



CITY OF

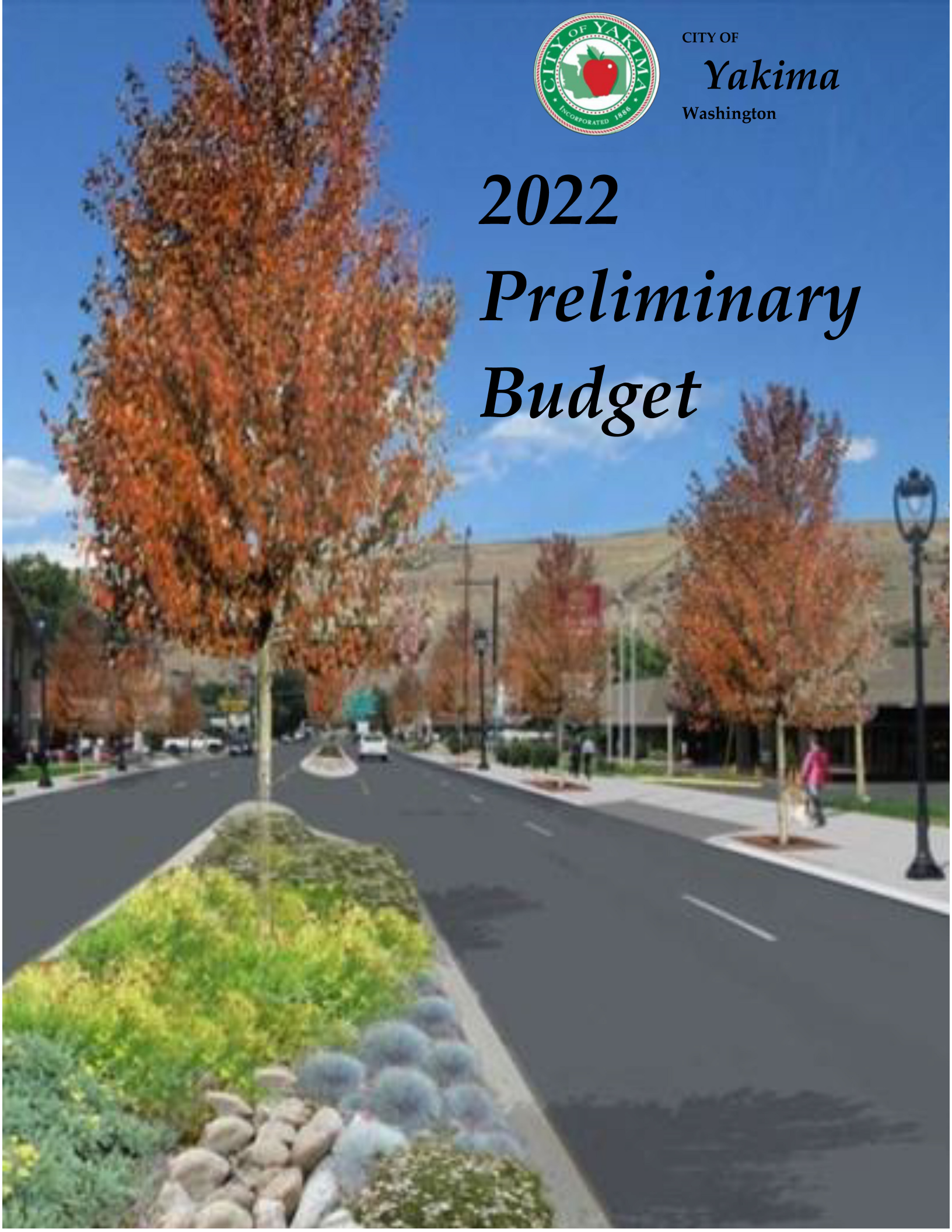
Yakima

Washington

2022

Preliminary

Budget





CITY OF *Yakima*

2022 PRELIMINARY BUDGET

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See the 2022 - 2026 Capital Budgets document for detailed information on capital budget items.

INTRODUCTION

The budget process requires us to evaluate annually the city's priorities, both city services delivery and maintaining infrastructure, across many funds, being mindful of long-term fiscal sustainability.

The goals of the 2022 Budget are:

1. Achieve a balanced budget in every fund.
2. Assure appropriately-prioritized service delivery.
3. Preserve General Fund's fund balance.
4. Establish funding for equipment replacement for Public Safety (Police & Fire) vehicles.

The City of Yakima seeks to improve the quality of the budget document every year to provide a more comprehensive and understandable document. Having added revenue forecasting and debt detail in the prior three years, last year's budget added a 5-year Capital Project fund planning. Year one of the five-year capital budget is incorporated into the balanced adopted budget, while years two through five show commitments and consequences that should be considered in advance. The full version of the budget will include department accomplishments and goals and objectives that support the Council's Strategic Priorities.

Department directors and managers began a continuous review of ongoing current year budget-to-actual expense management, formulate 2021 year-end estimates and project 2022 proposed budget figures based on known circumstances that pertain to each program under their management. The City relies on budgetary controls, with multiple levels of review, as part of the overall system of checks and balances to manage service delivery and monitor that the underlying funding is being received as budgeted. Finance staff meet with managers quarterly and inform both the public and city council through quarterly financial reports in regularly-scheduled public meetings.

Two new funds were added in 2021: 1) A Special Revenue Fund 136 "Clean City Fund" to account for the utility tax increase imposed on the City's waste systems' commercial refuse collection to be used to meet Clean City program objectives and 2) an "American Rescue Plan Act (ARPA) Fiscal Recovery Fund" to account for the award and future expenditure of the American Rescue Plan Act funds.

The budget process starts at the beginning of the year, with strategic planning. The most recent Strategic Priorities of Yakima's City Council are:

1. Public Safety
2. Fiscal Sustainability
3. Housing
4. Strengthening Partnerships
5. Investment in Infrastructure

2022 Budget Challenges

In March 2020, the City of Yakima declared an emergency for the COVID-19 pandemic, in line with the State and County. As in most cities in America, the economic consequences of business restrictions and closures impacted the City's Sales Tax, Lodging Tax, Building Permit Fees, Business Licenses, Fire Inspection fees, Utility Tax, Gambling Tax, Parking Enforcement and various criminal justice revenues. County-wide, new COVID cases and new variants of the COVID-19 virus continue to be a concern primarily due to evidence of an increase in transmissibility. Several departments in the City have experienced a reduction in staffing as a result.

The 2022 Budget is designed to aid the City of Yakima understand the revenue and expenditure forecast and its impact on the City's financial reserves. An enhanced Capital Budget document has been added to the budget to provide a long-range view of infrastructure and capital expenditures. There is also ongoing discussion regarding

perpetual vehicle replacement in 2022. The primary purpose of this document is to provide context for present and future budget decisions and to understand the long-term financial impacts. Specifically, the 2022 Budget needs to be sensitive to:

- Maintaining General Fund reserves. The estimated year-end balance is \$14,517,296 (21.1%).
- Implementing a scheduled Capital expenditures plan and increasingly implementing pay-as-we-go to reduce avoidable financing costs.
- Fitting debt service in to existing revenue streams and service levels.
- Expenses in 2022 mirror 2021's plus obligations such as contracts and approve staffing changes and modifications.
- Factor in new known realities and positioning for contingencies. The COVID-19 emergency continues to be an on-going event hindering revenue and expenditure forecasting and the ability to deliver city services which would be affected by revenue downturn.

Since 2015, City Council has made the General Fund's fund balance a top strategic priority. Recognizing the inter-relationships across all funds, the following chart summarizes how the preliminary 2022 projected budget currently predicts resulting fund balances by category, pending further decision-making. In this table, the negative Parks & Streets number represents use of fund balance from prior year transfers, while the negative figures for Debt and Enterprise Construction largely reflect the timing of expenditures of balances carried forward from prior year. For example, the spending down of funds received in prior years restricted to Arterial Streets projects represents a legitimate expenditure in excess of in-coming revenues.

**2022 PRELIMINARY BUDGET
FUND BALANCE IMPACT**

	<u>2022 Projected Budget</u>		<u>Surplus</u>
	<u>Revenues</u>	<u>Expenditures</u>	<u>(Deficit)</u>
General Fund	\$ 69,128,789	\$ 68,946,683	\$ 182,106
Parks and Streets	12,044,577	12,656,111	(611,534)
Restricted Funds (100's)	34,802,491	24,099,723	10,702,768
Debt (200's)	4,618,610	4,618,868	(258)
Capital (300's)	29,813,577	25,124,006	4,689,571
Enterprise Construction (400's)	104,316,444	125,315,078	(20,998,634)
Transfers (500's)	33,728,326	32,478,984	1,249,342
Agency (600's)	652,267	652,267	—
Trust (700's)	12,000	12,000	—
Total Projected Budget	<u><u>\$ 289,117,081</u></u>	<u><u>\$ 293,903,720</u></u>	<u><u>\$ (4,786,639)</u></u>

The following two charts compare the 2021 projected year-end estimate and preliminary proposed 2022 budget by fund groupings. The first chart showing expenditures and the second chart showing revenues.

**2022 VS. 2021
EXPENDITURE BUDGET COMPARISON**

	2021	2022	2021 vs. 2022
	Year-End	Proposed	Budget
	Estimate	Expenditures	% Change
General Fund	\$ 66,354,486	\$ 68,946,683	3.9%
Parks	5,574,682	6,179,811	10.9%
Streets & Traffic	6,287,622	6,476,301	3.0%
General Government Total	78,216,790	81,602,795	4.3%
Utilities/Other Operating	96,030,747	102,211,927	6.4%
Capital Improvement ¹	61,127,581	80,322,577	31.4%
Risk Management Reserves	5,140,960	5,636,355	9.6%
Employee Benefit Reserves	16,724,961	17,029,581	1.8%
Trust and Agency Funds	670,057	664,267	(0.9)%
Debt Service	6,512,255	6,436,218	(1.2)%
Total - Citywide Budget	<u>\$ 264,423,351</u>	<u>\$ 293,903,720</u>	17.8%

**2022 VS. 2021
REVENUE BUDGET COMPARISON**

	2021	2022	2021 vs. 2022
	Year-End	Proposed	Budget
	Estimate	Expenditures	% Change
General Fund	\$ 67,394,079	\$ 69,128,789	2.6%
Parks	5,428,200	5,565,769	2.5%
Streets & Traffic	6,506,149	6,478,808	(0.4)%
General Government Total	79,328,428	81,173,366	2.3%
Utilities/Other Operating	102,848,741	106,970,735	4.0%
Capital Improvement ³	52,219,159	71,331,828	36.6%
Risk Management Reserves	5,229,871	5,826,575	11.4%
Employee Benefit Reserves	16,293,711	16,714,350	2.6%
Trust and Agency Funds	670,057	664,267	(0.9)%
Debt Service	6,453,256	6,435,960	(0.3)%
Total - Citywide Budget	<u>\$ 263,043,223</u>	<u>\$ 289,117,081</u>	9.9%

¹ It is normal for these funds to accumulate reserves for the purpose of upcoming expenditures toward new equipment and facility improvements and then spend them down in large amounts.



GENERAL FUND CHALLENGES / RECOMMENDATIONS

The Preliminary 2022 Budget, as in most years at this phase of the process, has a General Fund (001) that has many more demands on it than funding will accommodate. Staff has met with multiple departments over multiple iterations to explore possible options to stay within forecasted funding levels.

A long-term approach is imperative to preservation of General Fund fund balance and critical in the demonstration of improved financial position. Staff has left no revenue nor expenditure possibility out of consideration for potential manageable opportunities.

Challenges identified during 2020/2021 that should be addressed in 2022

- COVID-19 is a continuing event clouding the forecasting of several revenue sources.
- Police and Fire vehicle replacements have been deferred in past budgets. Police vehicles require a contribution of approximately \$1,000,000 each year to perpetually replace all police patrol and detective vehicles, \$800,000 for the Fire Department to perpetually replace all fire vehicles. While many of these vehicles were replaced with revenue loss from ARPA funding this year, a long term solution needs to be found.
- Long-term Capital Expenditure planning is a key component of balanced budgeting; current-year operational needs compete for resources with infrastructure repair and maintenance. Over 20 Capital funds are included in this year's budget, providing balanced long-term decision-making. Budgeting continued capital expenditures for the Mill Site is an example of this challenge.

Immediate Recommendations

- The current COVID-19 emergency must be overcome.
- Staff has made significant expense cutbacks and assumptions to arrive at a balanced budget. No doubt there are additional options, issues and measures to consider during study sessions. Staff has identified some policy issues that are currently excluded from the proposed budget and expects further policy-level prioritizing discussions.
- Council is requested to review staff presentations on the services that are in or out of the proposed budget, consider strategic priorities, and give staff feedback and direction on reserve and service levels.
- Policy-level guidance is sought from city council on long-term priorities which, in aggregate, exceed foreseeable resources and therefore require strategic planning and will be discussed in study sessions.

Long-term Recommendations

Past bond rating analysis has cited two factors - General Fund reserve levels and the local economy measured by average household income - as impediments to the City's fiscal health. Staff is recommending increases to General Fund Reserve Policy from 16.7% to 25% in order to better handle unforeseen circumstances that regularly impact the City's ability to maintain current levels of service.

Longer-term solutions include many efforts through normal service delivery that allows the City's private sector to thrive, which leads to the improved Sales Tax revenue that a healthy, thriving economy and an expanding population produces naturally. Further, the City's normal service delivery that allows the City's property owners to thrive and enjoy improved property values will similarly produce an improved Property Tax revenue over time.

- Millsite landfill mitigation and road construction is an investment in future Property and Sales Tax revenue.
- Future development is an opportunity for businesses that raise the average household income.
- With sustained population growth, the city is likely to experience normal growing pains as service levels require additional staff, vehicles, equipment and other resources.



REVENUES

As in all budgets, budgeting begins with an understanding of incoming revenues. The City has over fifty revenues, each with underlying dynamics to be considered. Finance staff began tracking and forecasting 2022 revenues as soon as actual January 2021 revenues were received.

Revenue Projections

Sources used in preparing revenue projections include:

- Analysis of ten-year trends, consumer price index, population and other demographic factors, and an awareness of current events within our city.
- Economic trends as reported from many sources along with an awareness of current business health within our own city.
- Forecast data.
- Economic and fiscal trends provided by the Municipal Research and Services Center (MRSC).
- Communication with our revenue process partners, such as the Yakima County Tax Assessor and the City's franchise tax-paying utility providers.

Revenue projections reflect staff’s judgment about how the local economy will perform over the next several years by reviewing past years' trends and understanding current events and how they affect the City's key revenues.

Goal Setting Process for 2022

Major city goals represent the most important and the highest priority goals for the City to accomplish and therefore should be reflected in the budgetary decisions resulting in the 2022 budget. In general, this category represents the continuation or refinement of existing goals. These are “must-fund” objectives, even if they require multi-year processes.

General revenue management - guiding principles:

- The city will seek to maintain a diversified and stable revenue base to protect from short-term fluctuations and from cyclical economic downturns.
- The city will make all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- Every fund in the City’s accounting system exists for a reason; the purpose for every fund’s segregation out of the general fund is to dedicate spending for restricted revenues.

2022 REVENUES

	General Fund	% of Total	City-wide	% of Total
Sales Tax	\$ 27,031,000	39.1 %	\$ 37,278,000	12.9 %
Utility & Franchise Taxes	20,379,582	29.5 %	\$ 21,482,562	7.4 %
Property Tax	9,295,688	13.4 %	22,188,324	7.7 %
Charges for Services	3,345,844	4.8 %	57,793,619	20.0 %
Intergovernmental Revenues	3,731,538	5.4 %	55,840,774	19.3 %
Other Taxes & Assessments	1,080,000	1.6 %	7,174,000	2.5 %
Licenses and Permits	1,669,200	2.4 %	3,146,200	1.1 %
Fines and Forfeitures	1,394,000	2.0 %	1,494,000	0.5 %
Transfers	—	— %	30,692,706	10.6 %
Miscellaneous Revenue	1,201,937	1.8 %	52,026,896	18.0 %
	<u>\$ 69,128,789</u>		<u>\$ 289,117,081</u>	

REVENUE

Notable changes in revenues include:

- Revenue from Sales Tax has recovered after a 3% drop in 2020. The City is hopeful that the economy continues its path to recovery and holds strong for taxable sales in the last quarter of the year.
- Lodging Tax revenue suffered greatly in 2020, but showed some comeback in the current year starting in May. Revenues are at over 80% of pre-pandemic levels. While these are signs of recovery, it is unknown if revenues will be at the same level as prior to COVID in the next year.
- Loss revenue from ARPA made it possible to purchase much needed patrol vehicles and fire replacements in 2021.

The following charts detail City-wide revenues, with narrative detailing the breakdown between the General Fund and total government percentages.

Sales Tax (Single Largest Revenue Source for General Fund)

- **General Sales Tax** - Of the 8.3% sales and use tax collected within the City, the State receives 6.5% and the City of Yakima receives only 1.8% in general Sales Tax revenue. The General Government Funds receive the full amount of the City's share of general sales tax revenues. The City of Yakima receives various tax credits out of the State's 6.5%, such as a 3.0% Lodging Tax credit.
- **0.1% Criminal Justice Sales Tax** - A special 0.1% Criminal Justice Sales Tax was originally approved by the voters of Yakima County in the November, 1992, General Election and became effective January 1, 1993. The State allocates this 0.1% criminal justice sales tax revenue between the City and the County, based on a predefined formula. This revenue is restricted to providing criminal justice related services and is allocated based on operating vs. capital needs. This tax revenue is generally affected by the same regional economic factors that affect the General Sales Tax revenue.
- **0.3% Criminal Justice Sales Tax** - Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was originally approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. (This tax was renewed for another 6 years on the November, 2015 election for 2017-2022.) The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%.

Sales tax provides 39.1% of all General Fund revenue, and 12.9% of total government revenue in the 2022 budget. Forecasting is a combination of analysis of recent years' trend and knowledge of current local circumstances.

SALES TAX
(Shown in Thousands)

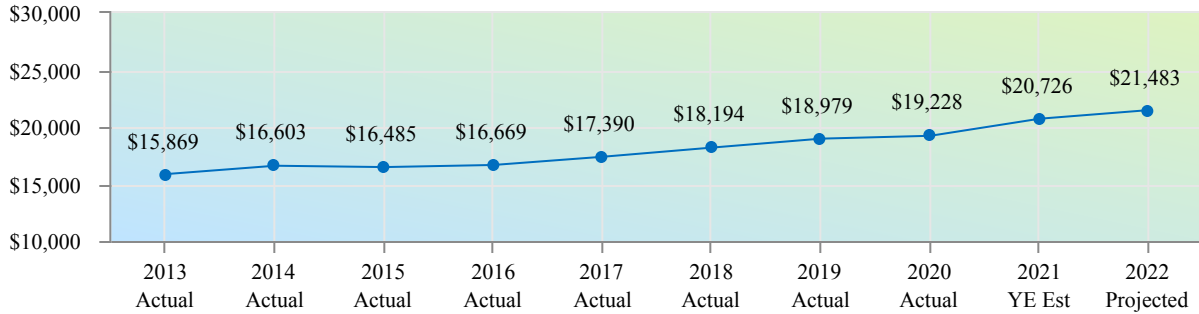


Utility and Franchise Taxes

These revenues are largely a function of weather conditions and utility rates in the Valley. Utility taxes generally keep pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

Utility and Franchise taxes are collectively the second largest category of General Fund revenues, comprising 29.5% of 2022 projected revenue and 7.4% of total government revenue.

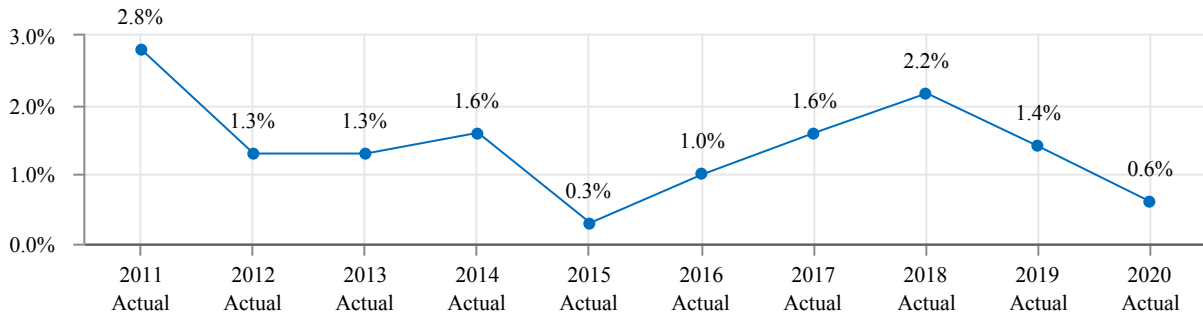
UTILITY AND FRANCHISE TAXES
(Shown in Thousands)



Property Tax

State law allows the City to impose the lesser of the rate of inflation (as measured by the Implicit Price Deflator (IPD)) or 1% above the prior year levy, plus levies for new construction and annexations. State law also allows the City to increase the levy by more than 1% if approved by the majority of voters. State law allows an agency to levy up to the 1% maximum if City Council establishes substantial need by a super-majority (i.e. 5-2) vote.

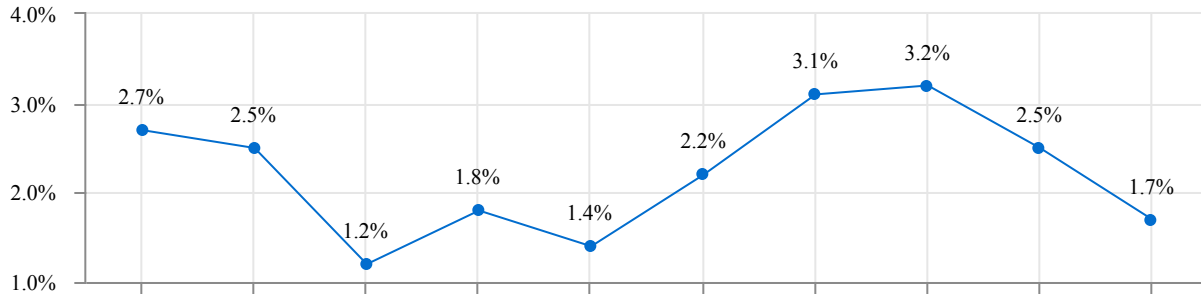
HISTORICAL IMPLICIT PRICE DEFLATOR (MRSC)



State property tax levy statutes limit the change in the dollars levied (1% would generate about \$201,000 for 2022) but do not limit growth in assessed value. Stated differently, the 1% limit affects the total dollars levied, and assessed valuation is used to allocate the levy ratably among the property owners.

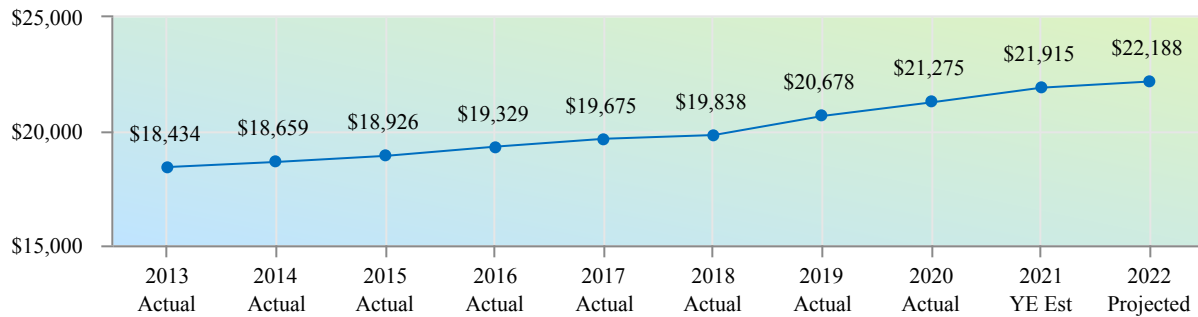
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and the CPI is greater than 1% in almost all years (see chart below), the future effect of 1% or less growth in Property Tax is slowly reducing the percentage of revenue the City receives from this primary General Government revenue source.

HISTORICAL SEATTLE CPI-U ANNUAL
US Bureau of Labor & Statistics



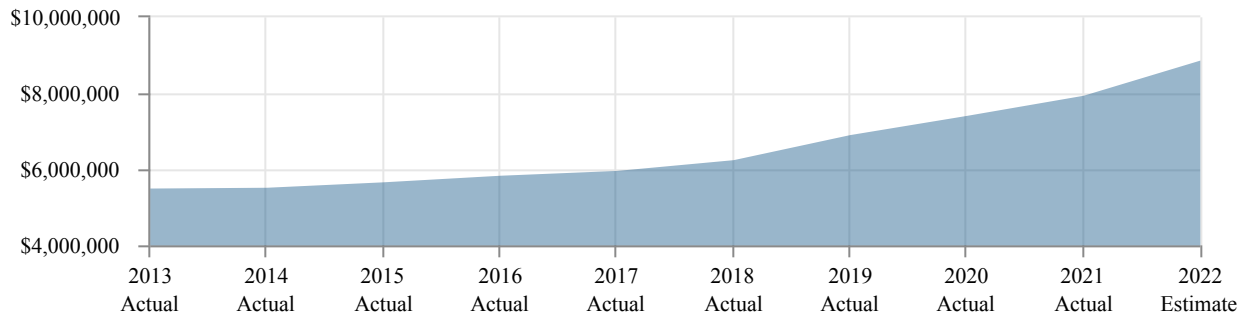
Property tax provides 13.4% of all General Fund revenue, and 7.7% of total government revenue in the 2022 budget.

PROPERTY TAX
(Shown in Thousands)



Property Tax revenue is a primary funding source for the City. Washington's "budget-based" property tax structure is complicated. The City establishes the dollar amount levy, subject to several restrictions. The County Assessor calculates the levy rate based on total assessed valuation. The following Property Value chart shows the historical trend of total city property valuation. It is important to know that the City's general fund levy is subject to a 1% annual cap (a levy lid), excluding new construction and annexation but the valuation itself is purely an assessed value of the true and fair value (market value).

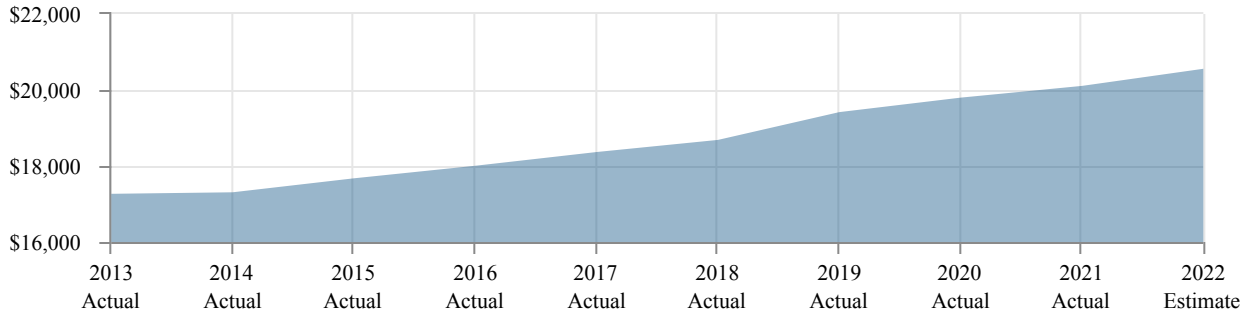
PROPERTY VALUES
City of Yakima - Shown in Thousands



The following chart is a historical trend of the total dollar amount levy in past years, as well as the current 2022 forecast. The city establishes its desired levy amount based on budget need subject to statutory limits, and the levy rate itself is strictly the resulting mathematical relationship between the valuation and the levy amount.

ORIGINAL LEVY AMOUNTS - PROPERTY TAX

City of Yakima - Shown in Thousands



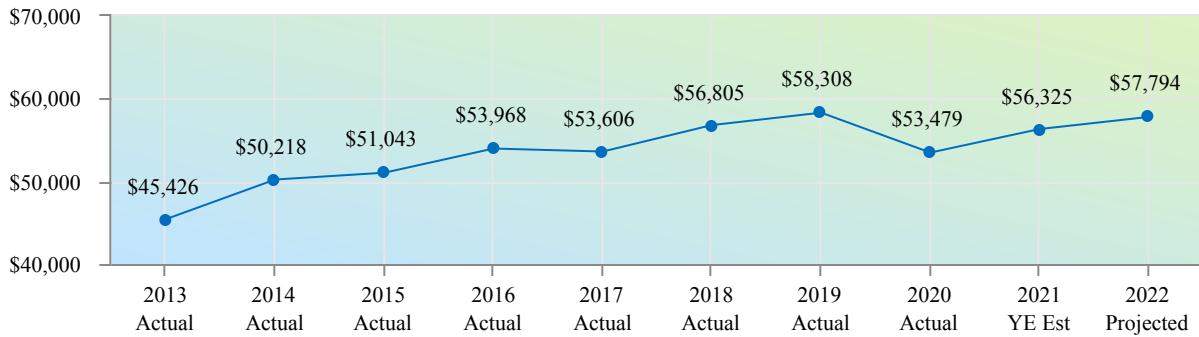
Charges for Services

This revenue category mainly consists of revenues from the sale of services such as water, wastewater, refuse, irrigation, transit and fire services, concessions and interfund services.

The Charges for Services category provides 4.8% of all General Fund revenue, and is the largest revenue for total government in the 2022 budget at 20.0% of total revenue.

CHARGES FOR SERVICES

(Shown in Thousands)

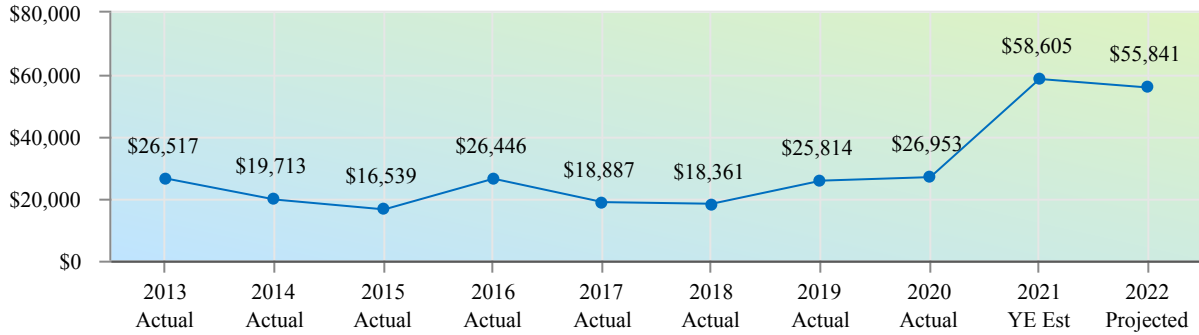


Intergovernmental Revenues

This category includes revenue received from other Government units, including Federal grants and entitlements, State and local grants and other intergovernmental resources. This category can fluctuate significantly due to the timing of the payments, reimbursements and the completion of major projects paid for by grants.

Intergovernmental revenue accounts for 5.4% of General Fund revenue, and 19.3% of total government revenue in the 2022 Projected Budget.

INTERGOVERNMENTAL REVENUE
(Shown in Thousands)



Other Taxes and Assessments

This category includes excise taxes and other operating assessments, and includes Transit, Hotel/Motel, Real Estate Excise, Gambling and Transportation Benefit District Taxes.

Real Estate Excise Taxes (REET) depend on the volume and value of real estate sales, and therefore fluctuate with economic cycles. REET is a restricted funding source that has two components which may be only used for statutorily-defined purposes, primarily capital facilities and authorized transportation, water/storm/sewer and park capital projects.

Lodging (hotel/motel) tax is a restricted revenue, dedicated by statute to expenditures that further local tourism activities. The basic 2% lodging tax is supplemented by a share of state-shared lodging tax that currently totals 5%. Tourism Promotion Area (TPA) fees consists of a \$2 per room per night and are restricted to expenditures that increase the tourism and convention business.

Transportation Benefit District (TBD) revenue commenced in August, 2018. This revenue is restricted to construction, maintenance and operational transportation improvements.

Other taxes provide 1.6% of all General Fund revenue, and 2.5% of total government revenue in the 2022 budget.

OTHER TAXES AND ASSESSMENTS
(Shown in Thousands)

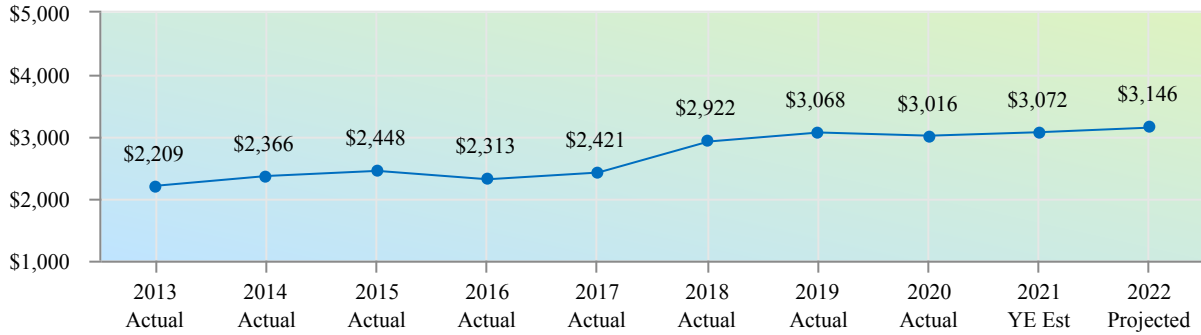


Licenses and Permits

This category includes business licenses, building permits, dog licenses, gambling taxes and wastewater pretreatment and permits.

Licenses and Permits revenue accounts for 2.4% of General Fund revenue, and 1.1% of total government revenue in the 2022 Projected Budget.

LICENSES AND PERMITS
(Shown in Thousands)



Fines & Forfeitures

Fines & Forfeitures come primarily from criminal fines and noncriminal penalties, assessed in the City of Yakima’s Municipal Court and parking violations.

Parking revenue is budgeted down from prior years due to recent court activity limiting enforcement of time-limit violations and due to increased staff time committed to citizen response.

Fines and Forfeitures provide 2.0% of all General Fund revenue, and 0.5% of total government revenue in the 2022 budget.

FINES & FORFEITURES
(Shown in Thousands)



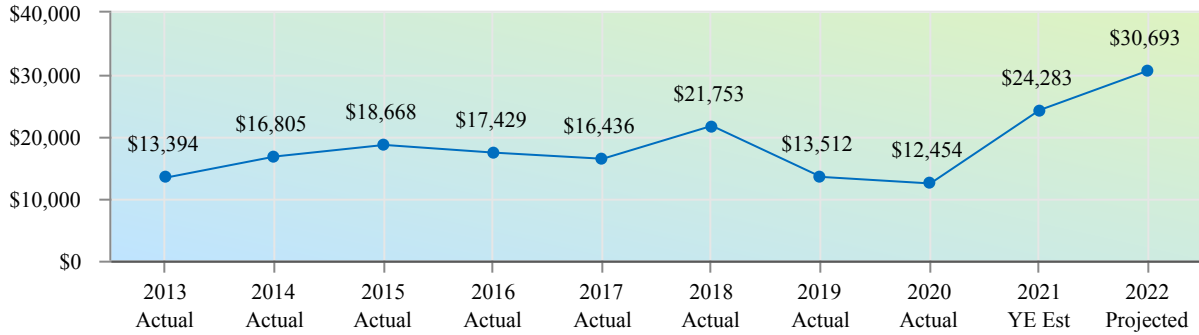
Transfers

Transfers set forth in the Budget are typically to accomplish the measured allocation of revenues and expenditures appropriate to the service delivery in each fund. There are many appropriate transfer mechanisms intended to efficiently and effectively account for complex arrangements.

Any short-term transfers between funds for operating purposes within the year are not operating revenues. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowings. Interfund borrowings that are not repayable within the year must be more formally planned and communicated. The most common use of interfund borrowing is for grant programs such as a Community Development Block Grant, where costs are incurred before reimbursement is received, and is therefore merely a short-term cash flow device.

Transfers provide no General Fund revenue, and 10.6% of total government revenue in the 2022 budget.

TRANSFERS
(Shown in Thousands)



Miscellaneous Revenue

Included in miscellaneous revenues are interfund benefit contributions, interest earnings, rents, assessments, sale of fixed assets, proceeds from long-term debt and other miscellaneous revenues. Significant spikes in this chart are generally due to the timing of bond proceeds.

Miscellaneous Revenues account for 1.8% of General Fund revenue, and 18.0% of total government revenue in the 2022 Projected Budget.

MISCELLANEOUS REVENUE
(Shown in Thousands)



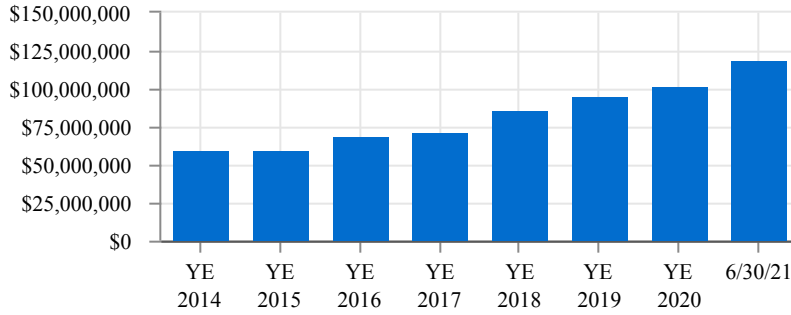
Cash & Investments

Interest revenue on the city's reserves is a function of execution on the City's investment policy. It is the policy of the City of Yakima to invest public funds in a manner that, giving first regard to safety, suitability and liquidity, will maximize long-term yield in conformance with State Statute, Federal Regulations and City Charter.

As a current over-all indicator, the 5-year historic city-wide cash and investments balance trend, showed June 2021 at \$119.4 million (compare to \$96.0 million for June 2020); June was an all-time high. While each month is best compared to the same month in previous years to account for seasonality and other annual events and a mid-year milestone doesn't correlate to prior year-end balances, cash levels have consistently increased over prior year.

The following graph incorporates only the city's primary bank and investment accounts (US Bank, Key Bank, Local Government Investment Pool and investment portfolio) to enable comparison to prior and future periods.

CASH AND INVESTMENT HISTORY



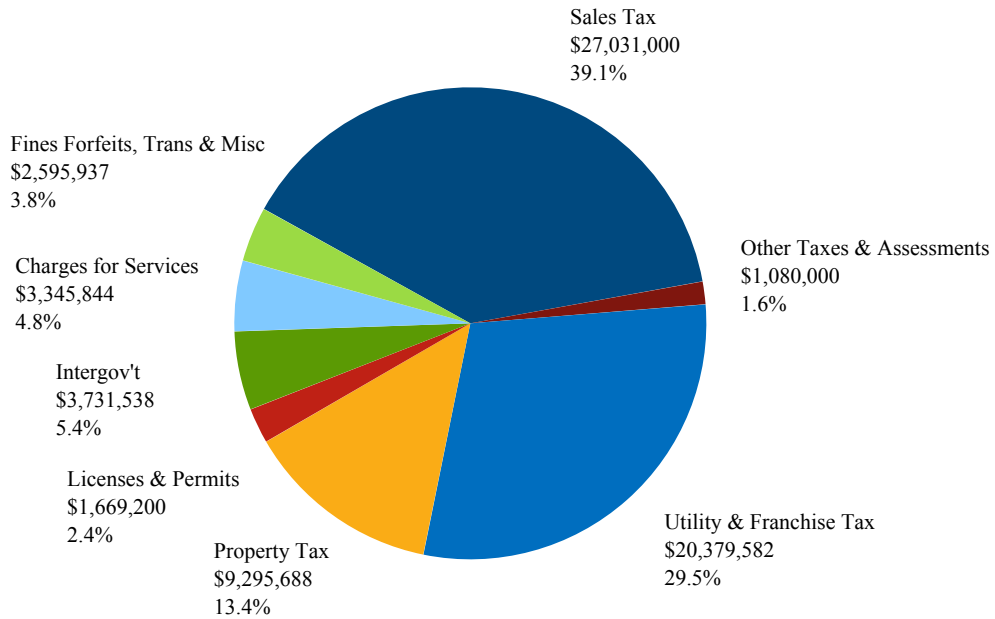
REVENUE TRENDS - OVERVIEW

The current projected revenue for 2022 is \$289.1 million, a \$26.1 million or 9.9% increase from the year-end estimate.

BUDGET BY SOURCE

The following chart shows revenue broken up by source for the General Fund.

2022 GENERAL FUND REVENUE BUDGET BY SOURCE





EXPENDITURES

OVERVIEW

General Fund

All General Fund programs are necessarily balanced within available resources, which are funded by Sales Tax, Property Tax, Utility Taxes and other smaller funding sources. Collective Bargaining Agreements that provide for salary and benefit increases that exceed the Property Tax rate cap create a squeeze that affects the entire General Fund's ability to maintain service delivery levels, and Public Safety costs - Police, Fire and Criminal Justice - continue to require an increasing share of total General Fund resources. The following charts show City-wide expenditures.

2022 EXPENDITURES

	General Fund	% of Total	City-wide	% of Total
Transfers	\$ 3,876,705	5.6 %	\$ 30,692,706	10.4 %
Salaries & Wages	40,337,385	58.5 %	68,078,671	23.2 %
Personnel Benefits	13,572,443	19.7 %	38,948,304	13.3 %
Operating Supplies	1,774,869	2.6 %	7,160,029	2.4 %
Professional Services	9,074,890	13.2 %	69,315,508	23.6 %
Capital Outlays	104,000	0.2 %	70,629,061	24.0 %
Debt Service	206,390	0.2 %	9,079,440	3.1 %
	<u>\$ 68,946,682</u>		<u>\$ 293,903,719</u>	

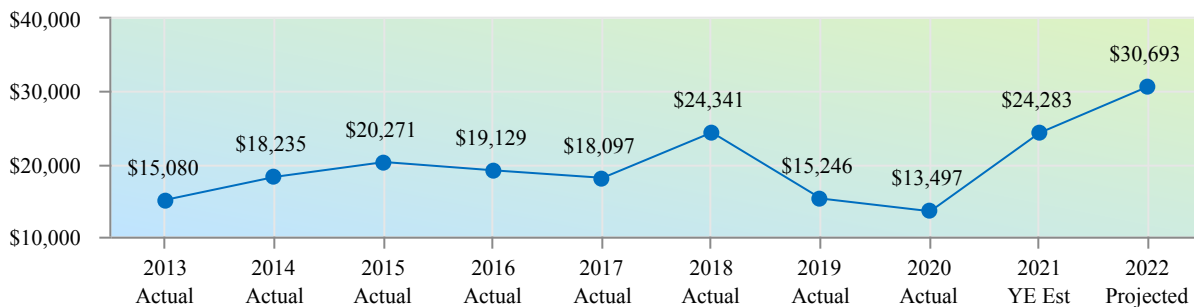
EXPENDITURE DETAIL

Transfers

This category generally includes transfers to and from operating to capital funds, support for the debt service funds and subsidizing funds within the City, such as the Parks and Recreation and Workers Compensation as needed. Increases in transfer in 2021 and 2022 are related to American Rescue Plan Act (ARPA) revenues.

Transfers provide 5.6% of all General Fund revenue, and 10.4% of total government revenue in the 2022 budget.

TRANSFERS
(Shown in Thousands)



Salaries, Wages and Personnel Benefits

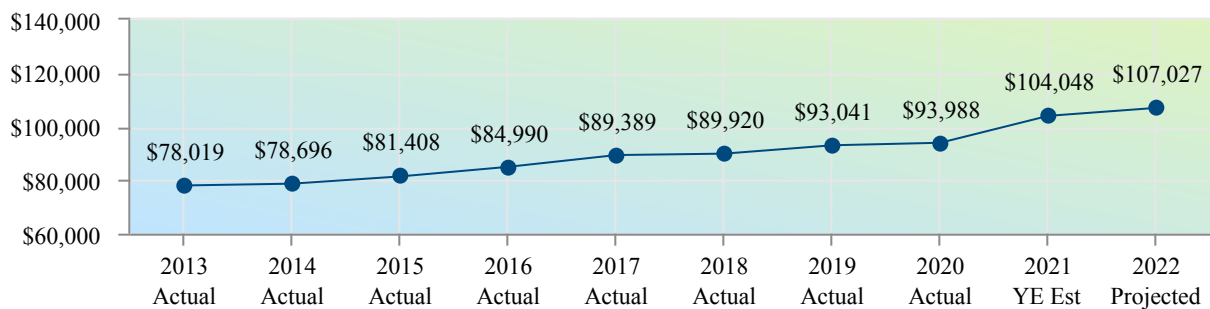
These expenses are the number one expenditure within the operating budget. The following chart shows the ratios between budgeted employees and population and does not include temporary employees (numbers of employees are stated in full-time equivalents). These numbers have remained relatively stable over the last ten years.

City-Wide Government	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Employees	722.3	727.2	748.4	761.2	768.5	765.7	767.0	768.0	770.0	769.0
Employees Per Capita	7.9	7.9	8.0	8.2	8.2	8.2	8.1	8.1	8.1	7.9
Population ¹	91,930	92,620	93,080	93,220	93,400	93,900	94,190	94,440	95,490	97,340

However, the cost of those same employees has escalated over that same time period, going up 44.4% over the last ten years. As the following graph shows, 2021 Salaries, Wages and benefits increase, in total, by \$4.0 million, from \$100.3 million to \$104.3 million.

Salaries, Wages and Personnel Benefits provide 78.2% of all General Fund revenue, and 36.5% of total government revenue in the 2022 budget.

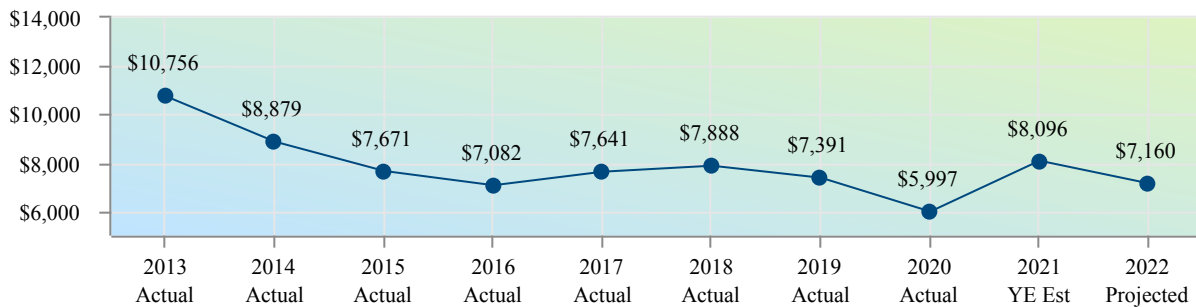
SALARIES, WAGES AND PERSONNEL BENEFITS
(Shown in Thousands)



Operating Supplies

This category includes any supplies that are not considered over the capitalization limit (\$5,000), from paper to computer servers, and anything in between. It is also one of the hardest hit in recent years when funds are required in other categories, such as criminal justice. As seen in the next chart, the dollars available for operating supplies has actually decreased in the 10 years shown.

OPERATING SUPPLIES
(Shown in Thousands)



There is currently no replacement funding for office computers and software, other than in this fund, and due to the lack of funding, computers and software are not getting replaced as frequently as needed. Both the computers and the software that they run have a limited life, as much of the software becomes too old for support, and even if the software can be replaced, the aging computers do not have the resources to run these new programs. The increase in 2021 is mainly due to the purchase of cameras and portable radios and consoles for the Police department.

¹ Estimate per the Office of Financial Management (OFM). 2022 population estimates not yet available.

Operating Supplies provide 2.6% of all General Fund revenue, and 2.4% of total government revenue in the 2022 budget.

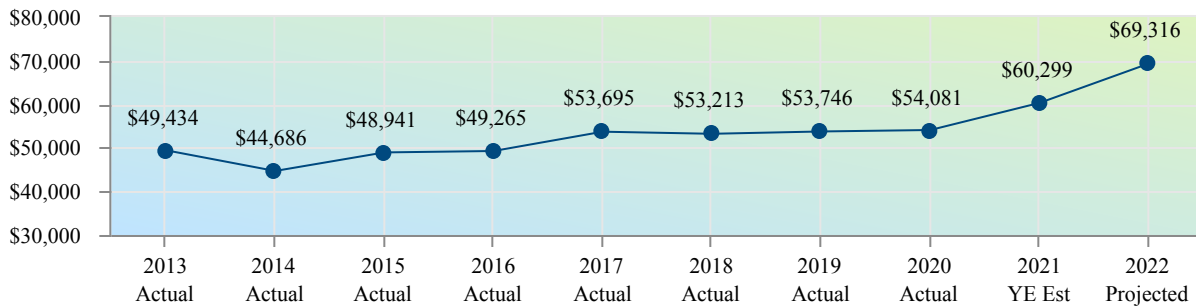
Professional Services & Other Charges

This category contains services rendered by sources outside the city, including engineering and construction type services, Dial-A-Ride services and intergovernmental services. Also included are items such as insurance, taxes and assessments and city service charges. This budget fluctuates mostly due to ongoing project needs.

City Service charges have been revised to reflect an equitable approach as suggested by the State Auditor's office. These charges were primarily borne by enterprise funds in previous years.

Professional Services & Other Charges provide 13.2% of all General Fund revenue, and 23.6% of total government revenue in the 2022 budget.

PROFESSIONAL SERVICES
(Shown in Thousands)



Capital Outlays

2022 Capital Expenditures are expected to increase due to large projects approved in 2021, which may need to be carried over into the next year.

2021 major projects included:

- Nelson Dam rebuild.
- Yakima Airport - east general aviation apron.
- Purchase of the Bank of America building on 2nd Street.
- Completion of the Convention Center Addition.
- North 1st Street Revitalization.
- Police Vehicles
- Millsite

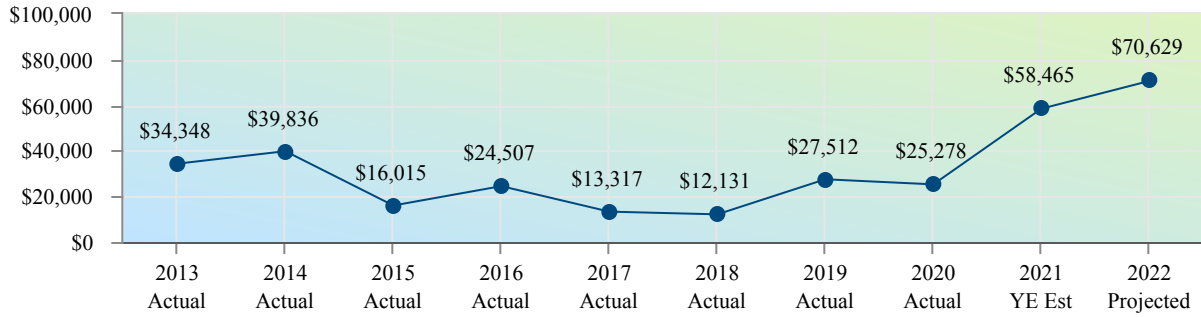
Projects included in prior-year adopted budgets but not completed, in any given year, are routinely rolled forward at year-end, brought to council for a non-lapsing appropriation.

2022 major projects include:

- Nelson Dam rebuild
- Yakima Airport - Taxi land design, engineering and construction
- North 1st Street Revitalization.
- Millsite

Capital Outlays provide 0.2% of all General Fund revenue, and 24.0% of total government revenue in the 2022 budget.

CAPITAL OUTLAYS
(Shown in Thousands)



Debt Service

The City pledges its full faith and credit for General Obligation (GO) Bonds which consists of general tax and some special revenues. Generally, interest payments on municipal bonds are not taxable to the bond holder (unless taxable bonds are issued due to private-public partnerships). The most common funding sources are property taxes, real estate excise tax (REET) or a special revenue source such as energy savings and rebates for the LED Street Light Project.

The City has several debts payable to other governmental agencies - general tax and other special revenues are pledged as repayment. Intergovernmental debt tends to be less costly and is often obtained for lower interest costs. The Local Option Capital Asset Lending (LOCAL) Program is offered through the State of Washington, and the City is able to participate in the State's bond issues to take advantage of a lower rate. All issuance costs are included in the interest rate. Economic Development (SIED) loans are administered through the County and often accompanied by a grant. Community Economic Revitalization Board (CERB) loans offer lower cost alternatives as well.

Any increase to debt in 2022 not included in the following chart would be due to issuance of:

- \$1.0M SIED Loan - SOZO/Spring Creek (debt has been issued, payment schedule not yet finalized)
- \$1.7M PWTF Loan - Water Facilities/Nelson Dam
- \$5.0M YRDA Bond - Mill Site
- \$10.0M Bond for Phase 3 construction of the North 1st Street Revitalization

Debt Service provides 0.2% of all General Fund revenue, and 3.1% of total government revenue in the 2022 budget.

The following chart reflects the total debt the City of Yakima owes for various types of debt, showing all finalized payments for the years 2021 through 2034, along with an aggregate of any payments from 2035 and beyond.

Type	Description	Maturity Date	Principal and Interest Payments				
			2021	2022	2023	2024	2025
GO Bond	2020 Convention Center Add (Ref)	12/01/44	\$ 790,893	\$ 792,906	\$ 794,328	\$ 794,875	\$ 794,722
GO Bond	2020 Convention Ctr III Add (Ref)	12/01/44	156,158	154,583	157,938	156,047	159,069
GO Bond	2018 Aquatic Center YMCA	12/01/42	420,000	420,000	420,000	450,000	450,000
GO Bond	2018 Yakima Sports Complex	06/01/35	400,000	400,000	400,000	450,000	450,000
LOCAL	2020 Energy Project (Lighting)	06/01/35	129,250	136,000	137,375	133,625	134,750
Loan	2010 Railroad Grade Separation	06/01/34	84,448	84,448	84,448	84,448	84,448
GO Bond	2014 City Pt 911 Call Disp Ctr	05/01/34	119,863	121,863	118,663	120,463	117,063
GO Bond	2020 Capitol Theatre Exp (Ref)	12/01/32	446,645	454,557	451,802	453,357	459,259
SIED Loan	2018 River Rd Impr/Aquatics Ctr	06/01/29	62,800	62,800	62,800	62,800	62,800
GO Bond	2018 Street Resurfacing Project	12/01/28	399,664	399,664	399,664	399,664	399,664
Loan	2009 Railroad Grade Separation	06/01/28	171,704	170,879	170,053	169,228	168,402
SIED Loan	2016 SOZO	06/01/27	106,197	106,197	106,197	106,197	106,197
LOCAL	2017 Energy Project (Lighting)	06/01/27	111,329	111,220	111,106	110,986	111,919
LOCAL	2018 Fire Aerial & Pump App	06/01/27	153,167	153,017	152,859	152,694	153,978
SIED Loan	2017 YV Brewing Project	06/01/24	14,158	14,158	14,158	14,158	—
GO Bond	2014 Street Improvement Project	06/01/24	1,650,750	1,648,375	1,648,750	1,650,250	—
GO Bond	2003 SunDome Expansion	12/01/23	145,746	147,934	150,000	—	—
LOCAL	2013 Fire Apparatus	06/01/23	39,216	39,216	39,216	—	—
SIED Loan	2015 21st Avenue/Airport	06/01/23	58,090	58,090	58,090	—	—
GO Bond	2020 Downtown Futures (Ref)	12/01/22	134,355	130,553	—	—	—
GO Bond	2020 Fire Station WV/92nd (Ref)	12/01/22	72,345	70,298	—	—	—
GO Bond	2020 Fire Ladder Apparatus	12/01/21	72,100	—	—	—	—
	Total Non-Enterprise		5,738,878	5,676,758	5,477,447	5,308,792	3,652,271
GO Bond	2020 Irrigation Sys Rev Bnd (Ref)	12/01/34	272,550	272,150	276,600	270,750	274,900
GO Bond	2020 Wastewater Rev Bonds (Ref)	12/01/27	386,850	382,400	382,800	387,900	387,550
GO Bond	2012 Wastewater Rev Bonds (Ref)	11/01/23	1,164,200	1,162,800	1,164,800	—	—
	Total Enterprise Loans		1,823,600	1,817,350	1,824,200	658,650	662,450
Revenue	WW Long-Term Debt	2021-2037	769,971	689,650	687,341	685,034	682,727
Revenue	Water Long-Term Debt	2023-2034	794,688	789,879	785,071	645,537	641,402
	Total Enterprise LT Debt		1,564,659	1,479,529	1,472,412	1,330,571	1,324,129
	Total City-Wide Debt		<u>\$9,127,137</u>	<u>\$8,973,637</u>	<u>\$8,774,059</u>	<u>\$7,298,013</u>	<u>\$5,638,850</u>

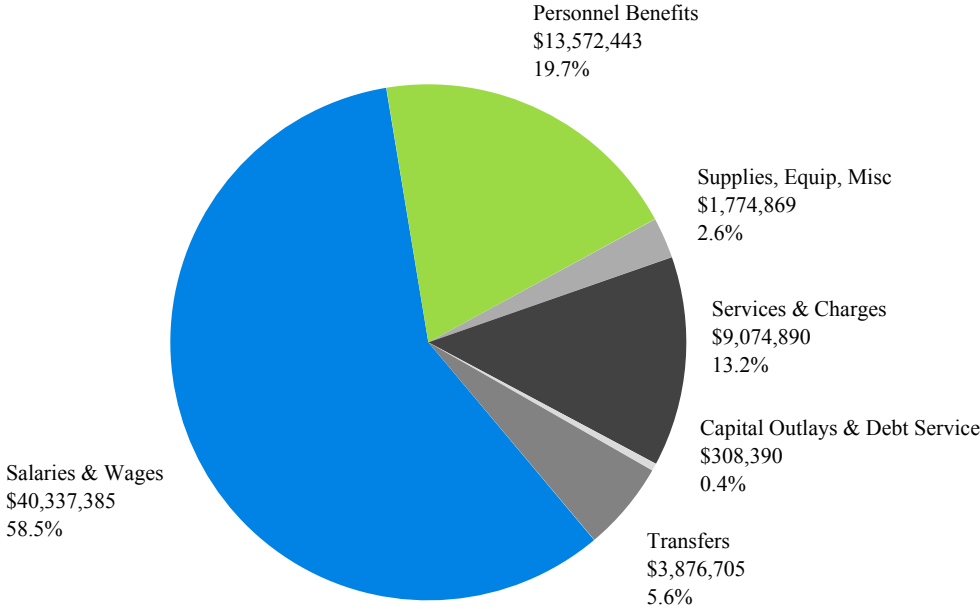
Potential New Debt for 2022:

SIED Loan - SOZO/Spring Creek	\$ 1,000,000
PWTF Loan - Water Facilities	1,740,000
YRDA Bond - Mill Site	5,000,000
North 1st Street Revitalization	10,000,000

Principal and Interest Payments

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035+
\$ 794,030	\$ 792,596	\$ 790,466	\$ 792,652	\$ 793,946	\$ 794,318	\$ 793,596	\$ 791,888	\$ 794,313	\$7,921,603
156,903	154,645	157,307	154,744	157,096	154,203	156,192	157,919	154,404	1,574,539
450,000	450,000	450,000	410,000	410,000	410,000	410,000	410,000	410,000	7,618,333
450,000	450,000	450,000	490,000	490,000	490,000	490,000	490,000	490,000	120,083
135,625	136,250	136,625	131,875	132,000	131,875	131,500	135,750	134,625	133,250
84,448	84,448	84,448	84,448	84,448	84,448	84,448	84,448	42,224	—
119,513	121,813	118,963	121,113	118,113	119,863	121,450	117,875	119,025	—
454,514	459,210	458,103	461,344	463,729	465,226	470,675	—		
62,800	62,800	62,800	62,800	—					
399,664	399,664	399,664	—						
167,577	166,751	165,926	—						
106,197	106,197	—							
112,417	112,395	—							
154,663	154,633	—							
3,648,351	3,651,402	3,274,302	2,708,976	2,649,332	2,649,933	2,657,861	2,187,880	2,144,591	17,367,808
273,750	272,450	271,000	269,400	277,650	275,450	273,100	270,600	272,950	—
381,900	381,100	—							
655,650	653,550	271,000	269,400	277,650	275,450	273,100	270,600	272,950	—
556,173	554,487	431,412	430,332	429,253	428,174	158,015	140,195	122,376	246,459
590,194	586,294	582,395	457,346	454,052	450,758	447,464	181,012	178,376	—
1,146,367	1,140,781	1,013,807	887,678	883,305	878,932	605,479	321,207	300,752	246,459
<u>\$5,450,368</u>	<u>\$5,445,733</u>	<u>\$4,559,109</u>	<u>\$3,866,054</u>	<u>\$3,810,287</u>	<u>\$3,804,315</u>	<u>\$3,536,440</u>	<u>\$2,779,687</u>	<u>\$2,718,293</u>	<u>\$17,614,267</u>

**2022 GENERAL FUND EXPENDITURE BUDGET
GENERALIZED CATEGORIES**



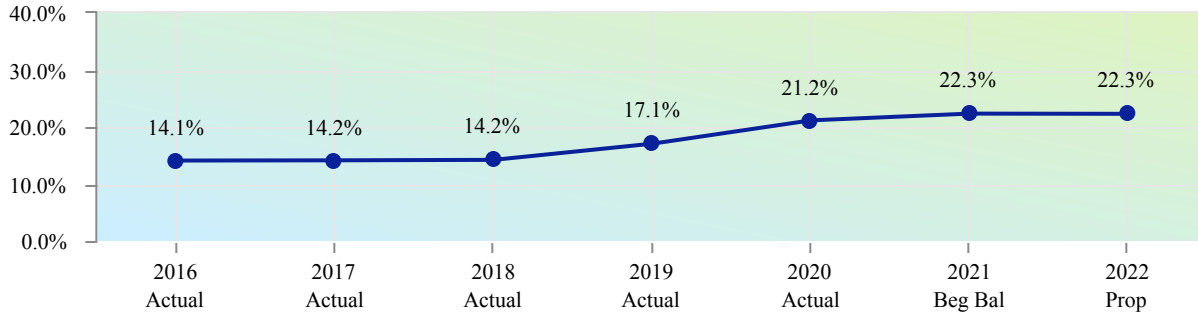


GENERAL FUND FINANCIAL HEALTH / FUND BALANCE

CURRENT AND PROJECTED RESERVES

The statutory cap on Property Tax forces a conversation every year to prioritize expenditures, evaluate the balance between services and infrastructure, and challenges the preservation of general fund reserves.

GENERAL FUND - BEGINNING FUND BALANCE AS A % OF TOTAL EXPENDITURES
(Without Transfers - as shown in the 2020 Audited CAFR)



The chart above depicts the historical fund balance trend as reported in the City's audited Comprehensive Annual Financial Report (CAFR) and shows that in the last two years, the City has stabilized however significant gains in capital expenditure planning and perpetual vehicle replacement remain to be solved. At the same time, the Assessed Valuation of properties in the city increased at substantially rates than the capped property tax rate, exerting pressure on General Fund services, which saw costs increase roughly in line with CPI. Through difficult budgeting decisions, expenditures that could be deferred or reduced were managed to achieve a balanced budget in each year and staff is sometimes able to achieve further operational savings. The single most influential moment at policy level to affect fund balance is at the time of budget adoption.

The table below depicts the projected ending fund balance for years 2020 through 2026 reflecting the current budget numbers, extrapolating the percentages from the most recent 5-Year Plan, and without reflecting any effect that a potential Levy Lid Lift could have.

GENERAL FUND RESERVE FORECAST VS POLICY LEVEL REQUIREMENTS
(Without Transfers - as shown in the 2020 Audited CAFR)

General Fund	2021						
	2020 Actual	Year End Estimate	2022 Projected	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Forecast	\$13,295,598	\$14,335,191	\$14,517,297	\$18,576,108	\$20,113,296	\$18,922,260	\$14,782,898
Policy Level Requires @ 16.7%	10,491,594	10,711,786	10,866,686	11,518,688	12,209,809	12,942,397	13,718,941
Net Increase (Deficit)	<u>\$2,804,004</u>	<u>\$3,623,405</u>	<u>\$3,650,611</u>	<u>\$7,057,420</u>	<u>\$7,903,487</u>	<u>\$5,979,863</u>	<u>\$1,063,957</u>

The following chart shows the forecast for the next five years using current known or estimated growth rates, however, at every budget adoption, decisions would be made in each year to explore revenue and/or expense options.

Key Reminders

- The City is committed to achieving a balanced budget in every fund.
- Service delivery across all city programs are re-evaluated annually to prioritize the most urgent and important services within available funding.



CITY-WIDE FINANCIAL HEALTH / FUND BALANCES

The following table recaps city-wide fund balances by fund groupings showing the effect of proposed revenues and expenditures.

2022 RESERVE BALANCE SUMMARY

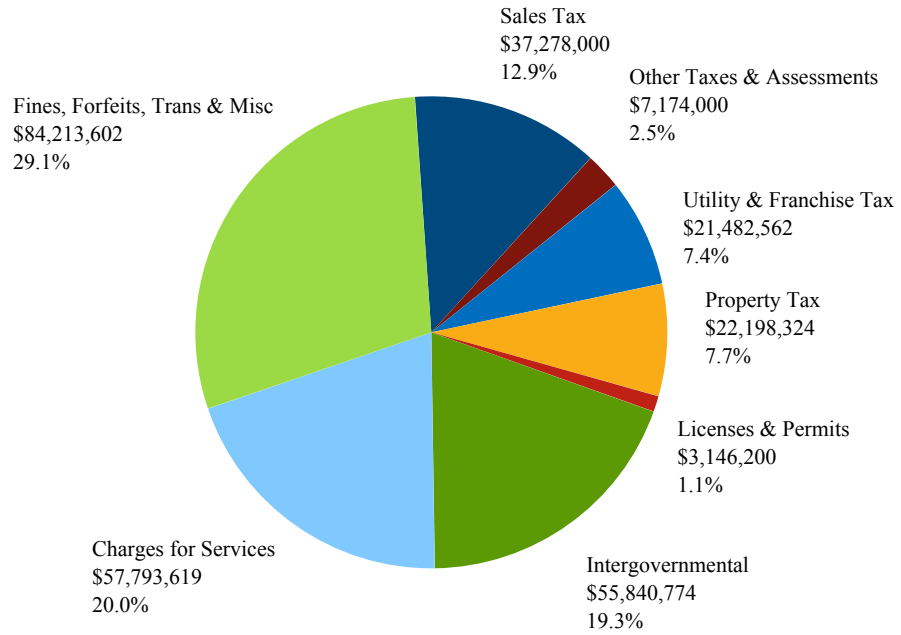
	Estimated 2022 Beg. Fund Balance	2022 Projected Revenues	2022 Proposed Expenditures	Inc in (Dec in) Reserves	Estimated 2022 Ending Balance	% of Prop Exp
General Fund ²	\$ 14,335,190	\$ 69,128,789	\$ 68,946,683	\$ 182,106	\$ 14,517,296	21.1 %
Parks and Recreation	913,962	5,565,769	6,179,811	(614,042)	299,920	4.9 %
Street & Traffic Operations	1,133,950	6,478,808	6,476,301	2,507	1,136,457	17.5 %
General Government Subtotal	16,383,102	81,173,366	81,602,795	(429,429)	15,953,673	19.6 %
Other Governmental Operating Funds	12,831,025	28,823,781	18,308,377	10,515,404	23,346,429	127.5 %
Government Capital Funds	11,733,709	35,792,287	30,915,352	4,876,935	16,610,644	53.7 %
Enterprise Operating Funds	29,605,218	66,959,553	74,090,502	(7,130,949)	22,474,269	30.3 %
Enterprise Capital Funds	32,186,736	35,539,541	49,407,226	(13,867,685)	18,319,051	37.1 %
Internal Service Funds	3,223,023	11,187,401	9,813,048	1,374,353	4,597,376	46.8 %
Employee Benefit Reserve	5,304,968	16,714,350	17,029,581	(315,231)	4,989,737	29.3 %
Risk Management Reserves	3,555,419	5,826,575	5,636,355	190,220	3,745,639	66.5 %
Debt Service & Agency Funds	2,560,778	7,100,227	7,100,485	(258)	2,560,520	36.1 %
Total	<u>\$ 117,383,978</u>	<u>\$ 289,117,081</u>	<u>\$ 293,903,721</u>	<u>\$(4,786,640)</u>	<u>\$ 112,597,338</u>	38.3 %

As of October 2021 and with the review of the 2022 Preliminary Budget, City Council has approved reserves of at least 16.7% of total expenditures, which represent two months of annual spending. Enterprise Funds reserve target is 25% of total annual operating expenditures.

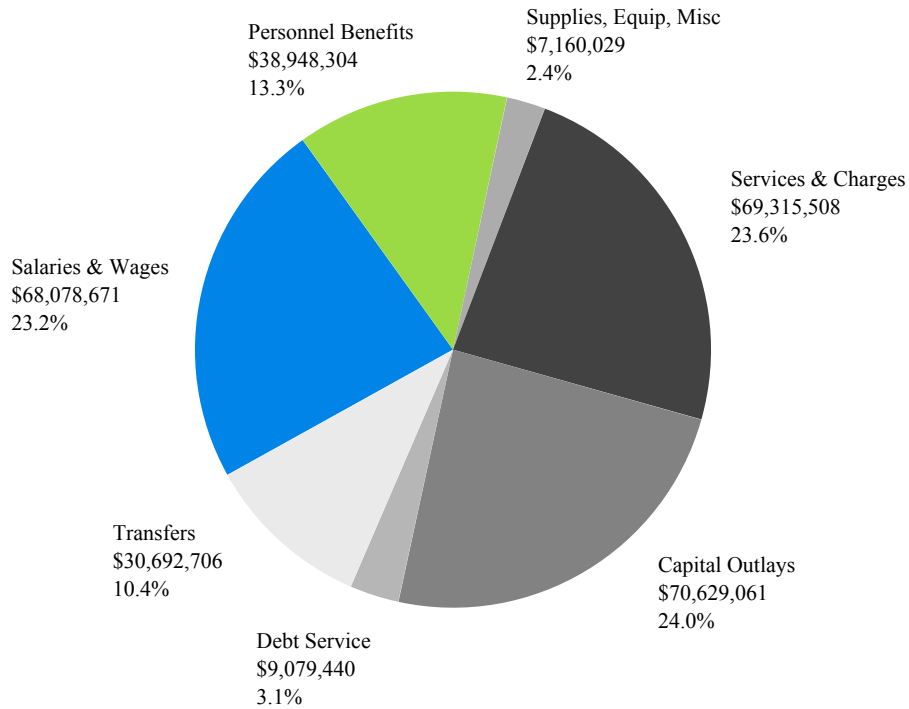
Estimated Ending Fund balance for the year-end 2021 is \$14,517,296 which represents 21.1% of total expenditures. Excluding other funds that roll up into the General Fund category, the ending fund balance exceeds current Council policy and is at 19.0%.

² General Fund includes .3% Criminal Justice and the Firemen's Pension funds.

2022 CITYWIDE REVENUE BUDGET BY SOURCE



2022 CITYWIDE EXPENDITURE BUDGET GENERALIZED CATEGORIES





PRELIMINARY BUDGET
BY FUNCTIONAL GROUPING

All figures in the following pages, as in most of the preceding pages' tables and graphs, are directly imported from the City's automated accounting system.

Department directors and managers take part in continuous review of 2021 (current-year) budget-to-actual expense management, 2021 year-end estimates and 2022 proposed budget figures.

The City relies on budgetary controls, with multiple levels of review, as part of the overall systems of checks and balances to manage service delivery.

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

Expenditures	2020 Actual Expenditures	2021 Amended Budget	2021 Year-End Estimate	2022 Projected Expenditures	2022 vs 2021 Est
General Government					
City Management	\$ 2,446,242	\$ 1,097,550	\$ 765,550	\$ 769,565	0.5 %
Indigent Defense	1,078,094	1,050,000	1,050,000	1,100,000	4.8 %
City Council	127,494	284,786	266,858	284,786	6.7 %
City Clerk/Records	366,023	791,632	791,632	682,216	(13.8)%
Human Resources	493,023	818,769	805,069	849,027	5.5 %
Legal	1,720,293	2,057,127	1,968,364	1,987,698	1.0 %
Municipal Court	1,642,758	1,763,503	1,762,323	1,811,259	2.8 %
Planning	815,926	796,695	796,695	789,994	(0.8)%
Code Administration	1,813,871	1,948,326	1,955,726	2,004,461	2.5 %
City Hall Facility	359,230	435,460	345,627	481,267	39.2 %
Economic Development	152,223	342,145	342,145	431,934	26.2 %
Police	28,555,011	30,310,418	30,055,460	31,199,294	3.8 %
Fire	15,650,247	15,742,516	15,924,876	16,056,963	0.8 %
Information Technology	2,739,420	4,371,084	4,342,429	4,168,046	(4.0)%
Intergovernmental	236,474	170,288	143,638	106,261	(26.0)%
Transfers	2,117,457	2,212,053	2,212,053	3,876,705	75.3 %
City Service Reimbursement	—	—	(3,421,923)	(3,660,375)	75.3 %
Financial Services	1,278,140	2,515,279	2,515,279	2,748,341	9.3 %
Police Pension	730,654	872,197	872,197	700,130	(19.7)%
Firemen's Relief & Pension	1,180,451	1,176,390	1,176,390	1,034,252	(12.1)%
Parking	222,036	275,239	273,489	100,531	(63.2)%
Purchasing	237,338	447,309	447,309	446,300	(0.2)%
Engineering	735,620	955,317	963,297	978,029	1.5 %
Total General Fund	64,698,025	70,434,083	66,354,483	68,946,684	3.9 %
Parks & Recreation	4,449,770	5,861,436	5,574,682	6,179,811	10.9 %
Street & Traffic Operations	7,337,581	6,352,464	6,287,622	6,476,301	3.0 %
Total General Government Funds	\$ 76,485,376	\$ 82,647,983	\$ 78,216,787	\$ 81,602,796	4.3 %

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

	2022 Projected Revenue	2022 Estimated		Increase (Decrease) In Fund Balance	% Change in Fund Balance
		Beginning Fund Balance	Ending Fund Balance		
Revenues					
General Fund	\$ 69,128,789	\$ 14,335,190	\$ 14,517,297	\$ 182,107	1.3 %
Parks & Recreation ³	5,565,769	913,962	299,920	(614,042)	(67.2)%
Street & Traffic Operations	6,478,808	1,133,950	1,136,457	2,507	0.2 %
Total General Government Funds	\$ 81,173,366	\$ 16,383,102	\$ 15,953,674	\$ (429,428)	(2.6)%

³ Reduction in General Fund subsidy for 2022 allowing for use of reserves.

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

	2020 Actual Expenditures	2021 Amended Budget	2021 Year-End Estimate	2022 Projected Expenditures	2022 vs 2021 Est
Other Governmental Operating Funds					
Economic Development	\$ 110,750	\$ —	\$ —	\$ —	n/a
Community Development	2,016,187	7,518,654	2,422,169	1,624,466	(32.9)%
Community Relations	656,738	731,584	747,083	785,564	5.2 %
Clean City Program	243,350	441,008	349,609	383,137	9.6 %
Cemetery	314,484	333,823	330,910	362,150	9.4 %
Emergency Services	1,567,571	1,545,544	1,545,544	1,578,696	2.1 %
Public Safety Communications	4,394,863	4,805,795	4,798,628	4,863,591	1.4 %
Police Grants	469,808	946,013	886,986	390,170	(56.0)%
Downtown Improvement District	165,499	184,750	182,250	184,300	1.1 %
Trolley (Yakima Interurban Lines)	12,667	15,463	17,085	9,400	(45.0)%
Front St Business Impr Area	3,315	5,100	3,700	3,700	— %
Tourist Promotion (Conv Ctr)	1,008,885	1,750,465	1,661,215	2,045,236	23.1 %
Capitol Theatre	437,851	437,212	472,212	437,038	(7.4)%
PFD Revenue-Convention Center	1,040,989	1,165,162	1,165,162	1,216,121	4.4 %
Tourist Promotion Area	428,049	507,440	507,440	1,181,373	132.8 %
PFD Revenue-Capitol Theatre	996,057	635,761	670,761	683,391	1.9 %
American Rescue Plan Act (ARPA)	—	500,000	8,789,261	2,560,043	(70.9)%
Total Other Governmental Operating Funds	\$ 13,867,063	\$ 21,523,774	\$ 24,550,015	\$ 18,308,376	(25.4)%
Government Capital Funds					
Arterial Street	\$ 1,556,077	\$ 9,168,008	\$ 5,941,897	\$ 5,791,345	(2.5)%
C.B.D. Capital Improvement	—	34,492	33,221	—	(100.0)%
Capitol Theatre Construction	1,247	260,000	491,746	—	(100.0)%
Yakima Rev Development Area	2,743,384	12,320,788	11,954,356	6,724,249	(43.8)%
Parks & Recreation Capital	1,148,548	153,958	161,453	860,782	433.1 %
Fire Capital	262,759	1,760,000	1,760,000	80,000	(95.5)%
Law & Justice Capital	370,886	5,070,763	5,070,763	624,194	(87.7)%
REET 1 Public Works Trust Construction	926,560	2,160,392	2,172,392	4,645,933	113.9 %
REET 2 Capital Construction	860,470	2,275,739	2,275,739	2,225,419	(2.2)%
Street Capital Fund	334,676	2,063,376	3,306,848	8,189,665	147.7 %
Convention Center Capital Impr	8,644,764	4,361,257	4,361,257	493,764	(88.7)%
Cum. Reserve for Capital Impr	173,846	231,460	2,251,460	1,280,000	(43.1)%
Total Government Capital Funds	\$ 17,023,217	\$ 39,860,233	\$ 39,781,132	\$ 30,915,351	(22.3)%

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

	2022 Projected Revenue	2022 Estimated		Increase (Decrease) In Fund Balance	% Change in Fund Balance
		Beginning Fund Balance	Ending Fund Balance		
Revenues					
Other Governmental Operating Funds					
Economic Development	\$ —	\$ 53,014	\$ 53,014	\$ —	— %
Community Development	1,641,453	3,310,094	3,327,081	16,987	0.5 %
Community Relations	675,252	830,284	719,972	(110,312)	(13.3)%
Clean City Program	376,480	17,251	10,594	(6,657)	(38.6)%
Cemetery	362,500	139,817	140,167	350	0.3 %
Emergency Services	1,620,404	111,889	153,597	41,708	37.3 %
Public Safety Communications	4,796,626	921,352	854,387	(66,965)	(7.3)%
Police Grants	328,105	931,531	869,466	(62,065)	(6.7)%
Downtown Improvement District	185,750	79,309	80,759	1,450	1.8 %
Trolley (Yakima Interurban Lines)	11,275	40,913	42,788	1,875	4.6 %
Front St Business Impr Area	3,700	4,278	4,278	—	— %
Tourist Promotion (Conv Ctr)	2,109,875	311,806	376,446	64,640	20.7 %
Capitol Theatre	407,211	30,198	370	(29,828)	(98.8)%
PFD Revenue-Convention Center	1,110,000	1,154,216	1,048,095	(106,121)	(9.2)%
Tourist Promotion Area	1,175,400	46,881	40,909	(5,972)	(12.7)%
PFD Revenue-Capitol Theatre	1,019,750	539,713	876,071	336,358	62.3 %
American Rescue Plan Act (ARPA)	13,000,000	4,308,479	14,748,435	10,439,956	242.3 %
Total Other Governmental Operating Funds	\$ 28,823,781	\$ 12,831,025	\$ 23,346,429	\$ 10,515,404	82.0 %
Government Capital Funds					
Arterial Street	\$ 5,978,710	\$ 1,651,933	\$ 1,839,297	\$ 187,364	11.3 %
C.B.D. Capital Improvement	—	51,959	51,959	—	— %
Capitol Theatre Construction	60,000	73,024	133,024	60,000	82.2 %
Yakima Rev Development Area	9,400,000	89,280	2,765,030	2,675,750	n/a
Parks & Recreation Capital	766,049	269,803	175,069	(94,734)	(35.1)%
Fire Capital	138,000	370,446	428,446	58,000	15.7 %
Law & Justice Capital	374,444	1,196,482	946,732	(249,750)	(20.9)%
Public Works Trust Construction	1,676,448	3,033,495	64,010	(2,969,485)	(97.9)%
REET 2 Capital Construction	1,592,000	1,305,700	672,281	(633,419)	(48.5)%
Street Capital Fund	14,257,522	2,508,890	8,576,747	6,067,857	241.9 %
Convention Center Capital Impr	269,114	950,504	725,854	(224,650)	(23.6)%
Cum. Reserve for Capital Impr	1,280,000	232,195	232,195	—	— %
Total Government Capital Funds	\$ 35,792,287	\$ 11,733,711	\$ 16,610,644	\$ 4,876,933	41.6 %

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

Expenditures	2020 Actual Expenditures	2021 Amended Budget	2021 Year-End Estimate	2022 Projected Expenditures	2022 vs 2021 Est
Enterprise Operating Funds					
Airport Operating Fund	\$ 1,447,562	\$ 2,232,171	\$ 2,203,371	\$ 2,086,302	(5.3)%
Stormwater Operating	3,658,532	4,280,045	4,204,073	4,867,578	15.8 %
Transit	7,767,667	14,214,801	10,030,505	13,465,682	34.2 %
Refuse	7,665,253	8,123,704	8,379,149	8,458,318	0.9 %
Wastewater Operating	20,696,748	25,527,400	25,185,146	29,636,423	17.7 %
Water Operating	9,412,511	10,809,130	10,760,930	13,236,319	23.0 %
Irrigation Operating	1,808,173	1,932,974	1,900,516	2,339,881	23.1 %
Total Enterprise Operating Funds	\$ 52,456,446	\$ 67,120,225	\$ 62,663,690	\$ 74,090,503	18.2 %
Enterprise Capital Funds					
Airport FAA	\$ 1,645,036	\$ 4,755,521	\$ 3,838,529	\$ 3,380,500	(11.9)%
Stormwater Capital	1,282,811	6,133,710	2,221,865	4,074,874	83.4 %
Transit Capital Reserve	40,203	3,034,015	70,826	3,311,394	n/a
Wastewater Facilities Capital Rsv	439,712	2,773,942	657,880	2,500,000	280.0 %
Wastewater Construction	3,745,608	4,701,673	3,510,427	9,743,883	177.6 %
Water Capital	408,374	6,104,183	4,272,383	5,601,885	31.1 %
Wastewater Capital	577,328	3,512,974	1,501,945	4,116,282	174.1 %
Irrigation Capital	1,549,984	6,572,951	5,272,594	16,678,407	216.3 %
Total Enterprise Capital Funds	\$ 9,689,056	\$ 37,588,969	\$ 21,346,449	\$ 49,407,225	131.5 %
Internal Service Funds					
Equipment Rental	\$ 3,880,644	\$ 5,043,416	\$ 4,009,764	\$ 5,399,708	34.7 %
Environmental Fund	196,576	944,819	916,467	498,294	(45.6)%
Public Works Administration	1,600,625	1,376,932	1,365,897	1,451,533	6.3 %
Utility Services	2,068,905	—	—	2,463,513	n/a
Total Internal Service Funds	\$ 7,746,750	\$ 7,365,167	\$ 6,292,128	\$ 9,813,048	56.0 %
Employee Benefit Reserves					
Unemployment Compensation	\$ 168,434	\$ 195,171	\$ 192,421	\$ 212,947	10.7 %
Employees Health Benefit	12,349,034	13,941,681	14,236,281	14,562,402	2.3 %
Workers' Compensation	1,605,871	2,229,310	2,229,360	2,187,332	(1.9)%
Wellness/EAP Fund	38,198	66,900	66,900	66,900	— %
Total Employee Benefit Reserves	\$ 14,161,537	\$ 16,433,062	\$ 16,724,962	\$ 17,029,581	1.8 %
Risk Management Reserve					
Risk Management	\$ 3,652,108	\$ 5,688,793	\$ 5,140,960	\$ 5,636,355	9.6 %
Total Risk Management Reserve	\$ 3,652,108	\$ 5,688,793	\$ 5,140,960	\$ 5,636,355	9.6 %

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

	2022 Projected Revenue	2022 Estimated		Increase (Decrease) In Fund Balance	% Change in Fund Balance
		Beginning Fund Balance	Ending Fund Balance		
Revenues					
Enterprise Operating Funds					
Airport Operating Fund	\$ 2,142,961	\$ 1,297,633	\$ 1,354,292	\$ 56,659	4.4 %
Stormwater Operating	4,064,410	1,457,286	654,118	(803,168)	(55.1)%
Transit	13,882,245	7,255,678	7,672,240	416,562	5.7 %
Refuse	8,612,839	2,683,292	2,837,813	154,521	5.8 %
Wastewater Operating	24,384,398	10,075,577	4,823,552	(5,252,025)	(52.1)%
Water Operating	11,825,000	5,429,366	4,018,047	(1,411,319)	(26.0)%
Irrigation Operating	2,047,700	1,400,988	1,108,807	(292,181)	(20.9)%
Total Enterprise Operating Funds	<u>\$ 66,959,553</u>	<u>\$ 29,599,820</u>	<u>\$ 22,468,869</u>	<u>\$ (7,130,951)</u>	<u>(24.1)%</u>
Enterprise Capital Funds					
Airport FAA	\$ 3,755,500	\$ 183,187	\$ 558,187	\$ 375,000	204.7 %
Stormwater Capital	2,067,000	3,115,475	1,107,601	(2,007,874)	(64.4)%
Transit Capital Reserve	4,050,650	8,073,363	8,812,619	739,256	9.2 %
Wastewater Facilities Capital Reserve	1,000,000	4,892,180	3,392,180	(1,500,000)	(30.7)%
Wastewater Construction	7,967,000	2,612,569	835,685	(1,776,884)	(68.0)%
Water Capital	3,562,000	3,142,343	1,102,458	(2,039,885)	(64.9)%
Wastewater Capital	1,000,000	5,495,521	2,379,240	(3,116,281)	(56.7)%
Irrigation Capital	12,137,391	4,672,098	131,082	(4,541,016)	(97.2)%
Total Enterprise Capital Funds	<u>\$ 35,539,541</u>	<u>\$ 32,186,736</u>	<u>\$ 18,319,052</u>	<u>\$ (13,867,684)</u>	<u>(43.1)%</u>
Internal Service Funds					
Equipment Rental	\$ 6,896,295	\$ 2,474,182	\$ 3,970,769	\$ 1,496,587	60.5 %
Environmental Fund	422,250	362,325	286,281	(76,044)	(21.0)%
Public Works Administration	1,405,343	381,118	334,927	(46,191)	(12.1)%
Utility Services	2,463,513	5,398	5,398	—	— %
Total Internal Service Funds	<u>\$ 11,187,401</u>	<u>\$ 3,223,023</u>	<u>\$ 4,597,375</u>	<u>\$ 1,374,352</u>	<u>42.6 %</u>
Employee Benefit Reserves					
Unemployment Compensation	\$ 240,276	\$ 344,059	\$ 371,388	\$ 27,329	7.9 %
Employees Health Benefit	14,423,525	4,112,910	3,974,033	(138,877)	(3.4)%
Workers' Compensation	1,975,549	730,508	518,725	(211,783)	(29.0)%
Wellness/EAP Fund	75,000	117,490	125,590	8,100	6.9 %
Total Employee Benefit Reserves	<u>\$ 16,714,350</u>	<u>\$ 5,304,967</u>	<u>\$ 4,989,736</u>	<u>\$ (315,231)</u>	<u>(5.9)%</u>
Risk Management Reserve					
Risk Management	\$ 5,826,575	\$ 3,555,419	\$ 3,745,639	\$ 190,220	5.4 %
Total Risk Management Reserve	<u>\$ 5,826,575</u>	<u>\$ 3,555,419</u>	<u>\$ 3,745,639</u>	<u>\$ 190,220</u>	<u>5.4 %</u>

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

Expenditures	2020 Actual Expenditures	2021 Amended Budget	2021 Year-End Estimate	2022 Projected Expenditures	2022 vs 2021 Est
Debt Service					
Public Facility District					
PFD Debt Service	\$ 8,808,718	\$ 1,393,696	\$ 1,393,696	\$ 1,402,046	0.6 %
General Obligation					
Misc LTGO Bonds	3,843,344	3,666,950	3,294,960	3,216,822	(2.4)%
1996 LTGO Bonds	—	—	—	—	n/a
Utility Bonds					
2008 Water Bond	\$ —	\$ —	\$ —	\$ —	n/a
2008 Wastewater Bond	251,468	386,850	386,850	382,400	(1.2)%
2004 Irrigation Bond	292,427	272,550	272,550	272,150	(0.1)%
2003 Wastewater Bond	1,141,000	1,164,200	1,164,200	1,162,800	(0.1)%
Total Debt Service	<u>\$ 14,336,957</u>	<u>\$ 6,884,246</u>	<u>\$ 6,512,256</u>	<u>\$ 6,436,218</u>	(1.2)%
Trust and Agency Funds					
YakCorps Agency Fund	\$ 423,403	\$ 658,057	\$ 658,057	\$ 652,267	(0.9)%
Cemetery Trust	12,000	12,000	12,000	12,000	— %
Total Trust and Agency Funds	<u>\$ 435,403</u>	<u>\$ 670,057</u>	<u>\$ 670,057</u>	<u>\$ 664,267</u>	(0.9)%
Total City Budget	<u><u>\$ 209,853,910</u></u>	<u><u>\$ 288,328,123</u></u>	<u><u>\$ 264,423,352</u></u>	<u><u>\$ 293,903,720</u></u>	11.1 %

PRELIMINARY BUDGET BY FUNCTIONAL GROUPING

	2022 Projected Revenue	2022 Estimated		Increase (Decrease) In Fund Balance	% Change in Fund Balance
		Beginning Fund Balance	Ending Fund Balance		
Revenues					
Debt Service					
Public Facility District					
PFD Debt Service	\$ 1,401,788	\$ 158,154	\$ 157,897	\$ (257)	(0.2)%
General Obligation					
Misc LTGO Bonds	3,216,822	17,239	17,239	—	— %
1996 LTGO Bonds	—	44,684	44,684	—	— %
Utility Bonds					
2008 Wastewater Bond	382,400	12,485	12,485	—	— %
2004 Irrigation Bond	272,150	27,914	27,914	—	— %
2003 Wastewater Bond	1,162,800	1,599,415	1,599,415	—	— %
Total Debt Service	<u>\$ 6,435,960</u>	<u>\$ 1,859,891</u>	<u>\$ 1,859,634</u>	<u>\$ (257)</u>	<u>— %</u>
Trust and Agency Funds					
YakCorps Agency Fund	\$ 652,267	\$ (16,781)	\$ (16,781)	\$ —	— %
Cemetery Trust	12,000	717,668	717,668	—	— %
Total Trust and Agency Funds	<u>\$ 664,267</u>	<u>\$ 700,887</u>	<u>\$ 700,887</u>	<u>\$ —</u>	<u>— %</u>
Total City Budget	<u><u>\$ 289,117,081</u></u>	<u><u>\$ 117,383,979</u></u>	<u><u>\$ 112,597,340</u></u>	<u><u>\$ (4,786,639)</u></u>	<u><u>(4.1)%</u></u>

