



CITY OF  
*Yakima*

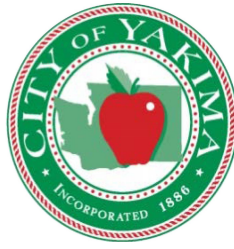


For the year ending 12/31/2019

# 2019 Comprehensive Annual Financial Report (CAFR)







CITY OF *Yakima*  
Washington

# ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

For the year ended December 31, 2019

## **REPORT PREPARED BY:**

### **Department of Finance and Budget**

Steve Groom	Director of Finance & Budget
Kimberly Dominé	Financial Services Manager
Jeanne Thompson, CPA	Financial Services Officer
Jennifer Morris	Financial Services Officer
Maria Simons	Accountant
Wendy Harvey	Accountant
Isabel Cruz	Accountant
Kathryn Miles	Financial Services Technician





CITY OF *Yakima*

# 2019 ORGANIZATIONAL CHART

## CITY OF YAKIMA CONSTITUENTS

### CITY COUNCIL



### CITY MANAGER



AIRPORT



COMMUNITY  
DEVELOPMENT



FIRE



LEGAL



POLICE



CITY ADMINISTRATION



FINANCE



HUMAN RESOURCES

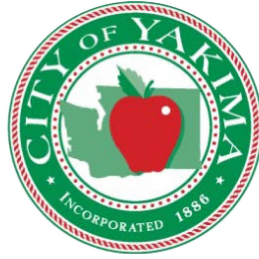


MUNICIPAL COURT



PUBLIC WORKS





CITY OF *Yakima*  
Washington

## ***2019 PRINCIPAL OFFICIALS***

### **CITY COUNCIL**

Kathy Coffey	Mayor, District 5
Dulce Gutiérrez	Assistant Mayor, District 1
Jason White	District 2
Carmen Méndez	District 3
Kay Funk	District 4
Brad Hill	District 6
Holly Cousens	District 7

### **CITY MANAGEMENT EXECUTIVES**

Alex Meyerhoff	Interim City Manager
Jeff Cutter	City Attorney
Connie Mendoza	Director of Human Resources
Steve Groom	Director of Finance & Budget
Joan Davenport	Director of Community Development
Scott Schafer	Director of Public Works
Robert Peterson	Director of Yakima Air Terminal
Matthew Murray	Police Chief
Aaron Markham	Fire Chief
Susan Woodward	Municipal Court Presiding Judge

129 North Second Street  
Yakima, WA 98901  
(509) 575-6000  
[www.yakimawa.gov](http://www.yakimawa.gov)







CITY OF *Yakima*

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



September 22, 2020

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

This Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2019, complies with State Statute RCW 43.09.230, but more importantly delivers responsible reporting and careful stewardship of public funds entrusted by our taxpayers, voters and citizens.

Please read the information in this Letter of Transmittal and the Management Discussion and Analysis narrative which are intended to help understand the history and activity underlying the Basic Financial Statements, the Notes to the financial statements immediately following, and the 10-year trend data in the Statistical Section.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report. We believe the data, as presented, is accurate in all material respects and are reported in a manner that fairly presents the financial position and results of City operations, in conformity with Generally Accepted Accounting Principles (GAAP) and with statements issued by the Governmental Accounting Standards Board (GASB). All footnotes, analysis and disclosures are intended to enable the reader to gain the maximum understanding of the City's activities and financial position.

### THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. The City is separate and distinct from overlapping entities: 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, which have separate governmental or other entity characteristics, substantial autonomy and consequently are not component units of the City. The Yakima Regional Public Facilities District (PFD), however, 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.

### CITY PROFILE

The City of Yakima is located in central Washington State, 145 miles southeast of Seattle, 200 miles southwest of Spokane, and 180 miles northeast of Vancouver, Washington at the confluence of two rivers. The Yakima River from the north defines the city's eastern border and the Naches River from the west defines the city's northern border. It encompasses 28.26 square miles and has an estimated 2019 population of 94,440, and a daytime

population of about 108,000. The City is a commercial and transit hub of Central Washington, served by rail, highway and air transportation. Yakima is the largest city in Yakima County and the 11th largest, by population, in the State of Washington.

The City of Yakima was incorporated in 1886 as a First Class charter city under the Council/Manager form of government. Council members consist of 7 members elected from separate districts, elected to four-year terms staggered every two years. 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), municipal court, public improvements (engineering, streets, traffic signals), parking and code enforcement, sanitation (solid waste disposal, sanitary wastewater utility), water treatment and distribution, irrigation, airport, transit, cemetery, community development, convention center, parks and recreation, and general administrative services. The City operates two swimming pools - one outdoor and one indoor, along with two water playground areas, a par-three golf course, two skate parks and one dog park.

## **FINANCIAL GOVERNANCE**

The Yakima City Council's 2019 Strategic Priorities were:

1. Long-term fiscal sustainability
2. Main Street Business Development
3. Community Policing
4. Safe routes to elementary schools
5. Youth development
6. Mill site development
7. Homelessness / affordable housing
8. Community pools / community centers
9. Downtown destination
10. Yakima airport as economic development

## **ECONOMIC OUTLOOK**

### **Agricultural Business**

The City of Yakima lies within 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. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. The Yakima Valley produces about 77% of the hops in the United States and contains over 12,000 acres of wine grapes, making the City of Yakima a key storage, packing, and distribution hub.

### **Manufacturing**

Over 250 manufacturing firms in the Yakima area 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 service and support to local agricultural, industrial, commercial and tourism-related 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.

### **Healthcare**

Virginia Mason Memorial Hospital, part of the Virginia Mason Health System, is a 226-bed acute-care, nonprofit community hospital that has served the Yakima Valley for more than 60 years. Hospital services include, but are

not limited to, Cardiology, Critical Care, Orthopedics, Pediatrics, Surgical and Psychiatric, as well as a Laboratory and a Pharmacy. Also available are numerous primary and specialty practices associated with the hospital, including the North Star Lodge, a 43,000 square foot outpatient Cancer Center built in 2000, 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.

### **Higher Education**

There are several higher education institutions serving the Yakima area. The Pacific Northwest University of Health Sciences (PNWU) offers doctoral degrees in osteopathic medicine and has a current enrollment of just under 600 students. Yakima Valley College (YVC) offers both 2 and 4-year degrees and a multitude of academic programs. Perry Technical Institute offers nationally-recognized vocational / technical programs. Heritage University is located a few miles southeast of Yakima, and is an accredited four-year liberal arts college.

### **Tourism**

The "Palm Springs of Washington," Yakima tourism enjoys continued growth due to its dry climate, approximately 300 days of sunshine annually, and convenient central location in the State. There are 36 parks, which include six little league fields and ten softball fields - eight of which have lighting, eight pickleball courts, 21 public tennis courts and four soccer fields, located within the City. In addition, there are two public and one private 18-hole golf courses and three nine-hole courses.

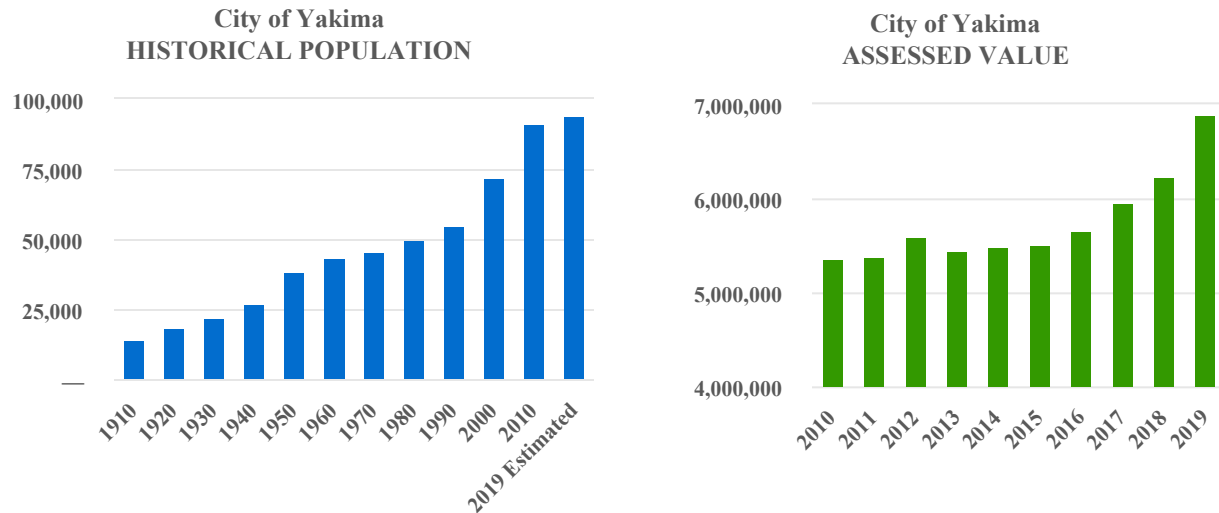
Prominent event facilities that contribute to Yakima being a regional hub include:

- The City-owned Yakima Convention Center regularly hosts annual conferences and conventions for organizations across the Pacific Northwest, and has 41,000 square feet of meeting space currently available, with an additional 10,000 square foot expansion project beginning construction in 2020.
- The City-owned Capitol Theatre is a magnificent and historical theater originally built in 1920, seats 1,500 and includes a 400-seat black box theater and regularly hosts nationally-touring productions.
- 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 rodeos, and regularly hosts many statewide tournaments and sporting events.
- SOZO Sports of Central Washington is a championship level sports complex that has both indoor and outdoor sports facilities available, with 13 full-size soccer and football fields, both grass and synthetic playing surfaces and regularly hosts statewide sporting events.
- The Seasons Performance Hall is a non-profit organization that supports regional musical and cultural events for residents and visitors to the Yakima Valley.
- The Yakima Valley Pippins, part of the West Coast League, play in the 3,000-seat baseball stadium.
- The Yakima Valley Museum, located at City-owned Franklin Park, is a 65,000 square-foot history and cultural museum that is a feature destination for visitors to Yakima.
- State Fair Park hosts the annual Central Washington Fair in September.

Yakima also provides access to nearby hunting, fishing and biking opportunities, along with numerous other recreational opportunities within an hour's drive which include snow skiing, mountain climbing, rafting, hiking, and rock climbing. The William O. Douglas trail offers hikers passage from Yakima to Mount Rainier.

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.

Yakima's population, and residential and commercial property tax base, continues to grow. From agricultural beginnings, the 1905 addition of a lumber mill and post-war manufacturing expanded Yakima into a diversified economy. Advances in fruit-processing technology created a year-round workforce, healthcare and education created new strengths attracting migration from western Washington city residents seeking better weather and economical housing. The city thrives when homeowners thrive; in 2019, assessed property valuation grew 10.4%, of which 1.6% was due to growth and new construction.



The City of Yakima saw sales and retail tax revenue growth in 2019, with taxable sales 3.6% over 2018.

#### FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principles (GAAP). 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.

#### ACKNOWLEDGMENTS

An audit of the City's books of account, financial records, and transactions of all administrative departments are required to be conducted at least once every three years by the State Auditor's Office (Washington State Statute RCW 43.09.260). However, it is the practice of the State Auditor to conduct audits of cities the size of Yakima on an annual basis. The State Auditors' opinion related to their audit of the enclosed financial statements is an integral part of this report. 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). The assistance of the Examiners from the



Office of the State Auditor is also gratefully acknowledged. The Washington State Auditor is instrumental in the training, education and communication of best practices and implementation of new GASB pronouncements.

Preparation of this report was accomplished only with the professional and dedicated services of the Finance staff.

Appreciation should also be noted for the City Council's active interest, encouragement, and support, setting the course for the City with sound and responsible governance.

#### **SUMMARY**

The City of Yakima continues to seek to be an increasingly well-managed city, responsible and responsive in balancing the services that the citizens of Yakima require with the ever-changing level and mix of resources available. The community continues to grow and recognizes the long-term implications for fiscal stewardship and strategic planning. Yakima's City Council has continued to reaffirm its commitment to responsible governance and improving the City's fiscal sustainability.

For more information regarding the City's budget, reporting and strategic planning, please refer to the City's website ([www.yakimawa.gov](http://www.yakimawa.gov)) for ongoing current information and reports.

Respectfully submitted,

Alex Meyerhoff  
Interim City Manager

Steve Groom  
Director of Finance and Budget





# Office of the Washington State Auditor Pat McCarthy

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 22, 2020

Council  
City of Yakima  
Yakima, Washington

**REPORT ON THE FINANCIAL STATEMENTS**



A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy  
State Auditor  
Olympia, WA



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This Comprehensive Annual Financial Report offers readers the City's financial statements for the fiscal year ended December 31, 2019. To best understand the history and activities underlying the City's financial position, readers are encouraged to consider the information in this narrative overview and analysis in conjunction with the accompanying transmittal letter, basic financial statements and the notes to the financial statements immediately following.

### **FINANCIAL HIGHLIGHTS**

The City of Yakima is committed to fiscal responsibility by focusing on the fundamentals of city management to navigate economic cycles, infrastructure management challenges, and services that often rely on contingency planning and careful course corrections. The population of Yakima has grown steadily for 14 decades with particularly large increases at the 2000 and 2010 censuses. The residential and commercial property tax base has increased, both in assessed value and, in growth from new construction. Commerce that generates sales tax continues to be a source of regular and steady growth. Local demographics continue to indicate a below-national-average per capita income, however, therefore sound fiscal city management is a key economic factor as the City seeks to provide the foundation for citizens, homeowners and businesses to thrive.

- The 2019 ending fund balance of the General Fund was \$10.8 million at the end of 2019, which represents 17.1% of total General Fund expenditures. The fund balance of the General Fund improved over prior year due to favorable variances in operating expenses - largely from unfilled vacancies and Police Department one-time deferral of vehicle replacements, which more than offset less-than-budgeted tax revenues. The 2018 ending fund balance of the General Fund was \$9.1 million, 14.2% of total General Fund expenditures.
- The total assets and deferred outflows of the City of Yakima, government-wide, encompassing all funds, exceeded its liabilities and deferred inflows at December 31, 2019, by \$315.7 million. Net position invested in capital (net of depreciation and related debt) account for 92.0% of this amount, with a value of \$290.5 million.
- The City's total net position increased by \$15.7 million to \$315.7 million from \$300.0 million. Funding received for various general revenues increased by \$13.3 million and charges for services increased by \$1.0 million. Grant funding for capital projects also increased by \$6.9 million over 2018 numbers. The increase in net position was primarily due to savings and advance funding for capital projects intended to reduce the need for future debt.

### **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 2018, 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 2019.

### **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 Airport, Stormwater, Transit, Solid Waste (Refuse), Wastewater, Domestic Water, Irrigation and Utility Services 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 \$315.7 million at December 31, 2019. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2018.

## NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 82,157,273	\$ 78,323,480	\$ 62,325,267	\$ 57,937,295	\$ 144,482,540	\$ 136,260,775
Net capital assets	188,688,241	185,469,099	167,555,181	165,010,857	356,243,422	350,479,956
Total assets	270,845,514	263,792,579	229,880,448	222,948,152	500,725,962	486,740,731
Deferred outflows	4,322,788	3,412,198	1,195,423	1,162,406	5,518,211	4,574,604
Total assets & deferred outflows	275,168,302	267,204,777	231,075,871	224,110,558	506,244,173	491,315,335
<b>Liabilities</b>						
Payables & other liabilities	22,458,867	22,815,939	7,491,937	7,369,302	29,950,804	30,185,241
Long-term liabilities	116,230,005	113,958,270	30,966,816	35,473,943	147,196,821	149,432,213
Total liabilities	138,688,872	136,774,209	38,458,753	42,843,245	177,147,625	179,617,454
Deferred inflows	10,838,114	9,502,908	2,585,760	2,178,115	13,423,874	11,681,023
Total liabilities & deferred inflows	149,526,986	146,277,117	41,044,513	45,021,360	190,571,499	191,298,477
<b>Net position</b>						
Net investment in capital assets	148,999,617	140,858,487	141,504,246	135,945,718	290,503,863	276,804,205
Restricted	30,865,494	28,292,001	1,600,000	1,835,000	32,465,494	30,127,001
Unrestricted	(54,223,794)	(48,222,828)	46,927,113	41,308,480	(7,296,681)	(6,914,348)
Total net position	\$ 125,641,317	\$ 120,927,660	\$ 190,031,359	\$ 179,089,198	\$ 315,672,676	\$ 300,016,858

The City of Yakima's total assets stand at \$500.7 million as of December 31, 2019. Of this amount, \$356.2 million is accounted for by capital assets, which includes infrastructure and construction in progress. Out of \$188.7 million in capital assets reported in Governmental activities at December 31, 2019, \$89.9 million (47.6%) 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 \$96.8 million was accounted for in cash, cash equivalents, restricted cash and investments, \$25.4 million in various receivables, \$21.0 million in net pension assets and \$1.2 million inventories and prepayments.

At December 31, 2019, the City had outstanding liabilities of \$177.1 million, of which \$147.2 million is long-term and is due beyond one year away. 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.

The remaining liabilities for the entire City in both governmental and business-type activities total \$30.0 million, and include \$6.1 million in accounts & contracts payable, \$3.8 million in claims and judgments payable, \$8.1 million in accrued salaries and benefits, \$3.4 million in compensated absences accrued and other various liabilities. Also included are debt payments due within the next calendar year totaling \$6.5 million and the current portion of the OPEB liabilities of \$2.0 million.

The largest portion of the City's net position (92.0%) 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 assets 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 10.3% of the City's net position is subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government).

At December 31, 2019, the City of Yakima reports a net position of \$315.7 million, of which \$125.6 million represents governmental activities and \$190.0 million represents business-type activities.

### CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 14,695,262	\$ 15,169,719	\$ 50,794,841	\$ 49,277,671	\$ 65,490,103	\$ 64,447,390
Operating grants & contributions	11,847,405	10,361,798	3,067,508	2,938,172	14,914,913	13,299,970
Capital grants & contributions	4,954,136	2,561,617	6,125,805	3,261,658	11,079,941	5,823,275
General revenues						
Property taxes	20,687,718	19,838,562	—	—	20,687,718	19,838,562
Sales and use taxes	22,403,848	21,541,898	6,447,007	6,170,802	28,850,855	27,712,700
Other taxes and fees	24,237,962	14,591,045	—	—	24,237,962	14,591,045
Other revenues	1,609,244	(110,314)	83,013	143,180	1,692,257	32,866
Total revenues	<u>100,435,575</u>	<u>83,954,325</u>	<u>66,518,174</u>	<u>61,791,483</u>	<u>166,953,749</u>	<u>145,745,808</u>
Expenditures						
General government	18,288,946	11,570,476	—	—	18,288,946	11,570,476
Public safety	49,007,485	42,831,078	—	—	49,007,485	42,831,078
Utilities	1,125,958	576,055	—	—	1,125,958	576,055
Transportation	9,363,544	10,363,978	—	—	9,363,544	10,363,978
Economic environment	8,193,331	6,503,413	—	—	8,193,331	6,503,413
Public health services	1,675,614	759,348	—	—	1,675,614	759,348
Cultural and recreational	7,593,783	7,369,950	—	—	7,593,783	7,369,950
Interest on long-term debt	1,655,589	1,556,902	—	—	1,655,589	1,556,902
Transit	—	—	9,166,558	9,092,300	9,166,558	9,092,300
Airport	—	—	2,099,851	1,975,650	2,099,851	1,975,650
Refuse	—	—	6,518,365	4,950,421	6,518,365	4,950,421
Wastewater	—	—	21,381,165	16,802,079	21,381,165	16,802,079
Water	—	—	10,424,138	7,928,287	10,424,138	7,928,287
Irrigation	—	—	2,286,622	2,328,569	2,286,622	2,328,569
Stormwater	—	—	2,516,983	2,410,734	2,516,983	2,410,734
Total Expenditures	<u>96,904,250</u>	<u>81,531,200</u>	<u>54,393,682</u>	<u>45,488,040</u>	<u>151,297,932</u>	<u>127,019,240</u>
Excess (deficiency) before transfers	3,531,325	2,423,125	12,124,492	16,303,443	15,655,817	18,726,568
Extraordinary Item	—	(1,747,309)	—	—	—	(1,747,309)
Transfers	1,182,329	8,917,960	(1,182,329)	(8,917,960)	—	—
Change in net position	<u>4,713,654</u>	<u>9,593,776</u>	<u>10,942,163</u>	<u>7,385,483</u>	<u>15,655,817</u>	<u>16,979,259</u>
Net position - beginning	<u>120,927,662</u>	<u>111,333,886</u>	<u>179,089,198</u>	<u>171,703,713</u>	<u>300,016,860</u>	<u>283,037,599</u>
Net position - ending	<u>\$ 125,641,316</u>	<u>\$ 120,927,662</u>	<u>\$ 190,031,361</u>	<u>\$ 179,089,196</u>	<u>\$ 315,672,677</u>	<u>\$ 300,016,858</u>

### **The Statement of Activities (Changes in Net Position)**

The City of Yakima's total net position increased by \$15.7 million over 2018. Net position for governmental activities increased by \$4.7 million primarily due to increased grant revenues offset by the annual actuarial adjustment to pension assets and liability, while business-type activities increased by \$10.9 million. The increase in business-type activities comes from a combination of rate increases, grant revenue and actuarial adjustments to pension assets and liability.

Total revenues for the City of Yakima were \$167.0 million in 2019. Governmental activities provided \$100.4 million (60.2%), while business-type activities added \$66.5 million (39.8%).

Expenses for the year totaled \$151.3 million, with governmental activities accounting for \$96.9 million or 64.0% and business-type activities accounting for \$54.4 million or 36.0%. 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 67.0% of total revenue sources, with grants and contributions accounting for 16.7%. The remaining 16.3% of revenue was provided by charges for services, interest income, and miscellaneous revenues.

Governmental activities increased net position by \$4.7 million or 3.9%, and total government revenues increased by \$16.5 million or 19.6%. The significant fluctuations in revenue are as follows:

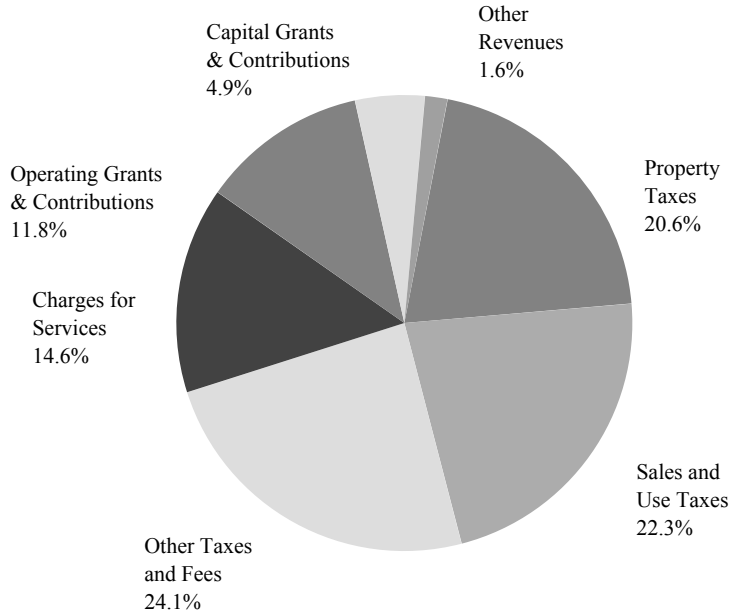
- Grants & Contributions increased by \$3.9 million, primarily due to an additional \$900,000 in HUD grant funding, \$1.7 million SIED grant and a \$1.0 million Transportation Improvement Board grant.
- Total taxes increased by \$11.4 million or 20.3% from \$56.0 million to \$67.3 million.
  - Property Taxes increased \$849,156 due to continued increases in assessed value, along with existing property tax increases, subject to a statutory 1% cap.
  - Sales Tax increased by \$861,950 or 3.8% from 2018.
  - Other Taxes and Fees increased by \$9.6 million, due to the implementation of the Transportation Benefit District charges in mid-year 2018. 2019 included a full year of collections. This revenue source was repealed as of 2020.
- As noted in Note 14 - Subsequent Events, the COVID-19 declared emergency in 2020 is expected to impact both revenues and balance sheet reserves.
- Transfers from Business-Type Activities consists primarily of in-lieu utility taxes of \$8.6 million. Also included are transfers by enterprise funds to the Vehicle Replacement Reserve.

The largest program expenses consist of Public Safety (50.6%); General Government (18.9%) and Transportation (9.7%). These programs accounted for 79.1% of total governmental expenses.

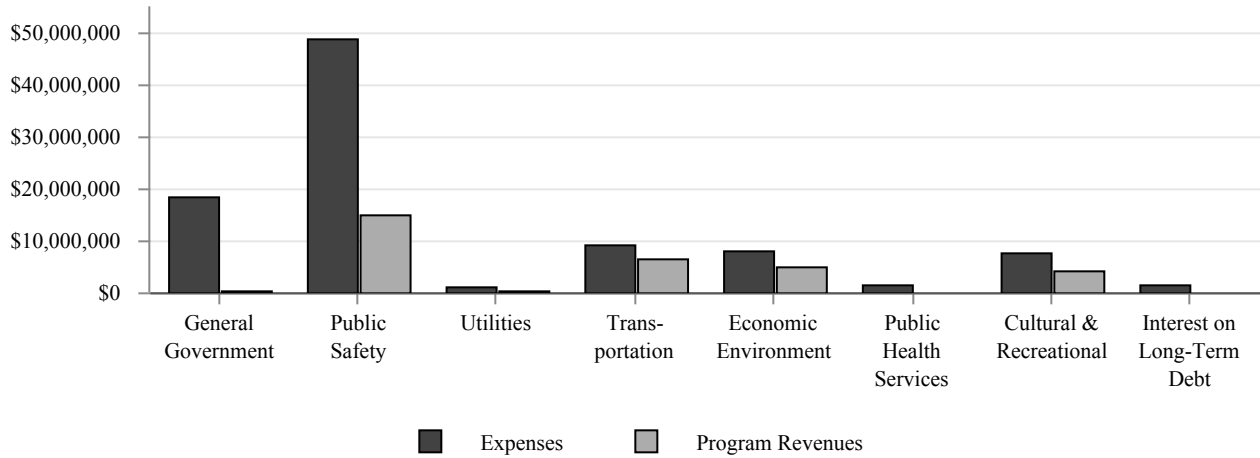
In total, governmental expenses increased \$15.4 million or 18.9%. The increase is due primarily to two things: \$6.8 million more in capital spending and the fluctuating actuarial valuation of pension and OPEB assets and liabilities.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2019.

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**

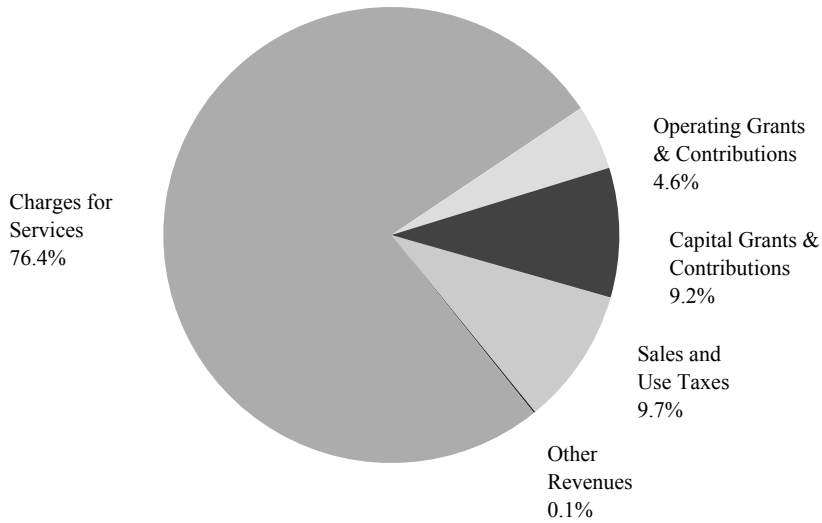


**Business-Type Activities** - Of the \$66.5 million in business type revenues, 76.4% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated an increase of \$4.7 million or 7.6% over 2018. Capital Grants increased by about \$2.9 million or 87.8%, due to increased Airport grants in 2019.

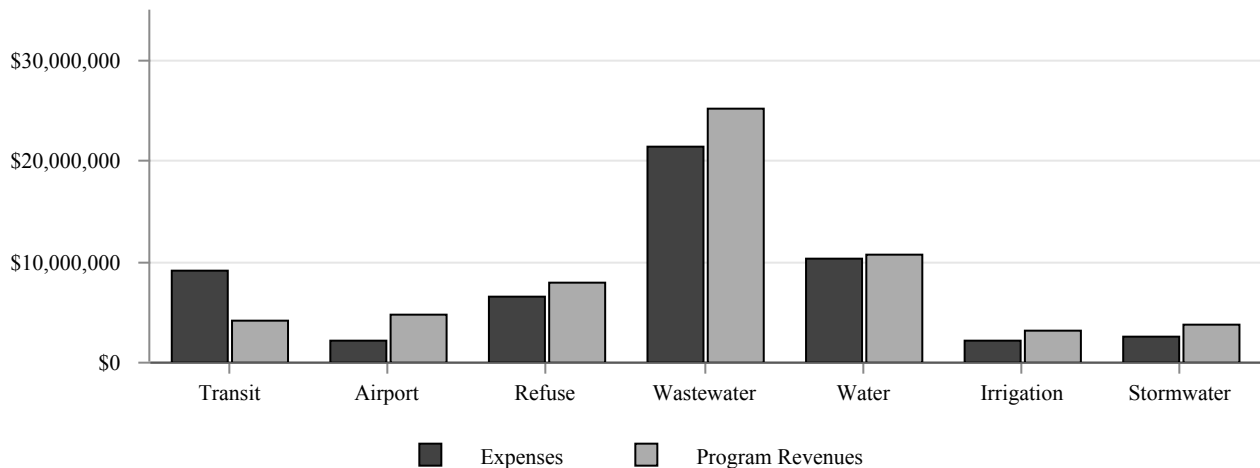
Of the \$54.4 million in business-type expenses, 39.3% are associated with the Wastewater program and 16.9% with Transit, domestic water programs represent about 19.2%, Refuse 12.0%, Irrigation 4.2%, Stormwater 4.6% and Airport 3.9%. Generally, changes in expenses are in line with changes in general operating revenues.

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 (76.4%) of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is funded largely by a voter approved local option sales tax of 0.3% and a federal operating grant.

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

The City of Yakima uses fund accounting to ensure compliance with finance-related legal and regulatory requirements. All funds except the General Fund are restricted for specific purposes and uses.

**Governmental Funds Analysis**

The General Fund is a major fund and the principal mechanism for delivering general government services. The Neighborhood Development Fund is a major fund, by definition, due to the long term Notes Receivable and Deferred Inflow balances. These balances represent both the current and long term portions of housing loans

made to low income residents. 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, 2019, the City's governmental funds reported combined fund balances of \$32.2 million. Of this total amount, \$9.2 million (28.6%) is unassigned and available for spending within these funds. For 2019, \$918,171 is not spendable (cemetery perpetual care), \$13.2 million is restricted (primarily for transportation, capital improvements, and public safety), \$4.8 million is committed primarily for transportation system improvements and \$4.1 million is assigned primarily for parks and public safety.

The General Fund is the primary operating fund of the City of Yakima, serving all citizens. At the end of the 2019 fiscal year, the fund balance of the General Fund was \$10.8 million. The fund balance is about 17.1% of total general fund expenditures (which represents about a 2.0 month reserve). Total assets in the General Fund amounted to \$19.6 million, accounting for 40.3% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$1.7 million during the current fiscal year, due to favorable variances in operating expenses versus actual results of tax revenues.

The General Fund accounts for 63.4% of all governmental fund revenue and 60.2% of all expenditures.

The other major fund, Neighborhood Development, saw its fund balance decrease by \$159,215.

Most other funds had only modest changes in fund balance, due to the timing of revenues vs. project expenses, respectively, with the exception of the RDA fund, Parks and the Convention center, which all had capital projects in progress during the year.

### **Enterprise Funds Analysis**

Transit, Refuse, Wastewater, Domestic (potable) Water, Irrigation and the Yakima Air Terminal are considered major funds in the City's 2019 Financial Statements, while Stormwater is the only nonmajor fund.

As of December 31, 2019, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$190.0 million, with \$80.3 million, or approximately 42.2%, being contributed by the Wastewater fund. Additionally, about \$141.5 million (74.5%) of net position is accounted for by investment in capital assets, net of related debt, \$1.6 million is restricted for debt service and \$46.9 million is unrestricted. The Notes to the Financial Statements (Note 12) present segment information that is grouped according to revenue bond requirements for these business type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, the 2019 General Fund Expenditure budget was increased from \$65.0 million to \$65.8 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 \$67.4 million, with only a slight increase of \$47,757 in the final budget. Actual revenue results were \$689,176 below amended budget projections, due primarily to less-than-budgeted Electricity Utility Tax.

General Fund expenditures totaled \$63.0 million, less than the final budget of \$65.8 million by \$2.8 million. These expenditure savings resulted from the one-time deferral of funding 2014 take-home Police replacement vehicles.

The General Fund budget is typically adopted using achievable forecast assumptions and expenditures are managed against budget. Revenue is conservatively estimated and expenditure estimates utilize probable costs.

In 2019, revenue was \$689,176 less than budgeted, while expenditures, including other finance sources, were \$2.8 million less than budgeted, resulting in a net positive change in budgeted fund balance of \$2.1 million.

## 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, 2019, amounts to \$356.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, infrastructure, and construction in progress on buildings and systems.

*Governmental Activities* - Capital assets from governmental activities increased \$3.2 million, increasing from \$185.5 million in 2018 to \$188.7 million in 2019.

*Business-Type Activities* - Business-type capital activities increased by \$2.5 million, attributable primarily to more capital projects completed in 2019, offset by depreciation.

### CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets						
Land	\$ 17,571,736	\$ 17,884,343	\$ 5,523,404	\$ 5,523,404	\$ 23,095,140	\$ 23,407,747
Buildings	28,599,457	29,841,778	22,804,184	24,462,650	51,403,641	54,304,428
Improvements other than buildings	17,602,492	7,135,964	100,336,312	100,345,989	117,938,804	107,481,953
Machinery & equipment	16,806,638	16,343,285	14,781,011	15,356,071	31,587,649	31,699,356
Infrastructure	89,858,969	97,100,066	—	—	89,858,969	97,100,066
Intangibles	—	—	779,215	880,686	779,215	880,686
Construction in progress	18,248,949	17,163,662	23,331,054	18,442,057	41,580,003	35,605,719
Total capital assets	<u>\$ 188,688,241</u>	<u>\$ 185,469,098</u>	<u>\$ 167,555,180</u>	<u>\$ 165,010,857</u>	<u>\$ 356,243,421</u>	<u>\$ 350,479,955</u>

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

### Long-Term Debt Administration

On December 31, 2019, the City of Yakima had total bonded debt outstanding of \$42.8 million. Of this amount, \$32.1 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$10.7 million represents bonds secured solely by pledges of specific revenue sources (i.e. revenue bonds).

The City's remaining capacity for non-voted debt on December 31, 2019, was approximately \$78.9 million in comparison to the total legal debt limit of \$103.5 million. 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 average household income levels, as well as level 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. More detailed information on the City's long-term obligations can be found in Note 9 of the Notes to the Financial Statements in this report.



## OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 32,089,429	\$ 35,544,359	\$ —	\$ —	\$ 32,089,429	\$ 35,544,359
Revenue bonds	—	—	10,722,955	12,210,157	10,722,955	12,210,157
Intergovernmental loans	5,411,383	5,836,380	15,408,996	16,874,077	20,820,379	22,710,457
Other debt	2,074,215	3,212,575	—	—	2,074,215	3,212,575
Total outstanding debt	<u>\$ 39,575,027</u>	<u>\$ 44,593,314</u>	<u>\$ 26,131,951</u>	<u>\$ 29,084,234</u>	<u>\$ 65,706,978</u>	<u>\$ 73,677,548</u>

### ECONOMIC FACTORS

There are many factors that impact City revenues and expenses. The City is committed to the continued pursuit and application of sound fiscal management practices to ensure balanced budgets are maintained and critical core services are prioritized in the budget.

- **Property Tax Rate Cap.** In 2001 state voters approved Initiative 747, which capped property tax levy growth each year at a maximum of 1%, excluding additions for annexations and new construction. This initiative restricted local government revenue growth, which makes budget balancing difficult because costs driven by actual inflation rates have grown at an average of 3 times the 1% limitation. In 2019, the Yakima City Council placed a proposition on the local ballot asking voters to consider a Levy Lid Lift, a reset of the property tax rate, as an alternative to continued decreased service delivery as a result of inflationary effects on costs. This measure was defeated.
- **Revenues.** In 2019, Washington voters, statewide, repealed the Transportation Benefit District (TBD) revenue funding, a reduction of \$1.6 million in city revenue to take effect in 2020. Electricity utility tax revenue was budgeted optimistically due to a lifting of a utility tax cap, which affects only the largest utility customers, and was budgeted to increase general government revenues by an additional \$500,000/year, however, the expected increase was offset by deregulation savings passed on to consumers as lower rates, resulting in a negative revenue variance.
- **Local Employment.** The unemployment rate (7.0% for 2019) in the County continues to be higher than the state and national average (4.3% for 2019). The County's predominant industry is agriculture and related support, which has a history of high unemployment rates, seasonal employment, and low median household income. However, Yakima County is experiencing growth in total employment. Between 2018 and 2019, the Yakima County civilian labor force added about 3,388 jobs, a 2.6% upturn.
- **Economic Redevelopment.** The city embarked on a major economic development initiative using a competitive state redevelopment/tax increment program called Local Infrastructure Financing Tool (LIFT), as set forth in RCW 39.102. The redevelopment area consists of 556 acres adjacent to Interstate 82, formerly used as a sawmill and plywood plant. The City received an award of up to \$1 million per year for 25 years, commencing in 2011, to support required infrastructure improvements to serve the new mixed use proposed development. This project requires coordination with Yakima County, the State Department of Transportation, and current landowners.
- **Tourism.** City Council approved an 18,500 sq. ft. expansion project in the 2019 budget, completion likely in 2021. The 2020 convention center expansion adds an estimated 10,273 square feet of net rentable space to the existing 41,000 square feet to increase conference and convention capacity following the 2019 construction of two new hotels within city of Yakima which increased the supply of hotel rooms. The city-owned 68,000 sq. ft. Convention Center generates approximately 96,000 room nights for local hotels.
- **In 2015, City voters approved a Charter amendment to designate \$750,000 annually to a Parks Capital program.** The amount grows annually with the consumer price index, and services the debt on two development projects: a multipurpose sports complex which opened in 2016 (SOZO), and a new aquatic center which opened in 2019.

The 2020 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 2020 budget, the major revenues were estimated assuming the continued growth of residential and commercial property valuations and with a cautious eye on the local economy's continued growth. The City Council's budget priorities are aligned around the strategic priorities of public safety; improving the built environment; economic development; public trust and accountability; and partnership development.

#### **REQUESTS FOR INFORMATION**

This report, along with other City financial documents, is posted on the City's website at [www.yakimawa.gov/services/finance](http://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***

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The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to comprehensively assess the overall financial health of a city for all users of financial information in a uniform, easily-comparable format.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position** - City governmental and business-type assets and liabilities, with the difference reported as net position.

**Statement of Activities** - City governmental and business-type revenues and expenses, with the difference reported as change in net position.

### **GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**Balance Sheet, Governmental Funds** - General Fund, Neighborhood Development Fund and aggregated amounts for all other non-major governmental funds.

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds** - General Fund, 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 Airport, Transit, Refuse, Wastewater, Water and Irrigation. Stormwater, the only nonmajor fund, is included as well as a separate column for aggregated information for internal service funds

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

**Statement of Cash Flows, Proprietary Funds** - Information on the sources and uses of cash for each of the enterprise funds and aggregated 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 understanding the financial statements.

**STATEMENT OF NET POSITION**

December 31, 2019

Page 1 of 2

	Governmental Activities	Business-Type Activities	Primary Gov't Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 19,916,628	\$ 10,636,782	\$ 30,553,410
Cash with fiscal agent	291,241	19,793	311,034
Investments	23,979,764	40,313,307	64,293,071
Receivables, net allowance for uncollectible accounts			
Taxes	5,706,024	1,193,272	6,899,296
Accounts	3,718,550	4,649,384	8,367,934
Notes and contracts receivable	3,066,240	239,235	3,305,475
Due from other governments	3,430,190	3,241,240	6,671,430
Interest receivable	193,417	—	193,417
Inventories and prepayments	808,640	432,255	1,240,895
Total current assets	<u>61,110,694</u>	<u>60,725,268</u>	<u>121,835,962</u>
Noncurrent assets			
Restricted cash	—	1,600,000	1,600,000
Capital assets not being depreciated			
Land	17,571,736	5,523,404	23,095,140
Construction in progress	18,248,949	23,331,054	41,580,003
Capital assets, net of accumulated depreciation			
Buildings	28,599,457	22,804,184	51,403,641
Machinery, equipment & vehicles	16,806,638	14,781,011	31,587,649
Infrastructure	89,858,969	—	89,858,969
Other improvements & utility systems	17,602,492	100,336,312	117,938,804
Intangibles	—	779,215	779,215
Other noncurrent assets			
Net pension asset	21,046,579	—	21,046,579
Total noncurrent assets	<u>209,734,820</u>	<u>169,155,180</u>	<u>378,890,000</u>
Total assets	<u>270,845,514</u>	<u>229,880,448</u>	<u>500,725,962</u>
Deferred outflows of resources			
Deferred amount on refunding	—	209,776	209,776
Deferred outflows related to pension	4,322,788	985,648	5,308,436
Total deferred outflows of resources	<u>4,322,788</u>	<u>1,195,424</u>	<u>5,518,212</u>
Total assets & deferred outflows of resources	<u>275,168,302</u>	<u>231,075,872</u>	<u>506,244,174</u>

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

**STATEMENT OF NET POSITION**

December 31, 2019

Page 2 of 2

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Primary Gov't Total</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	4,474,385	1,398,077	5,872,462
Retainage payable	113,598	128,762	242,360
Claims & judgments payable	3,820,599	—	3,820,599
Accrued salaries and benefits	6,464,068	1,647,130	8,111,198
Compensated absences	680,367	164,076	844,443
Custodial accounts	1,148,196	927,813	2,076,009
Due to other governments	31,003	4,518	35,521
Other current liabilities	69,781	25,746	95,527
Interest payable	189,464	144,318	333,782
Debt principal due within one year	3,581,629	2,926,433	6,508,062
Other post-employment benefits - current	1,885,776	125,065	2,010,841
<b>Total current liabilities</b>	<b>22,458,866</b>	<b>7,491,938</b>	<b>29,950,804</b>
Noncurrent liabilities			
Compensated absences	8,001,197	1,653,360	9,654,557
Pension Liability	17,979,975	3,967,920	21,947,895
Other post-employment benefits (OPEB)	54,255,436	2,140,020	56,395,456
Debt principal due more than one year	35,993,397	23,205,517	59,198,914
<b>Total noncurrent liabilities</b>	<b>116,230,005</b>	<b>30,966,817</b>	<b>147,196,822</b>
<b>Total liabilities</b>	<b>138,688,871</b>	<b>38,458,755</b>	<b>177,147,626</b>
Deferred inflows of resources			
Deferred inflows related to pension	10,195,496	2,335,413	12,530,909
Deferred inflows related to OPEB	642,618	250,347	892,965
<b>Total deferred inflows of resources</b>	<b>10,838,114</b>	<b>2,585,760</b>	<b>13,423,874</b>
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>149,526,985</b>	<b>41,044,515</b>	<b>190,571,500</b>
Net position			
Net investment in capital assets	148,999,617	141,504,246	290,503,863
Restricted for:			
Public safety & emergency programs	2,183,218	—	2,183,218
Arterial street construction & maintenance	2,254,826	—	2,254,826
Housing & economic development	757,824	—	757,824
Debt service	250,040	1,600,000	1,850,040
Capital improvements	5,997,123	—	5,997,123
Tourism & conventions	1,757,817	—	1,757,817
Pension plans	17,664,646	—	17,664,646
Unrestricted	(54,223,794)	46,927,113	(7,296,681)
<b>Total net position</b>	<b>\$ 125,641,317</b>	<b>\$ 190,031,359</b>	<b>\$ 315,672,676</b>

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

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

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Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for	Grants & Contributions		Government	Business	Primary Gov't
		Services	Operating	Capital	Activities	Activities	Total
Governmental activities							
General government	\$ 18,288,946	\$ 466,707	\$ —	\$ —	\$ (17,822,239)	\$ —	\$ (17,822,239)
Public safety	49,007,485	8,717,109	6,437,575	—	(33,852,801)	—	(33,852,801)
Utilities	1,125,958	310,646	—	—	(815,312)	—	(815,312)
Transportation	9,363,544	37,650	1,465,718	4,898,364	(2,961,812)	—	(2,961,812)
Economic environment	8,193,331	1,119,043	3,775,508	3,465	(3,295,315)	—	(3,295,315)
Public health services	1,675,614	13,810	55,829	—	(1,605,975)	—	(1,605,975)
Cultural and recreational	7,593,783	4,030,296	112,775	52,308	(3,398,404)	—	(3,398,404)
Interest on long-term debt	1,655,589	—	—	—	(1,655,589)	—	(1,655,589)
Total governmental activities	96,904,250	14,695,261	11,847,405	4,954,137	(65,407,447)	—	(65,407,447)
Business-type activities							
Transit	9,166,558	1,053,293	3,033,973	—	—	(5,079,292)	(5,079,292)
Airport	2,099,851	1,619,358	33,535	3,081,912	—	2,634,954	2,634,954
Refuse	6,518,365	8,017,506	—	—	—	1,499,141	1,499,141
Wastewater	21,381,165	23,006,616	—	2,263,554	—	3,889,005	3,889,005
Water	10,424,138	10,101,176	—	645,455	—	322,493	322,493
Irrigation	2,286,622	3,181,014	—	84,884	—	979,276	979,276
Stormwater	2,516,983	3,815,878	—	50,000	—	1,348,895	1,348,895
Total business-type activities	54,393,682	50,794,841	3,067,508	6,125,805	—	5,594,472	5,594,472
Total activities	\$ 151,297,932	\$ 65,490,102	\$ 14,914,913	\$ 11,079,942	(65,407,447)	5,594,472	(59,812,975)
General revenues and transfers							
Taxes							
Property taxes					20,687,718	—	20,687,718
Sales and use taxes					22,403,848	6,447,007	28,850,855
Other taxes and fees					24,237,962	—	24,237,962
Unrestricted investment earnings					1,395,317	19,111	1,414,428
Miscellaneous					145,632	3,905	149,537
Gain (loss) on disposition of capital assets					68,295	59,997	128,292
Transfers					1,182,329	(1,182,329)	—
Total general revenues, special items & transfers					70,121,101	5,347,691	75,468,792
Change in net position					4,713,654	10,942,163	15,655,817
Net position - beginning					120,927,660	179,089,198	300,016,858
Net position - ending					\$ 125,641,314	\$ 190,031,361	\$ 315,672,675

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

**BALANCE SHEET**  
**GOVERNMENT FUNDS**

December 31, 2019

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,728,315	\$ 480,022	\$ 12,445,156	\$ 15,653,493
Cash with fiscal agent	55,172	—	236,068	291,240
Investments	8,707,308	—	8,984,879	17,692,187
Receivables, net allowance for uncollectible accounts				
Taxes	5,388,176	—	317,848	5,706,024
Accounts	2,399,430	(1,021)	215,418	2,613,827
Notes and contracts receivable	—	2,997,129	51,750	3,048,879
Due from other governments	93,106	473,943	2,641,754	3,208,803
Interest receivable	193,417	—	—	193,417
Inventories and prepayments	10,000	—	192,081	202,081
<b>Total assets</b>	<b>19,574,924</b>	<b>3,950,073</b>	<b>25,084,954</b>	<b>48,609,951</b>
Deferred outflows of resources	—	—	—	—
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 19,574,924</b>	<b>\$ 3,950,073</b>	<b>\$ 25,084,954</b>	<b>\$ 48,609,951</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,022,012	\$ 201,504	\$ 2,305,188	\$ 3,528,704
Retainage payable	—	—	113,598	113,598
Accrued salaries and benefits	5,093,704	48,070	1,055,316	6,197,090
Custodial accounts	435,866	—	647,619	1,083,485
Due to other governments	26,587	—	3,535	30,122
Due to other funds	—	—	150,000	150,000
Other current liabilities	69,781	—	—	69,781
<b>Total liabilities</b>	<b>6,647,950</b>	<b>249,574</b>	<b>4,275,256</b>	<b>11,172,780</b>
Deferred inflows of resources				
Deferred unavailable revenue/taxes	460,408	—	45,355	505,763
Unavailable revenue and notes	1,709,046	2,997,129	59,634	4,765,809
<b>Total deferred inflows of resources</b>	<b>2,169,454</b>	<b>2,997,129</b>	<b>104,989</b>	<b>5,271,572</b>
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>8,817,404</b>	<b>3,246,703</b>	<b>4,380,245</b>	<b>16,444,352</b>
<b>Fund balance</b>				
Nonspendable	10,000	—	908,171	918,171
Restricted	—	703,369	12,485,539	13,188,908
Committed	1,538,044	—	3,242,807	4,780,851
Assigned	—	—	4,081,127	4,081,127
Unassigned	9,209,477	—	(12,936)	9,196,541
<b>Total fund balance</b>	<b>10,757,521</b>	<b>703,369</b>	<b>20,704,708</b>	<b>32,165,598</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 19,574,925</b>	<b>\$ 3,950,072</b>	<b>\$ 25,084,953</b>	<b>\$ 48,609,950</b>

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

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

December 31, 2019

Page 1 of 1

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

Total fund balances - government funds (previous page)	\$ 32,165,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	177,991,550
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,271,573
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.	16,537,934
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(48,157,927)
Pension and other post-employment benefits are not due and payable in the current period and therefore are not reflected in the funds	(58,167,413)
Net position of governmental activities	<u>\$ 125,641,316</u>

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



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

For the Year Ended December 31, 2019

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and assessments	\$ 51,275,670	\$ —	\$ 19,755,701	\$ 71,031,371
Licenses and permits	1,810,021	—	646,414	2,456,435
Intergovernmental revenues	2,611,594	1,632,989	8,075,760	12,320,343
Charges for services	8,185,216	—	6,889,157	15,074,373
Fines and forfeitures	1,606,313	—	—	1,606,313
Contributions and donations	105	—	67,424	67,529
Investment earnings	1,235,457	16,234	198,797	1,450,488
Other revenue	70,876	329,950	904,410	1,305,236
<b>Total revenues</b>	<b>66,795,252</b>	<b>1,979,173</b>	<b>36,537,663</b>	<b>105,312,088</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	14,631,914	—	893,713	15,525,627
Public safety	44,954,427	—	5,688,208	50,642,635
Utilities	—	—	332,989	332,989
Transportation	667,542	—	5,835,039	6,502,581
Economic environment	1,490,214	2,058,389	1,061,133	4,609,736
Public health services	33,541	—	579,853	613,394
Cultural and recreational	—	—	6,060,532	6,060,532
<b>Capital outlay</b>				
General government	71,209	—	132,433	203,642
Public safety	—	—	232,287	232,287
Utilities	—	—	249,154	249,154
Transportation	—	80,000	8,852,092	8,932,092
Cultural and recreational	—	—	3,938,330	3,938,330
<b>Debt service</b>				
Principal	1,059,319	—	3,785,913	4,845,232
Interest and related charges	79,236	—	1,793,725	1,872,961
<b>Total Expenditures</b>	<b>62,987,402</b>	<b>2,138,389</b>	<b>39,435,401</b>	<b>104,561,192</b>
Excess (deficiency) of revenue over (under) expenditure	3,807,850	(159,216)	(2,897,738)	750,896
<b>Other financing (sources) uses</b>				
Transfers in	—	—	5,156,514	5,156,514
Transfers out	(2,416,097)	—	(3,570,015)	(5,986,112)
Sale of capital assets	303,892	—	165,619	469,511
<b>Total other financing sources (uses)</b>	<b>(2,112,205)</b>	<b>—</b>	<b>1,752,118</b>	<b>(360,087)</b>
Net change in fund balance	1,695,645	(159,216)	(1,145,620)	390,809
Fund balance - beginning	9,061,873	862,584	21,850,329	31,774,786
Fund balance - ending	<b>\$ 10,757,518</b>	<b>\$ 703,368</b>	<b>\$ 20,704,709</b>	<b>\$ 32,165,595</b>

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

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**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, 2019

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Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ 390,812
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.	1,636,916
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.	63,823
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	521,475
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.	5,046,426
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (compensated absences, OPEB, inventory).	(5,626,513)
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.	2,680,718
Change in net position, as reflected on the Statement of Activities	<u>\$ 4,713,657</u>

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

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

For the Year Ended December 31, 2019

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 52,288,017	\$ 52,288,017	\$ 51,275,670	\$ (1,012,347)
Licenses and permits	1,559,811	1,559,811	1,810,021	250,210
Intergovernmental revenues	2,800,583	2,831,583	2,611,594	(219,989)
Charges for services	8,188,512	8,205,269	8,185,216	(20,053)
Fines and forfeitures	1,948,567	1,948,567	1,606,313	(342,254)
Contributions and donations	3,750	3,750	105	(3,645)
Investment earnings	563,000	563,000	1,235,457	672,457
Other revenue	84,433	84,433	70,876	(13,557)
Total revenues	<u>67,436,673</u>	<u>67,484,430</u>	<u>66,795,252</u>	<u>(689,178)</u>
Expenditures				
Current				
General government	16,165,517	16,165,604	14,631,914	1,533,690
Public safety	45,503,458	46,086,377	44,954,427	1,131,950
Transportation	770,331	770,331	667,542	102,789
Economic environment	1,493,249	1,496,249	1,490,214	6,035
Public health services	26,650	26,650	33,541	(6,891)
Capital outlay				
General government	65,000	65,000	71,209	(6,209)
Debt service				
Principal	961,313	1,070,058	1,059,319	10,739
Interest and related charges	37,536	82,237	79,236	3,001
Total Expenditures	<u>65,023,054</u>	<u>65,762,506</u>	<u>62,987,402</u>	<u>2,775,104</u>
Excess (deficiency) of revenue over (under) expenditure	2,413,619	1,721,924	3,807,850	2,085,926
Other financing (sources) uses				
Transfers out	(2,159,540)	(2,159,540)	(2,416,097)	(256,557)
Sale of capital assets	—	—	303,892	303,892
Total other financing sources (uses)	<u>(2,159,540)</u>	<u>(2,159,540)</u>	<u>(2,112,205)</u>	<u>47,335</u>
Net change in fund balance	254,079	(437,616)	1,695,645	2,133,261
Fund balance - beginning	9,068,325	9,061,873	9,061,873	—
Fund balance - ending	<u>\$ 9,322,404</u>	<u>\$ 8,624,257</u>	<u>\$ 10,757,518</u>	<u>\$ 2,133,261</u>

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

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

For the Year Ended December 31, 2019

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,513,212	\$ 1,513,212	\$ 1,632,989	\$ 119,777
Investment earnings	—	—	16,234	16,234
Other revenue	168,222	3,418,439	329,950	(3,088,489)
Total revenues	<u>1,681,434</u>	<u>4,931,651</u>	<u>1,979,173</u>	<u>(2,952,478)</u>
Expenditures				
Current				
Economic environment	1,510,345	4,760,562	2,058,389	2,702,173
Capital outlay	—	—	—	—
Transportation	—	—	80,000	80,000
Total Expenditures	<u>1,510,345</u>	<u>4,760,562</u>	<u>2,138,389</u>	<u>2,782,173</u>
Excess (deficiency) of revenue over (under) expenditure	171,089	171,089	(159,216)	(330,305)
Net change in fund balance	171,089	171,089	(159,216)	(330,305)
Fund balance - beginning	949,128	862,584	862,584	—
Fund balance - ending	<u>\$ 1,120,217</u>	<u>\$ 1,033,673</u>	<u>\$ 703,368</u>	<u>\$ (330,305)</u>

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



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

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

December 31, 2019

Page 1 of 4

	<b>Business-Type Activities</b>			
	<b>Airport</b>	<b>Transit</b>	<b>Refuse</b>	<b>Wastewater</b>
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 448,927	\$ 1,877,137	\$ 361,788	\$ 3,784,846
Cash with fiscal agent	—	—	—	—
Investments	—	6,432,215	1,258,225	18,397,571
Receivables, net allowance for uncollectible accounts				
Taxes	—	1,115,842	—	—
Accounts	105,119	87,568	897,726	2,575,009
Notes and contracts receivable	—	—	—	—
Due from other governments	519,961	2,721,279	—	—
Due from other funds	—	—	—	—
Inventories and prepayments	—	—	—	—
Total current assets	<u>1,074,007</u>	<u>12,234,041</u>	<u>2,517,739</u>	<u>24,757,426</u>
Noncurrent assets				
Restricted cash	—	—	—	1,600,000
Capital assets not being depreciated				
Land	3,418,797	1,182,989	—	649,505
Construction in progress	13,869,609	389,699	—	5,074,931
Capital assets, net of accumulated depreciation				
Buildings	144,695	1,872,226	—	16,331,416
Machinery, equipment & vehicles	2,314,238	4,744,642	—	7,536,294
Other improve & utility systems	4,078,999	825,277	—	43,534,848
Intangibles	621,556	—	—	—
Total noncurrent assets	<u>24,447,894</u>	<u>9,014,833</u>	<u>—</u>	<u>74,726,994</u>
Total assets	<u>25,521,901</u>	<u>21,248,874</u>	<u>2,517,739</u>	<u>99,484,420</u>
Deferred outflows of resources				
Deferred amount on refunding	—	—	—	209,776
Deferred outflows related to pension	49,649	226,997	105,245	306,701
Total deferred outflows of resources	<u>49,649</u>	<u>226,997</u>	<u>105,245</u>	<u>516,477</u>
Total assets & deferred outflows	<u>25,571,550</u>	<u>21,475,871</u>	<u>2,622,984</u>	<u>100,000,897</u>

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

December 31, 2019

Page 2 of 4

<b>Business-Type Activities</b>				<b>Gov't Activities</b>
<b>Water</b>	<b>Irrigation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 1,685,835	\$ 1,276,687	\$ 1,201,562	\$ 10,636,782	\$ 4,263,135
—	—	19,793	19,793	—
5,724,366	4,381,732	4,119,197	40,313,307	6,287,577
—	—	77,430	1,193,272	—
631,251	352,354	357	4,649,384	1,104,723
—	—	239,235	239,235	17,361
—	—	—	3,241,240	221,387
—	—	—	—	150,000
432,255	—	—	432,255	606,559
<u>8,473,707</u>	<u>6,010,773</u>	<u>5,657,574</u>	<u>60,725,268</u>	<u>12,650,742</u>
—	—	—	1,600,000	—
173,613	98,500	—	5,523,404	—
1,470,834	2,383,366	142,615	23,331,054	—
4,190,777	265,070	—	22,804,184	4,968
180,629	406	4,803	14,781,011	10,237,623
32,327,376	15,010,238	4,559,574	100,336,312	454,099
157,659	—	—	779,215	—
<u>38,500,888</u>	<u>17,757,580</u>	<u>4,706,992</u>	<u>169,155,180</u>	<u>10,696,690</u>
<u>46,974,595</u>	<u>23,768,353</u>	<u>10,364,566</u>	<u>229,880,448</u>	<u>23,347,432</u>
—	—	—	209,776	—
192,156	48,484	56,414	985,648	184,039
<u>192,156</u>	<u>48,484</u>	<u>56,414</u>	<u>1,195,424</u>	<u>184,039</u>
<u>47,166,751</u>	<u>23,816,837</u>	<u>10,420,980</u>	<u>231,075,872</u>	<u>23,531,471</u>

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

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

December 31, 2019

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	<u>Business-Type Activities</u>			
	<u>Airport</u>	<u>Transit</u>	<u>Refuse</u>	<u>Wastewater</u>
Liabilities				
Current liabilities				
Accounts payable	288,153	186,122	94,307	561,157
Retainage payable	—	—	—	53,162
Claims & judgments payable	—	—	—	—
Accrued salaries and benefits	82,214	373,225	169,611	508,240
Compensated absences	7,303	34,487	16,662	51,659
Custodial accounts	38,318	—	166,198	363,793
Due to other governments	(552)	240	74	3,097
Other current liabilities	—	—	444	2,170
Interest payable	—	—	—	70,524
Debt principal due within one year	—	—	—	2,024,588
Other post-employment benefits - current	6,115	27,719	12,670	38,529
Total current liabilities	<u>421,551</u>	<u>621,793</u>	<u>459,966</u>	<u>3,676,919</u>
Noncurrent liabilities				
Compensated absences	73,232	324,660	168,110	529,105
Pension Liability	199,878	913,821	423,682	1,234,687
Other post-employment benefits (OPEB)	104,634	474,300	216,794	659,277
Debt principal due more than one year	—	—	—	12,820,397
Total noncurrent liabilities	<u>377,744</u>	<u>1,712,781</u>	<u>808,586</u>	<u>15,243,466</u>
Total liabilities	<u>799,295</u>	<u>2,334,574</u>	<u>1,268,552</u>	<u>18,920,385</u>
Deferred inflows of resources				
Deferred inflows related to pension	117,640	537,851	249,371	726,704
Deferred inflows related to OPEB	12,241	55,485	25,361	77,125
Total deferred inflows of resources	<u>129,881</u>	<u>593,336</u>	<u>274,732</u>	<u>803,829</u>
Total liabilities & deferred inflows	<u>929,176</u>	<u>2,927,910</u>	<u>1,543,284</u>	<u>19,724,214</u>
Net position				
Net investment in capital assets	24,447,895	9,014,833	—	58,438,622
Restricted for:				
Debt service	—	—	—	1,600,000
Unrestricted	194,480	9,533,128	1,079,699	20,238,060
Total net position	<u>\$ 24,642,375</u>	<u>\$ 18,547,961</u>	<u>\$ 1,079,699</u>	<u>\$ 80,276,682</u>

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



**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

December 31, 2019

Page 4 of 4

<b>Business-Type Activities</b>				<b>Gov't Activities</b>
<b>Water</b>	<b>Irrigation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Internal Service Funds</b>
114,994	140,503	12,842	1,398,077	945,682
6,152	—	69,448	128,762	—
—	—	—	—	3,820,599
367,547	70,444	75,849	1,647,130	266,978
37,512	7,148	9,305	164,076	24,357
358,596	907	—	927,813	64,711
1,659	—	—	4,518	881
23,131	—	—	25,746	—
20,874	52,920	—	144,318	—
741,844	160,000	—	2,926,433	—
28,595	5,724	5,713	125,065	21,360
<u>1,700,904</u>	<u>437,646</u>	<u>173,157</u>	<u>7,491,938</u>	<u>5,144,568</u>
391,225	70,682	96,345	1,653,360	263,770
773,566	195,182	227,104	3,967,920	740,877
489,308	97,946	97,761	2,140,020	365,498
7,226,984	3,158,136	—	23,205,517	—
<u>8,881,083</u>	<u>3,521,946</u>	<u>421,210</u>	<u>30,966,817</u>	<u>1,370,145</u>
<u>10,581,987</u>	<u>3,959,592</u>	<u>594,367</u>	<u>38,458,755</u>	<u>6,514,713</u>
455,298	114,880	133,669	2,335,413	436,066
57,241	11,458	11,436	250,347	42,758
<u>512,539</u>	<u>126,338</u>	<u>145,105</u>	<u>2,585,760</u>	<u>478,824</u>
<u>11,094,526</u>	<u>4,085,930</u>	<u>739,472</u>	<u>41,044,515</u>	<u>6,993,537</u>
30,525,907	14,439,444	4,637,545	141,504,246	10,696,691
—	—	—	1,600,000	—
5,546,318	5,291,464	5,043,963	46,927,113	5,841,243
<u>\$ 36,072,225</u>	<u>\$ 19,730,908</u>	<u>\$ 9,681,508</u>	<u>\$ 190,031,359</u>	<u>\$ 16,537,934</u>

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

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

For the Year Ended December 31, 2019

Page 1 of 2

	<u>Business-Type Activities</u>			
	<u>Airport</u>	<u>Transit</u>	<u>Refuse</u>	<u>Wastewater</u>
Operating revenues				
Charges and fees for services	\$ 549,839	\$ 916,611	\$ 8,015,156	\$ 22,978,090
Charges for insurance	—	—	—	—
Employer contributions	—	—	—	—
Employee contributions	—	—	—	—
Other operating revenue	1,069,519	136,682	2,350	28,526
Total operating revenues	<u>1,619,358</u>	<u>1,053,293</u>	<u>8,017,506</u>	<u>23,006,616</u>
Operating expenses				
Personnel services	791,918	4,008,054	1,618,485	4,878,293
Materials and supplies	94,893	641,873	359,254	994,753
Contractual services	345,280	3,421,027	4,540,626	10,664,556
Claims and other benefits	—	—	—	—
Depreciation	867,760	1,095,604	—	4,509,934
Total operating expense	<u>2,099,851</u>	<u>9,166,558</u>	<u>6,518,365</u>	<u>21,047,536</u>
Operating income (loss)	(480,493)	(8,113,265)	1,499,141	1,959,080
Nonoperating revenues (expense)				
Grants and subsidies	3,115,447	9,480,980	—	11,383
Interest revenue	1,473	11,238	—	4,000
Other nonoperating revenue	—	3,905	—	—
Interest & other debt service costs	—	—	—	(333,630)
Gain (loss) disposal of capital assets	5,739	54,258	—	—
Total nonoperating revenue (exp)	<u>3,122,659</u>	<u>9,550,381</u>	<u>—</u>	<u>(318,247)</u>
Income (loss) before contributions & transfers	2,642,166	1,437,116	1,499,141	1,640,833
Capital contributions	—	—	—	2,252,171
Transfers in	75,000	—	—	32,621
Transfers (out)	—	—	(700,000)	(282,930)
Change in net position	<u>2,717,166</u>	<u>1,437,116</u>	<u>799,141</u>	<u>3,642,695</u>
Net position - beginning	21,925,209	17,110,846	280,558	76,633,986
Net position - ending	<u>\$ 24,642,375</u>	<u>\$ 18,547,962</u>	<u>\$ 1,079,699</u>	<u>\$ 80,276,681</u>

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

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

For the Year Ended December 31, 2019

Page 2 of 2

<b>Business-Type Activities</b>				<b>Gov't Activities</b>
<b>Water</b>	<b>Irrigation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 10,100,863	\$ 3,181,014	\$ 3,815,878	\$ 49,557,450	\$ 3,318,634
—	—	—	—	4,783,836
—	—	—	—	12,883,090
—	—	—	—	2,045,065
5,313	—	—	1,242,390	7,144
<u>10,106,176</u>	<u>3,181,014</u>	<u>3,815,878</u>	<u>50,799,840</u>	<u>23,037,769</u>
2,841,984	713,286	682,301	15,534,321	2,506,327
736,020	75,427	57,519	2,959,738	1,317,346
4,931,030	882,604	1,641,197	26,426,320	6,952,038
—	—	—	—	11,267,785
1,859,531	446,596	135,966	8,915,390	1,245,201
<u>10,368,565</u>	<u>2,117,913</u>	<u>2,516,983</u>	<u>53,835,769</u>	<u>23,288,697</u>
(262,389)	1,063,101	1,298,895	(3,035,929)	(250,928)
—	84,884	50,000	12,742,694	221,387
1,400	1,000	—	19,111	479,710
—	—	—	3,905	230,607
(60,574)	(168,709)	—	(562,913)	—
—	—	—	59,997	(11,983)
<u>(59,174)</u>	<u>(82,825)</u>	<u>50,000</u>	<u>12,262,794</u>	<u>919,721</u>
(321,563)	980,276	1,348,895	9,226,865	668,793
645,455	—	—	2,897,626	—
—	—	—	107,621	2,038,792
(181,021)	(66,000)	(60,000)	(1,289,950)	(26,866)
<u>142,871</u>	<u>914,276</u>	<u>1,288,895</u>	<u>10,942,162</u>	<u>2,680,719</u>
35,929,353	18,816,633	8,392,612	179,089,198	13,857,216
<u>\$ 36,072,224</u>	<u>\$ 19,730,909</u>	<u>\$ 9,681,507</u>	<u>\$ 190,031,360</u>	<u>\$ 16,537,935</u>

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

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

For the Year Ended December 31, 2019

Page 1 of 4

	<b>Business-Type Activities</b>			
	<b>Airport</b>	<b>Transit</b>	<b>Refuse</b>	<b>Wastewater</b>
Cash flows from operating activities				
Receipts from customers	\$ 705,549	\$ 729,057	\$ 7,850,915	\$ 22,929,045
Contributions rec'd employer & employee		—	—	—
Payments to suppliers & service providers	(362,226)	(4,006,906)	(4,966,556)	(11,993,497)
Payments to employees salaries & benefits	(839,287)	(4,370,283)	(1,752,067)	(5,273,079)
Other Operating Revenues	1,069,519	136,682	2,350	28,526
Payments to claimants & beneficiaries	—	—	—	—
Net cash flows from operating activities	<u>573,555</u>	<u>(7,511,450)</u>	<u>1,134,642</u>	<u>5,690,995</u>
Cash from noncapital financing activities				
Sales tax received	—	6,447,007	—	—
Operating grants	—	3,033,973	—	—
Net cash from noncapital financing activities	<u>—</u>	<u>9,480,980</u>	<u>—</u>	<u>—</u>
Cash flows from capital financing activities				
Proceeds from disposal of property	5,739	54,259	—	—
Capital grants & contributions	3,115,447	—	—	1,975,634
Capital expenditures	—	—	—	(1,968,237)
Acquisition & construction of capital assets	(3,419,078)	(646,480)	—	(2,776,452)
Interest and related charges paid	—	—	—	(374,087)
Other receipts	—	3,905	—	—
Transfers in	75,000	—	—	32,621
Transfers (out)	—	—	(700,000)	(282,930)
Net cash provided by (used for) financing	<u>(222,892)</u>	<u>(588,316)</u>	<u>(700,000)</u>	<u>(3,393,451)</u>
Cash flows from investing activities				
Proceeds from sale of investments	—	4,481,655	768,035	13,354,641
Interest on investments	1,473	11,238	—	4,000
Purchase of investments	—	(6,432,215)	(1,258,225)	(18,397,571)
Net cash provided by investing activities	<u>1,473</u>	<u>(1,939,322)</u>	<u>(490,190)</u>	<u>(5,038,930)</u>
Net increase (decrease) in cash & cash equivalents	352,136	(558,108)	(55,548)	(2,741,386)
Cash & cash equivalents - beginning	96,790	2,435,247	417,335	8,126,233
Cash & cash equivalents - ending	<u>\$ 448,926</u>	<u>\$ 1,877,139</u>	<u>\$ 361,787</u>	<u>\$ 5,384,847</u>

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

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

For the Year Ended December 31, 2019

Page 2 of 4

<b>Business-Type Activities</b>				<b>Gov't</b>
<b>Water</b>	<b>Irrigation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities</b>
				<b>Internal</b>
				<b>Service</b>
				<b>Funds</b>
\$ 11,798,041	\$ 3,147,710	\$ 3,764,466	\$ 50,924,782	\$ 8,263,110
—	—	—	—	14,859,157
(6,184,077)	(822,513)	(1,662,892)	(29,998,667)	(7,081,509)
(3,821,559)	(788,322)	(816,636)	(17,661,234)	(2,818,255)
5,313	—	—	1,242,390	7,144
—	—	—	—	(11,267,783)
<u>1,797,718</u>	<u>1,536,875</u>	<u>1,284,938</u>	<u>4,507,271</u>	<u>1,961,864</u>
—	—	—	6,447,007	464,212
—	—	—	3,033,973	—
—	—	—	<u>9,480,980</u>	<u>464,212</u>
—	—	—	59,998	23,928
618,179	84,883	50,000	5,794,143	—
(741,844)	(155,000)	(2,304,003)	(2,815,081)	—
(1,401,669)	(596,838)	—	(11,144,519)	(2,811,732)
(60,574)	(163,023)	—	(597,683)	—
—	—	—	3,905	—
—	—	—	107,621	2,038,792
(181,021)	(66,000)	(60,000)	(1,289,951)	(26,866)
<u>(1,766,929)</u>	<u>(895,978)</u>	<u>(2,314,003)</u>	<u>(9,881,567)</u>	<u>(775,878)</u>
4,395,767	3,250,346	4,119,089	30,369,532	4,466,098
1,400	1,000	—	19,111	479,710
(5,724,366)	(4,381,732)	(4,119,197)	(40,313,307)	(6,287,577)
<u>(1,327,199)</u>	<u>(1,130,386)</u>	<u>(108)</u>	<u>(9,924,664)</u>	<u>(1,341,769)</u>
(1,296,410)	(489,489)	(1,029,173)	(5,817,980)	308,429
2,982,246	1,766,176	2,250,529	18,074,556	3,954,708
<u>\$ 1,685,836</u>	<u>\$ 1,276,687</u>	<u>\$ 1,221,356</u>	<u>\$ 12,256,576</u>	<u>\$ 4,263,137</u>

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

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

For the Year Ended December 31, 2019

Page 3 of 4

	<u>Business-Type Activities</u>			
	<u>Airport</u>	<u>Transit</u>	<u>Refuse</u>	<u>Wastewater</u>
Reconciliation - operating income (loss) to net cash provided (used) for operations				
Operating income (loss)	\$ (480,493)	\$ (8,113,265)	\$ 1,499,141	\$ 1,959,080
Adj to reconcile operating income (loss) to net cash provided (used) for operations				
Depreciation expense	867,760	1,095,604	—	4,509,934
Change in assets and liabilities				
(Increase) decrease in net accounts receivable	(50,405)	(93,447)	(164,240)	(266,410)
(Increase) decrease in due from other governments	206,115	(94,109)	—	217,365
(Increase) decrease in inventory	—	—	—	—
(Decrease) increase in accounts payable	78,409	61,045	(66,676)	(134,973)
(Decrease) increase in accrued liabilities	944	—	41,443	—
(Decrease) increase in wages/benefits payable	11,835	52,684	—	60,970
(Decrease) increase in compensated absences	2,362	(18,097)	9,242	51,647
(Decrease) increase in contracts payable	—	(5,051)	—	(159,363)
(Decrease) increase in due to other governments	(1,405)	—	—	(29,351)
(Decrease) increase in interest payable	—	—	—	(10,500)
(Decrease) increase in pension/OPEB liability	(61,567)	(396,815)	(184,267)	(507,403)
(Dec) inc in claims & judgements	—	—	—	—
Total adjustments	<u>1,054,048</u>	<u>601,814</u>	<u>(364,498)</u>	<u>3,731,916</u>
Net cash prov (used) for operations	<u>\$ 573,555</u>	<u>\$ (7,511,451)</u>	<u>\$ 1,134,643</u>	<u>\$ 5,690,996</u>
Schedule of noncash capital & related financing activities				
Contribution of capital assets	\$ —	\$ —	\$ —	\$ 287,920

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

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

For the Year Ended December 31, 2019

Page 4 of 4

<b>Business-Type Activities</b>				<b>Gov't</b>
<b>Water</b>	<b>Irrigation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities</b>
				<b>Internal</b>
				<b>Service</b>
				<b>Funds</b>
\$ (262,388)	\$ 1,063,100	\$ 1,298,896	\$ (3,035,929)	\$ (250,928)
1,859,531	446,596	135,966	8,915,391	1,245,200
122,480	(33,303)	(51,413)	(536,738)	91,641
—	—	—	329,371	—
(54,811)	—	—	(54,811)	(35,158)
12,757	137,650	35,824	124,035	1,131,255
—	—	(9,584)	32,803	—
88,459	9,119	—	223,066	(312,834)
106,449	3,429	(4,922)	150,111	907
—	—	—	(164,414)	—
1,203	—	—	(29,553)	—
(1,887)	(2,131)	—	(14,519)	—
(74,076)	(87,584)	(119,829)	(1,431,542)	—
—	—	—	—	91,780
<u>2,060,105</u>	<u>473,776</u>	<u>(13,958)</u>	<u>7,543,200</u>	<u>2,212,791</u>
<u>\$ 1,797,717</u>	<u>\$ 1,536,876</u>	<u>\$ 1,284,938</u>	<u>\$ 4,507,271</u>	<u>\$ 1,961,863</u>
\$ 27,275	\$ —	\$ —	\$ 315,195	\$ —

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

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

December 31, 2019

Page 1 of 1

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	<b>Agency Fund YakCorps</b>
	<u>                    </u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 230,560
Receivables, net allowance for uncollectible accounts	
Accounts	<u>3,627</u>
Total current assets	<u>234,187</u>
Liabilities	
Current liabilities	
Due to other governments	234,187
Net position	<u><u>\$ —</u></u>

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





# NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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) the nationally-accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies. The policies should be reviewed as an integral part of the financial statements and are presented to assist the reader in interpreting the financial statements and other data in this report.

### REPORTING ENTITY

The City of Yakima was incorporated in 1886 and operates under a Council/Manager form of government with a full-time City Manager. The City of Yakima provides a full range of municipal services, which include: police, fire, engineering, parks, cemetery, streets, code and parking enforcement, municipal court, economic development, and administrative services. Included in the City's Enterprise Fund financial reports are: water treatment and distribution, irrigation, sanitary wastewater, solid waste, stormwater, transit and airport. The Yakima Air Terminal, was operated under a joint venture agreement with Yakima County, and 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 formed a Public Facilities District (PFD) for the purpose of managing the expansions of the Yakima Convention Center and the Capitol Theatre. The City appoints a majority of the board members and approves the annual budget. All revenue derived by the PFD (primarily two separate state sales tax credits) is transferred to the City and the City disburses the funds for the applicable debt service, operations, and reimbursement of administrative costs of the PFD.

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**

### **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 **Airport Fund** is responsible for the operation, maintenance and any construction projects at the Airport facility.
- The **Transit Fund** accounts for the operation of the City Transit System, funded primarily by 0.3% sales tax, federal grants and fares.
- The **Refuse Fund** accounts for the operation and maintenance of household and yard waste collection and disposal for City residents.
- The **Water and Wastewater Funds** account for the provision of water treatment and distribution and wastewater collection and treatment services to City residents and other outside utility agreements.
- The **Irrigation Fund** accounts for the operation, maintenance and reconstruction of the existing irrigation system.
- The **Stormwater Fund** is responsible for the operations, maintenance and construction to the Stormwater collection system. While not technically a major fund, because it is the only non-major Enterprise fund, it is being reported with the major funds for continuity purposes.

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. These funds are excluded from the government-wide financial statements. In accordance with GASB 73, the Firemen's Relief and Pension Fiduciary Fund is 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), a qualified external investment pool which the City is eligible to participate in.

The City invests funds that exceed operating and liquidity needs. The City is authorized by State law, Municipal Code and the City's investment policy to place cash in: Washington State Treasurer's Local Government Investment Pool (LGIP); U.S. Treasury and Agency securities; state and local government bonds; corporate notes purchased on the secondary market; 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; banker's acceptances trading in the secondary market; and commercial paper. As further discussed in Note 4, the City reports investments at fair market 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 must be preserved perpetually, using a combination of replacement and life-extending repair and maintenance. 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 do not 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, 73, and 75.

**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 two types of items, deferred inflows related to pension, and OPEB, that qualify 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.

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

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

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

Land	\$ 17,571,736
Construction in progress	18,248,948
Buildings	57,571,868
Less: Accumulated depreciation - buildings	(28,977,379)
Machinery, equipment and vehicles	26,043,171
Less: Accumulated depreciation - machinery, equipment and vehicles	(19,474,156)
Infrastructure	297,939,941
Less: Accumulated depreciation - infrastructure	(208,080,972)
Other improvements	31,067,645
Less: Accumulated depreciation - other improvements	(13,919,251)
Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	\$ 177,991,551

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	\$ (31,097,730)
Add: Issuance premium (to be amortized over the life of the debt)	(823,486)
Intergovernmental loans	(5,411,383)
Lease purchase agreements	(2,074,215)
Add: Issuance premium (to be amortized over the life of the debt)	(168,211)
Compensated absences	<u>(8,393,437)</u>
Subtotal	<u>(47,968,462)</u>
Accrued interest payable	(189,464)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (48,157,926)</u></u>

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

Pension asset	\$ 21,046,579
Net pension liability	(17,239,098)
Deferred outflow change in proportionate share	4,138,749
Deferred inflow change in proportionate share	(10,359,290)
Other post-employment benefit obligation	(55,754,354)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (58,167,414)</u></u>

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

The governmental 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	\$ 13,555,505
Depreciation expense	(11,918,589)
Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u><u>\$ 1,636,916</u></u>

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

In the statement of activities, only loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in the fund balance by the cost of the capital assets sold.	\$ (327,184)
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.	391,007
Net adjustment to increase total government funds to arrive at changes in net position of governmental activities	<u>\$ 63,823</u>

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

Principal repayments	
General obligation debt	3,281,876
Intergovernmental loans	424,997
Lease purchase agreements	1,138,360
Interest accrued	201,194
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ 5,046,427</u>

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

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#### **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](http://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 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 \$16.7 million. The principal amendments were adjustments to Community Development/ONDS in the amount of \$3.3 million due to the programmatic nature of the budget and differences in the reporting time frame for Federal programs, nonlapsing and new appropriations of various construction projects in the amount of \$13.4 million.

General Fund spent less than its \$67.9 million final budget by \$2.5 million due to monthly and quarterly monitoring and reporting of actual expenditures to budget on a departmental basis.

### **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 \$716,090 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 \$1,538,044 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.

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## NOTE 4 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

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### DEPOSITS AND INVESTMENTS

#### Deposits

The City of Yakima maintains deposit relationships with qualified Washington State depositories which are public depositories authorized by the Public Deposit Protection Commission of the State of Washington (PDPC). Collateralization requirements for all deposits above Federal Depository Insurance Corporation (FDIC) insured amounts are prescribed by State statute (RCW 39.58) and PDPC regulations. The PDPC provides protection to Washington cities by defining standards for financial institutions holding public deposits, by monitoring their financial condition as approved public depositories and defining collateralization requirements.

The City of Yakima had the following cash on hand and deposit balances on December 31, 2019:

Banks and savings and loan institutions	\$ 12,352,653
Cash with fiscal agent	311,034
Petty cash and other imprest funds	14,527
Local Government Investment Pool (LGIP)	19,786,229
Subtotal	<u>32,464,443</u>
Agency fund	230,560
Total	<u>\$ 32,695,003</u>

**Custodial Credit Risk: Deposits** – The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the City’s deposits over FDIC-insured amounts may not be recovered. Because of PDPC regulatory oversight, the risk to City’s deposits is reduced.

The City of Yakima is a participant in the Local Government Investment Pool (LGIP), managed and operated by the Washington State Treasurer, as authorized by Chapter 294, Laws of 1986. Participation is available to eligible government entities as defined by state regulations and is voluntary. The State Treasurer is responsible for establishing and maintaining the investment policy for the pool, reviewing the policy annually, and proposed changes are reviewed by the LGIP advisory committee comprised of six members appointed by the State Treasurer and eight members appointed by state associations appointed to three-year terms.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 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. Participating agencies may contribute or withdraw funds with same-day or next-day notice.

The Office of the State Treasurer prepares a stand-alone comprehensive annual financial report. A copy of the LGIP audited financial report, provided annually for review to the Governor, State Auditor, and Joint Legislative Audit and Review Committee, is available online at <http://www.tre.wa.gov> or from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200.

**Foreign Currency Risk: Deposits** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City of Yakima has no deposits or investments that are exposed to this type of risk.

## Investments

Cash and investments are managed in accordance with the City's Investment Policy, most recently updated, reviewed and approved by City Council on March 5, 2019. The policy applies to all funds as indicated in the policy itself.

### INVESTMENTS AUTHORIZED BY CITY INVESTMENT POLICY

<u>Authorized Investment Type</u>	<u>Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment per Issuer</u>
US Treasury securities	5 Years	100%	n/a
Government Sponsored Enterprise (GSE)	5 Years	100%	40%
Corporate medium term notes	5 Years	15%	2% or \$1M
Local Government Investment Pool (LGIP)	n/a	100%	n/a
Bankers acceptances	5 Years	15%	n/a
Commercial paper	5 Years	15%	2% or \$1M
Same state local securities	5 Years	15%	2% or \$1M
Certificates of deposit	5 Years	10%	2% or \$1M
Other state/local securities	5 Years	5%	2% or \$1M
Same County - local government issuer	5 Years	Council Resolution	

### Concentration of Credit Risk

The City's investment policy limits the amount that can be invested in obligation of any one entity except US Treasuries, US Government Sponsored Enterprise Securities and the Washington State Local Government Investment Pool (LGIP). Investments in any one issuer of Corporate Medium Term Notes are as follows:

<u>Issuer</u>	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>S &amp; P</u>	<u>Fitch</u>
Apple	\$ 1,000,000	\$ 991,000	\$ 1,017,350	AA1	AA+	n/a
Bank of New York	1,000,000	989,800	1,003,038	A1	A	AA-
Microsoft	1,000,000	996,920	1,014,131	Aaa	AAA	AA+
US Bank	1,000,000	997,300	1,015,194	A1	A+	AA-
WalMart	1,000,000	1,026,800	1,050,970	Aa2	AA	AA
	<u>\$ 5,000,000</u>	<u>\$ 5,001,820</u>	<u>\$ 5,100,683</u>			

### Reinvestment Rate Risk

Reinvestment risk is the risk that the proceeds at maturity of an investment could have to be reinvested at a lower rate than the original investment due to the maturity date chosen at time of purchase. In accordance with its adopted investment policy, the City manages its exposure to market rate fluctuations by diversifying maturity dates. The following table shows the distribution of fair values by investment type and remaining maturity. As of December 31, 2018, the City of Yakima had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity</u>				
		<u>12 Months or Less</u>	<u>12 - 24 Months</u>	<u>25 - 36 Months</u>	<u>37 - 48 Months</u>	<u>49 - 60 Months</u>
Local Government Investment Pool (LGIP)	\$ 19,786,229	\$ 19,786,229	\$ —	\$ —	\$ —	\$ —
US Treasury securities	5,070,898	2,012,734	1,010,078	—	1,036,336	1,008,750
Government Sponsored Enterprise (GSE)	54,187,928	12,263,603	17,714,323	9,098,110	8,066,861	7,045,031
Corporate medium term notes	5,100,683	—	1,003,038	2,029,325	2,068,320	—
	<u>84,145,738</u>	<u>\$ 34,062,566</u>	<u>\$ 19,727,439</u>	<u>\$ 11,127,435</u>	<u>\$ 11,171,517</u>	<u>\$ 8,053,781</u>
Less: Unamortized Premium/Discount	66,438					
	<u>\$ 84,079,300</u>					

### **Carrying Value**

Investments are reported at fair market value on the Financial Statements. Fair market value reflects the market price on a given date, reported independently by the third-party custodian using quoted prices in active markets for identical assets. Securities traded on a national exchange are valued at the last reported sales price or fair market value when market quotations are readily available. Changes in fair market value may create unrealized gains and losses which are usually not realized due to the strategy outlined in the City's investment policy of primarily holding investments until maturity.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. In accordance with its adopted investment policy, the City manages its exposure to declines in fair value due to rising interest rates by limiting the weighted average maturity of its cash and security portfolio as a whole. The City does not purchase derivatives, pass-through obligations or other interest rate sensitive instruments in its portfolio. Weighted average maturity on callable securities is calculated using both the expected call date and the final maturity date.

### **Credit Risk**

Credit risk, generally, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State statutes (RCW sections 35.39 and 39.59), limit investments that a Washington Class 1 City may hold to: (1) Direct and Indirect obligations of the US Government; (2) Bonds of Washington State or local government within the State; (3) General Obligation bonds of another State or local government, which at the time of investment have one of the three highest credit ratings of a nationally-recognized rating agency; (4) Corporate Notes purchased on the secondary market with a minimum credit quality rating of upper medium investment grade - at least A by Standard and Poors, A2 by Moody's, or A by Fitch - on the date of purchase; (5) 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; (6) non-negotiable Certificates of Deposit with financial institutions qualified by the Washington PDPC; and (7) the 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 adopted Investment Policy adheres to state statutes.

### **Custodial Credit Risk**

The City's investment Policy does not include Repurchase, Reverse – Repurchase agreements or securities lending as allowable investment activity; therefore no custodial credit risk exists. All investments are held in the City's name by a third party custodian through a Trust Agreement, with the exception of the LGIP and Local Improvement District (LID) notes.

### **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 payment is due.

During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections in the hands of the County Treasurer at December 31st. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Delinquent taxes are reported as unearned in the governmental funds and as part of the net position in the government wide funds.



The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general government services, less a maximum levy of \$0.50 per \$1,000 for the Library District. This amount may be reduced for either of the following reasons:

- The Washington State Constitution limits total regular property tax levies to one-percent of assessed valuation or \$10 per \$1,000 of value. If the tax levies of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
- Washington State law, RCW 84.55.010, limits the total dollar amount of regular property taxes that may be levied annually to 101% of the highest levy in the three previous years (excluding new construction, annexations and state assessed property).

Special levies approved by the voters are not subject to the above limitations.

For 2019, the City’s regular tax levy was \$2.8137 per \$1,000 on a total assessed valuation of \$6.9 billion, for a total regular levy of \$19,418,144. 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 2019 was \$.1669 per \$1,000, or \$1,151,510.

**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. Estimated uncollectible balances are as follows:

**ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS**

Refuse	\$	270,828
Wastewater		591,637
Water		360,026
Irrigation		85,012
Irrigation Capital		41,065
Total	\$	<u>1,348,568</u>

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Receivables and Payables**

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

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

**INTERFUND BALANCES**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Equipment Rental	Public Safety Dispatch	\$ 150,000

## 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 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 Internal Service fund services should be rendered at approximate cost.

The following chart depicts interfund transfer activity during 2019:

### INTERFUND TRANSFERS

Transfer out	Transfer In				
	Other		Wastewater	Internal	
	Gen Gov't	Airport		Service	Total
General Fund	\$ 1,979,617	\$ 40,000	\$ —	\$ 396,480	\$ 2,416,097
Other Gen Gov't	3,092,450	35,000	—	442,564	3,570,014
Refuse	—	—	—	700,000	700,000
Wastewater	84,448	—	—	198,482	282,930
Water	—	—	32,621	148,400	181,021
Irrigation	—	—	—	66,000	66,000
Other Enterprise	—	—	—	60,000	60,000
Internal Service	—	—	—	26,866	26,866
<b>Total</b>	<b>\$ 5,156,515</b>	<b>\$ 75,000</b>	<b>\$ 32,621</b>	<b>\$ 2,038,792</b>	<b>\$ 7,302,928</b>

## CAPITAL ASSETS

### CAPITAL ASSET ACTIVITY

	Balance 1/1/2019	Additions	Adjustments	Deletions	Balance 12/31/2019
Governmental activities					
Capital assets - not being depreciated					
Land	\$ 17,884,343	\$ —	\$ —	\$ (312,607)	\$ 17,571,736
Construction in progress	17,163,662	9,033,867	(7,948,581)	—	18,248,948
Total capital assets not being depreciated	35,048,005	9,033,867	(7,948,581)	(312,607)	35,820,684
Capital assets being depreciated					
Buildings	57,571,868	—	—	—	57,571,868
Other improvements	19,217,237	3,901,827	7,948,581	—	31,067,645
Machinery, equipment and vehicles	26,422,718	409,604	2,958	(792,109)	26,043,171
Infrastructure	297,338,727	601,214	—	—	297,939,941
Total capital assets being depreciated	400,550,550	4,912,645	7,951,539	(792,109)	412,622,625

## CAPITAL ASSET ACTIVITY

	Balance 1/1/2019	Additions	Adjustments	Deletions	Balance 12/31/2019
Less accumulated depreciation					
Buildings	(27,735,667)	(1,241,712)	—	—	(28,977,379)
Other improvements	(12,516,387)	(1,402,864)	—	—	(13,919,251)
Machinery, equipment and vehicles	(18,817,030)	(1,428,743)	—	771,617	(19,474,156)
Infrastructure	(200,238,661)	(7,842,311)	—	—	(208,080,972)
Total accumulated depreciation	(259,307,745)	(11,915,630)	—	771,617	(270,451,758)
Total capital assets being depreciated - net	141,242,805	(7,002,985)	7,951,539	(20,492)	142,170,867
Governmental activities capital assets - net	176,290,810	2,030,882	2,958	(333,099)	177,991,551
Internal service funds - gov't activities					
Capital assets being depreciated					
Buildings	37,397	—	—	—	37,397
Other improvements	659,268	56,968	—	—	716,236
Machinery, equipment and vehicles	24,364,266	2,754,764	—	(291,321)	26,827,709
Total capital assets being depreciated	25,060,931	2,811,732	—	(291,321)	27,581,342
Less accumulated depreciation					
Buildings	(31,820)	(609)	—	—	(32,429)
Other improvements	(224,155)	(37,983)	—	—	(262,138)
Machinery, equipment and vehicles	(15,626,670)	(1,206,608)	—	243,192	(16,590,086)
Total accumulated depreciation	(15,882,645)	(1,245,200)	—	243,192	(16,884,653)
Total internal service capital assets depreciated - net	9,178,286	1,566,532	—	(48,129)	10,696,689
Total governmental activities	\$ 185,469,096	\$ 3,597,414	\$ 2,958	\$ (381,228)	\$ 188,688,240
Business-type activities					
Capital assets - not being depreciated					
Land	\$ 5,523,405	\$ —	\$ —	\$ —	\$ 5,523,405
Construction in progress	18,442,058	5,591,225	(702,228)	—	23,331,055
Total capital assets not being depreciated	23,965,463	5,591,225	(702,228)	—	28,854,460
Capital assets being depreciated					
Buildings	88,362,671	—	—	—	88,362,671
Other improvements	183,026,763	4,224,781	702,228	—	187,953,772
Machinery, equipment and vehicles	40,173,113	1,643,708	—	(141,026)	41,675,795
Intangibles	2,190,139	—	—	—	2,190,139
Total capital assets - depreciated	313,752,686	5,868,489	702,228	(141,026)	320,182,377
Less accumulated depreciation					
Buildings	(63,900,021)	(1,658,466)	—	—	(65,558,487)
Other improvements	(82,680,773)	(4,936,685)	—	—	(87,617,458)
Machinery, equipment and vehicles	(24,817,045)	(2,218,768)	—	141,026	(26,894,787)
Intangibles	(1,309,451)	(101,471)	—	—	(1,410,922)
Total accumulated depreciation	(172,707,290)	(8,915,390)	—	141,026	(181,481,654)
Total capital assets being depreciated - net	141,045,396	(3,046,901)	702,228	—	138,700,723
Total capital assets - business activities	\$ 165,010,859	\$ 2,544,324	\$ —	\$ —	\$ 167,555,183

**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	\$ 251,937
Public safety	1,173,109
Transportation	7,991,692
Economic environment	608,037
Cultural and recreational	1,893,814
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,245,201
Total depreciation - governmental activities	<u>\$ 13,163,790</u>
Transit	\$ 1,095,604
Wastewater	4,509,934
Water	1,859,531
Irrigation	446,596
Stormwater	135,966
Airport	867,760
Total depreciation - business-type activities	<u>\$ 8,915,391</u>

## COMMITMENTS

### Construction Commitments

The City had active construction projects as of December 31, 2019.

Wastewater Facility Improvements started and will continue into the new year with the Plant Clarifier Drive, Prim Digester Cleaning and upgrades, and Digester Gas upgrades. These projects will be funded from rates and fees.

The Sewer Collection System Improvement is still in progress in 2019 and should be completed in early 2020, as well as the Fair Avenue Sewer project and Catalyst Sewer Trunk line project. These projects will be funded with the rates and fees.

Stormwater Projects that are active at the end of the year are an Alley paving project and DID CIPP Rehabilitation. These projects are funded solely by the Stormwater Utility Capital Fund.

Streets active projects include upgrades to existing streets, sidewalks, and lighting in the City. Also, the design for the East/West Corridor which will provide a connection between north Yakima and Terrace Heights. Spring Creek Road second phase design is nearly complete at end of first quarter 2020. TIB "Complete Street" Project will come to completion in the new year. Street construction projects are financed by Federal and State grants, SIED grants and loans, TBD and local funds.

The Yakima Convention Center started it's North Expansion preliminary construction in 2019 with construction to continue in 2020. The Convention Center project is paid for by bonds of \$12.5 million.

## CURRENT CONSTRUCTION COMMITMENTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Wastewater Facility Improvements	\$ 2,151,159	\$ 1,398,362	\$ 752,797
Sewer Projects	695,881	387,659	308,222
Stormwater Capital	241,751	30,067	211,684
Street Construction	5,156,530	2,892,095	2,264,435
Convention Center	11,475,376	864,617	10,610,759
Total	<u>\$ 19,720,697</u>	<u>\$ 5,572,800</u>	<u>\$ 14,147,897</u>

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### NOTE 5 – PENSION PLANS

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The following table represents the aggregate pension amounts for all state sponsored plans for the year 2019:

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

Pension liabilities	\$ 11,260,057
Pension assets	(20,984,945)
Deferred outflows of resources	5,308,438
Deferred inflows of resources	12,530,908
Pension expense/expenditures	711,586

#### 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](http://www.drs.wa.gov).

#### PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**Contributions**

The **PERS Plan 1** member contribution rate is established by State statute at 6%. 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%. 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 2019 were as follows:

**PERS PLAN 1**

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January - June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Total	12.83%	6.00%
July - December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Total	12.86%	6.00%

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. 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 3% 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 5% 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 3% 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% and escalate to 15% 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 Unfunded Actuarial Accrued Liability (UAAL) and an administrative expense that is currently set at 0.18%. 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 2019 were as follows:

#### PERS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>
January - June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.83%	7.41%
July - December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.86%	7.90%

The City of Yakima's actual PERS plan contributions were \$1,588,430 to PERS Plan 1 and \$2,337,893 to PERS Plan 2/3 for the year ended December 31, 2019.

### 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 2% 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 3% 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%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2019 were as follows:

#### PSERS PLAN 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January - June 2019		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Total	12.38%	7.07%
July - December 2019		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Total	12.14%	7.20%

The City of Yakima’s actual plan contributions were \$63,637 to PSERS Plan 2 for the year ended December 31, 2019.



## **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 2019. Employers paid only the administrative expense of 0.18% of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% 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 includes an administrative expense component set at 0.18%. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

## LEOFF PLAN 2

Actual Contribution Rates	Employer	Employee
January - June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	n/a
<b>Total</b>	<b>5.43%</b>	<b>8.75%</b>
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	n/a
<b>Total</b>	<b>8.93%</b>	<b>8.75%</b>
July - December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	n/a
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	n/a
<b>Total</b>	<b>8.77%</b>	<b>8.59%</b>

The City of Yakima's actual contributions to the plan were \$1,290,668 for the year ended December 31, 2019.

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, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the city as its proportionate share of this amount is (\$15,806,217).

### Actuarial Assumptions

The Total Pension Liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. 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 *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation - 2.75% total economic inflation; 3.50% salary inflation
- Salary increases - In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return - 7.4%

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% 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.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4%.

To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% 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 7.4% 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 7.4% 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, 2019, are summarized in the table below. The inflation component used to create the table is 2.2% 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%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	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 calculated using the discount rate of 7.4%, as well as what the City of Yakima's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	(6.4)%	(7.4%)	(8.4)%
PERS 1	\$ 10,780,174	\$ 8,608,173	\$ 6,723,677
PERS 2/3	20,338,901	2,651,884	(11,861,481)
PSERS 2	248,623	(24,082)	(238,315)
LEOFF 1	(4,216,775)	(5,154,646)	(5,964,408)
LEOFF 2	(2,939,043)	(15,806,217)	(26,308,776)

### 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, 2019, the City of Yakima reported a total pension asset of (\$20,984,945) and a pension liability of \$11,260,057 for its proportionate share of the net pension assets and liabilities as follows:

	Asset	Liability
PERS 1	\$ —	\$ 8,608,173
PERS 2/3	—	2,651,884
PSERS 2	(24,082)	—
LEOFF 1	(5,154,646)	—
LEOFF 2	(15,806,217)	—
Total	<u>\$ (20,984,945)</u>	<u>\$ 11,260,057</u>

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	LEOFF 2
	Asset	Asset
Employer's proportionate share	\$ (5,154,646)	\$ (15,806,217)
State's proportionate share of the net pension asset associated with the employer	(34,865,895)	(10,350,954)
Total	<u>\$ (40,020,541)</u>	<u>\$ (26,157,171)</u>

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.2304%	0.2239%	(0.0065)%
PERS 2/3	0.2771%	0.2730%	(0.0041)%
PSERS 2	0.2135%	0.1852%	(0.0283)%
LEOFF 1	0.2633%	0.2608%	(0.0025)%
LEOFF 2	0.7097%	0.6823%	(0.0274)%

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 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43% of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2019, the City of Yakima's recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ 94,277
PERS 2/3	442,073
PSERS 2	39,161
LEOFF 1	(227,314)
LEOFF 2	363,389
Total	<u>\$ 711,586</u>

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, 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

<u>Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PERS Plan 1		
Differences between expected and actual experience	\$ —	\$ 575,098
Contributions subsequent to the measurement date	767,515	—
Total PERS Plan 1	<u>767,515</u>	<u>575,098</u>
PERS Plan 2/3		
Differences between expected and actual experience	759,771	570,140
Net difference between projected and actual investment earnings on pension plan investments	—	3,860,064
Changes of assumptions	67,906	1,112,642
Changes in proportion and differences between contributions and proportionate share of contributions	—	509,405
Contributions subsequent to the measurement date	1,201,844	—
Total PERS Plan 2/3	<u>2,029,521</u>	<u>6,052,251</u>

## DEFERRED OUTFLOWS/INFLOWS

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSERS Plan 2</b>		
Differences between expected and actual experience	20,337	2,130
Net difference between projected and actual investment earnings on pension plan investments	—	41,820
Changes of assumptions	194	12,943
Changes in proportion and differences between contributions and proportionate share of contributions	—	6,559
Contributions subsequent to the measurement date	32,697	—
<b>Total PSERS Plan 2</b>	<b>53,228</b>	<b>63,452</b>
<b>LEOFF 1</b>		
Net difference between projected and actual investment earnings on pension plan investments	—	534,382
<b>Total LEOFF 1</b>	<b>—</b>	<b>534,382</b>
<b>LEOFF 2</b>		
Differences between expected and actual experience	1,137,398	284,238
Net difference between projected and actual investment earnings on pension plan investments	—	3,240,769
Changes of assumptions	26,039	1,778,706
Changes in proportion and differences between contributions and proportionate share of contributions	652,722	2,012
Contributions subsequent to the measurement date	642,015	—
<b>Total LEOFF 2</b>	<b>2,458,174</b>	<b>5,305,725</b>
<b>Total All Plans</b>		
Differences between expected and actual experience	1,917,506	1,431,606
Net difference between projected and actual investment earnings on pension plan investments	—	7,677,035
Changes of assumptions	94,139	2,904,291
Changes in proportion and differences between contributions and proportionate share of contributions	652,722	517,976
Contributions subsequent to the measurement date	2,644,071	—
<b>Grand Total - All Plans</b>	<b>\$ 5,308,438</b>	<b>\$ 12,530,908</b>

Deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	PERS 1		PERS 2/3		PSERS		LEOFF 1		LEOFF 2	
December 31										
2020	\$	(126,956)	\$	(1,286,862)	\$	(7,962)	\$	(124,122)	\$	(776,580)
2021		(300,723)		(2,076,425)		(14,538)		(273,577)		(1,558,494)
2022		(107,315)		(973,909)		(9,221)		(99,273)		(666,997)
2023		(40,104)		(565,527)		(4,940)		(37,411)		(323,311)
2024		—		(305,792)		(1,075)		—		(63,640)
Thereafter		—		(16,059)		(5,185)		—		(100,541)

**VOLUNTEER 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, a nonemployer contributing entity, contributes 40% of the fire insurance premium tax. Retirement benefits are established in Chapter 41.24 RCW and may be amended only the Legislature.

The VFFRPF plan does not issue a stand-alone financial report, but is included in the comprehensive annual financial report (CAFR) of the State of Washington. The State CAFR may be downloaded from the Office of Financial Management (OFM) website at [www.ofm.wa.gov](http://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 2019 were as follows:

<b>VFFRPF</b>		
<u>Actual Contribution Rates</u>	<u>Firefighters</u>	<u>EMSD and Reserve Officers</u>
Municipality fee	\$ 30	\$ 105
Member Fee	30	30

The City of Yakima’s actual contributions to the plan were \$810 for the year ended December 31, 2019.

In accordance with Chapter 41.24 RCW, the state contributes 40% of the fire insurance premium tax to the plan. For fiscal year 2019, the fire insurance premium tax contribution was \$7.6 million. The city received \$100,750 of this amount.

**Actuarial Assumptions**

The total pension asset for the VFFRPF was determined by an actuarial valuation by OSA as of June 30, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.50%
- Salary increases: n/a
- Investment rate of return: 7.0%

The actuarial assumptions used in the valuation were based on the results of the OSA 2007-2012 *Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2018 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% 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%. To determine that rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included as assumed 7% 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% 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 7.4% 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, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 % and represents the WSIB’s most recent long-term estimate of broad economic inflation.

<u>Asset Class</u>	<u>Target</u>	<u>% LT Expected</u>
	<u>Allocation</u>	<u>Real Rate of</u>
		<u>Return</u>
		<u>Arithmetic</u>
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	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%, 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%) or 1-percentage point higher (8%) than the current rate.



	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
VFFRPF	\$ (43,519)	\$ (61,634)	\$ (87,922)

### 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, 2019, the City of Yakima reported an asset of \$61,634 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, 2019, the City of Yakima's proportion was 0.10%.

The VFFRPF collective net pension asset was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended December 31, 2019, the City of Yakima recognized pension expense of \$810. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

## FIRE PENSION

### AGGREGATE PENSION AMOUNTS - FIRE

Pension liabilities	\$ 6,236,408
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	688,634

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. The number of inactive, retired members and survivors covered by the benefit terms is 50, with a combined monthly pension of \$52,682 paid by the City. Cost of Living Adjustment (COLA) was 3.12% and Collective Bargaining Agreement (CBA) was 2.75%. There are no active members covered by the benefit terms; no new members are permitted. Employees attaining the age of fifty who have completed 25 or more years of service are entitled to annual benefits of 50% of their salary plus an additional 2% for each year of service in excess of 25 years, up to a maximum of 60% of salary. The pension plan also provides death and disability pension benefits plus sick benefits for eligible active and retired employees.

If the employee terminates his employment with the Fire Department and is not eligible for any other benefit under the Firemen's Pension, the employee is entitled to the following:

- Return of accumulated contributions less any benefits paid.
- When a Firefighter would have had 25 years of service, 2% of salary for each year of service.

During the year ended December 31, 2019, there were no plan amendments.

### Contributions

The Firemen's Pension is a department within the General Fund. The City engaged Milliman U.S.A., Consultant & Actuaries, to perform the pension's actuarial study. They issued a valuation dated January 1, 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 \$.1669 per \$1,000 of assessed valuation of all taxable property of the City in the amount of \$1,151,510 for fiscal year 2019.
- The Firemen's Pension Fund also receives a proportionate share of the 25% of the tax on fire insurance premiums set aside by the state for all paid firemen in the state which totaled \$100,750 for fiscal year 2019.
- There was no additional funding is provided by investment interest earnings in fiscal 2019.

### Actuarial Assumptions

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

Actuarial assumptions valuation date is January 1, 2018, measurements were based on the results of an actuarial experience study covering the period from January 1, 2019 through December 31, 2019. 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 (2.75%), 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 (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total Pension Liability	\$ 6,758,962	\$ 6,236,408	\$ 5,781,255

### Pension Expenses

For the year ended December 31, 2019, the pension expense is \$688,634.

## 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, 2019. Changes in the City's total pension liability were as follows:

<b>Fire Pension</b>	<b>Total Pension Liability</b>
Total liability - Beginning	\$ 6,029,283
Changes for the year:	
Interest on total pension liability	229,640
Effect of assumptions, changes or inputs	559,744
Expected benefit payments	(582,259)
Net change in total pension liability	<u>207,125</u>
Total pension liability - ending	<u>\$ 6,236,408</u>

The liability has increased since the last valuation. This is due to the change in the discount rate used to discount the projected benefit payments into a present value. This discount rate fell from 4.0% to 2.75%.

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, 2019, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Fire Pension</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2019. There are no deferred outflows as of December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
December 31	Amount
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

## POLICE PENSION

### AGGREGATE PENSION AMOUNTS - POLICE

Pension liabilities	\$ 4,451,427
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	563,603

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. The number of inactive, retired members and survivors covered by the benefit terms is 34, with a combined monthly pension of \$25,963 paid by the City. Cost of Living Adjustment (COLA) was 3.12% and Collective Bargaining Agreement (CBA) was 2.75%. There are no active members covered by the benefit terms; no new members are permitted. Employees who have completed 25 years or more of service are entitled to annual benefits of 50% of their salary plus an additional 2% for each year of service in excess of 25 years – up to a maximum of 60% of salary. The plan provides death and disability pension benefits plus sick benefits for eligible active and retired employees.

There are no longer any active employees who are eligible for this benefit.

During the year ended December 31, 2019, 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 measurement date of December 31, 2019 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 (2.75%), 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 (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total Pension Liability	\$ 4,823,264	\$ 4,451,427	\$ 4,126,023

### Pension Expenses

For the year ended December 31, 2019, the pension expense is \$563,603.

### 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, 2019. Changes in the City's total pension liability were as follows:

<u>Police Pension</u>	<u>Total Pension Liability</u>
Total liability - Beginning	\$ 4,269,513
Changes for the year:	
Interest on total OPEB liability	163,222
Effect of assumptions, changes or inputs	400,381
Expected benefit payments	(381,689)
Net change in total OPEB liability	<u>181,914</u>
Total pension liability - ending	<u>\$ 4,451,427</u>

The liability has increased since the last valuation. This is due to the change in the discount rate used to discount the projected benefit payments into a present value. This discount rate fell from 4.0% to 2.75%.

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, 2019, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Police Pension</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2019. There are no deferred outflows as of December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Amount</b>
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

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## **NOTE 6 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

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The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2019.

### **AGGREGATE AMOUNTS - ALL OPEB PLANS**

OPEB liabilities	\$ 58,406,297
OPEB assets	—
Deferred outflows of resources	—
Deferred inflows of resources	(892,965)
OPEB expense/expenditures	10,055,994

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 2019, the costs totaled \$449,436 for the Firemen's Pension and \$435,649 for the Police Pension.

## **Mortality**

The mortality assumptions used in this valuation are based on the 2007 2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary.

Mortality rates are expected to continue to decrease in the future, and the resulting longevity should be anticipated in the actuarial valuation. This is done through the use of a generational mortality table. A generational mortality table anticipates future improvements in mortality by using a different static mortality table for each year of birth, with the tables for later years of birth assuming lower mortality than the tables for earlier years of birth.

Members Retired from Service and Spouses:

The mortality rates are based on the RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females.

Disabled Members:

The mortality rates are based on the RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set forward two years.

## **LEOFF 1 OPEB**

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

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

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

The number of inactive, retired members and survivors, covered by the benefit terms is 122. There are no active members covered by the benefit terms.

## **Funding Policy**

Funding for LEOFF retiree health care costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay as you go financing requirements, and there are no assets accumulated in a qualifying trust.

## **FIRE OPEB**

### **Assumptions and Other Inputs**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2019. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of (2.75%), as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) that the current rate.

	<u>1% Decrease</u> <u>(1.75%)</u>	<u>Current Discount Rate</u> <u>(2.75%)</u>	<u>1% Increase</u> <u>(3.75%)</u>
Total December 31, 2019 OPEB liability	\$ 29,221,976	\$ 25,326,993	\$ 22,145,465

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher that the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total December 31, 2019 OPEB liability	\$ 22,160,374	\$ 25,326,993	\$ 29,096,266

The number of inactive, retired members and survivors, covered by the benefit terms is 63. There are no active members covered by the benefit terms.

#### CHANGES IN FIRE OPEB LIABILITY

	<u>Total OPEB Liability</u>
<b>Fire OPEB</b>	
Total OPEB liability - Beginning	\$ 21,471,567
Interest on total OPEB liability	842,411
Effect of assumptions, changes or inputs	3,843,768
Expected benefit payments	(830,753)
Net change in total OPEB liability	<u>3,855,426</u>
Total OPEB liability - ending	<u>\$ 25,326,993</u>

#### CHANGES IN FIRE PENSION EXPENSE

	<u>Jan. 1, 2019 to Dec. 31, 2019</u>
<b>Pension Expense</b>	
Service cost	\$ —
Interest on total pension liability	229,640
Effect of plan changes	—
Contributions from state fire insurance premium tax	(100,750)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	—
Recognition of assumption changes or inputs	559,744
Pension Expense	<u>\$ 688,634</u>

At December 31, 2019, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



<u>Fire OPEB</u>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended December 31</b>	<b>Amount</b>
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

## POLICE OPEB

### Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2019. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of (2.75%), as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	<b>1% Decrease (1.75%)</b>	<b>Current Discount Rate (2.75%)</b>	<b>1% Increase (3.75%)</b>
	Total December 31, 2019 OPEB liability	\$ 28,781,242	\$ 24,999,972

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	Total December 31, 2019 OPEB liability	\$ 21,920,882	\$ 24,999,972

The number of inactive, retired members and survivors, covered by the benefit terms is 59. There are no active members covered by the benefit terms.

**CHANGES IN POLICE OPEB LIABILITY**

	<b>Total OPEB Liability</b>
<b>Police OPEB</b>	
Total OPEB liability - Beginning	\$ 21,153,082
Interest on total OPEB liability	831,587
Effect of assumptions, changes or inputs	3,749,293
Expected benefit payments	(733,990)
Net change in total OPEB liability	<u>3,846,890</u>
Total OPEB liability - ending	<u><u>\$ 24,999,972</u></u>

**CHANGES IN POLICE PENSION EXPENSE**

	<b>Jan. 1, 2019 to Dec. 31, 2019</b>
<b>Pension Expense</b>	
Service cost	\$ —
Interest on total pension liability	163,222
Effect of plan changes	—
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	—
Recognition of assumption changes or inputs	400,381
Pension Expense	<u><u>\$ 563,603</u></u>

At December 31, 2019, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Police OPEB</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended</b>	
<b>December 31</b>	<b>Amount</b>
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

**NON-LEOFF I OPEB**

The City of Yakima provides to its retirees employer-provided subsidies associated with post-employment 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 \$770.65 per month for pre-65 Medical coverage for 2019. If a retiree chooses to cover his spouse and/or eligible family an amount of \$1,713.21 per month for pre-65 Medical coverage was paid in 2019.

**Funding Policy**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2019. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of (2.75%), as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) or 1-percentage point higher (3.75%) that the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total December 31, 2019 OPEB liability	\$ 8,694,721	\$ 8,079,332	\$ 7,495,744

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total December 31, 2019 OPEB liability	\$ 7,034,979	\$ 8,079,332	\$ 9,330,591

The number of inactive, retired members and survivors, covered by the benefit terms is 8. There are no active members covered by the benefit terms.

## CHANGES IN NON-LEOFF OPEB LIABILITY

	<b>Total OPEB Liability</b>
<b>Non-LEOFF OPEB</b>	
Total OPEB liability - Beginning	\$ 8,316,041
Service cost	533,439
Interest on total OPEB liability	345,146
Effect of assumptions, changes or inputs	(669,196)
Expected benefit payments	(446,098)
Net change in total OPEB liability	(236,709)
Total OPEB liability - ending	\$ 8,079,332

## CHANGES IN NON-LEOFF PENSION EXPENSE

	<b>Jan. 1, 2019 to Dec. 31, 2019</b>
<b>Pension Expense</b>	
Service cost	\$ 533,439
Interest on total pension liability	345,146
Effect of plan changes	—
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	—
Recognition of assumption changes or inputs	(89,650)
Pension Expense	\$ 788,935

At December 31, 2019, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Non-LEOFF OPEB</b>		
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	(892,965)
Payments subsequent to the measurement date	—	—
Total	\$ —	\$ (892,965)

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will have no affect on the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended</b>	
<b>December 31</b>	<b>Amount</b>
2019	\$ (89,650)
2020	(89,650)
2021	(89,650)
2022	(89,650)
2023	(89,650)
Thereafter	(444,715)

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## **NOTE 7 – SELF-INSURANCE**

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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 3% 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 \$222,987 for 2019. The reserve balance at the end of 2019 was \$200,260. 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 (EBMS).

Each Operating Fund is charged an accrual amount per covered employee which would otherwise have been paid to an insurance carrier. These amounts are determined by the City based upon recommendations made by HUB International, the contracted broker. Factors considered by the broker include the amount of claims paid the previous year, increases over prior years, claims administration costs, projected insurance industry inflation rates and the status of the Fund's Reserve. Interfund premiums for 2019 were \$10,859,771. The reserve balance at the end of 2019 was \$1,598,859, after considering incurred but not reported claims of \$1,994,727 that have been accrued as a liability.

In order to avoid catastrophic losses, the City reinsures the program by purchasing insurance known as "stop loss insurance." Two types of "stop loss" insurance are purchased: 1) individual stop loss; and, 2) aggregate stop loss, provided through Optum/Unimerica and Aetna respectively. 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 through the insurer. The aggregate stop loss is designed to protect the City from multiple large claims which may not reach the individual stop loss attachment point (\$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 \$1,725,333. The reserve balance at the end of 2019 was \$5,541 after considering, based on the claims manager's estimate, the accrual for incurred but not reported claims of \$650,000 at December 31, 2019.

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.

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## **NOTE 8 – RISK MANAGEMENT**

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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 \$4,154,436. 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, 2019, is \$1,175,872.

The Risk Management fund balance was \$1,036,150 at the end of 2019.

### **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 (CIAW)**

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 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, 2019, there were over 200 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 CIAW program acquires liability insurance through the Administrator, Clear Risk Solutions, and 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)**

WSTIP is a 26-member self-insurance program with public transit members who provide transit services and is located in Olympia, Washington. The City of Yakima Transit Division is insured for liability insurance through the WSTIP, and has been a member since September 1, 2005. WSTIP supplies Yakima Transit auto liability, general liability, and public officials' liability coverage.

The WSTIP 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.

**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 WSTIP in Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are \$20,000,000. Since joining on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits.

## WSTIP LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto liability	1/1/19 - 12/31/19	\$20,000,000 per occurrence with a \$0 deductible
General liability	1/1/19 - 12/31/19	\$20,000,000 per occurrence with a \$0 deductible
Public officials	1/1/19 - 12/31/19	\$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%
Utilities purpose	2.5%	5.0%
Open space and parks facilities	2.5%	7.5%
Total legal limit	<u>7.5%</u>	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.5% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about \$6.9 billion, resulting in the debt limits, as of December 31, 2019, for the City as follows:

#### CUMULATIVE DEBT LIMITS

Assessed valuation of taxable property in the  
City of Yakima - tax year 2019

**\$6,901,338,691**

	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	\$ 103,520,080	\$ 172,533,467	\$ 345,066,935	\$ 517,600,402
Less: net outstanding indebtedness (see below)	24,572,013	24,572,013	24,572,013	24,572,013
Margin available	<u>\$ 78,948,067</u>	<u>\$ 147,961,454</u>	<u>\$ 320,494,922</u>	<u>\$ 493,028,389</u>
Net outstanding indebtedness				
Outstanding debt	\$ 39,575,027			
Less: available resources to repay debt		15,003,014		
Net outstanding indebtedness		<u>\$ 24,572,013</u>		

There have been no material violations of finance related legal or contractual provisions in any of the funds of the City. All bonded debt of the City is tax exempt. 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 2019.

### LONG-TERM LIABILITIES

	Balance		Payments/ Retirements	Amounts		Noncurrent Portion
	1/1/2019	Additions		Balance 12/31/2019	Due Within One Year	
<b>Governmental activities</b>						
General obligation debt						
Bonds	\$ 34,379,606	\$ —	\$ 3,281,876	\$ 31,097,730	\$ 2,817,316	\$ 28,280,414
Unamortized premium (discount)	1,164,753	—	173,054	991,699	—	991,699
Intergovernmental loans	5,836,380	—	424,997	5,411,383	466,942	4,944,441
Lease purchase agreements	3,212,575	—	1,138,360	2,074,215	297,371	1,776,844
Net pension liability	19,990,999	(2,011,024)	—	17,979,975	—	17,979,975
Unfunded OPEB liability	48,276,329	7,864,883	—	56,141,212	1,885,776	54,255,436
Compensated absences	8,633,496	48,068	—	8,681,564	680,367	8,001,197
<b>Total liabilities - governmental activities</b>	<b>121,494,138</b>	<b>5,901,927</b>	<b>5,018,287</b>	<b>122,377,778</b>	<b>6,147,772</b>	<b>116,230,006</b>
<b>Business-type activities</b>						
Revenue debt						
Revenue bonds	11,785,000	—	1,400,000	10,385,000	1,460,000	8,925,000
Unamortized premium (discount)	425,157	—	87,202	337,955	—	337,955
Intergovernmental loans	16,874,077	—	1,465,081	15,408,996	1,466,433	13,942,563
Net pension liability (restated)	5,248,267	(1,280,347)	—	3,967,920	—	3,967,920
Unfunded OPEB liability	2,664,373	(399,288)	—	2,265,085	125,065	2,140,020
Compensated absences	1,667,325	150,111	—	1,817,436	164,073	1,653,363
<b>Noncurrent liabilities - business-type</b>	<b>38,664,199</b>	<b>(1,529,524)</b>	<b>2,952,283</b>	<b>34,182,392</b>	<b>3,215,571</b>	<b>30,966,821</b>
<b>Total noncurrent liabilities</b>	<b>\$ 160,158,337</b>	<b>\$ 4,372,403</b>	<b>\$ 7,970,570</b>	<b>\$ 156,560,170</b>	<b>\$ 9,363,343</b>	<b>\$ 147,196,827</b>

### GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2042. The City levies a special property tax; collects motel/hotel taxes, business license fees, utility taxes; and receives state sales tax credits and gas tax for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

In 2019, there were no new bonds issued.

### GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/19	Average Annual Debt Service
<b>Regular property tax levy</b>					
2008 Fire ladder truck	12/01/21	3.25% - 4.0%	\$ 760,000	\$ 140,000	\$ 73,867
2014 Street resurfacing project	06/01/24	3.0% - 5.0%	13,140,000	7,345,000	1,648,921
2018 Street resurfacing project (refunding)	12/01/28	3.25% - 3.85%	3,500,000	3,058,575	399,664
2018 Yakima sports complex (refunding)	06/01/35	4.85%	4,440,127	4,257,543	430,005
2018 aquatic center - YMCA	12/01/42	4.85%	8,009,873	7,982,086	601,181
<b>Total regular property tax levy</b>			<b>29,850,000</b>	<b>22,783,204</b>	

## GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/19	Average Annual Debt Service
Regular property tax levy/real excise tax					
2007 Fire station West Valley rehab bond	05/01/22	4.0% -5 .0%	815,000	205,000	73,031
2007 Downtown revitalization project	05/01/22	4.0% -5 .0%	1,490,000	375,000	132,607
Total regular property tax levy/real excise tax			<u>2,305,000</u>	<u>580,000</u>	
Public Facilities District (state sales tax credit)					
2007 Convention Center addition refund 2002	05/01/26	4.0% -5 .0%	4,910,000	2,770,000	455,771
2009 Capitol Theatre expansion	12/01/32	3.0% - 6.6%	7,035,000	4,720,000	544,595
Total Public Facilities District			<u>11,945,000</u>	<u>7,490,000</u>	
Business licenses & real estate excise tax					
2003 SunDome expansion	12/01/23	2.34%-4.72%	1,430,528	244,526	148,295
			<u>\$ 45,530,528</u>	<u>\$ 31,097,730</u>	

## 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 12/31/19	Average Annual Debt Service
2004 Irrigation revenue bonds	09/01/34	2.0% - 4.8%	\$ 5,215,000	\$ 3,375,000	\$ 320,154
2008 Wastewater revenue bonds	11/01/27	4.0 - 5.0%	5,440,000	2,780,000	415,063
2012 Wastewater revenue bonds (refund 2003)	11/01/23	2.0% - 4.0%	9,400,000	4,230,000	1,162,400
			<u>\$ 20,055,000</u>	<u>\$ 10,385,000</u>	

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

## REVENUE DEBT SERVICE (In Millions)

	Bonded Debt	Interest	Notes & Contracts	Interest
2020	\$ 1,460	\$ 441	\$ 1,466	\$ 106
2021	1,520	381	1,468	97
2022	1,575	319	1,392	88
2023	1,645	255	1,393	79
2024	545	188	1,260	71
2025 - 2029	2,245	591	5,274	239
2030 - 2034	1,395	207	2,912	78
2035 - 2039	—	—	244	2
	<u>\$ 10,385</u>	<u>\$ 2,382</u>	<u>\$ 15,409</u>	<u>\$ 760</u>

At December 31, 2019, the City had \$1.6 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.

### INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/19
General long-term debt				
Arterial street gas tax				
PC08-951-052 - 2009 Railroad grade separation	0.5%	07/01/28	\$ 3,000,000	\$ 1,485,902
2015 SIED Loan - 2015 Yakima County SIED Loan	2.4%	06/01/23	307,000	218,849
2016 SIED Loan - 2016 Yakima County SIED Loan	2.6%	06/01/27	900,000	757,405
2017 SIED Loan - YV Brewing Project	3.2%	06/01/23	61,580	61,580
2018 SIED Loan - River Road	3.8%	06/01/29	500,000	500,000
Real estate excise tax				
L1000030-0 - 2010 Railroad grade separation	2.9%	06/01/34	1,229,295	992,647
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	1,395,000
Sub-total general long-term debt				<u>5,411,383</u>
Revenue debt				
Wastewater operating revenue				
PW-01-691-071 - 2001 Fruitvale neighborhood Sewer	0.5%	07/01/21	1,466,250	155,250
PW-05-691-064 - 2005 River Road sewer	0.5%	07/01/25	2,307,000	745,475
PW-07-962-019 - 2007 Ultra violet disinfection	0.5%	07/01/27	2,300,000	971,111
PC-12-951-065 - 2012 Wastewater Treatment Plan	0.5%	06/01/32	5,000,000	3,228,950
PC-13-961-059 - 2012 Industrial Sewer main extensions	0.5%	06/01/37	2,000,000	1,464,115
L1100008 - 2011 Energy efficiency project	2.8%	03/31/33	516,192	388,852
L1200019 - 2012 Industrial waste anaerobic	2.6%	07/01/34	602,634	486,416
Water operating revenue				
PW-03-691-027 - 2003 Naches WTP improvements	0.5%	07/01/23	2,559,775	538,900
SRF-04-65104-037 - 2005 Naches river WTP filter rehab	0.5%	10/01/25	894,380	282,436
PC-08-951-051 - 2009 New water well	0.5%	07/01/28	2,257,200	1,090,339
PC-13-961-074 - 2013 Automated reading system	0.3%	06/01/32	5,000,000	3,421,053
DM-11-952-038 - 2013 Design WTP lagoons	1.5%	10/01/34	3,480,000	2,636,100
Sub-total revenue debt				<u>15,408,997</u>
Total intergovernmental loans				<u>\$ 20,820,380</u>

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

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

**GENERAL OBLIGATION DEBT SERVICE**  
(In Millions)

	Bonded		Notes &	
	Debt	Interest	Contracts	Interest
2020	\$ 2,817	\$ 1,507	\$ 467	\$ 149
2021	2,917	1,402	498	119
2022	2,954	1,288	510	108
2023	2,875	1,158	518	97
2024	3,024	932	473	85
2025 - 2029	6,236	3,473	2,052	270
2030 - 2034	3,933	2,103	894	83
2035 - 2042	6,342	1,397	—	—
	<u>\$ 31,098</u>	<u>\$ 13,260</u>	<u>\$ 5,412</u>	<u>\$ 911</u>

At December 31, 2019, the City had \$250,040 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 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. In 2018, due to ongoing legal issues with the contractor for the LED Streetlights project, a substitution was requested and approved by the LOCAL program to use a portion of the proceeds to finance Fire apparatus.

## LEASED EQUIPMENT

Two fire apparatus	\$ 67,268
One fire apparatus	142,199
Energy Project (Lighting)	784,893
Fire Aerial & Pump	<u>1,079,855</u>
Total	<u><u>\$ 2,074,215</u></u>

The following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at December 31, 2019, for the fiscal year listed:

## LEASE PAYMENTS

Due in 2020	\$ 373,916
Due in 2021	303,711
Due in 2022	303,453
Due in 2023	303,181
Due in 2024	263,680
Due in 2025-2028	<u>800,004</u>
Total minimum lease payments	2,347,945
Less: Amount representing interest	<u>273,730</u>
Present value of minimum lease payments	<u><u>\$ 2,074,215</u></u>

## UNFUNDED POST EMPLOYMENT BENEFIT LIABILITIES

An initial actuarial evaluation was performed as of January 1, 2018. 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 1/1/19	Additions	Balance 12/31/19
OPEB Fire - medical	\$ 21,471,567	\$ 3,855,426	\$ 25,326,993
OPEB Police - medical	21,153,082	3,846,890	24,999,972
OPEB Non-LEOFF - medical	8,316,041	(236,709)	8,079,332
Total	<u>\$ 50,940,690</u>	<u>\$ 7,465,607</u>	<u>\$ 58,406,297</u>

The Police OPEB and Fire OPEB are paid out of a department in the General Fund. The non-LEOFF retiree benefits are being paid annually through the Employees Health Benefit Reserve fund. The unfunded pension liability will be adjusted annually to the actuarially determined contribution.

See Note 5 for additional information on the pension funds, and Note 6 for additional information on Other Post-Employment Benefits.

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## NOTE 10 – CONTINGENCIES AND LITIGATION

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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, 2019, 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, 2019, 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. City management believes these reserves and/or insurance are adequate to cover such matters.

**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, 2019.

**FUND BALANCE**

<b>Fund Balance</b>	<b>General Fund</b>	<b>Neighborhood Development Fund</b>	<b>Other Gov't Funds</b>	<b>Total</b>
Nonspendable				
Permanent fund	\$ 10,000	\$ —	\$ 908,171	\$ 918,171
Restricted				
Emergency programs	—	—	78,401	78,401
Arterial street construction & maintenance	—	—	2,254,826	2,254,826
Housing & economic development	—	703,369	54,454	757,823
Public safety	—	—	2,104,816	2,104,816
Debt service	—	—	238,102	238,102
Capital improvements	—	—	5,997,123	5,997,123
Tourism & conventions	—	—	1,757,817	1,757,817
Total restricted	—	703,369	12,485,539	13,188,908

## FUND BALANCE

Fund Balance	General Fund	Neighborhood Development Fund	Other Gov't Funds	Total
Committed				
Public safety & emergency programs	1,538,044	—	—	1,538,044
Community relations	—	—	799,493	799,493
Parks and recreation	—	—	666,337	666,337
Streets	—	—	—	—
Capital improvements	—	—	1,566,930	1,566,930
Other	—	—	149,216	149,216
Tourism & conventions	—	—	60,830	60,830
<b>Total committed</b>	<b>1,538,044</b>	<b>—</b>	<b>3,242,806</b>	<b>4,780,850</b>
Assigned				
Parks and recreation	—	—	395,207	395,207
Streets	—	—	2,178,084	2,178,084
Public safety & emergency programs	—	—	1,233,843	1,233,843
Debt service	—	—	11,939	11,939
Tourism & conventions	—	—	262,055	262,055
<b>Total assigned</b>	<b>—</b>	<b>—</b>	<b>4,081,128</b>	<b>4,081,128</b>
Unassigned	9,209,477	—	(12,936)	9,196,541
<b>Total fund balance</b>	<b>\$ 10,757,521</b>	<b>\$ 703,369</b>	<b>\$ 20,704,708</b>	<b>\$ 32,165,598</b>

## NOTE 12 – SEGMENT INFORMATION

### WATER AND WASTEWATER UTILITIES

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

### SYSTEM INFORMATION

	<u>Water / Wastewater</u>	<u>Irrigation</u>
Condensed statement of net position		
Assets		
Current Assets	\$ 33,231,134	\$ 6,010,773
Restricted assets	1,600,000	—
Capital assets, net of accumulated depreciation	111,627,881	17,757,580
<b>Total assets</b>	<b>146,459,015</b>	<b>23,768,353</b>
Deferred outflows of resources	708,633	48,484
<b>Total assets &amp; deferred outflows of resources</b>	<b>147,167,648</b>	<b>23,816,837</b>

## SYSTEM INFORMATION

	Water / Wastewater	Irrigation
Liabilities		
Current liabilities	5,377,824	437,646
Noncurrent liabilities	24,124,549	3,521,946
Total liabilities	29,502,373	3,959,592
Deferred inflows of resources	1,316,368	126,338
Total liabilities & deferred inflows of resources	30,818,741	4,085,930
Net position		
Net investment in capital assets	88,964,529	14,439,444
Restricted	1,600,000	—
Unrestricted	25,784,378	5,291,464
Total net position	\$ 116,348,907	\$ 19,730,908
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges and fees for services	\$ 33,078,953	\$ 3,181,014
Other operating revenue	33,839	—
Total operating revenues	33,112,792	3,181,014
Operating expenses		
Personnel services	7,720,277	713,286
Materials and supplies	1,730,772	75,427
Contractual services	15,595,586	882,604
Depreciation	6,369,465	446,596
Total operating expense	31,416,100	2,117,913
Operating income (loss)	1,696,692	1,063,101
Nonoperating revenues (expense)		
Grants and subsidies	11,383	84,884
Interest revenue	5,400	1,000
Interest & other debt service costs	(394,204)	(168,709)
Gain (loss) disposal of capital assets	—	—
Total nonoperating revenue (exp)	(377,421)	(82,825)
Income (loss) before conts & transfers	1,319,271	980,276
Capital contributions	2,897,626	—
Operating transfers (net)	(431,329)	(66,000)
Change in net position	3,785,568	914,276
Net position - beginning	112,563,340	18,816,633
Prior Period Adjustment due to GASB 75	—	—
Net position - ending	\$ 116,348,908	\$ 19,730,909



**SYSTEM INFORMATION**

	Water /	
	Wastewater	Irrigation
Condensed statement of cash flows		
Net cash provided (used)		
Operating activities	\$ 7,488,712	\$ 1,536,875
Capital financing activities	(5,160,380)	(895,977)
Investing activities	(6,366,129)	(1,130,386)
Net increase (decrease)	(4,037,797)	(489,488)
Beginning cash and cash equivalents	11,108,479	1,766,176
Ending cash and cash equivalents	\$ 7,070,682	\$ 1,276,688

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**NOTE 13 – TAX ABATEMENTS**

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The City of Yakima provides tax abatements through two programs, the High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities referenced in RCW 82.60, and the Multi-Unit Urban Housing Property Tax Exemption referenced in RCW 84.14.020.

**High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities**

To encourage public and private investment in low-income areas with high rates of unemployment, sales and use tax arising from certain construction and equipment purchases for new and expanding manufacturers, persons conditioning vegetable seeds, research and development, and commercial testing for manufacturers in a Community Empowerment Zone (CEZ) may be permanently deferred if the project meets specific criteria per chapter 82.60 RCW. To qualify for deferral, the business must submit an application to the Department of Revenue (DOR) prior to completion of construction or the business taking possession of the machinery and equipment. Approved applicants will receive a sales and use tax deferral certificate, which allows vendors and contractors to sell to the approved applicant without charging sales tax.

Deferred taxes need not be repaid if the business fills at least one permanent full-time position for each \$750,000 investment with a resident of the CEZ by the end of the second calendar year following the year in which the project is certified as operationally complete. Failure to meet the employment requirement causes all deferred taxes to become immediately due. Each recipient of a deferral of taxes must file a complete annual survey with DOR for eight years following the year in which the project is operationally complete. If DOR finds that the project does not qualify for the deferral, all deferred taxes become immediately due.

**Multi-Unit Urban Housing Property Tax Exemption**

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations of the city, and be completed within three years from the date of approval of the application. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city where the property is located before beginning construction. If the city approves the application, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. If the application for a tax

exemption certificate was submitted before July 22, 2007, the property is exempt for ten years. If the application for a tax exemption certificate was submitted on or after July 22, 2007, the property is exempt for eight years, unless the applicant commits to renting or selling at least 20 percent of the units as affordable housing units to low and moderate-income households, making it exempt for 12 years. Each tax exemption certificate recipient must submit an annual report to the city. If the city determines that a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements, plus a 20 percent penalty, and interest.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
High Unemployment County Sales & Use Tax deferral for manufacturing facilities	\$ 18,003
Multi-Unit Urban Housing Property Tax exemption	18,996
Total	<u>\$ 36,999</u>

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## **NOTE 14 – OTHER DISCLOSURES**

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### **RELATED PARTIES**

By Interlocal Agreement, the City of Yakima serves as fiscal agent for the Yakima Consortium for Regional Public Safety (YakCorps), a separate legal entity which serves to the benefit of citizens within the service area of participating jurisdictions. The 2011 agreement provides for the structure, governance, operations, funding and accounting for public safety activity within the jurisdictions of participating county, cities and fire districts: Grandview, Granger, Mabton, Moxee, Prosser, Selah, Sunnyside, Tieton, Toppenish, Union Gap, Yakima, Wapato, Zillah, Fire District #1 (Highland), Fire District #3 (Naches), Fire District # 4 (East Valley), Fire District #5 (Lower Valley), Fire District #6 (Gleed), Fire District #7 (Glade), Fire District #9 (Naches Heights), Fire District #12 (West Valley), Nile Fire District, and County of Yakima . All local public safety-related governmental agencies/ jurisdictions whose governing body is located within the geographic boundaries of Yakima County are eligible to become a member of the consortium. The Executive Board of the YakCorps consortium consists of seven member representatives of which one is the Mayor of the City of Yakima. The Operations Board of the YakCorps consortium consists of eleven member representatives, of which three are the City's Police Chief, Fire Chief and 911 Director. Funding resources consist of annual assessments to the member agencies to allocate annual budgeted expenditures to operate and maintain a county-wide multi-discipline public safety system.

### **SUBSEQUENT EVENTS**

#### **COVID-19**

On February 29, 2020, Washington State's Governor responded to an increase in the number of confirmed COVID-19 cases and the first known deaths in the U.S. by declaring a state of emergency, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 12, 2020, the Yakima County Commissioners declared a state of emergency in Yakima County as a result of confirmed cases of COVID-19 in Yakima County, and on March 13, 2020, the City Council ratified and confirmed the Mayor's Proclamation of Civil Emergency and Order issued on March 12, 2020 in response to the outbreak of COVID-19. The City is coordinating its response with the Yakima Health District, Yakima County, and the Washington State Department of Health. As testing continues, additional cases are expected to be confirmed locally and nationally. At this time, the City cannot yet predict the overall health or economic impact of COVID-19 on the City of Yakima or the region, including but not limited to the impact on the local tourism industry and commerce within the city.

#### **LTGO BOND ISSUE**

On April 21, 2020, the City of Yakima issued Limited Tax General Obligation Refunding Bonds, 2020A and Limited Tax General Obligation and Refunding Bonds, 2020B, which included \$12,500,000 in financing for the construction of an expansion of the City-owned Yakima Convention Center. City hotel/motel (lodging) taxes

and/or City and PFD sales and use tax revenues have been pledged to pay the debt service. The 2020 convention center expansion adds an estimated 10,273 square feet of net rentable space to the existing 41,000 square feet to increase conference and convention capacity following the 2019 construction of two new hotels within city of Yakima which increased the supply of hotel rooms. An accompanying credit report by S&P Global Ratings affirmed the city's long-term general obligation credit rating at A+/stable.



## ***REQUIRED SUPPLEMENTARY INFORMATION***

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**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 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. This schedule will incorporate 10 years of information by 2025.

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

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**As of June 30  
Last 10 Fiscal Years\*

Page 1 of 2

	2019	2018
<b>PERS 1</b>		
Employer's proportion of the net pension liability (asset)	0.2239%	0.2304%
Employer's proportionate share of the net pension liability	\$ 8,608,173	\$ 10,291,797
Covered payroll	30,981,922	30,238,586
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	28.0%	34.0%
Plan fiduciary net position as a percentage of the total pension liability	67.1%	63.2%
<b>PERS 2/3</b>		
Employer's proportion of the net pension liability (asset)	0.2730%	0.2771%
Employer's proportionate share of the net pension liability	\$ 2,651,884	\$ 4,731,133
Covered payroll	2,975,683	29,077,617
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.9%	16.3%
Plan fiduciary net position as a percentage of the total pension liability	97.8%	96.8%
<b>PSERS</b>		
Employer's proportion of the net pension liability (asset)	0.1852%	0.2135%
Employer's proportionate share of the net pension liability	\$ (24,082)	\$ 2,645
Covered payroll	861,074	845,912
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	2.8%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	99.8%
<b>LEOFF 1</b>		
Employer's proportion of the net pension liability (asset)	0.2608%	0.2633%
Employer's proportionate share of the net pension liability	\$ (5,154,646)	\$ (4,781,106)
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	—%	—%
Plan fiduciary net position as a percentage of the total pension liability	148.8%	144.4%
<b>LEOFF 2</b>		
Employer's proportion of the net pension liability (asset)	0.6823%	0.7097%
Employer's proportionate share of the net pension liability	\$ (15,806,217)	\$ (14,409,269)
State's proportion of the net pension liability (asset) associated with the employer	(10,350,954)	(9,329,730)
Total	\$ (26,157,171)	\$ (23,738,999)
Covered payroll	\$ 23,998,117	\$ 23,520,795
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(65.9%)	(61.2%)
Plan fiduciary net position as a percentage of the total pension liability	119.4%	118.5%

Benefit changes: None to report.

Valuation assumptions as of January 1, 2018: Economic assumptions - salary increases 3.25%, investment return assumption (discount rate) 3.50%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.25%; related to consumer price index 2.25%.

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**As of June 30  
Last 10 Fiscal Years\*

Page 2 of 2

2017	2016	2015
0.2396%	0.2437%	0.2473%
\$ 11,370,630	\$ 13,085,797	\$ 12,938,339
29,549,697	28,675,000	22,406,624
38.5%	46.0%	58.0%
61.2%	59.0%	59.1%
2.8844%	0.2903%	0.2942%
\$ 10,021,946	\$ 14,618,037	\$ 10,512,470
29,284,000	27,400,579	21,024,500
34.2%	53.3%	50.0%
91.0%	85.8%	89.2%
0.2143%	0.2172%	0.2462%
\$ 41,981	\$ 92,291	\$ 44,929
765,000	705,303	718,242
5.5%	13.1%	6.3%
96.3%	90.4%	95.1%
0.2625%	0.2642%	0.2686%
\$ (3,982,551)	\$ (27,222,428)	\$ (3,237,356)
—%	—%	—%
136.0%	123.7%	127.4%
0.7399%	0.7434%	0.7426%
\$ (10,267,387)	\$ (4,323,611)	\$ (7,632,597)
(6,660,262)	(741,394)	(719,689)
<u>\$ (16,927,649)</u>	<u>\$ (5,065,005)</u>	<u>\$ (8,352,286)</u>
\$ 23,238,000	\$ 22,519,542	\$ 21,561,911
(44.2%)	(19.2%)	(35.4%)
113.4%	106.0%	111.7%

Significant changes: Discount Rate changed from 4.00% to 2.75% from prior year.

\* Until a full 10-year trend is compiled, only information for those years available is presented. The City of Yakima has no current LEOFF I employees.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**For the year ended December 31  
Last 10 Fiscal Years\*

Page 1 of 2

<b>PERS 1</b>	<b>2019</b>	<b>2018</b>
Statutorily or contractually required contributions	\$ 1,588,430	\$ 1,570,927
Contributions in relation to the statutorily or contractually required contributions	(1,588,430)	(1,570,927)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 31,546,711	\$ 30,471,519
Contributions as a percentage of covered employee payroll	5.0%	5.2%
<b>PERS 2/3</b>		
Statutorily or contractually required contributions	\$ 2,337,893	\$ 2,194,199
Contributions in relation to the statutorily or contractually required contributions	(2,337,893)	(2,194,199)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 30,285,570	\$ 29,256,142
Contributions as a percentage of covered employee payroll	7.7%	7.5%
<b>PSERS</b>		
Statutorily or contractually required contributions	\$ 63,637	\$ 57,599
Contributions in relation to the statutorily or contractually required contributions	(63,637)	(57,599)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 891,749	\$ 840,693
Contributions as a percentage of covered employee payroll	7.1%	6.6%
<b>LEOFF 2</b>		
Statutorily or contractually required contributions	\$ 1,290,668	\$ 1,233,450
Contributions in relation to the statutorily or contractually required contributions	(1,290,668)	(1,233,450)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 24,804,414	\$ 23,473,737
Contributions as a percentage of covered employee payroll	5.2%	5.3%

Benefit changes: None to report.

Valuation assumptions as of January 1, 2018: Economic assumptions - salary increases 3.25%, investment return assumption (discount rate) 3.50%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.25%; related to consumer price index 2.25%.



**SCHEDULE OF EMPLOYER CONTRIBUTIONS**For the year ended December 31  
Last 10 Fiscal Years\*

Page 2 of 2

2017	2016	2015
\$ 1,489,000	\$ 1,432,792	\$ 1,263,237
(1,489,000)	(1,432,792)	(1,263,237)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 29,079,000	\$ 29,271,148	\$ 28,060,087
5.1%	4.9%	4.5%
\$ 1,930,423	\$ 1,740,727	\$ 1,510,959
(1,930,423)	(1,740,727)	(1,510,959)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 28,706,000	\$ 27,400,579	\$ 26,793,741
6.7%	6.4%	5.6%
\$ 52,963	\$ 48,978	\$ 46,106
(52,963)	(48,978)	(46,106)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 800,000	\$ 705,303	\$ 712,214
6.6%	6.9%	6.5%
\$ 1,198,134	\$ 1,152,459	\$ 1,120,514
(1,198,134)	(1,152,459)	(1,120,514)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 23,417,000	\$ 22,519,542	\$ 22,188,444
5.1%	5.1%	5.0%

Significant changes: Discount Rate changed from 4.00% to 2.75% from prior year.

\* Until a full 10-year trend is compiled, only information for those years available is presented. The City of Yakima has no current LEOFF I employees.

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

For the Year Ended December 31  
Last 10 Fiscal Years\*

Page 1 of 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Fire Pension</b>			
Total pension liability - beginning	\$ 6,029,283	\$ 6,635,284	\$ 6,902,294
Interest	229,640	221,918	247,672
Differences between expected and actual experience	—	—	(43,347)
Changes of assumptions	559,744	(233,241)	129,589
Benefit payments, including refunds of contributions	(582,259)	(594,678)	(600,924)
Net change in total pension liability	207,125	(606,001)	(267,010)
Total pension liability - ending	<u>\$ 6,236,408</u>	<u>\$ 6,029,283</u>	<u>\$ 6,635,284</u>
Covered payroll	—	—	—
<b>Police Pension</b>			
Total pension liability - beginning	\$ 4,269,513	\$ 4,664,239	\$ 5,381,844
Interest	163,222	156,580	194,378
Differences between expected and actual experience	—	—	(604,017)
Changes of assumptions	400,381	(166,958)	92,572
Benefit payments, including refunds of contributions	(381,689)	(384,348)	(400,538)
Net change in total pension liability	181,914	(394,726)	(717,605)
Total pension liability - ending	<u>\$ 4,451,427</u>	<u>\$ 4,269,513</u>	<u>\$ 4,664,239</u>
Covered payroll	—	—	—

**Notes:**

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.

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.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**For the Year Ended December 31  
Last 10 Fiscal Years\*

Page 1 of 1

	<u>2019</u>	<u>2018</u>
<b>LEOFF 1 Fire</b>		
Total OPEB liability - Beginning	\$ 21,471,567	\$ 22,910,332
Interest on total OPEB liability	842,411	789,207
Effect of assumptions, changes or inputs	3,843,768	(1,498,572)
Expected benefit payments	(830,753)	(729,400)
Net change in total OPEB liability	<u>3,855,426</u>	<u>(1,438,765)</u>
Total OPEB pension liability - ending	<u>\$ 25,326,993</u>	<u>\$ 21,471,567</u>
Covered payroll	—	—
Total OPEB liability as a % of covered payroll	n/a	n/a
<b>LEOFF 1 Police</b>		
Total OPEB liability - Beginning	\$ 21,153,082	\$ 22,457,760
Interest on total OPEB liability	831,587	775,314
Effect of assumptions, changes or inputs	3,749,293	(1,462,797)
Expected benefit payments	(733,990)	(617,195)
Net change in total OPEB liability	<u>3,846,890</u>	<u>(1,304,678)</u>
Total OPEB pension liability - ending	<u>\$ 24,999,972</u>	<u>\$ 21,153,082</u>
Covered payroll	—	—
Total OPEB liability as a % of covered payroll	n/a	n/a
<b>Non-LEOFF</b>		
Total OPEB liability - Beginning	\$ 8,316,041	\$ 8,189,958
Service cost	533,439	563,641
Interest on total OPEB liability	345,146	299,553
Effect of assumptions, changes or inputs	(669,196)	(343,848)
Expected benefit payments	(446,098)	(393,263)
Net change in total OPEB liability	<u>(236,709)</u>	<u>126,083</u>
Total OPEB liability - ending	<u>\$ 8,079,332</u>	<u>\$ 8,316,041</u>
Covered payroll	—	—
Total OPEB liability as a % of covered payroll	n/a	n/a

**Notes:**

Until a full 10-year trend is compiled, only information for these years available is presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Due to the implementation of GASB 75, the City is now required to report the OPEB liability of this single employee non-trust pension plan. The City recognizes its total OPEB liability, rather than a net OPEB liability. In order for the City to recognize a net OPEB liability, assets must be accumulated in a trust that meets all of the following criteria:

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

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



**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2019

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 6,186,072	\$ 180,739	\$ 5,362,816	\$ 715,529	\$ 12,445,156
Cash with fiscal agent	31,654	11,894	192,520	—	236,068
Investments	1,795,466	—	7,189,413	—	8,984,879
Receivables, net allowance for uncollectible accounts					
Taxes	197,941	57,407	62,500	—	317,848
Accounts	214,792	—	65	560	215,417
Notes and contracts receivable	51,750	—	—	—	51,750
Due from other governments	2,641,754	—	—	—	2,641,754
Inventories and prepayments	192,081	—	—	—	192,081
<b>Total assets</b>	<b>\$ 11,311,510</b>	<b>\$ 250,040</b>	<b>\$ 12,807,314</b>	<b>\$ 716,089</b>	<b>\$ 25,084,953</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,134,129	\$ —	\$ 1,171,059	\$ —	\$ 2,305,188
Retainage payable	113,598	—	—	—	113,598
Accrued salaries and benefits	1,055,316	—	—	—	1,055,316
Custodial accounts	644,768	—	2,851	—	647,619
Due to other governments	3,438	—	97	—	3,535
Due to other funds	150,000	—	—	—	150,000
<b>Total liabilities</b>	<b>3,101,249</b>	<b>—</b>	<b>1,174,007</b>	<b>—</b>	<b>4,275,256</b>
<b>Deferred inflows of resources</b>					
Deferred unavailable revenue/taxes	45,355	—	—	—	45,355
Unavailable revenue and notes	59,569	—	65	—	59,634
<b>Total deferred inflows of resources</b>	<b>104,924</b>	<b>—</b>	<b>65</b>	<b>—</b>	<b>104,989</b>
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>3,206,173</b>	<b>—</b>	<b>1,174,072</b>	<b>—</b>	<b>4,380,245</b>
<b>Fund balance</b>					
Nonspendable	192,081	—	—	716,090	908,171
Restricted	6,250,315	238,102	5,997,123	—	12,485,540
Committed	1,675,877	—	1,566,930	—	3,242,807
Assigned	—	11,939	4,069,189	—	4,081,128
Unassigned	(12,936)	—	—	—	(12,936)
<b>Total fund balance</b>	<b>8,105,337</b>	<b>250,041</b>	<b>11,633,242</b>	<b>716,090</b>	<b>20,704,710</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 11,311,510</b>	<b>\$ 250,041</b>	<b>\$ 12,807,314</b>	<b>\$ 716,090</b>	<b>\$ 25,084,955</b>

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

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

For the Year Ended December 31, 2019

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
<b>Revenues</b>					
Taxes and assessments	\$ 10,484,549	\$ 3,292,482	\$ 5,978,670	\$ —	\$ 19,755,701
Licenses and permits	646,414	—	—	—	646,414
Intergovernmental revenues	7,973,453	102,307	—	—	8,075,760
Charges for services	6,812,063	—	58,000	19,094	6,889,157
Contributions and donations	9,753	—	57,671	—	67,424
Investment earnings	49,798	1,500	122,900	24,600	198,798
Other revenue	795,047	—	109,363	—	904,410
<b>Total revenues</b>	<b>26,771,077</b>	<b>3,396,289</b>	<b>6,326,604</b>	<b>43,694</b>	<b>36,537,664</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	893,713	—	—	—	893,713
Public safety	5,442,982	—	245,227	—	5,688,209
Utilities	302,909	—	30,080	—	332,989
Transportation	5,169,712	—	665,327	—	5,835,039
Economic environment	1,060,986	—	147	—	1,061,133
Public health services	579,853	—	—	—	579,853
Cultural and recreational	5,873,662	—	186,870	—	6,060,532
<b>Capital outlay</b>					
General government	—	—	132,433	—	132,433
Public safety	—	—	232,287	—	232,287
Utilities	249,154	—	—	—	249,154
Transportation	6,130,679	—	2,721,414	—	8,852,093
Cultural and recreational	—	—	3,938,330	—	3,938,330
<b>Debt service</b>					
Principal	284,642	3,281,876	219,396	—	3,785,914
Interest and related charges	117,037	1,633,733	42,955	—	1,793,725
<b>Total Expenditures</b>	<b>26,105,329</b>	<b>4,915,609</b>	<b>8,414,466</b>	<b>—</b>	<b>39,435,404</b>
Excess (deficiency) of revenue over (under) expenditure	665,748	(1,519,320)	(2,087,862)	43,694	(2,897,740)
<b>Other financing (sources) uses</b>					
Transfers in	2,256,370	1,520,895	1,379,250	—	5,156,515
Transfers out	(2,441,915)	—	(1,116,100)	(12,000)	(3,570,015)
Sale of capital assets	45,059	—	120,559	—	165,618
<b>Total other financing sources (uses)</b>	<b>(140,486)</b>	<b>1,520,895</b>	<b>383,709</b>	<b>(12,000)</b>	<b>1,752,118</b>
Net change in fund balance	525,262	1,575	(1,704,153)	31,694	(1,145,622)
Fund balance - beginning	7,580,076	248,465	13,337,393	684,396	21,850,330
Fund balance - ending	<b>\$ 8,105,338</b>	<b>\$ 250,040</b>	<b>\$ 11,633,240</b>	<b>\$ 716,090</b>	<b>\$ 20,704,708</b>

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

## ***NONMAJOR SPECIAL REVENUE FUNDS***

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**Economic Development Fund (123)** - Accounts for economic development within the City using Local Government Assistance funding.

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

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

**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 that are restricted for specific purposes, and therefore segregated from the General Fund. The City's portion of drug related seizures and forfeited assets are managed through this fund.

**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, a separate legal taxing entity funded by a 0.33% Sales Tax Credit enabled by State Statute, directed by a governing board, which was established to expand the local convention center.

**Tourism Promotion Area (173)** - Created in 2005 to account for a \$2 per room night fee restricted to specific tourism uses directed by a governing board, a self-assessment of the lodging industry to fund activities designed to increase tourism and convention business within Yakima County.

**Public Facilities District - Capitol Theatre (174)** - Created in 2009 to account for the revenues received from the Yakima Regional Public Facilities District, a separate legal taxing entity funded by a 0.25% Sales Tax Credit enabled by State Statute, directed by a governing board, which was established for the expansion of the Capitol Theatre.



**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2019

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	Economic Dev	Community Relations	Parks and Recreation	Streets	Arterial Street
<b>Assets</b>					
Cash and cash equivalents	\$ 604,933	\$ 850,481	\$ 851,864	\$ 967,556	\$ 956
Cash with fiscal agent	—	—	10,373	12,647	—
Investments	—	—	—	—	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	—	—	—
Accounts	—	630	36,912	1,520	—
Notes and contracts receivable	—	—	—	—	—
Due from other governments	—	—	4,384	—	2,569,973
Inventories and prepayments	—	—	—	192,081	—
<b>Total assets</b>	<b>\$ 604,933</b>	<b>\$ 851,111</b>	<b>\$ 903,533</b>	<b>\$ 1,173,804</b>	<b>\$ 2,570,929</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,350	\$ 1,561	\$ 31,219	\$ 720,616	\$ 202,505
Retainage payable	—	—	—	—	113,598
Accrued salaries and benefits	—	49,991	198,429	271,105	—
Custodial accounts	549,128	—	—	—	—
Due to other governments	—	66	1,249	1,418	—
Due to other funds	—	—	—	—	—
<b>Total liabilities</b>	<b>550,478</b>	<b>51,618</b>	<b>230,897</b>	<b>993,139</b>	<b>316,103</b>
<b>Deferred inflows of resources</b>					
Deferred unavailable revenue/taxes	—	—	—	—	—
Unavailable revenue and notes	—	—	6,299	1,520	—
<b>Total deferred inflows of resources</b>	<b>—</b>	<b>—</b>	<b>6,299</b>	<b>1,520</b>	<b>—</b>
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>550,478</b>	<b>51,618</b>	<b>237,196</b>	<b>994,659</b>	<b>316,103</b>
<b>Fund balance</b>					
Nonspendable	—	—	—	192,081	—
Restricted	54,454	—	—	—	2,254,826
Committed	—	799,493	666,337	—	—
Unassigned	—	—	—	(12,936)	—
<b>Total fund balance</b>	<b>54,454</b>	<b>799,493</b>	<b>666,337</b>	<b>179,145</b>	<b>2,254,826</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 604,932</b>	<b>\$ 851,111</b>	<b>\$ 903,533</b>	<b>\$ 1,173,804</b>	<b>\$ 2,570,929</b>

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

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2019

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	Cemetery	Emergency Services	Public Safety Comm	Police Grants	DYBID
<b>Assets</b>					
Cash and cash equivalents	\$ 143,980	\$ 217,180	\$ 1,387,113	\$ 291,790	\$ 97,284
Cash with fiscal agent	—	8,363	—	271	—
Investments	—	—	—	999,851	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	45,355	—	—	—
Accounts	23,328	—	56,210	—	—
Notes and contracts receivable	—	—	—	—	46,954
Due from other governments	—	—	—	17,471	—
Inventories and prepayments	—	—	—	—	—
<b>Total assets</b>	<b>\$ 167,308</b>	<b>\$ 270,898</b>	<b>\$ 1,443,323</b>	<b>\$ 1,309,383</b>	<b>\$ 144,238</b>
<b>Liabilities</b>					
Accounts payable	\$ 488	\$ 1,295	\$ 31,270	\$ 21,550	\$ 40,000
Retainage payable	—	—	—	—	—
Accrued salaries and benefits	17,226	145,847	356,383	16,334	—
Custodial accounts	—	—	—	72,024	—
Due to other governments	377	—	46	282	—
Due to other funds	—	—	150,000	—	—
<b>Total liabilities</b>	<b>18,091</b>	<b>147,142</b>	<b>537,699</b>	<b>110,190</b>	<b>40,000</b>
<b>Deferred inflows of resources</b>					
Deferred unavailable revenue/taxes	—	45,355	—	—	—
Unavailable revenue and notes	—	—	—	—	46,954
<b>Total deferred inflows of resources</b>	<b>—</b>	<b>45,355</b>	<b>—</b>	<b>—</b>	<b>46,954</b>
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>18,091</b>	<b>192,497</b>	<b>537,699</b>	<b>110,190</b>	<b>86,954</b>
<b>Fund balance</b>					
Nonspendable	—	—	—	—	—
Restricted	—	78,401	905,623	1,199,193	—
Committed	149,216	—	—	—	57,284
Unassigned	—	—	—	—	—
<b>Total fund balance</b>	<b>149,216</b>	<b>78,401</b>	<b>905,623</b>	<b>1,199,193</b>	<b>57,284</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 167,307</b>	<b>\$ 270,898</b>	<b>\$ 1,443,322</b>	<b>\$ 1,309,383</b>	<b>\$ 144,238</b>

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2019

<u>Trolley</u>	<u>PBIA</u>	<u>Tourist Promo Conv Center</u>	<u>Capitol Theatre</u>	<u>PFD Conv Ctr</u>	<u>Tourist Promo Area</u>	<u>PFD Cap Theatre</u>	<u>Total</u>
\$ 82	\$ 3,546	\$ 223,476	\$ 13	\$ 232,187	\$ 59,213	\$ 254,417	\$ 6,186,072
—	—	—	—	—	—	—	31,654
—	—	—	—	795,614	—	—	1,795,466
—	—	38,476	34,262	—	79,848	—	197,941
—	—	68,645	—	15,674	—	11,874	214,792
—	4,796	—	—	—	—	—	51,750
49,927	—	—	—	—	—	—	2,641,754
—	—	—	—	—	—	—	192,081
<u>\$ 50,009</u>	<u>\$ 8,342</u>	<u>\$ 330,597</u>	<u>\$ 34,275</u>	<u>\$ 1,043,475</u>	<u>\$ 139,061</u>	<u>\$ 266,291</u>	<u>\$ 11,311,510</u>
\$ 4,217	\$ —	\$ 19,258	\$ —	\$ —	\$ 58,799	\$ —	\$ 1,134,129
—	—	—	—	—	—	—	113,598
—	—	—	—	—	—	—	1,055,316
—	—	23,616	—	—	—	—	644,768
—	—	—	—	—	—	—	3,438
—	—	—	—	—	—	—	150,000
<u>4,217</u>	<u>—</u>	<u>42,874</u>	<u>—</u>	<u>—</u>	<u>58,799</u>	<u>—</u>	<u>3,101,249</u>
—	—	—	—	—	—	—	45,355
—	4,796	—	—	—	—	—	59,569
—	4,796	—	—	—	—	—	104,924
<u>4,217</u>	<u>4,796</u>	<u>42,874</u>	<u>—</u>	<u>—</u>	<u>58,799</u>	<u>—</u>	<u>3,206,173</u>
—	—	—	—	—	—	—	192,081
45,791	—	287,722	34,275	1,043,475	80,263	266,291	6,250,315
—	3,546	—	—	—	—	—	1,675,877
—	—	—	—	—	—	—	(12,936)
<u>45,791</u>	<u>3,546</u>	<u>287,722</u>	<u>34,275</u>	<u>1,043,475</u>	<u>80,263</u>	<u>266,291</u>	<u>8,105,337</u>
<u>\$ 50,008</u>	<u>\$ 8,342</u>	<u>\$ 330,596</u>	<u>\$ 34,275</u>	<u>\$ 1,043,475</u>	<u>\$ 139,062</u>	<u>\$ 266,291</u>	<u>\$ 11,311,510</u>

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

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

December 31, 2019

Page 1 of 3

	Economic Dev	Community Relations	Parks and Recreation	Streets	Arterial Street
Revenues					
Taxes and assessments	\$ —	\$ —	\$ 2,560,000	\$ 3,121,325	\$ 470,000
Licenses and permits	—	646,414	—	—	—
Intergovernmental revenues	113,863	—	57,746	1,517,473	6,183,821
Charges for services	—	—	895,466	666,463	—
Contributions and donations	—	—	9,753	—	—
Investment earnings	—	—	—	—	1,000
Other revenue	—	620	85,500	(5,262)	—
Total revenues	113,863	647,034	3,608,465	5,299,999	6,654,821
Expenditures					
Current					
General government	129,730	586,266	—	—	—
Public safety	—	—	160,729	—	—
Utilities	—	—	—	—	—
Transportation	—	—	—	5,129,634	3,567
Economic environment	—	—	—	—	—
Public health services	—	—	579,853	—	—
Cultural and recreational	—	—	3,981,388	—	—
Capital outlay					
Utilities	—	—	—	—	249,154
Transportation	—	—	—	—	6,130,679
Debt service					
Principal	—	—	—	79,041	135,601
Interest and related charges	—	—	—	32,491	28,686
Total Expenditures	129,730	586,266	4,721,970	5,241,166	6,547,687
Excess (deficiency) of revenue over (under) expenditure	(15,867)	60,768	(1,113,505)	58,833	107,134
Other financing (sources) uses					
Transfers in	—	—	1,723,415	—	—
Transfers out	—	(2,565)	(227,000)	(395,000)	—
Sale of capital assets	—	—	—	45,059	—
Total other financing sources (uses)	—	(2,565)	1,496,415	(349,941)	—
Net change in fund balance	(15,867)	58,203	382,910	(291,108)	107,134
Fund balance - beginning	70,321	741,290	283,427	470,252	2,147,691
Fund balance - ending	\$ 54,454	\$ 799,493	\$ 666,337	\$ 179,144	\$ 2,254,825

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

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

December 31, 2019

Page 2 of 3

Cemetery	Emergency Services	Public Safety Comm	Police Grants	DYBID	Trolley	PBIA	Tourist Promo Conv Center
\$ —	\$ 1,408,789	\$ 209,298	\$ —	\$ —	\$ —	\$ —	\$ 718,986
—	—	—	—	—	—	—	—
—	4,119	—	66,758	—	29,672	—	—
184,478	—	3,909,855	229,095	—	—	—	309,496
—	—	—	—	—	—	—	—
140	554	—	19,000	—	21,500	100	100
—	—	3,650	79,502	165,033	1,275	5,176	459,553
<u>184,618</u>	<u>1,413,462</u>	<u>4,122,803</u>	<u>394,355</u>	<u>165,033</u>	<u>52,447</u>	<u>5,276</u>	<u>1,488,135</u>
—	—	—	177,718	—	—	—	—
—	1,169,475	3,909,690	203,087	—	—	—	—
302,909	—	—	—	—	—	—	—
—	—	—	—	—	36,512	—	—
—	—	—	—	—	—	2,820	450,333
—	—	—	—	—	—	—	—
—	—	—	—	171,696	—	—	1,227,316
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	70,000	—	—	—	—	—
—	—	55,860	—	—	—	—	—
<u>302,909</u>	<u>1,169,475</u>	<u>4,035,550</u>	<u>380,805</u>	<u>171,696</u>	<u>36,512</u>	<u>2,820</u>	<u>1,677,649</u>
(118,291)	243,987	87,253	13,550	(6,663)	15,935	2,456	(189,514)
149,000	—	100,000	—	—	10,000	—	100,000
—	(175,000)	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>149,000</u>	<u>(175,000)</u>	<u>100,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>—</u>	<u>100,000</u>
<u>30,709</u>	<u>68,987</u>	<u>187,253</u>	<u>13,550</u>	<u>(6,663)</u>	<u>25,935</u>	<u>2,456</u>	<u>(89,514)</u>
118,508	9,414	718,371	1,185,643	63,947	19,856	1,090	377,237
<u>\$ 149,217</u>	<u>\$ 78,401</u>	<u>\$ 905,624</u>	<u>\$ 1,199,193</u>	<u>\$ 57,284</u>	<u>\$ 45,791</u>	<u>\$ 3,546</u>	<u>\$ 287,723</u>

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

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

December 31, 2019

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	Capitol Theatre	PFD Conv Ctr	Tourist Promotion	PFD Cap Theatre	Total
<b>Revenues</b>					
Taxes and assessments	\$ 297,043	\$ 966,799	\$ —	\$ 732,309	\$ 10,484,549
Licenses and permits	—	—	—	—	646,414
Intergovernmental revenues	—	—	—	—	7,973,453
Charges for services	—	—	617,209	—	6,812,063
Contributions and donations	—	—	—	—	9,753
Investment earnings	1,000	3,162	984	2,258	49,798
Other revenue	—	—	—	—	795,047
<b>Total revenues</b>	<b>298,043</b>	<b>969,961</b>	<b>618,193</b>	<b>734,567</b>	<b>26,771,077</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	—	—	—	—	893,713
Public safety	—	—	—	—	5,442,982
Utilities	—	—	—	—	302,909
Transportation	—	—	—	—	5,169,712
Economic environment	—	—	607,833	—	1,060,986
Public health services	—	—	—	—	579,853
Cultural and recreational	471,867	11,531	—	9,864	5,873,662
<b>Capital outlay</b>					
Utilities	—	—	—	—	249,154
Transportation	—	—	—	—	6,130,679
<b>Debt service</b>					
Principal	—	—	—	—	284,642
Interest and related charges	—	—	—	—	117,037
<b>Total Expenditures</b>	<b>471,867</b>	<b>11,531</b>	<b>607,833</b>	<b>9,864</b>	<b>26,105,329</b>
Excess (deficiency) of revenue over (under) expenditure	(173,824)	958,430	10,360	724,703	665,748
<b>Other financing (sources) uses</b>					
Transfers in	173,955	—	—	—	2,256,370
Transfers out	—	(943,395)	—	(698,955)	(2,441,915)
Sale of capital assets	—	—	—	—	45,059
<b>Total other financing sources (uses)</b>	<b>173,955</b>	<b>(943,395)</b>	<b>—</b>	<b>(698,955)</b>	<b>(140,486)</b>
Net change in fund balance	131	15,035	10,360	25,748	525,262
Fund balance - beginning	34,144	1,028,440	69,902	240,544	7,580,076
Fund balance - ending	\$ 34,275	\$ 1,043,475	\$ 80,262	\$ 266,292	\$ 8,105,338

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

## ***NONMAJOR DEBT SERVICE FUNDS***

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**Convention Center/Capitol Theatre Expansion Long-Term General Obligation (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, 2019

Page 1 of 1

	<u>Conv Ctr/ Cap Th Bond</u>	<u>Various GO Bonds</u>	<u>Conv Ctr Rem Bond</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 162,617	\$ 44	\$ 18,078	\$ 180,739
Cash with fiscal agent	—	11,894	—	11,894
Receivables, net allowance for uncollectible accounts				
Taxes	—	—	57,407	57,407
<b>Total assets</b>	<u>\$ 162,617</u>	<u>\$ 11,938</u>	<u>\$ 75,485</u>	<u>\$ 250,040</u>
<b>Fund balance</b>				
Restricted	\$ 162,617	\$ —	\$ 75,485	\$ 238,102
Assigned	—	11,939	—	11,939
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<u>\$ 162,617</u>	<u>\$ 11,939</u>	<u>\$ 75,485</u>	<u>\$ 250,041</u>

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



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

December 31, 2019

Page 1 of 1

	Conv Ctr/ Cap Th Bond	Various GO Bonds	Conv Ctr Rem Bond	Total
Revenues				
Taxes and assessments	\$ —	\$ 2,942,719	\$ 349,763	\$ 3,292,482
Intergovernmental revenues	102,307	—	—	102,307
Investment earnings	—	—	1,500	1,500
Total revenues	<u>102,307</u>	<u>2,942,719</u>	<u>351,263</u>	<u>3,396,289</u>
Expenditures				
Debt service				
Principal	600,000	2,346,876	335,000	3,281,876
Interest and related charges	430,925	1,188,738	14,070	1,633,733
Total Expenditures	<u>1,030,925</u>	<u>3,535,614</u>	<u>349,070</u>	<u>4,915,609</u>
Excess (deficiency) of revenue over (under) expenditure	(928,618)	(592,895)	2,193	(1,519,320)
Other financing (sources) uses				
Transfers in	924,795	596,100	—	1,520,895
Net change in fund balance	(3,823)	3,205	2,193	1,575
Fund balance - beginning	166,440	8,733	73,292	248,465
Fund balance - ending	<u>\$ 162,617</u>	<u>\$ 11,938</u>	<u>\$ 75,485</u>	<u>\$ 250,040</u>

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



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

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## ***NONMAJOR CAPITAL PROJECT FUNDS***

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**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 to acquire firefighting and fire training equipment and facilities, including real property, for the City of Yakima Fire Department. Funding sources include Bond Issues, contributions from other funds for equipment replacement, investment income, and proceeds from sale of fire equipment and retired stations.

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

**REET 1 Public Works Trust Fund (342)** - Accounts for the first 1/4% Real Estate Excise Tax, restricted primarily for planned streets, parks, law enforcement and administrative capital projects.

**REET 2 Capital Fund (343)** - Created in 2005 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax, more restrictive than REET 1, primarily streets, water, sewer and parks projects.

**Streets Capital Fund (344)** - Created in 2014 to account for the 2013 voter supported investment of \$2 million annually into streets projects. This fund also accounts for Transportation Benefit District revenue and expenditures.

**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, 2019

Page 1 of 2

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
<b>Assets</b>					
Cash and cash equivalents	\$ 63,909	\$ 201,017	\$ 574,101	\$ 414,334	\$ 514,983
Cash with fiscal agent	—	—	—	—	—
Investments	—	—	1,967,219	—	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	—	—	—
Accounts	65	—	—	—	—
<b>Total assets</b>	<b>\$ 63,974</b>	<b>\$ 201,017</b>	<b>\$ 2,541,320</b>	<b>\$ 414,334</b>	<b>\$ 514,983</b>
<b>Liabilities</b>					
Accounts payable	\$ —	\$ —	\$ 974,390	\$ 19,128	\$ 10,850
Custodial accounts	2,851	—	—	—	—
Due to other governments	20	—	—	—	71
<b>Total liabilities</b>	<b>2,871</b>	<b>—</b>	<b>974,390</b>	<b>19,128</b>	<b>10,921</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue and notes	65	—	—	—	—
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>2,936</b>	<b>—</b>	<b>974,390</b>	<b>19,128</b>	<b>10,921</b>
<b>Fund balance</b>					
Restricted	—	—	—	—	—
Committed	—	—	1,566,930	—	—
Assigned	61,038	201,017	—	395,207	504,061
<b>Total fund balance</b>	<b>61,038</b>	<b>201,017</b>	<b>1,566,930</b>	<b>395,207</b>	<b>504,061</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 63,974</b>	<b>\$ 201,017</b>	<b>\$ 2,541,320</b>	<b>\$ 414,335</b>	<b>\$ 514,982</b>

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

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS**

December 31, 2019

Page 2 of 2

Law and Justice	REET 1 PW Trust	REET 2 Capital	Streets Capital	Yak Conv Center	Cumulative Reserve	Total
\$ 831,867	\$ 691,871	\$ 340,098	\$ 492,044	\$ 677,321	\$ 561,273	\$ 5,362,816
—	96,260	96,260	—	—	—	192,520
—	2,370,770	1,165,383	1,686,041	—	—	7,189,413
—	—	—	—	62,500	—	62,500
—	—	—	—	—	—	65
<u>\$ 831,867</u>	<u>\$ 3,158,901</u>	<u>\$ 1,601,741</u>	<u>\$ 2,178,085</u>	<u>\$ 739,821</u>	<u>\$ 561,273</u>	<u>\$ 12,807,314</u>
\$ 102,079	\$ 38,738	\$ —	\$ —	\$ 25,874	\$ —	\$ 1,171,059
—	—	—	—	—	—	2,851
6	—	—	—	—	—	97
<u>102,085</u>	<u>38,738</u>	<u>—</u>	<u>—</u>	<u>25,874</u>	<u>—</u>	<u>1,174,007</u>
—	—	—	—	—	—	65
<u>102,085</u>	<u>38,738</u>	<u>—</u>	<u>—</u>	<u>25,874</u>	<u>—</u>	<u>1,174,072</u>
—	3,120,163	1,601,740	—	713,946	561,273	5,997,123
—	—	—	—	—	—	1,566,930
729,782	—	—	2,178,084	—	—	4,069,189
<u>729,782</u>	<u>3,120,163</u>	<u>1,601,740</u>	<u>2,178,084</u>	<u>713,946</u>	<u>561,273</u>	<u>11,633,242</u>
<u>\$ 831,867</u>	<u>\$ 3,158,901</u>	<u>\$ 1,601,740</u>	<u>\$ 2,178,084</u>	<u>\$ 739,820</u>	<u>\$ 561,273</u>	<u>\$ 12,807,314</u>

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

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

December 31, 2019

Page 1 of 2

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
<b>Revenues</b>					
Taxes and assessments	\$ —	\$ —	\$ 1,000,000	\$ —	\$ —
Charges for services	—	—	—	—	58,000
Contributions and donations	—	—	—	53,023	—
Investment earnings	48,000	—	—	73,400	—
Other revenue	25,561	—	—	—	438
<b>Total revenues</b>	<b>73,561</b>	<b>—</b>	<b>1,000,000</b>	<b>126,423</b>	<b>58,438</b>
<b>Expenditures</b>					
<b>Current</b>					
Public safety	—	—	—	—	59,942
Utilities	—	—	—	—	—
Transportation	—	—	—	—	—
Economic environment	—	—	147	—	—
Cultural and recreational	—	—	—	—	—
<b>Capital outlay</b>					
General government	—	—	—	—	—
Public safety	—	—	—	—	17,556
Transportation	—	—	1,658,764	19,351	—
Cultural and recreational	—	8,070	—	3,733,593	—
<b>Debt service</b>					
Principal	—	—	—	—	—
Interest and related charges	—	—	4,548	—	—
<b>Total Expenditures</b>	<b>—</b>	<b>8,070</b>	<b>1,663,459</b>	<b>3,752,944</b>	<b>77,498</b>
Excess (deficiency) of revenue over (under) expenditure	73,561	(8,070)	(663,459)	(3,626,521)	(19,060)
<b>Other financing (sources) uses</b>					
Transfers in	520,000	60,000	—	—	75,000
Transfers out	—	—	—	—	—
Sale of capital assets	—	—	—	—	54,500
<b>Total other financing sources (uses)</b>	<b>520,000</b>	<b>60,000</b>	<b>—</b>	<b>—</b>	<b>129,500</b>
Net change in fund balance	593,561	51,930	(663,459)	(3,626,521)	110,440
Fund balance - beginning	(532,523)	149,087	2,230,389	4,021,729	393,621
Fund balance - ending	\$ 61,038	\$ 201,017	\$ 1,566,930	\$ 395,208	\$ 504,061

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

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

December 31, 2019

Page 2 of 2

Law and Justice	REET 1 PW Trust	REET 2 Capital	Streets Capital	Yak Conv Center	Cumulative Reserve	Total
\$ 372,611	\$ 1,312,124	\$ 1,312,124	\$ 1,606,811	\$ 375,000	\$ —	\$ 5,978,670
—	—	—	—	—	—	58,000
—	—	4,548	100	—	—	57,671
500	—	—	—	1,000	—	122,900
—	—	—	83,364	—	—	109,363
<u>373,111</u>	<u>1,312,124</u>	<u>1,316,672</u>	<u>1,690,275</u>	<u>376,000</u>	<u>—</u>	<u>6,326,604</u>
185,285	—	—	—	—	—	245,227
—	—	—	—	—	30,080	30,080
—	—	350,000	315,327	—	—	665,327
—	—	—	—	—	—	147
—	—	—	—	186,870	—	186,870
—	132,433	—	—	—	—	132,433
214,731	—	—	—	—	—	232,287
—	—	—	148,685	894,613	—	2,721,414
—	175,504	—	—	21,163	—	3,938,330
—	54,296	165,100	—	—	—	219,396
—	30,152	8,255	—	—	—	42,955
<u>400,016</u>	<u>392,385</u>	<u>523,355</u>	<u>464,012</u>	<u>1,102,646</u>	<u>30,080</u>	<u>8,414,464</u>
(26,905)	919,739	793,317	1,226,263	(726,646)	(30,080)	(2,087,860)
246,202	84,448	—	—	383,600	10,000	1,379,250
—	(864,135)	(251,965)	—	—	—	(1,116,100)
66,059	—	—	—	—	—	120,559
<u>312,261</u>	<u>(779,687)</u>	<u>(251,965)</u>	<u>—</u>	<u>383,600</u>	<u>10,000</u>	<u>383,709</u>
285,356	140,052	541,352	1,226,263	(343,046)	(20,080)	(1,704,151)
<u>444,425</u>	<u>2,980,111</u>	<u>1,060,389</u>	<u>951,821</u>	<u>1,056,992</u>	<u>581,353</u>	<u>13,337,393</u>
<u>\$ 729,781</u>	<u>\$ 3,120,163</u>	<u>\$ 1,601,741</u>	<u>\$ 2,178,084</u>	<u>\$ 713,946</u>	<u>\$ 561,273</u>	<u>\$ 11,633,242</u>

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



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## *PERMANENT FUND*

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

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**COMBINING BALANCE SHEET**  
**NONMAJOR PERMANENT FUND**

December 31, 2019

Page 1 of 1

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	<b>Cemetery</b>
	<b>Trust</b>
	<u>                    </u>
Assets	
Cash and cash equivalents	\$ 715,529
Receivables, net allowance for uncollectible accounts	
Accounts	<u>560</u>
Total assets	<u>\$ 716,089</u>
Fund balance	
Nonspendable	<u>\$ 716,090</u>
Total liabilities, deferred inflows & fund balances	<u><u>\$ 716,090</u></u>

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

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

December 31, 2019

Page 1 of 1

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	<u>Cemetery Trust</u>
Revenues	
Charges for services	\$ 19,094
Investment earnings	<u>24,600</u>
Total revenues	<u>43,694</u>
Excess (deficiency) of revenue over (under) expenditure	43,694
Other financing (sources) uses	
Transfers out	<u>(12,000)</u>
Net change in fund balance	31,694
Fund balance - beginning	<u>684,396</u>
Fund balance - ending	<u><u>\$ 716,090</u></u>

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## ***INTERNAL SERVICE FUNDS***

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**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 well-being.

**Equipment Rental Fund (551)** - A self-supporting fund for ensuring cash flow and stabilized budgeting for the systematic replacement of vehicles and equipment. Participating departments share in the allocated cost sufficient to cover maintenance and operating costs of each vehicle plus depreciation sufficient to provide for the eventual replacement of each vehicle.

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

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

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

December 31, 2019

Page 1 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 252,377	\$ 781,686	\$ 689,206	\$ 643,267
Investments	—	1,993,209	—	2,204,225
Receivables, net allowance for uncollectible accounts				
Accounts	23,783	949,833	131,107	—
Notes and contracts receivable	—	—	—	—
Due from other governments	—	—	—	—
Due from other funds	—	—	—	—
Inventories and prepayments	—	1,855	—	—
<b>Total current assets</b>	<b>276,160</b>	<b>3,726,583</b>	<b>820,313</b>	<b>2,847,492</b>
<b>Noncurrent assets</b>				
<b>Capital assets, net of accumulated depreciation</b>				
Buildings	—	—	—	—
Machinery, equipment & vehicles	—	—	—	—
Other improvements & utility systems	—	—	—	—
<b>Total noncurrent assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total assets</b>	<b>276,160</b>	<b>3,726,583</b>	<b>820,313</b>	<b>2,847,492</b>
<b>Deferred outflows of resources</b>				
Deferred outflows related to pension	4,731	11,763	9,323	44,468
<b>Total deferred outflows of resources</b>	<b>4,731</b>	<b>11,763</b>	<b>9,323</b>	<b>44,468</b>
<b>Total assets &amp; deferred outflows of resources</b>	<b>280,891</b>	<b>3,738,346</b>	<b>829,636</b>	<b>2,891,960</b>

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

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

December 31, 2019

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
\$ 51,723	\$ 609,974	\$ 491,059	\$ 743,843	\$ 4,263,135
—	2,090,143	—	—	6,287,577
—	—	—	—	1,104,723
—	17,361	—	—	17,361
—	—	221,387	—	221,387
—	150,000	—	—	150,000
—	604,704	—	—	606,559
51,723	3,472,182	712,446	743,843	12,650,742
—	—	—	4,968	4,968
—	10,219,909	—	17,715	10,237,623
9,188	—	351,856	93,056	454,099
9,188	10,219,909	351,856	115,739	10,696,690
60,911	13,692,091	1,064,302	859,582	23,347,432
—	73,138	—	40,615	184,039
—	73,138	—	40,615	184,039
60,911	13,765,229	1,064,302	900,197	23,531,471

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

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

December 31, 2019

Page 3 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Liabilities				
Current liabilities				
Accounts payable	13,681	660	72,534	61,471
Claims & judgments payable	—	1,994,727	650,000	1,175,872
Accrued salaries and benefits	7,966	17,891	12,130	72,042
Compensated absences	1,466	1,863	770	7,550
Custodial accounts	—	—	—	64,711
Due to other governments	—	—	—	—
Other post-employment benefits - current	581	1,468	1,044	5,371
Total current liabilities	<u>23,694</u>	<u>2,016,609</u>	<u>736,478</u>	<u>1,387,017</u>
Noncurrent liabilities				
Compensated absences	15,577	19,592	8,041	81,758
Pension Liability	19,040	47,360	37,530	179,013
Other post-employment benefits (OPEB)	9,947	25,115	17,866	91,906
Total noncurrent liabilities	<u>44,564</u>	<u>92,067</u>	<u>63,437</u>	<u>352,677</u>
Total liabilities	<u>68,258</u>	<u>2,108,676</u>	<u>799,915</u>	<u>1,739,694</u>
Deferred inflows of resources				
Deferred inflows related to pension	11,210	27,872	22,090	105,364
Deferred inflows related to OPEB	1,164	2,938	2,090	10,752
Total deferred inflows of resources	<u>12,374</u>	<u>30,810</u>	<u>24,180</u>	<u>116,116</u>
Total liabilities & deferred inflows of resources	<u>80,632</u>	<u>2,139,486</u>	<u>824,095</u>	<u>1,855,810</u>
Net position				
Net investment in capital assets	—	—	—	—
Unrestricted	200,260	1,598,859	5,541	1,036,150
Total net position	<u>\$ 200,260</u>	<u>\$ 1,598,859</u>	<u>\$ 5,541</u>	<u>\$ 1,036,150</u>

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



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

December 31, 2019

Page 4 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
4,615	710,368	57,294	25,058	945,682
—	—	—	—	3,820,599
—	98,718	—	58,231	266,978
—	5,280	—	7,428	24,357
—	—	—	—	64,711
31	848	—	2	881
—	8,410	—	4,486	21,360
<u>4,646</u>	<u>823,624</u>	<u>57,294</u>	<u>95,205</u>	<u>5,144,568</u>
—	63,800	—	75,003	263,770
—	294,428	—	163,506	740,877
—	143,902	—	76,762	365,498
—	502,130	—	315,271	1,370,145
<u>4,646</u>	<u>1,325,754</u>	<u>57,294</u>	<u>410,476</u>	<u>6,514,713</u>
—	173,295	—	96,234	436,066
—	16,834	—	8,980	42,758
—	190,129	—	105,214	478,824
<u>4,646</u>	<u>1,515,883</u>	<u>57,294</u>	<u>515,690</u>	<u>6,993,537</u>
9,188	10,219,909	351,856	115,739	10,696,691
<u>47,077</u>	<u>2,029,437</u>	<u>655,151</u>	<u>268,769</u>	<u>5,841,243</u>
<u>\$ 56,265</u>	<u>\$ 12,249,346</u>	<u>\$ 1,007,007</u>	<u>\$ 384,508</u>	<u>\$ 16,537,934</u>

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

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

December 31, 2019

Page 1 of 2

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Operating revenues				
Charges and fees for services	\$ —	\$ —	\$ —	\$ —
Charges for insurance	—	—	—	4,154,436
Employer contributions	222,987	10,859,771	1,725,333	—
Employee contributions	—	1,967,960	77,105	—
Other operating revenue	—	—	—	3,927
Total operating revenues	222,987	12,827,731	1,802,438	4,158,363
Operating expenses				
Personnel services	71,151	169,194	119,908	595,184
Materials and supplies	—	908	2,918	6,382
Contractual services	8,993	2,222,572	465,937	3,296,567
Claims and other benefits	78,025	10,041,273	1,107,057	4,015
Depreciation	—	—	—	—
Total operating expense	158,169	12,433,947	1,695,820	3,902,148
Operating income (loss)	64,818	393,784	106,618	256,215
Nonoperating revenues (expense)				
Grants and subsidies	—	—	—	—
Interest revenue	—	205,200	1,000	205,200
Other nonoperating revenue	—	14,045	76,154	48,105
Gain (loss) disposal of capital assets	—	—	—	—
Total nonoperating revenue (exp)	—	219,245	77,154	253,305
Income (loss) before conts & transfers	64,818	613,029	183,772	509,520
Transfers in	—	—	380,000	—
Transfers (out)	—	—	—	—
Change in net position	64,818	613,029	563,772	509,520
Net position - beginning	135,442	985,830	(558,231)	526,631
Net position - ending	\$ 200,260	\$ 1,598,859	\$ 5,541	\$ 1,036,151

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

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

December 31, 2019

Page 2 of 2

Wellness/ EAP	Equipment Rental	Environmental	Public	Total
			Works Administration	
\$ —	\$ 2,667,825	\$ 40,005	\$ 610,804	\$ 3,318,634
—	—	—	629,400	4,783,836
75,000	—	—	—	12,883,090
—	—	—	—	2,045,065
150	3,067	—	—	7,144
<u>75,150</u>	<u>2,670,892</u>	<u>40,005</u>	<u>1,240,204</u>	<u>23,037,769</u>
—	1,006,331	—	544,560	2,506,327
7,871	1,254,303	1,072	43,892	1,317,346
49,323	234,762	265,373	408,511	6,952,038
—	28,463	—	8,951	11,267,785
2,617	1,200,193	29,506	12,884	1,245,201
<u>59,811</u>	<u>3,724,052</u>	<u>295,951</u>	<u>1,018,798</u>	<u>23,288,697</u>
15,339	(1,053,160)	(255,946)	221,406	(250,928)
—	—	221,387	—	221,387
—	68,310	—	—	479,710
—	(12,217)	104,520	—	230,607
—	(11,983)	—	—	(11,983)
<u>—</u>	<u>44,110</u>	<u>325,907</u>	<u>—</u>	<u>919,721</u>
15,339	(1,009,050)	69,961	221,406	668,793
—	1,658,792	—	—	2,038,792
—	(11,866)	—	(15,000)	(26,866)
<u>15,339</u>	<u>637,876</u>	<u>69,961</u>	<u>206,406</u>	<u>2,680,719</u>
40,926	11,611,471	937,047	178,102	13,857,216
<u>\$ 56,265</u>	<u>\$ 12,249,347</u>	<u>\$ 1,007,008</u>	<u>\$ 384,508</u>	<u>\$ 16,537,935</u>

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

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

December 31, 2019

Page 1 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Cash flows from operating activities				
Receipts from customers	\$ —	\$ —	\$ —	\$ 4,154,436
Contributions rec'd employer & employee	221,243	12,809,438	1,753,476	—
Payments to suppliers & service providers	(22,120)	(2,131,175)	(297,896)	(2,889,432)
Payments to employees salaries & benefits	(75,327)	(181,905)	(134,165)	(681,861)
Transfers to other funds	—	—	—	3,927
Payments to claimants & beneficiaries	(78,025)	(10,041,272)	(1,107,057)	(4,015)
Net cash flows from operating activities	<u>45,771</u>	<u>455,086</u>	<u>214,358</u>	<u>583,055</u>
Cash from noncapital financing activities				
Transfer in/other nonoperating revenue	—	14,045	76,154	48,105
Net cash from noncapital financing activities	<u>—</u>	<u>14,045</u>	<u>76,154</u>	<u>48,105</u>
Cash flows from capital financing activities				
Proceeds from disposal of property	—	—	—	—
Capital expenditures	—	—	—	—
Transfers in	—	—	380,000	—
Transfers (out)	—	—	—	—
Net cash provided by (used for) financing	<u>—</u>	<u>—</u>	<u>380,000</u>	<u>—</u>
Cash flows from investing activities				
Proceeds from sale of investments	—	1,361,014	—	1,303,069
Interest on investments	—	205,200	1,000	205,200
Purchase of investments	—	(1,993,209)	—	(2,204,225)
Net cash provided by investing activities	<u>—</u>	<u>(426,995)</u>	<u>1,000</u>	<u>(695,956)</u>
Net increase (decrease) in cash & cash equivalents	45,771	42,136	671,512	(64,796)
Cash & cash equivalents - beginning	206,606	739,549	17,694	708,063
Cash & cash equivalents - ending	<u>\$ 252,377</u>	<u>\$ 781,685</u>	<u>\$ 689,206</u>	<u>\$ 643,267</u>

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

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

December 31, 2019

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Admin	Total
—	2,900,281	(31,811)	1,240,204	8,263,110
75,000	—	—	—	14,859,157
(58,823)	(844,838)	(367,938)	(469,287)	(7,081,509)
—	(1,130,392)	—	(614,606)	(2,818,255)
150	3,067	—	—	7,144
—	(28,463)	—	(8,951)	(11,267,783)
16,327	899,655	(399,749)	147,360	1,961,864
—	—	325,907	—	464,212
—	—	325,907	—	464,212
—	23,928	—	—	23,928
—	(2,754,764)	—	(56,968)	(2,811,732)
—	1,658,792	—	—	2,038,792
—	(11,866)	—	(15,000)	(26,866)
—	(1,083,910)	—	(71,968)	(775,878)
—	1,802,015	—	—	4,466,098
—	68,310	—	—	479,710
—	(2,090,143)	—	—	(6,287,577)
—	(219,818)	—	—	(1,341,769)
16,327	(404,073)	(73,842)	75,392	308,429
35,396	1,014,048	564,901	668,451	3,954,708
51,723	609,975	491,059	743,843	4,263,137

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

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

December 31, 2019

Page 3 of 4

	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)	\$ 64,818	\$ 393,784	\$ 106,618	\$ 256,214
Adj to reconcile operating income (loss) to net cash provided (used) for operations				
Depreciation expense	—	—	—	—
Change in assets and liabilities				
(Increase) decrease in net accounts receivable	(1,743)	(18,293)	(48,962)	—
(Increase) decrease in inventory	—	—	—	—
(Decrease) increase in accounts payable	(13,127)	525	170,959	413,517
(Decrease) increase in wages/benefits payable	(4,071)	(12,638)	(12,836)	(88,929)
(Decrease) increase in compensated absences	(105)	(73)	(1,421)	2,252
(Decrease) increase in claims & judgements	—	91,780	—	—
Total adjustments	(19,046)	61,301	107,740	326,840
Net cash prov (used) for operations	<u>\$ 45,772</u>	<u>\$ 455,085</u>	<u>\$ 214,358</u>	<u>\$ 583,054</u>

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

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

December 31, 2019

Page 4 of 4

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Wellness/ EAP	Equipment Rental	Environmental	Public Works Admin	Total
\$ 15,338	\$ (1,053,160)	\$ (255,946)	\$ 221,405	\$ (250,928)
2,617	1,200,193	29,506	12,884	1,245,200
—	232,456	(71,816)	—	91,641
—	(35,158)	—	—	(35,158)
(1,628)	679,385	(101,493)	(16,883)	1,131,255
—	(119,944)	—	(74,417)	(312,834)
—	(4,118)	—	4,371	907
—	—	—	—	91,780
989	1,952,814	(143,803)	(74,045)	2,212,791
<u>\$ 16,327</u>	<u>\$ 899,654</u>	<u>\$ (399,749)</u>	<u>\$ 147,360</u>	<u>\$ 1,961,863</u>

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



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

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## ***AGENCY FUND***

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**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. All local public safety-related governmental agencies/jurisdictions whose governing body is located within the geographic boundaries of Yakima County are eligible to become a member of the consortium. 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. Participating entities are: Grandview, Granger, Mabton, Moxee, Prosser, Selah, Sunnyside, Tieton, Toppenish, Union Gap, Yakima, Wapato, Zillah, Fire District #1 (Highland), Fire District #3 (Naches), Fire District # 4 (East Valley), Fire District #5 (Lower Valley), Fire District #6 (Gleed), Fire District #7 (Glade), Fire District #9 (Naches Heights), Fire District #12 (West Valley), Nile Fire District, and County of Yakima. Per the Agreement the City of Yakima acts as fiscal agent for the Consortium.

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**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**

December 31, 2019

Page 1 of 1

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	YakCorps			
	Balance			Balance
	As of	Additions	Deductions	As of
	1/1/2019			12/31/2019
Assets				
Cash & equity in pooled investments	\$ 153,107	\$ 674,348	\$ 596,895	\$ 230,560
Accounts receivable	7,993	669,982	674,348	3,627
Total assets	<u>\$ 161,100</u>	<u>\$ 1,344,330</u>	<u>\$ 1,271,243</u>	<u>\$ 234,187</u>
Liabilities				
Due to other government units	\$ 161,100	\$ 73,087	\$ —	\$ 234,187
Total liabilities	<u>\$ 161,100</u>	<u>\$ 73,087</u>	<u>\$ —</u>	<u>\$ 234,187</u>

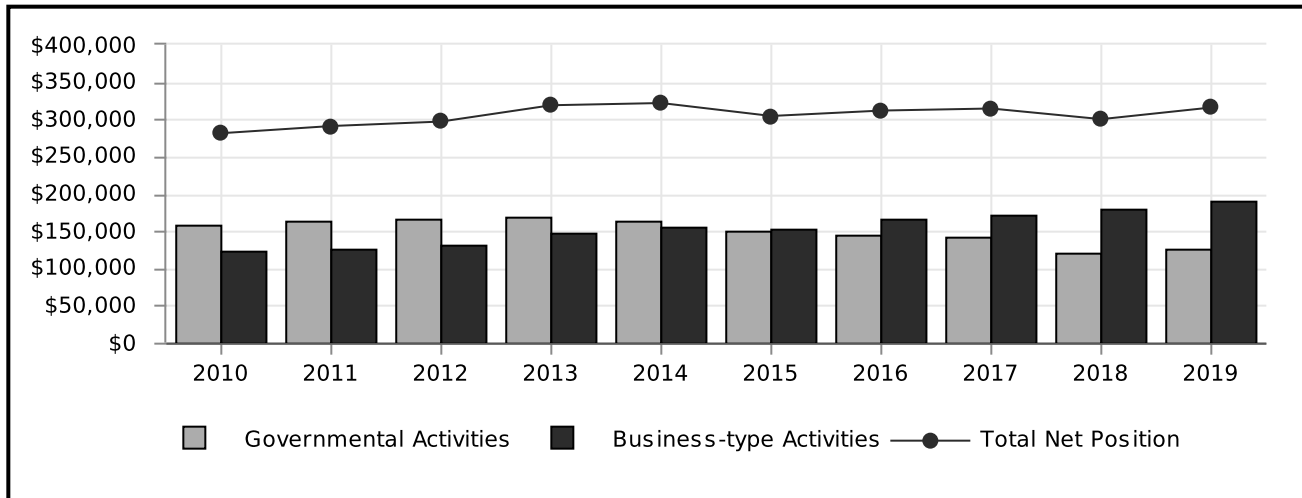
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The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement

**NET POSITION BY COMPONENT**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net invested/capital assets	\$137,521	\$147,349	\$149,222	\$155,430	\$153,733	\$152,325	\$154,345	\$151,106	\$140,858	\$149,000
Restricted	9,350	18,624	18,548	21,768	18,483	22,371	17,491	\$ 25,020	28,292	30,865
Unrestricted	10,545	(921)	(2,528)	(7,268)	(7,320)	(23,566)	(27,984)	\$(34,325)	(48,223)	(54,224)
<b>Total governmental activities</b>	<b>\$157,416</b>	<b>\$165,052</b>	<b>\$165,242</b>	<b>\$169,930</b>	<b>\$164,896</b>	<b>\$151,130</b>	<b>\$143,852</b>	<b>\$141,801</b>	<b>\$120,927</b>	<b>\$125,641</b>
<b>Business-type activities</b>										
Net invested/capital assets	\$101,913	\$105,681	\$109,844	\$126,846	\$130,496	\$127,576	\$135,655	\$136,112	\$135,946	\$141,504
Restricted	2,370	2,372	1,757	1,761	1,808	2,019	1,835	\$ 1,835	1,835	1,600
Unrestricted	19,461	17,690	19,984	20,151	24,463	23,554	30,201	\$ 34,580	41,308	46,927
<b>Total business-type activities</b>	<b>\$123,744</b>	<b>\$125,743</b>	<b>\$131,585</b>	<b>\$148,758</b>	<b>\$156,767</b>	<b>\$153,149</b>	<b>\$167,691</b>	<b>\$172,527</b>	<b>\$179,089</b>	<b>\$190,031</b>
<b>Net position</b>										
Net invested/capital assets	\$239,434	\$253,030	\$259,066	\$282,276	\$284,229	\$279,901	\$290,000	\$287,218	\$276,804	\$290,504
Restricted	11,720	20,996	20,305	23,529	20,291	24,390	19,326	\$ 26,855	30,127	32,465
Unrestricted	30,006	16,769	17,456	12,883	17,143	(12)	2,217	\$ 255	(6,915)	(7,297)
<b>Total net position</b>	<b>\$281,160</b>	<b>\$290,795</b>	<b>\$296,827</b>	<b>\$318,688</b>	<b>\$321,663</b>	<b>\$304,279</b>	<b>\$311,543</b>	<b>\$314,328</b>	<b>\$300,016</b>	<b>\$315,672</b>



**CHANGE IN NET POSITION**

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

Page 1 of 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenditures</b>										
Governmental activities										
General government	\$ 8,512	\$ 8,814	\$ 8,668	\$ 8,744	\$ 11,307	\$ 10,935	\$ 11,992	\$ 12,578	\$ 11,570	\$ 18,289
Public safety	40,088	40,614	42,996	47,682	48,645	48,221	49,780	47,245	42,831	49,007
Utilities	828	670	658	794	1,729	455	524	708	576	1,126
Transportation	11,604	10,693	11,530	13,075	10,839	14,368	12,074	12,837	10,364	9,364
Economic environment	5,670	4,840	3,950	4,407	4,477	5,159	6,340	7,308	6,503	8,193
Public health services	87	22	24	18	640	682	614	626	759	1,676
Cultural and recreational	7,471	7,859	7,522	8,205	7,146	7,711	7,368	7,492	7,370	7,594
Interest on long-term debt	1,217	1,160	1,122	1,175	1,434	1,776	1,540	1,493	1,557	1,656
Total gov't activities	<u>75,477</u>	<u>74,672</u>	<u>76,470</u>	<u>84,100</u>	<u>86,217</u>	<u>89,307</u>	<u>90,232</u>	<u>90,287</u>	<u>81,530</u>	<u>96,905</u>
Business-type activities										
Transit	8,365	8,564	9,085	8,806	8,891	9,045	9,187	9,490	9,092	9,167
Airport	—	—	—	1,407	1,825	1,846	2,012	2,236	1,976	2,100
Refuse	4,362	4,472	4,679	4,808	4,993	4,337	4,603	4,847	4,950	6,518
Wastewater	12,813	13,972	13,634	14,255	15,541	14,403	15,145	17,326	16,802	21,381
Water	5,654	5,546	5,834	6,368	7,111	7,297	7,567	7,749	7,928	10,424
Irrigation	1,811	1,884	1,891	2,071	2,078	2,135	2,276	2,363	2,329	2,287
Stormwater	1,240	1,317	1,318	1,322	1,351	1,609	2,052	2,890	2,411	2,517
Total business-type activities	<u>34,245</u>	<u>35,755</u>	<u>36,441</u>	<u>39,037</u>	<u>41,790</u>	<u>40,672</u>	<u>42,842</u>	<u>46,901</u>	<u>45,488</u>	<u>54,394</u>
Total Expenditures	<u>\$109,722</u>	<u>\$110,427</u>	<u>\$112,911</u>	<u>\$123,137</u>	<u>\$128,007</u>	<u>\$129,979</u>	<u>\$133,074</u>	<u>\$137,188</u>	<u>\$127,018</u>	<u>\$151,299</u>
<b>Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 4	\$ (2)	\$ 9	\$ 32	\$ 400	\$ 421	\$ 443	\$ 419	\$ 429	\$ 467
Public safety	2,183	2,088	2,385	2,075	7,077	8,504	9,081	8,681	8,357	8,717
Utilities	1,544	768	735	619	217	239	202	257	331	311
Transportation	259	225	232	245	12	47	20	44	41	38
Economic environment	1,719	2,258	1,231	1,520	2,398	1,730	1,478	1,476	1,900	1,119
Public health services	—	—	—	—	—	—	—	21	15	14
Culture & recreational	2,100	2,216	2,122	2,618	3,896	3,922	3,823	3,990	4,097	4,030
Operating grants	7,981	10,507	10,848	10,093	5,126	6,700	8,132	6,982	10,362	11,847
Cap grants/contributions	15,490	14,991	4,883	12,819	5,099	1,698	2,358	2,340	2,562	4,954
Total gov't activities	<u>31,280</u>	<u>33,051</u>	<u>22,445</u>	<u>30,021</u>	<u>24,225</u>	<u>23,261</u>	<u>25,537</u>	<u>24,210</u>	<u>28,094</u>	<u>31,497</u>
Business-type activities										
Charges for services										
Transit	935	1,015	1,047	1,252	1,368	1,354	1,408	1,347	1,091	1,053
Airport	—	—	—	931	1,236	1,314	1,344	1,428	1,481	1,619
Refuse	4,880	4,770	5,430	5,440	5,822	5,671	6,918	6,967	7,562	8,018
Wastewater	16,442	15,466	18,703	19,154	21,471	20,932	21,571	20,993	22,255	23,007
Water	7,058	6,887	8,599	8,126	8,650	8,582	9,007	9,177	10,069	10,101
Irrigation	2,711	2,718	2,901	2,986	3,148	3,048	3,053	3,087	3,102	3,181
Stormwater	1,976	2,170	2,183	2,142	2,176	2,272	2,383	3,684	3,719	3,816
Operating grants	2,410	2,911	2,713	2,703	2,547	3,206	2,817	2,602	2,938	3,068
Cap grants/contributions	4,993	1,646	2,118	1,761	4,265	3,226	12,263	4,790	3,262	6,126
Total business-type activities	<u>41,405</u>	<u>37,583</u>	<u>43,694</u>	<u>44,495</u>	<u>50,683</u>	<u>49,605</u>	<u>60,764</u>	<u>54,075</u>	<u>55,479</u>	<u>59,989</u>
Total revenues	<u>\$ 72,685</u>	<u>\$ 70,634</u>	<u>\$ 66,139</u>	<u>\$ 74,516</u>	<u>\$ 74,908</u>	<u>\$ 72,866</u>	<u>\$ 86,301</u>	<u>\$ 78,285</u>	<u>\$ 83,573</u>	<u>\$ 91,486</u>

**CHANGE IN NET POSITION**

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

Page 2 of 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Change in net position										
Governmental activities	\$ (44,197)	\$ (41,621)	\$ (54,025)	\$ (54,079)	\$ (61,991)	\$ (66,045)	\$ (64,692)	\$ (66,076)	\$ (53,438)	\$ (65,407)
Business-type activities	7,160	1,828	7,254	5,458	8,895	8,932	17,922	7,172	9,989	5,594
Total net position	<u>\$ (37,037)</u>	<u>\$ (39,793)</u>	<u>\$ (46,771)</u>	<u>\$ (48,621)</u>	<u>\$ (53,096)</u>	<u>\$ (57,113)</u>	<u>\$ (46,770)</u>	<u>\$ (58,904)</u>	<u>\$ (43,449)</u>	<u>\$ (59,813)</u>
General revenues & transfers										
Governmental activities										
Taxes										
Property taxes	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688
Sales and use taxes	17,920	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404
Other taxes and fees	12,241	11,910	12,454	12,289	12,301	12,587	11,989	13,453	14,591	24,238
State entitlements	3,589	—	—	—	—	—	—	—	—	—
Unrestricted investments	403	272	309	101	371	452	688	711	991	1,395
Judgments & settlements	—	—	—	—	1,350	8	—	249	—	—
Miscellaneous	(64)	33	42	40	356	198	106	15	89	146
Extraordinary item	—	—	—	—	—	—	—	—	(1,747)	—
Gain/(loss) disp cap asset	(922)	(148)	73	403	(20)	29	217	(91)	(1,191)	68
Transfers	3,927	3,718	6,172	6,372	6,643	8,021	9,563	8,263	8,918	1,182
Debt issue cost	—	—	—	489	—	—	—	—	—	—
Total gov't activities	<u>51,629</u>	<u>49,257</u>	<u>54,214</u>	<u>56,989</u>	<u>58,669</u>	<u>59,759</u>	<u>63,655</u>	<u>64,024</u>	<u>63,032</u>	<u>70,121</u>
Business-type activities										
Sales and use taxes	4,485	4,449	4,762	5,081	5,457	5,566	5,855	5,887	6,171	6,447
Unrestricted investments	21	9	11	6	5	(43)	5	7	12	19
Judgments & settlements	—	—	—	—	14	—	—	—	—	—
Miscellaneous	—	—	—	—	400	247	12	4	44	4
Gain/(loss) disp cap asset	(6)	(529)	7	(98)	(118)	43	309	28	87	60
Transfers	(3,892)	(3,718)	(6,191)	(6,372)	(6,643)	(8,021)	(9,563)	(8,263)	(8,918)	(1,182)
Total bus-type activities	<u>608</u>	<u>211</u>	<u>(1,411)</u>	<u>(1,383)</u>	<u>(885)</u>	<u>(2,207)</u>	<u>(3,382)</u>	<u>(2,337)</u>	<u>(2,604)</u>	<u>5,348</u>
Total revenues & transfers	<u>\$ 52,237</u>	<u>\$ 49,468</u>	<u>\$ 52,803</u>	<u>\$ 55,606</u>	<u>\$ 57,784</u>	<u>\$ 57,552</u>	<u>\$ 60,273</u>	<u>\$ 61,687</u>	<u>\$ 60,428</u>	<u>\$ 75,469</u>
Change in net position										
Governmental activities	\$ 7,432	\$ 7,636	\$ 189	\$ 2,977	\$ (3,322)	\$ (6,286)	\$ (1,038)	\$ (2,051)	\$ 9,594	\$ 4,714
Business-type activities	7,768	2,039	5,842	4,076	8,010	6,725	14,541	4,836	7,385	10,942
Total change in net position	<u>\$ 15,200</u>	<u>\$ 9,675</u>	<u>\$ 6,031</u>	<u>\$ 7,053</u>	<u>\$ 4,688</u>	<u>\$ 439</u>	<u>\$ 13,503</u>	<u>\$ 2,785</u>	<u>\$ 16,979</u>	<u>\$ 15,656</u>
Direct adj to beg net position	—	(40,425)	—	—	—	(17,823)	1,020	(7,261)	(31,290)	—
Change net position as restated	<u>\$ 15,200</u>	<u>\$ (30,750)</u>	<u>\$ 6,031</u>	<u>\$ 7,053</u>	<u>\$ 4,688</u>	<u>\$ (17,384)</u>	<u>\$ 14,523</u>	<u>\$ (4,476)</u>	<u>\$ (14,311)</u>	<u>\$ 15,656</u>

Note: Adjustments to net position include a new utility billing system adjustment, and the institution of GASB statements 68, 73 and 75.

**FUND BALANCES OF GOVERNMENTAL FUNDS**

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

Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ 67	\$ 44	\$ 42	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ 10
Committed	—	—	—	—	—	—	1,170	1,359	1,438	1,538
Unassigned	8,643	8,812	9,738	9,692	7,874	5,867	7,097	7,392	7,614	9,209
Total general fund	<u>8,710</u>	<u>8,856</u>	<u>9,780</u>	<u>9,727</u>	<u>7,874</u>	<u>5,867</u>	<u>8,267</u>	<u>8,751</u>	<u>9,062</u>	<u>10,757</u>
All other governmental funds										
Nonspendable	592	604	694	623	632	648	655	667	915	908
Restricted	7,404	6,769	8,601	7,264	9,453	11,501	9,275	9,402	12,683	13,189
Committed	1,168	2,085	3,082	3,478	5,111	2,700	3,907	4,021	3,678	3,243
Assigned	991	829	975	2,405	2,104	1,643	1,814	1,256	5,969	4,081
Unassigned	—	—	—	—	—	(366)	—	(1,082)	(533)	(13)
Total all other gov't funds	<u>10,155</u>	<u>10,287</u>	<u>13,352</u>	<u>13,770</u>	<u>17,300</u>	<u>16,126</u>	<u>15,651</u>	<u>14,264</u>	<u>22,712</u>	<u>21,408</u>
Governmental funds										
Nonspendable	659	648	736	658	632	648	655	667	925	918
Restricted	7,404	6,769	8,601	7,264	9,453	11,501	9,275	9,402	12,683	13,189
Committed	1,168	2,085	3,082	3,478	5,111	2,700	5,077	5,380	5,116	4,781
Assigned	991	829	975	2,405	2,104	1,643	1,814	1,256	5,969	4,081
Unassigned	8,643	8,812	9,738	9,692	7,874	5,501	7,097	6,310	7,081	9,196
Grand total gov't funds	<u>\$ 18,865</u>	<u>\$ 19,143</u>	<u>\$ 23,132</u>	<u>\$ 23,497</u>	<u>\$ 25,174</u>	<u>\$ 21,993</u>	<u>\$ 23,918</u>	<u>\$ 23,015</u>	<u>\$ 31,774</u>	<u>\$ 32,165</u>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

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

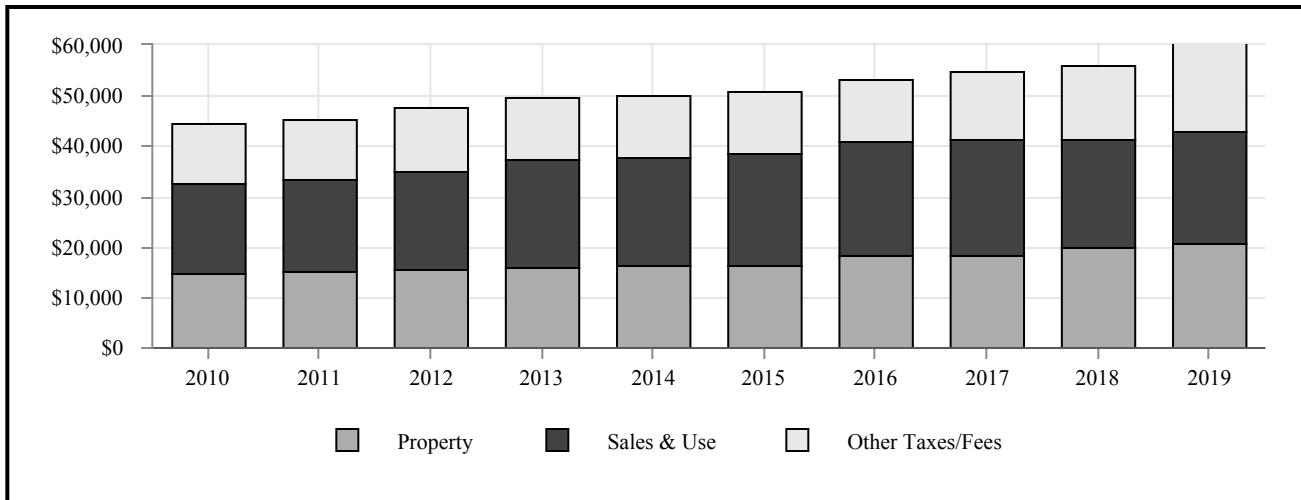
Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes and assessments	48,273	48,744	53,685	55,839	58,653	59,927	62,432	64,116	67,244	71,031
Licenses and permits	768	842	892	818	2,093	2,218	1,913	2,123	2,391	2,456
Intergov't revenues	23,795	24,267	13,023	21,366	8,803	7,149	8,441	7,061	6,864	12,320
Charges for services	7,225	7,935	6,300	7,772	10,766	12,171	13,988	15,039	16,584	15,074
Fines and forfeitures	1,693	1,600	1,542	1,603	1,600	1,606	1,684	2,120	1,766	1,606
Contributions/donations	—	—	—	—	—	—	890	510	933	68
Investment earnings	531	380	508	186	411	484	725	749	1,040	1,450
Other revenue	2,156	2,561	3,550	2,400	5,014	1,811	1,708	1,750	1,689	1,305
<b>Total revenues</b>	<b>84,441</b>	<b>86,329</b>	<b>79,500</b>	<b>89,984</b>	<b>87,340</b>	<b>85,366</b>	<b>91,781</b>	<b>93,468</b>	<b>98,511</b>	<b>105,310</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	11,594	11,886	11,558	12,285	12,742	13,179	14,345	14,914	15,011	15,526
Public safety	37,742	37,767	40,725	42,712	42,143	44,364	45,222	48,345	49,908	50,643
Utilities	1,496	1,224	1,164	1,190	1,551	1,643	1,640	1,857	2,001	333
Transportation	5,713	5,455	5,406	5,724	5,735	6,388	6,302	7,912	5,875	6,503
Economic environment	5,658	4,854	3,890	4,237	3,948	4,365	4,167	4,286	3,634	4,610
Public health services	87	22	24	18	610	651	594	596	592	613
Cultural/recreational	6,580	6,497	6,390	6,659	5,612	5,940	5,816	5,835	6,150	6,061
Capital outlay	19,312	17,144	6,743	20,021	27,104	11,990	9,788	5,913	6,747	13,556
<b>Debt service</b>										
Principal	2,916	2,753	3,010	3,322	3,284	4,198	4,460	5,476	4,581	4,845
Interest & other charges	1,228	1,165	1,131	1,180	1,272	2,116	1,708	1,669	1,706	1,873
<b>Total Expenditures</b>	<b>92,326</b>	<b>88,767</b>	<b>80,041</b>	<b>97,348</b>	<b>104,001</b>	<b>94,834</b>	<b>94,042</b>	<b>96,803</b>	<b>96,205</b>	<b>104,563</b>
Excess (deficiency) revenue over (under) expenditures	(7,885)	(2,438)	(541)	(7,364)	(16,661)	(9,468)	(2,261)	(3,335)	2,306	747
<b>Other financing (sources) uses</b>										
Transfers in	5,299	4,986	6,220	5,844	9,593	9,033	10,367	7,874	13,763	5,157
Transfers out	(4,949)	(4,631)	(6,115)	(5,727)	(8,947)	(9,065)	(8,878)	(7,973)	(14,165)	(5,986)
Proceeds from cap lease	149	577	—	310	—	—	—	—	—	—
Proceeds-issuance LT debt	—	—	—	9,633	14,207	5,150	900	2,462	16,450	—
Proceeds-intergov't loans	1,690	1,592	450	—	—	—	—	—	—	—
Premium issuance/LT debt	—	—	—	488	1,672	—	—	—	—	—
Intergov't agreements	(97)	(97)	(97)	(92)	—	—	—	—	—	—
Sale of capital assets	47	191	100	448	44	230	777	68	42	470
Other	864	—	600	—	—	8	—	—	—	—
<b>Total other fin sources (uses)</b>	<b>3,003</b>	<b>2,618</b>	<b>1,158</b>	<b>10,904</b>	<b>16,569</b>	<b>5,356</b>	<b>3,166</b>	<b>2,431</b>	<b>16,090</b>	<b>(359)</b>
Extraordinary item	—	—	—	—	—	—	—	—	(1,747)	—
<b>Net change in fund balances</b>	<b>(4,882)</b>	<b>180</b>	<b>617</b>	<b>3,540</b>	<b>(92)</b>	<b>(4,112)</b>	<b>905</b>	<b>(904)</b>	<b>16,649</b>	<b>388</b>
Debt service as a percentage of noncapital expenses	5.7 %	5.5 %	5.6 %	5.8 %	5.9 %	7.6 %	7.3 %	7.9 %	7.0 %	7.4 %

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE - ACCRUAL**

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

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property tax	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688
Sales & use tax	17,920	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404
Utility & other taxes/fees	12,241	11,910	12,454	12,289	12,301	12,587	11,989	13,453	14,591	24,238
<b>Total</b>	<b>\$ 44,696</b>	<b>\$ 45,382</b>	<b>\$ 47,618</b>	<b>\$ 49,584</b>	<b>\$ 49,969</b>	<b>\$ 51,051</b>	<b>\$ 53,081</b>	<b>\$ 54,877</b>	<b>\$ 55,972</b>	<b>\$ 67,330</b>

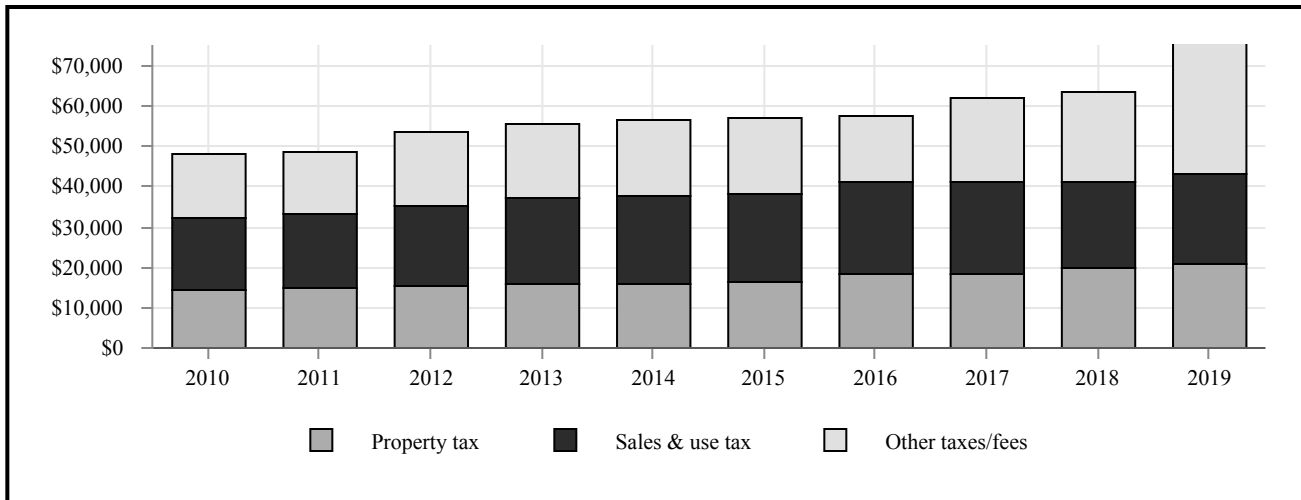




**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE - MODIFIED ACCRUAL**

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

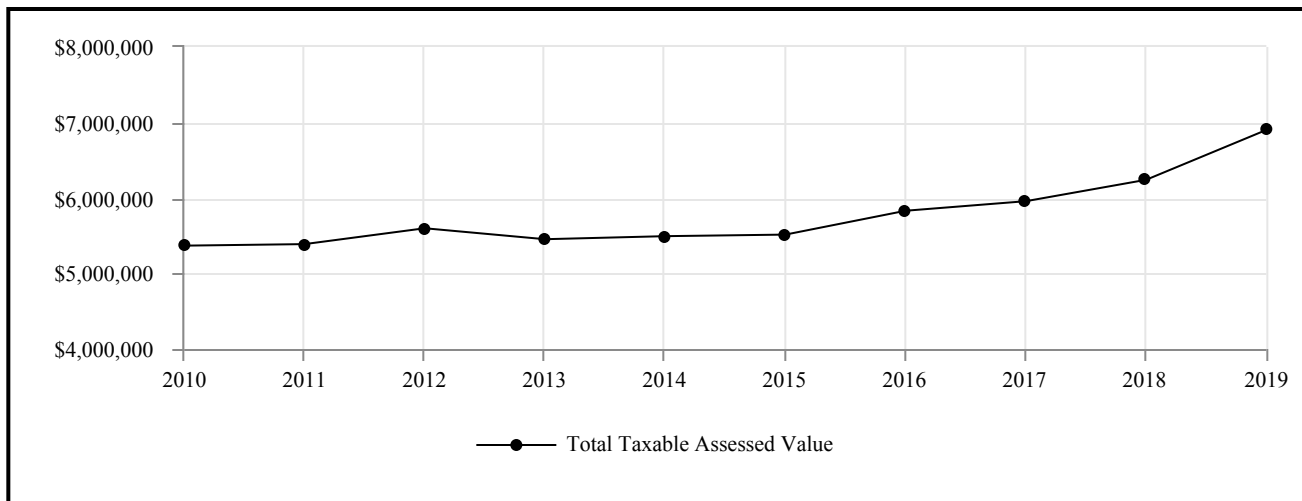
Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property tax	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688
Sales & use tax	17,920	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404
Utility & other taxes/fees	15,818	15,272	18,520	18,544	18,945	18,723	16,608	20,466	22,276	32,838
<b>Total</b>	<b>\$ 48,273</b>	<b>\$ 48,744</b>	<b>\$ 53,684</b>	<b>\$ 55,839</b>	<b>\$ 56,613</b>	<b>\$ 57,187</b>	<b>\$ 57,700</b>	<b>\$ 61,890</b>	<b>\$ 63,657</b>	<b>\$ 75,930</b>



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

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

<u>Fiscal Year</u>	<u>Count</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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
2018	32,656	5,698,610	542,501	6,241,111	2.9942
2019	32,880	6,350,982	550,357	6,901,339	2.8137

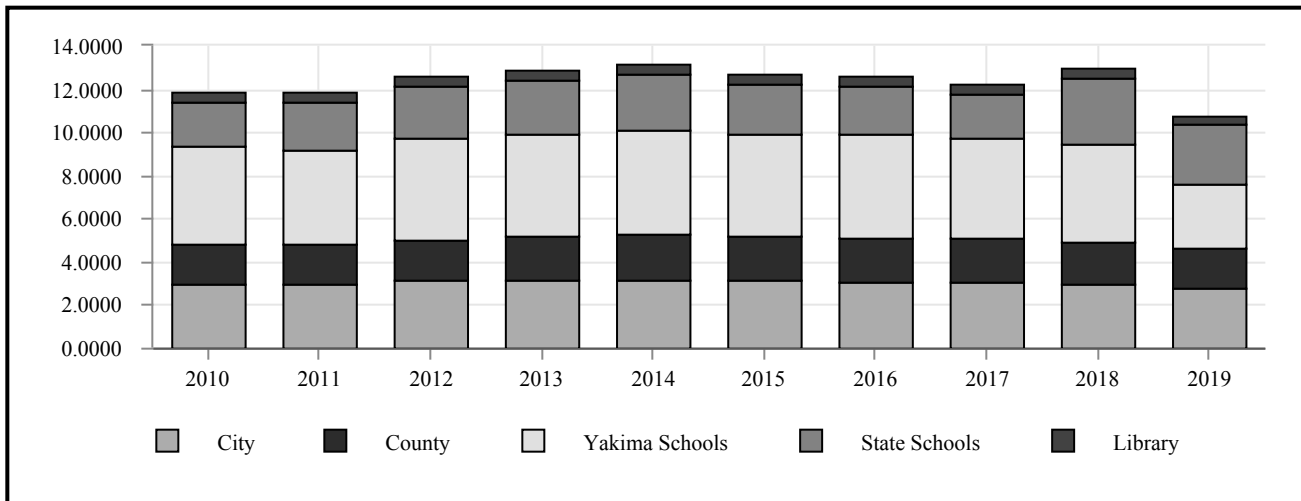


Source: Yakima County Assessor

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years (Rate/1000)

Fiscal Year	City of Yakima			Yakima County			Yakima School District			State		
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M & O	Total School	School Levy	Library	Total
2010	2.9348	0.0559	2.9907	1.7994	0.0526	1.8520	1.5805	2.9006	4.4811	2.0918	0.4595	11.8751
2011	2.9185	0.0531	2.9716	1.7716	0.0489	1.8205	1.5335	2.8906	4.4241	2.2086	0.4529	11.8777
2012	3.0559	0.0545	3.1104	1.8511	0.0472	1.8983	1.6640	3.0667	4.7307	2.3983	0.4724	12.6101
2013	3.0895	0.0541	3.1436	2.0655	0.0001	2.0656	1.6607	3.0385	4.6992	2.5116	0.4763	12.8963
2014	3.1188	0.0197	3.1385	2.1059	—	2.1059	1.7009	3.1316	4.8325	2.6149	0.4812	13.1730
2015	3.1239	—	3.1239	2.0387	—	2.0387	1.6835	3.1154	4.7989	2.2645	0.4762	12.7022
2016	3.0879	—	3.0879	2.0181	—	2.0181	1.6816	3.1252	4.8068	2.2550	0.4745	12.6423
2017	3.0830	—	3.0830	2.0036	—	2.0036	1.6116	3.0221	4.6337	2.0549	0.4737	12.2489
2018	2.9942	—	2.9942	1.9468	—	1.9468	1.5729	2.9352	4.5081	3.0683	0.4609	12.9783
2019	2.8137	—	2.8137	1.8232	—	1.8232	1.4817	1.5000	2.9817	2.7282	0.4345	10.7813



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 TAXPAYERS**

Amounts Expressed in Thousands - Current Year and Nine Years Ago

Page 1 of 1

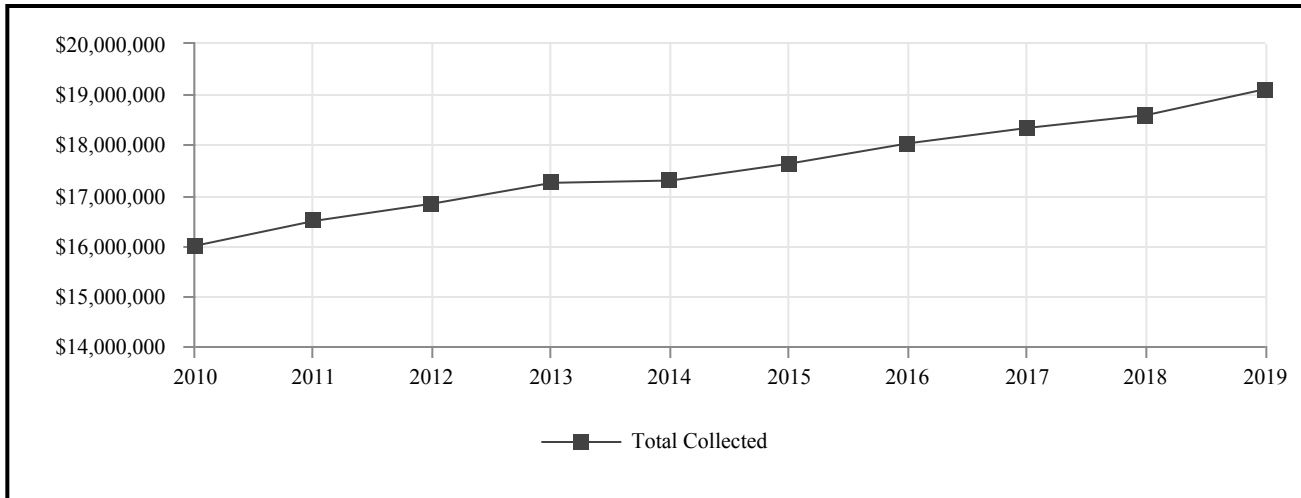
Taxpayer	2019			2010		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Washington Fruit & Produce	90,564	1	1.3%	\$ 13,577	10	0.3%
Walmart Stores	40,400	2	0.6%	—		
Shields Bag & Printing	38,764	3	0.6%	33,546	2	0.6%
Chiawana	37,956	4	0.6%			
Frosty Packing	33,234	5	0.5%			
Longview Fibre Paper & Packaging	32,464	6	0.5%	—		
John I Haas	32,458	7	0.5%	—		
Castle Creek Apartments	27,832	8	0.4%	—		
Pacificorp / Pacific Power & Light	26,536	9	0.4%	16,223	9	0.3%
Roche Fruit	25,004	10	0.4%	—		
Michelsen Packaging	—			17,053	7	0.3%
Yakima HMA	—			65,120	1	1.2%
Qwest Communications	—			22,371	3	0.4%
Wide Hollow Development	—			21,664	4	0.4%
Safeway Stores	—			19,112	5	0.4%
Cascade Natural Gas	—			18,255	6	0.3%
WRP Gateway	—			16,813	8	0.3%
<b>Total</b>	<b>\$ 385,212</b>		<b>5.8%</b>	<b>\$ 243,734</b>		<b>4.5%</b>

Source: Yakima County Treasurer

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Fiscal Year Ended	Total Levy for the Year	Collected Within the Year of the Levy		Collected/ Adjusted in Subsequent Years	Total Collection to Date	
		Amount	Percentage		Amount	Percentage
			of Levy			of Levy
2010	\$ 15,991,868	\$ 15,630,296	97.7%	361,572	\$ 15,991,868	100.0%
2011	16,485,263	16,105,108	97.7%	380,155	16,485,263	100.0%
2012	16,830,550	16,493,387	98.0%	337,141	16,830,528	100.0%
2013	17,242,183	16,870,392	97.8%	371,576	17,241,968	100.0%
2014	17,288,693	16,975,648	98.2%	311,825	17,287,473	100.0%
2015	17,624,958	17,325,866	98.3%	298,737	17,624,603	100.0%
2016	18,029,818	17,721,666	98.3%	306,007	18,027,673	100.0%
2017	18,367,991	18,040,023	98.2%	292,869	18,332,892	99.8%
2018	18,686,841	18,226,175	97.5%	361,487	18,587,662	99.5%
2019	19,425,504	19,103,316	98.3%	—	19,103,316	98.3%

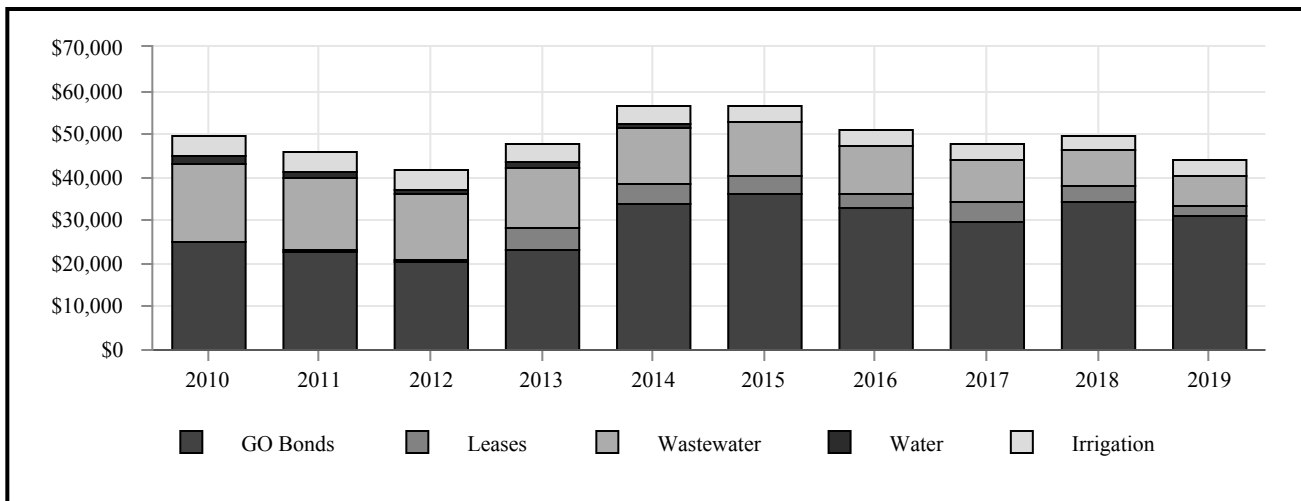


Source: Yakima County Website

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years (Dollar Amounts Expressed in Thousands)

Year	Governmental Activities		Business-Type Activities			Total Primary Gov't	Percent of Income	Population	Per Capita
	General		Wastewater Bonds	Water Bonds	Irrigation Bonds				
	Obligation Bonds	Capital Leases							
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	9,680	—	3,680	47,638	2.4%	93,900	507
2018	34,380	3,598	8,255	—	3,530	49,763	2.5%	94,190	528
2019	31,098	2,348	7,010	—	\$ 3,375	43,831	2.0%	94,440	464

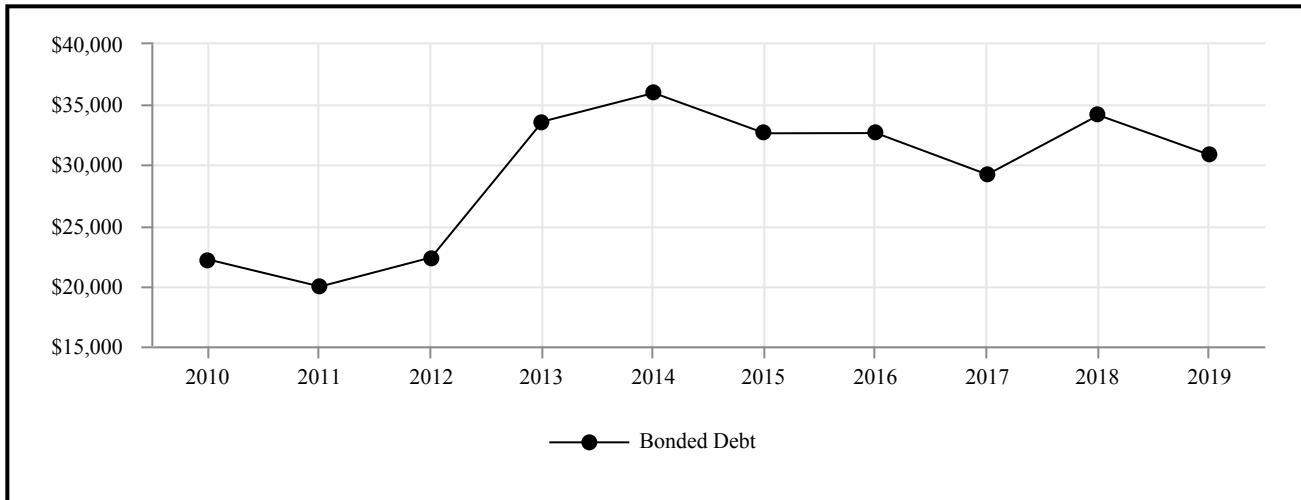


Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements. See the Schedule of Demographic and Economic Statistics in this section for personal income.

**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
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	32,635	—%	350
2016	32,902	248	32,654	0.6%	350
2017	29,472	248	29,224	0.5%	311
2018	34,380	248	34,132	0.5%	362
2019	31,098	250	30,848	0.4%	327

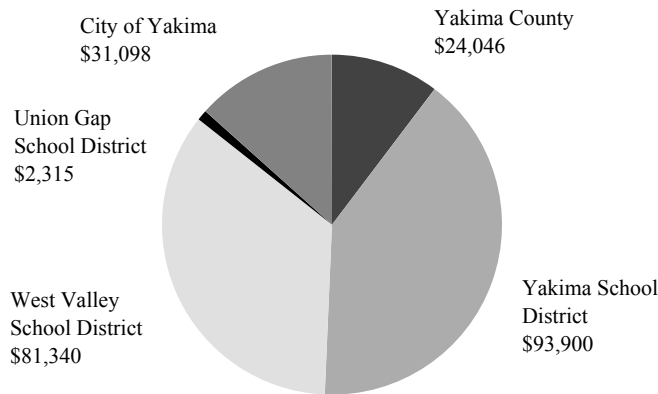


Note: Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2019 (Amounts Expressed in Thousands)

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Yakima County	\$ 24,046	36.3%	\$ 8,729
Yakima School District	93,900	92.9%	87,233
West Valley School District	81,340	61.0%	49,617
Union Gap School District	<u>2,315</u>	1.1%	<u>25</u>
Subtotal - overlapping debt	\$ 201,601		145,604
City of Yakima direct debt			31,098
Total direct and overlapping debt			<u><u>\$ 176,702</u></u>



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)

Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$419,945	\$409,066	\$412,087	\$412,087	\$413,645	\$424,379	\$437,348	\$446,537	\$468,083	\$517,600
Net outstanding indebtedness	27,127	25,768	22,401	30,504	43,235	49,962	43,662	29,244	31,667	24,572
Legal debt margin	<u>\$392,818</u>	<u>\$383,298</u>	<u>\$389,686</u>	<u>\$381,583</u>	<u>\$370,410</u>	<u>\$374,417</u>	<u>\$393,686</u>	<u>\$417,293</u>	<u>\$436,416</u>	<u>\$493,028</u>
Total net debt applicable to the limit as a percentage of debt limit	6.5%	6.3%	5.4%	7.4%	10.5%	11.8%	10.0%	6.5%	6.8%	4.7%

**Legal Debt Margin Calculation for fiscal year 2019**

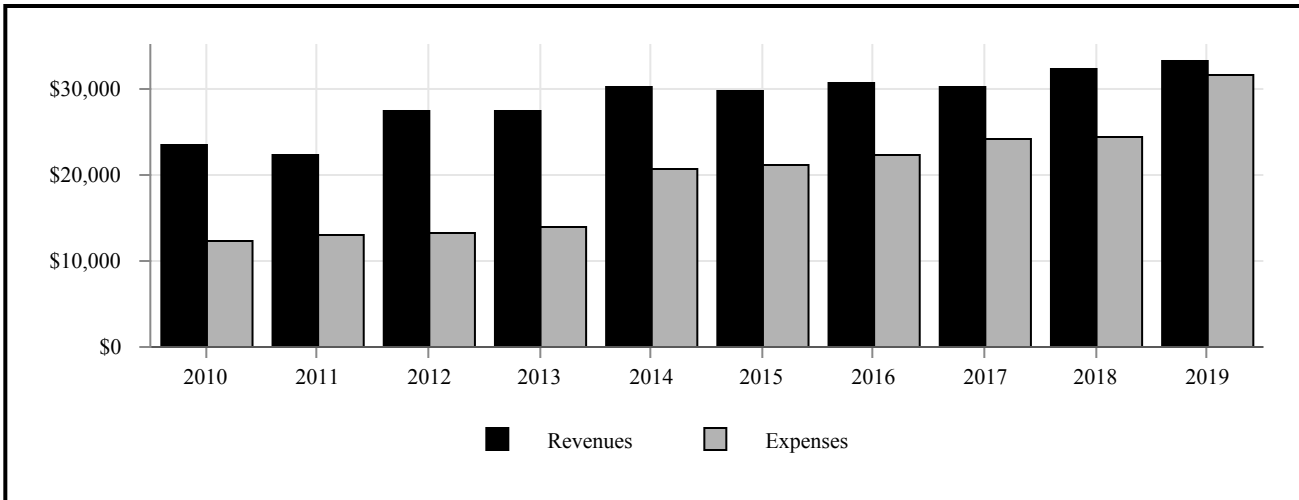
Total assessed value	\$ 6,901,339
Debt limit (7.5%) of total assessed value	517,600
I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	103,520
Debt applicable to councilmanic limit:	
General obligation bonds & other debt	\$ 39,575
Less: amount set aside for repayment of general obligation debt	15,003
Net debt applicable to councilmanic limit	<u>24,572</u>
Total legal debt margin - councilmanic	78,948
b. Voted general obligation debt (additional 1% Total assessed value)	69,013
Debt applicable to limit	—
II. Voted utility purposed debt (additional 2.5% total assessed value)	172,533
Debt applicable to limit	—
III. Voted open space and park debt (additional 2.5% total assessed value)	172,533
Debt applicable to limit	—
Total legal debt margin - all categories	<u>\$ 493,027</u>

Note: Debt cannot be incurred in excess of the percentages of the value of the taxable property of the City as described in the State Constitution and State Statutes, principally Title 39.

**PLEDGED REVENUE COVERAGE - WATER AND WASTEWATER**

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Year	Water & Wastewater Operating Revenue	Water & Wastewater Revenue Bonds				Coverage
		Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2018	32,324	24,430	7,894	1,425	440	4.23
2019	33,113	31,416	1,697	1,245	394	1.04

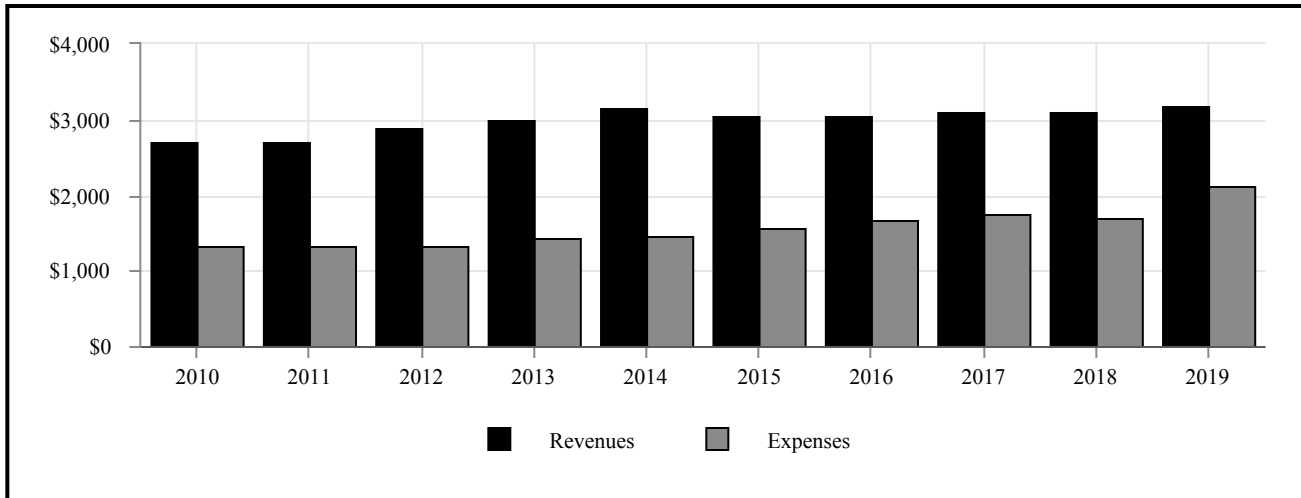


Note: Operating expenses exclude depreciation, amortization and City taxes

**PLEDGED REVENUE COVERAGE - IRRIGATION**

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Year	Irrigation Operating Revenue	Irrigation Revenue Bonds				Coverage
		Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2017	3,087	1,736	1,351	145	181	4.14
2018	3,102	1,707	1,395	150	175	4.29
2019	3,181	2,118	1,395	155	169	4.29

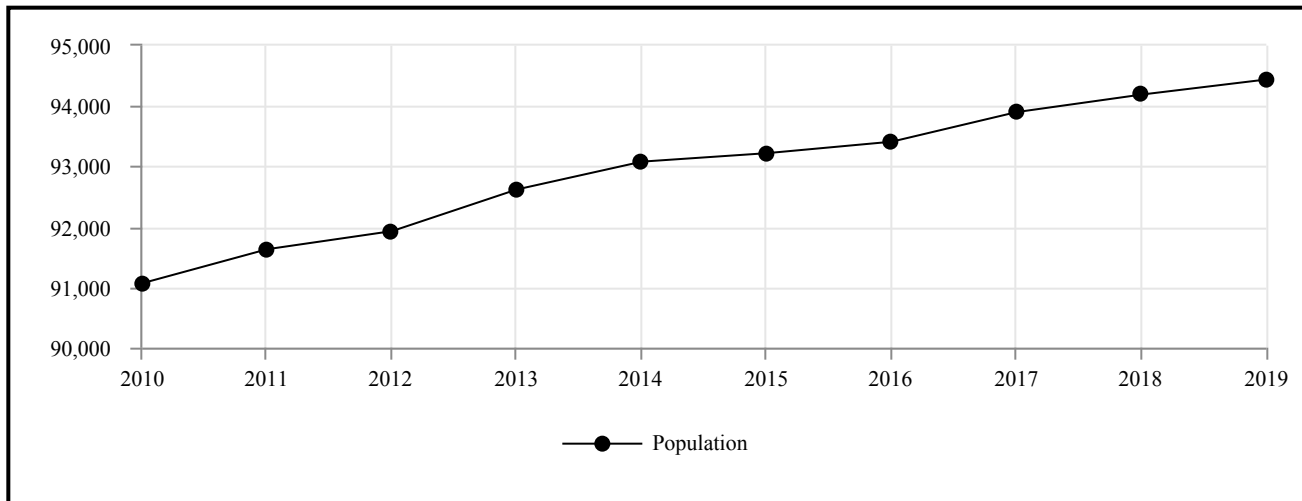


Note: Operating expenses exclude depreciation, amortization and City taxes.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Median Earnings</b>	<b>Median Age</b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2010	91,067	\$ 1,891,040	\$ 21,783	32.6	12.6	15,247	10.4%
2011	91,630	1,824,335	20,298	33.2	12.6	15,474	10.7%
2012	91,930	1,802,876	20,549	32.6	12.6	15,627	10.1%
2013	92,620	1,756,992	19,753	33.2	12.5	15,786	9.4%
2014	93,080	1,870,059	22,900	34.5	12.5	15,428	8.5%
2015	93,220	1,799,143	25,394	34.0	12.5	15,768	8.4%
2016	93,410	1,986,540	25,264	32.5	12.6	15,999	7.7%
2017	93,900	1,956,489	25,435	32.5	12.6	15,658	6.0%
2018	94,190	2,217,294	28,508	35.5	12.6	15,974	6.3%
2019	94,440	----- Not Yet Available -----				16,066	7.2%



Sources: Population - Office of Financial Management (OFM), Income, Age and Education - U.S. Census Bureau (4/28/20), School Enrollment - Yakima School District and Unemployment Rate (seasonally adjusted/Yakima) -Employment Security Department.

**PRINCIPAL EMPLOYERS - YAKIMA COUNTY**

Current Year and Nine Years Ago

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	2019			2010		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Virginia Mason Memorial Hospital	2,500	1	1.9%	2,200	1	1.8%
Astria Regional - Yakima/Sunnyside/Toppenish	1,750	2	1.3%	942	6	0.8%
Walmart - Yakima/Sunnyside/Grandview	1,700	3	1.3%	1,700	3	1.4%
Yakima School District, No. 7	1,594	4	1.2%	1,731	2	1.4%
Zirkle Fruit	1,500	5	1.1%			
Washington Fruit & Produce	1,500	6	1.1%			
Yakama Nation Government Operations	1,289	7	1.0%			
Borton Fruit	1,212	8	0.9%			
Yakama Nation Enterprises	1,170	9	0.9%	634	10	0.5%
Monson Fruit	1,023	10	0.8%			
Yakima County	1,074	—	0.8%	1,224	4	1.0%
Yakima Valley Farm Workers Clinic	1,006	—	0.8%	1,181	5	1.0%
Washington Beef	—	—	—%	850	7	0.7%
City of Yakima	722	—	0.5%	753	8	0.6%
Sunnyside School District	652	—	0.5%	670	9	0.5%
<b>Total Top 10</b>	<b>15,238</b>		<b>11.5%</b>	<b>11,885</b>		<b>9.7%</b>

Sources: Number of employees are approximated via Yakima County Development Association and corporate websites. Percentages based on the Civilian Labor Force from the Employment Security Department - Local Area Unemployment Statistic (LAUS).

**FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years - Adopted Budget

Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	151.25	143.25	139.75	138.87	147.47	150.72	152.22	148.30	148.55	136.55
Police										
Officers	138.00	140.00	139.00	143.00	145.00	145.00	145.00	148.00	148.00	144.00
Civilians	51.00	49.00	49.00	49.00	50.00	52.00	52.00	47.00	47.00	45.00
Fire										
Firefighters and officers	84.00	84.00	84.00	83.00	86.00	96.00	100.00	101.00	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	13.00	13.00	11.00	11.00	9.00	9.00	9.00	9.00	9.00	9.00
Street	26.00	24.00	24.00	23.00	23.00	22.00	22.00	22.00	22.00	24.00
Parks & Recreation	23.30	21.30	20.30	20.30	21.30	21.30	21.30	20.90	20.90	22.90
<b>Total General Government</b>	<b>489.55</b>	<b>477.55</b>	<b>470.05</b>	<b>471.17</b>	<b>484.77</b>	<b>499.02</b>	<b>504.52</b>	<b>499.20</b>	<b>498.45</b>	<b>485.45</b>
Neighborhood Development	6.75	7.75	7.75	7.00	8.00	7.00	7.00	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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Safety Communications	35.00	37.00	36.00	38.00	35.00	35.00	35.00	36.00	36.00	36.00
Airport	—	—	—	—	7.00	7.00	7.00	8.00	8.00	8.00
Transit	50.00	52.00	52.00	52.50	53.95	54.95	56.80	54.30	54.30	54.30
Refuse	19.00	19.00	20.50	20.50	20.50	20.00	20.00	21.00	22.00	22.00
Wastewater/Stormwater	69.50	69.50	69.00	69.00	69.20	70.20	70.20	72.20	72.20	72.20
Water	31.00	31.00	31.00	35.00	35.00	31.00	31.00	31.00	31.00	31.00
Irrigation	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Utility Services	—	—	—	—	—	—	—	—	—	14.00
Equipment Rental	12.00	12.00	12.00	12.00	12.00	14.00	14.00	14.00	14.00	14.00
Public Works	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	10.00	10.00
	<b>736.80</b>	<b>729.80</b>	<b>722.30</b>	<b>727.17</b>	<b>748.42</b>	<b>761.17</b>	<b>768.52</b>	<b>765.70</b>	<b>766.95</b>	<b>767.95</b>

(1) In 2019, Utility Services was moved from the General Fund and became an Enterprise fund, reported within the Water fund.

**OPERATING INDICATORS BY FUNCTION**

Last Ten Fiscal Years

Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Total arrests (in custody)	4,745	5,439	6,136	6,034	4,270	4,950	5,006	4,836	4,815	4,616
Parking violations	4,837	5,096	3,778	3,252	3,150	3,218	1,545	2,379	2,062	1,224
Traffic violations	15,303	11,849	11,436	13,270	13,953	13,437	14,241	16,238	13,510	14,281
<b>Fire</b>										
Number of calls answered	10,011	8,439	9,439	8,232	7,606	8,987	9,318	9,690	10,063	10,551
Inspections	2,909	2,646	30	2,669	3,799	5,101	5,658	5,458	5,766	4,993
<b>Highways and streets</b>										
Street resurfacing (miles)	5	2	2	8	23	3	22	2	4	3
<b>Refuse</b>										
Refuse collected (tons/day)	102	105	103	107	100	90	104	116	109	111
Yard waste collected (tons/day)	19	19	19	17	19	14	19	19	32	18
<b>Culture and recreation</b>										
Community Center admissions	118,867	122,870	125,040	124,683	125,428	117,881	110,136	125,382	126,516	125,702
<b>Irrigation</b>										
Customers	10,597	10,595	10,601	10,619	10,619	10,619	10,620	11,545	12,225	10,323
<b>Water</b>										
Customers	19,651	19,726	19,771	19,844	19,558	19,588	18,977	22,505	23,034	19,579
New connections	79	61	74	68	52	71	76	44	119	126
Water main breaks	5	7	4	3	5	5	7	18	6	13
Average daily consumption (thousands of gallons)	10,338	10,040	10,200	10,307	10,518	10,899	11,057	10,661	10,421	10,077
<b>Wastewater</b>										
Customers	25,240	25,441	27,421	26,298	27,598	29,956	27,098	31,169	31,729	25,817
Average daily sewage treatment (thousands of gallons)	10,100	10,100	10,100	10,500	10,200	9,244	10,500	9,700	8,410	9,002

Note: The total arrests shown from 2012 - 2018 changed marginally due to the implementation of new software and parameters. 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

Page 1 of 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police stations	2	2	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	6	6	6	6	6
<b>Refuse</b>										
Collection trucks	15	16	16	21	22	22	21	21	21	21
<b>Highways and streets</b>										
Streets (miles)	325	380	380	380	369	398	404	400	404	406
Streetlights	4,465	4,195	4,240	4,260	4,280	3,706	4,214	4,340	4,352	5,008
Traffic signals / Flashers	140	151	152	154	154	165	173	175	179	181
<b>Culture and recreation</b>										
Parks acreage	386	352	352	351	346	393	436	403	393	377
Parks	32	34	34	34	34	35	39	36	35	35
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis/pickleball courts	24	24	24	22	24	24	24	24	24	29
Community centers	3	3	3	3	2	2	3	3	3	3
<b>Water</b>										
Water mains (miles)	300	300	300	300	300	300	300	300	300	300
Fire hydrants (city owned)	2,249	2,254	2,279	2,285	2,285	2,285	2,345	2,357	2,384	2,401
Maximum daily capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,250	36,250	36,250	36,250
<b>Wastewater</b>										
Sanitary sewers (miles)	337	337	337	337	337	344	350	355	357	359
Storm sewers (miles)	105	105	105	105	105	105	138	148	148	149
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: 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.



**2019 GENERAL INFORMATION\***

<b>Statistics</b>		<b>Animal License Fees - Rabies Vaccination Required</b>	
Date of incorporation	1886	1 Year License - Altered, New	\$15.00
Form of government	Council-Manager	1 Year License - Altered, Renewal	\$12.00
Type of government	Charter City	Senior Citizens Lifetime - Altered	\$25.00
Location	Central Washington	Senior Citizens Lifetime - Not Altered	\$30.00
Land area	28.26 square miles	1 Year License - Not Altered	\$40.00
Rank in size - State	11	1 Year License - Not Altered, Renewal	\$30.00
Rank in size - County	1	Disabled/ Guide Dog	Free
Population	94,440	Replacement License	\$5.00
Assessed valuation	\$6,901,338,691		
City employees (FTE's)	767.95	<b>Fire Protection</b>	
Precincts	59	Commissioned fire fighting personnel	101
Registered voters	43,776	Number of non-commissioned personnel	<u>3</u>
		Total number of fire personnel	104
<b>Property Tax Levy</b>		<b>Police Protection</b>	
Regular levy	\$19,418,144	Commissioned police personnel	143
		Non-commissioned police personnel	<u>46</u>
<b>Sales Tax Rates</b>		Total number of police personnel	189
State	6.50 %	2019 calls for service	148/day
Transit	0.30 %		
City of Yakima	0.85 %	<b>Utility and Franchise Tax Rates</b>	
Yakima County	0.15 %	Electricity, Gas, Telephone	6 %
Criminal Justice (County)	<u>0.40 %</u>	Water, Wastewater	20 %
Total Sales Tax rate	8.20 %	Stormwater	6 %
		Refuse	15 %
<b>Parks and Recreation</b>		TV/Cable	6 %
Total acreage	377	<b>Utility Rates (2 months)</b>	
Number of parks	36	Water - average/family of 4	\$64.96
Number of playgrounds	20	Each unit	\$1.80
Major facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 16 ball fields (eight lighted), two skate parks, 8 pickleball courts, 21 tennis courts, four soccer fields, Harman Center, Henry Beauchamp Community Center, Washington Fruit Community Center, Tahoma Cemetery, Dog Park		Wastewater - average/family of 4	\$84.54
		Each unit	\$3.29
		Refuse (carry-out available for additional charge)	
		Automated collection	
<b>Bus Passes (1 month)</b>		32 gallon cart	\$36.10
Adult	\$25.00	96 gallon cart	\$41.20
Student	\$18.00	Yard waste	
Senior citizen/disabled	\$9.00	96 gallon cart	\$33.44
		Irrigation (per square foot)	\$0.0366
<b>Licenses and Permits Issued</b>		<b>Water/Wastewater Customers - January 1st</b>	
2019 Business Licenses - sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employees	5,519	Water (inside the City)	19,503
2019 Regulatory Licenses - Varies from \$11.00 to \$1,000	539	Water (outside the City)	<u>76</u>
		Total water customers	19,579
		Wastewater residential (inside the City)	23,869
		Wastewater residential (outside the City)	57
		Wastewater commercial	<u>1,891</u>
		Total wastewater customers	25,817
		Irrigation customers	10,323
		Refuse accounts	25,369

Note: For informational purposes only - not intended for official or legal purposes.

