



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Yakima County

For the period January 1, 2015 through December 31, 2015

Published August 8, 2016

Report No. 1017061





Washington State Auditor's Office

August 8, 2016

Board of Commissioners
Yakima County
Yakima, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Yakima County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial condition.

Sincerely,

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
Summary Schedule Of Prior Audit Findings	6
Independent Auditor’s Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	7
Independent Auditor’s Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance	10
Independent Auditor’s Report On Financial Statements	13
Financial Section.....	17
About The State Auditor’s Office.....	108

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Yakima County **January 1, 2015 through December 31, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Yakima County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
93.563	Child Support Enforcement

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Yakima County January 1, 2015 through December 31, 2015

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Yakima County. The State Auditor's Office has reviewed the status as presented by the County.

Audit Period: January 1, 2014 to December 31, 2014	Report Ref. No: 1015094	Finding Ref. No: 2014-001	CFDA Number(s): 93.275; 93.243
Federal Program Name and Granting Agency: Substance Abuse and Mental Health Services – Access to Recover; U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Projects of Regional and National Significance; U.S. Department of Health and Human Services		Pass-Through Agency Name: Department of Social and Health Services Department of Health	
Finding Caption: The County did not have adequate internal controls to ensure compliance with federal allowable costs and eligibility requirements.			
Background: The fiscal year 2015 audit found that the County did not segregate responsibilities over the voucher program through the two grants. The Recovery Support Specialist was allowed to perform multiple responsibilities without proper oversight. Through misappropriation due to the lack of oversight, question costs were \$110,433 for Access to Recover and \$7,574 for SAMHSA.			
Status of Corrective Action: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Fully Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Partially Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid </div> </div>			
Corrective Action Taken: <i>The County has implemented new procedures in the Assessment and Referral Department which require that the Program Manager must review each new client to ensure eligibility. In addition, the new procedures require two signatures on all client vouchers plus another review once the voucher is presented to the County for payment.</i>			

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Yakima County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Yakima County
Yakima, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yakima County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 1, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be

prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the County in a separate letter dated August 1, 2016.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

August 1, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Yakima County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Yakima County
Yakima, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of Yakima County, Yakima County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

August 1, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Yakima County **January 1, 2015 through December 31, 2015**

Board of Commissioners
Yakima County
Yakima, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yakima County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 17.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yakima County, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 35, budgetary comparison information on pages 88 through 97, information on postemployment benefits other than pensions on page 98 and pension plan information on pages 99 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 1, 2016

FINANCIAL SECTION

Yakima County January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Activities – 2015

Balance Sheet – Governmental Funds – 2015

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position –
2015

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2015

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities – 2015

Statement of Net Position – Proprietary Funds – 2015

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
– 2015

Statement of Cash Flows – Proprietary Funds – 2015

Statement of Net Position – Fiduciary Funds – 2015

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2015

Notes to Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget
(GAAP Basis) and Actual – General Fund – 2015

Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget
(GAAP Basis) and Actual – County Road – 2015

Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget
(GAAP Basis) and Actual – Support Investment in Economic Diversification –
2015

Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget
(GAAP Basis) and Actual – Department of Corrections – 2015

Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget
(GAAP Basis) and Actual – District Court Probation – 2015
Other Postemployment Benefits – LEOFF 1 Retiree Medical Benefits – Schedule of
Funding Progress – 2015
Schedule of Proportionate Share of Net Pension Liability – Pension Plans PERS 1,
PERS 2, PSERS, and LEOFF 2 – 2015
Schedule of Employer Contributions – Pension Plans PERS 1, PERS 2, PSERS, and
LEOFF 2 – 2015
Pension Obligations - Schedule of Funding Progress – 2015
Notes to Required Supplementary Information – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015
Notes to the Schedule of Expenditures of Federal Awards – 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Yakima County's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

- The total assets of Yakima County exceeded its liabilities at December 31, 2015 by \$348 million dollars. Net position invested in capital assets account for 82% of this amount, with a value of \$284 million. Of the remaining net position, over \$18 million represents unrestricted net position.
- As of December 31, 2015, Yakima County's governmental activities reported combined ending net position of over \$307 million. Of that amount, \$255 million is in net investment in capital assets. Over \$45.4 million was legally restricted for specific projects or programs, and \$6.7 million was available for spending at the government's discretion.
- Total Fund balance for the General Fund was \$10.8 million dollars at December 31, 2015, with \$8.3 million in unassigned and available for government's discretion.
- Yakima County's business type activities reported a combined ending net position of over \$41.3 million. Net invested in capital assets increased by \$629 thousand from 2014.
- Yakima County's total long-term debt and liabilities at December 31, 2015 was \$116 million, with a remaining capacity for non-voted debt at \$211 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Yakima County'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. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

There are two government-wide financial statements, which are designed to provide readers with a broad overview of Yakima County's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of Yakima County 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 Yakima County include a full range of local government services provided to the public, such as law enforcement and public safety; the superior, juvenile, and district court systems; legal prosecution and indigent defense; jails and corrections; road construction and maintenance; community planning and development; parks and open space preservation; and care and welfare of the disadvantaged and mentally ill. In addition, other general government services are provided, such as elections, property assessment, tax collection, and the issuance of licenses. The business-type activities of Yakima County include Solid Waste, Public Services Utilities, and Building and Fire Safety.

The statement of net position presents information on all of Yakima County's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in assets may serve as a useful indicator of whether the financial position of the County is increasing or decreasing. However, this is just one indicator of financial health of the County. Other indicators include the condition of the County's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the County.

The statement of activities presents information showing how the government's net position changed during 2015. 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, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2015, and earned but unused vacation leave, will be included in the statement of activities as revenue and expenses, even though the cash associated with these items will not be received or distributed in 2015.

Fund Financial Statements

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

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, the County Road Fund, Supporting Investment in Economic Diversification (SIED), Department of Corrections and District Court Probation. All of these are considered to be major funds based on criteria established by GASB Statement #34.

GASB Statement #34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category.

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 non-major 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' use of 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 County 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, except for the General Fund,

which is adopted on a departmental 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 and capital funds to demonstrate compliance with the budget.

Proprietary Funds

There are two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Solid Waste, Public Services Utilities, and Building and Fire Safety. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the County'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" and "interfund loans payable" (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 non-major proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report.

Fiduciary Funds

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

Yakima County has two types of fiduciary funds: Agency Funds (which are clearing accounts for assets held by Yakima County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong). Investment/Agency Funds account for external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. External participants are generally government entities that do not have their own treasurer. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements.

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

The Statement of Net Position is as a useful indicator of a government's financial position. Yakima County's overall financial position has declined when comparing total net position of \$348 million at December 31, 2015, compared to \$395 million in 2014. The decline represents the implementation of GASB 68 with an adjustment of over \$42 million for pension costs.

Yakima County's Net Position

amounts presented in 1,000's

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 119,662	\$ 122,142	\$ 24,623	\$ 25,796	\$ 144,285	\$ 147,936
Capital Assets and Construction in Progress (Net of Depreciation)	290,806	298,436	32,151	31,760	322,957	330,197
Total Assets	\$ 410,468	\$ 420,578	\$ 56,774	\$ 57,556	\$ 467,242	\$ 478,133
Total Deferred Outflows of Resources	4,764	-	213	-	4,977	-
Total Assets and Deferred Outflows of Resources	\$ 415,232	\$ 420,578	\$ 56,987	\$ 57,556	\$ 472,218	\$ 478,133
Long-Term Liabilities	\$ 80,777	\$ 45,229	\$ 13,948	\$ 13,790	\$ 94,725	\$ 59,019
Other Liabilities	20,074	20,599	1,359	1,950	21,433	22,549
Total Liabilities	\$ 100,851	\$ 65,828	\$ 15,307	\$ 15,740	\$ 116,158	\$ 81,568
Total Deferred Inflow of Resources	\$ 6,848	1,537	363	-	\$ 7,210	1,537
Total Liabilities and Deferred Inflow of Resources	\$ 107,698	\$ 67,365	\$ 15,670	\$ 15,740	\$ 123,368	\$ 83,105
Net Position:						
Net Investment in Capital Assets	\$ 255,384	\$ 261,669	\$ 29,229	\$ 28,599	\$ 284,613	\$ 290,268
Restricted For:						
Debt Service	955	797	-	-	955	797
Security of Persons	5,514	2,808	-	-	5,514	2,808
Transportation	6,438	6,134	-	-	6,438	6,134
Economic Development	22,158	19,731	-	-	22,158	19,731
Health and Human Services	3,395	7,416	-	-	3,395	7,416
Capital Projects	6,232	10,146	-	-	6,232	10,146
Judicial & Special Revenue	746	1,634	-	-	746	1,634
Unrestricted	6,710	42,876	12,089	13,216	18,799	56,092
Total Net Position	\$ 307,533	\$ 353,213	\$ 41,318	\$ 41,816	\$ 348,851	\$ 395,029

Of the \$144 million in current and other assets (compared to \$147 million at December 31, 2014), \$103 million is in cash/cash equivalents and investments (a decrease from \$109 million in 2014), \$41 million is in accounts and notes receivable (up from the \$36.5 million in 2014). At December 31, 2015, cash/cash equivalents and investments accounted for 22% (22% in 2014) of total assets. Basically unchanged from the 2014 year.

At December 31, 2015, the County had outstanding liabilities of \$116 million (an increase from \$81.5 million in 2014), with over \$94 million in long term liabilities (an increase from \$59 million in 2014). The increase is attributed to \$3 million of debt service payments and \$39 million in new debt for pension liabilities. Of the long term liabilities, \$4.7 million is due within a year with the remainder due over the life of the debt. Refer to the notes to the financial statements (Note IV) for a more detailed discussion of long term debt.

At December 31, 2015, \$21 million in other liabilities included over \$11 million in accounts payable and accrued liabilities (an decrease from \$15 million in 2014). Amounts due to other governments of less than \$1 million (a decrease from \$2.5 million in 2014). The reduction is a reflection of discontinued operations with the Aging and Long Term Care fund, which left the County at the end of 2014.

The largest portion of the County's net position (82%) reflects its investment in capital less any outstanding related debt used to acquire those assets. The County's capital assets are used to provide services to citizens. Consequently, investments in capital are not available for future spending. Although the County'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.

13% of the County's net position is subject to external restrictions on how it may be used (restricted by the Revised Code of the State of Washington and contractual agreements with parties outside of the primary government). The remaining balance of over \$18 million (unrestricted net position) represents the amount that may be used to meet the County's ongoing obligations.

Statement of Changes in Net Position

The County's total net position in 2015 decreased by \$45 million in governmental activities and an increase of \$499 thousand in business-type activities of accounted for the change in net position. Key elements in changes in net position are shown in the following table.

Yakima County Changes in Net Position

amounts presented in 1,000's

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<u>Revenues:</u>						
Program Revenues						
Charges for Services	\$ 20,713	\$ 24,786	\$ 12,831	\$ 12,122	\$ 33,544	\$ 36,908
Operating Grants and Contributions	19,678	38,155	493	327	20,171	38,482
Capital Grants and Contributions	504	66	-	-	504	66
General Revenues:						
Taxes	67,094	64,324	-	-	67,094	64,324
Grants/Contributions Not Restricted	5,255	7,415	94	122	5,349	7,537
Interest Earnings on Investments	2,259	2,372	189	218	2,448	2,590
Gain/(Loss) on Sale of Assets	-	234	-	483	-	717
Total Revenues	\$ 115,503	\$ 137,352	\$ 13,606	\$ 13,272	\$ 129,110	\$ 150,624
<u>Program Expenses:</u>						
General Government	\$ 19,569	\$ 19,042	\$ -	\$ -	\$ 19,569	\$ 19,042
Judicial	8,932	9,176	-	-	8,932	9,176
Public Safety	45,885	40,419	-	-	45,885	40,419
Physical Environment	2,942	2,416	-	-	2,942	2,416
Transportation	27,513	25,644	-	-	27,513	25,644
Economic Environment	5,158	5,986	-	-	5,158	5,986
Health and Human Services	3,512	17,059	-	-	3,512	17,059
Culture and Recreation	1,324	1,340	-	-	1,324	1,340
Solid Waste	-	-	9,246	8,048	9,246	8,048
Public Services Utilities	-	-	1,823	1,379	1,823	1,379
Building and Fire Safety	-	-	1,837	1,785	1,837	1,785
Interest on Long-Term Debt	1,472	1,293	-	-	1,472	1,293
Total Expenses Before Transfers	\$ 116,305	\$ 122,375	\$ 12,906	\$ 11,212	\$ 129,211	\$ 133,587
Excess (Deficiency) of Revenues Over (Under)						
Expenses	(802)	14,977	700	2,060	(102)	17,037
Transfers	(143)	(179)	143	179	-	-
Extraordinary Item Disposal Of Operations	(3,495)	-	-	-	(3,495)	-
Change in Net Position	(4,440)	14,798	843	2,239	(3,597)	17,037
Net Position as of January 1	353,213	338,416	41,816	39,288	395,029	377,704
Changes In Accounting Principles-GASB 68	(41,239)	0	(1,342)	0	(42,581)	-
Prior Period Adjustment	-	-	-	288	-	288
<u>Net Position as of December 31</u>	\$ 307,534	\$ 353,213	\$ 41,318	\$ 41,816	\$ 348,851	\$ 395,029

Total revenues for Yakima County were \$129 million in 2015, an decrease from \$150 million in 2014 of total revenues. Governmental activities provided over \$115 million (89%), while business-type activities added \$13.6 million (11%). A ratio that has decreased with the Aging and Long Term Care fund leaving the County.

Within governmental activities, tax revenue increased by \$2.7 million and accounted for over 54% of total revenue sources (47% in 2014). The citizens of Yakima County voted to increase their sales tax rate by 3/10ths of one percent for criminal justice support which generated over \$6.1 million in 2015, (detailed in the Criminal Justice Sales Tax fund on page 103). Total sales tax revenues increased by \$1.3 million from 2014, reflecting an increase in consumer spending. Property tax increased by \$377 thousand from 2014 as new construction was added to the tax rolls. Program revenue generated from all grants and contributions accounted for 35% of total governmental revenue (33% in 2014). Charges for services decreased by \$4 million from 2014 and accounted for 18% of

governmental revenues. This was due to a change in the payments received from The Regional Support Network for Mental Health Services.

Of the \$13.6 million in business-type program revenues and interest earnings over 91% was provided by charges for services with the remaining amount provided by grants, contributions, and interest income. Increase in operating grants and contribution resulted in an increase of \$166 thousand.

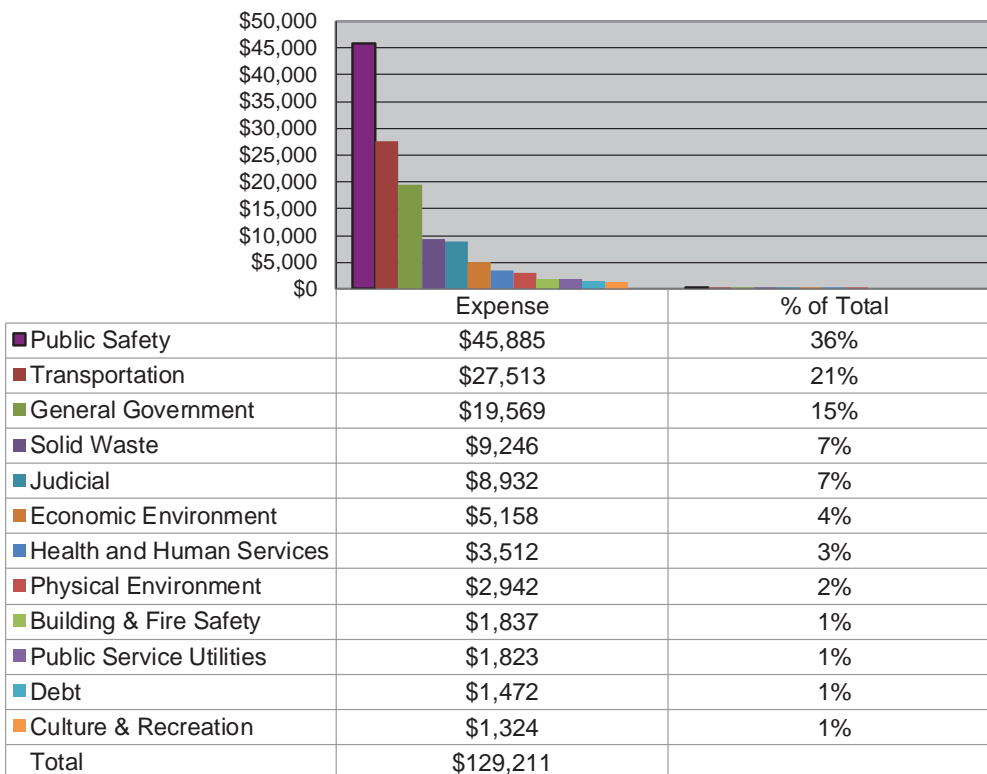
Total expenses for the County were over \$129 million, which was a decrease from 2014 of \$133 million.

Expenses for Governmental Activities in 2015 increased by \$6 million which includes: an increase in public safety of \$5 million that is related to salary increases for employees. Judicial Expense had an decrease of \$200 thousand from 2015, related to increased trial activity and activity with specialized courts. Health and Human Services had a decrease of \$13.5 million, related to discontinued operations of the Aging & Long Term Care Fund. General Government saw a \$500 thousand as departments increased salaries. Transportation decreased by \$1.8 million as the County delayed major transportation projects while the tax levy shift was still in place. Interest on Long Term Debt increased by \$179 thousand as debt payments were made at lower interest rates in 2015, the advantage of a diligent Treasurer directing financing activities.

Expenses for business-type activities increased by \$1.6 million in 2015. Yakima County Solid Waste has continued projects and compliance requirements for the landfill in 2015 with increasing expenses of \$1.1 million in 2015. Utilities and Building Fire and Safety had increased salary increases for a combined increase of \$496 thousand.

Governmental activities accounted for over \$116 million (90%) of expenses with the largest program expenses in the areas of public safety, transportation, general government, and judicial. These four programs accounted for 80% of total governmental expenses. Of the \$12.9 million in business-type expenses, 72% are associated with the solid waste program. Following is a graph, which illustrates by program where funds were spent in 2015.

Program Expenses - Governmental-Wide

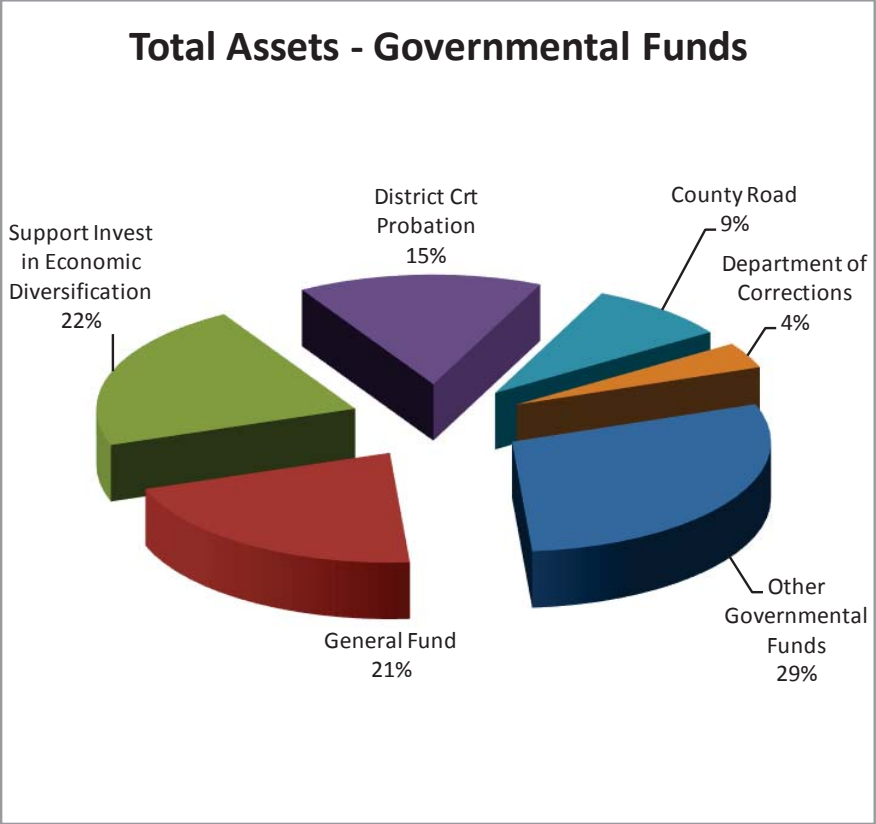


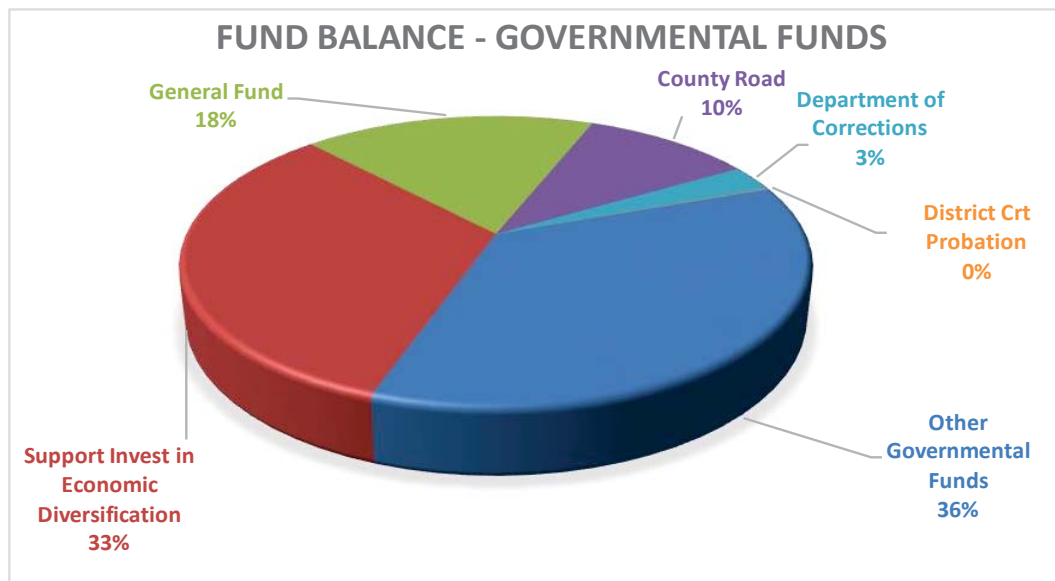
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds Balance Sheet Analysis

The General Fund, County Road, Support Invest in Economic Diversification, Department of Corrections and District Court Probation Fund are the County's major funds in 2015. Together these funds account for 71% of total governmental fund assets and 64% of total governmental fund balance.





The focus of Yakima County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of December 31, 2015, the County's governmental funds reported combined fund balances of over \$60 million. Of this total amount, \$7.9 million in nonspendable as imprest cash, debt restrictions or prepaid postage accounts. \$31.8 million is restricted by the State Legislature through the rules and laws regarding expenditures and uses. \$2.7 million is committed by County resolutions signed by the Board of Commissioners, \$9.6 million is assigned to the funds by budget, contract or other commitments. The remaining \$8.3 million is unassigned and available for current County obligations.

The **General Fund** is the chief operating fund of Yakima County. On December 31, 2015, unassigned fund balance of the General Fund was over \$8.3 million (nearly unchanged from 2014), while total fund balance reached over \$10.8 million. Included in the General Fund balance for 2015 is park operations.

The actual fund balance in the General fund exceeded budgeted expectations with an increase in total fund balance by \$544 thousand, general fund departments underspent the budget by \$1.5 million. Total assets in the General Fund amounted to \$19.5 million, accounting for 21% of total governmental fund assets. General Fund total assets were increased by nearly \$796 thousand from 2014. This can be explained by the County receipting \$400 thousand more in taxes and permits.

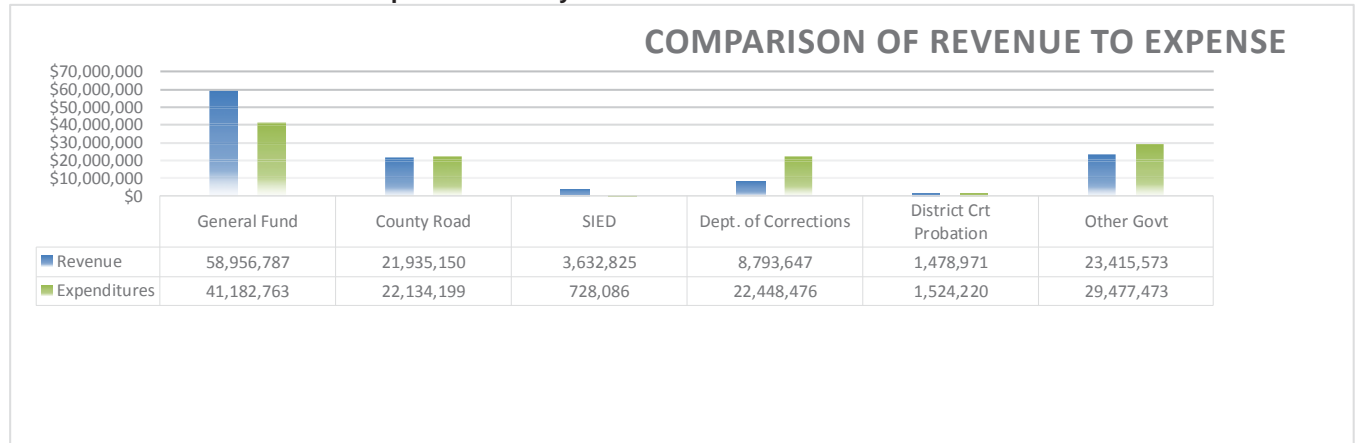
County Roads Fund, a special revenue fund, is used to account for the maintenance and operations of the public roads and bridges of the County. At the end of the current fiscal year, total fund balance was \$6.3 million, an increase of \$312 thousand from 2014. The County is anticipating large bridge replacements in 2016. County Road represents 10% of total governmental fund balance, the same percentage as 2014.

Support Investment in Economic Diversification, a special revenue fund, assists local government infrastructure development and promotes ongoing operation and expansion of businesses. The funding is from a law that created a sales tax levy for distressed rural counties. The fund represents 33% of the total governmental fund balance an increase from 27% in 2014.

Department of Corrections, a special revenue fund, receives the majority of its funding from other governmental jurisdictions and the general fund to house pretrial and convicted persons. Revenue is dictated by the number of beds available and the number of contract beds used. The County used County Road Levy receipts for the 2015 bond payments on the jail. The Fund balance represents 3% of the total governmental fund balance the same percentage as 2014.

District Court Probation provides Yakima County District Court and Superior Courts with sentencing investigation, client supervision and treatment. Compliance review and community service placement is provided for defendants with misdemeanor and gross misdemeanor cases. The probation department has over \$14.1 million in accounts receivable with expected collections of \$1.5 million in the following year. Collection activity and assessments are controlled at the discretion of the Court Administrator and Judges. The 2015 fund balance is \$47 thousand representing less than 1% of the governmental fund balance.

Governmental Funds Revenue/Expenditure Analysis



The following chart shows the revenue and expenditure amounts for the seven major governmental funds and for all other governmental funds.

The revenue indicators in the chart do not include one-time only financing sources, such as proceeds from new debt or the sale of assets. The General Fund and the County Road fund account for 68% of all governmental fund revenue and over 53% of all expenditures.

The General Fund had a revenue increase of \$706 thousand over 2014 revenue. The changes are in taxes of \$335 thousand, a decrease in intergovernmental grants for \$224 thousand and an increase to charges for services of \$557 thousand. Expenditures increased by a total of \$1.8 million from 2014, with General Governmental expenditures increased by \$1 million, Public Safety increased by \$378 thousand, Judicial expenditures increased by \$236 thousand and Economic Environment increased by \$277 thousand from 2014.

Operating Revenues for the County Road were down \$4.4 million from 2014. The County Commissioners shifted part of the levy dollars to the general fund to cover debt service payments on the jail debt. Intergovernmental revenues were down by \$5.5 million from 2014 for shared transportation projects. Expenditures in County Road decrease by \$2.3 million from 2014 as fewer projects were completed in 2015.

The SIED fund receives over \$3.4 million (95%) of its funding from an allocation from the State of Washington sales tax. The sales tax to the fund was up by \$120 thousand from 2014. The County Commissioners approved a SIED contract to improve Longfiber Road - \$1,458,000 - The Project extends Longfiber Road from Ahtanum Road to Pine Street in the vicinity of La Salle High School. The road improvement project supports a new warehouse distribution operation. The road will serve over 200 acres of industrial property. \$958,000 loan was paid in 2015.

Borton Fruit Project - \$1,500,000 - will extend potable water and sanitary sewer lines to Borton Fruit's Expansion along Ahtanum Road, south of the Yakima airport. This project will construct approximately 6,100 linear feet of 12 inch water main and 4,880 linear feet of 12 inch gravity sewer main. \$750,000 loan was paid in 2015.

The Department of Corrections fund earned \$8.7 million in revenue which is a decrease in revenue from \$9 million in 2014. Charges for Services revenues were down by \$392 thousand million from 2014 because of reduced bed rentals. The Capital project completed for the main jail totaled \$947,526 and included security upgrades, elevators and shower replacement.

District Court Probation receives revenue from fees from adult district court defendants. The fees are for probation, relicensing program, alcohol/ drug treatment and mental health programs. District Court Probation has a \$14 million receivable balance because defendants may take over 10 years to satisfy their obligations to the Courts. Total revenue for 2015 was \$1.47 million, down from \$1.49 million for 2014.

Enterprise Funds Net Position Analysis

All of the enterprise funds of Yakima County, including: Solid Waste, Public Services Utilities, and Building and Fire Safety, are considered major funds for 2015. The following table reflects the Proprietary Funds Statement of Net Position as of December 31, 2015.

Yakima County
Proprietary Funds Net Position

amounts presented in 1,000's

	Solid Waste		Public Services Utilities		Building and Fire Safety		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS								
<u>Current Assets</u>								
Cash/Investments	\$ 20,278	\$ 22,208	\$ 2,121	\$ 1,881	\$ 1,294	\$ 785	\$ 23,693	\$ 24,874
Other Current Assets	698	662	185	180	47	79	930	921
Total Current Assets	20,976	22,870	2,306	2,061	1,341	864	24,623	25,795
<u>Noncurrent Assets</u>								
Construction in Progress	\$ 532	\$ 498	\$ 831	\$ 649	\$ -	\$ -	\$ 1,363	\$ 1,147
Capital Assets	30,164	29,118	15,260	15,166	25	25	45,449	44,309
Less Accumulated Depreciation	(7,772)	(7,238)	(6,864)	(6,433)	(25)	(25)	(14,661)	(13,696)
Total Noncurrent Assets	22,924	22,378	9,227	9,382	-	-	32,151	31,760
 Total Assets	 \$ 43,900	 \$ 45,248	 \$ 11,533	 \$ 11,443	 \$ 1,341	 \$ 864	 \$ 56,774	 \$ 57,555
<u>Deferred Outflows of Resources</u>								
Pension	133	-	17	-	63	-	213	-
Resources	\$ 133	\$ -	\$ 17	\$ -	\$ 63	\$ -	\$ 213	\$ -
 Total Assets and Deferred Outflows of Resources	 \$ 44,033	 \$ 45,248	 \$ 11,550	 \$ 11,443	 \$ 1,404	 \$ 864	 \$ 56,987	 \$ 57,555
 LIABILITIES AND FUND EQUITY								
<u>Current Liabilities</u>								
Accounts Payable and Other	\$ 976	\$ 1,499	\$ 156	\$ 150	\$ 227	\$ 186	\$ 1,359	\$ 1,834
Total Current Liabilities	976	1,499	156	150	227	186	1,359	1,834
<u>Noncurrent Liabilities</u>								
Notes and Loans Payable	-	-	192	83	-	-	192	83
G. O. Bonds Payable	2,380	2,730	-	-	-	-	2,380	2,730
Other Noncurrent Liabilities	10,865	10,906	111	135	400	51	11,376	11,092
Total Noncurrent Liabilities	13,245	13,636	303	218	400	51	13,948	13,905
Total Liabilities	\$ 14,221	\$ 15,135	\$ 459	\$ 368	\$ 627	\$ 237	\$ 15,307	\$ 15,740
<u>Deferred Inflows of Resources</u>								
Deferred Inflows of Resources-								
Pensions	\$ 227		\$ 28		\$ 108		\$ 363	\$ -
Total Deferred Inflows of Resources	\$ 227	\$ -	\$ 28	\$ -	\$ 108	\$ -	\$ 363	\$ -
 Total Liabilities and Deferred Inflows of Resources	 \$ 14,448	 \$ 15,135	 \$ 487	 \$ 368	 \$ 735	 \$ 237	 \$ 15,670	 \$ 15,740
 <u>Net Position</u>								
Net Investment in Capital Assets	20,195	19,304	9,034	9,296	-	-	29,229	28,600
Unrestricted	9,391	10,810	2,029	1,779	668	626	12,088	13,216
Total Net Position	\$ 29,586	\$ 30,114	\$ 11,063	\$ 11,075	\$ 668	\$ 626	\$ 41,318	\$ 41,816

The Solid Waste Fund holds 72% of net position for all enterprise funds at December 31, 2015. The activities of this fund involve maintenance and operation of the Terrace Heights and Cheyne landfills along with other programs and services relating to hazardous waste, recycling, waste diversion programs and educational efforts.

As of December 31, 2015, the County's enterprise funds reported combined net position of over \$41.3 million, an decrease of \$500 thousand over 2014. Of the \$41.3 million, \$29 million (71%) of net position is accounted for as net investment in capital assets. The remaining \$12 million is available in accordance with the needs of the programs.

Enterprise Funds Revenue/Expense Analysis

Revenues from the Solid Waste fund contributed 71% of the total revenues for enterprise funds of \$13.5 million in 2015. Of the \$12.9 million total expenses for 2015, an increase to pension expense with implementation of GASB 68.

Following is a table, which gives a condensed look at revenues, expenses, and net change in fund balance for the enterprise funds.

YAKIMA COUNTY, WASHINGTON Enterprise Funds Revenue and Expenses

amounts presented in 1,000's

	Solid Waste		Public Services Utilities		Building & Fire Safety		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Charges for Services	\$ 8,885	\$ 8,578	\$ 1,665	\$ 1,445	\$ 2,221	\$ 2,088	\$ 12,771	\$ 12,111
Intergovernmental	444	320	-	7	49		493	327
Interest Revenue	167	195	15	18	7	5	189	218
Miscellaneous Revenue	60	9	0	1	0	1	60	11
Total Operating Revenues	\$ 9,556	\$ 9,102	\$ 1,680	\$ 1,471	\$ 2,277	\$ 2,094	\$ 13,513	\$ 12,667
Expenses								
Personal Services	\$ 2,620	\$ 2,501	\$ 605	\$ 585	\$ 1,467	\$ 1,291	\$ 4,692	\$ 4,377
Contractual services	4,272	3,785	712	708	317	475	5,301	4,968
Other Supplies and Expenses	204	256	73	46	29	19	306	321
Depreciation	534	538	431	36	-	-	965	574
Landfill Closure Postclosure	(774)	863	-	-	-	-	(774)	863
Interest Expense	97	104	3	4		-	100	108
Loss on Disposition of Capital	-	(483)	-	-	24	-	24	(483)
Miscellaneous Expense	2,293	-	-	-	-	-	2,293	-
Total Expenses	\$ 9,246	\$ 7,564	\$ 1,824	\$ 1,379	\$ 1,837	\$ 1,785	\$ 12,906	\$ 10,728
Income (Loss) before Transfers	310	1,538	(144)	92	440	309	607	1,939
Capital Contributions	-	-	94	122	-	-	94	122
Interfund Transfers	-	-	143	179	-	-	143	179
Change in Net Position	310	1,538	93	393	440	309	844	2,240
Total Net Postion- Beginning	30,114	28,402	11,075	10,568	627	318	41,816	39,288
Changes in Accounting Principles- GASB 68	(839)	-	(105)	-	(398)		(1,342)	-
Prior Period Adjustment	-	174	-	114	-	-	-	288
Total Net Position - Ending	\$ 29,585	\$ 30,114	\$ 11,063	\$ 11,076	\$ 669	\$ 626	\$ 41,318	\$ 41,816

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

The following table shows the changes between the original and the final General Fund budget as of December 31, 2015.

Yakima County, Washington
General Fund Changes in Budget
As of December 31, 2015

	Original Budget	Final Budget	Changes Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 38,106,000	\$ 38,456,000	\$ 350,000
Licenses and Permits	392,100	392,100	-
Intergovernmental	7,588,973	7,655,177	66,204
Charges For Services	7,061,871	7,351,696	289,825
Fines and Forfeits	2,679,290	2,679,290	-
Miscellaneous Revenues	1,863,540	1,863,540	-
Total Revenues	\$ 57,691,774	\$ 58,397,803	\$ 706,029
<u>Expenditures</u>			
General Governmental Services	\$ 17,382,640	\$ 17,654,257	(271,617)
Judicial	7,970,781	7,981,843	(11,062)
Security of Persons and Property	13,953,251	14,344,589	(391,338)
Physical Environment	195,945	197,145	(1,200)
Economic Environment	1,861,129	1,873,069	(11,940)
Mental and Physical Health	100,000	100,000	-
Culture and Recreation	416,183	417,383	(1,200)
Capital Outlay	200,000	213,000	(13,000)
Total Expenditures	\$ 42,079,929	\$ 42,781,286	\$ (701,357)
Excess (Deficit) Revenues Over Expenditures	15,611,845	15,616,517	4,672
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	252,769	252,769	0
Operating Transfers Out	(16,505,746)	(17,821,070)	(1,315,324)
Total Other Financing Sources (Uses)	\$ (16,252,977)	\$ (17,568,301)	\$ (1,315,324)
Excess (Deficit) Resources Over Uses	(641,132)	(1,951,784)	(1,310,652)
Fund Balance, January 1	8,079,368	8,079,368	0
Fund Balance, December 31	\$ 7,438,236	\$ 6,127,584	\$ (1,310,652)

Budgeted expenditure increases outpaced revenue increases by \$4 thousand. Budgeted revenues increased by 1% (at \$706,029) from the original budget while budgeted expenditures increased by 1.67% (\$701,357).

The change in the revenue budget was an increase to taxes and charges for services

The final General Fund budget showed an increase in expenditures of \$701 thousand which impacted General Government Services, Judicial and Security of Person and Property and Capital Outlay. Significant increases in budgeted expenditures include:

Notable Changes to Department Budgets					
<u>Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>	<u>Actual</u>	
Sheriff	\$ 8,539,417	\$ 8,881,827	\$ 342,410	\$ 8,807,525	
Attorney	5,811,814	5,940,618	128,804	5,931,224	
Auditor	1,314,690	1,390,692	76,002	1,344,907	
Consolidated Juvenile Services	1,424,510	1,463,754	39,244	1,463,747	
Youth Service Center	3,491,213	3,510,173	18,960	3,484,965	

Total General Fund budgeted revenues of \$58.4 million were reasonably projected to actual total revenues received of \$58.9 million. Taxes collected were more than projected by \$259 thousand due to increase in retail sales & use taxes and property taxes.

Business Licenses and Permits increase by over \$10,000. Intergovernmental revenue decreased by nearly \$200 thousand as grant reimbursements decreased. Total fines and forfeits were less than expected by \$100 thousand.

Yakima County, Washington
General Fund Changes - Budget vs Actual
As of December 31, 2015

	Final Budget	Actual	Changes Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 38,456,000	\$ 38,715,199	\$ 259,199
Licenses and Permits	392,100	407,509	15,409
Intergovernmental	7,655,177	7,457,952	(197,225)
Charges For Services	7,351,696	7,859,510	507,814
Fines and Forfeits	2,679,290	2,579,049	(100,241)
Miscellaneous Revenues	1,863,540	1,937,568	74,028
Total Revenues	\$ 58,397,803	\$ 58,956,787	\$ 558,984
<u>Expenditures</u>			
General Governmental Services	\$ 17,654,257	\$ 16,660,822	\$ 993,435
Judicial	7,981,843	7,501,689	480,154
Security of Persons and Property	14,344,589	14,224,487	120,102
Physical Environment	197,145	180,732	16,413
Economic Environment	1,873,069	1,870,835	2,234
Mental and Physical Health	100,000	100,000	-
Culture and Recreation	417,383	353,187	64,196
Capital Outlay	213,000	291,016	(78,016)
Total Expenditures	\$ 42,781,286	\$ 41,182,768	\$ 1,598,518
Excess (Deficit) Revenues Over Expenditures	15,616,517	17,774,018	2,157,501
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	252,769	338,500	85,731
Operating Transfers Out	(17,821,070)	(17,568,488)	252,582
Total Other Financing Sources (Uses)	(17,568,301)	(17,229,988)	338,313
Excess (Deficit) Resources Over Uses	(1,951,784)	544,030	2,495,814
Fund Balance, January 1	8,079,368	10,348,848	2,269,480
Fund Balance, December 31	\$ 6,127,584	\$ 10,892,878	\$ 4,765,294

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Yakima County's total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2015, amounts to over \$322 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. Major capital asset events during the current fiscal year included the following:

- A variety of projects for both new street construction and railroad improvements were ongoing during the year. Transportation improvements totaled over \$6 million.
- Improvements to Department of Corrections facilities were over \$947 thousand, and completed security upgrades, elevators and shower replacement.

- The 911 Call Center and the City of Yakima dispatch center were combined at the Resource Center for a total of \$2.5 million. The Call Center was operational by Fall of 2015.

Additional information on Yakima County's capital assets can be found in notes to the Financial Statements under Capital Assets.

Long-Term Debt

At December 31, 2015, Yakima County had a total long term debt of nearly \$100 million. General Obligation debt at the end of 2015 was \$35.8 million, down from \$39 million in 2014. Special Assessment Bonds were \$27,000 which is down by \$21,500 as payments were made. Special assessment debt for which the government is liable for in the event of default by the property owner's subject to the assessment.

Yakima County's total bonded debt had a net decrease of \$3.3 million during 2015. The significant debt activity included:

Loan Payments detailed in notes to the financial statements of \$2.9 million for governmental debt and \$345 thousand for business type debt.

Other Long-Term Debt included Advances Due to Other Governments with a net decrease in governmental funds of \$947 thousand and a decrease in business type of \$2,981. Business Type also saw a decrease to \$82 thousand from \$85 thousand in 2014. Compensated Absences reflecting leave balances promised to employees increased to \$2.4 million.

Pension Obligations were presented for the first year, under the new GASB 68 requirement. These obligation are related to the pensions purchased through the Department of Retirement Services (DRS). DRS, is the third party administrator, who controls investments, employer contributions and actuarial payouts. The County's share of the obligation is \$39.5 million.

Requests for Information:

This financial report is designed to provide a general overview of Yakima County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's Office, Yakima County, 128 N 2nd Street Room 117, Yakima, WA 98901.

YAKIMA COUNTY, WASHINGTON

Statement of Net Position

December 31, 2015

amounts presented in 1000's

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash/Cash Equivalents	\$ 29,394	\$ 1,967	\$ 31,361
Investments	42,191	21,725	63,916
Receivables	18,213	680	18,894
Due From Other Governments	17,303	249	17,552
Internal Balances	-	-	-
Inventories/Prepayments	2,154	-	2,154
Pension Asset	2,421	-	2,421
Restricted Assets:	-	-	-
Restricted for Debt Service:	-	-	-
Cash/Cash Equivalents	198	-	198
Investments	756	-	756
Receivables	26	-	26
Restricted for Capital Projects:	-	-	-
Cash/Cash Equivalents	981	-	981
Investments	6,020	-	6,020
Receivables	4	-	4
Capital Assets:	-	-	-
Land and Construction in Progress	102,950	7,305	110,255
Other Capital Assets, Net of Depreciation	187,856	24,847	212,702
Total Assets	410,468	56,773	467,242
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources-Pension	4,764	213	4,977
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,764	213	4,977
Total Assets and Deferred Outflows	415,232	56,987	472,218
LIABILITIES			
Liabilities			
Accounts Payable & Other Current Liabilities	1,976	363	2,339
Accrued Liabilities	8,293	610	8,903
Due to Other Governments	910	-	910
Restricted Liabilities:	-	-	0
Restricted for Capital Projects:			
Accounts Payable & Other Current Liabilities	1,344	-	1,344
Unearned Revenues	3,189	1	3,190
Long Term Liabilities:			
Pension Obligations	38,380	1,156	39,536
Landfill Closure and Postclosure Care:			
Due Within One Year	-	35	35
Due In More Than One Year	-	10,045	10,045
Special Assessment Debt with			
Governmental Commitment:			
Due Within One Year	11	-	11
Due In More Than One Year	16	-	16
Bonds & Advance To Other Governments Due Within			
One Year	4,064	350	4,414
Other Liabilities Due in One Year	286	-	286
Bonds & Advance To Other Governments Due In			
More Than One Year	35,214	2,573	37,787
Other Due In More Than One Year	7,167	175	7,342
Total Liabilities	100,851	15,307	116,158
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Costs	6,848	363	7,210
TOTAL DEFERRED INFLOWS OF RESOURCES	6,848	363	7,210
Total Liabilities and Deferred Inflows	107,698	15,670	123,368
Net Position			
Net Investment in Capital Assets	255,384	29,228	284,613
Restricted For:			
Debt Service	955	-	955
Security of Persons	5,514	-	5,514
Transportation	6,438	-	6,438
Economic Environment	22,158	-	22,158
Health and Human Services	3,395	-	3,395
Capital Projects & Replacements	6,232	-	6,232
Judicial & Special Revenue	746	-	746
Unrestricted	6,710	12,089	18,799
Total Net Position	\$ 307,533	\$ 41,318	\$ 348,850

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

Statement of Activities

Year Ended December 31, 2015

amounts presented in 1000's

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Ne		
	Expenses	Charges for Services	Grants and Contributions	Capital Grants and Contribution	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 19,569	\$ 5,272	\$ 2,987	\$ 6	\$ (11,304)	\$ -	\$ (11,304)
Judicial	8,932	1,764	2,184	1	(4,983)	-	(4,983)
Public Safety	45,885	10,524	691	226	(34,444)	-	(34,444)
Physical Environment	2,942	87	1,442	-	(1,413)	-	(1,413)
Transportation	27,513	579	9,455	271	(17,208)	-	(17,208)
Economic Environment	5,158	1,386	1,889	-	(1,883)	-	(1,883)
Health and Human Services	3,512	1,096	879	-	(1,537)	-	(1,537)
Culture and Recreation	1,324	5	151	-	(1,168)	-	(1,168)
Interest on Long Term Debt	1,472	-	-	-	(1,472)	-	(1,472)
Total Governmental Activities	<u>116,305</u>	<u>20,713</u>	<u>19,678</u>	<u>504</u>	<u>(75,410)</u>	<u>0</u>	<u>(75,410)</u>
Business-Type Activities							
Solid Waste	9,246	8,945	444	-	-	143	143
Public Services Utilities	1,823	1,665	-	94	-	(65)	(65)
Building and Fire Safety	1,837	2,222	49	-	-	434	434
Total Business-Type Activities	<u>12,906</u>	<u>12,831</u>	<u>493</u>	<u>94</u>	<u>0</u>	<u>512</u>	<u>512</u>
Total Primary Government	<u>\$129,212</u>	<u>\$ 33,544</u>	<u>\$ 20,171</u>	<u>\$ 598</u>	<u>\$ (75,410)</u>	<u>\$ 512</u>	<u>\$ (74,898)</u>
General Revenues							
Taxes:							
Property					39,842	-	39,842
Sales					23,394	-	23,394
Private Harvest					40	-	40
Excise/ Leasehold					878	-	878
Gambling					209	-	209
Motel/Hotel					640	-	640
911					2,091	-	2,091
Grants and Contributions Not Restricted for Specific Programs					5,255	-	5,255
Interest and Investment Earnings					2,259	189	2,448
Gain on Sales of Capital Assets					-	-	-
Transfers					(143)	143	0
Total General Revenues and Transfers					<u>74,466</u>	<u>331</u>	<u>74,797</u>
Extraordinary Item Disposal of Operations					(3,495)	-	(3,495)
Change in Net Position					<u>(4,441)</u>	<u>843</u>	<u>(3,597)</u>
Net Position of January 1					353,213	41,816	395,029
Changes in Accounting Principles-GASB 68					(41,239)	(1,342)	(42,581)
Net Position of December 31					<u>\$ 307,533</u>	<u>\$ 41,318</u>	<u>\$ 348,851</u>

See accompanying notes to the financial statements

Balance Sheet

Governmental Funds

December 31, 2015

	General Fund	County Road	Support Invest In Economic Diversification
ASSETS			
Cash/Cash Equivalents	\$ 12,536,341	\$ 2,351,568	\$ 481,483
Investments	3,497	4,792,745	11,485,120
Taxes Receivable	993,264	461,042	-
Accounts Receivable Net	2,280,079	12,996	-
Assessments Receivable	88	5,182	-
Interest Receivable	21,082	4,766	7,334
Interfund Loan Receivable	-	30,000	-
Due From Other Funds	144,846	121,927	19,125
Due From Other Governmental Units	3,531,015	495,623	599,016
Notes Receivable	-	-	7,880,013
Total Assets	19,510,212	8,275,849	20,472,091

Deferred Outflows of Resources

	-	-	-
Total Deferred Outflows of Resources	-	-	-

Total Assets and Deferred Outflows of Resources

19,510,212	8,275,849	20,472,091
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LIABILITIES AND FUND BALANCESLiabilities

Accounts/Vouchers Payable	520,713	278,697	9,751
Contracts Payable	-	63,652	-
Due To Other Funds	104,415	92,501	120,462
Due To Other Governmental Units	1,930	-	207,300
Interfund Loan Payable	-	-	-
Accrued Wages Payable	3,194,190	904,791	-
Accrued Employee Benefits	279,927	104,951	-
Custodial Accounts	-	23,575	-
Customer Deposits	15,724	1,500	-
Unearned Revenue	2,156,033	-	-
Total Liabilities	6,272,932	1,469,667	337,513

Deferred Inflows of Resources

Unavailable revenue- taxes	2,343,069	448,531	333,797
Unavailable revenue-special assessments	1,328	152	-
Unavailable revenue-other fees	-	-	-
Total deferred inflows of resources	2,344,397	448,683	333,797

Total Liabilities and Deferred Inflows of Resources

8,617,329	1,918,350	671,310
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Fund Balance

Nonspendable	56,540	400	7,880,013
Restricted	327,532	6,357,099	11,920,768
Committed	1,328,154	-	-
Assigned	807,575	-	-
Unassigned	8,373,082	-	-
Total Fund Balance	10,892,883	6,357,499	19,800,781

Total liabilities, deferred inflows of resources and fund balances

\$ 19,510,212	\$ 8,275,849	\$ 20,472,091
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See accompanying notes to the financial statements

Balance Sheet

Governmental Funds

December 31, 2015

	Department of Corrections	District Court Probation	Other Governmental Funds	Total
ASSETS				
Cash/Cash Equivalents	\$ 158,827	\$ 148,517	\$ 7,009,745	\$ 22,686,481
Investments	1,833,672	-	16,466,898	34,581,932
Taxes Receivable	-	-	88,938	1,543,244
Accounts Receivable Net	-	14,122,447	116,711	16,532,233
Assessments Receivable	-	-	80,909	86,179
Interest Receivable	1,246	-	12,838	47,266
Interfund Loan Receivable	-	-	-	30,000
Due From Other Funds	99,061	-	355,811	740,770
Due From Other Governmental Units	1,467,950	-	2,872,775	8,966,379
Notes Receivable	-	-	411,816	8,291,829
Total Assets	3,560,756	14,270,964	27,416,441	93,506,313
Deferred Outflows of Resources				
	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	3,560,756	14,270,964	27,416,441	93,506,313
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts/Vouchers Payable	147,190	3,197	1,190,870	2,150,418
Contracts Payable	-	-	276,091	339,743
Due To Other Funds	1,936	-	401,394	720,708
Due To Other Governmental Units	-	-	701,149	910,379
Interfund Loan Payable	-	-	30,000	30,000
Accrued Wages Payable	1,524,408	113,793	902,623	6,639,805
Accrued Employee Benefits	131,463	8,777	70,301	595,419
Custodial Accounts	-	-	-	23,575
Customer Deposits	-	-	-	17,224
Unearned Revenue	-	-	1,033,089	3,189,122
Total Liabilities	1,804,997	125,767	4,605,517	14,616,393
Deferred Inflows of Resources				
Unavailable revenue- taxes	-	-	941,387	4,066,784
Unavailable revenue-special assessment	-	-	80,909	82,389
Unavailable revenue-other fees	-	14,097,903	-	14,097,903
Total deferred inflows of resources	-	14,097,903	1,022,296	18,247,076
Total Liabilities and Deferred Inflows of Resources	1,804,997	14,223,670	5,627,813	32,863,469
Fund Balance				
Nonspendable	-	350	3,000	7,940,303
Restricted	307,048	46,944	12,939,675	31,899,066
Committed	-	-	1,454,255	2,782,409
Assigned	1,448,711	-	7,391,698	9,647,984
Unassigned	-	-	-	8,373,082
Total Fund Balance	1,755,759	47,294	21,788,628	60,642,844
Total liabilities, deferred inflows of resources and fund balances	\$ 3,560,756	\$ 14,270,964	\$ 27,416,441	\$ 93,506,313

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2015

Total fund balances as shown on the Governmental Fund Balance Sheet: **60,642,844**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (This amount does not include internal service fund capital assets, which are included as a reconciling item in a note further down on this page.)

Life to date depreciation on capital assets is reflected in the statement of net position.

Cost	873,587,918	
Less Accumulated Depreciation	(603,031,871)	270,556,047

Other long-term assets are not available to pay for current-period expenditures and, therefore are in unearned revenues in the funds- property tax, sales & use tax, accounts receivable.

16,486,251

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 governmental activities in the statement of net position.

41,462,322

Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government wide statement of net position that the County owns.

Bonds Payable/ Notes	(33,105,000)	
Compensated Absences	(1,873,377)	
Advance Due to Other Governments	(4,524,828)	
Capital Lease	(52,704)	
Special Assessment Bonds	(27,000)	
Pension Obligation	(36,755,343)	
Other Postemployment Benefits	(5,166,104)	
		(81,504,357)

Pension Assets are not available to pay for current period expenditures

1,538,688

Bond premiums, are reported as other financial sources in the governmental fund financial statements but capitalized on the government-wide statement of net position.

(1,648,494)

Net position, as reflected on the Statement of Net Position

\$	307,533,300
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See accompanying notes to the financial statements

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2015

	Major Funds		
	General Fund	County Roads	Support Invest In Economic Diversification
<u>Revenues</u>			
Property Taxes	\$ 25,928,238	\$ 11,409,176	\$ -
Sales and Use Taxes	12,606,166	-	3,468,322
Other Taxes	180,795	57,985	-
Licenses and Permits	407,509	64,537	-
Intergovernmental	7,457,952	9,394,253	-
Charges for Services	7,859,510	578,975	-
Fines and Forfeits	2,579,049	-	-
Interest Earnings	1,663,544	51,408	164,503
Special Assessments	1,308	20	-
Donations	1,743	271,105	-
Other Revenues	270,973	107,691	-
Total Revenues	58,956,787	21,935,150	3,632,825
<u>Expenditures</u>			
Current:			
General Governmental Services	16,660,822	225,605	-
Judicial	7,501,689	-	-
Public Safety	14,224,487	-	-
Physical Environment	180,732	-	-
Transportation	-	12,692,321	-
Economic Environment	1,870,835	-	728,086
Health and Human Services	100,000	-	-
Culture and Recreation	353,187	-	-
Debt Service:			
Principal	-	891,227	-
Interest		42,125	-
Capital Outlay	291,011	8,282,921	-
Total Expenditures	41,182,763	22,134,199	728,086
Excess (Deficit) Revenues Over Expenditur	17,774,023	(199,049)	2,904,739
<u>Other Financing Sources (Uses)</u>			
Transfers In	338,500	737,371	-
Transfers Out	(17,568,488)	(225,525)	(737,371)
Capital Lease	-	-	-
Total Other Financing Source (Uses)	(17,229,988)	511,846	(737,371)
<u>Special Item</u>			
Extraordinary Discontinued Operations			
Aging	-	-	-
Net Change in Fund Balance	544,035	312,797	2,167,368
Fund Balances-Beginning	10,348,848	6,044,702	17,633,413
Fund Balances-Ending	\$ 10,892,883	\$ 6,357,499	\$ 19,800,781

See accompanying notes to the financial statements

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2015

	Major Funds			Total
	Department of Corrections	District Court Probation	Other Governmental Funds	
<u>Revenues</u>				
Property Taxes	\$ -	\$ -	\$ 2,340,570	\$ 39,677,984
Sales and Use Taxes	-	-	8,006,527	24,081,015
Other Taxes	-	-	2,978,977	3,217,757
Licenses and Permits	-	-	30,176	502,222
Intergovernmental	130,352	-	5,149,339	22,131,896
Charges for Services	7,826,525	1,464,625	2,983,192	20,712,827
Fines and Forfeits	-	-	27,160	2,606,209
Interest Earnings	26,564	13,808	339,415	2,259,242
Special Assessments	-	-	1,064,864	1,066,192
Donations	-	-	226,484	499,332
Other Revenues	810,206	538	268,869	1,458,277
Total Revenues	8,793,647	1,478,971	23,415,573	118,212,953
<u>Expenditures</u>				
Current:				
General Governmental Services	-	-	3,772,186	20,658,613
Judicial	-	-	2,245,102	9,746,791
Public Safety	22,448,476	1,524,220	5,119,269	43,316,452
Physical Environment	-	-	2,591,162	2,771,894
Transportation	-	-	2,636	12,694,957
Economic Environment	-	-	2,631,955	5,230,876
Health and Human Services	-	-	3,491,585	3,591,585
Culture and Recreation	-	-	162,748	515,935
Debt Service:				
Principal	-	-	3,047,855	3,939,082
Interest	-	-	1,269,184	1,311,309
Capital Outlay	-	-	5,143,791	13,717,723
Total Expenditures	22,448,476	1,524,220	29,477,473	117,495,217
Excess (Deficit) Revenues Over Expenditur	(13,654,829)	(45,249)	(6,061,900)	717,735
<u>Other Financing Sources (Uses)</u>				
Transfers In	15,420,419	-	5,576,002	22,072,292
Transfers Out	(2,731,295)	-	(2,542,220)	(23,804,899)
Capital Lease	5,474	-	-	5,474
Total Other Financing Source (Uses)	12,694,598	-	3,033,782	(1,727,133)
<u>Special Item</u>				
Extraordinary Discontinued Operations				
Aging	-	-	(3,495,462)	(3,495,462)
Net Change in Fund Balance	(960,231)	(45,249)	(6,523,580)	(4,504,860)
Fund Balances-Beginning	2,715,990	92,543	28,312,208	65,147,704
Fund Balances-Ending	\$ 1,755,759	\$ 47,294	\$ 21,788,628	\$ 60,642,844

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

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

For the Year Ended December 31, 2015

presented in 1000's

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ (4,505)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,025
The net effect of various miscellaneous transactions involving capital assets (i.e., sale and donations) to change net assets.	(11,267)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(101)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment includes long term liabilities in the statement of net assets on net assets. This entry is the net effect of these differences in the treatment of long-term debt issuance and payments.	3,939
The issuance of new debt is reported as an other financing sources on the governmental fund's operating statements but reported as a liability on the government -wide statement of net position.	(1,268)
Internal service fund expenses are allocated to other funds. The net expense is reported in the governmental activities Statement of Activities.	4,696
Some Expense Reported in the statemnet of activities do not require the cuse of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	3,040
Change in net position, as reflected on the Statement of Activities.	\$ (4,441)

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

Statement of Net Position

Proprietary Funds

December 31, 2015

					Governmental Activities
	Solid Waste	Public Services Utilities	Building and Fire Safety	Total	Internal Service Funds
ASSETS					
<u>Current Assets</u>					
Cash/Cash Equivalents	\$ 1,055,014	\$ 374,499	\$ 537,723	\$ 1,967,236	\$ 7,886,916
Investments	19,222,613	1,746,422	756,036	21,725,071	14,385,486
Accounts Receivable	449,090	183,927	32,491	665,508	24,320
Interest Receivable	12,851	1,318	774	14,943	10,646
Due From Other Funds	-	-	-	0	55,811
Due from Other Governmental Units	235,918	-	13,403	249,321	44,949
Pension Asset	-	-	-	0	882,222
Inventories/Prepayments	-	-	-	0	2,153,705
Total Current Assets	20,975,486	2,306,166	1,340,427	24,622,079	25,444,055
<u>Noncurrent Assets</u>					
<u>Capital Assets</u>					
Land	5,844,731	97,528	-	5,942,259	452,306
Buildings	17,113,491	1,009,879	-	18,123,370	5,538,204
Improvements Other Than Buildings	6,354,236	14,120,630	-	20,474,866	779,859
Machinery and Equipment	851,765	31,606	25,276	908,647	30,360,385
Less Accumulated Depreciation	(7,771,566)	(6,863,523)	(25,276)	(14,660,365)	(16,881,098)
Construction In Progress	531,933	830,580	-	1,362,513	-
Total Noncurrent Assets	22,924,590	9,226,700	0	32,151,290	20,249,656
Total Assets	43,900,076	11,532,866	1,340,427	56,773,369	45,693,711
<u>Deferred Outflows of Resources</u>					
Deferred Outflows of Resources-Pension	133,227	16,653	63,283	213,163	299,761
Total Deferred Outflows of Resources	133,227	16,653	63,283	213,163	299,761
Total Assets and Deferred Outflows of Resources	44,033,303	11,549,519	1,403,710	56,986,532	45,993,471
LIABILITIES AND NET POSITION					
<u>Current Liabilities</u>					
Accounts/Vouchers Payable	231,233	52,267	13,379	296,879	794,232
Contracts Payable	17,256	24,860	-	42,116	-
Due To Other Funds	-	-	-	-	75,874
Accrued Wages Payable	296,974	71,017	185,616	553,607	897,974
Accrued Employee Benefits	24,254	4,177	20,175	48,606	94,272
Accrued Taxes Payable	7,748	-	-	7,748	-
Customer Deposits	-	1,050	-	1,050	-
Current Portion of Compensated Absences	13,387	2,663	7,823	23,873	42,585
Current Portion of Closure Post Closure Care	34,744	-	-	34,744	-
Current Portion of Long Term Obligations	350,000	-	-	350,000	-
Total Current Liabilities	975,596	156,034	226,993	1,358,623	1,904,937
<u>Noncurrent Liabilities</u>					
Compensated Absences	98,170	19,528	57,368	175,066	312,288
Notes and Loans Payable	2,380,000	192,965	-	2,572,965	-
Other Liabilities	-	-	-	0	30,022
Pension Obligation	722,213	90,277	343,051	1,155,541	1,624,978
Landfill Closure and Postclosure Care	10,044,767	-	-	10,044,767	-
Total Noncurrent Liabilities	13,245,150	302,770	400,419	13,948,339	1,967,288
Total Liabilities	14,220,746	458,804	627,412	15,306,962	3,872,225
<u>Deferred Inflows of Resources</u>					
Deferred Inflows of Resources-Pensions	226,660	28,333	107,664	362,657	658,924
Total Deferred Inflows of Resources	226,660	28,333	107,664	362,657	658,924
Total Liabilities and Deferred Inflows of Resources	14,447,406	487,137	735,076	15,669,619	4,531,149
<u>Net Position</u>					
Net Investment in Capital Assets	20,194,590	9,033,735	-	29,228,325	20,249,656
Unrestricted	9,391,307	2,028,647	668,634	12,088,588	21,212,666
Total Net Position	\$ 29,585,897	\$ 11,062,382	\$ 668,634	\$ 41,316,913	\$ 41,462,322

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2015

	Business - Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Public Services Utilities	Building and Fire Safety	Total	Internal Services
<u>Operating Revenues</u>					
Charges for Services	\$ 8,884,660	\$ 1,664,551	\$ 775,731	\$11,324,942	\$35,410,545
Fines and Forfeits	-	-	16,285	16,285	-
Licenses and Permits	-	-	1,429,598	1,429,598	-
Other Operating Revenue	59,950	250	37	60,237	167,148
Total Operating Revenues	8,944,610	1,664,801	2,221,651	12,831,062	35,577,693
<u>Operating Expenses</u>					
Personal Services	2,619,686	605,495	1,467,566	4,692,747	7,272,672
Contractual Services	4,271,950	711,092	317,036	5,300,078	9,462,582
Other Supplies and Expenses	204,020	72,669	28,773	305,462	2,849,925
Depreciation	533,814	430,596	-	964,410	2,985,884
Landfill Closure Post Closure Costs	(774,013)	-	-	(774,013)	-
Payment to Claimants	-	-	-	-	12,435,513
Total Operating Expenses	6,855,457	1,819,852	1,813,375	10,488,684	35,006,576
Operating Income (Loss)	2,089,153	(155,051)	408,276	2,342,378	571,117
<u>Non-Operating Revenue (Expenses)</u>					
Intergovernmental	444,224	-	49,239	493,463	-
Interest Revenue	167,472	14,504	6,591	188,567	191,238
Interest Expense	(97,531)	(3,384)	-	(100,915)	(69,043)
Gain (Loss) on Disposition of Capital Asset	-	-	-	-	122,802
Miscellaneous Expense	(2,292,894)	-	(23,784)	(2,316,678)	-
Total Non-Operating Revenue (Expenses)	(1,778,729)	11,120	32,046	(1,735,563)	244,997
Income (Loss) before Contributions and Transfers	310,424	(143,931)	440,322	606,815	816,114
Capital Contributions	-	93,875	-	93,875	2,289,433
Transfers In	-	182,718	-	182,718	1,815,816
Net Position as of January 1	30,114,159	11,074,681	626,688	41,815,528	38,109,000
Changes in Accounting Principles-GASB 68	(838,686)	(104,837)	(398,376)	(1,341,899)	(1,342,239)
Net Position as of December 31	\$ 29,585,897	\$ 11,062,382	\$ 668,634	\$41,316,913	\$41,462,322

See accompanying notes to the financial statements

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2015

	Business - Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Public Services Utilities	Building and Fire Safety	Total	Internal Services
<u>Cash Flows From Operating Activities:</u>					
Receipts from Customers	\$ 8,880,922	\$ 1,659,846	\$2,254,136	\$12,794,904	\$ 806,399
Receipts from Interfund Services Provided	26,897	-	-	26,897	34,771,909
Payments to Employees	(2,599,415)	(600,730)	(1,442,487)	(4,642,632)	(7,470,992)
Payments to Suppliers	(2,027,232)	(437,708)	(90,336)	(2,555,276)	(23,614,807)
Payments for Interfund Services Used	(3,009,251)	(344,295)	(244,332)	(3,597,878)	(1,215,962)
Net cash provided (used) by operating activities	1,271,921	277,113	476,981	2,026,015	3,276,547
<u>Cash Flows From Noncapital Financing Activities:</u>					
Operating Grants Received	444,224	-	49,239	493,463	-
Miscellaneous Non Operating	-	-	-	-	-
Transfers from Other Funds	-	182,718	-	182,718	1,815,816
Transfers to Other Funds	-	(40,124)	-	(40,124)	(182,810)
Disbursement for loans	-	-	-	-	-
Payments of Interfund Loan Interest/ Principal	-	(313)	-	(313)	-
Net cash provided (used) by noncapital financing activities	444,224	142,281	49,239	635,744	1,633,006
<u>Cash Flows From Capital And Related Financing Activities</u>					
Purchases of capital assets	(3,372,572)	(181,703)	(23,784)	(3,578,059)	(3,344,505)
Proceeds from Sale of Capital Assets	-	-	-	-	155,774
Capital Contributions-Private	-	-	-	-	-
Principal Paid on Capital Debt	(345,000)	(9,028)	-	(354,028)	-
Interest Paid on Capital Debt	(97,531)	(3,071)	-	(100,602)	(69,043)
Transfer to Other Funds	-	-	-	-	(42,992)
Net cash provided (used) by capital and related financing activities	(3,815,103)	(193,802)	(23,784)	(4,032,689)	(3,300,766)
<u>Cash Flows From Investing Activities:</u>					
Interest Received	168,288	14,340	6,298	188,926	190,575
Net Cash Provided by Investing Activities	168,288	14,340	6,298	188,926	190,575
Net Increase in Cash & Cash Equivalents	(1,930,670)	239,932	508,734	(1,182,004)	1,799,362
Balances as of January 1	22,208,297	1,880,989	785,025	24,874,311	20,473,040
Balances as of December 31	\$ 20,277,627	\$ 2,120,921	\$1,293,759	\$23,692,307	\$22,272,402

See accompanying notes to the financial statements

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2015

	Business - Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Public Services Utilities	Building and Fire Safety	Total	Internal Services
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income/(Loss)	\$ 2,089,153	\$ (155,051)	\$ 408,276	\$ 2,342,378	\$ 571,117
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>					
Depreciation Expense	533,814	430,596	-	964,410	2,985,884
Pension Expense	-	-	-	-	(222,939)
Landfill Closure Postclosure Costs	(774,013)	-	-	(774,013)	-
<u>Changes in assets and liabilities:</u>					
Receivables, net	(36,791)	(4,955)	32,485	(9,261)	613
Inventories	-	-	-	-	(249,452)
Accrued Expenses	43,311	7,645	36,023	86,979	-
Accounts and Other Payables	(583,553)	(1,122)	197	(584,478)	191,324
Net Cash Provided by Operating Activities	1,271,921	277,113	476,981	2,026,015	3,276,547

Noncash Investing, Capital, and Financing Activities

Gain (Loss) on disposal of capital assets	-	-	-	-	122,802
Capital Contributions	-	93,875	-	93,875	2,289,433
Capital Leases	-	-	-	-	4,991

Cash Balances on the Statement of Cash Flows is Comprised of the Following:

	Business - Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Public Services Utilities	Building and Fire Safety	Total	Internal Services
Cash/Cash Equivalents, per Statement of Net Assets	\$ 1,055,014	\$ 374,499	\$ 537,723	\$ 1,967,236	\$ 7,886,916
Investments, per Statement of Net Assets	19,222,613	1,746,422	756,036	21,725,071	14,385,486
Balances as of December 31	\$20,277,627	\$ 2,120,921	\$1,293,759	\$23,692,307	\$22,272,402

See accompanying notes to the financial statements

YAKIMA COUNTY, WASHINGTON

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2015

(amounts presented in 1,000's)

	Investment Trust Funds	Agency Funds
ASSETS		
Cash, Cash Equivalents and Pooled Investments	\$ -	\$ 34,776
Individual Non-Pooled Investments	5,045	-
Receivables:		
Taxes Receivable	-	5,558
Accounts Receivable	-	20
Special Assessments Receivable	-	385
Due from Other Governments	-	6,371
Investments, at Fair Value:		
US treasury state and local government	229,602	-
Total Pooled Investments	229,602	0
Total Assets	234,647	47,110
DEFERRED OUTFLOWS of RESOURCES		
LIABILITIES		
Warrants Payable	-	24,539
Accounts/Vouchers Payable	-	215
Due to Other Governments	-	17,377
Accrued Liabilities	-	4,979
Total liabilities	0	47,110
DEFERRED INFLOWS of RESOURCES		
NET POSITION		
Held in Trust for Pool and Non-Pool participants	\$ 234,647	\$ 0

The notes to the financial statements are an integral part of this statement

YAKIMA COUNTY, WASHINGTON
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended December 31, 2015
 (amounts presented in 1,000's)

	Investment Trust Funds
ADDITIONS	
Contributions	
Additons by Pool participants	\$ 278,123
Additons by Non-Pool participants	1,130
Total Contributions	<u>279,253</u>
Investment Earnings:	
Net (Decrease) in Fair Value of Investments Pooled	63
Net (Decrease) in Fair Value of Investments Non- Pooled	52
Interest	1,402
Total Investment Earnings	<u>1,517</u>
Less Investment Expense	<u>-</u>
Net Investment Earnings	<u>1,517</u>
Total Additions	<u>280,770</u>
 DEDUCTIONS	
Payments in accordance with trust agreements	
Distributions to Pool participants	226,284
Distributions to Non-Pool participants	-
Administrative Expenses	101
Total Deductions	<u>226,385</u>
 CHANGE in NET POSITION	 54,385
 Net Position-Beginning of the Year	 180,262
Net Position-End of the Year	\$ <u><u>234,647</u></u>

The notes to the financial statements are an integral part of this statement

YAKIMA COUNTY, WASHINGTON
Notes to the Financial Statements
For the Year Ended December 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Yakima County have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The chart of accounts conforms to the Budgeting, Accounting, and Reporting Systems (BARS) prescribed by the office of the State Auditor, to promote uniformity among the cities and counties of Washington resulting in better comparability. The significant accounting policies are described below.

A. Reporting Entity

Yakima County, a first-class county, was incorporated on January 21, 1865, under the authority of the Revised Code of Washington 36.04.390. The County operates under a commissioner form of government and provides the following services to its constituents: police, road maintenance, solid waste management, planning and zoning, parks and recreation, judicial administration, health, social services, and general administrative services. As required by GAAP, the financial statements present Yakima County, the primary government.

B. Government-Wide and Fund Financial Statements

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. However, internal activity in the government-wide statement of activities for interfund services provided is not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate 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 expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the County's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

Program revenue includes:

- Charges to customers for applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment.
- Grants and contributions restricted to meeting the operation 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.

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds even though the latter are excluded from the government-wide financial statements. The fiduciary funds are omitted 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Fiduciary Funds are not presented in the government wide financial statements. Under the economic resources measurement focus,

revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are presented using the flow of “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 as soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Other revenues such as sales based taxes, licenses, fines and fees are not considered susceptible for accrual since they are not generally measurable until received. Expenditures are generally recorded when the related fund 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.

Property taxes, license and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenue 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. All other revenue items are considered to be measurable and available only when cash is received by the County.

Yakima County reports the following major governmental funds:

- The *General Fund* is the County’s primary operating fund. It is used to account for all activities of the general government that are not accounted for in another fund.
- The *County Road Fund* accounts for the design, construction, and maintenance of County roads. Revenue is from property taxes, and intergovernmental gas tax allocations. The County Road also receives grants from the Federal Highway Administration Board.
- The *Support Investment in Economic Diversification Fund (SIED)* accounts for the .08% sales tax collected as a credit against the State of Washington’s sales tax to assist local government infrastructure and economic development.
- The *Department of Corrections* is responsible for the custody, security and management of pretrial and convicted persons. Revenue source is from jurisdictions that house prisoners at the County.
- The *District Court Probation* provides District Court and Superior Courts with sentencing investigation, client supervision and community service placement for defendants with misdemeanor and gross misdemeanor cases. Revenue source is from fees generated by defendants in the program.

The County reports three major proprietary funds:

- The *Solid Waste Fund* accounts for the provision of solid waste and landfill services to the residents of the County.
- The *Public Services Utility Fund* accounts for the provision of water and sewer services to residents of unincorporated areas of the County.
- The *Building and Fire Safety Fund* accounts for the building and plumbing permits and fire life safety program to residents in the unincorporated areas of the County.

Additionally, the County reports the following fund types:

- *Internal Service Funds* account for equipment rental and fleet services, purchasing services, liability insurance, building maintenance, retirement benefits reserves, technology services support, and an in-house print shop provided to other departments or agencies of the government, or to other governments on a cost reimbursement basis.
- *Debt Service Funds* account for resources set aside to meet current and future payment requirements on general long-term debt.

- *Capital Project Funds* accounts for financial resources to be used for acquisition or construction of capital facilities or improvements. The separate accounting enhances an understanding of government's capital activities and avoids the distortions in financial trend analysis.
Investment/Fiduciary Funds account for external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. Pooled money is invested in a monitored account by the County and external participants are generally governmental entities that do not have their own treasurer, such as fire and school districts.
- *Agency Funds* are custodial in nature and do not present results of operations. These funds account for assets that the County holds in a fiduciary capacity for other entities including school districts, fire districts, irrigation districts, port districts, diking and drainage districts, health district, sewer districts, soil conservation and mosquito districts, Emergency Management, Conference of Governments, Clean Air Authority, court and jail trust funds, cities, and the State of Washington.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the 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 a) charges to customers or applicants for goods, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally, dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste, sanitary sewer, clean water system and permit center are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personal services, contractual services, other supplies and expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Only small amounts of cash in checking accounts and imprest accounts such as postage are recorded as cash on the financial statements. All demand deposits are recorded as investments. In the preparation of the statement of cash flows, cash and cash equivalents include not only "cash on hand," but cash with fiscal agent and cash in demand deposits with a maturity of three months or less. All deposits are stated at cost.

It is the County's policy to invest all cash surpluses. As of December 31, 2015, the Treasurer was holding \$49,437,578 in investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is credited to the General Fund, except where prohibited by statute or bond covenant.

Deposits and Investments - See Note III.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between

governmental funds and proprietary funds have been eliminated and were not included in the government-wide statement of net position.

Taxes Receivable consists of property taxes and related interest and penalties accumulated the previous four years. All real property taxes are secured by liens on the corresponding property.

Accounts Receivable consists of amounts owed from private individuals for goods or services. The significant sources are time payments on the courts and probation assessments. All receivables have been recorded net of estimated uncollectible amounts. Uncollectible court-related receivables are provided by the Administrator of the Courts in Olympia for Superior and District Court. Historically Superior Court collections are less than 1% and District Court collections are 10% of total receivables.

The County Public Services Department bills for all services that are provided by December 31. Therefore, there are no unbilled services at year-end for Enterprise Funds.

Assessments are recorded when levied with Assessments Receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited.

Interest Receivable consists of amounts earned on investments at the end of the year and fair value changes.

Inventories and Prepayments

Inventory in the Governmental Funds consists of expendable supplies held for consumption. The cost is recorded as expenditure when consumed rather than when items are purchased. All inventories are valued by the first-in first-out method.

Inventories in the Equipment Rental and Revolving Fund an Internal Service Fund are valued at average purchase price. Proprietary Funds are valued at cost. Inventories are valued by the first-in first-out method.

Prepayments made for services that will benefit future periods are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Infrastructure assets are long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, water and sewer systems, 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 government fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase

of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation of buildings, equipment, vehicles, and improvements is computed using the straight-line method. Estimated useful lives are the lesser of the projects' estimated lives or the following:

Buildings - 25 years	Autos, Light Trucks - 90,000 miles
Furniture & Equip - 10 years	Heavy Trucks - 6,000 to 14,000 hours
Information Systems & Intangibles- 7 years	Land Improvements - 10 to 15 Years
Data Handling Equip - 5 years	Fences - 10 Years
Infrastructure – 10 to 50 years	

Machinery and equipment purchased on capital leases are treated as capital assets, indicating a constructive or actual transfer of the benefits and risks of ownership to the County, and are valued at the lesser of the fair value of the leased property or the net present value of the minimum lease payments required by the contract.

Compensated Absences

The County has transitioned to a paid time off system (PTO) for combined sick and vacation time.

It is the County's policy to permit employees to accumulate earned but unused vacation, paid time off and sick leave benefits. All vacation pay and paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The non-current portion for governmental funds is not reported in the governmental fund statements and represents a reconciling item between the fund and government-wide presentations.

At termination of employment, employees receive a cash payment for all accumulated paid time off and unused vacation time. Sick leave is payable to employees with required length of service and retirement age 25% of remaining sick leave at current wages, to a maximum of 120 days upon retirement or death.

Long-Term Obligations (See Note III and IV) –

General Obligation bonds and other long term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other County long-term debt is reported in the governmental column of the government-wide statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight line interest method. Bonds payable are reported net of the premium. Bond issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance cost is reported as debt service expenditures.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Scope of Budget

The annual budget for Yakima County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting System (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted at the level of the fund, except in the General Fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that 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 Governmental Funds lapse at year-end.

All governmental funds have legally adopted annual budgets except the CRID Guaranty Fund and the LID Guaranty Debt Service Funds.

1. Procedures for Adopting the Original Budget

The County's budget procedures are mandated by RCW 36.40. The steps in the budget process are as follows:

- a. Prior to the first Tuesday in September, the elected officials and department managers submit to the Board of County Commissioners a proposed operating budget for the following calendar year. The operating budget includes proposed revenues and expenditures.
- b. The Commission conducts public hearings during November at the County courthouse to obtain taxpayer comments.
- c. The Commission makes adjustments to the proposed budget and adopts, by resolution, a final budget no later than December 31.
- d. The final budget is available to the public February 1.

2. Amending the Budget

The Budget Director is authorized to transfer budgeted amounts between object classes within departments or funds; however, the County Commissioners must approve any revisions that alter the total expenditures of a fund or department of the General Fund. Also, the Commissioners must approve any changes that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment.

After holding one public hearing, the Commissioners determine whether it is in the best interest of the County to increase or decrease the appropriation for a particular fund or department. Approval is made by a resolution adopted by a majority of the Board.

III. **DETAILED NOTES ON ALL FUNDS**

A. Deposits and Investments

As required by state law, all deposits and investments of the County's funds (except as noted below) are obligations of the U.S. Government, bankers' acceptances or deposits with Washington State banks and savings and loan institutions. Investments of trust funds are not subject to the preceding limitations. The Clerk's Trust has passbook and market rate savings of \$58,639 as of December 31, 2015. These funds are fully insured and belong to the individuals who deposit their money with the court. Yakima County's responsibility is only custodial.

Deposits

The County maintains deposit relationships with several Washington State commercial banks and savings and loan institutions.

The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not covered by the Federal Depositary Insurance Corporation (FDIC). The PDPC is a statutory authority established under RCW 39.58. It constitutes a multiple financial institution collateral pool that insures public deposits. In such a pool, a group of financial institutions, holding public funds, pledge collateral to a common pool. The PDPC provides protection by maintaining strict standards as to the amount of public deposits financial institutions can accept, by monitoring the financial condition of all public depositories, and by optimizing collateralization requirements. All deposits are held by the County's agent, in the name of the County.

Custodial credit risk – deposits. The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the County's deposits may not be recovered. The Primary Government is a participant of the Yakima County Treasurer's Investment Pool (the Pool) and at year-end represented 20% of the total Pool's face investment valuation. The carrying amount of deposits for the Pool as of December 31, 2015, was \$25,000,000. The total bank balance for the Pool was \$25,000,000. No amount was exposed to custodial credit risk as uninsured or uncollateralized.

	Carrying Amount	Bank Balance	Uninsured and Uncollateralized
Bank Deposits	\$20,000,000	\$20,000,000	\$ -
Certificate of Deposit	5,000,000	5,000,000	-
Total Deposits	\$25,000,000	\$25,000,000	\$ -

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

Investments

For investment purposes, the County pools the cash balances of County funds and allows for participation by other legally separate entities such as special districts and public agencies, for which the County is *ex officio* treasurer. Yakima County established the Treasurer's Investment Pool (TIP) effective April 1, 2005. The philosophy in developing the Pool was to create a locally managed diversified investment option that would take advantage of economies of scale, simplify administration and achieve a potentially higher yield than other available programs. The Yakima County Treasurer's Investment Pool, administered by the Yakima County Treasurer's Office, is an external investment pool. Participation in the Pool by County departments, districts and agencies is voluntary with an authorizing resolution by the participant submitted in writing to the County Treasurer. A 30-day written notice must be given to the County Treasurer to effectively withdraw from the Pool once participation has begun. No funds have chosen to withdraw since the Pool's inception.

Types of Investments. Through the office of the County Treasurer, Yakima County collects taxes, licenses, fees, and other revenues. It collects not only for the County but also for special purpose districts located within the County. In its custodial role, the Treasurer is empowered to deposit any public funds available for investment and to secure those funds by appropriate collateral. Cash is deposited and invested on behalf of the County and local districts as legally prescribed in the form of certificates of savings or time accounts, in designated qualified public depositories, or in municipal bonds of the State of Washington, or in certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or at any corporation wholly owned by the government of the United States; in bankers' acceptances purchased on the secondary market; in federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures or guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board or governors of the Federal Reserve System; or deposit such funds or any portion thereof in investment deposits.

The County is authorized to enter into repurchase agreements. County investment policies require that securities underlying repurchase agreements must have a fair value of principal and accrued interest of at least 102 percent of the cost of the repurchase agreement. The fair value of the securities used as collateral shall be monitored daily by

the Treasurer's staff and by a third-party custodian. Any deficiencies are to be corrected within one day or the repurchase agreement will be cancelled as defined in the repurchase agreement contract. The County did not purchase any of these securities during 2015.

The County voluntarily invests in the Washington State Treasurer's Local Government Investment Pool (LGIP). The amount is carried at cost, which approximates fair value. The fair value of Yakima County's position in the State Treasurer's Investment Pool is the same as the value of our pool shares. The LGIP is a 2a7-like pool that is overseen by the Office of the State Treasurer, the State Finance Committee, the Local Government Investment Pool Advisory Committee, and the Washington State Auditor's Office. The LGIP also contracts for an annual outside independent audit. The State Treasurer's Office maintained a third-party custodial arrangement with Citibank N.A. during 2015, in order to provide a high level of safety. The LGIP also publishes monthly, quarterly and annual reports that allow participants to stay abreast of LGIP issues and activity.

External Investment Pool. The Yakima County Treasurer's Investment Pool is not registered with the SEC as an investment company. Oversight is provided by the Yakima County Finance Committee pursuant to RCW 36.29.020. The County Finance Committee consists of the County Treasurer as Chair, the County Auditor as Secretary and the Chair of the Board of County Commissioners. All investments are subject to written policies and procedures adopted by the Finance Committee. The investment policy has been certified by the Washington Public Treasurer's Association and is in compliance with state law. The committee meets not less than quarterly to review the investment portfolio and performance.

Pool participants manage their own cash and direct the County Treasurer by written request to deposit or withdraw monies from their funds for investment purposes. The collective pool earnings, net of administrative fees, are distributed monthly to participants based on their average pooled balances for the period.

Money from districts not participating in the Pool and who have not directed the County Treasurer by written request to place individual investments, as well as County departments that cannot invest their own money, is invested by the Treasurer as surplus cash. The interest on these investments is credited to the General Fund, except where prohibited by statute or bond covenant.

The Yakima County Treasurer's Investment Pool (TIP) records its investments at face value, which amounted to \$350,020,804 at December 31, 2015. Premiums and discounts are distributed in earnings on an amortized cost basis as described below. Management intends to hold all time deposits and securities until maturity. During 2015, the County did not realize any gains or losses from the sale of investments because management held all securities until maturity.

All securities are reported at fair value in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Fair value pricing is provided to the safekeeping agent by Interactive Data Corporation (IDC) on a monthly basis.

In accordance with GAAP applicable to regulated industries and GASB Statement No. 31, changes in fair value are reflected as unrealized income in the financial statements. Other gains or losses on investments sold or exchanged are recognized at the time transactions are completed.

Fair value reports are prepared monthly and participants' shares of the Pool for the financial statements are calculated annually based on the participant's cash invested in the Pool on December 31, 2015, and the net asset value of each share in the Pool. Yakima County experienced a net increase in the fair value of investments during 2015. The County has not provided or obtained any legally binding guarantees to support the value of the Investment Pool's holdings.

The participants' shares in the Pool are purchased and redeemed at face value. The aggregate value of all participants' investments equal the total face value of the Pool at all times. The distribution of earnings is based on an amortized cost method. Monthly income is distributed to participants based on their relative participation during the period. Income is calculated based on: (1) realized investment gains and losses, if applicable, calculated on an amortized cost basis; (2) interest income on an accrual basis; and (3) the amortization of discounts and premiums

on a straight-line basis. Income is then reduced by an administrative fee. This method differs from the fair value method used to value investments in the financial statements because the amortized cost method is not designed to distribute the unrealized gains and losses in fair value to participants.

The following schedule shows the types of investments, the fair value, the average interest rates and the weighted average maturity in years of the Yakima County Treasurer's Investment Pool as of December 31, 2015. The Primary Government has a fair value balance in the investment pool of \$70,692,490. The change in fair value of the total investments for the reporting entity during 2015, after considering purchases, sales and maturities, resulted in an increase of \$195,578. Of this amount, the Primary Government's change in fair value was an increase of \$41,453. There were no losses incurred during the period as a result of default by counterparties to deposit or investment transactions.

Yakima County Treasurer's Investment Pool

Investment Type	Fair Value	Principal	Average Interest Rate	Weighted Average Maturity (Years)
Bank Deposits	20,000,000	20,000,000	0.24%	0.003
Certificates of Deposit	5,000,000	5,000,000	1.65%	0.047
Municipal Bonds and Notes	7,143,719	7,120,000	3.82%	4.656
U.S. Agencies	166,661,126	167,000,000	1.12%	2.199
U.S. Treasury Bonds and Notes	8,953,041	9,000,000	0.89%	1348
State Treasurer's Investment Pool	141,900,804	141,900,804	0.26%	0.003
Totals for Portfolio	\$ 349,658,690	\$ 350,020,804	0.78%	1.187

Interest rate risk- Investments. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The policy also states that no single security will be purchased with a maturity date of more than five years from the date of purchase, except when compatible with specific needs and only by approval of the Finance Committee.

Credit risk - Investments. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County investment policy minimizes its credit risk by limiting investments to selected types of securities and pre-qualifying the financial institutions, broker/dealers and intermediaries with which the County will do business. The credentials of these business partners are reviewed at least annually. Presented below is the minimum rating required by the state statute and the actual rating, as of December 31, 2015, for each type of investment in which the Primary Government participates.

Investment Type	Amount	Minimum Rating	Year	End
<u>Rating</u>				
Agency Securities	\$ 167,000,000	AA+	AA+	
U.S. Treasury Bonds & Notes	\$ 9,000,000	AAA	AAA	
Municipal Bonds & Notes	\$ 7,120,000	N/R	N/R	
Certificates of Deposit	\$ 5,000,000	N/R	N/R	
Bank Deposits	\$ 20,000,000	N/R	N/R	
Washington State LGIP	\$ 141,900,804	N/R	N/R	

Concentration of credit risk – Investments. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy minimizes concentration risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from

any one individual issuer will be minimized. The investment policy sets forth maximum concentration guidelines whereby agency securities (combined) may comprise up to 80% of the portfolio, 50% for certificates of deposit, 40% for repurchase agreements, 30% for savings or time accounts, 20% for bonds of the State or local governments in Washington, and 15% for bankers' acceptances (A1 or P1) or bonds of other states. Treasury securities may comprise up to 100% of the portfolio, as well as participation in the Washington State Treasurer's Local Government Investment Pool. Presented below are investments in any one issuer that represent 5% or more of securities in which the Primary Government participates.

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
Federal Farm Credit Bank	Agency Security	\$30,000,000	9%
Federal Home Loan Bank	Agency Security	\$57,000,000	16%
Federal Home Loan Mortgage Corp.	Agency Security	\$44,000,000	13%
Federal National Mortgage Assoc.	Agency Security	\$36,000,000	10%
Umpqua Bank	Bank Deposits	\$20,000,000	6%

Custodial credit risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. County policy dictates that all investment instruments other than non-negotiable certificates of deposit and monies placed with the Washington State Local Government Investment Pool are transacted on a delivery versus payment basis. This means that payment is made simultaneously with the receipt of the security. Securities are held in safekeeping in the County's name by an institution (custodian) under contract with the County Treasurer.

Condensed statements for Yakima County's Treasurer's Investment Pool are presented below:

**Condensed Statement of Net Position
Year Ended December 31, 2015**

Assets	\$353,418,465
Less: Liabilities	(200,728)
Net position held in trust	\$353,217,737
Equity of internal pool participants	\$70,692,490
Equity of external pool participants	229,602,064
Equity of Treasurer's Cash	49,437,578
External Individual non-pool participants	5,044,918
Less: Unamortized Premium/Discount	(1,559,313)
Total equity	\$353,217,737

**Condensed Statement of Changes in Net Position
Year Ended December 31, 2015**

Net position at January 1, 2015	\$303,318,495
Net change in investments	49,899,242
Net position at December 31, 2015	\$353,217,737

Individual Investment Accounts

The Yakima County Treasurer also purchases individual investments for other legally separate entities, such as special districts and agencies that are not participating in the Pool (non-pool) and that are not part of the Primary Government's financial reporting entity. In addition, purchases of individual investments may also be made for eligible Pool participants if certain specific criteria apply. Written request notices specifying fixed maturity dates

and amounts must be submitted to the County Treasurer. Purchases are made under the same guidelines as Pool purchases and in accordance with the County's investment policy and governing statutes.

Investments purchased by External Individual non-pool participants are reported at fair value and amounted to \$5,044,918 as of December 31, 2015.

B. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed following the close of each month.

Property taxes are levied and become an enforceable lien against properties on January 1. They may be paid in two installments—one half by April 30 and the second half by October 31. Interest is charged at the rate of 12% per annum, computed on a monthly basis from date of delinquency, until paid. A penalty of 3% of total delinquent tax is added on June 1 and an additional penalty of 8% is added December 1. On January 1, the assessed value of property is established for the next year's levy at 100% of fair value.

Property taxes are recorded as a receivable when levied, offset by unearned revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections that occur in January. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The County may levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services, subject to three limitations:

Washington State law in RCW 84.55.010 limits the growth of regular property taxes to the lesser rate of the implicit price deflator per year or 1%, excluding new construction.

- RCW Chapter 84.52 establishes a limitation on the levies for ports, public utilities, state schools, emergency medical services, counties, roads, cities and towns. All other regular levies are proportionately reduced if a composite rate of \$5.90 per thousand is exceeded.
- The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit. Exceptions include port districts and public utility districts.

The maximum amounts that may be levied and the actual 2014 and 2015 levies for the General Fund and the County Road fund were (per \$1,000 of assessed value):

	Maximum Levy		2014 Actual Levy	2015 Actual Levy
General Fund	\$ 1.80		\$ 1.76	\$ 1.70
County Road	\$ 2.25		\$ 1.70	\$ 1.78

C. Receivables

Receivables as of year-end for the County's individual major funds, non-major, internal service and Fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

Amounts presented in 1,000's

Fund	Due From					Total
	Taxes	Accounts	Special Assessments	Other Governments	Interest	
General Fund	\$ 993	\$ 2,280	\$ 0	\$ 3,531	\$ 21	\$ 6,825
County Roads	461	13	5	496	5	980
SIED	-	-	-	599	7	606
Department of Corrections	-	-	-	1,468	1	1,469
Dist Court Probation	-	14,122	-	-	-	14,122
NonMajor Governmental	89	117	81	2,873	13	3,173
Solid Waste		449		236	13	698
Public Services Utilities		184		-	1	185
Building and Fire Safety		32		13	1	46
Internal Services		24	-	45	11	80
Agency	5,558	20	385	6,371		12,334
Total Receivables	\$ 7,101	\$ 17,241	\$ 471	\$ 15,632	\$ 73	\$ 40,518

District Court Probation has the largest balance for receivables. The Court system bills customers for their probation balances for the term specified by the judge, usually 3 to 7 years. The amount listed is expected revenue over the future terms of probation. Bad debt expense was estimated based on the prior 10 year revenue stream. Additional quantifying data to age those receivables was not available because the courts improved and enhanced the billing systems.

The receivables are also subject to a variety of influences, client behavior, the economy and the nature of nonexchange transactions. The County continues to pursue collections up to the statutory period of 10 years.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Amounts presented in 1,000's

	Unavailable	Unearned
Property Taxes Receivable (General Fund)	\$ 1,169	
Property Taxes Receivable (Road Fund)	449	
Property Taxes Receivable (Other Governmental Funds)	105	
Sales Tax Receivable	1,786	
Other Taxes Receivable	558	
Revenue Received But Not Yet Due	-	535
Special Assessments Receivable	82	
Revenue Earned But Not Available	14,098	1,995
Grants Received Prior to Meeting All Eligibility Requirements		659
Total Deferred/Unearned Revenue for Governmental Funds	\$ 18,247	\$ 3,189

D. Interfund Receivables, Payables and Transfers

Interfund loans receivable and payable are created as a result of a cash or property transfer resulting in a subsequent promise of repayment. These interfund transactions, as outstanding balances between funds involve the exchange of goods and services in a normal business relationship.

These outstanding balances between funds are reported as *due to/due from other funds* on the financial statements.

Due From Due To	General Fund	County Road	SIED	Department of Corrections	Other Special Revenues	Capital Projects	Internal Services	Total
General Fund		\$ 253		\$ 99,061			\$ 5,101	\$104,415
County Road	92,501							92,501
Dept of Corrections							1,935	1,935
SIED		120,462						120,462
Other Special Rev	15,330	1,212			103,543	145,000	438	265,523
Capital Projects					107,000	268	28,603	135,871
Internal Services	37,015		19,125				19,734	75,874
Total	\$ 144,846	\$ 121,927	\$ 19,125	\$ 99,061	\$ 210,543	\$ 145,268	\$ 55,811	\$ 796,581

Interfund Loans

Amounts presented in 1,000's	Lending Fund	Begin Bal 1/1/2015	New Loans	Repayments	Ending Bal 12/31/2015
CRID Construction	County Road	-	50	20	30
General Capital Project	Technology Services	-	-		-
Gala Estates Water	Terrace Heights Water Fund	1	-		1
Bittner Water System	Terrace Heights Water Fund	12			12
Total		\$ 13	\$ 50	\$ 20	\$ 43

Interfund transfers represent subsidies and contributions provided to funds and capital project funds with no corresponding debt or promise to repay. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Transfers out in non-major governmental funds generally represent debt service and capital project funding. Interfund transfers occurring between individual major funds, non-major governmental, non-major enterprise, and internal service funds of the County during the year ended December 31, 2015, are as follows:

Amounts presented in 1,000's Transfer Out	Transfer In	NonMajor							
	General Fund	Dept of Corrections	Special Revenue	County Road	Debt Service	Capital Projects	Proprietary Funds	Internal Services	Total
General Fund	\$ 100	\$ 15,262	\$ 237		\$ 41	\$ 37	\$ 75	\$ 1,816	17,568
County Roads					161	65			226
Support Invest in Economic				737					737
Department of Corrections					2,731				2,731
NonMajor Special Revenue	232	158			680	958			2,028
Capital Projects					385	22	108		515
Proprietary Funds						40			40
Internal Services	7		36		183				226
Total	\$ 339								

The general fund transfers \$1.2 million a month to the Department of Corrections for the custody of local County inmates; Department of Corrections receives other revenues from outside jurisdictions on a contract basis. The General Fund also transfers an annual amount of \$750,000 to the LEOFF 1 fund to pay for health benefits on designated retirees. LEOFF 1 benefits are explained in Note VI.

E. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities & Internal Service				
Capital assets, not being depreciated				
Land	\$ 82,430,497	\$ 474,940	\$ 126,174	\$ 82,779,263
Construction in progress	32,729,437	9,321,532	21,880,351	20,170,618
Total capital assets, not being depreciated	\$ 115,159,934	\$ 9,796,472	\$ 22,006,525	\$ 102,949,881
Capital assets, being depreciated:				
Buildings	\$ 78,192,707	\$ 420,411	\$ -	\$ 78,613,118
Improvements	15,613,217	-	-	15,613,217
Machinery and equipment	32,400,717	7,404,294	5,409,812	34,395,199
Infrastructure	666,712,483	14,671,854	2,237,080	679,147,257
Total capital assets being depreciated	\$ 792,919,124	\$ 22,496,559	\$ 7,646,892	\$ 807,768,791
Less accumulated depreciation for:				
Buildings	\$ 41,682,951	\$ 2,694,682	\$ -	\$ 44,377,633
Improvements	7,754,403	702,279	-	8,456,682
Machinery and equipment	18,044,714	2,949,829	3,902,003	17,092,540
Infrastructure	542,160,619	9,332,201	1,506,706	549,986,114
Total accumulated depreciation	\$ 609,642,687	\$ 15,678,991	\$ 5,408,709	\$ 619,912,969
Total capital assets, being depreciated, net	183,276,437	6,817,568	2,238,183	187,855,822
Governmental activities capital assets, net	\$ 298,436,371	\$ 16,614,040	\$ 24,244,708	\$ 290,805,703

Depreciation expense was charged to functions as follows:

General Governmental Services	\$ 141,089
Security of Persons and Property	2,420,258
Physical Environment	34,788
Transportation	9,345,164
Economic Environment	1,827
Mental and Physical Health	24,109
Culture and Recreation	725,872
	\$ 12,693,107

In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based upon their usage of the assets.

Total governmental activities depreciation expense.

\$ 2,985,884
\$ 15,678,991

Capital Assets Business	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities				
Capital assets, not being depreciated				
Land	\$ 5,942,259			\$ 5,942,259
Construction in progress	1,147,008	1,399,514	1,184,009	1,362,513
Total capital assets, not being	7,089,267	1,399,514	1,184,009	7,304,772
Capital assets, being depreciated:				
Buildings	\$ 16,925,610	\$ 1,197,760		\$ 18,123,370
Improvements	20,394,743	80,123		20,474,866
Machinery and equipment	1,046,781	2,908,950	3,047,084	908,647
Total capital assets being depreciated	\$ 38,367,134	\$ 4,186,833	\$ 3,047,084	\$ 39,506,883
Less accumulated depreciation for:				
Buildings	\$ 4,543,262	\$ 445,772		\$ 4,989,034
Improvements	8,578,655	449,472		9,028,127
Machinery and equipment	574,038	69,166		643,204
Total accumulated depreciation	\$ 13,695,955	\$ 964,410	\$ -	\$ 14,660,365
Total capital assets, being depreciated, net	24,671,179	3,222,423	3,047,084	24,846,518
Business Type activities capital assets, net	<u>\$ 31,760,446</u>	<u>\$ 4,621,937</u>	<u>\$ 4,231,093</u>	<u>\$ 32,151,290</u>
Depreciation expense was charged to functions as follows:				
Solid Waste		\$ 533,814		
Public Services Utilities		430,596		
Building and Fire Safety				
Total Business Type activities depreciation expense.		<u>\$ 964,410</u>		

Net Investment in Capital Assets

	Government Funds	Proprietary Funds
Capital Assets		
Land & Construction in Progress	\$ 102,949,881	\$ 7,304,772
Other Capital Assets, Net of Depreciation	187,855,822	24,846,518
Sub Total	<u>\$ 290,805,703</u>	<u>\$ 32,151,290</u>
Less Debt		
Bond Debt	\$ (33,105,000)	\$ (2,730,000)
Intergovernmental	(4,524,828)	(192,965)
Lease	(57,703)	-
Assessment	(27,000)	-
Less Premiums	(1,648,494)	-
Plus Cash from Refunding	1,438,410	-
Plus Non Capital Debt	2,503,326	-
Net Investment in Capital Assets	<u>\$ 255,384,414</u>	<u>\$ 29,228,325</u>

F. Fund Balance

The GASB 54 statement requires disclosure regarding the fund balance classification policies and procedures. The Commissioners classified a Fund Balance Policy and adoption of the GASB 54 fund types in December 2011, by resolution. The County policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the year.

- For nonspendable fund balance: Fund balances that are not in spendable form such as inventory, long term receivables, property held for resale, and imprest accounts.
- For restricted fund balance: Fund balances are restricted according to RCWs to help support the government's programs.
- For committed fund balance: The Board of County Commissioners are the highest level of decision-making authority. A formal resolution is required to establish, modify, or rescind a fund balance commitment.
- For assigned fund balance: The Board of County Commissioners have by resolution, authorized the budget director to assign amounts to a specific purpose.
- For unassigned fund balance: Unrestricted amounts that are available for any purpose are reported in the General Fund unless there is a negative fund balance.

Major Fund Balances:

- General Fund: \$56,540 in nonspendable fund balance from imprest accounts. \$327,532 in restricted fund balance from the courts. \$1,328,154 in committed fund balance from resolutions by the Board of County Commissioners for technology replacement and elections. \$807,575 in assigned fund balance from specific purposes by the budget director for contingency. \$8,373,082 in unassigned fund balance available for general purposes. The General Fund total balance is \$10,892,883.
- County Road: \$400 in nonspendable imprest accounts. \$6,357,099 in restricted fund balance from taxes and road work. County Road total fund balance is \$6,357,499.
- Support Invest In Economic Diversification: \$7,880,013 in nonspendable fund balance from long term notes receivable. \$11,920,768 in restricted fund balance from Sales and Use Tax. SIED total fund balance is \$19,800,781.

- Department of Corrections: \$307,048 restricted fund balance profit and holdings from Jail Inmates. \$1,448,711 assigned fund balance is from the budget director assigning it to a specific purpose. Department of Corrections total fund balance is \$1,755,759.
- District Court Probation \$350 in nonspendable imprest accounts. \$46,944 restricted fund from charges for services to defendants. Total fund balance is \$47,294.
- Other governmental funds: \$3,000 nonspendable fund balance from imprest accounts. \$12,939,675 restricted fund balance from taxes and state fees. \$1,454,255 committed fund balance from resolutions by the Board of County Commissioners. \$7,413,510 assigned fund balance for specific amounts that are assigned by the budget director. \$(21,812) unassigned fund balance is from a negative fund balance in a capital project. Other governmental funds total fund balance is \$21,788,628.

The Parks fund ended the year 2015 with an assigned fund balance of \$46,404. The fund was combined into the General Fund for presentation; the fund does not have a special revenue stream to support operations and relies on the General Fund for financial support.

Minimum Reserves

In order for the County to be in a fiscally responsible position, the Board of County Commissioners will establish and maintain a minimum General Fund Unassigned Reserve level of 11% which the Board believes is fiscally necessary, essential and prudent. This budgetary minimum reserve level is essential to protect cash flow and other stated reserve objectives in offsetting significant financial revenue fluctuations.

IV. DEBT

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other long-term indebtedness of the County is reported in the governmental column of the government-wide statement of net position. Bond premiums 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.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the year incurred.

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the County:

1.5% - Without a vote of the people

2.5% - With a vote of the people

5.0% - With a vote of the people, provided the indebtedness not in excess of 2.5% is for utilities, parks, or open space development.

As of December 31, 2015, the debt limits for the County were as follows:

Assessed Value	\$15,567,727,126	Without	With a Vote	
		a Vote	2.50%	5.00%
Legal Limit		\$ 233,515,907	\$ 389,193,178	\$ 778,386,356
Net Outstanding Indebtedness		(22,079,363)	(22,106,363)	(22,106,363)
Margin Available		\$ 211,436,544	\$ 367,086,815	\$ 756,279,993

A. Advance Due to Other Governments

Description	Amount Outstanding
The Flood Control Zone District was the recipient of a new Department of Community Development loan with proceeds as of December 31, 2015, totaling \$323,328. The proceeds of this loan were used to improve roadway access on SR410 due to a landslide in 2009. Draws on the loan were received as follows: \$150,000 in 2010 and the final draw for \$173,328 in 2011. Principal payments made by the Flood Control Fund totaling \$17,017 and interest payments of \$7,488 were made in 2015.	\$ 255,260
In 2004, Yakima County received loan proceeds of \$110,000 from the United States Department of Agriculture for the repair and replacement of the Crewport Water System. Repayment will be made from customer service fees out of the Public Services Utilities Fund. Principal payments of \$2,981 and interest payments of \$3,001 were made in 2015.	\$ 82,970
The County Road Fund was the recipient of a Department of Community Development loan with proceeds as of December 31, 2015, totaling \$3,000,000. The proceeds of this loan were used to improve surface conditions of county roads. Draws on the loan were received as follows: \$150,000 in 2009, \$2,400,000 in 2002 and \$450,000 in 2001. Principal payments by the County Road Fund totaling \$161,538 and interest payments of \$5,183 were made in 2015.	\$ 969,233
The County Road Fund was the recipient of two Department of Community Development loans with proceeds as of December 31, 2015 totaling \$9,000,000. The proceeds of these loans were used for improvements to gravel roads throughout Yakima County. Draws on the loans were received as follows: \$700,000 in 2007; \$200,000 in 2004; \$7,800,000 in 2000; and \$300,000 in 1999. Principal payments by the County Road Fund totaling \$488,816 and interest payments of \$25,902 were made in 2015.	\$ 2,336,841
The County Road Fund was the recipient of a Department of Community Development loan with proceeds as of December 31, 2015 totaling \$4,548,374. The proceeds of this loan were used for bridge and culvert replacement. Draws on the loan were received as follows: \$48,374 in 2007 and \$4,500,000 in 1999. Principal payments by the County Road Fund totaling \$240,873 and interest payments of \$11,040 were made in 2015.	\$ 963,494
The County Road Fund was the recipient of two Department of Community Development loans with proceeds as of December 31, 2015 totaling \$2,220,963. The proceeds of these loans were used to implement the Terrace Heights Water system. Draws on the loans were received as follows: \$72,800 in 2000; \$142,963 in 1996; \$655,200 in 1995; and \$1,350,000 in 1994. Repayment was made from customer service fees and the Real Estate Excise Tax Capital Project Fund. Principal payments of \$39,338 and interest payments of \$721 were made in 2015.	0
Total Advance Due to Other Governments	<u>\$ 4,607,798</u>

The annual debt service requirements to maturity for Advance Due to Other Governments are as follows:

Inter-Gov		
Year Ending		
31-Dec	Principal	Interest
2016	911,546	48,292
2017	911,549	39,570
2018	911,659	30,845
2019	911,774	22,115
2020	563,781	13,382
2021-2025	266,776	30,989
2026-2030	108,850	13,805
2031-2034	21,863	1,881
	<u>\$ 4,607,798</u>	<u>\$ 200,879</u>

B. Special Assessment Bonds

Debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. There was no delinquent assessment debt, including penalties and interest, as of December 31, 2015. Yakima County has established a CRID Guaranty fund and an LID Guaranty fund whereby the County will cover expenses if the property owners do not pay the assessments necessary to finance the debt. Total reserves including cash and investment at fair value in the CRID Guaranty fund and the LID Guaranty fund as of December 31, 2015 were \$129,869 and \$27,462 respectively. The County will recover all funds spent in this manner, as the assessments are liens against the property and subject to foreclosure.

Description	Amount Outstanding
\$125,000 CLID #2008-1 Special Assessment Bonds due in 2020, interest at 3.85%, payable annually. \$ These bonds are serviced by CLID #2008-1 Debt Service Fund from special assessments levied. Principal payments of \$16,000 were made in 2015.	27,000
\$153,788 RID #99 Special Assessment Bonds due in 2015, interest at 4.35%, payable annually. \$ These bonds are serviced by RID #99 Debt Service Fund from special assessments levied. Principal payments of \$5,500 were made in 2015.	0
Total Special Assessment Bonds	<u>\$ 27,000</u>

The amount of bonds to be retired each year can only be estimated. The bonds may be called earlier or later than the year shown depending on the actual timing of receipt of special assessment payments. At the option of the property owner, assessment payments may be settled at any time by paying the remaining assessment balance, with interest thereon to the next installment due date.

The estimated annual debt service requirements to maturity for Special Assessment Bonds are as follows:

Special Assessment		
Year Ending		
31-Dec	Principal	Interest
2016	11,000	1,039
2017	11,000	616
2018	5,000	424
	<u>\$ 27,000</u>	<u>\$ 2,079</u>

C. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the government. These bonds are subject to Federal arbitrage regulations. General obligation bonds currently outstanding are as follows:

Description	Amount Outstanding
In October 2014, Yakima County issued \$6,285,000 of Limited Tax General Obligation Bonds. The County \$ allocated \$4,220,000 for capital improvements to the County Resource Center to support 911, City of Yakima Dispatch Center and EMS. An additional \$2,065,000 was allocated to County Road for repair of Arterial and Access Road Bridges. Interest rates range from 2.0% in 2015 to 4.0% in 2024 and back to 3.5% at maturity in 2034. Principal is paid annually on December 1 with interest payments semi-annually on June 1 and December 1 through 2034. Principal payment of \$210,000 and interest payments of \$230,513 were made in 2015.	6,075,000
In September 2010, Yakima County issued \$30,000,000 of Limited Tax General Obligation and Refunding \$ Bonds. The County allocated \$1,990,000 for capital improvements to the County Courthouse, \$7,075,000 for capital improvements to the Department of Corrections' main jail and \$485,000 for information system upgrades. In addition, \$20,450,000 was used for a partial advance refunding of the \$25,135,000 outstanding 2002 Limited Tax General Obligation Bonds. The refunding bonds were allocated as follows: \$3,815,000 to Terrace Heights Landfill Transfer Station; \$15,120,000 to new jail facility; \$235,000 to Sheriff Precinct Building; and \$1,280,000 to County Capital Improvements. Interest rates range from 2.0% in 2010 to 4.0% in 2030. Principal is paid annually on December 1 with interest payments made semi-annually on June 1 and December 1 through 2030. Principal payment of \$2,360,000 and interest payments of \$853,775 were made in 2015.	23,335,000
Also in September 2010, Yakima County was authorized to issue "Taxable Qualified Energy Conservation \$ Bonds," pursuant to Section 54D of the Internal Revenue Code of 1986, for the purpose of financing certain qualified energy conservation projects and to elect to receive a subsidy payment from the federal government equal to 70 percent of the amount of each interest payment on such taxable bonds (the "Federal Credit Payment"). Beginning 2013 and possibly through 2023, the federal government has implemented the sequestration of direct pay municipal bond subsidies. The current sequestration level amounts to a 6.8% reduction of the federal subsidy. The 2010B Bonds are being issued as Taxable Qualified Energy Conservation Bonds. The available subsidy for the 2010B Bonds will be paid to the County; no holders of the 2010B Bonds will be entitled to a tax credit. The bond interest rate is 5.00%. The principal payment is due at maturity, June 1, 2027, with interest payments paid semi-annually on June 1 and December 1. Interest payments of \$121,500 were made in 2015.	2,430,000
Yakima County issued \$7,850,000 of Limited Tax General Obligation Refunding Bonds in October 2009. \$ A portion of the bond issue was used to refund \$2,775,000 of general obligation bonds issued in 1999 to construct the Restitution Center for low risk inmates. The County allocated \$5,006,650 to various capital projects for public improvements of tourist promotions facilities. Interest rates range from 2.0% in 2010 to 3.2% in 2020. Principal is paid annually on December 1 with interest payments made semi-annually on June 1 and December 1 through 2020. Principal payment of \$735,000 and interest payments of \$139,430 were made in 2015.	3,845,000
In 2008, Yakima County received loan proceeds of \$210,000 from the Washington State Treasurer's LOCAL program for the acquisition & remodel of the Noxious Weed building. Principal payments being paid annually on June 1. Interest payments are paid semi-annually on June 1 and December 1 with a fixed rate at 4.465%. Principal payment of \$10,000 and interest payments of \$6,440 were made in 2015.	\$ 150,000
Total General Obligation Bonds	<u>\$ 35,835,000</u>

The annual debt service requirements to maturity for General Obligation Bonds are as follows:

General Obligation Debt

Year Ending		
31-Dec	Principal	Interest
2016	3,420,000	1,255,331
2017	3,545,000	1,128,571
2018	3,690,000	997,149
2019	3,815,000	883,861
2020	3,625,000	770,673
2021-2025	8,645,000	2,483,050
2026-2030	7,485,000	1,043,300
2031-2034	1,610,000	139,838
	<u>35,835,000</u>	<u>8,701,772</u>

D. Other Noncurrent Liability

In 2015 Public Services Utilities entered into an agreement with local proprietors for interest free loans. It is not known when additional users will be added to the water system, leaving a remaining \$109,995 long-term liability outstanding. Royalty payments from new water connections totaled \$6,045.00 were applied to principal

E. Capital Leases

**Amount
Outstanding**

In 2015 the Department of Corrections entered into a sixty month lease agreement in the amount of \$5,474. The equipment was for two Xerox ColorQubes They made lease payments totaling \$7,534	\$33,193
In 2015 the Sheriff total lease payments were \$4,192. The equipment was for three Xerox Color Systems and eight Xerox Systems.	\$21,310
In 2015 the Printing Department total lease payments were \$1,736. The equipment was for two WorkCentre Copiers.	\$3,200
Total Leases Equipment	<u>\$57,703</u>

The future minimum lease payments are:

Lease Payments

Year Ending	
31-Dec	Payments
2016	18,133
2017	18,133
2018	15,861
2019	4,667
2020	909
	<u>\$ 57,703</u>

F. Changes in Long-Term

The following is a summary of the long-term debt transactions of Yakima County for the year ended December 31, 2015:

	Beginning Balance	New Issue	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 36,075,000		\$ 2,970,000	\$ 33,105,000	\$ 3,070,000
Special Assessment Bonds	48,500	-	21,500	27,000	11,000
Unearned Amounts:					
For Premiums	1,734,416		85,922	1,648,494	85,922
Total Bonds Payable	37,857,916	-	3,077,422	34,780,494	3,166,922
Advances Due to Other Governments	5,472,410	-	947,582	4,524,828	908,245
Capital Lease Obligations	65,691	5,474	13,462	57,703	18,133
Compensated Absences	2,109,621	2,229,034	2,110,405	2,228,250	267,390
Pension Obligation	41,450,042	199,023	3,268,744	38,380,321	0
OPEB Benefit for LEOFF	4,011,861	1,592,822	438,579	5,166,104	0
Total Long Term Liabilities	\$ 90,967,541	\$ 4,026,353	\$ 9,856,194	\$ 85,137,700	\$ 4,360,690
Business-Type Activities					
General Obligation Bonds	\$ 3,075,000	\$ -	\$ 345,000	\$ 2,730,000	\$ 350,000
Total Bonds Payable	3,075,000	-	345,000	2,730,000	350,000
Capital Lease	0	0	0	0	0
Advances Due to Other Governments	85,951	-	2,981	82,970	3,301
Other Noncurrent Liability	0	116,040	6,045	109,995	0
Compensated Absences	178,903	198,939	178,903	198,939	23,873
Pension Obligation	2,974,321	0	1,818,781	1,155,540	0
Landfill Closure/Postclosure	10,853,523		774,012	10,079,511	34,744
Total Long Term Liabilities	\$ 17,167,698	\$ 314,979	\$ 3,125,722	\$ 14,356,955	\$ 411,918

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$ 354,877 of internal service funds are included in compensated absences. Within the capital lease obligations \$3,200 is from the internal service funds. For governmental activities, the General Fund or the applicable Special Revenue fund generally liquidates those balances.

The OPEB plan obligation is based on a long-term perspective. The Obligation is based on actuarial valuations and estimated health care costs, inflation and life expectancy. The assumptions are calculated on probability and these estimates are subject to continual revision compared to past expectations and new estimates made about the future.

Claims and judgments payable are liquidated by the Liability Insurance fund. In the previous table, additions and reductions have been estimated for compensated absences due to the time and effort needed to determine these balances.

V. PENSION PLANS

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

Aggregate Pension Amounts All Plans	
Pension liabilities	(39,535,861)
Pension assets	2,420,910
Deferred outflows of resources	\$4,976,719
Deferred inflows of resources	(7,210,461)
Pension expense/expenditures	(3,231,879)

State Sponsored Pension Plans

Substantially all County 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 98504-8380

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

A. Public Employees' Retirement System (PERS & JBM)

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer

contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The County's actual contributions to the plan were \$ 2,134,836 for the year ended December 31, 2015.

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

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

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

* For employees participating in JBM, the contribution rate was 15.30%

The County's actual contributions to the plan were \$ 2,245,172 for the year ended December 31, 2015.

B. Public Safety Employees' Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

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

Contributions

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

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

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The County's actual contributions to the plan were \$ 355,364 for the year ended December 31, 2015.

C. 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 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 employee or employer contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

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

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.23%	8.41%

The County's actual contributions to the plan were \$222,127 for the year ended December 31, 2015.

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

Actuarial Assumptions

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

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

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

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

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

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

- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

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

Sensitivity of NPL

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

Plan	Current Discount		
	1% Decrease	Rate	1% Increase
	-6.50%	-7.50%	-8.50%
PERS 1	\$ 27,655,699	\$ 22,715,104	\$ 18,466,646
PERS 2/3	\$ 48,254,332	\$ 16,502,557	\$ (7,808,587)
PSERS 2	\$ 2,417,881	\$ 318,200	\$ (1,175,398)
LEOFF 1	\$ (564,404)	\$ (882,222)	\$ (1,153,102)
LEOFF 2	\$ 1,540,897	\$ (1,538,689)	\$ (3,856,193)

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, 2015, the County's reported a total pension liability of \$37,114,951 for its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	\$ 22,715,104
PERS 2/3	16,502,557
PSERS 2	318,200
LEOFF 1	(882,222)
LEOFF 2	(1,538,689)
Total	\$ 37,114,951

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the County. The amount recognized by the County 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 County were as follows:

	Liability (or Asset)
LEOFF 2 – employer's proportionate share	\$ (1,986,676)
LEOFF 2 – State's proportionate share of the net pension liability/(asset) associated with the employer	447,987
TOTAL	\$ (1,538,689)

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

Plan	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.46003%	0.43425%	0.02578%
PERS 2/3	0.48591%	0.46186%	0.02405%
PSERS 2	1.53926%	1.74337%	-0.20411%
LEOFF 1	0.07160%	0.07320%	-0.00160%
LEOFF 2	0.14674%	0.14971%	-0.00296%

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

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

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

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

Pension Expense

For the year ended December 31, 2015, the County recognized pension expense as follows:

Plan	Pension Expense
PERS 1	(2,260,317)
PERS 2/3	(526,474)
PSERS 2	26,933
LEOFF 1	(186,654)
LEOFF 2	(285,366)
TOTAL	\$ (3,231,879)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual	\$ -	\$ 1,242,764
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	
Contributions subsequent to the measurement date	\$ 1,180,694	\$ -
TOTAL	\$ 1,180,694	\$ 1,242,764
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,754,227	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 4,405,401
Changes of assumptions	\$ 26,589	\$ (227,583)
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$ 1,001,364
Contributions subsequent to the measurement date	\$ 1,263,426	\$ -
TOTAL	\$ 3,044,242	\$ 5,179,182

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 298,116	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$
Changes of assumptions	\$ 1,970	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 12,458	\$ 157,827
Contributions subsequent to the measurement date	\$ 187,558	\$ -
TOTAL	\$ 500,103	\$ 157,827
LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 148,936
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$
TOTAL	\$ -	\$ 148,936

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,738	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 466,215
Changes of assumptions	\$ 4,059	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$ 15,536
Contributions subsequent to the measurement date	\$ 112,884	\$
TOTAL	\$ 251,680	\$ 481,750

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

Changes in Proportionate Share - PERS 2/3								
Year	Recognition		2015	2016	2017	2018	2019	2020
	Amount to Amortize	Period (Years)						
2015	(1,001,364)	4.4	(227,583)	(227,583)	(227,583)	(227,583)	(91,033)	

Changes in Proportionate Share - PSERS									
Year	Recognition		2015	2016	2017	2018	2019	2020	2021
	Amount to Amortize	Period (Years)							
2015	14,535	7	2,076	2,076	2,076	2,076	2,076	2,076	2,076

Changes in Proportionate Share - LEOFF 2									
Year	Recognition		2015	2016	2017	2018	2019	2020	2021
	Amount to Amortize	Period (Years)							
2015	(18,523)	6.2	(2,045)	(2,045)	(2,045)	(2,045)	(2,045)	(2,045)	(409)

Office of the State Actuary calculated the amortization schedule of the deferred inflows and outflows recorded in the schedules of Collective Pension Amounts. Amounts presented are the County's Allocated amounts. The recognition period is a closed, five year period for all plans.

For the Fiscal year ended June 30, 2015					
Difference Between Projected and Actual Earnings					
Year	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2019	\$ 202,194	\$ 754,168	\$ 31,154	\$ 24,442	\$ 80,538
2018	(481,653)	(1,719,860)	(63,005)	(57,793)	(182,252)
2017	(481,653)	(1,719,855)	(62,988)	(57,793)	(182,250)
2016	(481,653)	(1,719,855)	(62,988)	(57,793)	(182,250)
Total Deferred Inflows	\$ (1,242,764)	\$ (4,405,401)	\$ (157,827)	\$ (148,936)	\$ (466,215)

D. OTHER POST Employment Benefit (OPEB) Plans

Plan Description

As required by the Revised Code of Washington (RCW) Chapter 41.26. Yakima County provides direct cost funding for benefits (other than pensions) promised to the Law Enforcement Officers Fire Fighters Plan 1 (LEOFF1). This is a single employer benefit plan. The benefit provides medical and long term care expense not payable by worker's compensation, social security, insurance provided by another employer or other pension plan. There are currently 40 enrolled members. The benefits are 100 percent provided by the County in order to meet State Statutory requirements under the LEOFF 1 system, where by the County pays their medical and dental premiums and out of pocket medical costs for life.

Funding Policy

The County has the authority to establish and amend contribution requirements. The fund detail is in the internal service funds under LEOFF Benefit. For the fiscal year ended December 31, 2015, the County's combined plan contribution was \$750,000 from the General Fund. Detail for the LEOFF Benefit fund can be found in the internal service funds.

The required plan contribution is based on the projected pay-as-you-go financing requirements. The amortization method is open and is calculated using the mean estimated life of all 40 members. Financial reporting for the LEOFF retiree healthcare plan is included in the County's Comprehensive Annual Financial Report under the internal service funds. The calculations are based on the OPEB benefits provided under the terms the LEOFF 1 system and each the valuation as of December 31, 2015.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount determined in accordance within the parameters of GASB 45 using the alternative method. The ARC is the amount that would need to be contributed to "fully fund" the liability.

The following are the components of the County's annual OPEB cost and the amount actually contributed to the plan. This actuarial valuation represents the best estimate as of December 31, 2015.

Annual Required Contribution (ARC)	\$ 1,793,179
Interest On Net OPEB Obligation	160,474
Amortization	(360,831)
Total Annual OPEB Cost	<u>\$ 1,592,822</u>

Net OPEB Obligation beginning of year 2015	4,011,861
plus Increase in Net OPEB Obligation	1,592,822
Contributions Made	(438,579)
Net OPEB Obligation end of year 2015 (NOO)	<u>\$ 5,166,104</u>

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<u>Year ended</u>	<u>Annual Cost</u>	<u>Contribution</u>	<u>Net OPEB Obligation</u>	<u>Percentage of Annual OPEB cost Contributed</u>
2008	\$ 1,136,096	\$ 543,590	\$ 592,506	47.85%
2009	1,149,496	511,902	637,594	44.53%
2010	988,298	513,839	474,459	51.99%
2011	1,032,173	691,123	341,050	66.96%
2012	977,326	606,563	370,763	62.06%
2013	938,303	543,887	394,416	57.96%
2014	1,227,931	542,139	685,792	44.15%
2015	1,592,822	438,579	1,154,243	27.53%

Funding Status

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$19,937,254 and the actuarial value of the assets was \$0 resulting in a UAAL of \$19,937,254. Historically, Yakima County has used a pay-as-you-go approach to funding. If Yakima County were to contribute the ARC to the plan every year, a liability would not be recorded. If the ARC is not fully funded in a given year, a liability is reported for the unpaid portion of the ARC.

Actuarial Methods and Assumptions

Yakima County used the alternative measurement method permitted under GASB Statement No. 45 to determine the retiree medical liability and how much Yakima County should be setting aside each year to fund that liability. A single retirement age of 55.3 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2014, actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was the Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The actuarial valuation for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial cost method used to determine the actuarial accrued liability was under a single group retirement age. These assumptions are individually and collectively reasonable for the purposes of this valuation. Measurements for general inflation were computed at 5%, Interest at 4.5%, and an amortization period of 10 years.

A copy of the report is available from Office of State Actuary in Olympia or the website

http://osa.leg.wa.gov/Actuarial_Services/OPEB/OPEB.htm.

SCHEDULE OF FUNDING PROGRESS

<u>Year ended</u>	<u>Value of Assets</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Covered</u>	<u>AAL as % of</u>
		<u>Accrued</u>	<u>Actuarial Accrued</u>	<u>Payroll</u>	<u>covered Payroll</u>
		<u>Liability</u>	<u>Liability UAAL</u>		
2007	0	\$ 13,301,208	\$ 13,301,208	\$ 161,301	8246.20%
2008	0	11,806,216	11,806,216	169,667	6958.46%
2009	0	12,102,260	12,102,260	20,001	60508.27%
2010	0	11,488,469	11,488,469	101,836	11281.34%
2011	0	12,094,336	12,094,336	103,134	11726.82%
2012	0	11,681,523	11,681,523	108,860	10730.78%
2013	0	11,485,916	11,485,916	111,225	10326.74%
2014	0	15,499,460	15,499,460	-	0.00%
2015	0	19,937,254	19,937,254	-	0.00%

VI. RISK MANAGEMENT Liability Insurance

The County is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets, error and omissions; injuries to employees; and natural disasters. The County maintains certain comprehensive general liability and property insurance, public official and law enforcement liability insurance, and excessive auto liability insurance for claims. It is the opinion of management and legal counsel that such claims and lawsuits are either covered by the County's insurance policies, if they should exceed the County's retained risk, or are recorded in the government-wide financial statements. During the past three years, the amount of settlements in cases covered by insurance has not exceeded the insurance coverage. The County is substantially self-insured for its vehicles and all other perils including worker's compensation and general liability below \$500,000. Claims over \$500,000 are covered by the Washington Counties Risk Pool.

Yakima County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together 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 Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2015, 26 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$25 million per occurrence.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance for further protection from larger losses, direct protection for the Pool and indirect for the member counties due to the contingent liabilities they would otherwise incur from risk-sharing those losses. The reinsurance agreements are written with self-insured retentions (“SIRs”) equal to the greater of the deductible for the member with the claim or \$100,000. More recent years’ reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2014-15, this “corridor” increased the SIR to \$2 million, but with an aggregated stop loss of \$3.35 million. Other reinsurance agreements respond up to the applicable policy limits. Those reinsurance agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$40 million (lowest reinsured layer), \$20 million, (second layer), \$30 million (third layer) and \$50 million (final reinsured layer). Since the Pool is a cooperative program, there is a joint liability among the participating members.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year’s assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members’ proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the six staff members responsible for evaluating each claim for coverage, establishing reserves, and investigating for any risk-shared liability. The Pool does not contract with any third party administrators for claims adjustment or loss prevention services.

During 2014-15, Yakima County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties’ buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes ‘All Other Perils (“AOP”)’ coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Yakima County also participates in the jointly purchased cyber risk and security coverage from a highly-rated commercial insurer.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool’s self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool’s annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and reviews the Pool’s financial health, b) approve case settlements exceeding the applicable member’s deductible by at least \$50,000, c) review all claims with incurred loss estimates exceeding \$100,000, and d) evaluate the Pool’s operations, program deliverables, and the Executive Director’s performance. Committee members are expected to participate in the Board’s standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association’s policies and its coverages for the Board to consider and act upon

During 2014-15, the WCRP’s assets grew 3% to \$48.8 million while its liabilities increased slightly to \$29.8 million. The Pool’s net position decreased slightly from \$19.4 million to \$18.9 million. The Pool more than satisfies the

State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. For the years 2013; 2014; 2015; Yakima County has not exceeded coverage or threshold amounts. The Pool's reassessments receivable balance as of December 31, 2015 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Year	Beginning Balance	Paid Out	Additional Contribution	Ending Balance
2013	153,316	-	339,980	493,296
2014	493,296	160,600	277,662	610,358
2015	610,358	476,423	461,566	595,501

VII. CONTINGENT LIABILITIES

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Yakima County is named as the defendant in various lawsuits. Although the outcome of these legal actions is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

Yakima County has settled several matters in litigation in 2015. The final expenditure for resolved litigation was \$489,516 found in the Liability Insurance Fund, listed as an Internal Service Fund.

VIII. JOINT VENTURE

The County had entered into a joint venture agreement with the City of Yakima to operate the Yakima Air Terminal. The joint venture agreement terminated effective February 12, 2013. The City and Yakima County are in residual litigation matters with a prior tenant, those prior years operations are still covered under the joint operating agreement between the City and County. If and when litigation is resolved, any court fees and settlements would be split under the originally 50/50 arrangement.

IX. OTHER DISCLOSURES

A. Related Parties

In 1982, Yakima County authorized the creation of the Industrial Revenue Bond Public Corporation of Yakima County. This is a public corporation whose purpose is to issue tax-exempt nonrecourse revenue bonds to finance industrial development within the County.

Revenue bonds issued by the corporation are payable solely from revenues of the industrial development facility funded by the revenue bonds. It is neither a liability, nor a contingent liability of Yakima County, nor a lien on any of its properties or revenues. The cumulative total of outstanding bonds issued by the Corporation as of December 31, 2015, was \$2,040,000. The December 31, 2015, ending cash and investments at fair value balance was \$43,464.

The County has reviewed the Public Corporation as a potential component unit. Although the Board of County Commissioners comprises the Board of Directors for the Public Corporation, the County receives no financial benefit from and assumes no financial responsibility whatsoever for the debt of the Corporation.

In November 2009, Yakima County entered into an interlocal agreement with the City of Yakima. The City of Yakima now provides purchasing services for the County. The combining of the purchasing functions was designed to reduce costs and streamline the purchase order systems for the County. The County paid City of Yakima for the purchasing services for the following years:

2010	\$	261,828
2011	\$	258,417
2012	\$	300,578
2013	\$	265,209
2014	\$	262,900
2015	\$	302,909

Yakima County has a signed lease agreement with State Fair Park. The County receives a nominal fee for the lease. The community benefits by having facilities available to enhance our quality of life through exhibits, shows, the 4th of July event, the fair, concerts, sporting events, etc. Local government and businesses benefit from the outside dollars brought into our community with the staging of these events. The State Fair Park publishes and reports a separate financial statement. The County receives no direct funds from the State Fair Park operations.

Yakima County leases the Moxee Shooting Range to a nonprofit association who operates the park as “Sun Valley Shooting Park”. The County receives no additional funds from the operations.

In July of 2015 the County Commissioners dissolved Drainage Improvement Districts 4,13,24,29,3,40,41 and 48. The Districts were self-governing and formed in a county legislative action in the first half of the 20th Century, pursuant to Title 85, Chapter 08 of the Revised Code of Washington. The service area of each district has been annexed into the city limits of either the City of Yakima or the City of Union Gap. The Districts were declared inactive by the Yakima County Auditor because there had not been elections for district governing boards in over 5 years and they had not operated as independently governed district in over 7 years.

B GASB 18 – Accounting for Solid Waste Landfill Closure and Post-closure Costs

GASB 18 establishes the standards for accounting and financial reporting for municipal solid waste landfill closure and post-closure care costs. State and federal laws and regulations require Yakima County Solid Waste to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, Solid Waste reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$10.08 million reported as landfill closure and post-closure care liability at December 31, 2015, represents 66.61% percent of the estimated capacity of the Terrace Heights Landfill, 100% of the estimated capacity of the Cheyne Landfill Cell I, and 2.35% of Cell II. The Snipes Mountain landfill is closed with \$373,379 fully funded closure care liability to cover closure costs through 2024. Snipes Mountain utilized \$34,744 of the funded liability for monitoring costs in 2015. The remaining \$10.26 million landfill closure and post-closure care liability will be expensed based on percent of remaining capacity through 2030 for Terrace Heights, and 2083 for Cheyne Landfill Cell II. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Solid Waste is required by state and federal laws and regulations to have available an equivalent amount of assets to finance closure and post-closure care. Solid Waste is in compliance with these requirements, and, at December 31, 2015, investments of \$20,277,627 are held for these purposes. Solid Waste expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or

regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

C. Change in Accounting Principle

Yakima County implemented GASB 68 Pension Reporting. Yakima County contracts with the State Department of Retirement systems for pension plans. The contribution rates for employee and employer are set by the State. Yakima County has fully contributed the employer's stated contribution rate for all pension plans. Under the GASB 68 measuring of 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. The implementation had a negative net effect to fund balance of over \$42 million.

D. Extraordinary Items

As of December 31, 2014, the County transferred the assets and liabilities from Aging & Long Term Care Fund to separate entity. Aging & Long Term Care on 2015 is a council of government, known as Southeast Washington Aging and Long Term Care. Operations are conducted and managed for the purpose of providing an identifiable service, or activity with associated assets and liabilities. Therefore, the transfer of operations involves only the assets and liabilities previously used by the fund to provide those specific services. The new entity serves an eight county area consisting of Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Walla Walla, and Yakima counties. As a result of the transfer the County recognized a final expense of \$ 3.495 million for ending operations. The transfer was completed without significant consideration.

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget (GAAP Basis) and Actual
General Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$ 38,106,000	\$ 38,456,000	\$ 38,715,199	\$ 259,199
Licenses and Permits	392,100	392,100	407,509	15,409
Intergovernmental	7,588,973	7,655,177	7,457,952	(197,225)
Charges For Services	7,061,871	7,351,696	7,859,510	507,814
Fines and Forfeits	2,679,290	2,679,290	2,579,049	(100,241)
Miscellaneous Revenues	1,863,540	1,863,540	1,937,568	74,028
Total Revenues	57,691,774	58,397,803	58,956,787	558,984
<u>Expenditures</u>				
General Governmental Services	17,382,640	17,654,257	16,660,822	993,435
Judicial	7,970,781	7,981,843	7,501,689	480,154
Public Safety	13,953,251	14,344,589	14,224,487	120,102
Physical Environment	195,945	197,145	180,732	16,413
Economic Environment	1,861,129	1,873,069	1,870,835	2,234
Health & Human Services	100,000	100,000	100,000	-
Culture and Recreation	416,183	417,383	353,187	64,196
Capital Outlay	200,000	213,000	291,011	(78,011)
Total Expenditures	42,079,929	42,781,286	41,182,763	1,598,523
Excess (Deficit) Revenues Over Expenditures	15,611,845	15,616,517	17,774,023	2,157,506
<u>Other Financing Sources (Uses)</u>				
Transfers In	252,769	252,769	338,500	85,731
Transfers Out	(16,505,746)	(17,821,070)	(17,568,488)	252,582
Total Other Financing Sources (Uses)	(16,252,977)	(17,568,301)	(17,229,988)	338,313
Excess (Deficit) Resources Over Uses	(641,132)	(1,951,784)	544,035	2,495,819
Fund Balance, January 1	8,079,368	8,079,368	10,348,848	2,269,480
Fund Balance, December 31	\$ 7,438,236	\$ 6,127,584	\$ 10,892,883	\$ 4,765,299

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Real and Personal Property Taxes	\$ 25,600,500	\$ 25,950,500	\$ 25,928,238	\$ (22,262)
Private Harvest Tax	35,000	35,000	19,375	(15,625)
Retail Sales and Use Tax	10,750,000	10,750,000	11,040,267	290,267
Retail Sales and Use Tax-Criminal Justice	1,553,000	1,553,000	1,565,899	12,899
Other Taxes	167,500	167,500	161,420	(6,080)
<i>Total Taxes</i>	<u>38,106,000</u>	<u>38,456,000</u>	<u>38,715,199</u>	<u>259,199</u>
Business Licenses and Permits	352,100	352,100	364,079	11,979
Non-Business Licenses and Permits	40,000	40,000	43,430	3,430
<i>Total Licenses and Permits</i>	<u>392,100</u>	<u>392,100</u>	<u>407,509</u>	<u>15,409</u>
Federal Grants	2,656,297	2,683,257	2,505,904	(177,353)
State Grants	2,592,726	2,611,567	2,591,884	(19,683)
State Shared Revenue	300,000	300,000	298,076	(1,924)
In Lieu and Impact Payments	2,039,950	2,060,353	2,062,088	1,735
<i>Total Intergovernmental Revenue</i>	<u>7,588,973</u>	<u>7,655,177</u>	<u>7,457,952</u>	<u>(197,225)</u>
General Government-Fees and Charges	4,497,476	4,428,895	4,762,054	333,159
Judicial	1,042,500	1,042,500	987,654	(54,846)
Public Safety	820,300	1,120,300	1,206,218	85,918
Physical Environment	47,575	47,575	60,211	12,636
Economic Environment	351,342	351,342	398,515	47,173
Health & Human Services	301,428	359,834	444,858	85,024
Culture and Recreation	1,250	1,250	0	(1,250)
<i>Total Charges For Services</i>	<u>7,061,871</u>	<u>7,351,696</u>	<u>7,859,510</u>	<u>507,814</u>
Superior Court-Felony/Misdemeanor Penalties	157,220	157,220	121,685	(35,535)
Civil Penalties	6,000	6,000	5,821	(179)
Civil Infraction Penalties	1,229,500	1,229,500	1,227,116	(2,384)
Civil Parking Infraction Penalties	6,000	6,000	209	(5,791)
Criminal Traffic Misdemeanor Fines	345,100	345,100	349,598	4,498
Criminal Non-traffic Fines	62,000	62,000	46,275	(15,725)
Criminal Costs	144,470	144,470	152,346	7,876
Other Penalties	729,000	729,000	675,999	(53,001)
<i>Total Fines and Forfeits</i>	<u>2,679,290</u>	<u>2,679,290</u>	<u>2,579,049</u>	<u>(100,241)</u>
Investment/Interest Earnings	1,691,685	1,691,685	1,663,544	(28,141)
Rents, Leases and Concessions	15,922	15,922	13,568	(2,354)
Donations From Private Sources	448	448	1,743	1,295
Special Assessment Principal	1,160	1,160	1,308	148
Other Miscellaneous Revenue	154,325	154,325	257,405	103,080
<i>Total Miscellaneous Revenue</i>	<u>1,863,540</u>	<u>1,863,540</u>	<u>1,937,568</u>	<u>74,028</u>
<i>Total Revenues</i>	<u>\$ 57,691,774</u>	<u>\$ 58,397,803</u>	<u>\$ 58,956,787</u>	<u>\$ 558,984</u>
Beginning Fund Balance	8,079,368	8,079,368	10,348,848	
Operating Transfers In	252,769	252,769	338,500	
<i>Total</i>	<u>\$ 66,023,911</u>	<u>\$ 66,729,940</u>	<u>\$ 69,644,135</u>	

YAKIMA COUNTY, WASHINGTON

Schedule of Expenditures - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2015

	2015			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT				
<u>Assessor</u>				
Salaries and Wages	\$ 1,152,372	\$ 1,152,372	\$ 1,095,832	\$ 56,540
Personnel Benefits	415,006	429,106	437,737	(8,631)
Supplies	33,495	33,495	23,691	9,804
Other Services and Charges	510,634	510,634	478,252	32,382
Total Assessor	2,111,507	2,125,607	2,035,512	90,095
<u>Attorney</u>				
Salaries and Wages	3,522,808	3,561,707	3,540,065	21,642
Personnel Benefits	1,152,765	1,213,670	1,197,380	16,290
Supplies	76,836	95,336	130,419	(35,083)
Other Services and Charges	1,059,405	1,069,905	1,063,360	6,545
Total Attorney	5,811,814	5,940,618	5,931,224	9,394
<u>Auditor</u>				
Salaries and Wages	678,917	725,117	685,397	39,720
Personnel Benefits	253,341	283,143	265,952	17,191
Supplies	29,506	29,506	38,961	(9,455)
Other Services and Charges	352,926	352,926	354,597	(1,671)
Total Auditor	1,314,690	1,390,692	1,344,907	45,785
<u>Elections</u>				
Salaries and Wages	268,147	268,147	260,184	7,963
Personnel Benefits	97,856	101,054	98,719	2,335
Supplies	340,193	340,193	128,916	211,277
Other Services and Charges	573,065	573,065	474,938	98,127
Total Elections	1,279,261	1,282,459	962,757	319,702
<u>Commissioners</u>				
Salaries and Wages	416,080	416,080	419,796	(3,716)
Personnel Benefits	133,429	136,609	122,213	14,396
Supplies	12,038	12,038	5,468	6,570
Other Services and Charges	282,367	282,367	278,439	3,928
Total Commissioners	843,914	847,094	825,916	21,178
<u>Human Resources</u>				
Salaries and Wages	467,783	390,283	333,069	57,214
Personnel Benefits	152,179	134,351	118,232	16,119
Supplies	35,958	35,958	34,334	1,624
Other Services and Charges	99,548	99,548	98,528	1,020
Total Human Resources	755,468	660,140	584,163	75,977
<u>Treasurer</u>				
Salaries and Wages	751,425	751,425	742,596	8,829
Personnel Benefits	264,814	273,574	264,760	8,814
Supplies	38,195	38,195	31,610	6,585
Other Services and Charges	325,838	325,838	291,657	34,181

YAKIMA COUNTY, WASHINGTON

Schedule of Expenditures - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Treasurer	1,380,272	1,389,032	1,330,623	58,409
<u>Assigned Counsel</u>				
Salaries and Wages	1,554,716	1,524,116	1,424,262	99,854
Personnel Benefits	438,761	443,911	395,019	48,892
Supplies	54,735	54,735	53,334	1,401
Other Services and Charges	1,092,742	1,120,317	1,074,467	45,850
Total Assigned Counsel	3,140,954	3,143,079	2,947,082	195,997
<u>Non-Departmental</u>				
Personnel Benefits	500	500	367	133
Supplies	-	1,700	1,860	(160)
Other Services and Charges	705,825	834,901	657,976	176,925
Intergovernmental Services	38,435	38,435	38,435	-
Total Non-Departmental	744,760	875,536	698,638	176,898
TOTAL GENERAL GOVERNMENT	17,382,640	17,654,257	16,660,822	993,435
<u>JUDICIAL</u>				
<u>Clerk</u>				
Salaries and Wages	1,225,010	1,225,010	1,175,059	49,951
Personnel Benefits	498,482	517,382	472,136	45,246
Supplies	52,128	52,128	29,669	22,459
Other Services and Charges	422,373	422,373	422,290	83
Total Clerk	2,197,993	2,216,893	2,099,154	117,739
<u>District Court</u>				
Salaries and Wages	1,372,790	1,372,790	1,388,494	(15,704)
Personnel Benefits	441,439	457,363	459,542	(2,179)
Supplies	60,242	60,242	61,128	(886)
Other Services and Charges	754,039	754,039	628,444	125,595
Total District Court	2,628,510	2,644,434	2,537,608	106,826
<u>Superior Courts</u>				
Salaries and Wages	1,410,954	1,403,181	1,474,499	(71,318)
Personnel Benefits	211,006	212,054	227,743	(15,689)
Supplies	82,113	81,034	65,744	15,290
Other Services and Charges	1,142,725	1,126,767	922,487	204,280
Total Superior Courts	2,846,798	2,823,036	2,690,473	132,563
<u>Assigned Counsel</u>				
Other Services and Charges	261,459	261,459	138,433	123,026
Total Assigned Counsel	261,459	261,459	138,433	123,026
<u>Non-Departmental</u>				
Other Services and Charges	36,021	36,021	36,021	-
Total Non-Departmental	36,021	36,021	36,021	-

YAKIMA COUNTY, WASHINGTON

Schedule of Expenditures - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
TOTAL JUDICIAL	7,970,781	7,981,843	7,501,689	480,154
<i>SECURITY OF PERSONS AND PROPERTY</i>				
<u>Youth Service Center</u>				
Salaries and Wages	1,657,715	1,657,715	1,534,653	123,062
Personnel Benefits	599,857	618,817	598,018	20,799
Supplies	80,121	80,121	87,505	(7,384)
Other Services and Charges	1,153,520	1,153,520	1,264,789	(111,269)
Total Youth Service Center	3,491,213	3,510,173	3,484,965	25,208
<u>Consolidated Juvenile Services</u>				
Salaries and Wages	848,930	898,924	889,659	9,265
Personnel Benefits	314,890	329,282	341,508	(12,226)
Supplies	5,399	16,719	10,657	6,062
Other Services and Charges	255,291	218,829	221,923	(3,094)
Total Consolidated Juvenile Services	1,424,510	1,463,754	1,463,747	7
<u>Sheriff</u>				
Salaries and Wages	4,669,967	4,883,467	4,508,883	374,584
Personnel Benefits	1,762,695	1,800,145	1,794,271	5,874
Supplies	467,895	490,895	656,361	(165,466)
Other Services and Charges	1,638,860	1,707,320	1,848,010	(140,690)
Total Sheriff	8,539,417	8,881,827	8,807,525	74,302
<u>Coroner</u>				
Salaries and Wages	162,253	162,253	161,382	871
Personnel Benefits	46,453	47,953	42,309	5,644
Supplies	20,533	20,533	31,707	(11,174)
Other Services and Charges	152,148	152,148	136,937	15,211
Total Coroner	381,387	382,887	372,335	10,552
<u>Non-Departmental</u>				
Intergovernmental Services	116,724	105,948	95,915	10,033
Total Non-Departmental	116,724	105,948	95,915	10,033
<i>TOTAL PUBLIC SAFETY</i>	13,953,251	14,344,589	14,224,487	120,102
<i>PHYSICAL ENVIRONMENT</i>				
<u>Sheriff-Dog Control</u>				
Salaries and Wages	85,475	85,475	78,476	6,999
Personnel Benefits	37,909	39,109	37,328	1,781
Supplies	10,072	10,072	9,376	696
Other Services And Charges	15,350	15,350	19,519	(4,169)
Total Sheriff-Dog Control	148,806	150,006	144,699	5,307
<u>Non-Departmental</u>				
Intergovernmental Services	34,139	34,139	33,964	175
Other Services and Charges	13,000	13,000	2,069	10,931

YAKIMA COUNTY, WASHINGTON

Schedule of Expenditures - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Non-Departmental	47,139	47,139	36,033	11,106
TOTAL PHYSICAL ENVIRONMENT	195,945	197,145	180,732	16,413
<i>ECONOMIC ENVIRONMENT</i>				
<u>Planning</u>				
Salaries and Wages	1,152,879	1,152,879	1,031,131	121,748
Personnel Benefits	367,088	379,028	352,546	26,482
Supplies	20,619	20,619	43,535	(22,916)
Other Services and Charges	320,543	320,543	443,623	(123,080)
Total Planning	1,861,129	1,873,069	1,870,835	2,234
TOTAL ECONOMIC ENVIRONMENT	1,861,129	1,873,069	1,870,835	2,234
<i>Health & Human Services</i>				
<u>Non-Departmental</u>				
Intergovernmental Services	100,000	100,000	100,000	-
Total Non-Departmental	100,000	100,000	100,000	-
TOTAL HEALTH & HUMAN SERVICES	100,000	100,000	100,000	-
<i>CULTURE AND RECREATION</i>				
<u>WSU Extension</u>				
Salaries and Wages	76,733	76,733	77,483	(750)
Personnel Benefits	31,874	33,074	33,740	(666)
Supplies	18,631	18,631	14,234	4,397
Other Services and Charges	180,695	180,695	160,500	20,195
Total WSU Extension	307,933	309,133	285,957	23,176
<u>Parks</u>				
Salaries and Wages	69,810	69,810	26,660	43,150
Personnel Benefits	21,840	21,840	13,214	8,626
Supplies	4,600	4,600	8,585	(3,985)
Other Services and Charges	10,500	10,500	18,703	(8,203)
Intergovernmental Services	1,500	1,500	68	1,432
Total Parks	108,250	108,250	67,230	41,020
TOTAL CULTURE AND RECREATION	416,183	417,383	353,187	64,196
<i>CAPITAL OUTLAY & CAPITAL LEASES</i>				
General Government	-	13,000	12,979	21
Judicial	-	-	16,879	(16,879)
Security of Persons and Property	200,000	200,000	261,153	(61,153)
Economic Environment	-	-	-	-
Culture and Recreation	-	-	-	-
TOTAL CAPITAL OUTLAY	200,000	213,000	291,011	(78,011)
TOTAL EXPENDITURES	\$ 42,079,929	\$ 42,781,286	\$ 41,182,763	\$ 1,598,523

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget (GAAP Basis) and Actual
County Road

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property Taxes	\$ 11,247,365	\$ 11,247,365	\$ 11,409,176	\$ 161,811
Other Taxes	-	-	57,985	57,985
Licenses and Permits	-	-	64,537	64,537
Intergovernmental	15,747,291	15,747,291	9,394,253	(6,353,038)
Charges for Services	-	-	578,975	578,975
Interest Earnings	-	-	51,408	51,408
Donations	-	-	271,105	271,105
Special Assessments	-	-	20	20
Other Revenue	-	-	107,691	107,691
Total Revenues	26,994,656	26,994,656	21,935,150	(5,059,506)
<u>Expenditures</u>				
General Governmental Services	-	-	225,605	(225,605)
Transportation	13,112,485	13,112,485	12,692,321	420,164
Debt Service:				
Principal	1,104,589	1,104,589	891,227	213,362
Interest	121,620	121,620	42,125	79,495
Capital Outlay	19,373,777	19,373,777	8,282,921	11,090,856
Total Expenditures	33,712,471	33,712,471	22,134,199	11,578,272
Excess (Deficit)				
Revenues over Expenditures	(6,717,815)	(6,717,815)	(199,049)	6,518,766
<u>Other Financing Sources (Uses)</u>				
Transfers In	2,538,900	2,538,900	737,371	(1,801,529)
Transfers Out	(14,911)	(14,911)	(225,525)	(210,614)
Intergovernmental Payments	-	-	-	-
Total Other Financing Sources (Uses)	2,523,989	2,523,989	511,846	(2,012,143)
Excess (Deficit) Resources Over Uses	(4,193,826)	(4,193,826)	312,797	4,506,623
Fund Balance as of January 1	5,719,563	5,719,563	6,044,702	325,139
Fund Balance as of December 31	\$ 1,525,737	\$ 1,525,737	\$ 6,357,499	\$ 4,831,762

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget (GAAP Basis) and Actual
 Support Investment in Economic Diversification
 For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Sales and Use Taxes	\$ 3,413,000	\$ 3,413,000	\$ 3,468,322	\$ 55,322
Interest Earnings	151,361	151,361	164,503	13,142
Total Revenues	3,564,361	3,564,361	3,632,825	68,464
<u>Expenditures</u>				
Economic Environment	8,150,008	8,150,008	728,086	7,421,922
Total Expenditures	8,150,008	8,150,008	728,086	7,421,922
Excess (Deficit)				
Revenues over Expenditures	(4,585,647)	(4,585,647)	2,904,739	7,490,386
<u>Other Financing Sources (Uses)</u>				
Transfers In	1,000,000	1,000,000	-	(1,000,000)
Transfers Out	(1,895,420)	(1,895,420)	(737,371)	1,158,049
Total Other Financing Sources (Uses)	(895,420)	(895,420)	(737,371)	158,049
Excess (Deficit) Resources Over Uses	(5,481,067)	(5,481,067)	2,167,368	7,648,435
Fund Balance as of January 1	14,714,858	14,714,858	17,633,413	2,918,555
Fund Balance as of December 31	\$ 9,233,791	\$ 9,233,791	\$ 19,800,781	\$ 10,566,990

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget (GAAP Basis) and Actual

Department of Corrections

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 75,000	\$ 130,352	\$ 130,352	\$ -
Charges for Services	8,512,968	8,632,968	7,826,525	(806,443)
Interest Earnings	5,000	25,000	26,564	1,564
Other Revenue	421,099	421,099	810,206	389,107
Total Revenues	9,014,067	9,209,419	8,793,647	(415,772)
<u>Expenditures</u>				
Public Safety	21,992,237	22,495,102	22,448,476	46,626
Total Expenditures	21,992,237	22,495,102	22,448,476	46,626
Excess (Deficit)				
Revenues over Expenditures	(12,978,170)	(13,285,683)	(13,654,829)	(369,146)
<u>Other Financing Sources (Uses)</u>				
Transfer in	15,261,022	15,278,022	15,420,419	142,397
Transfers Out	(2,731,296)	(2,731,296)	(2,731,295)	(1)
Proceed from Capital Assets Other Deposits	-	-	5,474	5,474
Total Other Financing Sources (Uses)	12,529,726	12,546,726	12,694,598	147,870
Excess (Deficit) Resources Over Uses	(448,444)	(738,957)	(960,231)	(221,276)
Fund Balance as of January 1	2,880,064	2,880,064	2,715,990	(164,074)
Fund Balance as of December 31	\$ 2,431,620	\$ 2,141,107	\$ 1,755,759	\$ (385,350)

YAKIMA COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget (GAAP Basis) and Actual

District Court Probation

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for Services	\$ 1,573,100	\$ 1,573,100	\$ 1,464,625	\$ (108,475)
Interest Earnings	5,000	5,000	13,808	8,808
Other Revenue	10,570	10,570	538	(10,032)
Total Revenues	1,588,670	1,588,670	1,478,971	(109,699)
<u>Expenditures</u>				
Public Safety	1,595,089	1,595,089	1,524,220	70,869
Total Expenditures	1,595,089	1,595,089	1,524,220	70,869
Excess (Deficit) of Revenues over Expenditures	(6,419)	(6,419)	(45,249)	(38,830)
Excess (Deficit) Resources Over Uses	(6,419)	(6,419)	(45,249)	(38,830)
Fund Balance as of January 1	85,793	85,793	92,543	6,750
Fund Balance as of December 31	\$ 79,374	\$ 79,374	\$ 47,294	\$ (32,080)

YAKIMA COUNTY, WASHINGTON

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS

LEOFF 1 RETIREE MEDICAL BENEFITS

SCHEDULE OF FUNDING PROGRESS

For Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	AAL as a Percentage of Covered Payroll
12/31/2007	\$ -	\$ 13,301,208	\$ 13,301,208	0%	161,301	8246.2%
12/31/2008	\$ -	\$ 11,806,216	\$ 11,806,216	0%	169,667	6958.5%
12/31/2009	\$ -	\$ 12,102,260	\$ 12,102,260	0%	200,001	6051.1%
12/31/2010	\$ -	\$ 11,488,469	\$ 11,488,469	0%	101,836	11281.3%
12/31/2011	\$ -	\$ 12,094,336	\$ 12,094,336	0%	103,134	11726.8%
12/31/2012	\$ -	\$ 11,681,523	\$ 11,681,523	0%	108,860	10730.8%
12/31/2013	\$ -	\$ 11,485,916	\$ 11,485,916	0%	111,225	10326.7%
12/31/2014	\$ -	\$ 15,499,460	\$ 15,499,460	0%	0	0%
12/31/2015	\$ -	\$ 19,937,254	\$ 19,937,254	0%	0	0%

The LEOFF 1 AAL has been prepared using the alternative method issued by the Office of the State Actuary (OSA)

Note RSI-2

The information presented in this required supplementary schedule was determined as part of the actuarial valuations from the OSA.

Contributions

Employer 438,579

Actuarial Valuation date

12/31/2015

Amortization Method

10 years

Actuarial Assumptions

Healthcare Inflation rate 5.00%

Interest Rate 4.50%

Postretirement benefit increases none

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

YAKIMA COUNTY, WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
Pension Plans, PERS 1; PERS 2; PSERS; LEOFF 2
As of June 30, 2015
Last 10 Fiscal Years*

		2015
PERS 1	Total Net Pension Liability	\$ 5,230,930,000
	Employer's Proportion Of The Net Pension Liability (Asset)	0.434246%
	Employer's Proportionate Share Of The Net Pension Liability	\$ 22,715,104
	Total	\$ 22,715,104
	Employer's Covered Employee Payroll	\$ 1,647,129
	Employer's Proportionate Share Of The Net Pension Liability As A Percentage Of Covered Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	7.25% 59.10%
PERS 2 & 3	Total Net Pension Liability	\$ 3,573,057,000
	Employer's Proportion Of The Net Pension Liability (Asset)	0.461861%
	Employer's Proportionate Share Of The Net Pension Liability	\$ 16,502,557
	Total	\$ 16,502,557
	Employer's Covered Employee Payroll	\$ 40,970,297
	Employer's Proportionate Share Of The Net Pension Liability As A Percentage Of Covered Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	248.27% 89.20%
PSERS	Total Net Pension Liability	\$ 18,252,000
	Employer's Proportion Of The Net Pension Liability (Asset)	1.743371%
	Employer's Proportionate Share Of The Net Pension Liability	\$ 318,200
	Total	\$ 318,200
	Employer's Covered Employee Payroll	\$ 5,160,907
	Employer's Proportionate Share Of The Net Pension Liability As A Percentage Of Covered Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	1621.91% 95.08%
LEOFF 1	Total Net Pension Asset	\$ (1,205,221,000)
	Employer's Proportion Of The Net Pension Asset	0.073200%
	Employer's Proportionate Share Of The Net Pension Asset	\$ (882,222)
	Total	\$ (882,222)
	Employer's Covered Employee Payroll	\$ 52,291
	Employer's Proportionate Share Of The Net Pension Asset As A Percentage Of Covered Plan Fiduciary Net Position As A Percentage Of The Total Pension Asset	-5.93% 127.36%
LEOFF 2	Total Net Pension Asset	\$ (1,027,800,000)
	Employer's Proportion Of The Net Pension Asset	0.149707%
	Employer's Proportionate Share Of The Net Pension Asset	\$ (1,538,689)
	Total	\$ 87,338
	Employer's Covered Employee Payroll	\$ 4,267,179
	Employer's Proportionate Share Of The Net Pension Asset As A Percentage Of Covered Plan Fiduciary Net Position As A Percentage Of The Total Pension Asset	4885.82% 111.67%

YAKIMA COUNTY, WASHINGTON
Schedule of Employer Contributions
Pension Plans, PERS 1; PERS 2; PSERS; LEOFF 2
As of December 31 , 2015

<u>Pension Plan</u>		2015
PERS 1	Statutorily or contractually required contributions	\$ 2,134,836
	Contributions in relation to the statutorily or contractually required	\$ (2,134,836)
	Contribution deficiency (excess)	<u>0</u>
	Covered employer payroll	\$ 1,479,115
	Contributions as a percentage of covered employee payroll	144.33%
PERS 2 & 3	Statutorily or contractually required contributions	\$ 2,245,172
	Contributions in relation to the statutorily or contractually required	\$ (2,245,172)
	Contribution deficiency (excess)	<u>0</u>
	Covered employer payroll	\$ 39,894,870
	Contributions as a percentage of covered employee payroll	5.63%
PSERS	Statutorily or contractually required contributions	\$ 355,364
	Contributions in relation to the statutorily or contractually required	\$ (355,364)
	Contribution deficiency (excess)	<u>0</u>
	Covered employer payroll	\$ 5,484,702
	Contributions as a percentage of covered employee payroll	6.48%
LEOFF 1	Statutorily or contractually required contributions	\$ -
	Contributions in relation to the statutorily or contractually required	\$ -
	Contribution deficiency (excess)	<u>0</u>
	Covered employer payroll	\$ -
	Contributions as a percentage of covered employee payroll	0.00%
LEOFF 2	Statutorily or contractually required contributions	222,127
	Contributions in relation to the statutorily or contractually required	(222,127)
	Contribution deficiency (excess)	<u>0</u>
	Covered employer payroll	4,398,859
	Contributions as a percentage of covered employee payroll	5.05%

YAKIMA COUNTY, WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
PENSION OBLIGATIONS
SCHEDULE OF FUNDING PROGRESS

Changes in Proportionate Share - PERS 2/3										
Year	Amount to Amortize	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022
2015	(1,001,364)	4.4	(227,583)	(227,583)	(227,583)	(227,583)	(91,033)			

Changes in Proportionate Share - PSERS										
Year	Amount to Amortize	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022
2015	14,535	7	2,076	2,076	2,076	2,076	2,076	2,076	2,076	

Changes in Proportionate Share - LEOFF 2										
Year	Amount to Amortize	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022
2015	(18,523)	6.2	(2,045)	(2,045)	(2,045)	(2,045)	(2,045)	(2,045)	(409)	

Year	Amount to Amortize	ALL PLANS	2015	2016	2017	2018	2019	2020	2021	2022
2015	(1,005,352)		(227,551)	(227,551)	(227,551)	(227,551)	(91,002)	31	1,667	0

Notes to Required Supplementary Information

The annual budget for Yakima County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting System (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted at the level of the fund, except in the General Fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that 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 Governmental Funds lapse at year-end.

All governmental funds have legally adopted annual budgets except the CRID Guaranty Fund, Juvenile Justice G.O. Bond Fund and the LID Guaranty Debt Service Funds.

The County's budget procedures are mandated by RCW 36.40. The steps in the budget process are as follows:

- a. Prior to the first Tuesday in September the elected officials and department managers submit to the Board of County Commissioners a proposed operating budget for the following calendar year. The operating budget includes proposed revenues and expenditures.
- b. The Commission conducts public hearings during November at the county courthouse to obtain taxpayer comments.
- c. The Commission makes adjustments to the proposed budget and adopts, by resolution, a final budget no later than December 31.
- d. The final budget is available to the public February 1.

The County Auditor is authorized to transfer budgeted amounts between object classes within departments or funds; however, the County Commissioners must approve any revisions that alter the total expenditures of a fund or department of the General Fund. Also, the Commissioners must approve any changes that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment.

After holding one public hearing, the Commissioners determine whether it is in the best interest of the County to increase or decrease the appropriation for a particular fund or department. Approval is made by a resolution adopted by a majority of the Board.

Yakima County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Grantor	Program Title	CFDA	Other ID#	From Direct Awards	From Pass through	Total Awards	Paid to Subrecipients	Notes
Department of Agriculture	Passed through Superintendent of Public Instruction							
	National School Lunch Program	10.555	39 007 1614	-	51,451	51,451		1, 2
	10.555 Total				51,451	51,451		
	Passed through Washington State Treasurer							
	Schools and Roads- Grant to State	10.665	Public Law 110-343	-	629,004	629,004		1, 2
Passed through Washington State Treasurer		10.665 Total			629,004	629,004		
	Schools and Roads- Grant to Counties	10.666	Public Law 110-343		33,727	33,727		1, 2
	Schools and Roads- Grant to Counties	10.666	Public Law 110-343		49,239	49,239		1, 2
	10.666 Total			-	82,966	82,966		
	Total Department of Agriculture			-	763,421	763,421		
Department of Commerce	Passed through WA State Recreation and Conservation							
	Pacific Coast Salmon Recovery	11.438	12-1327C, 10-1765R, 12-1317R, 10-1909A		36,222	36,222		1, 2
	11.438 Total			-	36,222	36,222		
	Total Department of Commerce			-	36,222	36,222		
Department of Housing and Urban Development	Passed through Department of Community Services							
	Community Development Block Grant	14.228	14-65400-017	-	155,876	155,876	153,862	1, 2
	14.228 Total				155,876	155,876		
	Passed through Department of Community Services							
	Emergency Solutions Grants Program	14.231	14-46107-013		135,599	135,599		1, 2
Emergency Solutions Grants Program		14.231	14-46107-014		100,220	100,220		1, 2
	14.231 Total			-	235,819	235,819		
	Direct from Federal Agency							
	Shelter Plus Care	14.238	WA0256L0T071302	2,381		2,381	2,060	1, 2
	14.238 Total			2,381	-	2,381		
Direct from Federal Agency	HOME Investment Partnership Program							
		14.239	M11-DC-53-0209, M12UC53-0209, M13-DC-53-0209, M14-DC-53-0209	8,757		8,757		1, 2
	HOME Investment Partnership Program							
		14.239	M11-DC-53-0209, M12UC53-0209, M13-DC-53-0209, M14-DC-53-0210	274,792		274,792		1, 2
	14.239 Total							

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Yakima County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Grantor	Program Title	CFDA	Other ID#	From Direct Awards	From Pass through	Total Awards	Paid to Subrecipients	Notes
	HOME Investment Partnership Program	14.239	M11-DC-53-0209, M12UC53-0209, M13-DC-53-0209, M14-DC-53-0211	5,988		5,988		1, 2, 3
	Direct from Federal Agency	14.239 Total		289,537	-	289,537		
	Continuum of Care Program	14.267	WA0289LOT01400	7,449		7,449	7,449	1, 2
	Continuum of Care Program	14.267	WA0289LOT01300	2,233		2,233	381	1, 2
	Total Department of Housing and Urban Development	14.267 Total		9,682	-	9,682		
				301,600	391,695	693,295		
Department of the Interior								
Direct from Federal Agency								
	Partners for Fish and Wildlife	15.631	F10AC00030	8,815		8,815		1, 2
	Total Department of the Interior	15.631 Total		8,815	-	8,815		
				8,815	-	8,815		
Department of Justice								
Passed through Washington State Patrol								
	Law Enforcement Assistance Narcotics and Dangerous Drugs	16.001	K10951		10,434	10,434	7,367	1, 2, 3
	Passed through Department of Community Services	16.001 Total		-	10,434	10,434		
	Violence Against Women Formula Grant	16.588	F14-31103-038		26,256	26,256	13,546	1, 2
	Violence Against Women Formula Grant	16.588	F15-31103-036		26,286	26,286		1, 2
	Direct from Federal Agency	16.588 Total		-	52,542	52,542		
	State Criminal Alien Assistance Program	16.606	98-AP-VX-0257	130,352		130,352		1, 2
	Direct from Federal Agency	16.606 Total		130,352	-	130,352		
	Edward Byrne Memorial Justice Assist Grant Program	16.738	N/A	12,295		12,295		1, 2
Passed through Department of Community Services								
	Edward Byrne Memorial Justice Assist Grant Program	16.738	M14-31440-019		27,331	27,331		1, 2
	Edward Byrne Memorial Justice Assist Grant Program	16.738	M15-31440-019, M14-34021-019		49,626	49,626		1, 2
	Edward Byrne Memorial Justice Assist Grant Program	16.738	M14-31440-019		83,854	83,854	83,854	1, 2
	Total Department of Justice	16.738 Total		12,295	160,811	173,106		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Yakima County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Grantor	Program Title	CFDA	Other ID#	From Direct Awards	From Pass through	Total Awards	Paid to Subrecipients	Notes
Direct from Federal Agency	Edward Byrne Memorial Competitive Grant Program	16.751		123,617		123,617		1, 2
				123,617	-	123,617		
				266,264	223,787	490,051		
	Total Department of Justice	16.751 Total						
Department of Transportation	Passed through WA State Department of Transportation	20.205	LA-7414, LA-8032, LA-8459		51,556	51,556		1, 2
		20.205	LA-8710, LA-5106, LA-7955		132,548	132,548		1, 2
				-	184,104	184,104		
	Total	20.205 Total						
Highway Safety Cluster	Passed through WA state Traffic Safety	20.600	NA		14,414	14,414		1, 2
		20.600	AL15-04		58,421	58,421		1, 2
				-	72,835	72,835		
	Total	20.600 Total						
Passed through WA state Traffic Safety	Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	NA		1,928	1,928		1, 2
		20.601	NA		1,525	1,525		1, 2
				-	3,453	3,453		
	Total	20.601 Total						
US Election Assistance Commission	Passed through WA Secretary of State	90.401	G-2813-6	-	875	875		1, 2
				-	875	875		
				-	875	875		
	Total	90.401 Total						
Department of Health and Human Services	Direct from Federal Agency	93.243	1H79TI024164-03	69,345		69,345		1, 2
		93.243	1H79TI024164-04	117,679		117,679		1, 2
				187,024	-	187,024		
	Total	93.243 Total						

Yakima County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Grantor	Program Title	CFDA	Other ID#	From Direct Awards	From Pass through	Total Awards	Paid to Subrecipients	Notes
Passed through Department of Social and Health Services	Child Support Enforcement	93.563	0463-42400		980,035	980,035		1, 2
	Child Support Enforcement	93.563	1AA08037		252,575	252,575		1, 2
	Child Support Enforcement	93.563	0763-15111		61,365	61,365		1, 2
	Child Support Enforcement	93.563	0463-42400		223,561	223,561		1, 2
	Total Department of Health and Human Services	93.563 Total		-	1,517,536	1,517,536		
				187,024	1,517,536	1,704,560		
Executive Office of the President	Passed through Educational Service District 105							
	High Intensity drug Trafficking Areas Program	95.001	9003000102		69,297	69,297		1, 2
Direct From Federal Agency	High Intensity drug Trafficking Areas Program							
		95.001	G15NW006A	92,821		92,821		1, 2
Total Executive Office of the President		95.001 Total		92,821	69,297	162,118		
				92,821	69,297	162,118		
Department of Homeland Security	Passed through WA State Military Department							
	Hazard Mitigation Grant	97.039	D16-004		323,910	323,910		1, 2
Direct from Federal Agency	Cooperating Technical Partners							
		97.045	EMS 2010 GR 0015	20,271	-	20,271		1, 2
Total Department of Homeland Security		97.045 Total		20,271	323,910	344,181		
				20,271	323,910	344,181		
Grand Total				876,795	3,587,135	4,463,930		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Yakima County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the County's financial statements. The County uses the modified accrual basis of accounting.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the county's portion, are more than shown.

Note 3 – Loan Program Income

The county has an affordable housing program for low income housing. Under this federal program, repayments to the county are considered program income. A total of \$16,935 was received in loan repayments.

Note – Indirect Cost Rate

The amounts expended do not include any amounts claimed as indirect cost recovery using an approved indirect cost rate, nor did the County elect to use the 10% de minimus indirect cost rate.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov