | 17,326,405 | 15,144,974 |
| Water | — | — | 7,749,353 | 7,567,029 | 7,749,353 | 7,567,029 |
| Irrigation | — | — | 2,362,997 | 2,276,069 | 2,362,997 | 2,276,069 |
| Stormwater | — | — | 2,890,477 | 2,052,102 | 2,890,477 | 2,052,102 |
| Total Expenditures | 90,287,867 | 90,230,592 | 46,901,218 | 42,841,993 | 137,189,085 | 133,072,585 |
| Excess (deficiency) before transfers | (10,314,041) | (10,600,300) | 13,098,941 | 24,103,260 | 2,784,900 | 13,502,960 |
| Transfers | 8,263,074 | 9,562,554 | (8,263,074) | (9,562,554) | — | — |
| Change in net position | (2,050,967) | (1,037,746) | 4,835,867 | 14,540,706 | 2,784,900 | 13,502,960 |
| Net position - beginning | 143,851,574 | 152,150,030 | 167,690,965 | 153,150,259 | 311,542,539 | 305,300,289 |
| Prior period adjustment - GASB 73 | — | (7,260,710) | — | — | — | (7,260,710) |
| Net position - ending | $ 141,800,607 | $ 143,851,574 | $ 172,526,832 | $ 167,690,965 | $ 314,327,439 | $ 311,542,539 |

**The Statement of Activities (Changes in Net Position)**
The City of Yakima's total net position increased by $2.8 million over 2016. Net position for governmental activities decreased by $2.1 million due to a decrease in grant funding for capital projects, while business-type activities increased by $4.8 million. The majority of the increase in business-type activities comes from grants received to make capital improvements.

Total revenues for the City of Yakima were $140.0 million in 2017. Governmental activities provided $80.0 million (57.1%), while business-type activities added $60.0 million (42.9%).

Expenses for the year totaled $137.2 million, with governmental activities accounting for $90.3 million or 65.8% and business-type activities accounting for $46.9 million or 34.2%. Key elements in changes in net position are shown in the Changes in Net Position table.

**Governmental Activities**
Within governmental activities, tax revenue accounted for 68.6% of total revenue sources, with grants and contributions accounting for 11.7%. The remaining 19.7% of revenue was provided by charges for services, interest income, and miscellaneous revenues.

Governmental activities decreased net position by $2.1 million or 1.4%, however, total government revenues increased by $0.3 million or 0.4%. The significant fluctuations in revenue are as follows:

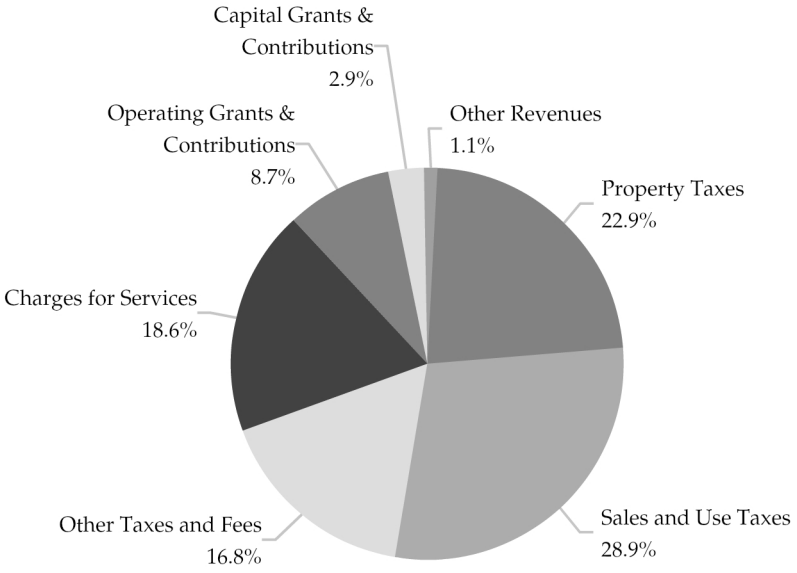
- Grants & Contributions decreased by $1.2 million, primarily because 2016 included an economic development grant from Yakima County.
- Total taxes increased by $1.8 million or 3.4% from $53.1 million to $54.9 million.
    - Property Taxes decreased $4,836, due to the timing of collections.
    - Sales Tax increased by $0.3 million or 1.5% from 2016. This key revenue source was estimated to grow at about 2.2%, and while the beginning of the year started out well, by the end of the year, collections were slower that expected.
    - Other Taxes and Fees increased by $1.5 million, due to increases in utility tax collections, such as electric, gas, refuse and telephone.
- Transfers from Business-Type Activities consists primarily of in-lieu utility taxes of $7.0 million. Also included are transfers by enterprise funds to the Vehicle Replacement Reserve. This category decreased $1.0 million primarily because of variability in contributions to the equipment replacement internal service fund.

The largest program expenses consist of Public Safety (52.3%); General Government (13.9%) and Transportation (14.2%). These programs accounted for 80.5% of total governmental expenses.

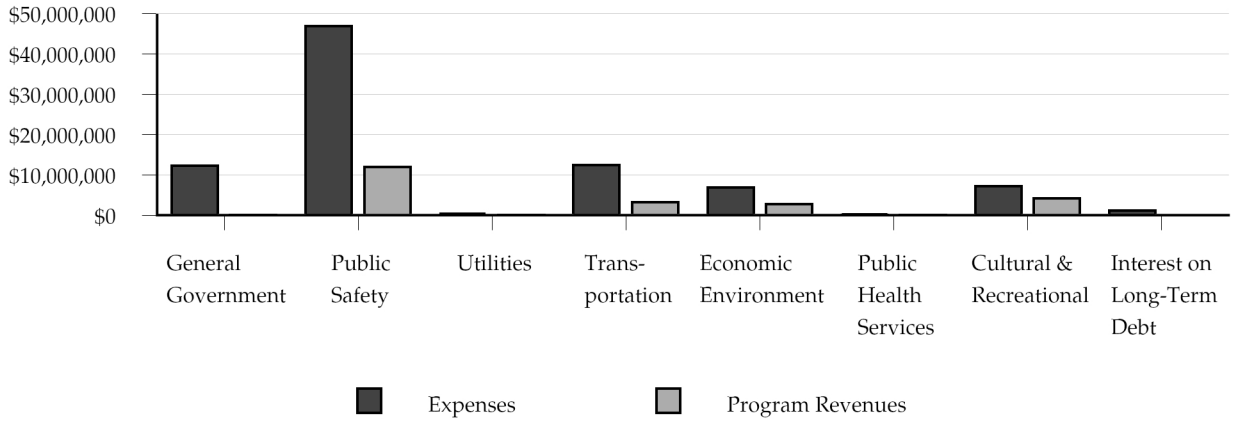
In total, governmental expenses increased $0.1 million or 0.1%. Normal inflationary pressures are major factors. Bargaining units that have settled, have settled for an average of 2.05%.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2017.

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**




**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**



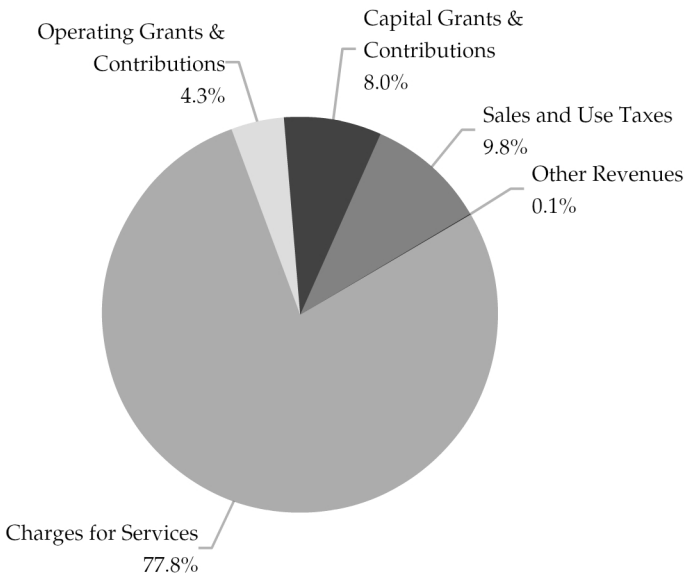

**Business-Type Activities**

Of the $60.0 million in business type revenues, 77.8% 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 $6.9 million or 10.4% over 2016. Capital Grants decreased by about $7.5 million or 60.9%, due primarily to funding for a major project at the Airport that was substantially completed in 2016.

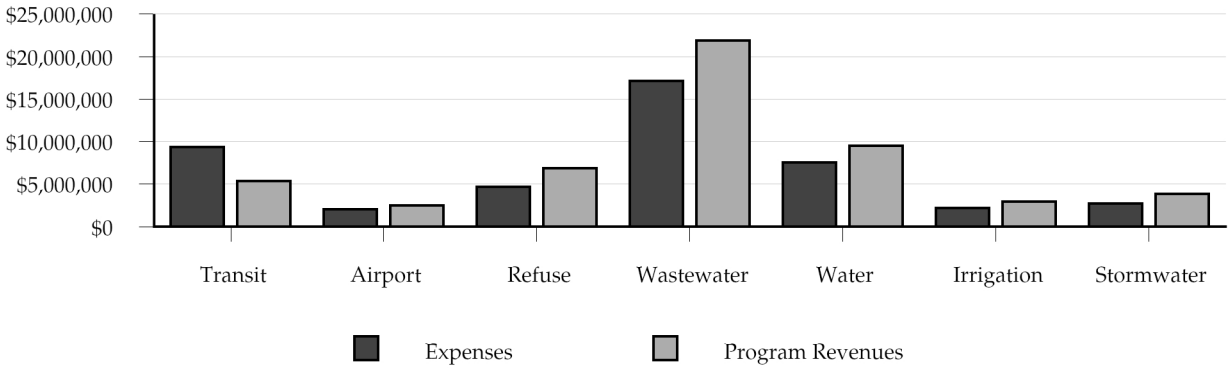
Of the $46.9 million in business-type expenses, 36.9% are associated with the Wastewater program and 20.2% with Transit, domestic water programs represent about 16.5%, Refuse 10.3%, Irrigation 5.0%, Stormwater 6.2% and Airport 4.8%. Generally, changes in expenses are in line with changes in general operating increases.

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

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES**




**EXPENSES AND PROGRAM REVENUES – BUSINESS TYPE ACTIVITIES**




Charges for services represent the majority 77.8% 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 always considered to be a major fund as defined by GASB Statement #34. The Neighborhood Development Fund, although not a major component of City operations, is also considered to be a major fund by definition of the GASB due to the long term Notes Receivable and respective Deferred Inflow balances. These balances represent both the current and long term portions of housing loans made to low income residents. These loans are partially forgivable in certain circumstances, but since the forgivable amount is entirely dependent upon debtor behavior it cannot be determined. Therefore the full amount remaining due on the loans is reflected in the Balance Sheet - Governmental Funds.

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, 2017, the City's governmental funds reported combined fund balances of $23.0 million. Of this total amount, $6.3 million (27.4%) is unassigned and available for spending within these funds. About $0.7 million is not spendable (cemetery perpetual care), $9.4 million is restricted (primarily for transportation, capital improvements, and public safety), $5.4 million is committed primarily for transportation system improvements and $1.3 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 2017 fiscal year, the fund balance of the General Fund was $8.8 million. The fund balance is about 14.2% of total general fund expenditures (which represents about a 1.6 month reserve). Total assets in the General Fund amounted to $17.2 million, accounting for 42.0% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by $483,817 during the current fiscal year, due mostly to slightly lower expenditures than predicted.

The General Fund accounts for 71.1% of all governmental fund revenue and 63.8% of all expenditures.

The other major fund, Neighborhood Development, saw its fund balance decline by $330,890 due to the timing of the receipt of program income, much of which was received in 2016, but could not be used until 2017.

Other funds had only modest changes in fund balance.

### Enterprise Funds Analysis

Transit, Wastewater, Domestic (potable) Water, Irrigation and the Yakima Air Terminal are considered major funds in the City's 2017 (GASB 34) Financial Statements while the Refuse and Stormwater funds are nonmajor funds.

As of December 31, 2017, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of $172.5 million, with $74.5 million or approximately 43.2% being contributed by the Wastewater fund. Additionally, about $136.1 million (78.9%) of net position is accounted for by investment in capital assets, net of related debt, $1.8 million is restricted for debt service and $34.6 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.

The Refuse fund has a negative ending fund balance, however, a much needed rate increase took effect in 2017 that will support the ongoing costs of providing services, while also building up sufficient reserves for future equipment replacements and other unforeseen emergencies. The Refuse Fund balance is expected to be positive by the end of 2018.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the 2017 General Fund Expenditure budget was increased from $61.9 million to $62.2 million, consisting entirely of the carry forward of appropriations for outstanding encumbrances/commitments which were to be funded from General Fund reserves.

Total General Fund revenues were originally budgeted at $66.0 million, with only a slight increase of $275,000 in the final budget. Actual revenue increased by $136,579, above amended budget projections due primarily to higher investment return than predicted.

General Fund expenditures, including other financing uses, totaled $65.9 million, less than the final budget of $67.2 million by $1.2 million. These expenditure savings happened mainly as a result of constant vigilance by management and salary savings achieved by delays in filling vacant positions as employees retired or left to take other positions.

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. In 2017, revenue was $136,579 more than budgeted, while expenditures were $389,506 less than budgeted, resulting in a net positive change in budgeted fund balance of $526,085.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Yakima's net investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2017, amounts to $360.3 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 decreased $5.5 million, decreasing from $197.6 million in 2016 to $192.1 million in 2017. This was due to a decrease in capital asset additions while depreciation remained similar to 2016.

**Business-Type Activities:** Business-type capital activities decreased by $2.4 million, attributable primarily to the completion of capital improvements made at the Yakima Air Terminal in 2016, offset by depreciation.

### CAPITAL ASSETS (NET OF DEPRECIATION)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Capital assets | | | | | | |
| Land | $ 17,884,343 | $ 16,983,321 | $ 5,523,404 | $ 5,523,404 | $ 23,407,747 | $ 22,506,725 |
| Buildings | 31,124,983 | 32,412,303 | 26,153,747 | 27,900,802 | 57,278,730 | 60,313,105 |
| Improvements other than buildings | 7,519,153 | 7,706,336 | 97,174,698 | 101,062,923 | 104,693,851 | 108,769,259 |
| Machinery & equipment | 18,531,624 | 18,019,867 | 16,729,838 | 16,715,657 | 35,261,462 | 34,735,524 |
| Infrastructure | 104,839,090 | 108,056,249 | — | — | 104,839,090 | 108,056,249 |
| Intangibles | — | — | 982,158 | 1,083,629 | 982,158 | 1,083,629 |
| Construction in progress | 12,190,544 | 14,419,370 | 21,603,946 | 18,294,567 | 33,794,490 | 32,713,937 |
| Total capital assets | $ 192,089,737 | $ 197,597,446 | $ 168,167,791 | $ 170,580,982 | $ 360,257,528 | $ 368,178,428 |

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, 2017, the City of Yakima had total bonded debt outstanding of $44.7 million. Of this amount, $30.8 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining $13.9 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

New debt issued in 2017 included $2.2 million for an LED Streetlight project and a $61,580 SIED loan to Yakima Valley Brewing to help provide infrastructure improvements.

The City's remaining capacity for non-voted debt on December 31, 2017, was approximately $60.1 million in comparison to the total legal limit of $89.4 million. The City has a policy of retaining 30% of its non-voted capacity for emergencies. In March, 2017 the City was downgraded to "A+" rating from Standard & Poor's for general obligation debt. This downgrade was the result of weakening economic factors in the City, particularly income levels, as well as recent use of General Fund reserves. 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 | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| General obligation bonds | $ 30,810,281 | $ 34,181,801 | $ — | $ — | $ 30,810,281 | $ 34,181,801 |
| Revenue bonds | — | — | 13,879,803 | 15,489,449 | 13,879,803 | 15,489,449 |
| Intergovernmental loans | 5,719,371 | 6,839,131 | 18,325,171 | 19,800,326 | 24,044,542 | 26,639,457 |
| Other debt | 4,254,649 | 2,930,077 | — | — | 4,254,649 | 2,930,077 |
| Total outstanding debt | $ 40,784,301 | $ 43,951,009 | $ 32,204,974 | $ 35,289,775 | $ 72,989,275 | $ 79,240,784 |

**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 6 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 2017.
- The unemployment rate (8.2% as of December, 2017) 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 60.0% 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 is experiencing growth in total employment. Between April of 2017 and 2018, the Yakima County non-farm labor market added 3,367 jobs, a 2.7% upturn, and by April of 2018, the unemployment rate had dipped to 5.5%, the lowest recorded rate of unemployment since records have been kept.

- 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 expanded in 2015, and is currently offering 13 different programs.
- A major economic development initiative that the City embarked 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. This project is expected to move forward at a more rapid pace as the coordination of the project with Yakima County and the State Department of Transportation, as well as the current landowners, is progressing.
- In 2015, City voters approved a Charter amendment to designate $750,000 annually to a Parks Capital program. The amount grows annually with the consumer price index, and will service the debt on two projects. The City has partnered with 2 local non-profits, developing a multipurpose sports complex, and a new aquatic center.
- In 2017, City Council approved two revenue measures for the 2018 budget. The first was to fund the Transportations Benefit District, which will begin assessing a $20 car tab fee for effective dates on or after July 1st. The Assessment is budgeted to increase general government revenue by up to $1.4 million/year, and will be used to fund Street projects. The second revenue measure was to lift the utility tax cap, which affects only the largest utility customers, and is budgeted to increase general government revenues by an additional $500,000/year.

The 2018 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. For the 2018 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 FUNDS FINANCIAL STATEMENTS

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

**Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position**

**Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds -** General Fund, Neighborhood Development 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 Statement of Activities -** General Fund, Neighborhood Development 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 and Neighborhood Development Fund.

## PROPRIETARY FUNDS

**Statement of Net Position, Proprietary Funds -** Major funds include Transit, Wastewater, Irrigation, Water and Airport. 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 Fiduciary Net Position -** Information on the Agency fund, assets and liabilities, and net position.

## NOTES TO THE 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, 2017



| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | $ 13,785,842 | $ 3,776,134 | $ 17,561,976 |
| Cash with fiscal agent | 2,680,731 | 15,656 | 2,696,387 |
| Investments | 15,029,048 | 37,289,693 | 52,318,741 |
| Receivables, net allowance for uncollectible accounts | | | |
| Taxes | 5,548,630 | 1,160,397 | 6,709,027 |
| Accounts | 4,468,132 | 3,951,815 | 8,419,947 |
| Notes and contracts receivable | 3,706,457 | 168,691 | 3,875,148 |
| Due from other governments | 102,316 | 2,543,271 | 2,645,587 |
| Interest receivable | 102,022 | — | 102,022 |
| Inventories and prepayments | 790,365 | 392,565 | 1,182,930 |
| Total current assets | 46,213,543 | 49,298,222 | 95,511,765 |
| Noncurrent assets | | | |
| Restricted cash | — | 1,835,000 | 1,835,000 |
| Capital assets not being depreciated | | | |
| Land | 17,884,343 | 5,523,404 | 23,407,747 |
| Construction in progress | 12,190,544 | 21,603,946 | 33,794,490 |
| Capital assets, net of accumulated depreciation | | | |
| Buildings | 31,124,983 | 26,153,747 | 57,278,730 |
| Machinery, equipment & vehicles | 18,531,624 | 16,729,838 | 35,261,462 |
| Infrastructure | 104,839,090 | — | 104,839,090 |
| Other improvements & utility systems | 7,519,153 | 97,174,698 | 104,693,851 |
| Intangibles | — | 982,158 | 982,158 |
| Other noncurrent assets | | | |
| Net pension asset | 14,249,938 | — | 14,249,938 |
| Total noncurrent assets | 206,339,675 | 170,002,791 | 376,342,466 |
| Total assets | 252,553,218 | 219,301,013 | 471,854,231 |
| Deferred outflows of resources | | | |
| Deferred amount on refunding | — | 318,973 | 318,973 |
| Deferred outflows related to pension | 3,111,008 | 1,076,982 | 4,187,990 |
| Total deferred outflows of resources | 3,111,008 | 1,395,955 | 4,506,963 |
| Total assets & deferred outflows of resources | 255,664,226 | 220,696,968 | 476,361,194 |

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

## *STATEMENT OF NET POSITION*

December 31, 2017



| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 3,914,743 | 868,685 | 4,783,428 |
| Retainage payable | 199,199 | 169,976 | 369,175 |
| Claims & judgments payable | 1,700,000 | — | 1,700,000 |
| Accrued salaries and benefits | 6,132,540 | 1,423,194 | 7,555,734 |
| Compensated absences | 994,237 | 200,326 | 1,194,563 |
| Custodial accounts | 1,050,507 | 1,008,939 | 2,059,446 |
| Due to other governments | 9,721 | 1,715 | 11,436 |
| Other current liabilities | 67,937 | 25,746 | 93,683 |
| Interest payable | 193,310 | 179,121 | 372,431 |
| Debt principal due within one year | 4,745,852 | 3,026,094 | 7,771,946 |
| Total current liabilities | 19,008,046 | 6,903,796 | 25,911,842 |
| Noncurrent liabilities | | | |
| Compensated absences | 7,756,731 | 1,462,158 | 9,218,889 |
| Pension Liability | 25,182,500 | 7,551,580 | 32,734,080 |
| Other postemployment benefits (OPEB) | 20,459,777 | 1,808,446 | 22,268,223 |
| Debt payments due more than one year | 36,038,448 | 29,178,879 | 65,217,327 |
| Total noncurrent liabilities | 89,437,456 | 40,001,063 | 129,438,519 |
| Total liabilities | 108,445,502 | 46,904,859 | 155,350,361 |
| Deferred inflows of resources | | | |
| Deferred inflows related to pension | 5,418,119 | 1,265,277 | 6,683,396 |
| Total deferred inflows of resources | 5,418,119 | 1,265,277 | 6,683,396 |
| Total liabilities & deferred inflows of resources | 113,863,621 | 48,170,136 | 162,033,757 |
| Net position | | | |
| Net investment in capital assets | 151,106,237 | 136,111,813 | 287,218,050 |
| Restricted for: | | | |
| Public safety & emergency programs | 1,144,277 | — | 1,144,277 |
| Arterial street construction & maintenance | 1,523,066 | — | 1,523,066 |
| Housing & economic development | 729,274 | — | 729,274 |
| Debt service | 247,557 | 1,835,000 | 2,082,557 |
| Capital improvements | 4,238,072 | — | 4,238,072 |
| Tourism & conventions | 1,528,321 | — | 1,528,321 |
| Pension plans | 15,609,105 | — | 15,609,105 |
| Unrestricted | (34,325,302) | 34,580,018 | 254,716 |
| Total net position | $ 141,800,607 | $ 172,526,831 | $ 314,327,438 |

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

# *STATEMENT OF ACTIVITIES*

For the Year Ended December 31, 2017



| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| | | Charges for | Grants & Contributions | | Government | Business | |
| **Functions/Programs** | **Expenses** | **Services** | **Operating** | **Capital** | **Activities** | **Activities** | **Total** |
| Governmental activities | | | | | | | |
| General government | $ 12,577,931 | $ 419,457 | $ — | $ — | $ (12,158,474) | $ — | $ (12,158,474) |
| Public safety | 47,245,264 | 8,681,414 | 3,712,845 | — | (34,851,005) | — | (34,851,005) |
| Utilities | 707,982 | 257,472 | — | — | (450,510) | — | (450,510) |
| Transportation | 12,837,330 | 44,131 | 1,487,740 | 1,991,995 | (9,313,464) | — | (9,313,464) |
| Economic environment | 7,307,839 | 1,476,405 | 1,553,518 | — | (4,277,916) | — | (4,277,916) |
| Public health services | 626,296 | 20,904 | 60,612 | — | (544,780) | — | (544,780) |
| Cultural and recreational | 7,492,432 | 3,990,169 | 166,989 | 348,261 | (2,987,013) | — | (2,987,013) |
| Interest on long-term debt | 1,492,793 | — | — | — | (1,492,793) | — | (1,492,793) |
| Total governmental activities | 90,287,867 | 14,889,952 | 6,981,704 | 2,340,256 | (66,075,955) | — | (66,075,955) |
| Business-type activities | | | | | | | — |
| Transit | 9,489,641 | 1,346,898 | 2,577,473 | 1,600,000 | — | (3,965,270) | (3,965,270) |
| Airport | 2,235,534 | 1,427,780 | 24,410 | 1,230,909 | — | 447,565 | 447,565 |
| Refuse | 4,846,811 | 6,966,819 | — | 55,000 | — | 2,175,008 | 2,175,008 |
| Wastewater | 17,326,405 | 20,992,895 | — | 1,072,104 | — | 4,738,594 | 4,738,594 |
| Water | 7,749,353 | 9,177,007 | — | 523,000 | — | 1,950,654 | 1,950,654 |
| Irrigation | 2,362,997 | 3,087,175 | — | — | — | 724,178 | 724,178 |
| Stormwater | 2,890,477 | 3,683,662 | — | 308,559 | — | 1,101,744 | 1,101,744 |
| Total business-type activities | 46,901,218 | 46,682,236 | 2,601,883 | 4,789,572 | — | 7,172,473 | 7,172,473 |
| Total activities | $ 137,189,085 | $ 61,572,188 | $ 9,583,587 | $ 7,129,828 | (66,075,955) | 7,172,473 | (58,903,482) |
| General revenues and transfers | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | 18,278,481 | — | 18,278,481 |
| Sales and use taxes | | | | | 23,146,192 | 5,886,780 | 29,032,972 |
| Other taxes and fees | | | | | 13,452,504 | — | 13,452,504 |
| Unrestricted investment earnings | | | | | 710,775 | 6,965 | 717,740 |
| Judgements and Settlements | | | | | 249,378 | — | 249,378 |
| Miscellaneous | | | | | 15,303 | 4,304 | 19,607 |
| Gain (loss) on disposition of capital assets | | | | | (90,718) | 28,419 | (62,299) |
| Transfers | | | | | 8,263,074 | (8,263,074) | — |
| Total general revenues. special items & transfers | | | | | 64,024,989 | (2,336,606) | 61,688,383 |
| Change in net position | | | | | (2,050,966) | 4,835,867 | 2,784,901 |
| Net position - beginning | | | | | 151,112,284 | 167,690,965 | 318,803,249 |
| Direct adjustment to beginning net position - GASB 73 | | | | | (7,260,710) | — | (7,260,710) |
| Net position - ending | | | | | $ 141,800,608 | $ 172,526,832 | $ 314,327,440 |

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

# *BALANCE SHEET*
# *GOVERNMENT FUNDS*

December 31, 2017



| | General Fund | Neighborhood Development Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Assets | | | | |
| Cash and cash equivalents | $ 1,744,523 | $ 506,964 | $ 9,689,082 | $ 11,940,569 |
| Cash with fiscal agent | 61,896 | — | 2,618,889 | 2,680,785 |
| Investments | 6,732,227 | — | 5,680,568 | 12,412,795 |
| Receivables, net allowance for uncollectible accounts | | | | |
| Taxes | 5,086,914 | — | 461,716 | 5,548,630 |
| Accounts | 2,324,774 | 384,836 | 517,105 | 3,226,715 |
| Notes and contracts receivable | — | 3,528,088 | 43,860 | 3,571,948 |
| Due from other governments | 37,035 | — | 65,281 | 102,316 |
| Due from other funds | 1,100,000 | — | — | 1,100,000 |
| Interest receivable | 102,022 | — | — | 102,022 |
| Inventories and prepayments | 10,000 | — | 238,610 | 248,610 |
| Total assets | $ 17,199,391 | $ 4,419,888 | $ 19,315,111 | $ 40,934,390 |
| Deferred outflows of resources | — | — | — | — |
| Total assets & deferred outflows of resources | 17,199,391 | 4,419,888 | 19,315,111 | 40,934,390 |
| Liabilities | | | | |
| Accounts payable | $ 1,135,293 | $ 163,842 | $ 2,230,333 | $ 3,529,468 |
| Retainage payable | — | — | 199,199 | 199,199 |
| Accrued salaries and benefits | 4,903,242 | 44,375 | 935,664 | 5,883,281 |
| Custodial accounts | 403,237 | — | 582,614 | 985,851 |
| Due to other governments | 1,394 | 374 | 7,044 | 8,812 |
| Due to other funds | — | — | 1,550,000 | 1,550,000 |
| Other current liabilities | 67,937 | — | — | 67,937 |
| Total liabilities | 6,511,103 | 208,591 | 5,504,854 | 12,224,548 |
| Deferred inflows of resources | | | | |
| Deferred unavailable revenue/taxes | 353,439 | — | 157,850 | 511,289 |
| Unavailable revenue and notes | 1,584,125 | 3,528,088 | 71,435 | 5,183,648 |
| Total deferred inflows of resources | 1,937,564 | 3,528,088 | 229,285 | 5,694,937 |
| Total liabilities & deferred inflows of resources | 8,448,667 | 3,736,679 | 5,734,139 | 17,919,485 |
| Fund balance | | | | |
| Nonspendable | — | — | 667,296 | 667,296 |
| Restricted | — | 683,209 | 8,718,624 | 9,401,833 |
| Committed | 1,359,167 | — | 4,020,926 | 5,380,093 |
| Assigned | — | — | 1,256,175 | 1,256,175 |
| Unassigned | 7,391,559 | — | (1,082,051) | 6,309,508 |
| Total fund balance | 8,750,726 | 683,209 | 13,580,970 | 23,014,905 |
| Total liabilities, deferred inflows & fund balances | $ 17,199,393 | $ 4,419,888 | $ 19,315,109 | $ 40,934,390 |

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

# *RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS TO THE STATEMENT OF NET POSITION*

December 31, 2017



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

| | |
|---|---|
| Total fund balances - government funds (previous page) | $ 23,014,905 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 181,878,024 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | 5,694,938 |
| 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. | 12,565,424 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (49,460,222) |
| Pension and other postemployment benefits are not due and payable in the current period and therefore are not reflected in the funds | (31,892,462) |
| Net position of governmental activities | $ 141,800,607 |

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

# *STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENT FUNDS*

For the Year Ended December 31, 2017



| | General Fund | Neighborhood Development Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes and assessments | $ 50,201,593 | $ — | $ 13,914,814 | $ 64,116,407 |
| Licenses and permits | 1,460,660 | — | 662,339 | 2,122,999 |
| Intergovernmental revenues | 2,857,044 | 896,038 | 3,308,345 | 7,061,427 |
| Charges for services | 9,050,510 | — | 5,988,282 | 15,038,792 |
| Fines and forfeitures | 2,119,870 | — | — | 2,119,870 |
| Contributions and donations | 6,437 | — | 503,606 | 510,043 |
| Investment earnings | 668,308 | 21,393 | 59,470 | 749,171 |
| Other revenue | 68,199 | 280,754 | 1,401,520 | 1,750,473 |
| Total revenues | 66,432,621 | 1,198,185 | 25,838,376 | 93,469,182 |
| Expenditures | | | | |
| Current | | | | |
| General government | 14,040,560 | — | 873,871 | 14,914,431 |
| Public safety | 42,837,423 | — | 5,507,407 | 48,344,830 |
| Utilities | 1,565,958 | — | 291,172 | 1,857,130 |
| Transportation | 636,979 | — | 7,274,834 | 7,911,813 |
| Economic environment | 1,622,688 | 1,529,075 | 1,134,046 | 4,285,809 |
| Public health services | 24,866 | — | 570,912 | 595,778 |
| Cultural and recreational | — | — | 5,834,884 | 5,834,884 |
| Capital outlay | | | | |
| General government | 74,470 | — | 24,162 | 98,632 |
| Public safety | — | — | 1,582,765 | 1,582,765 |
| Utilities | — | — | 70,874 | 70,874 |
| Transportation | 15,792 | — | 2,097,421 | 2,113,213 |
| Cultural and recreational | — | — | 2,047,940 | 2,047,940 |
| Debt service | | | | |
| Principal | 865,164 | — | 4,611,095 | 5,476,259 |
| Interest and related charges | 119,945 | — | 1,548,608 | 1,668,553 |
| Total Expenditures | 61,803,845 | 1,529,075 | 33,469,991 | 96,802,911 |
| Excess (deficiency) of revenue over (under) expenditure | 4,628,776 | (330,890) | (7,631,615) | (3,333,729) |
| Other financing (sources) uses | | | | |
| Transfers in | — | — | 7,873,765 | 7,873,765 |
| Transfers out | (4,208,830) | — | (3,764,533) | (7,973,363) |
| Proceeds from issuance of long-term debt | 61,580 | — | 2,400,000 | 2,461,580 |
| Sale of capital assets | 2,291 | — | 65,485 | 67,776 |
| Total other financing sources (uses) | (4,144,959) | — | 6,574,717 | 2,429,758 |
| Net change in fund balance | 483,817 | (330,890) | (1,056,898) | (903,971) |
| Fund balance - beginning | 8,266,909 | 1,014,099 | 14,637,868 | 23,918,876 |
| Fund balances - ending | $ 8,750,726 | $ 683,209 | $ 13,580,970 | $ 23,014,905 |

The Notes to the Financial Statements, found in 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, 2017



| | | |
|---|---|---|
| Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance: | $ | (903,970) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | | (6,548,714) |
| 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. | | 691,087 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (552,054) |
| 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. | | 3,190,440 |
| 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). | | 404,608 |
| Internal service funds are used by management to charge the costs of services to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities. | | 1,667,636 |
| Change in net position, as reflected on the Statement of Activities | $ | (2,050,967) |

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

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017



| | Budgeted Amounts | | Actual | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Amounts | Budget |
| Revenues | | | | |
| Taxes and assessments | $ 50,404,990 | $ 50,589,990 | $ 50,201,593 | $ (388,397) |
| Licenses and permits | 1,597,700 | 1,597,700 | 1,460,660 | (137,040) |
| Intergovernmental revenues | 2,542,678 | 2,542,678 | 2,857,044 | 314,366 |
| Charges for services | 9,297,794 | 9,387,794 | 9,050,510 | (337,284) |
| Fines and forfeitures | 1,728,610 | 1,728,610 | 2,119,870 | 391,260 |
| Contributions and donations | 3,750 | 3,750 | 6,437 | 2,687 |
| Investment earnings | 292,500 | 292,500 | 668,308 | 375,808 |
| Other revenue | 153,020 | 153,020 | 68,199 | (84,821) |
| Total revenues | 66,021,042 | 66,296,042 | 66,432,621 | 136,579 |
| Expenditures | | | | |
| Current | | | | |
| General government | 14,523,383 | 14,535,433 | 14,040,560 | 494,873 |
| Public safety | 42,071,451 | 42,244,401 | 42,837,423 | (593,022) |
| Utilities | 1,579,646 | 1,669,646 | 1,565,958 | 103,688 |
| Transportation | 727,182 | 727,182 | 636,979 | 90,203 |
| Economic environment | 1,905,580 | 1,905,580 | 1,622,688 | 282,892 |
| Public health services | 26,000 | 26,000 | 24,866 | 1,134 |
| Capital outlay | | | | |
| General government | 82,000 | 82,000 | 74,470 | 7,530 |
| Transportation | 18,000 | 18,000 | 15,792 | 2,208 |
| Debt service | | | | |
| Principal | 865,164 | 865,164 | 865,164 | — |
| Interest and related charges | 119,945 | 119,945 | 119,945 | — |
| Total Expenditures | 61,918,351 | 62,193,351 | 61,803,845 | 389,506 |
| Excess (deficiency) of revenue over (under) expenditure | 4,102,691 | 4,102,691 | 4,628,776 | 526,085 |
| Other financing (sources) uses | | | | |
| Transfers out | (5,374,144) | (5,374,144) | (4,208,830) | 1,165,314 |
| Proceeds from issuance of long-term debt | — | — | 61,580 | 61,580 |
| Sale of capital assets | 400,000 | 400,000 | 2,291 | (397,709) |
| Total other financing sources (uses) | (4,974,144) | (4,974,144) | (4,144,959) | 829,185 |
| Net change in fund balance | (871,453) | (871,453) | 483,817 | 1,355,270 |
| Fund balance - beginning | 6,824,252 | 8,266,909 | 8,266,909 | — |
| Fund balances - ending | $ 5,952,799 | $ 7,395,456 | $ 8,750,726 | $ 1,355,270 |

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

# *STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL - NEIGHBORHOOD DEVELOPMENT*

For the Year Ended December 31, 2017



| | Budgeted Amounts | | Actual | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Amounts | Budget |
| Revenues | | | | |
| Intergovernmental revenues | $ 1,319,236 | $ 3,972,433 | $ 896,038 | $ (3,076,395) |
| Investment earnings | 23,970 | 23,970 | 21,393 | (2,577) |
| Other revenue | 144,962 | 144,962 | 280,754 | 135,792 |
| Total revenues | 1,488,168 | 4,141,365 | 1,198,185 | (2,943,180) |
| Expenditures | | | | |
| Current | | | | |
| Economic environment | 1,486,742 | 4,146,239 | 1,529,075 | 2,617,164 |
| Excess (deficiency) of revenue over (under) expenditure | 1,426 | (4,874) | (330,890) | (326,016) |
| Net change in fund balance | 1,426 | (4,874) | (330,890) | (326,016) |
| Fund balance - beginning | 1,014,099 | 1,014,099 | 1,014,099 | — |
| Fund balances - ending | $ 1,015,525 | $ 1,009,225 | $ 683,209 | $ (326,016) |

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

# *STATEMENT OF NET POSITION*
# *PROPRIETARY FUNDS*

December 31, 2017



| | Business-Type Activities | | | | | | | Gov't Activities |
|---|---|---|---|---|---|---|---|---|
| | Transit | Wastewater | Water | Irrigation | Airport | Other Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | $ 301,304 | $ 1,082,266 | $ 642,460 | $ 236,897 | $ 597,516 | $ 915,691 | $ 3,776,134 | $ 1,845,274 |
| Cash with fiscal agent | — | — | — | — | — | 15,656 | 15,656 | — |
| Investments | 4,917,662 | 17,362,847 | 5,777,445 | 3,866,462 | — | 5,365,277 | 37,289,693 | 2,616,253 |
| Receivables, net allowance for uncollectible accounts | | | | | | | | |
| Taxes | 1,086,843 | — | — | — | — | 73,555 | 1,160,398 | — |
| Accounts | 92,061 | 2,170,835 | 755,389 | 258,539 | 44,584 | 630,407 | 3,951,815 | 1,241,417 |
| Notes and contracts receivable | — | — | — | — | — | 168,691 | 168,691 | 134,509 |
| Due from other governments | 2,360,713 | — | — | — | 182,558 | — | 2,543,271 | — |
| Due from other funds | — | — | — | — | — | — | — | 450,000 |
| Inventories and prepayments | — | — | 392,565 | — | — | — | 392,565 | 541,755 |
| Total current assets | 8,758,583 | 20,615,948 | 7,567,859 | 4,361,898 | 824,658 | 7,169,277 | 49,298,223 | 6,829,208 |
| Noncurrent assets | | | | | | | | |
| Restricted cash | — | 1,600,000 | 235,000 | — | — | — | 1,835,000 | — |
| Capital assets not being depreciated | | | | | | | | |
| Land | 1,182,989 | 649,505 | 173,613 | 98,500 | 3,418,797 | — | 5,523,404 | — |
| Construction in progress | — | 2,104,024 | 6,453,471 | 1,799,348 | 11,247,103 | — | 21,603,946 | — |
| Capital assets, net of accumulated depreciation | | | | | | | | |
| Buildings | 2,143,387 | 18,572,383 | 4,741,726 | 292,972 | 403,279 | — | 26,153,747 | 6,187 |
| Machinery, equipment & vehicles | 6,188,079 | 9,585,375 | 281,363 | 1,866 | 666,770 | 6,385 | 16,729,838 | 9,744,878 |
| Other improve & utility systems | 929,601 | 45,039,524 | 28,187,308 | 15,857,808 | 4,862,829 | 2,297,628 | 97,174,698 | 460,649 |
| Intangibles | — | — | 171,659 | — | 810,499 | — | 982,158 | — |
| Total noncurrent assets | 10,444,056 | 77,550,811 | 40,244,140 | 18,050,494 | 21,409,277 | 2,304,013 | 170,002,791 | 10,211,714 |
| Total assets | 19,202,639 | 98,166,759 | 47,811,999 | 22,412,392 | 22,233,935 | 9,473,290 | 219,301,014 | 17,040,922 |
| Deferred outflows of resources | | | | | | | | |
| Deferred amount on refunding | — | 314,651 | 4,321 | — | — | — | 318,972 | — |
| Deferred outflows related to pension | 253,898 | 372,006 | 197,417 | 53,488 | 31,207 | 168,967 | 1,076,983 | 199,600 |
| Total deferred outflows of resources | 253,898 | 686,657 | 201,738 | 53,488 | 31,207 | 168,967 | 1,395,955 | 199,600 |
| Total assets & deferred outflows | 19,456,537 | 98,853,416 | 48,013,737 | 22,465,880 | 22,265,142 | 9,642,257 | 220,696,969 | 17,240,522 |

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

# STATEMENT OF NET POSITION
# PROPRIETARY FUNDS

December 31, 2017



| | Transit | Wastewater | Water | Irrigation | Airport | Other Enterprise Funds | Total | Gov't Activities Internal Service Funds |
|---|---|---|---|---|---|---|---|---|
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable | 147,891 | 248,681 | 105,991 | 2,153 | 68,914 | 295,055 | 868,685 | 385,275 |
| Retainage payable | — | 111,710 | 11,443 | — | 33,742 | 13,081 | 169,976 | — |
| Claims & judgments payable | — | — | — | — | — | — | — | 1,700,000 |
| Accrued salaries and benefits | 351,959 | 434,818 | 260,199 | 69,126 | 72,287 | 234,805 | 1,423,194 | 249,259 |
| Compensated absences | 42,870 | 66,560 | 38,331 | 10,608 | 8,473 | 33,484 | 200,326 | 31,609 |
| Custodial accounts | — | 459,296 | 301,896 | — | 33,146 | 214,601 | 1,008,939 | 64,711 |
| Due to other governments | 243 | 393 | 113 | 4 | 869 | 92 | 1,714 | 908 |
| Other current liabilities | — | 2,170 | 23,131 | — | — | 444 | 25,745 | — |
| Interest payable | — | 95,525 | 26,481 | 57,114 | — | — | 179,120 | — |
| Debt principal due within one year | — | 1,914,250 | 961,844 | 150,000 | — | — | 3,026,094 | — |
| Total current liabilities | 542,963 | 3,333,403 | 1,729,429 | 289,005 | 217,431 | 791,562 | 6,903,793 | 2,431,762 |
| Noncurrent liabilities | | | | | | | | |
| Compensated absences | 310,048 | 490,319 | 280,897 | 72,925 | 58,722 | 249,246 | 1,462,157 | 236,747 |
| Pension Liability | 1,756,331 | 2,458,007 | 1,381,961 | 376,509 | 348,698 | 1,230,074 | 7,551,580 | 1,437,580 |
| Other postemployment benefits (OPEB) | 422,462 | 631,394 | 329,374 | 89,533 | 52,490 | 283,193 | 1,808,446 | 328,836 |
| Debt payments due more than one year | — | 16,999,000 | 8,718,117 | 3,461,763 | — | — | 29,178,880 | — |
| Total noncurrent liabilities | 2,488,841 | 20,578,720 | 10,710,349 | 4,000,730 | 459,910 | 1,762,513 | 40,001,063 | 2,003,163 |
| Total liabilities | 3,031,804 | 23,912,123 | 12,439,778 | 4,289,735 | 677,341 | 2,554,075 | 46,904,856 | 4,434,925 |
| Deferred inflows of resources | | | | | | | | |
| Deferred inflows related to pension | 294,715 | 414,599 | 231,591 | 63,057 | 56,044 | 205,271 | 1,265,277 | 240,172 |
| Total liabilities & deferred inflows | 3,326,519 | 24,326,722 | 12,671,369 | 4,352,792 | 733,385 | 2,759,346 | 48,170,133 | 4,675,097 |
| Net position | | | | | | | | |
| Net investment in capital assets | 10,444,057 | 57,240,503 | 30,322,056 | 14,438,731 | 21,375,535 | 2,290,932 | 136,111,814 | 10,211,713 |
| Restricted for: | | | | | | | | |
| Debt service | — | 1,600,000 | 235,000 | — | — | — | 1,835,000 | — |
| Unrestricted | 5,685,961 | 15,686,190 | 4,785,311 | 3,674,358 | 156,222 | 4,591,977 | 34,580,019 | 2,353,710 |
| Total net position | $ 16,130,018 | $ 74,526,693 | $35,342,367 | $ 18,113,089 | $ 21,531,757 | $ 6,882,909 | $ 172,526,833 | $ 12,565,423 |

The Notes to the Financial Statements, found in 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, 2017



| | Business-Type Activities | | | | | | | Gov't Activities |
|---|---|---|---|---|---|---|---|---|
| | Transit | Wastewater | Water | Irrigation | Airport | Other Enterprise Funds | Total | Internal Service Funds |
| Operating revenues | | | | | | | | |
| Charges and fees for services | $ 1,204,834 | $ 20,952,097 | $ 9,149,780 | $ 3,087,175 | $ 517,447 | $10,646,414 | $ 45,557,747 | $ 3,331,220 |
| Charges for insurance | — | — | — | — | — | — | — | 5,613,697 |
| Employer contributions | — | — | — | — | — | — | — | 11,911,407 |
| Employee contributions | — | — | — | — | — | — | — | 1,908,201 |
| Other operating revenue | 142,064 | 40,799 | 27,227 | — | 910,333 | 4,066 | 1,124,489 | 4,676 |
| Total operating revenues | 1,346,898 | 20,992,896 | 9,177,007 | 3,087,175 | 1,427,780 | 10,650,480 | 46,682,236 | 22,769,201 |
| Operating expenses | | | | | | | | |
| Personnel services | 3,982,201 | 4,590,080 | 2,632,765 | 755,905 | 854,838 | 2,593,630 | 15,409,419 | 2,743,292 |
| Materials and supplies | 624,239 | 862,454 | 607,428 | 80,314 | 51,889 | 354,354 | 2,580,678 | 1,517,680 |
| Contractual services | 3,749,228 | 10,823,190 | 4,661,170 | 900,025 | 351,236 | 5,990,234 | 26,475,083 | 6,183,989 |
| Claims and other benefits | — | — | — | — | — | — | — | 11,460,890 |
| Depreciation | 1,133,973 | 4,579,029 | 1,529,252 | 445,859 | 977,571 | 84,680 | 8,750,364 | 1,205,231 |
| Total operating expense | 9,489,641 | 20,854,753 | 9,430,615 | 2,182,103 | 2,235,534 | 9,022,898 | 53,215,544 | 23,111,082 |
| Operating income (loss) | (8,142,743) | 138,143 | (253,608) | 905,072 | (807,754) | 1,627,582 | (6,533,308) | (341,881) |
| Nonoperating revenues (expense) | | | | | | | | |
| Grants and subsidies | 10,049,626 | 131,052 | 26,075 | — | 1,101,597 | 80,000 | 11,388,350 | 49,247 |
| Interest revenue | 4,687 | 1,500 | — | 500 | 228 | 51 | 6,966 | 114,977 |
| Other nonoperating revenue | 4,304 | — | — | — | — | — | 4,304 | 660,911 |
| Interest & other debt service costs | — | (431,708) | (86,818) | (180,894) | — | — | (699,420) | — |
| Gain (loss) disposal of capital assets | 21,838 | — | 5,780 | 800 | — | — | 28,418 | (164,543) |
| Total nonoperating revenue (exp) | 10,080,455 | (299,156) | (54,963) | (179,594) | 1,101,825 | 80,051 | 10,728,618 | 660,592 |
| Income (loss) before conts & transfers | 1,937,712 | (161,013) | (308,571) | 725,478 | 294,071 | 1,707,633 | 4,195,310 | 318,711 |
| Capital contributions | 14,628 | 941,052 | 496,925 | — | 153,722 | 283,559 | 1,889,886 | — |
| Transfers in | — | 32,621 | 3,896 | — | 20,000 | — | 56,517 | 2,212,618 |
| Transfers (out) | — | (282,928) | (176,021) | (33,896) | (10,000) | (803,000) | (1,305,845) | (863,692) |
| Change in net position | 1,952,340 | 529,732 | 16,229 | 691,582 | 457,793 | 1,188,192 | 4,835,868 | 1,667,637 |
| Net position - beginning | 14,177,678 | 73,996,962 | 35,326,138 | 17,421,506 | 21,073,965 | 5,694,716 | 167,690,965 | 10,897,788 |
| Net position - ending | $ 16,130,018 | $ 74,526,694 | $35,342,367 | $ 18,113,088 | $ 21,531,758 | $ 6,882,908 | $ 172,526,833 | $ 12,565,425 |

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

# *STATEMENT OF CASH FLOWS*
# *PROPRIETARY FUNDS*

For the Year Ended December 31, 2017



| | Business-Type Activities | | | | | | | Gov't Activities Internal Service Funds |
|---|---|---|---|---|---|---|---|---|
| | Transit | Wastewater | Water | Irrigation | Airport | Other Enterprise Funds | Total | |
| Cash flows from operating activities | | | | | | | | |
| Receipts from customers | $ 1,869,668 | $ 20,994,701 | $ 8,983,062 | $ 3,127,264 | $ 977,661 | $ 10,761,815 | $ 46,714,171 | $ 10,380,947 |
| Contributions rec'd employer & employee | — | — | — | — | | — | — | 13,783,223 |
| Payments to suppliers & service providers | (4,353,939) | (11,570,747) | (5,169,881) | (990,800) | (537,220) | (6,158,985) | (28,781,572) | (9,794,005) |
| Payments to employees salaries & benefits | (4,122,684) | (4,929,670) | (2,713,993) | (768,695) | (757,914) | (2,603,940) | (15,896,896) | (2,898,902) |
| Other Operating Revenues | 142,064 | 40,799 | 27,227 | — | 910,333 | 4,066 | 1,124,489 | 4,676 |
| Payments to claimants & beneficiaries | — | — | — | — | — | — | — | (11,460,890) |
| Net cash flows from operating activities | (6,464,891) | 4,535,083 | 1,126,415 | 1,367,769 | 592,860 | 2,002,956 | 3,160,192 | 15,049 |
| Cash from noncapital financing activities | | | | | | | | |
| Sales tax received | 5,883,065 | — | — | — | 24,410 | — | 5,907,475 | 715,084 |
| Operating grants | 2,562,846 | — | — | — | — | 55,000 | 2,617,846 | — |
| Net cash from noncapital financing activities | 8,445,911 | — | — | — | 24,410 | 55,000 | 8,525,321 | 715,084 |
| Cash flows from capital financing activities | | | | | | | | |
| Proceeds from disposal of property | 127,009 | — | 5,780 | 800 | — | — | 133,589 | 84,297 |
| Capital grants & contributions | 1,600,000 | 825,874 | 373,225 | — | 1,077,187 | 25,000 | 3,901,286 | (1,808,914) |
| Capital Expenditures | — | (1,926,603) | (951,844) | (150,000) | — | — | (3,028,447) | — |
| Acquisition & const of capital assets | (2,143,485) | (1,641,335) | (517,219) | (30,275) | (1,243,905) | (18,210) | (5,594,429) | — |
| Interest and related charges paid | — | (472,463) | (99,942) | (175,208) | — | — | (747,613) | — |
| Other receipts | 4,304 | — | — | — | — | — | 4,304 | — |
| Transfers in | — | 32,621 | 3,896 | — | 20,000 | — | 56,517 | 2,212,618 |
| Transfers (out) | — | (282,929) | (176,021) | (33,896) | (10,000) | (803,000) | (1,305,846) | (863,692) |
| Net cash provided by (used for) financing | (412,172) | (3,464,835) | (1,362,125) | (388,579) | (156,718) | (796,210) | (6,580,639) | (375,691) |
| Cash flows from investing activities | | | | | | | | |
| Proceeds from sale of investments | 3,256,965 | 17,183,917 | 5,845,935 | 2,822,755 | — | 4,380,989 | 33,490,561 | 1,008,551 |
| Interest on investments | 4,687 | 1,500 | — | 500 | 228 | 51 | 6,966 | 114,977 |
| Purchase of investments | (4,917,662) | (17,362,847) | (5,777,445) | (3,866,462) | — | (5,365,277) | (37,289,693) | (2,616,253) |
| Net cash provided by investing activities | (1,656,010) | (177,430) | 68,490 | (1,043,207) | 228 | (984,237) | (3,792,166) | (1,492,725) |
| Net increase (dec) in cash & cash equivalents | (87,162) | 892,818 | (167,220) | (64,017) | 460,780 | 277,509 | 1,312,708 | (1,138,283) |
| Cash & cash equivalents - beginning | 388,467 | 1,789,448 | 1,044,679 | 300,913 | 136,736 | 653,837 | 4,314,080 | 2,983,557 |
| Cash & cash equivalents - ending | $ 301,305 | $ 2,682,266 | $ 877,459 | $ 236,896 | $ 597,516 | $ 931,346 | $ 5,626,788 | $ 1,845,274 |

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

# *STATEMENT OF CASH FLOWS*
# *PROPRIETARY FUNDS*

For the Year Ended December 31, 2017



| | Business-Type Activities | | | | | | | Gov't Activities |
|---|---|---|---|---|---|---|---|---|
| | Transit | Wastewater | Water | Irrigation | Airport | Other Enterprise Funds | Total | Internal Service Funds |
| Reconciliation - operating income (loss) to net cash provided (used) for operations | | | | | | | | |
| Operating income (loss) | $ (8,142,743) | $ 138,143 | $ (253,608) | 905,072 | $ (807,754) | $ 1,627,583 | $ (6,533,307) | $ (341,881) |
| Adj to reconcile operating income (loss) to net cash provided (used) for operations | | | | | | | | |
| Depreciation expense | 1,133,973 | 4,579,029 | 1,529,252 | 445,859 | 977,571 | 84,680 | 8,750,364 | 1,205,232 |
| Change in assets and liabilities | | | | | | | | |
| (Inc) dec in net accounts receivable | (26,819) | 42,604 | (142,568) | 40,089 | 17,750 | 115,398 | 46,454 | 1,399,646 |
| (Inc) dec in due from other governments | 691,653 | — | — | — | 442,464 | — | 1,134,117 | — |
| (Inc) dec in inventory | — | — | (24,151) | — | — | — | (24,151) | (21,706) |
| (Dec) inc in accounts payable | 19,528 | 22,323 | 87,274 | (10,461) | 45,620 | 174,813 | 339,097 | (898,296) |
| (Dec) inc in accrued liabilities | — | — | — | — | 305 | — | 305 | — |
| (Dec) inc in wages/benefits payable | (25,275) | 15,571 | (2,029) | 3,738 | 12,066 | 12,309 | 16,380 | (112,112) |
| (Dec) inc in compensated absences | 22,450 | (64,412) | 15,255 | 7,422 | (797) | 21,736 | 1,654 | (43,500) |
| (Dec) inc in contracts payable | — | 101,686 | 11,443 | — | (180,020) | 10,792 | (56,099) | — |
| (Dec) inc in interest payable | — | (9,112) | | — | — | — | (9,112) | — |
| (Dec) inc in pension liability | (137,658) | (290,749) | (94,454) | (23,950) | 85,655 | (44,355) | (505,511) | — |
| (Dec) inc in claims & judgements | — | — | — | — | — | — | — | (1,172,334) |
| Total adjustments | 1,677,852 | 4,396,940 | 1,380,022 | 462,697 | 1,400,614 | 375,373 | 9,693,498 | 356,930 |
| Net cash prov (used) for operations | $ (6,464,891) | $ 4,535,083 | $ 1,126,414 | $ 1,367,769 | $ 592,860 | $ 2,002,956 | $ 3,160,191 | $ 15,049 |

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

# *STATEMENT OF FIDUCIARY NET POSITION*
## *FIDUCIARY FUNDS*

December 31, 2017



| | Agency Fund YakCorps |
|---|---|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | $ 444,809 |
| Receivables, net allowance for uncollectible accounts | |
| Accounts | 34,811 |
| Total current assets | $ 479,620 |
| | |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 202,485 |
| Due to other governments | 807,428 |
| Total current liabilities | $ 1,009,913 |
| | |
| Net position | |
| Unrestricted | (530,293) |
| Total net position | (530,293) |

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

# *NOTES TO THE FINANCIAL STATEMENTS*

Year ended December 31, 2017

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## *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

**CHANGES IN ACCOUNTING PRINCIPLE**

In 2015 the Governmental Accounting Standards Board issued Statement 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for reporting years beginning after June 15, 2016, however the application of paragraph 115 of this statement was effective beginning in the 2016 reporting year. This provision states that pension funds that are not in a trust meeting certain requirements can no longer be reported as a separate fiduciary fund, and therefore should be consolidated into the General Fund for financial statement reporting. This change in accounting principle had a material impact to the General Fund of the City of Yakima in 2016. In 2017, the rest of the GASB 73 went into effect, which required recording the pension liability for the aforementioned pension funds and resulted in a direct adjustment to the 2016 net position of ($7.3) million

**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.

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.

**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 ***Neighborhood Development Fund*** accounts for grant programs supported by the Federal Housing and Urban Development grants which are used to improve housing conditions for low income families and seniors in Yakima.

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 Fund*** accounts for the operation, maintenance and reconstruction of the existing irrigation system.
- The ***Airport Fund*** is responsible for the operation, maintenance and any construction projects at the Airport facility.

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. In accordance with GASB 73, the Firemen's Relief and Pension Fiduciary Fund is now being reported as part of the General Fund.

- *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).

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 and demand deposits. Cash equivalents are 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) and a local savings account.

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 pool 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; repurchase agreements with dealers that use authorized securities as collateral; and issues from other highly rated local governments in Washington. 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 amounts 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 Neighborhood 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.

### 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 of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 |

**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. Other than outflows related to pensions (discussed in the next paragraph), the City of Yakima has only one other item that qualifies in this category, which is the deferred amount on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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 and 73.

***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 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.

***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 in the government wide Statement of Activities, 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. The City has only one type of item, deferred inflows related to pension , that qualifies for reporting in this category, which is reported in the governmental activities on the Statement of Net Position. The governmental funds report unavailable revenues from two sources, taxes receivable and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 when permitted by the resolution. 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 (resolution or ordinance) of the City Council which may be altered only by a similar 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 f*und balance – total government funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." These details of this difference are as follows:

| | |
|---|---|
| Land | $ 17,884,343 |
| Construction in progress | 12,190,544 |
| Buildings | 57,571,868 |
| Less: Accumulated depreciation - buildings | (26,453,072) |
| Machinery, equipment and vehicles | 26,065,334 |
| Less: Accumulated depreciation - machinery, equipment and vehicles | (17,278,588) |
| Infrastructure | 297,049,073 |
| Less: Accumulated depreciation - infrastructure | (192,209,983) |
| Other improvements | 18,543,979 |
| Less: Accumulated depreciation - other improvements | (11,485,475) |
| Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities | $ 181,878,023 |

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 difference are as follows:

| | |
|---|---|
| Bonds payable | $ (29,472,475) |
| Add: Issuance premium (to be amortized over the life of the debt) | (1,337,807) |
| Intergovernmental loans | (5,719,371) |
| Lease purchase agreements | (4,254,649) |
| Compensated absences | (8,482,612) |
| Subtotal | (49,266,914) |
| Accrued interest payable | (193,310) |
| Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities | $ (49,460,224) |

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

| | |
|---|---|
| Pension asset | $ 14,249,938 |
| Net pension liability | (18,721,492) |
| Deferred outflow change in proportionate share | 2,911,408 |
| Deferred inflow change in proportionate share | (5,177,947) |
| Other postemployment benefit obligation | (25,154,369) |
| Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities | $ (31,892,462) |

**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 depreciation expense exceeded capital outlays in the current period. The details of this difference are as follows:

| | |
|---|---|
| Capital outlay | $ 5,913,424 |
| Depreciation expense | (12,462,138) |
| Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental activities | $ (6,548,714) |

Another element of that reconciliation states that "in the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the fund assets. This also includes donations of capital assets and infrastructure obtained by annexation." The details of this difference are as follows:

| | |
|---|---|
| In the statement of activities, only loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in the fund balance by the cost of the capital assets sold. | $ (96,706) |
| 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. | 787,793 |
| Net adjustment to increase total government funds to arrive at changes in net position of governmental activities | $ 691,087 |

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 difference are as follows:

| | |
|---|---|
| Debt issued | |
| Issuance of general obligation bonds | $ (2,400,000) |
| Intergovernmental loan proceeds | (61,580) |
| Principal repayments | |
| General obligation debt | 3,429,756 |
| Intergovernmental loans | 865,165 |
| Lease purchase agreements | 1,181,340 |
| Interest accrued | 175,760 |
| Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities | $ 3,190,441 |

## *NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

### BUDGETS AND BUDGETARY ACCOUNTING

**Scope of Budget**

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

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and for the Neighborhood Development Fund, which is considered a Special Revenue 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 are available at www.yakimawa.gov/finance.

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 15, 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 statement represent the original adopted budget and all supplemental appropriations. City-wide, supplemental appropriations totaled $8.3 million. The principal amendments were adjustments to Community Development/ONDS in the amount of $2.7 million due to programmatic nature of the budget and differences in the reporting time frame for Federal programs, nonlapsing appropriations of various construction projects in the amount of $1.2 million and year-end insurance adjustment in the amount of $1.3 million.

General Fund spent less than its $62.2 million final budget by $389,506 due to strict adherence to the budget.

**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 all 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 as a budget amendment to the original budget.

**FUND EQUITY**

**Nonspendable Fund Balance in Permanent Funds**
The fund balance of $667,296 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 $1,359,167 which represents the net accumulated contributions made by the government through property taxes plus interest earnings and state fire insurance premium tax proceeds. As a requirement of GASB 73, which was implemented in 2016, this fund is now being reported as a part of the General Fund balance. It will continue to be treated as a separate fund for budgetary purposes.
**Deficit Fund Balance**

- The Refuse fund reports a deficit fund balance of ($295,459). A rate increase was implemented in 2017 that now supports the costs of ongoing services, and will build up a sufficient reserve for future equipment replacements and other emergencies. This fund is expected to have a positive fund balance at the end of 2018.

- The Fire Capital fund has a deficit fund balance due to the acquisition of fire apparatus originally budgeted in 2015 with final delivery and payment in 2017 using interfund financing to provide cash resources to complete the purchase agreements. External financing will occur in 2018 to pay off the interfund loan to the General Fund and restore the Fire Capital Fund balance.

## *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, 2017:

| | |
|---|---|
| Banks and savings and loan institutions | $ 12,187,719 |
| Cash with fiscal agent | 2,696,387 |
| Petty cash and other imprest funds | 14,527 |
| Local Government Investment Pool (LGIP) | 7,194,731 |
| Subtotal | 22,093,364 |
| Agency fund | 444,809 |
| Total | $ 22,538,173 |

***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 City of Yakima is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by LGIP advisory committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool The Pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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, 2017, the City of Yakima had the following investments:

**INVESTMENT PORTFOLIO**

| Investment Types | Carrying Value | Fair Value | Weighted Average Maturity to Expected Call (Days) | Weighted Average Expected Maturity (Days) | Rating |
|---|---|---|---|---|---|
| Federal agency securities | $ 52,037,824 | $ 51,453,118 | 686 | 686 | n/a |
| Certificates of deposit - PDPC | 280,917 | 280,917 | 600 | 600 | n/a |
| Total portfolio | $ 52,318,741 | $ 51,734,035 | | | |

**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 collectible. Delinquent taxes are reported as unearned in the governmental funds and as part of the net position in the government wide funds.

The City is permitted by law to levy up to $3.60 per $1,000 of assessed valuation for general government services, less a maximum levy of $.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 2017, the City's regular tax levy was $3.0830 per $1,000 on a total assessed valuation of $6.0 billion, for a total regular levy of $18,367,991. 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 2017 was $.2250 per $1,000, or $1,340,511.

**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 | $ 262,859 |
| Wastewater | 652,736 |
| Water | 331,432 |
| Irrigation | 94,447 |
| Irrigation Capital | 48,452 |
| Total | $ 1,389,926 |

## 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:

**INTERFUND BALANCES**

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Fire Capital | $ 1,100,000 |
| Equipment Rental | Public Safety Dispatch | 450,000 |
| REET 2 | Yakima Revenue Dev Area | 500,000 |
| Total | | $ 2,050,000 |

### 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.

The following chart depicts interfund transfer activity during 2017:

**INTERFUND TRANSFERS**

| | Transfer In | | |
|---|---|---|---|
| Transfer out | Other Gen Gov't | Internal Service | Total |
| General Fund | $ 4,189,850 | $ 18,980 | $ 4,208,830 |
| Other Gen Gov't | 3,324,968 | 427,565 | 3,752,533 |
| Wastewater | — | 198,481 | 198,481 |
| Water | — | 143,400 | 143,400 |
| Irrigation | — | 30,000 | 30,000 |
| Airport | — | 10,000 | 10,000 |
| Other Enterprise | — | 803,000 | 803,000 |
| Internal Service | — | 26,866 | 26,866 |
| Total | $ 7,514,818 | $ 1,658,292 | $ 9,173,110 |

## CAPITAL ASSETS

### CAPITAL ASSET ACTIVITY

| | Balance 1/1/2017 | Additions | Adjustments | Deletions | Balance 12/31/2017 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital assets - not being depreciated | | | | | |
| Land | $ 16,983,321 | $ 901,022 | $ — | $ — | $ 17,884,343 |
| Construction in progress | 14,419,370 | 3,521,196 | (5,656,545) | (93,477) | 12,190,544 |
| Total capital assets not being depreciated | 31,402,691 | 4,422,218 | (5,656,545) | (93,477) | 30,074,887 |
| Capital assets being depreciated | | | | | |
| Buildings | 57,577,764 | — | — | (5,896) | 57,571,868 |
| Other improvements | 17,707,130 | 562,966 | 274,722 | (839) | 18,543,979 |
| Machinery, equipment and vehicles | 23,956,569 | 583,037 | 1,548,829 | (23,101) | 26,065,334 |
| Infrastructure | 292,083,082 | 1,132,996 | 3,832,994 | — | 297,049,072 |
| Total capital assets being depreciated | 391,324,545 | 2,278,999 | 5,656,545 | (29,836) | 399,230,253 |
| Less accumulated depreciation | | | | | |
| Buildings | (25,172,257) | (1,286,711) | — | 5,896 | (26,453,072) |
| Other improvements | (10,479,367) | (1,006,108) | — | — | (11,485,475) |
| Machinery, equipment and vehicles | (15,313,130) | (1,986,170) | — | 20,711 | (17,278,589) |
| Infrastructure | (184,026,832) | (8,183,150) | — | — | (192,209,982) |
| Total accumulated depreciation | (234,991,586) | (12,462,139) | — | 26,607 | (247,427,118) |
| Total capital assets being depreciated - net | 156,332,959 | (10,183,140) | 5,656,545 | (3,229) | 151,803,135 |
| Governmental activities capital assets - net | 187,735,650 | (5,760,922) | — | (96,706) | 181,878,022 |
| Internal service funds - gov't activities | | | | | |
| Capital assets being depreciated | | | | | |
| Buildings | 37,397 | — | — | — | 37,397 |
| Other improvements | 632,006 | 17,053 | — | — | 649,059 |
| Machinery, equipment and vehicles | 23,984,572 | 1,791,860 | (168,349) | (576,058) | 25,032,025 |
| Total capital assets being depreciated | 24,653,975 | 1,808,913 | (168,349) | (576,058) | 25,718,481 |
| Less accumulated depreciation | | | | | |
| Buildings | (30,602) | (609) | — | — | (31,211) |
| Other improvements | (153,434) | (34,977) | — | — | (188,411) |
| Machinery, equipment and vehicles | (14,608,143) | (1,312,742) | 143,097 | 490,643 | (15,287,145) |
| Total accumulated depreciation | (14,792,179) | (1,348,328) | 143,097 | 490,643 | (15,506,767) |
| Total internal service capital assets being depr - net | 9,861,796 | 460,585 | (25,252) | (85,415) | 10,211,714 |
| Total governmental activities | $ 197,597,446 | $ (5,300,337) | $ (25,252) | $ (182,121) | $ 192,089,736 |

## CAPITAL ASSET ACTIVITY

| | Balance 1/1/2017 | Additions | Adjustments | Deletions | Balance 12/31/2017 |
|---|---|---|---|---|---|
| Business-type activities | | | | | |
| Capital assets - not being depreciated | | | | | |
| Land | $ 5,523,405 | $ — | $ — | $ — | $ 5,523,405 |
| Construction in progress | 18,294,568 | 2,632,415 | 676,964 | — | 21,603,947 |
| Total capital assets not being depreciated | 23,817,973 | 2,632,415 | 676,964 | — | 27,127,352 |
| Capital assets being depreciated | | | | | |
| Buildings | 88,362,671 | — | — | — | 88,362,671 |
| Other improvements | 174,428,611 | 1,419,028 | (676,964) | — | 175,170,675 |
| Machinery, equipment and vehicles | 38,455,338 | 2,222,551 | 168,349 | (1,462,493) | 39,383,745 |
| Intangibles | 2,190,139 | — | — | — | 2,190,139 |
| Total capital assets - depreciated | 303,436,759 | 3,641,579 | (508,615) | (1,462,493) | 305,107,230 |
| Less accumulated depreciation | | | | | |
| Buildings | (60,461,869) | (1,747,055) | — | — | (62,208,924) |
| Other improvements | (73,365,688) | (4,630,289) | — | — | (77,995,977) |
| Machinery, equipment and vehicles | (21,739,684) | (2,128,452) | (143,097) | 1,357,322 | (22,653,911) |
| Intangibles | (1,106,509) | (101,471) | — | — | (1,207,980) |
| Total accumulated depreciation | (156,673,750) | (8,607,267) | (143,097) | 1,357,322 | (164,066,792) |
| Total capital assets being depreciated - net | 146,763,009 | (4,965,688) | (651,712) | (105,171) | 141,040,438 |
| Total capital assets - business activities | $ 170,580,982 | $ (2,333,273) | $ 25,252 | $ (105,171) | $ 168,167,790 |

***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 | $ 264,530 |
| Public safety | 1,615,125 |
| Transportation | 8,459,846 |
| Economic environment | 574,849 |
| Cultural and recreational | 1,547,788 |
| Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 1,205,231 |
| Total depreciation - governmental activities | $ 13,667,369 |
| | |
| Transit | $ 1,133,973 |
| Wastewater | 4,579,029 |
| Water | 1,529,252 |
| Irrigation | 445,859 |
| Stormwater | 84,680 |
| Airport | 977,571 |
| Total depreciation - business-type activities | $ 8,750,364 |

**COMMITMENTS**

**Construction Commitments**
The City had active construction projects as of December 31, 2017.

The Wastewater projects include the Rudkin Road Lift station, which is 90% complete. Upon completion, Wastewater will begin the Beech Street Lift Station. Wastewater project improvements are partially financed by State Public Works Trust funds rates and fees.

Alpha taxiway construction and installation of new security gates at the Airport continues to be in progress with completion planned for 2018. Airport projects are paid for with FAA grants and matching Passenger Facility Charges (PFC's)

Street projects include upgrades to existing streets and sidewalks in the City. Also, improvements to the primary access roads into the new SOZO Sports Complex are underway by reconstructing and widening Spring Creek Road and South 38th Avenue. The Adams/Washington sidewalk Improvement project has been awarded and will begin construction mid-year 2018. Design work continues on the East/West Corridor, which will provide a connection for north Yakima with Terrace Heights. Design work continues on the north/south access for the former Boise Cascade Saw Mill with construction scheduled for 2019. Street construction projects are financed by Federal and State loans, SIED grants/loans, REET, TBD and local funds.

The City is in discussion and will continue with Study Sessions with the YMCA to develop a plan for the aquatic center, incorporating a ground lease development agreement and an operating agreement between the City and the YMCA. The City's financial contribution is an estimated $8.0 million, contingent of funding sources.

**CURRENT CONSTRUCTION COMMITMENTS**

| Project | Contract Amount | Spent to Date | Remaining Commitment |
|---|---|---|---|
| Wastewater Treatment Plant and Mains | $ 7,320,666 | $ 3,886,172 | $ 3,434,494 |
| Water | 1,050,521 | 872,816 | 177,705 |
| Irrigation System Design / Rebuild | 147,000 | 146,109 | 891 |
| Airport | 5,094,679 | 3,994,160 | 1,100,519 |
| Street Construction | 7,570,331 | 5,423,110 | 2,147,221 |
| Parks | 9,548,084 | 1,649,425 | 7,898,659 |
| Total | $ 30,731,281 | $ 15,971,792 | $ 14,759,489 |

## *NOTE 5 – PENSION PLANS*

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statements 68, *Accounting and Financial Reporting for Pensions* and GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68:*

**AGGREGATE PENSION AMOUNTS - ALL STATE SPONSORED PLANS**

| | |
|---|---|
| Pension liabilities | $ 21,434,557 |
| Pension assets | (14,249,938) |
| Deferred outflows of resources | 4,187,988 |
| Deferred inflows of resources | 6,683,393 |
| Pension expense/expenditures | 1,643,266 |

**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.

**Contributions**

**PERS Plan 1** 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.

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 2017 were as follows:

**PERS PLAN 1**

| Actual Contribution Rates | Employer | Employee |
|---|---|---|
| January - June 2017 | | |
| PERS Plan 1 | 6.23% | 6.00% |
| PERS Plan 1 UAAL | 4.77% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 11.18% | 6.00% |

**PERS PLAN 1**

| Actual Contribution Rates | Employer | Employee |
|---|---|---|
| July - December 2017 | | |
| PERS Plan 1 | 7.49% | 6.00% |
| PERS Plan 1 UAAL | 5.03% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 12.70% | 6.00% |

**PERS Plan 2/3** 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 2017 were as follows:

**PERS PLAN 2/3**

| Actual Contribution Rates | Employer 2/3 | Employee 2 |
|---|---|---|
| January - June 2017 | | |
| PERS Plan 2/3 | 6.23% | 6.12% |
| PERS Plan 1 UAAL | 4.77% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 11.18% | 6.12% |
| | | |
| July - December 2017 | | |
| PERS Plan 2/3 | 7.49% | 7.38% |
| PERS Plan 1 UAAL | 5.03% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 12.70% | 7.38% |

The City of Yakima's actual PERS plan contributions were $1,489,894 to PERS Plan 1 and $1,970,622 to PERS Plan 2/3 for the year ended December 31, 2017.

**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. In addition to the regular change in contribution rates on July 1, 2017, PSERS contribution rates changed again September 1, 2017 due to HB 1709, which allows PERS members meeting specific criteria to transfer service credit into PSERS as long as they and their employer pay the difference between the PERS and PSERS contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2017 were as follows:

**PSERS PLAN 2**

| Actual Contribution Rates | Employer | Employee |
|---|---|---|
| January - June 2017 | | |
| PSERS Plan 2 | 6.59% | 6.59% |
| PERS Plan 1 UAAL | 4.77% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 11.54% | 6.59% |
| | | |
| July - August 2017 | | |
| PSERS Plan 2 | 6.73% | 6.73% |
| PERS Plan 1 UAAL | 5.03% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 11.94% | 6.73% |
| | | |
| September - December 2017 | | |
| PSERS Plan 2 | 6.74% | 6.74% |
| PERS Plan 1 UAAL | 5.03% | n/a |
| Administrative Fee | 0.18% | n/a |
| Total | 11.95% | 6.74% |

The City of Yakima's actual plan contributions were $53,309 to PSERS 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 2017. 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 2017 were as follows:

**LEOFF PLAN 2**

| Actual Contribution Rates | Employer | Employee |
|---|---|---|
| January - June 2017 | | |
| State and local governments | 5.05% | 8.41% |
| Administrative Fee | 0.18% | n/a |
| Total | 5.23% | 8.41% |
| | | |
| July - December 2017 | | |
| State and local governments | 5.25% | 8.75% |
| Administrative Fee | 0.18% | n/a |
| Total | 5.43% | 8.75% |

The City of Yakima's actual contributions to the plan were $1,206,292 for the year ended December 31, 2017.

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, 2017, the state contributed $62,155,262 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is ($10,267,387).

**ACTUARIAL ASSUMPTIONS**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. 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* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation - 3.0% 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 changes in methods and assumptions since the last valuation.

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

**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. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**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, 2017, 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 Expected Real Rate of Return Arithmetic |
|---|---|---|
| Fixed income | 20% | 1.70% |
| Tangible assets | 5% | 4.90% |
| Real estate | 15% | 5.80% |
| Global equity | 37% | 6.30% |
| Private Equity | 23% | 9.30% |
| | 100% | |

**Sensitivity of Net Pension Liability**
The table below presents the City of Yakima's proportionate share of the net pension liability for State sponsored plans only, calculated using the discount rate of 7.5 percent, as well as what the City 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.

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|---|---|---|
| PERS 1 | $ 13,851,601 | $ 11,370,630 | $ 9,221,578 |
| PERS 2/3 | 27,000,172 | 10,021,946 | (3,889,191) |
| PSERS 2 | 281,886 | 41,981 | (146,119) |
| LEOFF 1 | (2,954,118) | (3,982,551) | (4,865,740) |
| LEOFF 2 | 2,221,847 | (10,267,387) | (20,443,093) |

**PENSION PLAN FIDUCIARY NET POSITION**
Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
At June 30, 2017, the City of Yakima reported a total pension asset of ($14.2) million and a pension liability of $21.4 million for its proportionate share of the net pension assets and liabilities as follows:

| | Asset | Liability |
|---|---|---|
| PERS 1 | $ — | $ 11,370,630 |
| PERS 2/3 | — | 10,021,946 |
| PSERS 2 | — | 41,981 |
| LEOFF 1 | (3,982,551) | — |
| LEOFF 2 | (10,267,387) | — |
| Total | $ (14,249,938) | $ 21,434,557 |

The amount of the liability (asset) reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City of Yakima. The amount recognized by the city as its proportionate share of the net pension 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 | LEOFF 1 Asset | LEOFF 2 Asset |
|---|---|---|
| Employer's proportionate share | $ (3,982,551) | $ (10,267,387) |
| State's proportionate share of the net pension asset associated with the employer | (26,937,875) | (6,660,262) |
| Total | $ (30,920,426) | $ (16,927,649) |

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

| | Proportionate Share 6/30/16 | Proportionate Share 6/30/17 | Change in Proportion |
|---|---|---|---|
| PERS 1 | 0.2437% | 0.2963% | 0.0526% |
| PERS 2/3 | 0.2903% | 0.2884% | (0.0019)% |
| PSERS 2 | 0.2172% | 0.2143% | (0.0029)% |
| LEOFF 1 | 0.2642% | 0.2625% | (0.0017)% |
| LEOFF 2 | 0.7434% | 0.7399% | (0.0035)% |

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 2017. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, 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 2017, the state of Washington contributed 39.35 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.65 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2017, the City of Yakima's recognized pension expense as follows:

| | Pension Expense |
|---|---|
| PERS 1 | $ 474,114 |
| PERS 2/3 | 1,341,967 |
| PSERS 2 | 58,436 |
| LEOFF 1 | (613,321) |
| LEOFF 2 | 382,070 |
| Total | $ 1,643,266 |

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2017, 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 | $ — | $ 424,320 |
| Contributions subsequent to the measurement date | 827,264 | — |
| Total PERS Plan 1 | $ 827,264 | $ 424,320 |
| | | |
| PERS Plan 2/3 | | |
| Differences between expected and actual experience | $ 1,015,459 | $ 329,604 |
| Net difference between projected and actual investment earnings on pension plan investments | — | 2,671,610 |
| Changes of assumptions | 106,452 | — |
| Changes in proportion and differences between contributions and proportionate share of contributions | 39,403 | 153,850 |
| Contributions subsequent to the measurement date | 1,023,680 | — |
| Total PERS Plan 2/3 | $ 2,184,994 | $ 3,155,064 |
| | | |
| PSERS Plan 2 | | |
| Differences between expected and actual experience | $ 24,829 | $ 2,983 |
| Net difference between projected and actual investment earnings on pension plan investments | — | 29,444 |
| Changes of assumptions | 356 | — |
| Changes in proportion and differences between contributions and proportionate share of contributions | — | 3,029 |
| Contributions subsequent to the measurement date | 27,900 | — |
| Total PSERS Plan 2 | $ 53,085 | $ 35,456 |

## DEFERRED OUTFLOWS/INFLOWS

| Plan | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| LEOFF 1 | | |
| Net difference between projected and actual investment earnings on pension plan investments | $ — | $ 370,072 |
| Total LEOFF 1 | $ — | $ 370,072 |
| | | |
| LEOFF 2 | | |
| Differences between expected and actual experience | $ 451,271 | $ 389,357 |
| Net difference between projected and actual investment earnings on pension plan investments | — | 2,305,100 |
| Changes of assumptions | 12,364 | — |
| Changes in proportion and differences between contributions and proportionate share of contributions | 45,639 | 4,024 |
| Contributions subsequent to the measurement date | 613,371 | — |
| Total LEOFF 2 | $ 1,122,645 | $ 2,698,481 |
| | | |
| Total | $ 4,187,988 | $ 6,683,393 |

Deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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 |
|---|---|---|---|---|---|
| 2018 | $ (286,813) | $ (1,085,684) | $ (6,804) | $ (232,251) | $ (1,057,690) |
| 2019 | 90,551 | 246,243 | 4,764 | 62,638 | 241,097 |
| 2020 | (21,025) | (250,971) | 935 | (25,013) | (156,939) |
| 2021 | (207,033) | (1,085,583) | (6,673) | (175,446) | (1,004,497) |
| 2022 | — | 79,237 | (553) | — | (37,711) |
| Thereafter | — | 103,009 | (1,940) | — | (173,468) |

**VOLUNTTER FIREFIGHTERS' AND RESERVE OFFICERS' RELIEF AND PENSION FUND (VFFRPF)**

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 450 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 by 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 2017 were:

**VFFRPF**

| Actual Contribution Rates | Firefighters | EMSD and Reserve Officers |
|---|---|---|
| Municipality fee | $ 30 | $ 105 |
| Member Fee | 30 | 30 |

The City of Yakima's actual contributions to the plan were $1,215 for the year ended December 31, 2016.

In accordance with Chapter 41.24 RCW, the state contributes 40 percent of the fire insurance premium tax to the plan. For fiscal year 2017, the fire insurance premium tax contribution was $6.6 million.

**Actuarial Assumptions**

The total pension asset for the VFFRPF was determined by an actuarial valuation by the Office of the State Actuary (OSA) as of June 30, 2016, and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75%
- 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 2016 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 asset 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 an 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. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**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, 2017, 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 Expected Real Rate of Return Arithmetic |
|---|---|---|
| Fixed income | 20% | 1.70% |
| Tangible assets | 5% | 4.90% |
| Real estate | 15% | 5.80% |
| Global equity | 37% | 6.30% |
| Private Equity | 23% | 9.30% |
| | 100% | |

**Sensitivity of Net Pension Asset**

The following presents the City of Yakima's proportionate share of the VFFRPF net pension asset calculated using the discount rate of 7 percent, as well as what the City of Yakima's proportionate share of the net pension asset 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.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|---|---|---|
| VFFRPF | $ (19,475) | $ (52,004) | $ (80,122) |

**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, 2017, the City of Yakima reported an asset of $52,004 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, 2017, the City of Yakima's proportion was 0.13%.

The VFFRPF collective net pension asset was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended December 31, 2017, the City of Yakima recognized pension expense of $1,215. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

**FIREMEN'S PENSION**

**AGGREGATE PENSION AMOUNTS - FIRE**

| | |
|---|---|
| Pension liabilities | $ 6,635,284 |
| Pension assets | — |
| Deferred outflows of resources | — |
| Deferred inflows of resources | — |
| Pension expense/expenditures | 238,138 |

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. There are 50 participants with a combined monthly pension of $49,727 paid by the City. Cost of Living Adjustment (COLA) was 2.24% and Collective Bargaining Agreement (CBA) was 2.5%. 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, 2017, there were no plan amendments.

**Contributions**

The Fire 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, 2018.

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 $.2250 per $1,000 of assessed valuation of all taxable property of the City in the amount of $1,340,511 for fiscal year 2017.
- 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 $95,776 for fiscal year 2017.
- Additional funding is provided by investment interest earnings, which in fiscal 2017 totaled $1,500.

**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.

Actuarial assumptions used to determine the total pension liability in the January 1, 2018, valuation were based on the results of an actuarial experience study covering the period from January 1, 2017 through December 31, 2017. Those assumptions, applied to all periods included in the measurement, are as follows.

- Inflation - 2.25%
- Salary increases, including inflation - 3.25%
- Mortality - RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 3.5%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current rate.

| | 1% Decrease (2.5)% | Current Discount Rate (3.5%) | 1% Increase (4.5)% |
|---|---|---|---|
| Total Pension Liability | $ 7,202,242 | $ 6,635,284 | $ 6,142,649 |

**Pension Expenses**
For the year ended December 31, 2017, the pension expense is $238,138.

**Total Pension Liability**
Due to the implementation of GASB 73, the City is now required to report the pension liability of this single employee non-trust pension plan. The City recognizes its total pension liability, rather than a net pension liability. In order for the City to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the City's contributions are not irrevocable. Accordingly, the City's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total pension liability.

The City's total pension liability was determined by an actuarial valuation as of the measurement date of December 31, 2017. Changes in the City's total pension liability were as follows:

| Firemens' Pension | Total Pension Liability |
|---|---|
| Balances at 12/31/2016 | $ 6,902,294 |
| Changes for the year: | |
| Interest | 247,672 |
| Differences between expected and actual experience | (43,347) |
| Changes of assumptions | 129,589 |
| Benefit payments | (600,924) |
| Net changes | (267,010) |
| Balance at 12/31/2017 | $ 6,635,284 |

The liability has decreased since our last valuation. The fact that excess benefits increased less than anticipated since the prior valuation led to a decrease in liability. This decrease was partially offset by the demographic experience of the Plan over the past two years.

The Plan remains sensitive to demographic experience that deviates from expectations due to the small size of the Plan membership. The Plan also remains sensitive to deviations in the excess benefit amounts from expectations.

At December 31, 2017, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Firemens' Pension | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ — | $ — |
| Changes of assumptions | — | — |
| Payments subsequent to the measurement date | — | — |
| Total | $ — | $ — |

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2017. There are no deferred outflows as of December 31, 2017. 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 | |
|---|---|
| 2018 | $ — |
| 2019 | — |
| 2020 | — |
| 2021 | — |
| 2022 | — |
| Thereafter | — |

## POLICE PENSION

**AGGREGATE PENSION AMOUNTS - POLICE**

| | | |
|---|---|---|
| Pension liabilities | $ | 4,664,239 |
| Pension assets | | — |
| Deferred outflows of resources | | — |
| Deferred inflows of resources | | — |
| Pension expense/expenditures | | (317,067) |

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. There are 34 participants with a combined monthly pension of $31,860 paid by the City. Cost of Living Adjustment (COLA) was 2.24% and Collective Bargaining Agreement (CBA) was 2.5%. 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, 2017, 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, 2018. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

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

The total pension liability was determined by an actuarial valuation as of January 1, 2018 the valuation date, calculated based on the discount rate and actuarial assumptions below.

- Inflation - 2.25%
- Salary increases, including inflation - 3.25%
- Mortality - RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 3.5%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5% that the current rate.

| | 1% Decrease (2.5)% | Current Discount Rate (3.5%) | 1% Increase (4.5)% |
|---|---|---|---|
| Total Pension Liability | $ 5,068,411 | $ 4,664,239 | $ 4,311,987 |

**Pension Expenses**
For the year ended December 31, 2017, the pension expense is negative $317,067.

**Total Pension Liability**
Due to the implementation of GASB 73, the City is now required to report the pension liability of this single employee non-trust pension plan. The City recognizes its total pension liability, rather than a net pension liability. In order for the City to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the City's contributions are not irrevocable. Accordingly, the City's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total pension liability.

The City's total pension liability was determined by an actuarial valuation as of the measurement date of December 31, 2017. Changes in the City's total pension liability were as follows:

| Police Pension | Total Pension Liability |
|---|---|
| Balances at 12/31/2016 | $ 5,381,844 |
| Changes for the year: | |
| Interest | 194,378 |
| Differences between expected and actual experience | (604,017) |
| Changes of assumptions | 92,572 |
| Benefit payments | (400,538) |
| Net changes | (717,605) |
| Balance at 12/31/2017 | $ 4,664,239 |

The liability has decreased since our last valuation. The fact that excess benefits increased less than anticipated since the prior valuation led to a decrease in liability. Further decreasing liability was the demographic experience of the Plan over the past two years.

The Plan remains sensitive to demographic experience that deviates from expectations due to the small size of the Plan membership. The Plan also remains sensitive to deviations in the excess benefit amounts from expectations.

At December 31, 2017, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Police Pension | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ — | $ — |
| Changes of assumptions | — | — |
| Payments subsequent to the measurement date | — | — |
| Total | $ — | $ — |

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2017. There are no deferred outflows as of December 31, 2017. 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 | |
|---|---|
| 2018 | $ — |
| 2019 | — |
| 2020 | — |
| 2021 | — |
| 2022 | — |
| Thereafter | — |

## *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 2017, the costs totaled $224,094 for the Firemen's Pension which has a total of 49 participants currently eligible to receive benefits and $200,198 for the Police Pension which has a total of 33 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 health care costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay as you go financing requirements.

**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 $17.2 million is included as a noncurrent liability on the Statement of Net Position.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF**

| | Fire | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| Annual required contribution (ARC) | | | |
| Amortization of UAAL | $ 1,775,393 | $ 1,775,393 | $ 1,775,393 |
| Interest | 62,139 | 62,139 | 62,139 |
| ARC at EOY | 1,837,532 | 1,837,532 | 1,837,532 |
| Interest on net OPEB obligation | 195,718 | 235,668 | 275,505 |
| Adjustment to ARC | (345,884) | (428,932) | (517,444) |
| Annual OPEB cost | 1,687,366 | 1,644,268 | 1,595,593 |
| Employer contributions | (545,944) | (506,061) | (224,094) |
| Change in net OPEB obligation | 1,141,422 | 1,138,207 | 1,371,499 |
| Net beginning OPEB obligation | 5,591,944 | 6,733,366 | 7,871,573 |
| Net OPEB obligation | $ 6,733,366 | $ 7,871,573 | $ 9,243,072 |

| | Police | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| Annual required contribution (ARC) | | | |
| Amortization of UAAL | $ 1,628,448 | $ 1,628,448 | $ 1,628,448 |
| Interest | 56,996 | 56,996 | 56,996 |
| ARC at EOY | 1,685,444 | 1,685,444 | 1,685,444 |
| Interest on net OPEB obligation | 165,225 | 198,999 | 235,191 |
| Adjustment to ARC | (291,995) | (362,192) | (441,728) |
| Annual OPEB cost | 1,558,674 | 1,522,251 | 1,478,907 |
| Employer contributions | (593,717) | (488,187) | (200,198) |
| Change in net OPEB obligation | 964,957 | 1,034,064 | 1,278,709 |
| Net beginning OPEB obligation | 4,720,727 | 5,685,684 | 6,719,748 |
| Net OPEB obligation | $ 5,685,684 | $ 6,719,748 | $ 7,998,457 |

**Funded Status**

As of January 1, 2018, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was $55.0 million and the actuarial value of the assets was $0, resulting in a UAAL of $55.0 million. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

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 | 12/31/15 | $ 1,687,366 | 32.4% | $ 6,733,366 |
| | 12/31/16 | 1,644,268 | 30.8% | 7,871,573 |
| | 12/31/17 | 1,595,593 | 14.0% | 9,243,072 |
| Police | 12/31/15 | $ 1,558,674 | 38.1% | $ 5,685,684 |
| | 12/31/16 | 1,522,251 | 32.1% | 6,719,748 |
| | 12/31/17 | 1,478,907 | 13.5% | 7,998,457 |

**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, 2018 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 6.7% for 2016 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 $781.78 per month for pre-65 Medical coverage for 2017. If a retiree chooses to cover his spouse and/or eligible family an amount of $948.10 per month for pre-65 Medical coverage was paid in 2017.

**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 | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| Annual required contribution (ARC) | | | |
| Annual normal cost | $ 436,955 | $ 436,955 | $ 436,955 |
| Amortization of UAAL | 451,435 | 451,435 | 451,435 |
| Interest | 31,094 | 31,094 | 31,094 |
| ARC at EOY | 919,484 | 919,484 | 919,484 |
| Interest on net OPEB obligation | 123,357 | 144,777 | 160,665 |
| Adjustment to ARC | (218,002) | (263,504) | (301,755) |
| Annual OPEB cost | 824,839 | 800,757 | 778,394 |
| Employer contributions | (212,830) | (346,815) | (342,135) |
| Change in net OPEB obligation | 612,009 | 453,942 | 436,259 |
| Net beginning OPEB obligation | 3,524,472 | 4,136,481 | 4,590,423 |
| Net OPEB obligation | $ 4,136,481 | $ 4,590,423 | $ 5,026,682 |

**Funded Status**

As of January 1, 2018, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was $7.3 million and the actuarial value of the assets was $0, resulting in a UAAL of $7.3 million. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is shown in the following chart.

## OPEB CONTRIBUTIONS – NON-LEOFF

(Amount Expressed in Thousands)

| | Valuation Date | Annual OPEB Cost | Percent of OPEB Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| Non-LEOFF | 12/31/15 | $ 824,839 | 25.8% | $ 4,136,481 |
| | 12/31/16 | 800,757 | 43.3% | 4,590,423 |
| | 12/31/17 | 778,394 | 44.0% | 5,026,682 |

**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 health care 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, 2018 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 6.7% for 2016 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 $212,144 for 2017. The reserve balance at the end of 2017 was $93,686. 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 2017 were $10,291,686. The reserve balance at the end of 2017 was $645,422, after considering incurred but not reported claims of $500,000 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 $1,407,577. The reserve balance at the end of 2017 was negative $340,002 after considering, based on the claims manager's estimate, the accrual for incurred but not reported claims of $450,000 at December 31, 2017.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance. This insurance is provided through Payne West Insurance 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 $4,990,945. 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, 2017, is $750,000.

The Risk Management fund balance was ($161,580) at the end of 2017, due to a large settlement in 2016 and the continuing effect of the pension obligation tied to City employees allocated to this function. However, the fund balance has been significantly rebuilt from the 2016 negative balance of $2.2 million through increased contributions.

**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, 2017, there are 281 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 Cities Insurance Association of Washington ("CIAW") program acquires liability insurance through the Administrator, Clear Risk Solutions, and the CIAW program is subject to a per-occurrence self-insured retention of $100,000 per occurrence. Members are responsible for individual deductibles, which vary by member. The City of Yakima has a $100,000 deductible, and the CIAW pool is responsible for claims between $100,000 and $200,000. For the City of Yakima, 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 $100,000 of the self-insured retention of the CIAW pool. The program also purchases an Aggregate 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 | 1/1/17 - 12/31/17 | $20,000,000 per occurrence with a $0 deductible |
| General liability | 1/1/17 - 12/31/17 | $20,000,000 per occurrence with a $0 deductible |
| Public officials | 1/1/17 - 12/31/17 | $20,000,000 per claim/aggregate with a $5,000 deductible |

## *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

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

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.5% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about $6.0 billion, resulting in the debt limits, as of December 31, 2017, for the City as follows:

### CUMULATIVE DEBT LIMITS

| Assessed valuation of taxable property in the City of Yakima - tax year 2017 | $5,957,828,341 | | | |
|---|---|---|---|---|
| | Without a Vote | With a Vote | | |
| | General Purpose 1.5% | General Purpose +1.0%=2.5% | Utilities +2.5%=5.0% | Open Space & Parks +2.5%=7.5% |
| Legal limit - percent of assessed valuation | $ 89,367,425 | $ 148,945,709 | $ 297,891,417 | $ 446,837,126 |
| Less: net outstanding indebtedness (see below) | 29,244,238 | 29,244,238 | 29,244,238 | 29,244,238 |
| Margin available | $ 60,123,187 | $ 119,701,471 | $ 268,647,179 | $ 417,592,888 |

| | |
|---|---|
| Net outstanding indebtedness | |
| Outstanding debt | $ 40,784,301 |
| Less: available resources to repay debt | 11,540,063 |
| Net outstanding indebtedness | $ 29,244,238 |

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 $5.0 million private placement Parks bond issued in 2015. 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 2017.

## LONG-TERM LIABILITIES

| | Balance 1/1/2017 | Additions | Payments/ Retirements | Balance 12/31/2017 | Amounts Due Within One Year | Noncurrent Portion |
|---|---|---|---|---|---|---|
| Governmental activities | | | | | | |
| General obligation debt | | | | | | |
| Bonds | $ 32,902,230 | $ — | $ 3,429,756 | $ 29,472,474 | $ 3,320,787 | $ 26,151,687 |
| Unamortized premium (discount) | 1,279,571 | 210,264 | 152,028 | 1,337,807 | — | 1,337,807 |
| Intergovernmental loans | 6,839,131 | 61,580 | 1,181,340 | 5,719,371 | 382,991 | 5,336,380 |
| Lease purchase agreements | 2,930,077 | 2,189,736 | 865,164 | 4,254,649 | 1,042,074 | 3,212,575 |
| Net pension liability* | 25,197,040 | (14,540) | — | 25,182,500 | — | 25,182,500 |
| Unfunded OPEB liability | 22,550,731 | (2,090,954) | — | 20,459,777 | — | 20,459,777 |
| Compensated absences | 8,797,549 | (46,581) | — | 8,750,968 | 994,237 | 7,756,731 |
| Total liabilities - governmental activities | 100,496,329 | 309,505 | 5,628,288 | 95,177,546 | 5,740,089 | 89,437,457 |
| Business-type activities | | | | | | |
| Revenue debt | | | | | | |
| Revenue bonds | 14,875,000 | — | 1,515,000 | 13,360,000 | 1,575,000 | 11,785,000 |
| Unamortized premium (discount) | 614,449 | — | 94,646 | 519,803 | — | 519,803 |
| Intergovernmental loans | 19,800,326 | — | 1,475,155 | 18,325,171 | 1,463,765 | 16,861,406 |
| Net pension liability (restated) | 9,859,795 | (2,308,215) | — | 7,551,580 | — | 7,551,580 |
| Unfunded OPEB liability | 1,654,440 | 154,006 | — | 1,808,446 | — | 1,808,446 |
| Compensated absences | 1,660,830 | 1,654 | — | 1,662,484 | 200,326 | 1,462,158 |
| Noncurrent liabilities - business-type | 48,464,840 | (2,152,555) | 3,084,801 | 43,227,484 | 3,239,091 | 39,988,393 |
| Total noncurrent liabilities | $ 148,961,169 | $ (1,843,050) | $ 8,713,089 | $ 138,405,030 | $ 8,979,180 | $ 129,425,850 |

* Beginning balance for net pension liability reflects prior period restatement due to GASB #73. the additions column includes an adjustment of $5,023,428 to reclassify Police pension formerly classified as an OPEB liability.

### 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.

## GENERAL OBLIGATION BONDS

| | Date of Final Maturity | Interest Rate | Original Issue | Outstanding 12/31/17 | Average Annual Debt Service |
|---|---|---|---|---|---|
| Regular property tax levy | | | | | |
| 2008 Fire ladder truck | 12/01/21 | 3.25% - 4.0% | $ 760,000 | $ 270,000 | 73,050 |
| 2013 Streets project | 06/20/28 | 1.67% | 5,000,000 | 3,630,769 | 377,230 |
| 2014 Street resurfacing project | 06/01/24 | 3.0% - 5.0% | 13,140,000 | 9,885,000 | 1,650,925 |
| 2015 Yakima sports complex | 06/01/35 | 3.35% - 8.15% | 5,000,000 | 4,512,916 | 400,000 |
| Total regular property tax levy | | | 23,900,000 | 18,298,685 | |

## GENERAL OBLIGATION BONDS

| | Date of Final Maturity | Interest Rate | Original Issue | Outstanding 12/31/17 | Average Annual Debt Service |
|---|---|---|---|---|---|
| Regular property tax levy/real excise tax | | | | | |
| 2007 River Road project bond | 05/01/17 | 4.0% -5 .0% | 1,765,000 | — | 220,375 |
| 2007 Fire station West Valley rehab bond | 05/01/22 | 4.0% -5 .0% | 815,000 | 330,000 | 73,149 |
| 2007 Downtown revitalization project | 05/01/22 | 4.0% -5 .0% | 1,490,000 | 600,000 | 133,185 |
| 2008 Third Ave/Mead/Walnut St project bond | 12/01/19 | 3.25% - 4.0% | 2,190,000 | 455,000 | 241,221 |
| Total regular property tax levy/real excise tax | | | 6,260,000 | 1,385,000 | |
| Motel/hotel tax | | | | | |
| 2004 Conv center expansion bond ref 1996 | 11/01/19 | 2.0% - 4.2% | 4,175,000 | 730,000 | 399,933 |
| Public Facilities District (state sales tax credit) | | | | | |
| 2007 Conv center addition refund 2002 | 05/01/26 | 4.0% -5 .0% | 4,910,000 | 3,435,000 | 456,674 |
| 2009 Capitol Theatre expansion | 12/01/32 | 3.0% - 6.6% | 7,035,000 | 5,230,000 | 773,531 |
| Total Public Facilities District | | | 11,945,000 | 8,665,000 | |
| Business licenses & real estate excise tax | | | | | |
| 2003 SunDome expansion | 12/01/23 | 2.34%-4.72% | 1,430,528 | 393,790 | 148,083 |
| | | | $ 47,710,528 | $ 29,472,475 | |

## REVENUE BONDS

Water, Wastewater and 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 and 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 12/31/2017 | Average Annual Debt Service |
|---|---|---|---|---|---|
| 2004 Irrigation revenue bonds | 09/01/34 | 2.0% - 4.8% | $ 5,215,000 | $ 3,680,000 | $ 322,181 |
| 2008 Wastewater revenue bonds (refund 1998) | 11/01/27 | 4.0 - 5.0% | 1,883,951 | 3,345,000 | 231,250 |
| 2008 Wastewater revenue bonds | 11/01/18 | 4.0 - 5.0% | 5,440,000 | 220,000 | 411,813 |
| 2012 Wastewater revenue bonds (refund 2003) | 11/01/23 | 2.0% - 4.0% | 9,400,000 | 6,115,000 | 1,162,300 |
| | | | $ 21,938,951 | $ 13,360,000 | |

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

## REVENUE DEBT SERVICE

| | Bonded Debt | Interest | Notes & Contracts | Interest |
|---|---|---|---|---|
| 2018 | $ 1,575 | $ 556 | $ 1,464 | $ 123 |
| 2019 | 1,400 | 498 | 1,465 | 115 |
| 2020 | 1,460 | 441 | 1,466 | 106 |
| 2021 | 1,520 | 381 | 1,468 | 97 |
| 2022 | 1,575 | 319 | 1,392 | 91 |
| 2023 - 2027 | 3,965 | 866 | 6,099 | 319 |
| 2028 - 2032 | 1,270 | 332 | 4,132 | 139 |
| 2033 - 2037 | 595 | 43 | 852 | 16 |
| | $ 13,360 | $ 3,436 | $ 18,338 | $ 1,006 |

At December 31, 2017, the City had $1.8 million 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 2017, the City borrowed $61,580 from Yakima County's Supporting Investment in Economic Development (SIED) program to support the extension of water and wastewater infrastructure along River Road to sere Yakima Valley Brewing Company and approximately three acres of commercial property currently served by private wells and septic systems. Sales and use tax will be collected to repay the debt.

## INTERGOVERNMENTAL LOANS

| | Interest | Maturity Date | Maximum Authorized | Outstanding 12/31/2017 |
|---|---|---|---|---|
| General long-term debt | | | | |
| Arterial street gas tax | | | | |
| PC08-951-052 - 2009 Railroad grade separation | 0.5% | 07/01/28 | $ 3,000,000 | $ 1,816,103 |
| 2015 SIED Loan - 2015 Yakima County SIED Loan | 2.4% | 06/01/23 | 307,000 | 307,000 |
| 2016 SIED Loan - 2015 Yakima County SIED Loan | 2.6% | 06/01/27 | 900,000 | 900,000 |
| 2017 SIED Loan - YV Brewing Project | 3.2% | 06/01/23 | 61,580 | 61,580 |
| Real estate excise tax | | | | |
| L1000030-0 - 2010 Railroad grade separation | 2.9% | 06/01/34 | 1,229,295 | 1,099,688 |
| 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 | 1,535,000 |
| 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 | — |
| Sub-total general long-term debt | | | | 5,719,371 |

## INTERGOVERNMENTAL LOANS

| | Interest | Maturity Date | Maximum Authorized | Outstanding 12/31/2017 |
|---|---|---|---|---|
| Revenue debt | | | | |
| Wastewater operating revenue | | | | |
| PW-01-691-071 - 2001 Fruitvale neighborhood Sewer | 0.5% | 07/01/21 | 1,466,250 | 310,500 |
| PW-05-691-064 - 2005 River Road sewer | 0.5% | 07/01/25 | 2,307,000 | 993,966 |
| PW-07-962-019 - 2007 Ultra violet disinfection | 0.5% | 07/01/27 | 2,300,000 | 1,213,889 |
| PC-12-951-065 - 2012 Wastewater Treatment Plan | 0.5% | 06/01/32 | 5,000,000 | 3,767,108 |
| PC-13-961-059 - 2012 Industrial Sewer main extensions | 0.5% | 06/01/37 | 2,000,000 | 1,626,794 |
| L1100008 - 2011 Energy efficiency project | 2.8% | 03/31/33 | 516,192 | 434,966 |
| L1200019 - 2012 Industrial waste anaerobic | 2.6% | 07/01/34 | 602,634 | 538,103 |
| Water operating revenue | | | | |
| PW-03-691-027 - 2003 Naches WTP improvements | 0.5% | 07/01/23 | 2,559,775 | 808,350 |
| SRF-04-65104-037 - 2005 Naches river WTP filter rehab | 0.5% | 10/01/25 | 894,380 | 376,581 |
| PC-08-951-051 - 2009 New water well | 0.5% | 07/01/28 | 2,257,200 | 1,332,637 |
| PC-13-961-074 - 2013 Automated reading system | 0.3% | 07/01/32 | 5,000,000 | 3,947,368 |
| DM-11-952-038 - 2013 Design WTP lagoons | 1.5% | 10/01/34 | 3,480,000 | 2,987,580 |
| Sub-total revenue debt | | | | 18,337,842 |
| Total intergovernmental loans | | | | $ 24,057,213 |

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

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

## GENERAL OBLIGATION DEBT SERVICE

| | Bonded Debt | Interest | Notes & Contracts | Interest |
|---|---|---|---|---|
| 2018 | $ 3,321 | $ 1,230 | $ 383 | $ 162 |
| 2019 | 3,362 | 1,111 | 425 | 116 |
| 2020 | 2,893 | 988 | 430 | 109 |
| 2021 | 2,961 | 915 | 440 | 100 |
| 2022 | 2,985 | 815 | 451 | 91 |
| 2023 - 2027 | 9,616 | 2,291 | 2,132 | 319 |
| 2028 - 2032 | 3,587 | 1,197 | 1,049 | 139 |
| 2033 - 2036 | 747 | 453 | 348 | 16 |
| | $ 29,472 | $ 9,000 | $ 5,658 | $ 1,052 |

At December 31, 2017, the City had $238,823 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 15, 2011 the City of Yakima borrowed $576,847 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase two Fire apparatus, approved by City Council on January 18, 2011. The certificates of participation have an all-inclusive financing cost of 3.02% and will be repaid annually over the next 10 years out of General Fund.

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.

On September 28, 2017 the City of Yakima borrowed $2,189,736 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds are being used to add new lighting fixtures and upgrade existing fixtures, approved by City Council on April 16, 2013. The certificates of participation have an all-inclusive financing cost of 1.76% and will be repaid annually over the next 10 years out of General Fund.

**LEASED EQUIPMENT**

| | | |
|---|---|---|
| Two fire apparatus | $ | 194,141 |
| One fire apparatus | | 203,316 |
| 74 Police vehicles; 70 air packs for fire service | | 1,667,456 |
| Energy Project (Lighting) | | 2,189,736 |
| Total | $ | 4,254,649 |

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, 2017, for the fiscal year listed:

**LEASE PAYMENTS**

| | | |
|---|---|---|
| Due in 2018 | $ | 1,207,627 |
| Due in 2019 | | 1,250,086 |
| Due in 2020 | | 373,916 |
| Due in 2021 | | 303,711 |
| Due in 2022 | | 303,453 |
| Due in 2023-2026 | | 1,366,866 |
| Total minimum lease payments | | 4,805,659 |
| Less: Amount representing interest | | 551,010 |
| Present value of minimum lease payments | $ | 4,254,649 |

**UNFUNDED POST EMPLOYMENT BENEFIT LIABILITIES**

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 health care benefits for certain retired police officers and firefighters. The City's self-insured medical plan allows retirees and the eligible dependents to self-pay premiums using the same rate as active employees, until they reach age 65, thereby creating an "implicit rate subsidy". All three of the programs are pay as you go.

**OUTSTANDING LIABILITIES**

| | Balance 1/1/17 | Additions | Balance 12/31/17 |
|---|---|---|---|
| OPEB Fire - medical | 7,871,573 | 1,371,499 | 9,243,072 |
| OPEB Police - medical | 6,719,748 | 1,278,709 | 7,998,457 |
| OPEB Non-LEOFF - medical | 4,590,423 | 436,259 | 5,026,682 |
| Total | $ 19,181,744 | $ 3,086,467 | $ 22,268,211 |

The Police OPEB and Fire OPEB are paid out of a department in the General Fund. The non-LEOFF retiree benefits are being paid annually through the Employees Health Benefit Reserve fund. The unfunded pension liability will be adjusted annually 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 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 were available for the purpose of funding property rehabilitation for economic development activities that create new jobs within the target area. As of December 31, 2017, the City had 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 $1.0 million Economic Development Initiative (EDI) grant from HUD as a protection in case of a default. As of December 31, 2017, there is only one HUD 108 loan remaining.

**POTENTIAL LITIGATION**

The City is a defendant in various legal actions and claims that arise during the normal course of business, some of which, but not all, are covered by insurance. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable and, in the opinion of City management, the final outcome of these matters, taken

individually or in the aggregate, are not expected to have a material adverse effect on the governmental operations or financial position of the City. The City has provided for reserves to address these matters, which include but are not limited to, lawsuits described below. City management believes these reserves and/or insurance are adequate to cover such matters.

The City is a party to a lawsuit in federal court in Case No. 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, Case No. 16-35440. On May 18, 2018, oral argument on the plaintiff's appeal occurred before the Ninth Circuit. On June 13, 2018, the Ninth Circuit issued a Memorandum decision which affirmed Judge Thomas O. Rice's decision on May 23, 2016 which granted the officer's motion for summary judgment and dismissed all claims in the case.

## *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, 2017.

**FUND BALANCE**

| Fund Balance | General Fund | Neighborhood Development Fund | Other Gov't Funds | Total |
|---|---|---|---|---|
| Nonspendable | | | | |
| Permanent fund | $ — | $ — | $ 667,296 | $ 667,296 |
| Restricted | | | | |
| Emergency programs | — | — | 106,362 | 106,362 |
| Arterial street construction & maintenance | — | — | 1,523,066 | 1,523,066 |
| Housing & economic development | — | 683,209 | 46,065 | 729,274 |
| Public safety | — | — | 1,037,915 | 1,037,915 |
| Debt service | — | — | 238,823 | 238,823 |
| Capital improvements | — | — | 4,238,072 | 4,238,072 |
| Tourism & conventions | — | — | 1,528,321 | 1,528,321 |
| Total restricted | — | 683,209 | 8,718,624 | 9,401,833 |

### FUND BALANCE

| Fund Balance | General Fund | Neighborhood Development Fund | Other Gov't Funds | Total |
|---|---|---|---|---|
| Committed | | | | |
| Public safety & emergency programs | 1,359,167 | — | — | 1,359,167 |
| Community relations | — | — | 708,399 | 708,399 |
| Parks and recreation | — | — | 35,384 | 35,384 |
| Streets | — | — | 849,894 | 849,894 |
| Capital improvements | — | — | 2,266,297 | 2,266,297 |
| Other | — | — | 61,431 | 61,431 |
| Tourism & conventions | — | — | 99,521 | 99,521 |
| Total committed | 1,359,167 | — | 4,020,926 | 5,380,093 |
| Assigned | | | | |
| Parks and recreation | — | — | 411,326 | 411,326 |
| Streets | — | — | 256,191 | 256,191 |
| Public safety & emergency programs | — | — | 477,133 | 477,133 |
| Debt service | — | — | 8,734 | 8,734 |
| Tourism & conventions | — | — | 102,791 | 102,791 |
| Total assigned | — | — | 1,256,175 | 1,256,175 |
| Unassigned | 7,391,559 | — | (1,082,051) | 6,309,508 |
| Total fund balance | $ 8,750,726 | $ 683,209 | $ 13,580,970 | $ 23,014,905 |

## *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

| | Water / Wastewater | Irrigation |
|---|---|---|
| Condensed statement of net position | | |
| Assets | | |
| Current Assets | $ 28,183,807 | $ 4,361,899 |
| Restricted assets | 1,835,000 | — |
| Capital assets, net of accumulated depreciation | 115,959,950 | 18,050,494 |
| Total assets | 145,978,757 | 22,412,393 |

## SYSTEM INFORMATION

| | Water / Wastewater | Irrigation |
|---|---|---|
| Deferred outflows of resources | 888,395 | 53,488 |
| Total assets & deferred outflows of resources | 146,867,152 | 22,465,881 |
| | | |
| Liabilities | | |
| Current liabilities | 5,062,834 | 289,004 |
| Noncurrent liabilities | 31,289,069 | 4,000,730 |
| Total liabilities | 36,351,903 | 4,289,734 |
| Deferred inflows of resources | 646,190 | 63,057 |
| Total liabilities & deferred inflows of resources | 36,998,093 | 4,352,791 |
| | | |
| Net position | | |
| Net investment in capital assets | 87,562,559 | 14,438,731 |
| Restricted | 1,835,000 | — |
| Unrestricted | 20,471,501 | 3,674,358 |
| Total net position | $ 109,869,060 | $ 18,113,089 |
| | | |
| Condensed statement of revenues, expenses and changes in net position | | |
| Operating revenues | | |
| Charges and fees for services | $ 30,101,876 | $ 3,087,175 |
| Other operating revenue | 68,026 | — |
| Total operating revenues | 30,169,902 | 3,087,175 |
| Operating expenses | | |
| Personnel services | 7,222,845 | 755,905 |
| Materials and supplies | 1,469,882 | 80,314 |
| Contractual services | 15,484,360 | 900,025 |
| Depreciation | 6,108,281 | 445,859 |
| Total operating expense | 30,285,368 | 2,182,103 |
| | | |
| Operating income (loss) | (115,466) | 905,072 |
| | | |
| Nonoperating revenues (expense) | | |
| Grants and subsidies | 157,127 | — |
| Interest revenue | 1,500 | 500 |
| Interest & other debt service costs | (518,526) | (180,894) |
| Gain (loss) disposal of capital assets | 5,780 | 800 |
| Total nonoperating revenue (exp) | (354,119) | (179,594) |
| | | |
| Income (loss) before conts & transfers | (469,585) | 725,478 |
| | | |
| Capital contributions | 1,437,977 | — |
| Operating transfers (net) | (422,433) | (33,896) |
| Change in net position | 545,959 | 691,582 |
| | | |
| Net position - beginning | 109,323,100 | 17,421,506 |
| Net position - ending | $ 109,869,059 | $ 18,113,088 |

**SYSTEM INFORMATION**

| | Water / Wastewater | Irrigation |
|---|---|---|
| Condensed statement of cash flows | | |
| Net cash provided (used) | | |
| Operating activities | $ 5,661,498 | $ 1,367,769 |
| Capital financing activities | (4,826,960) | (388,579) |
| Investing activities | (108,940) | (1,043,207) |
| Net increase (decrease) | 725,598 | (64,017) |
| Beginning cash and cash equivalents | 2,834,127 | 300,913 |
| Ending cash and cash equivalents | $ 3,559,725 | $ 236,896 |

## *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.

**Schedule of Proportionate Share of the Net Pension Liability** - Added in 2015 per GASB 68 which required cost-sharing employers to present a 10-year schedule containing the net pension liability and certain related ratios. This information was added to improve transparency, and offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.

**Schedule of Employer Contributions** - Also added in 2015 per GASB 68, this schedule, also to show 10-years, was added to provide measures to evaluate decisions related to the assessment of contribution rates and help to provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates.

**Schedule of Funding Progress** - Includes OPEB and pension funding progress.

**Schedule of Changes in Net Pension Liability and Related Ratios** - A ten year schedule of changes in the total pension liability, along with the ratios of net position as a percent of total pension liability and net pension liability as a percent of covered payroll.

# SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of June 30, 2017
Amounts Expressed in Thousands



| PERS 1 | 2015 | 2016 | 2017 |
|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.24734% | 0.24366% | 0.23963% |
| Employer's proportionate share of the net pension liability | $ 12,938 | $ 13,086 | $ 11,371 |
| Employer's covered employee payroll | 664 | 569 | 29 |
| Employer's proportionate share - net pension liability as a % of covered employee payroll | 1,948.9% | 2,299.3% | 39.6% |
| Plan fiduciary net position as a % of the total pension liability | 59.1% | 59.0% | 61.2% |

| PERS 2/3 | | | |
|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.29422% | 0.29033% | 2.88441% |
| Employer's proportionate share of the net pension liability | $ 10,512 | $ 14,618 | $ 10,022 |
| Employer's covered employee payroll | 21,025 | 27,401 | 28,294 |
| Employer's proportionate share - net pension liability as a % of covered employee payroll | 50.0% | 53.3% | 35.4% |
| Plan fiduciary net position as a % of the total pension liability | 89.2% | 85.8% | 91.0% |

| PSERS | | | |
|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.24616% | 0.21717% | 0.21427% |
| Employer's proportionate share of the net pension liability | $ 45 | $ 92 | $ 42 |
| Employer's covered employee payroll | 718 | 705 | 765 |
| Employer's proportionate share - net pension liability as a % of covered employee payroll | 6.3% | 13.1% | 5.5% |
| Plan fiduciary net position as a % of the total pension liability | 95.1% | 90.4% | 96.3% |

| LEOFF 1 | | | |
|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.26860% | 0.26420% | 0.26250% |
| Employer's proportionate share of the net pension liability | $ (3,237) | $ (2,722) | $ (3,983) |
| Employer's proportionate share - net pension liability as a % of covered employee payroll | —% | —% | —% |
| Plan fiduciary net position as a % of the total pension liability | 127.4% | 123.7% | 136.0% |

| LEOFF 2 | | | |
|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.74262% | 0.74336% | 0.73990% |
| Employer's proportionate share of the net pension liability | $ (7,633) | $ (4,324) | $ (10,267) |
| State's proportion of the net pension liability (asset) associated with the employer | (720) | (741) | (782) |
| Total | $ (8,353) | $ (5,065) | $ (11,049) |
| Employer's covered employee payroll | $ 21,562 | $ 22,520 | $ 23,145 |
| Employer's proportionate share - net pension liability as a % of covered employee payroll | (35.4%) | (19.2%) | (44.4%) |
| Plan fiduciary net position as a % of the total pension liability | 111.7% | 106.0% | 113.4% |

Note: The City implemented GASB 68 for the year ended December 31, 2015 - yearly information will be added until the 10-year requirement is met. The City of Yakima has no current LEOFF I employees.

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

# SCHEDULE OF EMPLOYER CONTRIBUTIONS

As of December 31, 2017
Amounts Expressed in Thousands



| PERS 1 | 2015 | 2016 | 2017 |
|---|---|---|---|
| Statutorily or contractually required contributions | $ 1,263 | $ 1,433 | $ 1,489 |
| Contributions in relation to the statutorily or contractually required contributions | (1,263) | (1,433) | (1,489) |
| Contribution deficiency (excess) | $ — | $ — | $ — |
| Covered payroll | $ 554 | $ 587 | $ 29 |
| Contributions as a percentage of covered employee payroll | 228.0% | 244.2% | 5.1% |

| PERS 2/3 | | | |
|---|---|---|---|
| Statutorily or contractually required contributions | $ 1,511 | $ 1,741 | $ 1,930 |
| Contributions in relation to the statutorily or contractually required contributions | (1,511) | (1,741) | (1,930) |
| Contribution deficiency (excess) | $ — | $ — | $ — |
| Covered payroll | $ 26,794 | $ 27,401 | $ 28,706 |
| Contributions as a percentage of covered employee payroll | 5.6% | 6.4% | 6.7% |

| PSERS | | | |
|---|---|---|---|
| Statutorily or contractually required contributions | $ 46 | $ 49 | $ 53 |
| Contributions in relation to the statutorily or contractually required contributions | (46) | (49) | (53) |
| Contribution deficiency (excess) | $ — | $ — | $ — |
| Covered payroll | $ 712 | $ 705 | $ 800 |
| Contributions as a percentage of covered employee payroll | 6.5% | 6.9% | 6.6% |

| LEOFF 2 | | | |
|---|---|---|---|
| Statutorily or contractually required contributions | $ 1,121 | $ 1,152 | $ 1,198 |
| Contributions in relation to the statutorily or contractually required contributions | (1,121) | (1,152) | (1,198) |
| Contribution deficiency (excess) | $ — | $ — | $ — |
| Covered payroll | $ 22,188 | $ 22,520 | $ 23,417 |
| Contributions as a percentage of covered employee payroll | 5.0% | 5.1% | 5.1% |

Note: The City implemented GASB 68 for the year ended December 31, 2015 - yearly information will be added until the 10-year requirement is met.

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

## SCHEDULE OF FUNDING PROGRESS

December 31, 2017
Amounts Expressed in Thousands



| | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL % of Covered Payroll |
|---|---|---|---|---|---|---|---|
| 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 | 01/01/12 | — | 23,007 | 23,007 | 0.0% | n/a | n/a |
| | 01/01/14 | — | 25,615 | 25,615 | 0.0% | n/a | n/a |
| | 01/01/16 | — | 26,327 | 26,327 | 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 |
| | 01/01/15 | — | 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 |
| | 01/01/15 | — | 7,298 | 7,298 | 0.0% | n/a | n/a |

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

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

For the Year Ended December 31, 2017
Last 10 Fiscal Years



| | 2017 |
|---|---|
| **Fire Pension** | |
| Total pension liability | |
| Interest | $ 247,672 |
| Differences between expected and actual experience | (43,347) |
| Changes of assumptions | 129,589 |
| Benefit payments, including refunds of contributions | (600,924) |
| Net change in total pension liability | (267,010) |
| Total pension liability - beginning | 6,902,294 |
| Total pension liability - ending | $ 6,635,284 |
| Covered payroll | — |
| **Police Pension** | |
| Total pension liability | |
| Interest | $ 194,378 |
| Differences between expected and actual experience | (604,017) |
| Changes of assumptions | 92,572 |
| Benefit payments, including refunds of contributions | (400,538) |
| Net change in total pension liability | (717,605) |
| Total pension liability - beginning | 5,381,844 |
| Total pension liability - ending | $ 4,664,239 |
| Covered payroll | — |

Note: The City implemented GASB 73 for the year ended December 31, 2017. This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

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

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

# COMBINING BALANCE SHEET
# NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017



| | Special Revenue | Debt Service | Capital Project | Permanent Fund | Total |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and cash equivalents | $ 5,432,131 | $ 203,019 | $ 3,388,262 | $ 665,671 | $ 9,689,083 |
| Cash with fiscal agent | 2,428,513 | — | 190,376 | — | 2,618,889 |
| Investments | 1,531,000 | — | 4,149,568 | — | 5,680,568 |
| Receivables, net allowance for uncollectible accounts | | | | | |
| Taxes | 317,035 | 44,538 | 100,143 | — | 461,716 |
| Accounts | 260,155 | — | 255,325 | 1,626 | 517,106 |
| Notes and contracts receivable | 43,860 | — | — | — | 43,860 |
| Due from other governments | 65,281 | — | — | — | 65,281 |
| Due from other funds | — | — | 500,000 | — | 500,000 |
| Inventories and prepayments | 238,610 | — | — | — | 238,610 |
| Total assets | $ 10,316,585 | $ 247,557 | $ 8,583,674 | $ 667,297 | $ 19,815,113 |
| Liabilities | | | | | |
| Accounts payable | $ 2,073,625 | $ — | $ 156,709 | $ — | $ 2,230,334 |
| Retainage payable | 42,290 | — | 156,909 | — | 199,199 |
| Accrued salaries and benefits | 935,664 | — | — | — | 935,664 |
| Custodial accounts | 582,614 | — | — | — | 582,614 |
| Due to other governments | 6,813 | — | 232 | — | 7,045 |
| Due to other funds | 450,000 | — | 1,600,000 | — | 2,050,000 |
| Total liabilities | 4,091,006 | — | 1,913,850 | — | 6,004,856 |
| Deferred inflows of resources | | | | | |
| Deferred unavailable revenue/taxes | 157,850 | — | — | — | 157,850 |
| Unavailable revenue and notes | 71,370 | — | 65 | — | 71,435 |
| Total deferred inflows of resources | 229,220 | — | 65 | — | 229,285 |
| Total liabilities & deferred inflows of resources | 4,320,226 | — | 1,913,915 | — | 6,234,141 |
| Fund balance | | | | | |
| Nonspendable | — | — | — | 667,296 | 667,296 |
| Restricted | 4,241,729 | 238,823 | 4,238,072 | — | 8,718,624 |
| Committed | 1,754,629 | — | 2,266,297 | — | 4,020,926 |
| Assigned | — | 8,734 | 1,247,441 | — | 1,256,175 |
| Unassigned | — | — | (1,082,051) | — | (1,082,051) |
| Total fund balance | 5,996,358 | 247,557 | 6,669,759 | 667,296 | 13,580,970 |
| Total liabilities, deferred inflows & fund balances | $ 10,316,584 | $ 247,557 | $ 8,583,674 | $ 667,296 | $ 19,815,111 |

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

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

For the Year Ended December 31, 2017



| | Special Revenue | Debt Service | Capital Project | Permanent Fund | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes and assessments | $ 9,856,456 | $ 423,404 | $ 3,634,955 | $ — | $ 13,914,815 |
| Licenses and permits | 662,339 | — | — | — | 662,339 |
| Intergovernmental revenues | 2,966,540 | 101,545 | 240,260 | — | 3,308,345 |
| Charges for services | 5,921,454 | — | 55,000 | 11,828 | 5,988,282 |
| Contributions and donations | 17,766 | — | 485,840 | — | 503,606 |
| Investment earnings | 4,762 | 750 | 41,958 | 12,000 | 59,470 |
| Other revenue | 1,271,777 | — | 129,743 | — | 1,401,520 |
| Total revenues | 20,701,094 | 525,699 | 4,587,756 | 23,828 | 25,838,377 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 802,114 | — | 71,757 | — | 873,871 |
| Public safety | 5,085,536 | — | 421,872 | — | 5,507,408 |
| Utilities | 279,792 | — | 11,380 | — | 291,172 |
| Transportation | 6,946,534 | — | 328,300 | — | 7,274,834 |
| Economic environment | 1,092,984 | — | 41,061 | — | 1,134,045 |
| Public health services | 570,912 | — | — | — | 570,912 |
| Cultural and recreational | 5,615,537 | — | 219,346 | — | 5,834,883 |
| Capital outlay | | | | | |
| General government | — | — | 24,162 | — | 24,162 |
| Public safety | — | — | 1,582,765 | — | 1,582,765 |
| Utilities | 70,874 | — | — | — | 70,874 |
| Transportation | 954,310 | — | 1,143,111 | — | 2,097,421 |
| Cultural and recreational | — | — | 2,047,940 | — | 2,047,940 |
| Debt service | | | | | |
| Principal | 65,000 | 3,429,756 | 1,116,340 | — | 4,611,096 |
| Interest and related charges | 83,321 | 1,345,504 | 119,783 | — | 1,548,608 |
| Total Expenditures | 21,566,914 | 4,775,260 | 7,127,817 | — | 33,469,991 |
| Excess (deficiency) of revenue over (under) expenditure | (865,820) | (4,249,561) | (2,540,061) | 23,828 | (7,631,614) |
| Other financing (sources) uses | | | | | |
| Transfers in | 2,119,360 | 4,248,795 | 1,505,611 | — | 7,873,766 |
| Transfers out | (3,153,031) | — | (599,502) | (12,000) | (3,764,533) |
| Proceeds from issuance of long-term debt | 2,400,000 | — | — | — | 2,400,000 |
| Sale of capital assets | 47,759 | — | 17,725 | — | 65,484 |
| Total other financing sources (uses) | 1,414,088 | 4,248,795 | 923,834 | (12,000) | 6,574,717 |
| Net change in fund balance | 548,268 | (766) | (1,616,227) | 11,828 | (1,056,897) |
| Fund balance - beginning | 5,448,090 | 248,322 | 8,285,986 | 655,469 | 14,637,867 |
| Fund balances - ending | $ 5,996,358 | $ 247,556 | $ 6,669,759 | $ 667,297 | $ 13,580,970 |

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

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

**Parks and Recreation Fund (131) -** 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.

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

**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.

**Downtown Yakima Business Improvement District (DYBID) Fund (161) -** Formed to record the operating receipts and expenditures for Parking and Business Improvement. The major source of revenue is the assessment levied on businesses. Expenditures include costs associated with enhanced maintenance and other promotion of the Downtown area.

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

**Front Street Parking & Business Improvement Area (PBIA) Fund (163) -** Established in 1997 for the purpose of assisting trade, economic viability and livability within the area. Revenues are derived from self-assessments on businesses located within the boundaries.

**Tourist Promotion / Convention Center Fund (170) -** Established in 1978 and centralizes all City expenditures for the support of tourist and convention activities and publicity, including operational expenses of the city-owned Convention 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.

# COMBINING BALANCE SHEET
# NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2017



| | Economic Dev | Community Relations | Parks and Recreation | Streets | Arterial Street |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and cash equivalents | $ 597,819 | $ 757,512 | $ 207,823 | $ 145,043 | $ 93,804 |
| Cash with fiscal agent | — | — | 8,337 | 2,411,350 | — |
| Investments | — | — | — | — | 1,531,000 |
| Receivables, net allowance for uncollectible accounts | | | | | |
| Taxes | — | — | 46,640 | 63,491 | — |
| Accounts | — | 630 | 38,182 | 119,256 | — |
| Notes and contracts receivable | — | — | — | — | — |
| Due from other governments | — | — | — | — | 41,538 |
| Inventories and prepayments | — | — | — | 238,610 | — |
| Total assets | $ 597,819 | $ 758,142 | $ 300,982 | $ 2,977,750 | $ 1,666,342 |
| Liabilities | | | | | |
| Accounts payable | $ 1,542 | $ 1,234 | $ 30,268 | $ 1,806,674 | $ 100,986 |
| Retainage payable | — | — | — | — | 42,290 |
| Accrued salaries and benefits | 1,084 | 47,797 | 169,539 | 251,590 | — |
| Custodial accounts | 549,128 | — | — | — | — |
| Due to other governments | — | 82 | 2,769 | 3,653 | — |
| Due to other funds | — | — | — | — | — |
| Total liabilities | 551,754 | 49,113 | 202,576 | 2,061,917 | 143,276 |
| Deferred inflows of resources | | | | | |
| Deferred unavailable revenue/taxes | — | — | 46,640 | 63,491 | — |
| Unavailable revenue and notes | — | 630 | 16,383 | 2,448 | — |
| Total deferred inflows of resources | — | 630 | 63,023 | 65,939 | — |
| Total liabilities & deferred inflows of resources | 551,754 | 49,743 | 265,599 | 2,127,856 | 143,276 |
| Fund balance | | | | | |
| Restricted | 46,065 | — | — | — | 1,523,066 |
| Committed | — | 708,399 | 35,384 | 849,894 | — |
| Total fund balance | 46,065 | 708,399 | 35,384 | 849,894 | 1,523,066 |
| Total liabilities, deferred inflows & fund balances | $ 597,819 | $ 758,142 | $ 300,983 | $ 2,977,750 | $ 1,666,342 |

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

# COMBINING BALANCE SHEET
# NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2017



| | Cemetery | Emergency Services | Public Sfty Comm | Police Grants | DYBID | Trolley |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and cash equivalents | $ 75,115 | $ 236,990 | $ 897,323 | $ 933,508 | $ 99,366 | $ 925 |
| Cash with fiscal agent | — | 8,642 | — | 184 | — | — |
| Investments | — | — | — | — | — | — |
| Receivables, net allowance for uncollectible accounts | | | | | | |
| Taxes | — | 47,719 | — | — | — | — |
| Accounts | 10,840 | — | 19,024 | — | — | — |
| Notes and contracts receivable | — | — | — | — | 38,008 | — |
| Due from other governments | — | — | — | 3,488 | — | 20,254 |
| Inventories and prepayments | — | — | — | — | — | — |
| Total assets | $ 85,955 | $ 293,351 | $ 916,347 | $ 937,180 | $ 137,374 | $ 21,179 |
| Liabilities | | | | | | |
| Accounts payable | $ 463 | $ 2,657 | $ 2,909 | $ 39,494 | $ — | $ 227 |
| Retainage payable | — | — | — | — | — | — |
| Accrued salaries and benefits | 15,875 | 136,613 | 298,446 | 14,720 | — | — |
| Custodial accounts | — | — | — | 9,869 | — | — |
| Due to other governments | 135 | — | 143 | 32 | — | — |
| Due to other funds | — | — | 450,000 | — | — | — |
| Total liabilities | 16,473 | 139,270 | 751,498 | 64,115 | — | 227 |
| Deferred inflows of resources | | | | | | |
| Deferred unavailable revenue/taxes | — | 47,719 | — | — | — | — |
| Unavailable revenue and notes | 8,050 | — | — | — | 38,008 | — |
| Total deferred inflows of resources | 8,050 | 47,719 | — | — | 38,008 | — |
| Total liabilities & deferred inflows of resources | 24,523 | 186,989 | 751,498 | 64,115 | 38,008 | 227 |
| Fund balance | | | | | | |
| Restricted | — | 106,362 | 164,849 | 873,065 | — | 20,952 |
| Committed | 61,431 | — | — | — | 99,366 | — |
| Total fund balance | 61,431 | 106,362 | 164,849 | 873,065 | 99,366 | 20,952 |
| Total liabilities, deferred inflows & fund balances | $ 85,954 | $ 293,351 | $ 916,347 | $ 937,180 | $ 137,374 | $ 21,179 |

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

## COMBINING BALANCE SHEET
## NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2017



| PBIA | Tourist Pro Conv Ctr | Capitol Theatre | PFD Conv Ctr | Tourist Promotion | PFD Cap Theatre | Total |
|---|---|---|---|---|---|---|
| $ 555 | $ 321,125 | $ 109 | $ 809,439 | $ 53,859 | $ 201,815 | $ 5,432,131 |
| — | — | — | — | — | — | 2,428,513 |
| — | — | — | — | — | — | 1,531,000 |
| — | 45,995 | 34,262 | — | 78,928 | — | 317,035 |
| — | 59,671 | — | 7,192 | — | 5,360 | 260,155 |
| 5,852 | — | — | — | — | — | 43,860 |
| — | — | — | — | — | — | 65,281 |
| — | — | — | — | — | — | 238,610 |
| $ 6,407 | $ 426,791 | $ 34,371 | $ 816,631 | $ 132,787 | $ 207,175 | $ 10,316,585 |
| $ 400 | $ 24,958 | $ 6,352 | $ 1,008 | $ 53,445 | $ 1,008 | $ 2,073,625 |
| — | — | — | — | — | — | 42,290 |
| — | — | — | — | — | — | 935,664 |
| — | 23,616 | — | — | — | — | 582,614 |
| — | — | — | — | — | — | 6,813 |
| — | — | — | — | — | — | 450,000 |
| 400 | 48,574 | 6,352 | 1,008 | 53,445 | 1,008 | 4,091,006 |
| — | — | — | — | — | — | 157,850 |
| 5,852 | — | — | — | — | — | 71,370 |
| 5,852 | — | — | — | — | — | 229,220 |
| 6,252 | 48,574 | 6,352 | 1,008 | 53,445 | 1,008 | 4,320,226 |
| — | 378,217 | 28,018 | 815,624 | 79,342 | 206,167 | 4,241,729 |
| 155 | — | — | — | — | — | 1,754,629 |
| 155 | 378,217 | 28,018 | 815,624 | 79,342 | 206,167 | 5,996,358 |
| $ 6,407 | $ 426,791 | $ 34,370 | $ 816,632 | $ 132,787 | $ 207,175 | $ 10,316,584 |

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

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

December 31, 2017



| | Economic Dev | Community Relations | Parks and Recreation | Streets | Arterial Street |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes and assessments | $ — | $ — | $ 2,583,260 | $ 3,116,609 | $ — |
| Licenses and permits | — | 662,339 | — | — | — |
| Intergovernmental revenues | 116,997 | — | 75,120 | 1,501,338 | 1,190,323 |
| Charges for services | — | — | 924,737 | 418,500 | — |
| Contributions and donations | — | — | 17,766 | — | — |
| Investment earnings | — | — | — | — | 1,000 |
| Other revenue | — | 210 | 111,238 | 109,735 | — |
| Total revenues | 116,997 | 662,549 | 3,712,121 | 5,146,182 | 1,191,323 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 93,860 | 553,834 | — | — | — |
| Public safety | — | — | 94,819 | — | — |
| Utilities | — | — | — | — | — |
| Transportation | — | — | — | 6,914,364 | 9,888 |
| Economic environment | 2,990 | — | — | — | — |
| Public health services | — | — | 570,912 | — | — |
| Cultural and recreational | — | — | 3,817,645 | — | — |
| Capital outlay | | | | | |
| Utilities | — | — | — | — | 70,874 |
| Transportation | — | — | — | 8,367 | 945,943 |
| Debt service | | | | | |
| Principal | — | — | — | — | — |
| Interest and related charges | — | — | — | 22,926 | — |
| Total Expenditures | 96,850 | 553,834 | 4,483,376 | 6,945,657 | 1,026,705 |
| Excess (deficiency) of revenue over (under) expenditure | 20,147 | 108,715 | (771,255) | (1,799,475) | 164,618 |
| Other financing (sources) uses | | | | | |
| Transfers in | — | — | 1,513,060 | — | — |
| Transfers out | (21,700) | (2,565) | (990,610) | (350,000) | (220,375) |
| Proceeds from issuance of long-term debt | — | — | — | 2,400,000 | — |
| Sale of capital assets | — | — | — | 47,759 | — |
| Total other financing sources (uses) | (21,700) | (2,565) | 522,450 | 2,097,759 | (220,375) |
| Net change in fund balance | (1,553) | 106,150 | (248,805) | 298,284 | (55,757) |
| Fund balance - beginning | 47,618 | 602,249 | 284,188 | 551,611 | 1,578,823 |
| Fund balances - ending | $ 46,065 | $ 708,399 | $ 35,383 | $ 849,895 | $ 1,523,066 |

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

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

December 31, 2017



| Cemetery | Emergency Services | Public Sfty Comm | Police Grants | DYBID | Trolley | PBIA | Tourist Pro Conv Ctr | Capitol Theatre |
|---|---|---|---|---|---|---|---|---|
| $ — | $ 1,382,637 | $ 175,678 | $ — | $ — | $ — | $ — | $ 727,013 | $ 307,950 |
| — | — | — | — | — | — | — | — | — |
| — | 2,228 | — | 60,279 | — | 20,254 | — | — | — |
| 148,834 | — | 3,410,228 | 79,373 | — | — | — | 276,121 | — |
| — | — | — | — | — | — | — | — | — |
| 22 | 294 | — | — | — | — | 35 | 50 | 250 |
| — | — | 1,511 | 372,253 | 193,946 | 1,275 | 3,503 | 478,107 | — |
| 148,856 | 1,385,159 | 3,587,417 | 511,905 | 193,946 | 21,529 | 3,538 | 1,481,291 | 308,200 |
| | | | | | | | | |
| — | — | — | 154,420 | — | — | — | — | — |
| — | 1,225,736 | 3,593,002 | 171,980 | — | — | — | — | — |
| 279,792 | — | — | — | — | — | — | — | — |
| — | — | — | — | — | 22,282 | — | — | — |
| — | — | — | — | — | — | 3,500 | 423,545 | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | 94,811 | — | — | 1,236,133 | 443,278 |
| | | | | | | | | |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| | | | | | | | | |
| — | — | 65,000 | — | — | — | — | — | — |
| — | — | 60,395 | — | — | — | — | — | — |
| 279,792 | 1,225,736 | 3,718,397 | 326,400 | 94,811 | 22,282 | 3,500 | 1,659,678 | 443,278 |
| (130,936) | 159,423 | (130,980) | 185,505 | 99,135 | (753) | 38 | (178,387) | (135,078) |
| | | | | | | | | |
| 157,000 | — | 200,000 | — | — | 21,700 | — | 100,000 | 127,600 |
| — | (200,000) | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| 157,000 | (200,000) | 200,000 | — | — | 21,700 | — | 100,000 | 127,600 |
| 26,064 | (40,577) | 69,020 | 185,505 | 99,135 | 20,947 | 38 | (78,387) | (7,478) |
| 35,368 | 146,939 | 95,829 | 687,560 | 231 | 4 | 117 | 456,604 | 35,496 |
| $ 61,432 | $ 106,362 | $ 164,849 | $ 873,065 | $ 99,366 | $ 20,951 | $ 155 | $ 378,217 | $ 28,018 |

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

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

December 31, 2017



| | PFD Conv Ctr | Tourist Promotion | PFD Cap Theatre | Total |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes and assessments | $ 889,634 | $ — | $ 673,675 | $ 9,856,456 |
| Licenses and permits | — | — | — | 662,339 |
| Intergovernmental revenues | — | — | — | 2,966,540 |
| Charges for services | — | 663,662 | — | 5,921,454 |
| Contributions and donations | — | — | — | 17,766 |
| Investment earnings | 1,531 | 575 | 1,005 | 4,762 |
| Other revenue | — | — | — | 1,271,777 |
| Total revenues | 891,165 | 664,237 | 674,680 | 20,701,094 |
| Expenditures | | | | |
| Current | | | | |
| General government | — | — | — | 802,114 |
| Public safety | — | — | — | 5,085,536 |
| Utilities | — | — | — | 279,792 |
| Transportation | — | — | — | 6,946,534 |
| Economic environment | — | 662,949 | — | 1,092,984 |
| Public health services | — | — | — | 570,912 |
| Cultural and recreational | 11,838 | — | 11,832 | 5,615,537 |
| Capital outlay | | | | |
| Utilities | — | — | — | 70,874 |
| Transportation | — | — | — | 954,310 |
| Debt service | | | | |
| Principal | — | — | — | 65,000 |
| Interest and related charges | — | — | — | 83,321 |
| Total Expenditures | 11,838 | 662,949 | 11,832 | 21,566,914 |
| Excess (deficiency) of revenue over (under) expenditure | 879,327 | 1,288 | 662,848 | (865,820) |
| Other financing (sources) uses | | | | |
| Transfers in | — | — | — | 2,119,360 |
| Transfers out | (718,213) | — | (649,568) | (3,153,031) |
| Proceeds from issuance of long-term debt | — | — | — | 2,400,000 |
| Sale of capital assets | — | — | — | 47,759 |
| Total other financing sources (uses) | (718,213) | — | (649,568) | 1,414,088 |
| Net change in fund balance | 161,114 | 1,288 | 13,280 | 548,268 |
| Fund balance - beginning | 654,510 | 78,054 | 192,887 | 5,448,090 |
| Fund balances - ending | $ 815,624 | $ 79,342 | $ 206,167 | $ 5,996,358 |

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

**Convention Center/Capital Theatre Expansion LTGO Bonds (272) -** These bonds were issued to fund additions to the Yakima Convention Center in 2002 and the Capital Theatre in 2009.

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

**Convention Center Remodel LTGO (287) -** These bonds were issued to expand/remodel the Convention Center in 1996.

# COMBINING BALANCE SHEET
# NONMAJOR DEBT SERVICE FUNDS

December 31, 2017



| | Conv Ctr/ Cap Th Bond | Various GO Bonds | Conv Ctr Rem Bond | Total |
|---|---|---|---|---|
| Assets | | | | |
| Cash and cash equivalents | $ 166,150 | $ 8,734 | $ 28,134 | $ 203,018 |
| Receivables, net allowance for uncollectible accounts | | | | |
| Taxes | — | — | 44,538 | 44,538 |
| Total assets | $ 166,150 | $ 8,734 | $ 72,672 | $ 247,556 |
| | | | | |
| Fund balance | | | | |
| Restricted | $ 166,150 | $ — | $ 72,672 | $ 238,822 |
| Assigned | — | 8,734 | — | 8,734 |
| Total liabilities, deferred inflows & fund balances | $ 166,150 | $ 8,734 | $ 72,672 | $ 247,556 |

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

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

December 31, 2017



| | Conv Ctr/ Cap Th Bond | Various GO Bonds | Conv Ctr Rem Bond | Total |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes and assessments | $ — | $ — | $ 423,404 | $ 423,404 |
| Intergovernmental revenues | 101,545 | — | — | 101,545 |
| Investment earnings | — | — | 750 | 750 |
| Total revenues | 101,545 | — | 424,154 | 525,699 |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 550,000 | 2,499,756 | 380,000 | 3,429,756 |
| Interest and related charges | 479,213 | 820,826 | 45,465 | 1,345,504 |
| Total Expenditures | 1,029,213 | 3,320,582 | 425,465 | 4,775,260 |
| Excess (deficiency) of revenue over (under) expenditure | (927,668) | (3,320,582) | (1,311) | (4,249,561) |
| Other financing (sources) uses | | | | |
| Transfers in | 928,213 | 3,320,582 | — | 4,248,795 |
| Net change in fund balance | 545 | — | (1,311) | (766) |
| Fund balance - beginning | 165,605 | 8,734 | 73,983 | 248,322 |
| Fund balances - ending | $ 166,150 | $ 8,734 | $ 72,672 | $ 247,556 |

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

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

**Central Business District Capital Improvement Fund (321) -** Created by Ordinance No. 1599. The Central Business District Improvement Program works to develop 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 (REET 1) Fund (342) -** Accounts for the moneys received from the first 1/4% 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.

**Yakima Convention Center Capital 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.

# COMBINING BALANCE SHEET
# NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2017



| | Central Bus District Impr | Capitol Theatre Cons | Yakima Rev Dev Area | Parks & Recreation | Fire |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and cash equivalents | $ 572,307 | $ 104,589 | $ 136,291 | $ 191,945 | $ 3,668 |
| Cash with fiscal agent | — | — | — | — | — |
| Investments | — | — | 2,224,441 | — | — |
| Receivables, net allowance for uncollectible accounts | | | | | |
| Taxes | — | — | 50,143 | — | — |
| Accounts | 65 | — | — | 240,260 | 15,000 |
| Due from other funds | — | — | — | — | — |
| Total assets | $ 572,372 | $ 104,589 | $ 2,410,875 | $ 432,205 | $ 18,668 |
| Liabilities | | | | | |
| Accounts payable | $ — | $ — | $ 84,151 | $ 3,548 | $ 719 |
| Retainage payable | — | 1,797 | 132,599 | 17,331 | — |
| Due to other governments | 134 | — | — | — | — |
| Due to other funds | — | — | 500,000 | — | 1,100,000 |
| Total liabilities | 134 | 1,797 | 716,750 | 20,879 | 1,100,719 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue and notes | 65 | — | — | — | — |
| Total liabilities & deferred inflows of resources | 199 | 1,797 | 716,750 | 20,879 | 1,100,719 |
| Fund balance | | | | | |
| Restricted | — | — | — | — | — |
| Committed | 572,172 | — | 1,694,125 | — | — |
| Assigned | — | 102,791 | — | 411,326 | — |
| Unassigned | — | — | — | — | (1,082,051) |
| Total fund balance | 572,172 | 102,791 | 1,694,125 | 411,326 | (1,082,051) |
| Total liabilities, deferred inflows & fund balances | $ 572,371 | $ 104,588 | $ 2,410,875 | $ 432,205 | $ 18,668 |

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

## COMBINING BALANCE SHEET
## NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2017



| Law and Justice | Public Works Trust | REET 2 Capital | Streets Capital | Yak Conv Center | Cumulative Reserve | Total |
|---|---|---|---|---|---|---|
| $ 483,263 | $ 117,952 | $ 830 | $ 256,191 | $ 944,004 | $ 577,221 | $ 3,388,262 |
| — | 95,188 | 95,188 | — | — | — | 190,376 |
| — | 1,925,127 | — | — | — | — | 4,149,568 |
| — | — | — | — | 50,000 | — | 100,143 |
| — | — | — | — | — | — | 255,325 |
| — | — | 500,000 | — | — | — | 500,000 |
| $ 483,263 | $ 2,138,267 | $ 596,018 | $ 256,191 | $ 994,004 | $ 577,221 | $ 8,583,674 |
| $ 852 | $ 6,548 | $ — | $ — | $ 60,890 | $ — | $ 156,709 |
| 5,182 | — | — | — | — | — | 156,909 |
| 97 | — | — | — | — | — | 232 |
| — | — | — | — | — | — | 1,600,000 |
| 6,131 | 6,548 | — | — | 60,890 | — | 1,913,850 |
| — | — | — | — | — | — | 65 |
| 6,131 | 6,548 | — | — | 60,890 | — | 1,913,915 |
| — | 2,131,719 | 596,018 | — | 933,114 | 577,221 | 4,238,072 |
| — | — | — | — | — | — | 2,266,297 |
| 477,133 | — | — | 256,191 | — | — | 1,247,441 |
| — | — | — | — | — | — | (1,082,051) |
| 477,133 | 2,131,719 | 596,018 | 256,191 | 933,114 | 577,221 | 6,669,759 |
| $ 483,264 | $ 2,138,267 | $ 596,018 | $ 256,191 | $ 994,004 | $ 577,221 | $ 8,583,674 |

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

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

December 31, 2017



| | Central Bus District Impr | Capitol Theatre Cons | Yakima Rev Dev Area | Parks & Recreation | Fire |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes and assessments | $ — | $ — | $ 1,000,000 | $ — | $ — |
| Intergovernmental revenues | — | — | — | 240,260 | — |
| Charges for services | — | — | — | — | 55,000 |
| Contributions and donations | 327,840 | — | — | 155,000 | — |
| Investment earnings | — | — | — | 4,208 | 37,000 |
| Other revenue | 28,131 | — | — | — | 245 |
| Total revenues | 355,971 | — | 1,000,000 | 399,468 | 92,245 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | — | — | — | — | — |
| Public safety | — | — | — | — | 132,538 |
| Utilities | — | — | — | — | — |
| Transportation | — | — | — | — | — |
| Economic environment | 40,691 | — | 370 | — | — |
| Cultural and recreational | — | — | — | 8,916 | — |
| Capital outlay | | | | | |
| General government | — | — | — | — | — |
| Public safety | — | — | — | — | 1,049,006 |
| Transportation | 1,587 | — | 796,321 | — | — |
| Cultural and recreational | — | 104,743 | — | 1,912,419 | — |
| Debt service | | | | | |
| Principal | — | — | 900,000 | — | — |
| Interest and related charges | — | — | 68,686 | — | 7,982 |
| Total Expenditures | 42,278 | 104,743 | 1,765,377 | 1,921,335 | 1,189,526 |
| Excess (deficiency) of revenue over (under) expenditure | 313,693 | (104,743) | (765,377) | (1,521,867) | (1,097,281) |
| Other financing (sources) uses | | | | | |
| Transfers in | — | 56,968 | 285,000 | 370,610 | — |
| Transfers out | — | — | — | — | — |
| Sale of capital assets | — | — | — | — | — |
| Total other financing sources (uses) | — | 56,968 | 285,000 | 370,610 | — |
| Net change in fund balance | 313,693 | (47,775) | (480,377) | (1,151,257) | (1,097,281) |
| Fund balance - beginning | 258,480 | 150,566 | 2,174,502 | 1,562,583 | 15,230 |
| Fund balances - ending | $ 572,173 | $ 102,791 | $ 1,694,125 | $ 411,326 | $ (1,082,051) |

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

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

December 31, 2017



| Law and Justice | Public Works Trust | REET 2 Capital | Streets Capital | Yak Conv Center | Cumulative Reserve | Total |
|---|---|---|---|---|---|---|
| $ 261,319 | $ 1,040,152 | $ 1,040,152 | $ — | $ 293,332 | $ — | $ 3,634,955 |
| — | — | — | — | — | — | 240,260 |
| — | — | — | — | — | — | 55,000 |
| 3,000 | — | — | — | — | — | 485,840 |
| 250 | — | — | — | 500 | — | 41,958 |
| 22,111 | — | — | 79,256 | — | — | 129,743 |
| 286,680 | 1,040,152 | 1,040,152 | 79,256 | 293,832 | — | 4,587,756 |
| | | | | | | |
| — | — | — | — | — | 71,757 | 71,757 |
| 289,334 | — | — | — | — | — | 421,872 |
| — | — | — | — | — | 11,380 | 11,380 |
| — | 60,300 | 268,000 | — | — | — | 328,300 |
| — | — | — | — | — | — | 41,061 |
| — | — | — | — | 210,430 | — | 219,346 |
| | | | | | | |
| — | 24,162 | — | — | — | — | 24,162 |
| 533,759 | — | — | — | — | — | 1,582,765 |
| — | — | — | 95,775 | — | 249,428 | 1,143,111 |
| — | — | — | — | 30,779 | — | 2,047,940 |
| | | | | | | |
| — | 51,240 | 165,100 | — | — | — | 1,116,340 |
| — | 33,208 | 9,906 | — | — | — | 119,783 |
| 823,093 | 168,910 | 443,006 | 95,775 | 241,209 | 332,565 | 7,127,816 |
| | | | | | | |
| (536,413) | 871,242 | 597,146 | (16,519) | 52,623 | (332,565) | (2,540,060) |
| | | | | | | |
| 214,426 | 84,448 | — | 74,159 | 155,000 | 265,000 | 1,505,611 |
| — | (342,056) | (257,446) | — | — | — | (599,502) |
| 17,725 | — | — | — | — | — | 17,725 |
| 232,151 | (257,608) | (257,446) | 74,159 | 155,000 | 265,000 | 923,834 |
| | | | | | | |
| (304,262) | 613,634 | 339,700 | 57,640 | 207,623 | (67,565) | (1,616,226) |
| | | | | | | |
| 781,394 | 1,518,084 | 256,319 | 198,551 | 725,492 | 644,786 | 8,285,986 |
| $ 477,132 | $ 2,131,718 | $ 596,019 | $ 256,191 | $ 933,115 | $ 577,221 | $ 6,669,760 |

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

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

**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, 2017



| | Cemetery Trust |
|---|---|
| Assets | |
| Cash and cash equivalents | $ 665,671 |
| Receivables, net allowance for uncollectible accounts | |
| Accounts | 1,626 |
| Total assets | $ 667,297 |
| | |
| Fund balance | |
| Nonspendable | $ 667,296 |
| Total liabilities, deferred inflows & fund balances | $ 667,296 |

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

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

December 31, 2017



| | Cemetery Trust |
|---|---|
| Revenues | |
| Charges for services | $ 11,828 |
| Investment earnings | 12,000 |
| Total revenues | 23,828 |
| Excess (deficiency) of revenue over (under) expenditure | 23,828 |
| Other financing (sources) uses | |
| Transfers out | (12,000) |
| Net change in fund balance | 11,828 |
| Fund balance - beginning | 655,469 |
| Fund balances - ending | $ 667,297 |

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

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

**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.

**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.

# STATEMENT OF NET POSITION
# NONMAJOR PROPRIETARY FUNDS

December 31, 2017



| | Stormwater | Refuse | Total |
|---|---|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | $ 182,456 | $ 733,234 | $ 915,690 |
| Cash with fiscal agent | 15,656 | — | 15,656 |
| Investments | 5,365,277 | — | 5,365,277 |
| Receivables, net allowance for uncollectible accounts | | | |
| Taxes | 73,555 | — | 73,555 |
| Accounts | 357 | 630,050 | 630,407 |
| Notes and contracts receivable | 168,691 | — | 168,691 |
| Total current assets | 5,805,992 | 1,363,284 | 7,169,276 |
| Noncurrent assets | | | |
| Capital assets, net of accumulated depreciation | | | |
| Machinery, equipment & vehicles | 6,385 | — | 6,385 |
| Other improvements & utility systems | 2,297,628 | — | 2,297,628 |
| Total noncurrent assets | 2,304,013 | — | 2,304,013 |
| Total assets | 8,110,005 | 1,363,284 | 9,473,289 |
| Deferred outflows of resources | | | |
| Deferred outflows related to pension | 56,817 | 112,150 | 168,967 |
| Total assets & deferred outflows of resources | 8,166,822 | 1,475,434 | 9,642,256 |

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

## STATEMENT OF NET POSITION
## NONMAJOR PROPRIETARY FUNDS

December 31, 2017



| | Stormwater | Refuse | Total |
|---|---|---|---|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 205,299 | 89,756 | 295,055 |
| Retainage payable | 13,081 | — | 13,081 |
| Accrued salaries and benefits | 84,364 | 150,441 | 234,805 |
| Compensated absences | 11,381 | 22,104 | 33,485 |
| Custodial accounts | — | 214,601 | 214,601 |
| Due to other governments | — | 92 | 92 |
| Other current liabilities | — | 444 | 444 |
| Total current liabilities | 314,125 | 477,438 | 791,563 |
| Noncurrent liabilities | | | |
| Compensated absences | 85,193 | 164,054 | 249,247 |
| Pension Liability | 423,573 | 806,501 | 1,230,074 |
| Other postemployment benefits (OPEB) | 95,055 | 188,138 | 283,193 |
| Total noncurrent liabilities | 603,821 | 1,158,693 | 1,762,514 |
| Total liabilities | 917,946 | 1,636,131 | 2,554,077 |
| Deferred inflows of resources | | | |
| Deferred inflows related to pension | 70,509 | 134,761 | 205,270 |
| Total liabilities & deferred inflows of resources | 988,455 | 1,770,892 | 2,759,347 |
| Net position | | | |
| Net investment in capital assets | 2,290,932 | — | 2,290,932 |
| Unrestricted | 4,887,436 | (295,459) | 4,591,977 |
| Total net position | $ 7,178,368 | $ (295,459) | $ 6,882,909 |

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

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

December 31, 2017



| | Stormwater | Refuse | Total |
|---|---|---|---|
| Operating revenues | | | |
| Charges and fees for services | $ 3,683,662 | $ 6,962,752 | $ 10,646,414 |
| Other operating revenue | — | 4,066 | 4,066 |
| Total operating revenues | 3,683,662 | 6,966,818 | 10,650,480 |
| | | | |
| Operating expenses | | | |
| Personnel services | 954,511 | 1,639,118 | 2,593,629 |
| Materials and supplies | 54,165 | 300,189 | 354,354 |
| Contractual services | 2,018,529 | 3,971,705 | 5,990,234 |
| Depreciation | 84,680 | — | 84,680 |
| Total operating expense | 3,111,885 | 5,911,012 | 9,022,897 |
| | | | |
| Operating income (loss) | 571,777 | 1,055,806 | 1,627,583 |
| | | | |
| Nonoperating revenues (expense) | | | |
| Grants and subsidies | 25,000 | 55,000 | 80,000 |
| Interest revenue | 51 | — | 51 |
| Total nonoperating revenue (exp) | 25,051 | 55,000 | 80,051 |
| | | | |
| Income (loss) before conts & transfers | 596,828 | 1,110,806 | 1,707,634 |
| | | | |
| Capital contributions | 283,559 | — | 283,559 |
| Transfers (out) | (60,000) | (743,000) | (803,000) |
| Change in net position | 820,387 | 367,806 | 1,188,193 |
| | | | |
| Net position - beginning | 6,357,981 | (663,265) | 5,694,716 |
| Net position - ending | $ 7,178,368 | $ (295,459) | $ 6,882,909 |

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

# STATEMENT OF CASH FLOWS
# NONMAJOR PROPRIETARY FUNDS

December 31, 2017



| | Stormwater | Refuse | Total |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Receipts from customers | $ 3,645,964 | $ 7,115,851 | $ 10,761,815 |
| Payments to suppliers & service providers | (1,934,806) | (4,224,179) | (6,158,985) |
| Payments to employees salaries & benefits | (954,265) | (1,649,675) | (2,603,940) |
| Transfers to other funds | — | 4,066 | 4,066 |
| Net cash flows from operating activities | 756,893 | 1,246,063 | 2,002,956 |
| Cash from noncapital financing activities | | | |
| Operating grants | — | 55,000 | 55,000 |
| Net cash from noncapital financing activities | — | 55,000 | 55,000 |
| Cash flows from capital financing activities | | | |
| Capital grants & contributions | 25,000 | — | 25,000 |
| Acquisition & const of capital assets | (18,210) | — | (18,210) |
| Transfers (out) | (60,000) | (743,000) | (803,000) |
| Net cash provided by (used for) financing | (53,210) | (743,000) | (796,210) |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | 4,380,989 | — | 4,380,989 |
| Interest on investments | 51 | — | 51 |
| Purchase of investments | (5,365,277) | — | (5,365,277) |
| Net cash provided by investing activities | (984,237) | — | (984,237) |
| Net increase (dec) in cash & cash equivalents | (280,554) | 558,063 | 277,509 |
| Cash & cash equivalents - beginning | 478,666 | 175,171 | 653,837 |
| Cash & cash equivalents - ending | $ 198,112 | $ 733,234 | $ 931,346 |

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

## STATEMENT OF CASH FLOWS
## NONMAJOR PROPRIETARY FUNDS

December 31, 2017



| | Stormwater | Refuse | Total |
|---|---|---|---|
| Reconciliation - operating income (loss) to | | | |
| net cash provided (used) for operations | | | |
| Operating income (loss) | $ 571,777 | $ 1,055,806 | $ 1,627,583 |
| Adj to reconcile operating income (loss) | | | |
| to net cash provided (used) for operations | | | |
| Depreciation expense | 84,680 | — | 84,680 |
| Change in assets and liabilities | | | |
| (Inc) dec in net accounts receivable | (37,700) | 153,098 | 115,398 |
| (Dec) inc in accounts payable | 127,098 | 47,715 | 174,813 |
| (Dec) inc in accrued liabilities | 2,516 | 9,793 | 12,309 |
| (Dec) inc in compensated absences | 4,999 | 16,737 | 21,736 |
| (Dec) inc in contracts payable | 10,792 | — | 10,792 |
| (Dec) inc in pension liability | (7,269) | (37,086) | (44,355) |
| Total adjustments | 185,116 | 190,257 | 375,373 |
| Net cash prov (used) for operations | $ 756,893 | $ 1,246,063 | $ 2,002,956 |

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

**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 Program (EAP) 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, 2017



| | Unemployment Compensation Reserve | Employees' Health Benefit Reserve | Workers' Compensation Reserve | Risk Management Reserve |
|---|---|---|---|---|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 158,716 | $ 449,736 | $ 248,493 | $ 75,567 |
| Investments | — | — | — | 1,267,945 |
| Receivables, net allowance for uncollectible accounts | | | | |
| Accounts | 21,714 | 886,339 | 83,985 | — |
| Notes and contracts receivable | — | — | — | — |
| Due from other funds | — | — | — | — |
| Inventories and prepayments | — | 1,855 | — | — |
| Total current assets | 180,430 | 1,337,930 | 332,478 | 1,343,512 |
| Noncurrent assets | | | | |
| Capital assets, net of accumulated depreciation | | | | |
| Buildings | — | — | — | — |
| Machinery, equipment & vehicles | — | — | — | — |
| Other improvements & utility systems | — | — | — | — |
| Total noncurrent assets | — | — | — | — |
| Total assets | 180,430 | 1,337,930 | 332,478 | 1,343,512 |
| Deferred outflows of resources | | | | |
| Deferred outflows related to pension | 4,048 | 11,277 | 8,998 | 49,533 |
| Total assets & deferred outflows of resources | 184,478 | 1,349,207 | 341,476 | 1,393,045 |

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

December 31, 2017



| Wellness/ EAP | Equipment Rental | Environmental | Public Works Administration | Total |
|---|---|---|---|---|
| $ 76,906 | $ 82,611 | $ 246,798 | $ 506,447 | $ 1,845,274 |
| — | 1,348,308 | — | — | 2,616,253 |
| — | — | 249,378 | — | 1,241,417 |
| — | 134,509 | — | — | 134,509 |
| — | 450,000 | — | — | 450,000 |
| — | 539,901 | — | — | 541,755 |
| 76,906 | 2,555,329 | 496,176 | 506,447 | 6,829,208 |
| — | — | — | 6,187 | 6,187 |
| 5,810 | 9,716,991 | 2,781 | 19,296 | 9,744,878 |
| — | — | 410,868 | 49,781 | 460,649 |
| 5,810 | 9,716,991 | 413,649 | 75,264 | 10,211,714 |
| 82,716 | 12,272,320 | 909,825 | 581,711 | 17,040,922 |
| — | 78,883 | — | 46,860 | 199,600 |
| 82,716 | 12,351,203 | 909,825 | 628,571 | 17,240,522 |

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

December 31, 2017



| | Unemployment Compensation Reserve | Employees' Health Benefit Reserve | Workers' Compensation Reserve | Risk Management Reserve |
|---|---|---|---|---|
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 23,602 | 53,670 | 115,437 | 105,545 |
| Claims & judgments payable | — | 500,000 | 450,000 | 750,000 |
| Accrued salaries and benefits | 7,127 | 15,048 | 10,096 | 59,594 |
| Compensated absences | 1,931 | 2,369 | 1,087 | 9,257 |
| Custodial accounts | — | — | — | 64,711 |
| Due to other governments | — | — | — | — |
| Total current liabilities | 32,660 | 571,087 | 576,620 | 989,107 |
| Noncurrent liabilities | | | | |
| Compensated absences | 14,539 | 16,669 | 7,672 | 70,103 |
| Pension Liability | 32,089 | 83,430 | 70,595 | 355,117 |
| Other postemployment benefits (OPEB) | 6,196 | 18,698 | 14,900 | 80,942 |
| Total noncurrent liabilities | 52,824 | 118,797 | 93,167 | 506,162 |
| Total liabilities | 85,484 | 689,884 | 669,787 | 1,495,269 |
| Deferred inflows of resources | | | | |
| Deferred inflows related to pension | 5,308 | 13,900 | 11,690 | 59,357 |
| Total liabilities & deferred inflows of resources | 90,792 | 703,784 | 681,477 | 1,554,626 |
| Net position | | | | |
| Net investment in capital assets | — | — | — | — |
| Restricted for: | | | | |
| Unrestricted | 93,686 | 645,422 | (340,001) | (161,580) |
| Total net position | $ 93,686 | $ 645,422 | $ (340,001) | $ (161,580) |

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

December 31, 2017



| Wellness/ EAP | Equipment Rental | Environmental | Public Works Administration | Total |
|---|---|---|---|---|
| 8,350 | 59,582 | 120 | 18,969 | 385,275 |
| — | — | — | — | 1,700,000 |
| — | 93,475 | — | 63,919 | 249,259 |
| — | 7,742 | — | 9,222 | 31,609 |
| — | — | — | — | 64,711 |
| 75 | 822 | — | 11 | 908 |
| 8,425 | 161,621 | 120 | 92,121 | 2,431,762 |
| — | 61,164 | — | 66,600 | 236,747 |
| — | 566,904 | — | 329,445 | 1,437,580 |
| — | 129,836 | — | 78,264 | 328,836 |
| — | 757,904 | — | 474,309 | 2,003,163 |
| 8,425 | 919,525 | 120 | 566,430 | 4,434,925 |
| — | 94,732 | — | 55,185 | 240,172 |
| 8,425 | 1,014,257 | 120 | 621,615 | 4,675,097 |
| 5,810 | 9,716,991 | 413,649 | 75,264 | 10,211,713 |
| 68,481 | 1,619,954 | 496,056 | (68,308) | 2,353,710 |
| $ 74,291 | $ 11,336,945 | $ 909,705 | $ 6,956 | $ 12,565,423 |

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

December 31, 2017



| | Unemployment Compensation Reserve | Employees' Health Benefit Reserve | Workers' Compensation Reserve | Risk Management Reserve |
|---|---|---|---|---|
| Operating revenues | | | | |
| Charges and fees for services | $ — | $ — | $ — | $ — |
| Charges for insurance | — | — | — | 4,990,945 |
| Employer contributions | 212,144 | 10,291,686 | 1,407,577 | — |
| Employee contributions | — | 1,840,219 | 67,982 | — |
| Other operating revenue | — | — | — | 3,958 |
| Total operating revenues | 212,144 | 12,131,905 | 1,475,559 | 4,994,903 |
| Operating expenses | | | | |
| Personnel services | 63,623 | 186,930 | 134,526 | 617,057 |
| Materials and supplies | — | 233 | 1,321 | 1,770 |
| Contractual services | 8,865 | 1,961,452 | 406,327 | 2,881,868 |
| Claims and other benefits | 80,663 | 9,723,185 | 1,608,512 | 3,480 |
| Depreciation | — | — | — | — |
| Total operating expense | 153,151 | 11,871,800 | 2,150,686 | 3,504,175 |
| Operating income (loss) | 58,993 | 260,105 | (675,127) | 1,490,728 |
| Nonoperating revenues (expense) | | | | |
| Grants and subsidies | — | — | — | — |
| Interest revenue | — | — | 500 | 100,000 |
| Other nonoperating revenue | — | 34,405 | 47,448 | 334,606 |
| Gain (loss) disposal of capital assets | — | — | — | — |
| Total nonoperating revenue (exp) | — | 34,405 | 47,948 | 434,606 |
| Income (loss) before conts & transfers | 58,993 | 294,510 | (627,179) | 1,925,334 |
| Transfers in | — | — | 400,000 | 151,826 |
| Transfers (out) | (400,000) | — | — | — |
| Change in net position | (341,007) | 294,510 | (227,179) | 2,077,160 |
| Net position - beginning | 434,693 | 350,912 | (112,823) | (2,238,739) |
| Net position - ending | $ 93,686 | $ 645,422 | $ (340,002) | $ (161,579) |

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

December 31, 2017



| Wellness/ EAP | Equipment Rental | Environmental | Public Works Administration | Total |
|---|---|---|---|---|
| $ — | $ 2,545,845 | $ 180,263 | $ 605,112 | $ 3,331,220 |
| — | — | — | 622,752 | 5,613,697 |
| — | — | — | — | 11,911,407 |
| — | — | — | — | 1,908,201 |
| 545 | 173 | — | — | 4,676 |
| 545 | 2,546,018 | 180,263 | 1,227,864 | 22,769,201 |
| | | | | |
| — | 1,097,218 | — | 643,937 | 2,743,292 |
| 3,659 | 1,458,565 | — | 52,132 | 1,517,680 |
| 58,773 | 289,830 | 105,605 | 471,270 | 6,183,989 |
| — | 35,318 | — | 9,731 | 11,460,890 |
| 4,514 | 1,156,106 | 35,069 | 9,543 | 1,205,231 |
| 66,946 | 4,037,037 | 140,674 | 1,186,613 | 23,111,082 |
| (66,401) | (1,491,019) | 39,589 | 41,251 | (341,881) |
| | | | | |
| — | — | 49,247 | — | 49,247 |
| — | 14,477 | — | — | 114,977 |
| — | (4,927) | 249,378 | — | 660,911 |
| — | (164,543) | — | — | (164,543) |
| — | (154,993) | 298,625 | — | 660,592 |
| (66,401) | (1,646,012) | 338,214 | 41,251 | 318,711 |
| | | | | |
| — | 1,660,792 | — | — | 2,212,618 |
| — | (11,866) | (436,826) | (15,000) | (863,692) |
| (66,401) | 2,914 | (98,612) | 26,251 | 1,667,637 |
| | | | | |
| 140,692 | 11,334,031 | 1,008,318 | (19,296) | 10,897,788 |
| $ 74,291 | $ 11,336,945 | $ 909,706 | $ 6,955 | $ 12,565,425 |

# COMBINING STATEMENT OF CASH FLOWS
## INTERNAL SERVICE FUNDS

December 31, 2017



| | Unemployment Compensation Reserve | Employees' Health Benefit Reserve | Workers' Compensation Reserve | Risk Management Reserve |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Receipts from customers | $ — | $ — | $ — | $ 4,990,945 |
| Contributions rec'd employer & employee | 211,728 | 12,093,649 | 1,477,846 | — |
| Payments to suppliers & service providers | (18,718) | (2,893,438) | (559,833) | (3,831,617) |
| Payments to employees salaries & benefits | (64,210) | (190,538) | (141,225) | (663,915) |
| Transfers to other funds | — | — | — | 3,958 |
| Payments to claimants & beneficiaries | (80,663) | (9,723,185) | (1,608,512) | (3,481) |
| Net cash flows from operating activities | 48,137 | (713,512) | (831,724) | 495,890 |
| Cash from noncapital financing activities | | | | |
| Transfer in/other nonoperating revenue | — | 34,405 | 47,448 | 334,606 |
| Cash flows from capital financing activities | | | | |
| Proceeds from disposal of property | — | — | — | — |
| Capital Expenditures | — | — | — | — |
| Transfers in | — | — | 400,000 | 151,826 |
| Transfers (out) | (400,000) | — | — | — |
| Net cash provided by (used for) financing | (400,000) | — | 400,000 | 151,826 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of investments | — | 1,008,551 | — | |
| Interest on investments | — | — | 500 | 100,000 |
| Purchase of investments | — | — | — | (1,267,945) |
| Net cash provided by investing activities | — | 1,008,551 | 500 | (1,167,945) |
| Net increase (dec) in cash & cash equivalents | (351,863) | 329,444 | (383,776) | (185,623) |
| Cash & cash equivalents - beginning | 510,578 | 120,292 | 632,269 | 261,189 |
| Cash & cash equivalents - ending | $ 158,715 | $ 449,736 | $ 248,493 | $ 75,566 |

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

December 31, 2017



| Wellness/ EAP | Equipment Rental | Environ- mental | Public Works Admin | Total |
|---|---|---|---|---|
| $ — | $ 4,231,252 | $ (69,115) | $ 1,227,864 | $ 10,380,946 |
| — | — | — | — | 13,783,223 |
| (58,077) | (1,773,104) | (129,882) | (529,339) | (9,794,008) |
| — | (1,180,635) | — | (658,379) | (2,898,902) |
| 545 | 173 | — | — | 4,676 |
| — | (35,318) | — | (9,731) | (11,460,890) |
| (57,532) | 1,242,368 | (198,997) | 30,415 | 15,045 |
| — | — | 298,625 | — | 715,084 |
| — | 84,297 | — | — | 84,297 |
| — | (1,784,800) | — | (24,113) | (1,808,913) |
| — | 1,660,792 | — | — | 2,212,618 |
| — | (11,866) | (436,826) | (15,000) | (863,692) |
| — | (51,577) | (436,826) | (39,113) | (375,690) |
| — | — | — | — | 1,008,551 |
| — | 14,477 | — | — | 114,977 |
| — | (1,348,308) | — | — | (2,616,253) |
| — | (1,333,831) | — | — | (1,492,725) |
| (57,532) | (143,040) | (337,198) | (8,698) | (1,138,286) |
| 134,438 | 225,650 | 583,996 | 515,145 | 2,983,557 |
| $ 76,906 | $ 82,610 | $ 246,798 | $ 506,447 | $ 1,845,271 |

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

December 31, 2017



| | Unemployment Compensation Reserve | Employees' Health Benefit Reserve | Workers' Compensation Reserve | Risk Management Reserve |
|---|---|---|---|---|
| Reconciliation - operating income (loss) to net cash provided (used) for operations | | | | |
| Operating income (loss) | $ 58,993 | $ 260,105 | $ (675,126) | $ 1,490,727 |
| Adj to reconcile operating income (loss) to net cash provided (used) for operations | | | | |
| Depreciation expense | — | — | — | — |
| Change in assets and liabilities | | | | |
| (Inc) dec in net accounts receivable | (415) | (38,255) | 2,286 | — |
| (Inc) dec in inventory | — | — | — | — |
| (Dec) inc in accounts payable | (9,853) | (931,753) | 20,149 | 52,021 |
| (Dec) inc in wages/benefits payable | 857 | 409 | (1,562) | (51,849) |
| (Dec) inc in compensated absences | (1,445) | (4,018) | (5,137) | 4,991 |
| (Dec) inc in claims & judgements | — | — | (172,334) | (1,000,000) |
| Total adjustments | (10,856) | (973,617) | (156,598) | (994,837) |
| Net cash prov (used) for operations | $ 48,137 | $ (713,512) | $ (831,724) | $ 495,890 |

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

December 31, 2017



| Wellness/ EAP | Equipment Rental | Environ- mental | Public Works Admin | Total |
|---|---|---|---|---|
| $ (66,401) | $ (1,491,019) | $ 39,589 | $ 41,251 | $ (341,881) |
| 4,514 | 1,156,106 | 35,069 | 9,543 | 1,205,232 |
| — | 1,685,407 | (249,378) | — | 1,399,645 |
| — | (21,706) | — | — | (21,706) |
| 4,356 | (3,003) | (24,277) | (5,937) | (898,297) |
| — | (41,493) | — | (18,474) | (112,112) |
| — | (41,924) | — | 4,032 | (43,501) |
| — | — | — | — | (1,172,334) |
| 8,870 | 2,733,387 | (238,586) | (10,836) | 356,927 |
| $ (57,531) | $ 1,242,368 | $ (198,997) | $ 30,415 | $ 15,046 |

**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 CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUND

December 31, 2017



| | YakCorps | | | |
|---|---|---|---|---|
| | Balance As of 1/1/2017 | Additions | Deductions | Balance As of 12/31/2017 |
| Assets | | | | |
| Cash & equity in pooled investments | $ 210,569 | $ 603,701 | $ 369,461 | $ 444,809 |
| Accounts receivable | 9,471 | 642,522 | 617,182 | 34,811 |
| Equipment (net of accumulated depreciation) | 692,807 | — | 162,514 | 530,293 |
| Total assets | $ 912,847 | $ 1,246,223 | $ 1,149,157 | $ 1,009,913 |
| Liabilities | | | | |
| Warrants/accounts payable | $ — | $ 202,485 | $ — | $ 202,485 |
| Due to other government units | 912,847 | — | 105,419 | 807,428 |
| Total liabilities | $ 912,847 | $ 202,485 | $ 105,419 | $ 1,009,913 |

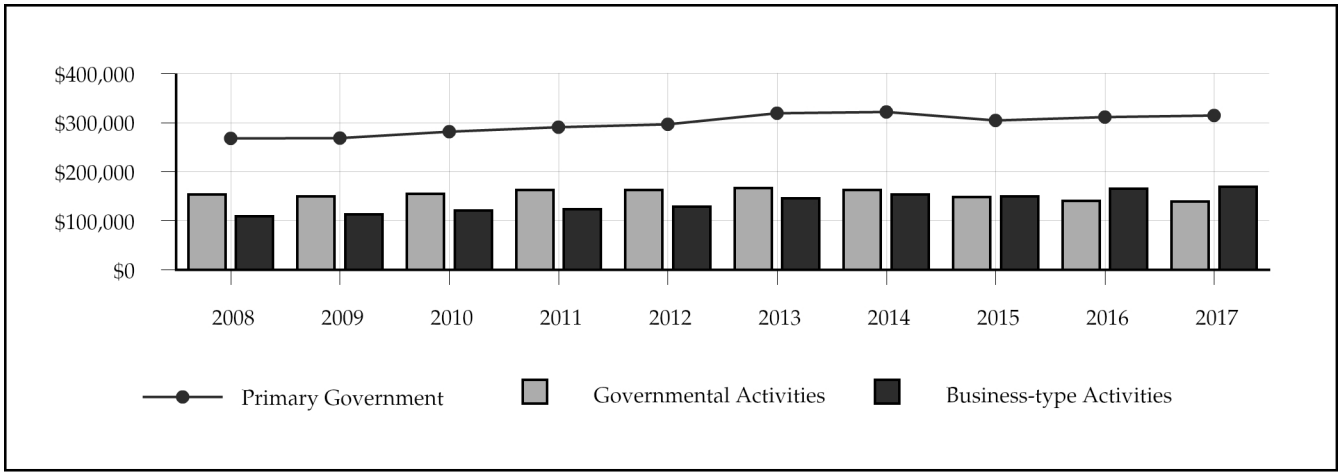
The Notes to the Financial Statements, found in Basic Financial Section, are an integral part of this statement

# *NET POSITION BY COMPONENT*

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | $130,196 | $128,071 | $137,521 | $147,349 | $149,222 | $155,430 | $153,733 | $152,325 | $154,345 | $151,106 |
| Restricted | 9,804 | 9,286 | 9,350 | 18,624 | 18,548 | 21,768 | 18,483 | 22,371 | 17,491 | 25,020 |
| Unrestricted | 16,073 | 14,928 | 10,545 | (921) | (2,528) | (7,268) | (7,320) | (23,566) | (27,984) | (34,325) |
| Total governmental activities | $156,073 | $152,285 | $157,416 | $165,052 | $165,242 | $169,930 | $164,896 | $151,130 | $143,852 | $141,801 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | $ 86,560 | $ 98,161 | $101,913 | $105,681 | $109,844 | $126,846 | $130,496 | $127,576 | $135,655 | $136,112 |
| Restricted | 2,362 | 2,366 | 2,370 | 2,372 | 1,757 | 1,761 | 1,808 | 2,019 | 1,835 | 1,835 |
| Unrestricted | 22,963 | 15,449 | 19,461 | 17,690 | 19,984 | 20,151 | 24,463 | 23,554 | 30,201 | 34,580 |
| Total bus activities net position | $111,885 | $115,976 | $123,744 | $125,743 | $131,585 | $148,758 | $156,767 | $153,149 | $167,691 | $172,527 |
| Net position | | | | | | | | | | |
| Net investment in capital assets | $216,756 | $226,232 | $239,434 | $253,030 | $259,066 | $282,276 | $284,229 | $279,901 | $290,000 | $287,218 |
| Restricted | 12,166 | 11,652 | 11,720 | 20,996 | 20,305 | 23,529 | 20,291 | 24,390 | 19,326 | 26,855 |
| Unrestricted | 39,036 | 30,377 | 30,006 | 16,769 | 17,456 | 12,883 | 17,143 | (12) | 2,217 | 255 |
| Total net position | $267,958 | $268,261 | $281,160 | $290,795 | $296,827 | $318,688 | $321,663 | $304,279 | $311,543 | $314,328 |



## CHANGE IN NET POSITION

Last Ten Fiscal Years (Amounts expressed in Thousands - Accrual Basis of Accounting)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Expenditures | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | $ 8,145 | $ 8,656 | $ 8,512 | $ 8,814 | $ 8,668 | $ 8,744 | $ 11,307 | $ 10,935 | $ 11,992 | $ 12,578 |
| Public safety | 36,959 | 40,009 | 40,088 | 40,614 | 42,996 | 47,682 | 48,645 | 48,221 | 49,780 | 47,245 |
| Utilities | 1,355 | 1,190 | 828 | 670 | 658 | 794 | 1,729 | 455 | 524 | 708 |
| Transportation | 11,213 | 11,109 | 11,604 | 10,693 | 11,530 | 13,075 | 10,839 | 14,368 | 12,074 | 12,837 |
| Economic environment | 4,146 | 4,821 | 5,670 | 4,840 | 3,950 | 4,407 | 4,477 | 5,159 | 6,340 | 7,308 |
| Public health services | 19 | 86 | 87 | 22 | 24 | 18 | 640 | 682 | 614 | 626 |
| Cultural and recreational | 7,156 | 7,021 | 7,471 | 7,859 | 7,522 | 8,205 | 7,146 | 7,711 | 7,368 | 7,492 |
| Interest on long-term debt | 863 | 1,004 | 1,217 | 1,160 | 1,122 | 1,175 | 1,434 | 1,776 | 1,540 | 1,493 |
| Total governmental activities | 69,856 | 73,896 | 75,477 | 74,672 | 76,470 | 84,100 | 86,217 | 89,307 | 90,232 | 90,287 |
| Business-type activities | | | | | | | | | | |
| Transit | 8,323 | 7,929 | 8,365 | 8,564 | 9,085 | 8,806 | 8,891 | 9,045 | 9,187 | 9,490 |
| Airport | — | — | — | — | — | 1,407 | 1,825 | 1,846 | 2,012 | 2,236 |
| Refuse | 3,971 | 4,218 | 4,362 | 4,472 | 4,679 | 4,808 | 4,993 | 4,337 | 4,603 | 4,847 |
| Wastewater | 12,167 | 12,297 | 12,813 | 13,972 | 13,634 | 14,255 | 15,541 | 14,403 | 15,145 | 17,326 |
| Water | 5,520 | 5,748 | 5,654 | 5,546 | 5,834 | 6,368 | 7,111 | 7,297 | 7,567 | 7,749 |
| Irrigation | 1,695 | 1,733 | 1,811 | 1,884 | 1,891 | 2,071 | 2,078 | 2,135 | 2,276 | 2,363 |
| Stormwater | 583 | 1,028 | 1,240 | 1,317 | 1,318 | 1,322 | 1,351 | 1,609 | 2,052 | 2,890 |
| Total business-type activities | 32,259 | 32,953 | 34,245 | 35,755 | 36,441 | 39,037 | 41,790 | 40,672 | 42,842 | 46,901 |
| Total Expenditures | $102,115 | $106,849 | $109,722 | $110,427 | $112,911 | $123,137 | $128,007 | $129,979 | $133,074 | $137,188 |
| Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | $ 19 | $ 12 | $ 4 | $ (2) | $ 9 | $ 32 | $ 400 | $ 421 | $ 443 | $ 419 |
| Public safety | 1,823 | 2,539 | 2,183 | 2,088 | 2,385 | 2,075 | 7,077 | 8,504 | 9,081 | 8,681 |
| Utilities | 980 | 649 | 1,544 | 768 | 735 | 619 | 217 | 239 | 202 | 257 |
| Transportation | 161 | 59 | 259 | 225 | 232 | 245 | 12 | 47 | 20 | 44 |
| Economic environment | 1,664 | 1,673 | 1,719 | 2,258 | 1,231 | 1,520 | 2,398 | 1,730 | 1,478 | 1,476 |
| Public health services | — | — | — | — | — | — | — | — | — | 21 |
| Cultural and recreational | 2,037 | 2,070 | 2,100 | 2,216 | 2,122 | 2,618 | 3,896 | 3,922 | 3,823 | 3,990 |
| Operating grants | 5,488 | 6,378 | 7,981 | 10,507 | 10,848 | 10,093 | 5,126 | 6,700 | 8,132 | 6,982 |
| Capital grants & conts | 4,961 | 5,090 | 15,490 | 14,991 | 4,883 | 12,819 | 5,099 | 1,698 | 2,358 | 2,340 |
| Total governmental activities | 17,133 | 18,470 | 31,280 | 33,051 | 22,445 | 30,021 | 24,225 | 23,261 | 25,537 | 24,210 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Transit | 1,234 | 931 | 935 | 1,015 | 1,047 | 1,252 | 1,368 | 1,354 | 1,408 | 1,347 |
| Airport | — | — | — | — | — | 931 | 1,236 | 1,314 | 1,344 | 1,428 |
| Refuse | 4,244 | 4,655 | 4,880 | 4,770 | 5,430 | 5,440 | 5,822 | 5,671 | 6,918 | 6,967 |
| Wastewater | 14,898 | 15,941 | 16,442 | 15,466 | 18,703 | 19,154 | 21,471 | 20,932 | 21,571 | 20,993 |
| Water | 6,394 | 7,097 | 7,058 | 6,887 | 8,599 | 8,126 | 8,650 | 8,582 | 9,007 | 9,177 |
| Irrigation | 2,563 | 2,646 | 2,711 | 2,718 | 2,901 | 2,986 | 3,148 | 3,048 | 3,053 | 3,087 |
| Stormwater | 1,065 | 1,707 | 1,976 | 2,170 | 2,183 | 2,142 | 2,176 | 2,272 | 2,383 | 3,684 |
| Operating grants | 2,102 | 2,019 | 2,410 | 2,911 | 2,713 | 2,703 | 2,547 | 3,206 | 2,817 | 2,602 |
| Capital grants & conts | 3,345 | 1,659 | 4,993 | 1,646 | 2,118 | 1,761 | 4,265 | 3,226 | 12,263 | 4,790 |
| Total business-type activities | 35,845 | 36,655 | 41,405 | 37,583 | 43,694 | 44,495 | 50,683 | 49,605 | 60,764 | 54,075 |
| Total revenues | $ 52,978 | $ 55,125 | $ 72,685 | $ 70,634 | $ 66,139 | $ 74,516 | $ 74,908 | $ 72,866 | $ 86,301 | $ 78,285 |

## *CHANGE IN NET POSITION*

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)



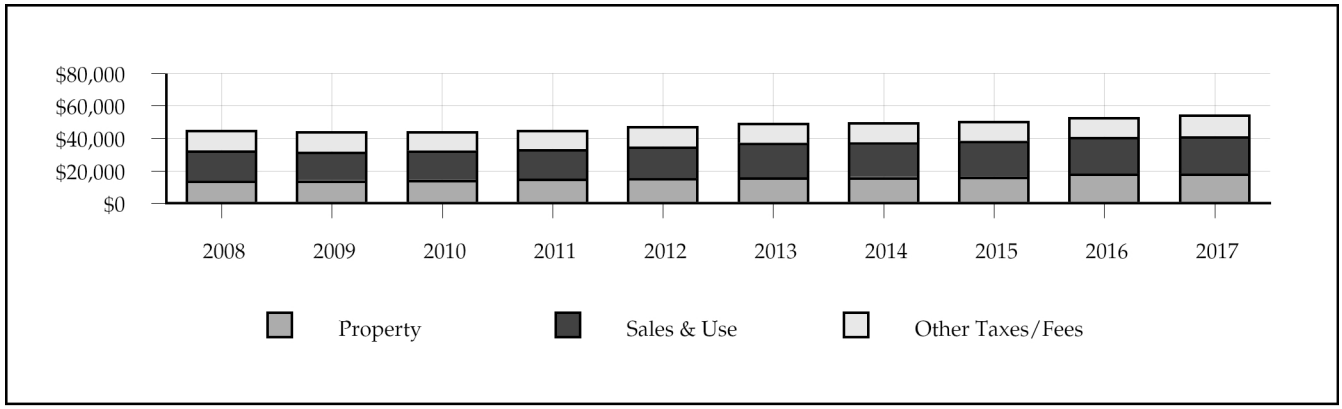
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net position | | | | | | | | | | |
| Governmental activities | $ (52,723) | $ (55,426) | $ (44,197) | $(41,621) | $ (54,025) | $ (54,079) | $(61,991) | $ (66,045) | $ (64,692) | $ (66,076) |
| Business-type activities | 3,586 | 3,702 | 7,160 | 1,828 | 7,253 | 5,458 | 8,895 | 8,932 | 17,922 | 7,172 |
| Total net position | $ (49,137) | $ (51,724) | $ (37,037) | $(39,793) | $ (46,772) | $ (48,621) | $(53,096) | $ (57,113) | $ (46,770) | $ (58,904) |
| General revenues and transfers | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | $ 13,782 | $ 14,261 | $ 14,535 | $ 15,126 | $ 15,565 | $ 15,989 | $ 16,131 | $ 16,427 | $ 18,283 | $ 18,278 |
| Sales and use taxes | 18,990 | 17,810 | 17,920 | 18,346 | 19,599 | 21,306 | 21,537 | 22,037 | 22,809 | 23,146 |
| Other taxes and fees | 12,426 | 12,710 | 12,241 | 11,910 | 12,454 | 12,289 | 12,301 | 12,587 | 11,989 | 13,453 |
| State entitlements | 3,614 | 3,739 | 3,589 | — | — | — | — | — | — | — |
| Unrestricted invest earnings | 863 | 556 | 403 | 272 | 309 | 101 | 371 | 452 | 688 | 711 |
| Judgments and settlements | — | — | — | — | — | — | 1,350 | 8 | — | — |
| Miscellaneous | 147 | 101 | (64) | 33 | 42 | 40 | 356 | 198 | 106 | 249 |
| Gain/(loss) disp cap asset | 135 | 85 | (922) | (148) | 73 | 2,182 | (20) | 29 | 217 | 15 |
| Transfers | 3,664 | 4,188 | 3,927 | 3,718 | 6,172 | 6,372 | 6,643 | 8,021 | 9,563 | (91) |
| Debt issue cost | (3) | (31) | — | — | — | 489 | — | — | — | — |
| Total governmental activities | 53,618 | 53,419 | 51,629 | 49,257 | 54,214 | 58,768 | 58,669 | 59,759 | 63,655 | 55,761 |
| Business-type activities | | | | | | | | | | |
| Sales and use taxes | 4,828 | 4,490 | 4,485 | 4,449 | 4,762 | 5,081 | 5,457 | 5,566 | 5,855 | 5,887 |
| Unrestricted invest earnings | 198 | 100 | 21 | 9 | 11 | 6 | 5 | (43) | 5 | 7 |
| Judgments and settlements | — | — | — | — | — | — | 14 | — | — | — |
| Miscellaneous | — | — | — | — | — | — | 400 | 247 | 12 | — |
| Gain/(loss) disp cap asset | 1,286 | (1) | (6) | (529) | 7 | (98) | (118) | 43 | 309 | 4 |
| Transfers | (4,188) | (4,201) | (3,892) | (3,718) | (6,191) | (6,372) | (6,643) | (8,021) | (9,563) | 28 |
| Total business-type activities | 2,124 | 388 | 608 | 211 | (1,411) | (1,383) | (885) | (2,208) | (3,382) | 5,926 |
| Total general revenues & transfers | $ 55,742 | $ 53,807 | $ 52,237 | $ 49,468 | $ 52,803 | $ 57,385 | $ 57,784 | $ 57,551 | $ 60,273 | $ 61,687 |
| Change in net position | | | | | | | | | | |
| Governmental activities | $ 892 | $ (2,007) | $ 7,432 | $ 7,636 | $ 189 | $ 4,689 | $ (3,322) | $ (6,286) | $ (18) | $ (9,312) |
| Business-type activities | 5,710 | 4,090 | 7,768 | 2,039 | 5,842 | 4,076 | 8,010 | 6,725 | 14,541 | 4,836 |
| Total change in net position | $ 6,602 | $ 2,083 | $ 15,200 | $ 9,675 | $ 6,031 | $ 8,765 | $ 4,688 | $ 439 | $ 14,523 | $ (4,476) |

## *GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE*

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)



| Fiscal Year | Property Tax | Sales & Use Tax | Other Taxes/Fees | Total |
|---|---|---|---|---|
| 2008 | $ 13,782 | $ 18,990 | $ 12,423 | $ 45,195 |
| 2009 | 14,261 | 17,810 | 12,705 | 44,776 |
| 2010 | 14,535 | 17,920 | 12,241 | 44,696 |
| 2011 | 15,126 | 18,346 | 11,910 | 45,382 |
| 2012 | 15,565 | 19,599 | 12,454 | 47,618 |
| 2013 | 15,989 | 21,306 | 12,289 | 49,584 |
| 2014 | 16,131 | 21,537 | 12,301 | 49,969 |
| 2015 | 16,427 | 22,037 | 12,587 | 51,051 |
| 2016 | 18,283 | 22,809 | 11,989 | 53,081 |
| 2017 | 18,278 | 23,146 | 13,453 | 54,877 |



## *FUND BALANCES OF GOVERNMENTAL FUNDS*

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| General fund | | | | | | | | | | |
| Nonspendable | $ 464 | $ 356 | $ 67 | $ 44 | $ 42 | $ 35 | $ — | $ — | $ — | $ — |
| Committed | — | — | — | — | — | — | — | — | 1,170 | 1,359 |
| Unassigned | 10,583 | 8,486 | 8,643 | 8,812 | 9,738 | 9,692 | 7,874 | 5,867 | 7,097 | 7,392 |
| Total general fund | 11,047 | 8,842 | 8,710 | 8,856 | 9,780 | 9,727 | 7,874 | 5,867 | 8,267 | 8,751 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | — | — | 592 | 604 | 694 | 623 | 632 | 648 | 655 | 667 |
| Restricted | — | — | 7,404 | 6,769 | 8,601 | 7,264 | 9,453 | 11,501 | 9,275 | 9,402 |
| Committed | — | — | 1,168 | 2,085 | 3,082 | 3,478 | 5,111 | 2,700 | 3,907 | 4,021 |
| Assigned | — | — | 991 | 829 | 975 | 2,405 | 2,104 | 1,643 | 1,814 | 1,256 |
| Unassigned | — | — | — | — | — | — | — | (366) | — | (1,082) |
| Reserved | 1,685 | 2,943 | — | — | — | — | — | — | — | — |
| Unreserved reported in: | | | | | | | | | | |
| Special revenue funds | 7,096 | 6,591 | — | — | — | — | — | — | — | — |
| Capital project funds | 6,039 | 8,672 | — | — | — | — | — | — | — | — |
| Total all other gov't funds | 14,820 | 18,206 | 10,155 | 10,287 | 13,352 | 13,770 | 17,300 | 16,126 | 15,651 | 14,264 |
| Governmental funds | | | | | | | | | | |
| Nonspendable | 464 | 356 | 659 | 648 | 736 | 658 | 632 | 648 | 655 | 667 |
| Restricted | — | — | 7,404 | 6,769 | 8,601 | 7,264 | 9,453 | 11,501 | 9,275 | 9,402 |
| Committed | — | — | 1,168 | 2,085 | 3,082 | 3,478 | 5,111 | 2,700 | 5,077 | 5,380 |
| Assigned | — | — | 991 | 829 | 975 | 2,405 | 2,104 | 1,643 | 1,814 | 1,256 |
| Unassigned | 10,583 | 8,486 | 8,643 | 8,812 | 9,738 | 9,692 | 7,874 | 5,501 | 7,097 | 6,310 |
| Reserved | 1,685 | 2,943 | — | — | — | — | — | — | — | — |
| Unreserved | 13,135 | 15,263 | — | — | — | — | — | — | — | — |
| Grand total governmental funds | $ 25,867 | $ 27,048 | $ 18,865 | $ 19,143 | $ 23,132 | $ 23,497 | $ 25,174 | $ 21,993 | $ 23,918 | $ 23,015 |

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)



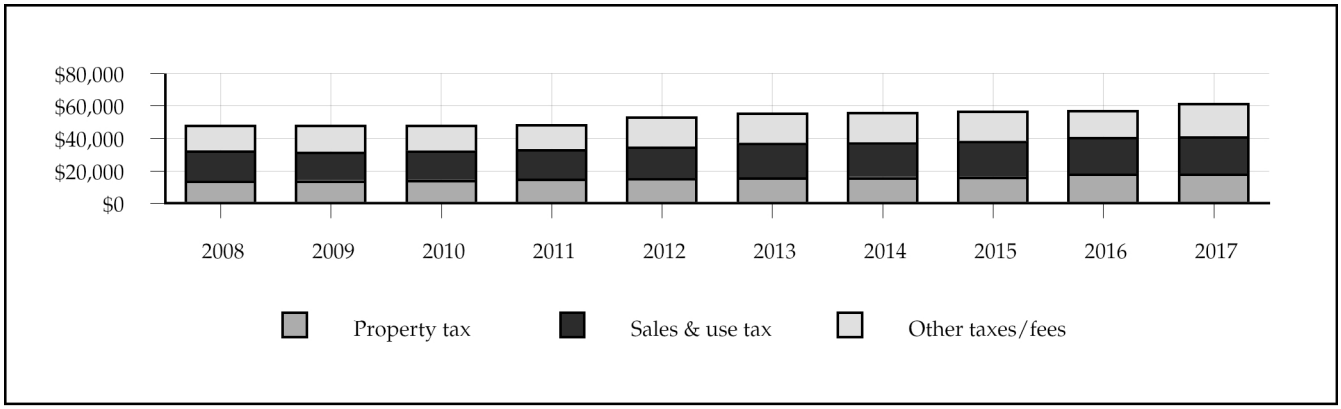
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | | | |
| Taxes and assessments | $ 48,427 | $ 48,256 | $ 48,273 | $48,744 | $ 53,685 | $ 55,839 | $ 58,653 | $ 59,927 | $ 62,432 | $ 64,116 |
| Licenses and permits | 993 | 712 | 768 | 842 | 892 | 818 | 2,093 | 2,218 | 1,913 | 2,123 |
| Intergovernmental revenues | 11,994 | 14,984 | 23,795 | 24,267 | 13,023 | 21,366 | 8,803 | 7,149 | 8,441 | 7,061 |
| Charges for services | 6,536 | 6,496 | 7,225 | 7,935 | 6,300 | 7,772 | 10,766 | 12,171 | 13,988 | 15,039 |
| Fines and forfeitures | 1,583 | 1,632 | 1,693 | 1,600 | 1,542 | 1,603 | 1,600 | 1,606 | 1,684 | 2,120 |
| Contributions and donations | — | — | — | — | — | — | — | — | 890 | 510 |
| Investment earnings | 1,407 | 753 | 531 | 380 | 508 | 186 | 411 | 484 | 725 | 749 |
| Other revenue | 1,681 | 1,834 | 2,156 | 2,561 | 3,550 | 2,400 | 5,014 | 1,811 | 1,708 | 1,750 |
| Total revenues | 72,621 | 74,667 | 84,441 | 86,329 | 79,500 | 89,984 | 87,340 | 85,366 | 91,781 | 93,468 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 11,367 | 11,626 | 11,594 | 11,886 | 11,558 | 12,285 | 12,742 | 13,179 | 14,345 | 14,914 |
| Public safety | 34,815 | 37,907 | 37,742 | 37,767 | 40,725 | 42,712 | 42,143 | 44,364 | 45,222 | 48,345 |
| Utilities | 1,680 | 1,653 | 1,496 | 1,224 | 1,164 | 1,190 | 1,551 | 1,643 | 1,640 | 1,857 |
| Transportation | 5,777 | 5,395 | 5,713 | 5,455 | 5,406 | 5,724 | 5,735 | 6,388 | 6,302 | 7,912 |
| Economic environment | 4,144 | 4,778 | 5,658 | 4,854 | 3,890 | 4,237 | 3,948 | 4,365 | 4,167 | 4,286 |
| Public health services | 19 | 86 | 87 | 22 | 24 | 18 | 610 | 651 | 594 | 596 |
| Cultural and recreational | 6,217 | 6,062 | 6,580 | 6,497 | 6,390 | 6,659 | 5,612 | 5,940 | 5,816 | 5,835 |
| Capital outlay | 8,857 | 10,642 | 19,312 | 17,144 | 6,743 | 20,021 | 27,104 | 11,990 | 9,788 | 5,913 |
| Debt service | | | | | | | | | | |
| Principal | 2,552 | 2,633 | 2,916 | 2,753 | 3,010 | 3,322 | 3,284 | 4,198 | 4,460 | 5,476 |
| Interest & related charges | 861 | 979 | 1,228 | 1,165 | 1,131 | 1,180 | 1,272 | 2,116 | 1,708 | 1,669 |
| Total Expenditures | 76,289 | 81,761 | 92,326 | 88,767 | 80,041 | 97,348 | 104,001 | 94,834 | 94,042 | 96,803 |
| Exc (def) rev over (under) exp | (3,668) | (7,094) | (7,885) | (2,438) | (541) | (7,364) | (16,661) | (9,468) | (2,261) | (3,335) |
| Other financing (sources) uses | | | | | | | | | | |
| Transfers in | 5,774 | 6,139 | 5,299 | 4,986 | 6,220 | 5,844 | 9,593 | 9,033 | 10,367 | 7,874 |
| Transfers out | (5,338) | (5,426) | (4,949) | (4,631) | (6,115) | (5,727) | (8,947) | (9,065) | (8,878) | (7,973) |
| Proceeds f/cap lease finance | — | — | 149 | 577 | — | 310 | — | — | — | — |
| Proceeds f/issuance LT debt | 2,946 | 7,004 | — | — | — | 9,633 | 14,207 | 5,150 | 900 | 2,462 |
| Proceeds f/intergov't loans | 242 | 600 | 1,690 | 1,592 | 450 | — | — | — | — | — |
| Premium issuance/LT debt | — | — | — | — | — | 488 | 1,672 | — | — | — |
| Intergov't agreements | (39) | (39) | (97) | (97) | (97) | (92) | — | — | — | — |
| Sale of capital assets | 155 | 92 | 47 | 191 | 100 | 448 | 44 | 230 | 777 | 68 |
| Other | — | — | 864 | — | 600 | — | — | 8 | — | — |
| Total other fin sources (uses) | 3,740 | 8,370 | 3,003 | 2,618 | 1,158 | 10,904 | 16,569 | 5,356 | 3,166 | 2,431 |
| Net change in fund balances | $ 72 | $ 1,276 | $ (4,882) | $ 180 | $ 617 | $ 3,540 | $ (92) | $ (4,112) | $ 905 | $ (904) |
| Debt service as a percentage of noncapital expenses | 5.1% | 5.1% | 5.7% | 5.5% | 5.6% | 5.8% | 5.9% | 7.6% | 7.3% | 7.9% |

## *GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE*

Last Ten Fiscal Years (Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Source | | | | | | | | | | |
| Property tax | $ 13,782 | $ 14,261 | $ 14,535 | $ 15,126 | $ 15,565 | $ 15,989 | $ 16,131 | $ 16,427 | $ 18,283 | $ 18,278 |
| Sales & use tax | 18,990 | 17,810 | 17,920 | 18,346 | 19,599 | 21,306 | 21,537 | 22,037 | 22,809 | 23,146 |
| Utility & other taxes/fees | 15,655 | 16,180 | 15,818 | 15,272 | 18,520 | 18,544 | 18,945 | 18,723 | 16,608 | 20,466 |
| Total | $ 48,427 | $ 48,251 | $ 48,273 | $ 48,744 | $ 53,684 | $ 55,839 | $ 56,613 | $ 57,187 | $ 57,700 | $ 61,890 |

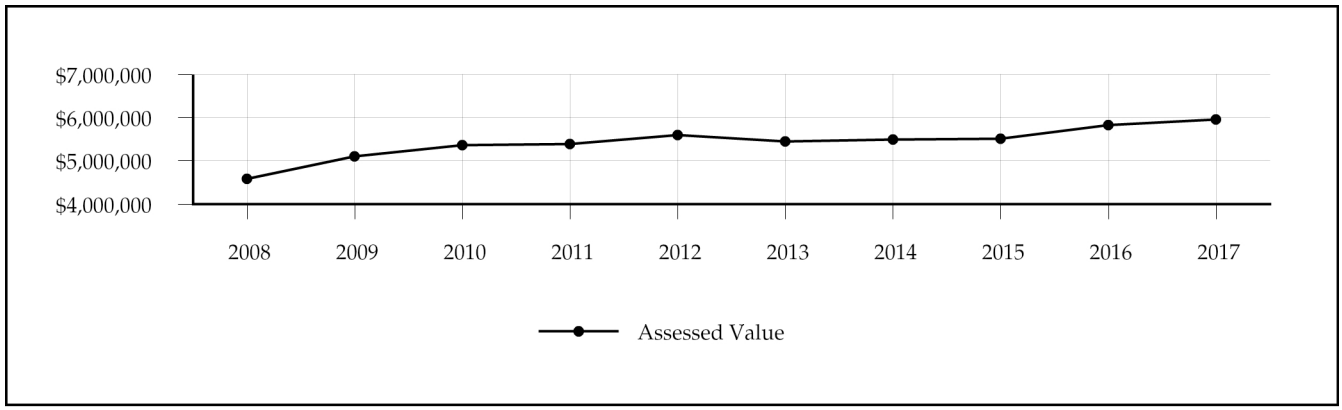


## *ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

Last Ten Fiscal Years (Rate/1000 - Dollar Amounts Expressed in Thousands)



| Fiscal Year | Count | Real Property Assessed Value | Personal Property Assessed Value | Total Taxable Assessed Value | Total Direct Tax Rate |
|---|---|---|---|---|---|
| 2008 | 30,526 | $ 4,674,741 | $ 429,575 | $ 4,586,924 | 2.9549 |
| 2009 | 32,463 | 4,674,742 | 429,574 | 5,104,316 | 2.9392 |
| 2010 | 32,762 | 4,929,779 | 439,180 | 5,368,959 | 2.9907 |
| 2011 | 32,972 | 4,951,414 | 437,805 | 5,389,219 | 2.9715 |
| 2012 | 32,415 | 5,154,871 | 444,407 | 5,599,278 | 3.0559 |
| 2013 | 32,539 | 4,995,574 | 458,645 | 5,454,219 | 3.0895 |
| 2014 | 32,312 | 5,080,398 | 414,099 | 5,494,497 | 3.1188 |
| 2015 | 32,164 | 5,083,412 | 431,853 | 5,515,265 | 3.1239 |
| 2016 | 32,331 | 5,184,974 | 473,413 | 5,831,303 | 3.0879 |
| 2017 | 32,681 | 5,421,658 | 536,170 | 5,957,828 | 3.0830 |



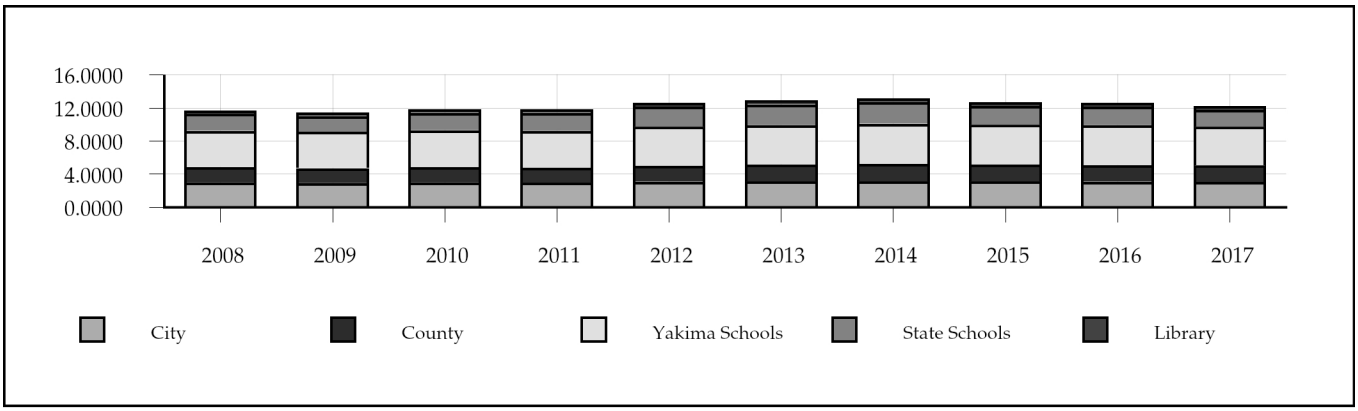

Source: Yakima County Assessor

# *PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS*

Last Ten Fiscal Years (Rate/1000)



| | City of Yakima | | | Yakima County | | | Yakima School District | | | State | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Operating | Debt Service | Total City | Operating | Debt Service | Total County | Bonds | M&O | Total School | School Levy | Library | Total |
| 2008 | 2.9549 | 0.0583 | 3.0132 | 1.8036 | 0.0630 | 1.8666 | 1.6358 | 2.7405 | 4.3763 | 2.0274 | 0.4619 | 11.7454 |
| 2009 | 2.8886 | 0.0506 | 2.9392 | 1.7523 | 0.0524 | 1.8047 | 1.5720 | 2.7934 | 4.3654 | 1.9217 | 0.4483 | 11.4793 |
| 2010 | 2.9348 | 0.0559 | 2.9907 | 1.7994 | 0.0526 | 1.8520 | 1.5805 | 2.9006 | 4.4811 | 2.0918 | 0.4595 | 11.8751 |
| 2011 | 2.9185 | 0.0531 | 2.9716 | 1.7716 | 0.0489 | 1.8205 | 1.5335 | 2.8906 | 4.4241 | 2.2086 | 0.4529 | 11.8777 |
| 2012 | 3.0559 | 0.0545 | 3.1104 | 1.8511 | 0.0472 | 1.8983 | 1.6640 | 3.0667 | 4.7307 | 2.3983 | 0.4724 | 12.6101 |
| 2013 | 3.0895 | 0.0541 | 3.1436 | 2.0655 | 0.0001 | 2.0656 | 1.6607 | 3.0385 | 4.6992 | 2.5116 | 0.4763 | 12.8963 |
| 2014 | 3.1188 | 0.0197 | 3.1385 | 2.1059 | 0.0000 | 2.1059 | 1.7009 | 3.1316 | 4.8325 | 2.6149 | 0.4812 | 13.1730 |
| 2015 | 3.1239 | 0.0000 | 3.1239 | 2.0387 | 0.0000 | 2.0387 | 1.6835 | 3.1154 | 4.7989 | 2.2645 | 0.4762 | 12.7022 |
| 2016 | 3.0879 | 0.0000 | 3.0879 | 2.0181 | 0.0000 | 2.0181 | 1.6816 | 3.1252 | 4.8068 | 2.2550 | 0.4745 | 12.6423 |
| 2017 | 3.0830 | 0.0000 | 3.0830 | 2.0036 | 0.0000 | 2.0036 | 1.6116 | 3.0221 | 4.6337 | 2.0549 | 0.4737 | 12.2489 |




Source: Yakima County Assessor

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

## *PRINCIPAL PROPERTY TAX PAYER COMPARISON*

(Amounts Expressed in Thousands)



| | 2017 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Washington Fruit & Produce | $ 75,588 | 1 | 1.3% | $ 16,294 | 8 | 0.4% |
| Yakima HMA | 65,435 | 2 | 1.1% | 53,515 | 1 | 1.2% |
| Walmart Stores | 36,856 | 3 | 0.6% | | | |
| Chiawana | 35,274 | 4 | 0.6% | | | |
| Frosty Packing | 34,633 | 5 | 0.6% | | | |
| Shields Bag & Printing | 34,426 | 6 | 0.6% | 32,022 | 2 | 0.7% |
| John I Haas | 29,699 | 7 | 0.5% | | | |
| Longview Fibre Paper & Packaging | 25,974 | 8 | 0.4% | 22,461 | 4 | 0.5% |
| Pacificorp / Pacific Power & Light | 25,217 | 9 | 0.4% | | | |
| Cascade Natural Gas | 23,074 | 10 | 0.4% | 16,342 | 7 | 0.4% |
| Qwest Communications | — | | | 25,276 | 3 | 0.6% |
| Safeway Stores | — | | | 20,090 | 5 | 0.4% |
| Hansen Fruit | — | | | 16,782 | 6 | 0.4% |
| Wide Hollow Development | — | | | 14,328 | 9 | 0.3% |
| Michelsen Packaging | — | | | 13,397 | 10 | 0.3% |
| Total | $ 386,176 | | 6.5% | $ 230,507 | | 5.2% |

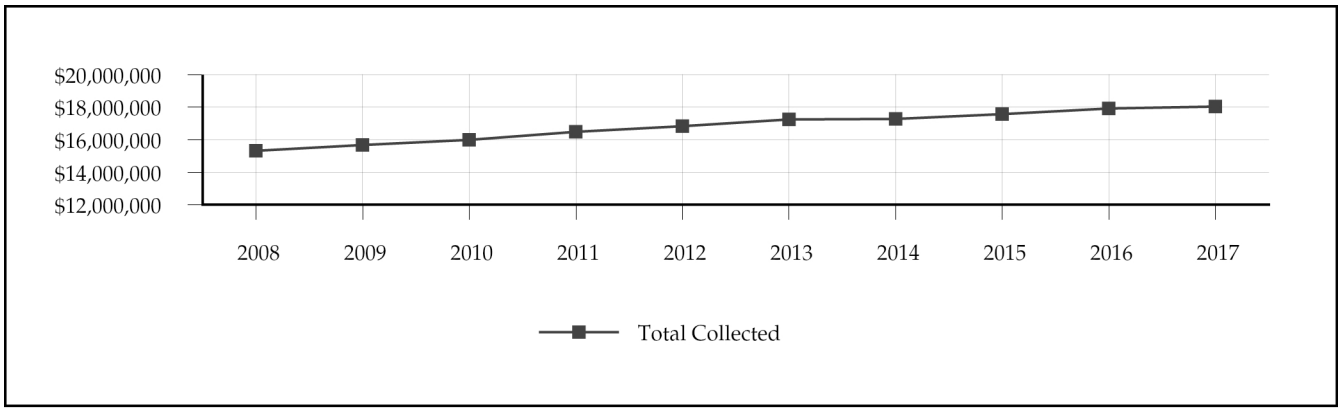
Source: Yakima County Assessor

# *PROPERTY TAX LEVIES AND COLLECTIONS*

Last Ten Fiscal Years (Amounts Expressed in Thousands)



| Fiscal Year Ended | Total Levy for the Year | Collected Within the Year of the Levy | | Collected in Subsequent Years | Total Collection to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2008 | $ 15,322,380 | $ 14,970,413 | 97.7% | $ 351,969 | $ 15,322,382 | 100.0% |
| 2009 | 15,676,832 | 15,270,543 | 97.4% | 406,292 | 15,676,835 | 100.0% |
| 2010 | 15,991,868 | 15,630,296 | 97.7% | 361,573 | 15,991,869 | 100.0% |
| 2011 | 16,485,263 | 16,105,108 | 97.7% | 379,966 | 16,485,074 | 100.0% |
| 2012 | 16,830,550 | 16,493,387 | 98.0% | 338,304 | 16,831,691 | 100.0% |
| 2013 | 17,242,183 | 16,870,392 | 97.8% | 371,306 | 17,241,698 | 100.0% |
| 2014 | 17,288,693 | 16,975,648 | 98.2% | 306,216 | 17,281,864 | 100.0% |
| 2015 | 17,624,958 | 17,325,866 | 98.3% | 243,756 | 17,569,622 | 99.7% |
| 2016 | 18,029,818 | 17,721,666 | 98.3% | 200,461 | 17,922,127 | 99.4% |
| 2017 | 18,367,991 | 18,040,023 | 98.2% | — | 18,040,023 | 98.2% |




Source: Yakima County Assessor

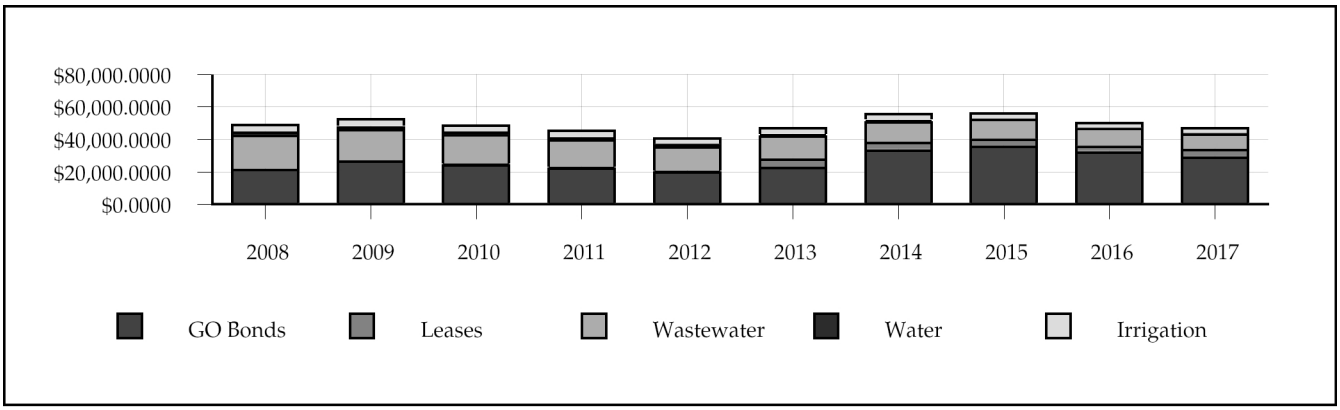
Note: Total Levy for the Year amounts have been adjusted to display revised information as received from the County Assessor.

# *RATIOS OF OUTSTANDING DEBT BY TYPE*

Last Ten Fiscal Years (Dollar Amounts Expressed in Thousands)



| | Governmental Activities | | Business-Type Activities | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | General Obligation Bonds | Capital Leases | Wastewater Bonds | Water Bonds | Irrigation Bonds | Total Primary Gov't | Percent of Income | Population | Per Capita |
| 2008 | $ 21,973 | $ 72 | $ 20,920 | $ 2,000 | $ 4,805 | $ 49,770 | 3.1% | 84,300 | 590 |
| 2009 | 26,979 | 10 | 19,580 | 1,804 | 4,695 | 53,068 | 3.6% | 84,850 | 625 |
| 2010 | 24,881 | 132 | 18,197 | 1,598 | 4,580 | 49,388 | 2.6% | 91,067 | 542 |
| 2011 | 22,723 | 614 | 16,760 | 1,385 | 4,465 | 45,947 | 2.5% | 91,630 | 501 |
| 2012 | 20,502 | 520 | 14,970 | 1,210 | 4,345 | 41,547 | 2.3% | 91,930 | 452 |
| 2013 | 23,053 | 5,374 | 13,940 | 1,030 | 4,220 | 47,617 | 2.7% | 92,620 | 514 |
| 2014 | 34,039 | 4,574 | 12,860 | 835 | 4,090 | 56,398 | 3.0% | 93,080 | 606 |
| 2015 | 36,213 | 4,167 | 12,390 | — | 3,960 | 56,730 | 3.2% | 93,220 | 609 |
| 2016 | 32,902 | 3,182 | 11,050 | — | 3,825 | 50,959 | 2.8% | 93,410 | 546 |
| 2017 | 29,472 | 4,806 | 3,680 | — | 9,680 | 47,638 | 2.4% | 93,900 | 507 |



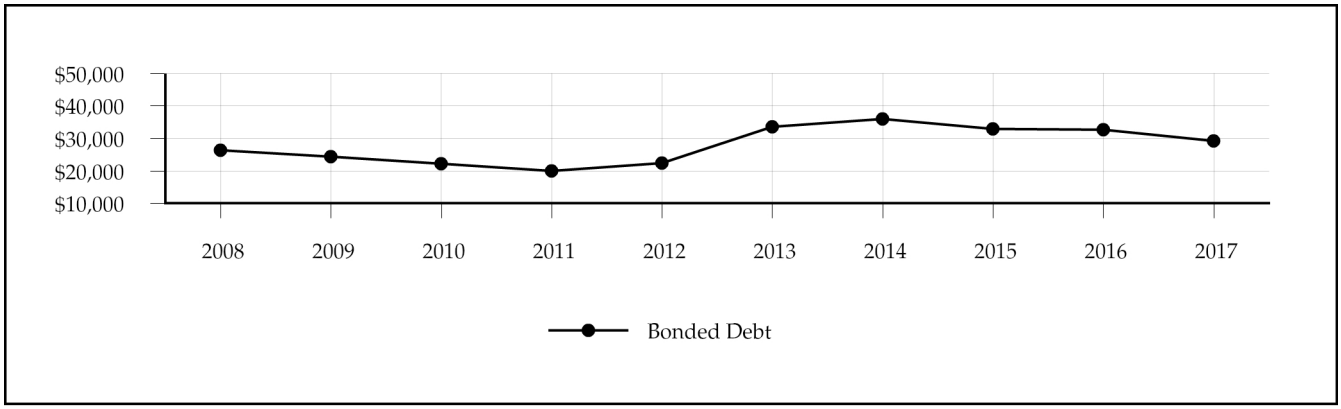

Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements. See the Schedule of Demographic and Economic Statistics in this section for personal income.

# *RATIOS OF GENERAL BONDED DEBT OUTSTANDING*

Last Ten Fiscal Years (Dollar Amounts Expressed in Thousands)



| Year | General Obligation Bonds | Less: Amount Available In Debt Service Fund | Total | Percent of Estimated Actual Taxable Value of Property | Per Capita |
|---|---|---|---|---|---|
| 2008 | $ 26,979 | $ 688 | $ 26,291 | 0.6% | $ 312 |
| 2009 | 24,881 | 537 | 24,344 | 0.5% | 287 |
| 2010 | 22,723 | 548 | 22,175 | 0.4% | 244 |
| 2011 | 20,502 | 553 | 19,949 | 0.4% | 218 |
| 2012 | 23,053 | 692 | 22,361 | 0.4% | 243 |
| 2013 | 34,039 | 431 | 33,608 | 0.6% | 363 |
| 2014 | 36,213 | 239 | 35,974 | 0.7% | 386 |
| 2015 | 32,902 | 267 | 32,902 | 0.6% | 353 |
| 2016 | 32,902 | 248 | 32,654 | 0.6% | 350 |
| 2017 | 29,472 | 248 | 29,224 | 0.5% | 311 |



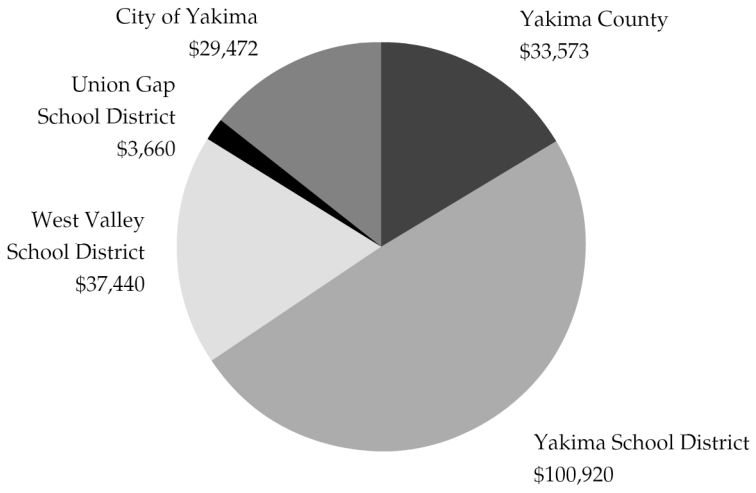

Note: Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

# *DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT*

As of December 31, 2017 (Amounts Expressed in Thousands)



| Governmental Unit | Debt Outstanding | Estimated % Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Yakima County | $ 33,573 | 36.2% | $ 12,153 |
| Yakima School District | 100,920 | 93.2% | 94,057 |
| West Valley School District | 37,440 | 59.8% | 22,389 |
| Union Gap School District | 3,660 | 1.3% | 48 |
| Subtotal - overlapping debt | $ 175,593 | | 128,647 |
| City of Yakima direct debt | | | 29,472 |
| Total direct and overlapping debt | | | $ 158,119 |




Source: Yakima County Assessor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Yakima. This process recognizes that, when considering the government's ability to 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 every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Naches School Districts are excluded in the overlapping debt chart due to estimate debt overlap is less than 1% (0.37%).

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of 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)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt limit | $ 402,672 | $ 404,191 | $ 419,945 | $ 409,066 | $ 412,087 | $ 412,087 | $ 413,645 | $ 424,379 | $ 437,348 | $ 446,837 |
| Net outstanding indebtedness | 21,220 | 28,469 | 27,127 | 25,768 | 22,401 | 30,504 | 43,235 | 49,962 | 43,662 | 29,244 |
| Legal debt margin | $ 381,452 | $ 375,722 | $ 392,818 | $ 383,298 | $ 389,686 | $ 381,583 | $ 370,410 | $ 374,417 | $ 393,686 | $ 417,593 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.3% | 7.0% | 6.5% | 6.3% | 5.4% | 7.4% | 10.5% | 11.8% | 10.0% | 6.5% |

**Legal Debt Margin Calculation for fiscal year 2017**

| | |
|---|---|
| Total assessed value | $ 5,957,828 |
| Debt limit (7.5%) of total assessed value | 446,837 |
| I. General purpose legal debt margin | |
| a. Councilmanic debt (without a vote) 1.5% of total assessed value | 89,367 |
| Debt applicable to councilmanic limit: | |
| General obligation bonds & other debt | 40,784 |
| Less: amount set aside for repayment of general obligation debt | 11,540 |
| Net debt applicable to councilmanic limit | 29,244 |
| Total legal debt margin - councilmanic | 60,123 |
| b. Voted general obligation debt (additional 1% Total assessed value) | 59,578 |
| Debt applicable to limit | — |
| II. Voted utility purposed debt (additional 2.5% total assessed value) | 148,946 |
| Debt applicable to limit | — |
| III. Voted open space and park debt (additional 2.5% total assessed value) | 148,946 |
| Debt applicable to limit | — |
| Total legal debt margin - all categories | $ 417,593 |

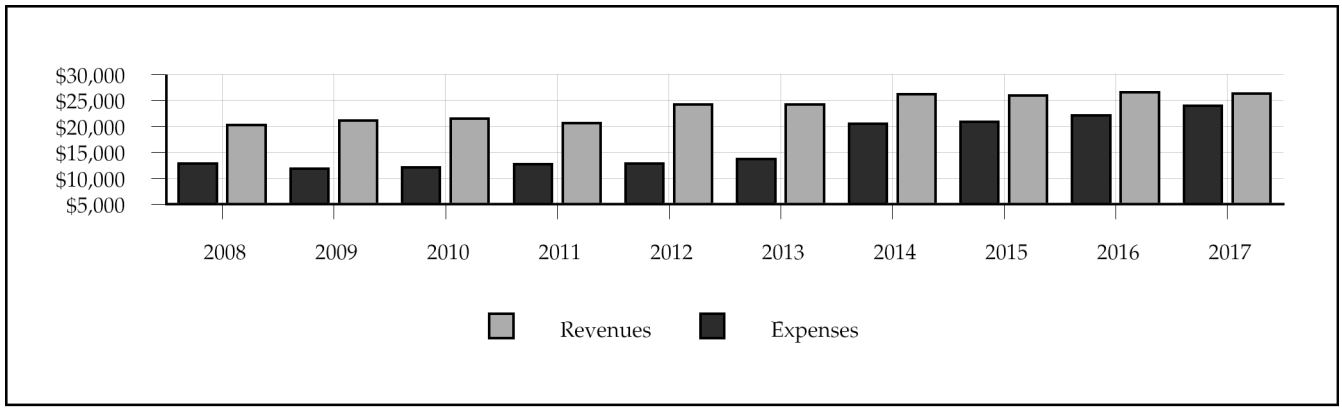
Note: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5%; for utility or open space, park, and capital facilities with a vote not to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

# *PLEDGED REVENUE COVERAGE - WATER AND WASTEWATER*

Last Ten Fiscal Years (Amounts Expressed in Thousands)



| | | Water & Wastewater Revenue Bonds | | | | |
|---|---|---|---|---|---|---|
| | Water & Wastewater Operating | Less Operating | Net Available | Debt Service | | |
| Year | Revenue | Expenses | Revenue | Principal | Interest | Coverage |
| 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 | 9,414 | 1,275 | 809 | 4.52 |
| 2015 | 29,711 | 21,061 | 8,650 | 1,305 | 667 | 4.39 |
| 2016 | 30,578 | 22,346 | 8,232 | 1,340 | 551 | 4.35 |
| 2017 | 30,170 | 24,177 | 5,993 | 1,370 | 519 | 3.17 |



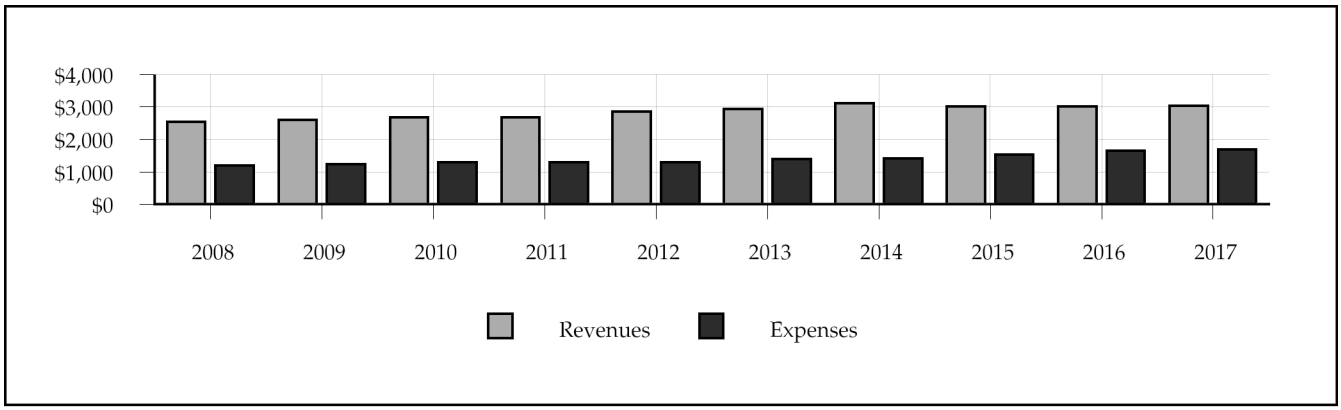

Note: Operating expenses exclude depreciation, amortization and City taxes

# *PLEDGED REVENUE COVERAGE - IRRIGATION*

Last Ten Fiscal Years (Amounts Expressed in Thousands)



| | | Irrigation Revenue Bonds | | | | |
|---|---|---|---|---|---|---|
| | Irrigation | Less | Net | Debt Service | | |
| | Operating | Operating | Available | | | |
| Year | Revenue | Expenses | Revenue | Principal | Interest | Coverage |
| 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 |
| 2016 | 3,053 | 1,679 | 1,374 | 135 | 186 | 4.28 |
| 2016 | 3,087 | 1,736 | 1,351 | 145 | 181 | 4.14 |




Note: Operating expenses exclude depreciation, amortization and City taxes.

## *DEMOGRAPHIC AND ECONOMIC STATISTICS*

Last Ten Fiscal Years



| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Median Age | Education Level in Years of Formal Schooling | School Enrollment | Unemployment Rate |
|---|---|---|---|---|---|---|---|
| 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 | 10.4% |
| 2010 | 91,067 | 1,891,040 | 20,771 | 33.2 | 12.6 | 15,247 | 10.4% |
| 2011 | 91,630 | 1,824,335 | 20,919 | 33.2 | 12.6 | 15,474 | 10.7% |
| 2012 | 91,930 | 1,802,876 | 20,516 | 33.2 | 12.6 | 15,627 | 10.1% |
| 2013 | 92,620 | 1,756,992 | 19,908 | 33.0 | 12.5 | 15,786 | 9.4% |
| 2014 | 93,080 | 1,870,059 | 20,736 | 33.2 | 12.5 | 15,428 | 8.5% |
| 2015 | 93,220 | 1,799,143 | 20,187 | 33.1 | 12.5 | 15,768 | 8.4% |
| 2016 | 93,410 | 1,986,540 | 20,788 | 33.1 | 12.6 | 15,999 | 7.7% |
| 2017 | 93,900 | ---------- Not Yet Available ---------- | | | | 15,658 | 6.0% |

Sources: Population - Office of Financial Management (OFM), Income, Age and Education - American Fact Finder / U.S. Census Bureau, School Enrollment - Yakima School District and Unemployment Rate (seasonally adjusted/Yakima) -Employment Security Department.

# *PRINCIPAL EMPLOYERS - YAKIMA COUNTY*

Current Year and Ten Years Ago



| | 2017 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | **Employees** | **Rank** | **Percentage** | **Employees** | **Rank** | **Percentage** |
| **Manufacturers** | | | | | | |
| Walmart - Yakima/Sunnyside/Grandview | 1,700 | 1 | 1.3% | 1,050 | 1 | 0.9% |
| Zirkle Fruit | 1,500 | 2 | 1.2% | — | — | |
| Washington Fruit | 1,500 | 3 | 1.2% | — | — | |
| Borton Fruit | 1,212 | 4 | 1.0% | | — | |
| Monson Fruit | 1,023 | 5 | 0.8% | | — | |
| Washington Beef | — | — | | 800 | 2 | 0.7% |
| Shields Bag & Printing | — | — | | 550 | 3 | 0.5% |
| Tree Top | — | — | | 539 | 4 | 0.4% |
| Western Recreational | — | — | | 325 | 5 | 0.3% |
| **Non-manufacturers** | | | | | | |
| Virginia Mason Memorial Hospital | 2,500 | 1 | 2.0% | 1,812 | 1 | 1.5% |
| Yakima School District, No. 7 | 1,594 | 2 | 1.3% | 1,001 | 3 | 0.8% |
| Yakima County | 1,074 | 3 | 0.8% | 1,000 | 4 | 0.8% |
| Yakima Valley Farm Workers Clinic | 1,006 | 4 | 0.8% | — | — | |
| Astria Regional Medical Center | 985 | 5 | 0.8% | 841 | 5 | 0.7% |
| WA State Social & Health Services | — | — | | 1,500 | 2 | 1.2% |
| **Total** | 14,094 | | 11.2% | 9,418 | | 7.8% |

Sources: Number of employees are approximated via several sources, including New Vision and corporate websites. Percentages based on information from the Employment Security Department (Civilian Labor Force).

# *FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION*

Last Ten Fiscal Years - Adopted Budget



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | 151.99 | 157.95 | 151.25 | 143.25 | 139.75 | 138.87 | 147.47 | 150.72 | 152.22 | 148.30 |
| Police | | | | | | | | | | |
| Officers | 137.00 | 137.00 | 138.00 | 140.00 | 139.00 | 143.00 | 145.00 | 145.00 | 145.00 | 148.00 |
| Civilians | 51.00 | 51.00 | 51.00 | 49.00 | 49.00 | 49.00 | 50.00 | 52.00 | 52.00 | 47.00 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 85.00 | 84.00 | 84.00 | 84.00 | 84.00 | 83.00 | 86.00 | 96.00 | 100.00 | 101.00 |
| 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 | 17.00 | 16.00 | 13.00 | 13.00 | 11.00 | 11.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Street | 26.50 | 27.00 | 26.00 | 24.00 | 24.00 | 23.00 | 23.00 | 22.00 | 22.00 | 22.00 |
| Parks & Recreation | 25.83 | 25.60 | 23.30 | 21.30 | 20.30 | 20.30 | 21.30 | 21.30 | 21.30 | 20.90 |
| Total General Government | 497.32 | 501.55 | 489.55 | 477.55 | 470.05 | 471.17 | 484.77 | 499.02 | 504.52 | 499.20 |
| | | | | | | | | | | |
| Neighborhood Development | 9.49 | 7.75 | 6.75 | 7.75 | 7.75 | 7.00 | 8.00 | 7.00 | 7.00 | 7.00 |
| Community Relations | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Cemetery | 2.60 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Public Safety Communications | 33.00 | 35.00 | 35.00 | 37.00 | 36.00 | 38.00 | 35.00 | 35.00 | 35.00 | 36.00 |
| Airport | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.00 | 7.00 | 7.00 | 8.00 |
| Transit | 51.25 | 50.00 | 50.00 | 52.00 | 52.00 | 52.50 | 53.95 | 54.95 | 56.80 | 54.30 |
| Refuse | 19.00 | 19.00 | 19.00 | 19.00 | 20.50 | 20.50 | 20.50 | 20.00 | 20.00 | 21.00 |
| Wastewater/Stormwater | 72.05 | 69.50 | 69.50 | 69.50 | 69.00 | 69.00 | 69.20 | 70.20 | 70.20 | 72.20 |
| Water | 30.00 | 31.00 | 31.00 | 31.00 | 31.00 | 35.00 | 35.00 | 31.00 | 31.00 | 31.00 |
| Irrigation | 9.17 | 8.00 | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Equipment Rental | 11.85 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 14.00 | 14.00 | 14.00 |
| Public Works | 9.05 | 10.00 | 9.00 | 9.00 | 9.00 | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| | 749.78 | 750.80 | 736.80 | 729.80 | 722.30 | 727.17 | 748.42 | 761.17 | 768.52 | 765.70 |

## *OPERATING INDICATORS BY FUNCTION*

Last Ten Fiscal Years



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police | | | | | | | | | | |
| Total arrests | 5,185 | 4,889 | 4,745 | 5,439 | 6,127 | 5,941 | 5,037 | 5,037 | 5,305 | 5,265 |
| Parking violations | 4,321 | 2,844 | 4,837 | 5,096 | 3,778 | 3,252 | 3,150 | 3,218 | 1,545 | 2,379 |
| Traffic violations | 18,025 | 17,559 | 15,303 | 11,849 | 11,436 | 13,270 | 13,953 | 13,437 | 14,241 | 16,238 |
| Fire | | | | | | | | | | |
| Number of calls answered | 9,288 | 9,737 | 10,011 | 8,439 | 9,439 | 8,232 | 7,606 | 8,987 | 9,318 | 9,690 |
| Inspections | 2,948 | 2,268 | 2,909 | 2,646 | 30 | 2,669 | 3,799 | 5,101 | 5,658 | 5,458 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 30 | 6 | 5 | 2 | 2 | 8 | 23 | 3 | 22 | 2 |
| Refuse | | | | | | | | | | |
| Refuse collected (tons/day) | 91 | 100 | 102 | 105 | 103 | 107 | 100 | 90 | 104 | 116 |
| Yard waste collected (tons/day) | 17 | 19 | 19 | 19 | 19 | 17 | 19 | 14 | 19 | 19 |
| Culture and recreation | | | | | | | | | | |
| Community Center admissions | 93,325 | 96,483 | 118,867 | 122,870 | 125,040 | 124,683 | 125,428 | 117,881 | 110,136 | 125,382 |
| Irrigation | | | | | | | | | | |
| Customers | 10,585 | 10,587 | 10,597 | 10,595 | 10,601 | 10,619 | 10,619 | 10,619 | 10,620 | 11,545 |
| Water | | | | | | | | | | |
| New connections | 105 | 68 | 79 | 61 | 74 | 68 | 52 | 71 | 76 | 44 |
| Water main breaks | 8 | 17 | 5 | 7 | 4 | 3 | 5 | 5 | 7 | 18 |
| Average daily consumption (thousands of gallons) | 12,158 | 11,581 | 10,338 | 10,040 | 10,200 | 10,307 | 10,518 | 10,899 | 11,057 | 10,661 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 10,100 | 10,100 | 10,100 | 10,100 | 10,100 | 10,500 | 10,200 | 9,244 | 10,500 | 9,700 |

Note: Parking violations were down in 2016 due to having only one officer instead of two for approximately 9 months of the year.

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety | | | | | | | | | | |
| Police stations | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 61 | 61 | 62 | 61 | 53 | 124 | 124 | 124 | 124 | 124 |
| Fire stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Refuse | | | | | | | | | | |
| Collection trucks | 14 | 14 | 15 | 16 | 16 | 21 | 22 | 22 | 21 | 21 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 419 | 420 | 325 | 380 | 380 | 380 | 369 | 398 | 404 | 400 |
| Streetlights | 4,459 | 4,465 | 4,465 | 4,195 | 4,240 | 4,260 | 4,280 | 3,706 | 4,214 | 4,340 |
| Traffic signals / Flashers | 137 | 139 | 140 | 151 | 152 | 154 | 154 | 165 | 173 | 175 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 284 | 386 | 386 | 352 | 352 | 351 | 346 | 393 | 436 | 403 |
| Parks | 32 | 32 | 32 | 34 | 34 | 34 | 34 | 35 | 39 | 36 |
| Swimming pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 26 | 26 | 24 | 24 | 24 | 22 | 24 | 24 | 24 | 24 |
| Community centers | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 3 | 3 |
| Water | | | | | | | | | | |
| Water mains | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Fire hydrants (city owned) | 2,204 | 2,239 | 2,249 | 2,254 | 2,279 | 2,285 | 2,285 | 2,285 | 2,345 | 2,357 |
| Maximum daily capacity (thousands of gallons) | 36,520 | 36,520 | 36,520 | 36,520 | 36,520 | 36,520 | 36,520 | 36,520 | 36,250 | 36,250 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 329 | 337 | 337 | 337 | 337 | 337 | 337 | 344 | 350 | 355 |
| Storm sewers (miles) | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 138 | 148 |
| Maximum daily capacity (millions of gallons) | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 |

Note: 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 - the City of Yakima Fire Department budgets personnel, supplies and equipment for this station. Highways and Streets were recalculated in 2010 due to program changes, in 2011 due to physical inventory and in 2015 due reconfiguration of assets.

# 2017 GENERAL INFORMATION*

**Statistics**

| | |
|---|---|
| Date of incorporation | 1886 |
| Form of government | Council-Manager |
| Type of government | Charter City |
| Location | Central Washington |
| Land area | 28.17 square miles |
| Rank in size - State | 11 |
| Rank in size - County | 1 |
| Population | 93,900 |
| Assessed valuation | $5,957,828,341 |
| City employees (full-time equivalents) | 765.70 |
| Election and voter registration | |
| Number of precincts | 60 |
| Number of registered voters | 42,560 |

**Property Tax Levy**

| | |
|---|---|
| Regular levy | $18,367,991 |

**Sales Tax Rates**

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

**Parks and Recreation**

| | |
|---|---|
| Total acreage | 402.55 |
| 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, Harman Center, Henry Beauchamp Community 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 | 5,573 |
| Regulatory licenses - | |
| Varies from $11.00 to $1,000 | 445 |

**Fire Protection**

| | |
|---|---|
| Commissioned firefighting personnel | 100 |
| Number of non-commissioned personnel | 4 |
| Total number of Fire personnel | 103 |

**Police Protection**

| | |
|---|---|
| Commissioned Police personnel | 148 |
| Non-commissioned Police personnel | 47 |
| Total number of Police personnel | 195 |
| Number of calls for service | 145/day |

**Utility and Franchise Tax Rates**

| | |
|---|---|
| Electricity, Gas, Telephone | 6% |
| Water, Wastewater | 20% |
| Stormwater | 6% |
| Refuse | 15% |
| TV Cable | 6% |

**Utility Rates (2 months)**

| | |
|---|---|
| Water - average/family of 4 | $57.19 |
| Each unit | $1.59 |
| Wastewater - average/family of 4 | $116.88 |
| Each unit | $3.10 |
| Refuse (carry-out available for additional charge) | |
| Automated collection | |
| 32 Gallon cart | $34.30 |
| 96 Gallon cart | $39.20 |
| Yard waste | |
| 96 Gallon cart | $29.64 |
| Irrigation (per square foot) | $.0352 |

**Utility Customer Bases**

| | |
|---|---|
| Water (inside the City) | 22,408 |
| Water (outside the City | 97 |
| Total Water customers | 22,505 |
| Wastewater residential (inside the City) | 28,641 |
| Wastewater residential (outside the City) | 66 |
| Wastewater commercial | 2,462 |
| Total Wastewater customers | 31,169 |
| Irrigation customers | 10,545 |
| Refuse accounts | 31,144 |

* For informational purposes only - not intended for official or legal purposes