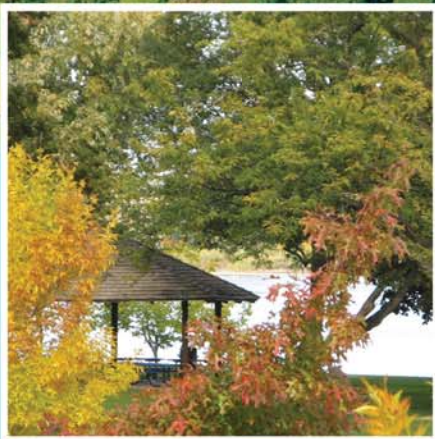




City of Richland, Washington



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

CITY OF RICHLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2014

Prepared by:

Administrative Services Department, Finance Division



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2014

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INTRODUCTORY SECTION





June 30, 2015

Honorable Mayor
Members of the City Council
Citizens of the City of Richland

**Subject: Letter of Transmittal – City of Richland
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2014**

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Richland for the year ended December 31, 2014. This report was prepared by the Administrative Services Department, Finance Division in accordance with Generally Accepted Accounting Principles (GAAP), as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

The report is divided into three sections: Introductory, Financial, and Statistical. The Introductory Section includes this Letter of Transmittal from the City Manager and the Finance Director, the 2013 Financial Reporting Award, the Directory of City Officials, and the City of Richland Organizational Chart. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Fund Statements and Schedules. The Statistical Section includes selected financial and demographic information presented on a multi-year basis, where appropriate and available, depicting the City's historical trends.

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making this representation, we have established a comprehensive internal control framework designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from any material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and that its presentation fairly shows the financial position and results of the City's operations as measured by the financial activity of its various funds, and will provide the reader with an understanding of the City's financial status.

Washington State law requires an annual independent audit of the City's financial statements by the Washington State Auditor's Office. The City received an unmodified ("clean") opinion from the State Auditor, which means in the Auditor's opinion, the financial statements provide reasonable assurance

that the users of the financial statements may rely on the presentations made within and that the statements are presented fairly in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

Specific operations of the City are funded directly and indirectly by federal government programs. As such, the City is subject to the requirements of the Office of Management and Budget's Circular A-133, which prescribes an audit (Single Audit) of expenditures of grant funds exceeding \$500,000 in a year. The State Auditor's Office also conducts the Single Audit. Information related to the Single Audit, including the Schedule of Federal Financial Assistance, and the auditor's report on the internal control structure and compliance with applicable laws and regulations, is included in the Single Audit report published under separate cover.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF RICHLAND

In 1910, the small farming village of Richland was incorporated as a Fourth Class City. In 1942 federal officials, looking for an isolated area with access to abundant water, selected Richland as one of the three communities nationwide to help develop the atomic bomb. The United States government took over the town of Richland as part of its Manhattan Project, and almost overnight the small town of 247 people grew into a federally owned town of 11,000 people. In 1958 Richland again became a self-governed city when residents voted approval of its charter as a First Class City with a council-manager form of government. Voters elect seven at-large City Council members who represent the entire community, not individual districts. From among themselves, Council members elect a Mayor and a Mayor Pro Tempore. The council sets policies, adopts ordinances including the annual budget, approves contracts, appoints individuals to boards and commissions and hires the City Manager.

As Chief Executive Officer, the City Manager hires personnel, supervises daily operations, oversees enforcement of laws and is responsible for the annual budget. An Assistant City Manager and department directors are responsible for the City's day-to-day services and programs within the departments they supervise. The operating budget is proposed by the City Manager in early fall to the City Council in a workshop format. Following this, a public hearing is conducted, allowing the public to provide comments. In accordance with RCW 36.33.055, the preliminary budget is available for public review in the Office of the City Clerk. Assuming the budget stands as presented, first and second readings are given to the budget ordinance, and final adoption occurs in December. The budget takes effect January 1 of the ensuing year. The budget appropriates fiscal year expenditures at the fund level. Annual appropriations, excluding capital projects, lapse at year-end unless specifically carried over by Council action, in accordance with Washington State law as prescribed in RCW 35.33.151. The City Council also approves the City's Capital Improvement Plan (CIP). The CIP is proposed by the City Manager and adopted by the City Council during the budgeting process. The CIP is a multiyear plan that provides a programmed approach to using the City's financial resources in the most efficient manner to meet capital needs. These include infrastructure and facilities that will provide services and benefits to the City over a long-term period.

Richland is a “full service” city, providing police and fire protection and street maintenance, as well as electric, water, sewer, refuse, stormwater and ambulance services. Richland also operates a community center and a public pool and has robust recreation programs.

RICHLAND’S ECONOMY

Richland is one of several communities, collectively known as the Tri-Cities, located in Benton County in southeastern Washington, at the confluence of the Columbia and the Yakima Rivers. The Tri-Cities MSA is the 4th Largest Metropolitan Statistical Area in the state of Washington, with a population of 248,800, the major communities are Kennewick, Pasco, Richland and West Richland.

The region’s economy is largely anchored in agriculture, with over a million acres producing potatoes, grain, apples, grapes, alfalfa, strawberries, asparagus, and cherries. Much of this produce is shipped from the port facilities in the Tri-Cities to the Pacific Rim and by rail to major cities on the east coast. The Tri-Cities is home to five of Washington State’s twelve American Viticulture Areas and over 200 wineries within an hour’s drive. As one of the largest wine producing states in the nation, Washington boasts an \$8.6 billion dollar wine industry. 99% of the fruit used to produce Washington wines is grown in our region.



Richland’s roots are grounded in science and technology, dating back to 1942, when the U.S. Government selected the area north of Richland to site its Manhattan Project on what would become known as the Hanford Reservation. Today, most of the work at Hanford involves a massive cleanup effort to restore most of the site to a near-original condition. The centerpiece of the effort is the Waste Treatment Plant, which will transform and stabilize various types of nuclear waste into glass logs for long-term storage. While the cleanup still represents a large segment of the local economy, area economic development activities are geared toward diversifying away from Hanford, in anticipation of the conclusion of activities over the next 50 years. Another legacy of the work at Hanford is the Pacific Northwest National Laboratory (PNNL), operated by Battelle. One of nine multi-national laboratories located in the US, and with a budget of over \$1 billion annually, PNNL is unique in that it undertakes private sector research as well as serving a wide range of government clients. Richland is also home to industry leaders in manufacturing like AREVA, ATI Allvac and Con Agra Foods Lamb Weston, and in research and development, such as Lockheed Martin.

Average household income is \$71,762 with a per capita income of \$22,989. The average selling price of a home in the area is \$299,261, and average rent on a 2 bedroom, 2 bath apartment is \$725. There were 233 single family residence permits issued in 2014 at an average building cost of \$334,127. The Benton County average property tax was \$11.91 per \$1,000 of assessed value.

Robust commercial development continued in 2014, with 38 new commercial construction permits issued. Construction began on an automated frozen food storage facility, valued at \$69 million, which will be one of the largest facilities of its kind worldwide. The City issued permits for four new buildings at the Richland Airport and two new buildings at the Horn Rapids Industrial Park. A new retail center was constructed adjacent to the Yoke's Fresh Market; Marshalls, a retailer, opened a new store; and two new restaurants are being constructed at Vintner's Square. At Badger Mountain South, the new Country Mercantile Store is open for business. A Hilton Homewood Suites Hotel on George Washington Way recently opened, and an \$8 million, 106 unit apartment project, Bellevista Apartments, were built in South Richland.



The Richland School District, serving Richland and West Richland, is in the midst of a school rebuilding and expansion campaign, and began construction of three new elementary school buildings. With over 12,300 students enrolled in ten elementary, three middle and three high schools. Also available to students are a technical skills center, a STEM school, and online and in-home education. The region is known for its advances in science and technology, which have carried over to excellent education opportunities in each of our local school districts, as well as opportunities in higher education, and has been ranked among the "Top 10 High Technology Communities in the Nation" by the Milken Institute. Columbia Basin College Health Science Center houses health care training programs, and Washington State University Tri-Cities has seven academic programs offering a total of 19 baccalaureate, 10 masters and 10 doctoral degree programs.



City of Richland citizens enjoy the benefit of outstanding medical facilities. Kadlec Regional Medical Center, who recently partnered with Providence Health, is a not-for-profit private hospital providing 270 beds and 300 active doctors on staff. Kadlec offers an open heart surgery and interventional cardiology program, a critical care unit, pediatric center, neonatal intensive care unit (NICU), clinical decision unit, birthing center, outpatient imaging center, therapy services center, surgery center, diabetes center, rehabilitative services, and occupational medicine, infection disease center, and plastic surgery center. Kadlec is currently in the midst of an expansion project to raise its patient tower from six floors to ten, which will make it the tallest building in Richland.

Richland averages over 300 days of sunshine per year, and an abundant water supply, making it a haven for outdoor enthusiasts. The City has 58 parks, 12 boat launches on the Columbia River, athletic fields for softball, baseball, little league, soccer, football and lacrosse, a skate park, dog park, off-leash areas at City parks, off-road-motorsports complex, public swimming pool, two marinas, tennis courts, three public golf courses, and a splash and play feature at Badger Mountain Park. Richland's extensive system of biking and hiking trails is available year-around and is frequented by visitors of all ages.



Richland hosts a Farmers Market, The Richland Players (theatre group), the Academy of Children’s Theatre (ACT), Mid-Columbia Ballet, Mid-Columbia Symphony, Richland Light Opera (musical theatre), the ‘Live @ 5’ concert series, Cool Desert Nights (a three-day classic car and street-rod event), Art in the Park, Kite Festival, Ye Merrie Greenwood Renaissance Faire, Wake the Desert wakeboarding competition, Arc’s Charity Golf Tournament, Chalk Art Festival, Tumbleweed Music Festival, Christmas Lighted Boat Parade on the Columbia River, and Christ the King’s annual Sausage Fest - just a few of the exciting and fun activities that occur annually in and around the Richland area. For the technology minded, tour the Laser Interferometer Gravitational-Wave Observatory (LIGO) Hanford Observatory; Experience the B Reactor National Historic Landmark, the

world’s first production-scale nuclear reactor; or, visit the REACH to see the Manhattan Project exhibit, or one of its “menu” of experiences in science and technology, as well as history, heritage, arts, and culture.

MAJOR ACHIEVEMENTS

PROJECT	DESCRIPTION
Safety of Citizens	<ul style="list-style-type: none"> • Successful passage of the Benton County Public Safety Sales Tax - will be used to support an increased law enforcement presence • Started construction of Fire Station #74 which will provide coverage in the south west portion of the city, provide mutual aid to our partners, and improve response time to medical emergencies as well as fire emergencies • Completed a regional Auto Theft Prevention Initiative • Conducted Impaired Driving Patrols for distracted driving, driving under the influence; and seat belt enforcement patrols • Purchased and outfitted an additional ambulance for EMS services in the City
Parks and Recreation	<ul style="list-style-type: none"> • Completed playground installation & sidewalks at Gala Park • Completed new outfield fences at the four fields at Columbia Playfield • Completed new roof installation on the George Prout Pool bathhouse • Completed the new irrigation system in central Howard Amon Park • Completed new sidewalks in John Dam Plaza • Completed exterior painting of Fire Station 71, the Community Center and Ellipsoid • Expanded the Park Ranger program by providing a better link between Parks and Police Dept.

Partnership projects completed	<ul style="list-style-type: none"> • Wine Science Center –the Enology and Viticulture Program at WSU-TC, a 45,000-square-foot facility will include a gravity flow research and teaching winery, research laboratories, classrooms, and greenhouses and growth chambers for vine physiology research. • Hanford Reach Interpretive Center – the center will offer two exhibition galleries, a film viewing room, classroom space, places for community activities and celebrations, educational displays, and will tell the stories of the Mid-Columbia regions.
Utilities	<ul style="list-style-type: none"> • Successfully demonstrated demand response as a partner in the Modular Dispatchable Battery Energy Storage project with BPA, Energy Northwest, PNNL, and Powin Energy • Completed transfer of electric service from DOE to the City in the Hanford 300 Area • Developed a 12-year Electric Utility Long-Range Plan that will enable Energy Services to plan for system maintenance and future growth • Implemented a project management system that enables Energy Services project managers to plan and implement distribution system projects and track costs and cash flow • Named a Tree Line USA Utility for the 12th consecutive year by the Arbor Day Foundation
Streets	<ul style="list-style-type: none"> • Completed overlay to: <ul style="list-style-type: none"> ○ Cypress Pl. & Dogwood Pl. – McPherson Ave. to Marshall Ave. ○ McPherson Ave. – Birch Ave. to Poplar St. ○ Poplar St. – Thayer Dr. to Forest Ave. ○ Forest Ave. – McMurray Ave. to Private section • Implemented first year of street resurfacing program driven by Streetsaver software, including slurry seals, residential paving, and arterial reconstruction methods.
Public Works	<ul style="list-style-type: none"> • Obtained WUTC at-grade crossing permit for Center Parkway • Began right of way acquisition process for the Duportail Bridge Project and obtained final Corps of Engineers environmental decision supporting the bridge • Acquired six of nine parcels of right of way to support the Stevens Drive Extension project • Supported RAISE program with major industrial park infrastructure construction projects
Facilities	<ul style="list-style-type: none"> • Prioritized deferred maintenance projects and utilized approximately \$700,000 of 2013 year end fund balance to address facility and mechanical deficiencies
Staffing	<ul style="list-style-type: none"> • Developed a solution to address affordable care act requirements for seasonal labor

MAJOR INITIATIVES

The mission of any city is to provide essential services to its residents while enhancing the community's quality of life. The City Council and senior management are committed to providing the leadership necessary to enhance the community's favorable quality of life, protecting Richland's natural environment and maintaining the confidence and trust of its citizens and business owners.

Some of the City projects planned in Richland for 2015 include:

- Complete the Wastewater Treatment Facility (WWTF) and UV Facility Chlorine Conversion projects, and Solids Upgrade project,
- Complete Robertson Drive Extension, Road A & First Street Improvements project; and the Auxiliary Track Addition Project, in the Horn Rapids Industrial Park,
- Complete the Mountain View Lane Reconstruction project, and Stevens Drive Extension project
- Complete new Prout Pool parking lot
- Complete Barth Park playground
- Complete electrical improvements at Columbia Point Marina
- Complete construction of 5th softball field at Columbia Playfield
- Complete sport court resurfacing at Badger Mt. and Claybell Parks
- Complete reconstruction of By-pass Shelterbelt Trail, Swift to 2,100 feet south
- Extend electrical infrastructure to support Preferred Freezer, the largest cold storage automated facility in North America
- Develop a 9-year Forward-Looking Electric Rate Plan to enable Richland Energy Services and customers to better plan for meeting the cost of services and wholesale electric rate increases
- Participate in the Energy Northwest Aggregation Demonstration Project to lower system demand by responding to real-time price signals
- Badger & Dallas Road Electrical Substation to provide reliable service in the growing South Richland area
- Secured lodging tax funding ahead of schedule for the John Dam Plaza Stage, negotiated a naming rights agreement with a local business, and have the design and master plan improvements planned for Spring of 2015
- Implement elements of the Swift Corridor and Civic Center Study, including planning for a new City Hall
- Code enforcement process enhancements to provide a consistent public contact and process across all enforcement related activities
- Waterfront District Master Planning



An economically vital Richland requires a team effort between regional organizations, neighboring cities, ports, other public entities, and the private sector. Richland is seeking a funding partnership for construction of its highest priority transportation project, the Duportail Bridge. The project's key benefits would include congestion relief, economic development and jobs creation, safety, utility services sustainability, and emergency response and disaster preparedness.

The City has partnered with the Tri-City Development Council and the Port of Benton to plan for development of the Mid-Columbia Energy Park. The Energy Park will be a center for energy innovation supported by PNNL, and Washington State University's Bio-products, Sciences and Engineering Laboratory. A cornerstone for the initiative is a proposed 1,341 acre land transfer from the US Department of Energy, with the land being marketed to energy industries.

The City is working with the local councils of the neighboring cities, and with both Franklin and Benton County toward the establishment of a joint emergency dispatch center. An Interlocal Agreement for the Multi-Agency Three Rivers Information and Communication Services (MATRICS) would consolidate the dispatch centers from Benton and Franklin Counties into one public safety answering point (PSAP). The consolidation will create efficiencies for emergency response, and provides the potential of saving money and lives in our communities.

ECONOMIC OUTLOOK

In 2014, the Tri-Cities had more people employed than ever before. In December, the community registered the 21st month of year-over-year job growth. *CNBC* named Washington #7 in the top states for business in June 2014; in September, *Time* listed Richland as the #12 best place to find a new job; in March 2015, *Nerd Wallet* listed the Tri-Cities as #5 in its Top 5 "Best Places to Invest in Real Estate in WA State, and *Gallup-Healthways Well-Being Index* listed the Tri-Cities as 28th in its Happiest and Healthiest Cities in America.

While a substantial contrast exists between agriculture to engineering and research, the basic industries continue to contribute a positive economic impact. Non-farm employment has seen strong growth, with healthcare, financial, manufacturing and agriculture offering the most growth. With strong focus on financial stability and operational effectiveness, the City Council has adopted a Strategic Leadership Plan to implement long-term fiscal management plans and policies to ensure financial resources are available to grow its economy, and attract and retain people and businesses to the area. To remain vital, Richland must grow its economy, diversify its capital, and attract and retain talent. The city has targeted primary strategic investments to help ensure achievement of the City's goals and vibrant future. They include;

- Support growth of The Research District that leads to increased private sector investment, job growth and technology innovation
- Support the development of The Energy Park through collaboration with other participants
- Implement the Central Business District, Swift Corridor, and Island View Master Plans

- Provide greater access to high-level broadband services to Richland business and residents
- Increase retail sales tax per capita by recruiting new retail development
- Increase the non-residential property tax base by facilitating commercial and industrial development

Through natural resource management the City will work to:

- Balance private and public interest in the preservation of identified natural environmentally sensitive areas
- Provide services that promote sustainable environment stewardship and minimize impact on the physical environment of the community
- Protect and enhance the City's water resources

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Richland for its comprehensive annual financial report for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

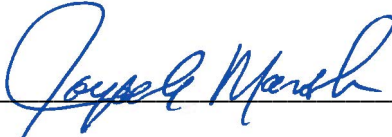
ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the skill, effort and dedication of the Finance Division staff. Sincere appreciation is expressed to the City leadership, staff members and others who participated in the development of this report. We also wish to express our sincere appreciation to the Mayor and the City Council for maintaining the highest standards of professionalism in the management of the City of Richland's finances.

Respectfully Submitted,



Cindy Johnson, ICMA-CM
City Manager



Joyce A. Marsh
Finance Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Richland
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

2014 RICHLAND CITY COUNCIL



MAYOR
Dave Rose
Term: 4 Years - Expires 12/31/17



MAYOR PRO TEM
Phillip Lemley
Term: 4 Years - Expires 12/31/15



COUNCIL MEMBER
Bob Thompson
Term: 4 Years - Expires 12/31/17



COUNCIL MEMBER
Greg Jones
Term: 2 Years - Expires 12/31/15



COUNCIL MEMBER
Brad Anderson
Term: 4 Years - Expires 12/31/15

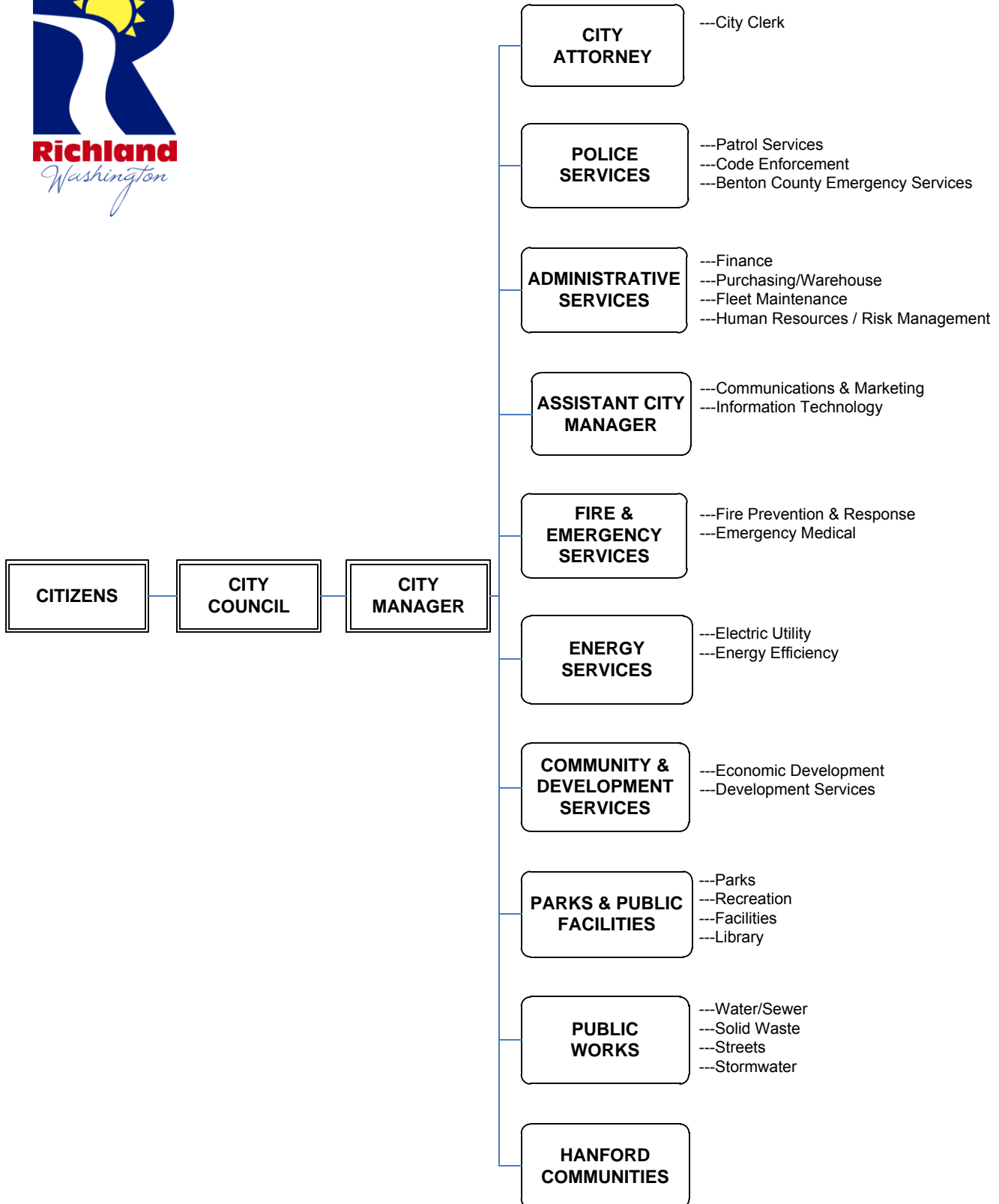


COUNCIL MEMBER
Terry Christensen
Term: 4 Years - Expires 12/31/15



COUNCIL MEMBER
Sandra Kent
Term: 4 Years - Expires 12/31/17

CITY OF RICHLAND
2014 ORGANIZATION CHART



2014 MANAGEMENT TEAM

ADMINISTRATION

Cindy Johnson
City Manager

Jon Amundson
Assistant City Manager

Heather Kintzley
City Attorney

Trish Herron
Communications & Marketing Manager

Pam Brown
Hanford Projects Manager

Kevin Grumbling
Information Technology Manager

Joe Schiessl
Parks & Public Facilities Director

Phil Pinard
Parks & Public Facilities Manager

Laurel Strand
Parks & Public Facilities Manager

Ann Roseberry
Library Manager

PUBLIC SAFETY GROUP

Chris Skinner
Police Services Director

Grant Baynes
Fire & Emergency Services Director

James Barber
BCES Communications Manager

Jeremy Beck
BCES Emergency Management Manager

ADMINISTRATIVE SERVICES GROUP

Cathleen Koch
Administrative Services Director

Joyce Marsh
Finance Director

Allison Jubb
Human Resources Director

Cathy Robinson
Purchasing Manager

COMMUNITY & DEVELOPMENT SERVICES GROUP

Bill King
Deputy City Manager

Vacant
Economic Development Manager

Rick Simon
Development Services Manager

UTILITY AND PUBLIC WORKS GROUP

Robert Hammond
Energy Services Director

Clint Whitney
Chief Electrical Engineer

Jim Leip
Power Operations Supervisor

Sandra Edgemon
Business Services Manager

Brian Cobb
Electrical Systems Supervisor

Pete Rogalsky
Public Works Director

John Bykonen
Wastewater/Stormwater Manager

John Finch
Water Manager

Jay Marlow
PW Capital Projects/Solid Waste Manager

Jeffrey Peters
Transportation & Development Manager

FINANCIAL SECTION





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 30, 2015

Mayor and City Council
City of Richland
Richland, 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 discretely presented component units and remaining fund information of the City of Richland, Benton County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Richland, Benton County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Streets funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. 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 23 through 41, information on postemployment benefits other than pensions on pages 121 through 122 and pension trust fund information on pages 123 through 125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements and schedules on pages 128 through 170 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA





MANAGEMENT'S DISCUSSION AND ANALYSIS



INTRODUCTION

The management of the City of Richland is pleased to present this discussion and analysis of the 2014 Comprehensive Annual Financial Report. The intent is to introduce the reader to the City's operations, explain how they are presented in this report, highlight significant financial activities during the period and provide a look at what is anticipated in the future for the City. This discussion and analysis should be considered in conjunction with the Letter of Transmittal as well as the other components of the report.

The activities of the City are classified as either governmental, business-type, or other, depending on the nature of services provided and how those services are funded.

Governmental activities are the basic services of the City such as police and fire, street maintenance, park amenities, etc. and are primarily funded through taxes and other general revenues.

Resources are collected from all citizens in the form of taxes and other sources and are used collectively to provide governmental services.

The focus of accounting and reporting on these activities is to show the resources received, to what extent they were used to provide services, and what resources remain to fund services in the upcoming period. This is called the "Current Financial Resources" measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available revenues are those that are collected during the year, and soon enough after the close of the fiscal period (usually within 60 days) to pay the liabilities of the current period. Expenditures are generally recognized when a liability is incurred. Exceptions are the payment of debt and related interest, compensated absences and judgments as the entire amount owed will span multiple years.



Governmental funds are used to account for these activities. Governmental funds are divided into the General, Special Revenue, Debt Service and Capital Projects funds. The General Fund is the main operating fund of the City and accounts for all activities not accounted for in other governmental funds. Special Revenue Funds account for resources which are collected for a specific purpose. The use of these funds demonstrates that those resources are being used for their intended purpose. Debt Service funds account for the repayment of long-term debt. Capital Projects funds account for the construction of major governmental facilities.

For efficiency in reporting, certain funds are reported individually as "Major Funds" while the remaining activities are reported in aggregate. A fund is considered to be major when its assets, liabilities, revenues, or expenses are at least ten percent of the aggregated total for all governmental funds; and, at least five percent of the aggregated total for the City as a whole. The General Fund and Streets Special Revenue Fund are the City's major governmental funds.



Business-type activities are services such as electric, water and sewer that are provided to Richland's citizens. These services are operated similar to private-sector businesses, with the exception of a profit motive. Each user of the service is assessed a charge that is a combination of their share of having the service available to them and their direct use of the service. Collectively, these charges should fully recover the cost of providing the service.

Business-type activities are accounted for in the City's proprietary funds. Transactions and events of these activities are recorded and reported, based on how they have changed the economic resources of their respective funds during the period. Revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Proprietary funds are further divided into funds, accounting for services provided to external users, (i.e. citizens), and those accounting for services provided to internal users, (i.e. other city departments). Those provided to external users are accounted for in proprietary funds called "Enterprise Funds," while services provided to internal users are accounted for in proprietary funds, called "Internal Service Funds."

As with governmental funds, the City reports certain business-type funds as "Major". The City's Electric, Water, Sewer and Solid Waste (Enterprise) Funds are the major business-type funds.

Other activities include pension trust funds and agency funds. The pension trust funds account for resources held in trust, for the members and beneficiaries of the City's fire and police defined benefit plans. The agency funds account for activities where the City acts in a custodial manner on behalf of other external agencies or organizations.

The statements and other supporting information contained in this report provide information on all of the City's governmental, business-type and other activities, as well as two discreetly presented component units, the Richland Public Facilities District and the Wine Science Center Public Development Authority. This report contains the following components:

1. Government-wide financial statements
2. Fund-combining and individual financial statements
3. Notes to the financial statements
4. Required supplementary information (other than this discussion and analysis)
5. Other supplementary schedules
6. Statistical schedules

The following provides a more detailed description of each component of the report, and the information it presents.

Government-Wide Financial Statements present the City's financial position as a whole as of December 31, 2014, and the activities that resulted in that position. It further provides the financial position and activities of the two component units. The financial position is found in the Statement of Net Position, while the activities resulting in the ending financial position, are found in the Statement of Activities. Governmental and business-type activities are aggregated in their own respective columns.

Internal service fund activities and net position are not reported individually. Rather, each internal service fund is combined within the governmental-type or the business-type activity columns depending on which type it predominantly serves.

Most transactions occurring between activities have been eliminated from these statements, to avoid presenting the same expenses and recovery of those expenses, multiple times. Exceptions would be transactions which, if excluded, would distort the cost data reported for the City's various functions.

While the fund financial statements report governmental activities using the modified accrual basis of accounting, the Government-Wide statements present governmental activities and financial position on a full-accrual basis. This corresponds to the presentation of the business-type activities, thereby providing the reader with a consistent presentation for the entire City.

Fund financial statements present governmental activities in statements prepared under the modified accrual basis of accounting. Each major fund is presented individually, and all remaining are aggregated in the fund financial statements. Budgetary comparison statements for the City's General and Streets Funds are presented as well. Budgets are statutorily required for most governmental funds, and are an invaluable tool to ensure the City maintains adequate control over its spending. The budgetary comparison statements provide the reader with information on how the City's actual revenues and expenses compared to both the originally anticipated resources and uses, and to the final revised anticipated resources and uses for the General Fund and the Streets Fund.

Business-type activities are presented in statements under the full-accrual basis of accounting. Each major business-type fund is presented individually, with all remaining in aggregate. Internal service funds are integrated into the government-wide statements, and are aggregated and presented in a separate column on business-type fund financial statements. The interfund transactions which were eliminated for government-wide reporting are presented in full in the fund financial statements.

To bridge the differences in the financial position and activities presented in the fund statements and those presented in the government-wide statements, a reconciliation accompanies the fund statements, showing the reader the adjustments needed to convert to the ending position and activities presented in the government-wide statements.

Notes to the Financial Statements provide explanations and disclosures regarding how information is compiled and presented in the statements, and provide useful information on the balances presented in the financial statements. The notes assist the reader in understanding the financial information and balances presented in the statements, as well as provide the reader with additional information on other transactions and events which impact, or will impact, the City's future financial position.

Required Supplementary Information, (other than this discussion and analysis), presents information on the funding progress for the City's Other Post-Employment Benefits (OPEB), and on anticipated amounts needed to fulfill the City's pension obligations, under the trust agreements with participating police and firefighters who were hired by the City prior to October 1, 1977.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Management's Discussion and Analysis
 For the Year Ended December 31, 2014

FINANCIAL HIGHLIGHTS

Below are comparative, condensed financial information based on the Government-wide statements in this report:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2014	2013	2014	2013	2014	2013
Current & other assets	\$ 55,077,092	\$ 51,782,396	\$ 32,122,462	\$ 31,163,218	\$ 87,199,554	\$ 82,945,614
Restricted assets			19,822,285	24,472,431	19,822,285	24,472,431
Capital assets, net	110,520,319	115,764,483	252,709,228	251,841,378	363,229,547	367,605,861
Total assets	165,597,411	167,546,879	304,653,975	307,477,027	470,251,386	475,023,906
Deferred charge on refunding			1,200,609	1,491,422	1,200,609	1,491,422
Deferred irrigation charges			38,900	42,790	38,900	42,790
Total deferred outflows of resources			1,239,509	1,534,212	1,239,509	1,534,212
Long-term liabilities outstanding	49,573,755	44,090,799	110,353,215	118,309,042	159,926,970	162,399,841
Other liabilities	12,092,821	12,019,386	14,536,166	16,662,550	26,628,987	28,681,936
Total liabilities	61,666,576	56,110,185	124,889,381	134,971,592	186,555,957	191,081,777
Deferred transfer SCA assets	1,118,800	1,098,900			1,118,800	1,098,900
Deferred charges			38,900		38,900	
Total deferred inflows of resources	1,118,800	1,098,900	38,900		1,157,700	1,098,900
Net Position:						
Net investment in capital assets	77,393,420	86,339,502	146,876,162	143,365,332	224,269,582	229,704,834
Restricted	13,984,508	4,721,079	14,119,797	13,802,274	28,104,305	18,523,353
Unrestricted	11,434,107	19,277,213	19,969,244	16,872,041	31,403,351	36,149,254
Total net position	\$ 102,812,035	\$ 110,337,794	\$ 180,965,203	\$ 174,039,647	\$ 283,777,238	\$ 284,377,441



CITY OF RICHLAND, WASHINGTON
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	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2014	2013	2014	2013	2014	2013
REVENUES:						
Program Revenues:						
Charges for services	\$ 12,714,182	\$ 12,183,415	\$ 95,299,392	\$ 92,078,208	\$ 108,013,574	\$ 104,261,623
Operating grants & contributions	1,440,860	1,867,067	204,324		1,645,184	1,867,067
Capital grants & contributions	5,296,154	4,809,008	4,882,561	7,954,915	10,178,715	12,763,923
General Revenues:						
Property taxes	15,622,185	15,030,647			15,622,185	15,030,647
Other taxes	19,791,642	18,290,824			19,791,642	18,290,824
Other	5,511,259	1,823,834	414,790	(309,414)	5,926,049	1,514,420
Total revenues	60,376,282	54,004,795	100,801,067	99,723,709	161,177,349	153,728,504
EXPENSES:						
Judicial	685,091	618,486			685,091	618,486
General government	14,389,809	12,622,646			14,389,809	12,622,646
Public safety	24,966,795	19,744,479			24,966,795	19,744,479
Physical environment	239,111	232,690			239,111	232,690
Transportation	11,719,930	12,449,384			11,719,930	12,449,384
Health & human services	8,742	11,193			8,742	11,193
Economic environment	9,544,697	7,942,776			9,544,697	7,942,776
Culture & recreation	11,051,111	7,291,514			11,051,111	7,291,514
Interest on long-term debt	1,583,907	1,670,320			1,583,907	1,670,320
Electric			54,489,969	53,419,986	54,489,969	53,419,986
Water			10,332,007	10,264,897	10,332,007	10,264,897
Sewer			7,493,696	7,501,259	7,493,696	7,501,259
Solid waste			6,930,515	7,001,150	6,930,515	7,001,150
Stormwater			1,343,853	1,318,630	1,343,853	1,318,630
Golf course			1,596,480	1,590,702	1,596,480	1,590,702
Medical services			3,363,682	3,032,903	3,363,682	3,032,903
Broadband			175,358	76,966	175,358	76,966
Total expenses	74,189,193	62,583,488	85,725,560	84,206,493	159,914,753	146,789,981
Excess/(deficiency) before transfers	(13,812,911)	(8,578,693)	15,075,507	15,517,216	1,262,596	6,938,523
Transfers	7,073,433	4,528,264	(7,073,433)	(4,528,264)		
Change in net position	(6,739,478)	(4,050,429)	8,002,074	10,988,952	1,262,596	6,938,523
Net position, January 1	110,337,794	115,492,801	174,039,647	162,502,468	284,377,441	277,995,269
Prior period adjustments	(786,281)	(1,104,578)	(1,076,518)	548,227	(1,862,799)	(556,351)
Net position, December 31	\$ 102,812,035	\$ 110,337,794	\$ 180,965,203	\$ 174,039,647	\$ 283,777,238	\$ 284,377,441

This discussion and analysis provides information on the amounts and activities presented in the summarized Government-Wide Statements, as well as significant events and transactions that impacted the City's financial activity during 2014.

FINANCIAL RESULTS

Government-Wide Activities

Overall, the City's 2014 activities resulted in a \$1.26 million increase in net position. Offsetting that was \$1.86 million in reductions due to adjustments to reflect prior period transactions, leaving a net decrease of \$600,203 in reported ending net position. A discussion of these adjustments can be found under the heading Prior Period Adjustments in Note 1 to the Financial Statements. By comparison, the City experienced an increase in 2013 of \$6.94 million before prior period adjustments. The continued growth from one year to the next is a reflection of the City's long-term approach to the economic environment within which the City operates. Of the total net position at December 31, 2014, \$31.40 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities reduced net position by \$6.74 million, while net position increased as a result of business-type activities by \$8.0 million, before prior period adjustments.

Total revenues on the Government-Wide Statement of Activities were \$7.45 million higher than the prior year. Governmental revenues were \$6.37 million higher than the prior year, while business-type activity revenue increased by \$1.08 million. Business-type activities' charges for services increased \$3.22 million and capital grants and contributions decreased by \$3.07 million. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.

Governmental activities' charges for services increased \$530,767 in comparison to the prior year. Charges for services related to the economic environment function increased \$924,760, while those related to general government and public safety decreased \$281,266 and \$111,618, respectively. Other smaller increases and decreases in various governmental functions make up the balance of the change. The increases in economic environment were due to building permit and plan checking fees in the General Fund, as well as increases in land sale commission revenue in the Industrial Development fund. Most of the increase was related to the sale of 80 acres in the Horn Rapids Industrial Park and subsequent permitting for a large automated cold storage facility. The general government decrease was mainly related to fluctuations in General Fund costs allocated to other funds. The public safety decrease was mainly due to higher reimbursements in the prior year for fire services outside the City.



Salaries & benefits are the most significant expense to the City...

Governmental grant and contribution revenues were nearly unchanged from the prior year, with only a \$60,939 increase experienced.

In the general revenues section of the Statement of Activities, tax revenues increased nearly \$2.1 million over the prior year. In 2014, for the fifth year in a row, the City chose not to increase the property tax levy on existing property. Nevertheless, new construction remained steady, resulting in an increased tax base and a \$591,538 increase in property tax revenues. Sales tax revenue continued its upward trend, posting a \$740,079 increase over the prior year, as construction contracting and retail trade continue to expand. Utility taxes collected from non-City utilities increased by \$106,368 over the prior year, mainly related to taxes on natural gas. Other tax revenues increased by \$654,371, mainly due to a Real Estate Excise Tax increase of \$422,090, and lodging related taxes increase of 150,876. Investment earnings increased \$374,033 over the prior year, due both to interest earnings, as well as increases in the fair market value of investments. The change in the disposition of assets was a function of various land sale proceeds. Land sales in the City's industrial area began to pick up again in 2014, after two years of very minimal activity. In the previous two years, financing for prospective developers had been an issue due to economic pressures. This trend began to turn around in 2014. Total land sales revenues were over \$3.7 million in 2014.



Salaries and benefits are the most significant expense to the City, beyond wholesale power purchases. City-wide, total noncapital expenses increased by \$13.12 million over the prior year. Governmental-type activity expenditures increased nearly \$11.61 million in total, mainly in the public safety function, largely due to the \$4.69 million increase in accrual of net pension liability on the government-wide statements

related to police and fire pensions. Further information on this transaction is detailed in the *Pensions* note in the Notes to the Financial Statements. Culture and recreation expenses increased \$3.76 million, mainly due to the contribution of \$2.98 million in land improvements to the Richland Public Facility District, most of which were constructed over a two-year period. These improvements were funded by federal grant monies that were received specifically for this purpose. In addition, general government expense increased \$1.77 million and economic environment expense increased \$1.60 million.

In business-type funds, electric utility expenses increased \$1.07 million; water utility expenses increased \$67,110; sewer utility expenses decreased \$7,563; solid waste utility expenditures decreased \$70,635; and other business-type fund expenses increased a combined total of \$460,172. More detail on activities of the major business-type funds is presented later in this discussion and analysis.

Following is a more in-depth discussion of the conditions affecting ending net position by activity type.

Governmental Activities accounts for \$102.81 million of total net position at year end, a \$7.53 million reduction from the prior year. The unrestricted portion of this net position decreased by \$7.84 million, leaving a total of over \$11.43 million in available resources to finance future activities of the governmental funds. The primary contributors to governmental activities' net position are capital and debt-financed capital activities, as well as activities found in the City's two major governmental funds: the General Fund and the Streets Fund.

Capital and Debt-Financed Capital Activities net investment in capital assets decreased by \$8.95 million in 2014. This balance is a reflection of not only capital purchases, but also the effect of depreciation expense and changes to general obligation debt, which financed past and current capital outlays. Of the \$186.56 million in total city liabilities, \$39.66 million or 21.3% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$16.74 million in general obligation debt is voter approved and supported by special property tax levies, while the remaining \$22.92 million is non-voted or "Councilmanic" debt. General obligation bonds with a par value of \$3,355,000 were issued in 2014 to finance the construction of a new fire station in the City View area, adjacent to the City Shops complex. The City maintains strong credit ratings on its general obligation debt with a Standard & Poor's rating of AA on Unlimited Tax General Obligation Debt and Limited Tax General Obligation Debt. For more information on long-term debt see Note 3 in the Notes to the Financial Statements.

Improvements to the City's parks and streets continue to remain a high priority for the City. The following were the major governmental capital outlays for fiscal year 2014, for more information on Capital Assets see Note 2 in the Notes to the Financial Statements.

- In 2014 the City completed the federal grant-funded portions of the Hanford Reach Interpretive Center project at the west end of Columbia Park, on behalf of the Richland Public Facility District (PFD). The City spent \$704,620 in 2014 on this project to complete the construction of access roads, parking lots, utilities, retaining walls, landscaping and other site improvements. Of the total \$4.02 million in project costs, \$2.98 million in improvements were turned over to the PFD, \$591,650 in infrastructure was contributed to the City's utility funds, and \$445,798 in street related infrastructure remains in governmental capital totals.

- Effective January 1, 2011 the City's Revitalization Area for Industry, Science and Education (RAISE) was approved as part of the State's Local Revitalization Financing (LRF) program. The LRF program utilizes incremental local and state tax revenues originating from a designated geographical area of the City, to fund infrastructure additions that will spur private construction and investment in that area. In 2014, total capital outlay for infrastructure within the RAISE was \$3,398,791. A portion of this amount will be contributed to the City's utility funds when the project is complete.
- In 2014 the City issued limited tax general obligation bonds to finance construction of the City's fourth fire station, located on Duportail Street, adjacent to the City Shops complex. \$703,453 was spent in 2014.
- The City is continuing its efforts to secure a railroad crossing permit in order to extend Center Parkway, connecting Gage Boulevard to Tapteal Drive. Total 2014 outlay was \$139,348.
- Stevens Drive South Extension, and Duportail Street Extension/Reconstruction: These projects are interrelated, in that they will result in a new corridor connecting the south end of Stevens Drive to Duportail Street. Total capital outlay on these projects were \$667,542 in 2014. Eventually this corridor will connect to the Duportail Bridge, when built, which is considered Richland's #1 priority transportation project.
- Over \$969,000 in capital expenditures went toward many different park, recreation and open space projects. Most of this was the \$342,473 in improvements to Columbia Playfield. Other notable capital outlay included; \$110,352 in improvements at Gala Park; \$103,744 to replace the roof on the building at George Prout Pool; and \$89,329 in long-awaited improvements to the Howard Amon Park irrigation system.



General Fund activity is reported as prescribed in GASB Statement 54. As such, the activity and balances in the Library Fund and the I-NET Fund, which were budgeted and accounted for in separate funds, are reported as part of the General Fund. In the General Fund, fund balance increased \$2.68 million or 29.48% from the prior year, before taking into account prior period adjustments. Prior period adjustments, as detailed in Note 1 in the Notes to the Financial Statements, reduced the increase by \$786,281, resulting in a net increase of \$1.89 million, or 20.8%. Revenues increased by \$3.19 million or 7.2%, while expenditures increased \$1.06 million or 2.5%. Tax revenues are the primary revenue source for the General Fund, and represent \$2.95 million of the increase in revenues over the prior year. Utility occupation taxes on City-owned utilities were the primary driver of this increase, bringing in \$1.63 million more than the prior year, due in part to utility rate increases, an increase in the electric utility tax rate, and the effect of a correction to the calculation of utility taxes. Sales taxes and property taxes also increased, by \$682,537 and \$503,652, respectively, mainly due to new residential and commercial construction and the expansion of retail and restaurant locations in Richland. Licenses and permits revenue increased \$281,136, due mainly to an increase in building permit revenues. This further indicates a recovery of building activity in 2014. Investment earnings were up \$180,966, mainly due to required year-end fair market value adjustments to investments. Charges for services were down \$119,655, while other revenue categories were relatively unchanged in comparison to the prior year.

Non-capital expenditures on the 2014 Statement of Revenues, Expenditures and Changes in Net Position were \$1.11 million higher than the prior year. That increase was mainly due to the increases in general government expenditures, much of which can be attributed to an increased focus on catching up on “deferred maintenance” projects to ensure that existing City facilities remain functional and in good repair. Salaries and benefits, the largest expenditure of the General Fund, increased by \$362,365, or 1.26%, as annual pay increases were partially offset by cost savings related to vacant positions.



With the many challenges facing the City's primary operating fund, great care is taken to monitor its activities. As described in Note 1 in the Notes to the Financial Statements, this fund is budgeted in accordance with Washington State law and City policies, such that revisions to the budget are carefully administered. A Schedule of Revenues, Expenditures and Changes in Net Position “Budget and Actual” is provided within the CAFR, to present comparisons between actual revenues and expenditures, and the original and amended final budgets. Overall, revenues and expenditures were 103% and 93% of their respective adjusted budgets. The largest variance in revenues was in taxes, at \$646,403 more than the adjusted budget, a 1.84% variance, followed by charges for goods and services, at \$591,451, or 10.19% higher than the adjusted budget. The largest variance in expenditures, by function, was in general government operating and capital expenditures, which came in \$1.46 million below the adjusted budget. This was primarily due to budgeted expenditures for projects in the Information Technology division and the Facilities division, and in non-departmental expenditures. Most of the IT and Facilities division amounts not spent in the current year are carried over to the subsequent year to continue those projects. The unspent amounts in the non-departmental budget were primarily related to services provided by the Public Works Administration and Engineering Fund, which is not carried over to the subsequent year. In addition, there was \$100,000 budgeted as a contribution toward an eventual regional animal shelter that will carry forward to future years until the animal shelter comes to fruition. Other less significant general governmental budget variances occurred throughout the remaining divisions.

The following are the more significant adjustments made to the General fund original budget in 2014.

- Total utility tax revenues budget was adjusted up by \$1.32 million, mainly to reflect a correction to the calculation of tax remitted to the General Fund by the City's own utility funds. Increases were also made to the utility tax revenues for gas and brokered gas, totaling \$230,601. The telephone utility tax budget was reduced by \$148,700, as those revenues continue to decline faster than anticipated, presumably due to the annual decline in the number of households maintaining landlines as well as cell phones.
- Retail sales and use tax budget was adjusted up \$105,694 at mid-year in order to reflect higher anticipated revenues.
- Property tax budget was adjusted up \$219,263 at mid-year in to reflect higher anticipated revenues as a result of more new construction than originally expected.



- Charges for goods and services were reduced \$916,820, mainly due to a reduction in cost allocation revenues, and the miscellaneous revenue budgets was reduced by \$649,513, mainly due to \$510,000 in parks project donations budget that was moved to the Parks Project Fund.
- General Fund debt service budget of \$251,250 was reclassified as a transfer out to the Streets Construction Fund when it was determined that the last quarter-million dollar draw on a related P WTF loan would not be taken in the streets fund. As this was the last year for the loan agreement, the draw and final payment of the same amount plus interest would have been inefficient.
- General government capital expenditures budget decreased \$4.4 million, as a project to build a \$3.5 million fire station along with budgeted debt proceeds, was moved to a capital project fund. The remaining decrease represents other capital projects budgets moved to the parks capital project funds.
- Transfers in were reduced \$570,034 as follows: Approximately \$463,000 was moved to capital projects fund budgets as they related to capital projects mentioned above. \$699,465 in transfers from the Employee Benefits Fund were cancelled. Offsetting these reductions was an increase in transfers in from the Industrial Development Fund of \$596,365. This transfer was added after proceeds from the sale of land made it possible to increase reserves in the General Fund.

Streets Fund activity includes maintenance and operation of the City's transportation system. Activity in 2014 resulted in an increase in fund balance of \$218,226. Revenues decreased \$845,533, and expenditures decreased \$2.02 million from the prior year. In the prior year, expenditures for overlay projects were included in the Streets Fund. In 2014 it was determined that this type of expenditure and the related revenues should more appropriately be included in the Streets Construction Fund, a capital project fund. Revenues decreased more than expenditures because a large portion of the prior year overlay program was funded by utilizing accumulated reserves rather than revenue.

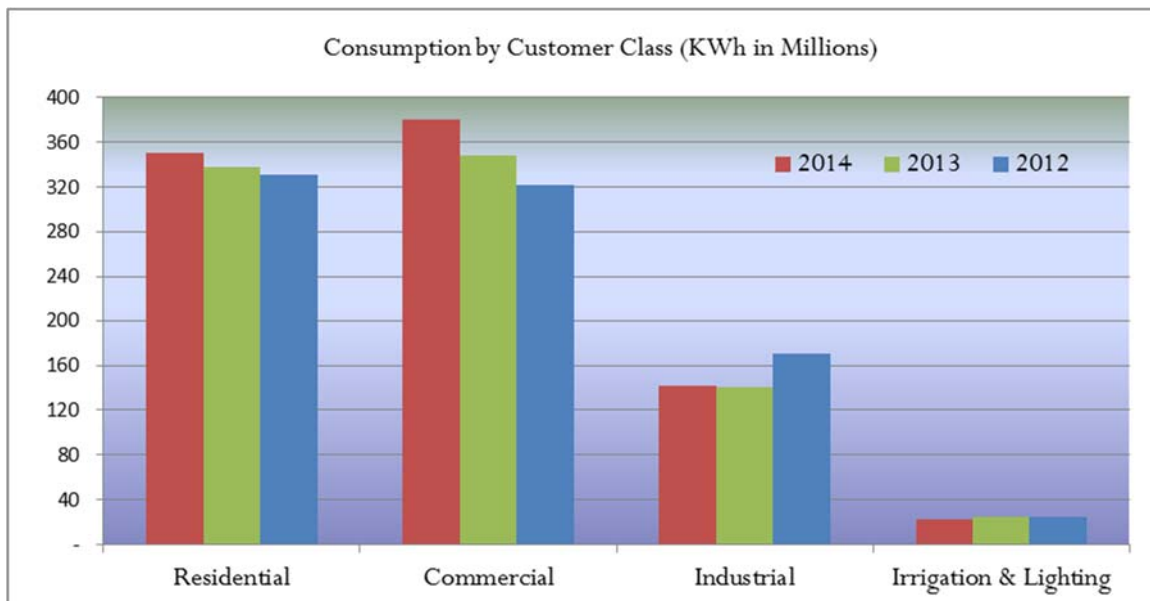
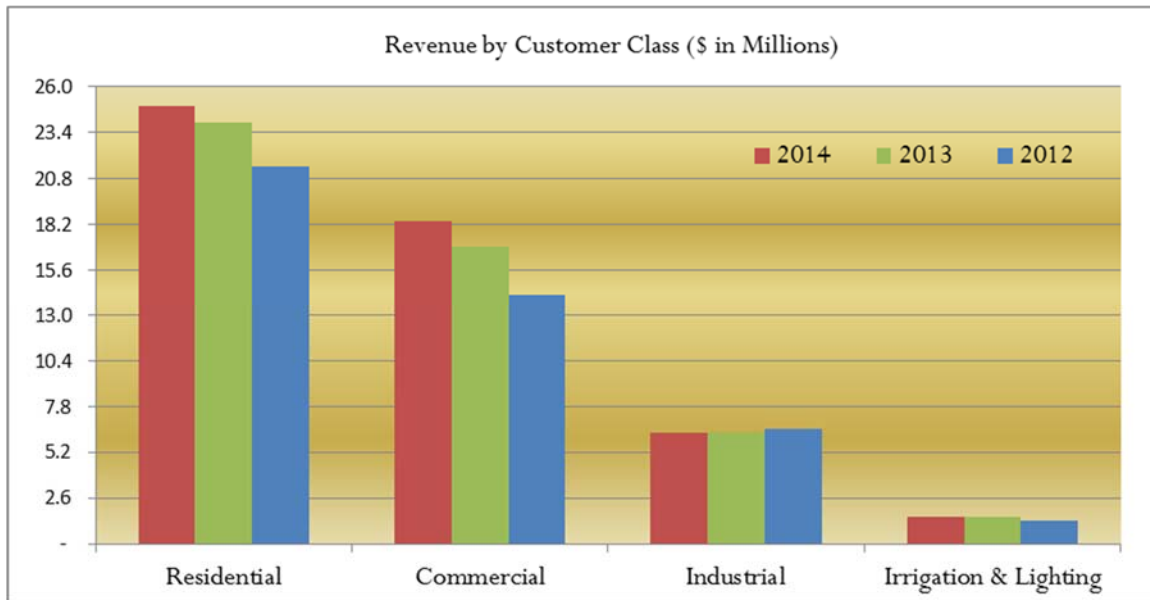
Business-Type Activities produced an ending net position of \$181 million, reflecting an increase of \$6.93 million during the year 2014. Unrestricted net position increased by \$3.1 million to provide a total of \$19.97 million in available resources to finance future activities of the business-type funds. The primary contributors to business-type net position are activities found in the City's four major business-type funds: the Electric, Water, Sewer and Solid Waste Funds, which comprise over 88% of the total business-type net position.

Electric Fund activities increased ending net position by \$1.21 million or 2.3% over the previous year-end balance. Contributing to the increase was a rise in customer power consumption, leading to more robust sales revenue. Annual debt repayment of \$2.56 million and depreciation of \$5.12 million were partially offset by the utility's \$6.98 million investment in both new and existing distribution facilities. In response to continued growth in customer and consumption base, the \$6.81 million in capital outlays consisted primarily of projects that constructed, renewed and extended existing distribution infrastructure, as well as improved and expanded substation infrastructure. Capital outlay for equipment, machinery and software totaled over \$172,000.

Standard & Poor's continues to maintain an 'A+' credit rating on the utility's outstanding bonded debt. This is a significant reflection of the utility's financial strength and stability. The rating also recognizes management's willingness to maintain adequate reserves, adjust rates and acquire additional capital financing when necessary.

System-wide energy consumption increased 5.1% and total customer accounts increased 2.3% in 2014. When looking at energy consumption changes by customer class, residential consumption increased by 3.8%, commercial consumption increased by 9.1% and industrial consumption increased 1.3%. The irrigation and lighting class decreased by 9.8%.

The following graphs summarize energy revenue and consumption by customer class:

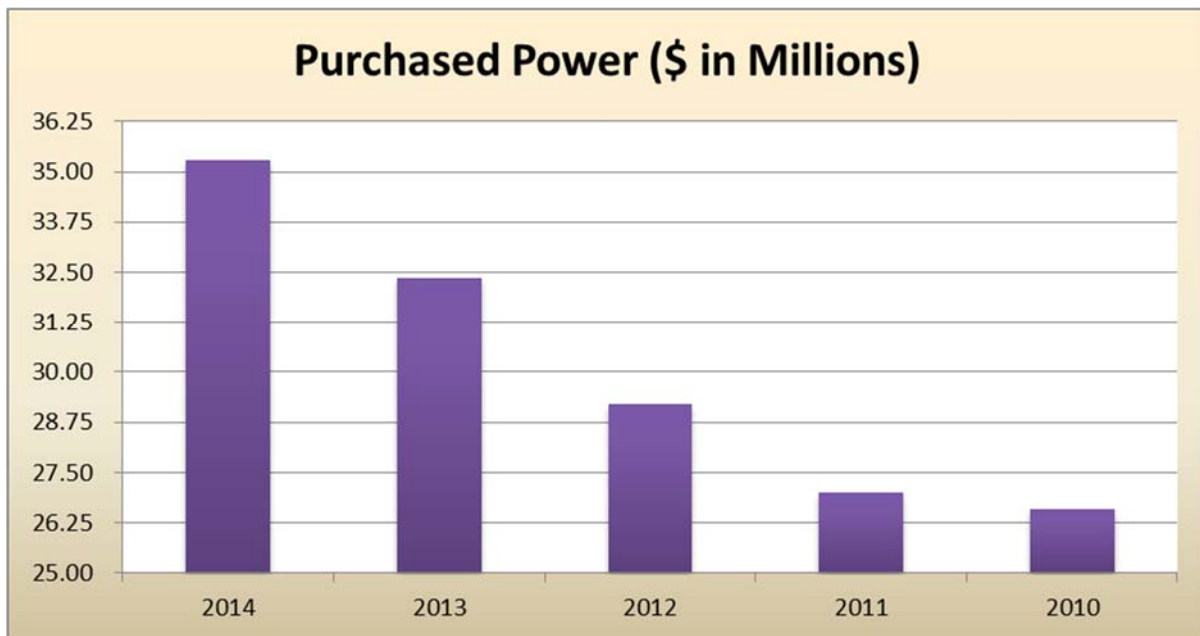


Despite national trends of falling electric consumption during the recession, the local economy managed to remain robust. The utility's load remained flat during the recession, has since resumed regular growth, and is expected to continue to grow at above average annual rates during the next several years.

Total expenses for fiscal year 2014 were \$58.71 million, an increase of \$2.11 million or 3.7% over the prior year. The increase is due primarily to higher wholesale power costs, but it is partially mitigated by cost containment measures taken during the budget development process. Additionally, \$0.6 million of the increase is the result of work performed to expand capacity and enhance reliability for a large load customer. These costs were paid for by the customer.

Purchased power, the largest expense of the electric utility, increased nearly \$2.94 million from the prior year. The utility has been challenged in recent years by the various issues involved in wholesale power purchases. BPA has seen an increase to their cost of providing power and will pass those increased costs on to the utility. Wholesale rates increased in the fourth quarter of 2013 and are expected to increase again in the fourth quarter of 2015. The magnitude of the increase depends on BPA's rate case outcome but is currently estimated to be around 7%. Major shifts in responsibility for future regional wholesale power supply are driving the need for new power supply contracts and expanded power resource development. The power supply and transmission challenges are compounded by the imposition of both State-mandated resource portfolio and Federal bulk power system reliability standards.

The following graph details purchased power expenses over the last five years:



Looking forward, Richland, in tandem with other regional electric utilities, is coming to grips with upcoming changes to its power supply arrangements. While still benefitting from the low-cost Federal base system for most of its requirements, the utility continued its policy of acquiring additional wholesale power from sources that best meet the forward planning goals of the utility. This additional power is currently priced at more costly market-based levels. The utility continues to monitor the impacts

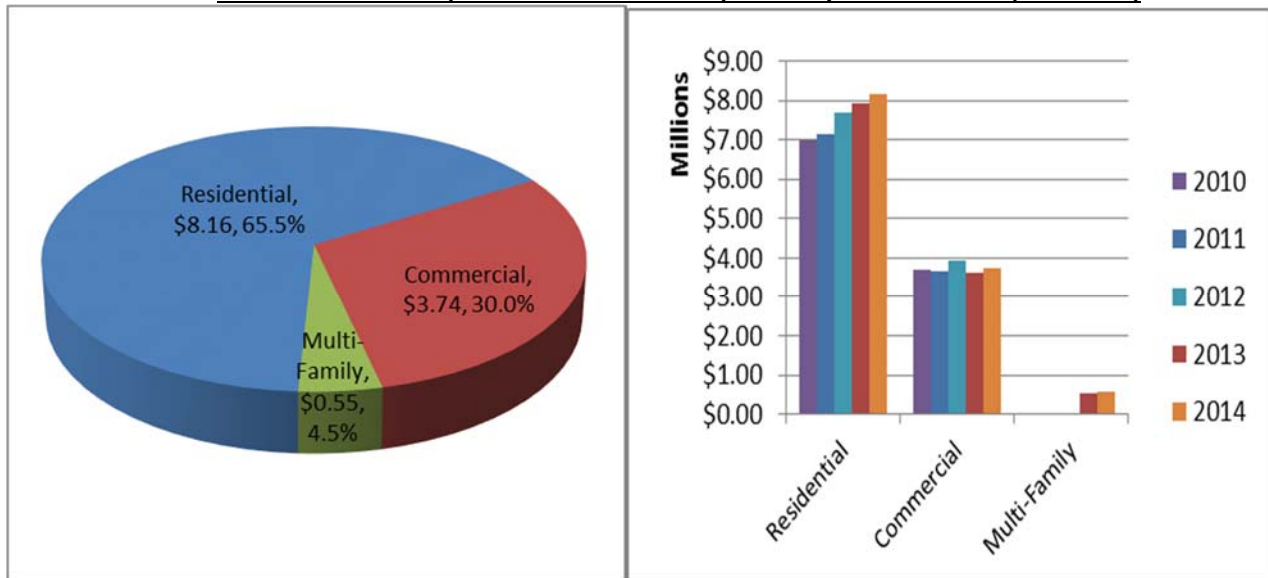
of this business environment on rates and its financial position with the goals of meeting its target level reserve, debt service requirements and capital rate-financing objectives.

Water Fund activities generated a net position increase of \$3.25 million in 2014. Operating income was \$2.8 million. When compared to 2013, the water utility experienced an increase in operating income of \$125,354. This improvement was the result of growth in operating revenues of \$644,920 offset by the growth in operating expenses of \$519,564. The net expense as a result of non-operating activity (\$764K) in 2014 decreased. Interest expense, the bulk of this category, also was lower in 2014 than 2013. In 2014, the utility recognized capital contributions of \$1.59 million. Over half of these contributions were generated by private sources, valued at \$937K. This addition reflects the fair market value of capital improvements that were built, and funded privately, and subsequently gifted to the City, once placed in service. Donated capital is recognized as development is completed and accepted by the City. Therefore, the timing of the corresponding accounting activity recording the acceptance is variable. As compared to 2013 activity, the private donations of developed capital decreased by 22% or \$278K less than recognized in 2013. The remaining capital contribution revenue is tied to new service requests that result in facilities fees charged to the owner. The facilities fee revenue for 2014 decreased as compared to 2013, by \$210,234, or 24%. The utility transferred out \$20K in support of a multi-year cost sharing effort to install fiber optic cable backbone. Final installation of a fiber optic network will benefit the water utility's communication system. This effort continues in 2015. Finally, it was necessary to make a prior period adjustment in 2014 of \$354K. Based upon a review of assets recognized, this portion of assets (.42% of total depreciable assets) was deemed non capital in nature.

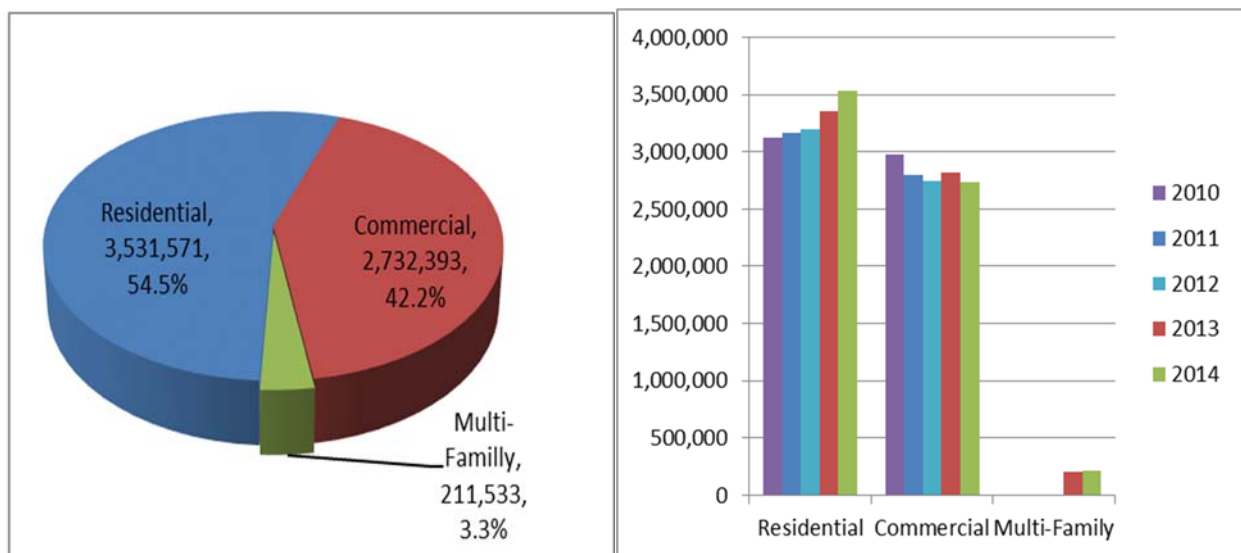
The water utility's operating revenues increased \$644,920 in 2014. Of this increase, \$375,160 is from potable water sales to metered water services. There was no rate change in these classes of service revenue for 2014. Consequently, the change is tied to the growth in customers and water sales. The remaining revenue improvement over 2013, came from a combination of sales to irrigation district customers (\$37,870); sales of water through intertie agreements (\$242,530); charges initiated with a service agreement (\$-11,350); and late payment penalties (\$710).

When comparing the sales of metered, potable water across the classes of customers, revenue for 2014 was \$375K greater than earnings of 2013. Among the three classes of service, the increase was a result of greater revenues in residential (67.4%), commercial (28.7%) and multi-family (3.9%) service revenue. For 2014, there was no change in these rates or their structure. A study of revenue requirements was performed during 2014. Based upon the study's findings, City Council approved a six percent rate increase effective on April 2015 billings at the December 16 council meeting.

Water revenues-composition and annual comparison by customer class (in millions)



Water consumption-composition and annual comparison by customer class (in hundreds of cubic feet):



In 2014, the operating expenses of the City's Water utility increased \$519,500 when compared to 2013. Salaries and related expenses increased approximately 1.8% or \$ 42,400. The maintenance and operations expenses increased \$66,560 or 2% in 2014. The increases in maintenance and operations were primarily recorded in the cost of supplies (\$82,900) and utilities (\$87,310) expenses. Those increases, however, were offset by reduced expenditures tied to services (\$-120,825) and interfund services (\$-25,225). The cost of supplies, as well as utilities services, are outside the control of the utility. As implied by the title, other service expenditures are driven by events that require outside input to the utility. For example, repairs to equipment or payment for a license or permit. Often times an event, like the failure of a piece of equipment, necessitates such expenditures. The cessation of a service agreement that supported

transition of a large irrigation system to the City's sole control ended in 2014 accounting for savings in the service type expenses of \$75,000. Remaining reduction in 2014 in the services expense were a function of timing and circumstance.

The administrative and general expenses of the City decreased \$10,550. The internal service work the utility supported decreased by \$84,100 as compared to 2014. This cost is a function of the work effort supplied by other City departments in support of the water utility performance. Outside service work for administrative purposes included primarily insurance coverage and consultant agreements. The insurance cost for 2014 increased by \$13,100. The cost of consultant services increased by \$35,125. Finally, an increase (\$35k) in the recognition of bad debt expense completes the change in the administrative and general cost category. During 2014, an analysis of billings and write offs was completed that resulted a change to more accurately reflect write offs related to utility billings.

Tax expense increased in 2014. As with most years, an increase in revenue translated into a larger tax expense. Unlike previous years, a change was made in the revenue base used in the City's utility tax calculation causing more revenue to be included as taxable, and consequently, and increase in taxes.

In 2014, the utility made the following investments in its capital infrastructure:

- As in past years, a substantial portion of the water utility's planned rate financed capital improvements was dedicated to the Distribution System Repair and Replacement program. Based upon a review of system condition, the utility has planned annual improvements to the existing water system. For 2014, the total spending on these improvements was \$774,000.
- The current water treatment capacity of the utility is sufficient. However, in an effort to prepare for future needs, the utility initiated a project in 2014 to identify a future water treatment plant site. The City has planned, in partnership with neighboring cities of West Richland and Kennewick, to jointly develop a water treatment plant. As a first step toward this end, a capital improvement plan project for site acquisition was developed. The City's portion of projected cost of acquisition is \$1.16 million. In 2014, \$1,066 was expended toward this effort.

The debt of the water and sewer utilities, comprise a large portion, nearly \$45.2 million or 43.2%, of all revenue debt and 31.3% of all City long-term borrowing. The water utility debt equals \$29.9 million, or 20.7% of all City long-term debt. The debt of the water utility is comprised of bonded debt, Public Works Trust Fund Loans, and State Safe Drinking Water Revolving Fund loans. The Public Works Trust Fund and Safe Drinking Water Revolving Fund loans are issued at a coveted, below-market interest rate. To take advantage of favorable bond market conditions, the utility refunded existing debt in 2014. The utility's net present value savings of the refunding equaled \$934K.

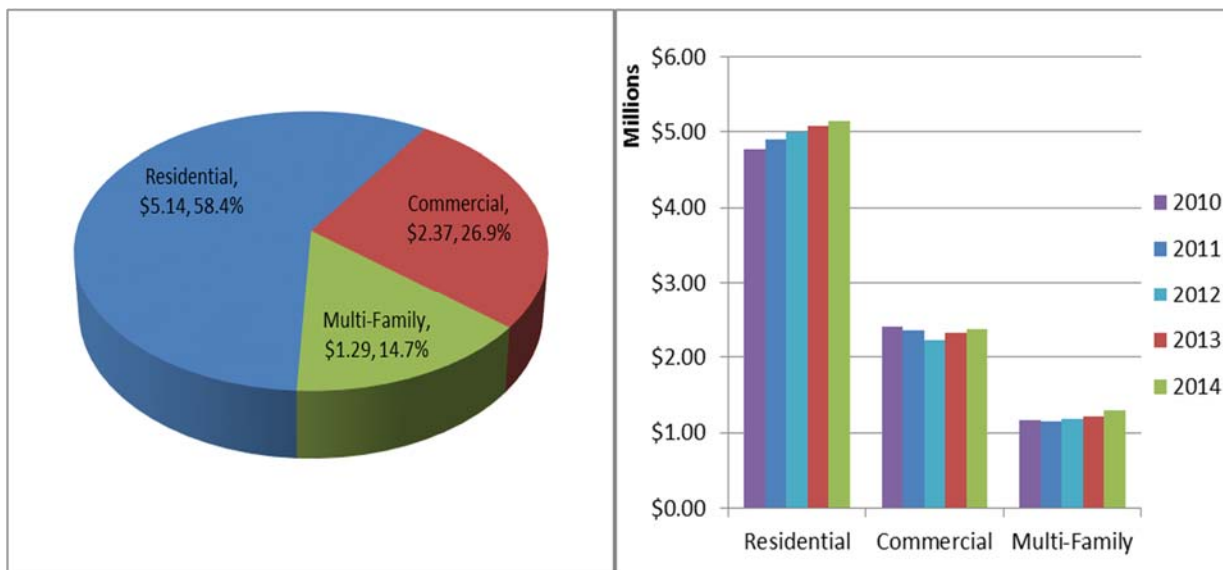
Also, similar to the electric utility, the water utility is required to reserve a portion of its unrestricted net position, related to the downgraded rating of its bond insurers. The water utility has adhered to this requirement and restricted \$1.39 million, as evidenced on the utility's balance sheet. The financial strength of the combined water and sewer utility was assessed by Standard & Poor's and rated AA in July 2014.

Sewer Fund activities increased its net position by \$1.36 million. When compared to 2013, the utility

recognized a small increase in operating income of \$7.1K. Total operating income was \$1.26 million. This small improvement was the result of growth in operating revenues of \$185,600, offset by the growth in operating expenses of \$178,500. Interest earnings, which contribute to the non-operating activity, improved in 2014 as compared to 2013. As a whole, net non-operating (\$681K) expenses decreased as compared to 2013. In 2014, the utility recognized capital contributions of \$866K. Of this addition, \$276K reflects the value of a portion of capital improvements that were built and funded by private development, and subsequently gifted to the City once placed in service. Private donations of developed capital decreased significantly; lower by \$510K. Donated capital is recognized as development is as completed and accepted by the City. Therefore, the timing of the accounting activity recording the acceptance varies. The remaining capital contribution revenue, \$590K, is tied to new utility service requests that result in facilities fee charges to the owner. Development revenues tied to new service requests, however, increased a small amount (\$25K) as compared to 2013. As with the water utility, a small amount of previously recorded items were removed from capital assets. For the sewer fund, the value removed, \$81K, represents 0.1% of depreciable assets.

The sewer utility's most recent rate change was effective the first billing of 2010. Therefore, any increase in residential revenue is directly tied to customer growth. In 2014, residential revenue increased \$66,700, or 1.3%, over the 2013 total. For the commercial and multifamily classes of service, water consumption is a component in the calculation of the bill. Revenue from the commercial class of customers was greater in 2014 by \$51,000, or 2.2%. This increase was a function of both an increase in customers and a growth in usage charges. Similarly, in the multifamily class of service category, both the base revenue tied to number of units served, and the consumption driven revenue increased over 2013 totals. Sales to the multifamily class of service in 2014 increased \$69,000, or 5.6%, over the 2013 total.

Sewer revenues-composition and annual comparison by customer class (in millions):



In 2014, the operating expenses of the City's sewer utility increased \$178,500 when compared to 2013. The maintenance and operations expenses decreased \$11,130 or 0.3% in 2014. Salaries and related expenses increased 2.0% or \$ 50,650. This change is a function of budgeted salary increases. The remaining

increases in maintenance and operations were primarily recorded in the cost of supplies (\$82,300), utilities (\$5,200) and services supplied by other City departments (\$42,900). The internal service work included repairs to fleet vehicles and electrical work undertaken at the sewer treatment plant. Decreased expenses tied to outside services supplied (\$-48,900) and large maintenance work (\$-143,280) helped to offset the increase in other operations and maintenance costs.

The administrative and general expenses of the City's sewer utility decreased \$4,530. The internal service work the utility supported decreased by \$31,085 as compared to 2014. This cost is a function of the work effort supplied by other City departments in support of the sewer utility performance. Examples of the internal services included are customer service, information systems, engineering services and City-wide administrative support. Privately supplied service work for administrative purposes included primarily insurance coverage and consultant agreements. The insurance cost for 2014 decreased by \$8,260. The cost of consultant services increased by approximately \$21K. Consulting services increased as a result of work being undertaken to update the sewer utility's comprehensive plan. Finally, an increase (\$14k) in the recognition of bad debt expense completes the change in the administrative and general cost category. During 2014, an analysis of billings and write offs was completed that resulted in a change to more accurately reflect write offs related to utility billing receivables.

Tax expense increased in 2014 by \$121,650. As with most years, an increase in revenue translated into a larger tax expense. Unlike previous years, a change was made in the revenue base used in the City's utility tax calculation causing more revenue to be included as taxable, and consequently, an increase in taxes.

Depreciation expense increased in 2014, by \$72,460, over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2014, the utility made the following investments in its capital infrastructure:

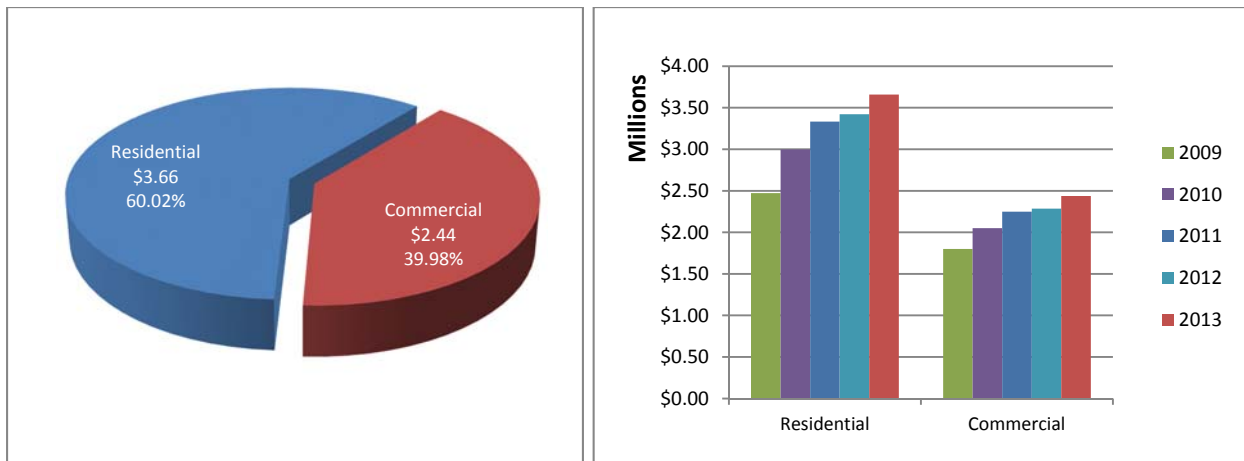
- The need to replace aging infrastructure exists for the sewer utility. For years, the sewer utility has been committed to repairing deteriorated main lines. The sewer utility funds these repairs through its rate revenues, avoiding interest expenses associated with debt funding. In 2014, \$574,000 was spent toward these efforts.
- Construction was undertaken to improve the solids handling and dewatering process equipment at the Wastewater Treatment Facility. Total budgeted cost of the project is \$2.8 million. In 2014, the utility recorded \$204K in construction work in progress toward this project. The project funding is half rate revenues and half facility fees.

The sewer utility debt equals \$15.3 million, or 10.3% of all City long-term debt. The debt of the utility is comprised of bonded debt and an American Recovery and Reinvestment Act loan. The sewer utility has complied with bond covenant requirements and restricted \$897K toward a debt service reserve account. To take advantage of favorable bond market conditions, the utility refunded existing debt in 2014. The utility's net present value savings of the refunding equaled \$724K. The financial strength of the combined water and sewer utility was assessed by Standard & Poor's and rated AA in July 2014.

Solid Waste Fund decreased its net position by \$1.55 million in 2014. Had it not be necessary to record a prior period adjustment valued at \$1.6 million, the fund would have recorded an improvement to their

net position. The effect of the prior period adjustment was to reduce capital assets for prior years' costs, which had been capitalized, but upon review did not meet the requirements for capitalization. The utility reported an operating income of \$219,600 for 2014. This value represents an improvement of \$86,700 over the 2013 operating income. While operating expenses increased, the growth in expenses was slight, increasing over 2013 totals by \$4K. Residential and commercial collection revenue increased by almost 2.1% or \$133,600, landfill disposal revenue decreased by 8.1% or \$72,705, and drop box revenues increased by 3.9% or \$30,300, when compared to 2013. Other operating income decreased a small amount, only down by \$550.

Solid Waste revenues-composition and annual comparison by customer class (in millions):



Operating expenses increased \$4,042 when compared to 2013. Salaries and benefits costs decreased \$29,300. While there was an increase in payroll costs for employees as a whole, vacant positions resulted in overall employee cost savings. Supplies cost increased by \$158,000. The majority of this change (\$143,500) was the result of treating purchases of materials as an expense. In previous years', the costs were mistakenly capitalized. In 2014, the material purchases were accurately recorded as an expense of the utility. Services decreased \$49,700. Among the many types of service expenses for the solid waste utility, the items of note were equipment rental expense reduction (\$256K), an increase in consulting services pertaining to permitting of a new landfill cell (\$102K), and recognition of expenses previously offset against closure activity (\$110K). Equipment rental costs are anticipated to remain small and infrequent. Remaining budgeted expenditure to complete the new landfill cell permitting effort is \$57,500. The cost increase previously assessed against landfill closure will continue. Administrative expenses for 2014 decreased \$225,400. Interfund services expenses decreased \$28,600. An accrual for landfill closure expense was reassigned as a non-operating expense (\$215,200) from administrative and general expenses. Landfill closure surcharges revenue is recorded as a non-operating revenue. Insurance, outside service provided, and bad debt expense increased approximately \$18,400. As with the water and sewer utilities, the bad debt expense change was the outcome of assessment of collection history. The remaining increased expenses were of a one-time nature and not anticipated to repeat. Finally, depreciation expense decreased in 2014 (\$148K), this decrease was the result of removal of items from the asset list that were deemed as not meeting capitalization standards.

Non-operating activity in 2014 decreased as compared to the previous year. All other non-operating

activity decreased \$615,700. In 2013, the utility was the recipient of the inflow of capital support from outside sources netting \$420K. No such funding was received in 2014. Additionally, the cost of the landfill closure accrual was recorded as a non-operating expense resulting in a change from 2013 to 2014 of \$170,700. The remaining reduction is the result of natural variances between numerous small revenue sources. The cumulative effect of these small changes equals approximately \$25K.

In 2014, the utility made the following investment in its capital infrastructure:

- While initiated in 2012, an additional \$102,400 was spent in 2014 toward the planning efforts for the future utilization of the next landfill cell continued. Preliminary engineering design, environmental review and permit application preparation required to obtain regulatory approval of the next cell is anticipated to be completed in 2015.

The long term debt of the solid waste Fund includes \$620,000 of LTGO bonds and the estimated liability for landfill closure, in the amount of \$5.545 million. The combined total of this debt is the equivalent of 4.2% of all City long-term debt. The utility has no plans to issue any additional long-term debt in the coming year.

ECONOMIC OUTLOOK

Richland's economy is strong, with plenty of activity in construction and retail leading to increased sales tax revenues. The continued rebound of the national economy has given rise to increases in agriculture and commercial construction, including construction of the nation's largest automated cold-storage facility in the Horn Rapids Industrial Park. Unemployment decreased slightly from late 2013 through early 2015. Other economic factors, such as housing prices and population have both increased. Early 2015 revenue indicators are running at or slightly above 2014 levels.

The City expects modest growth through 2015 and unemployment has been in decline since the end of 2012. Loosening of commercial financing is leading to increased construction, including a boom in Richland's retail centers. The Queensgate area continues to be an area of strong growth. Ground has been broken on several new restaurants, and permits have been issued for a movie theater, an amenity that Richland has been without for several years. Home building remains strong throughout north and south Richland, and construction is under way in the Badger Mountain South area. Washington State University (WSU) has completed construction of a Wine Science Center on their Richland campus, a partnership between the region's wine grape producers, the State of Washington and WSU. Central Richland remains buoyed by investments made by Kadlec Regional Medical Center, which completed construction on a 62,200 square foot medical office building, and now has a four-story expansion of its River Pavilion patient tower underway. Richland's Local Revitalization Financing efforts continue to pay off, resulting in the aforementioned automated cold storage facility, as well as the beginning of construction on a rail loop large enough to serve "unit trains" that stretch up to a mile long. Richland will continue to recruit primary sector job growth, primarily focused in energy, technology and agricultural processing, which in turn further diversifies the economy from the reliance on federal spending.







BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements



CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District	Wine Science Center Public Development Authority
ASSETS					
<i>Current:</i>					
Cash and cash equivalents	\$ 23,784,656	\$ 12,992,940	\$ 36,777,596	\$ 837,925	\$ 97,910
Deposits with third parties	187,025	11,575	198,600		
Investments	16,469,867	9,250,312	25,720,179		
Receivables:					
Taxes	293,101		293,101		
Customer accounts, net	831,899	7,930,043	8,761,942	5,490	
Due from other governments	3,676,898	371,311	4,048,209	187,576	
Assessments	271,392		271,392		
Notes and contracts	2,721,192	100,000	2,821,192		
Internal balances	3,101,761	(3,101,761)			
Prepaid items	173,485	24,251	197,736		
Inventory	174,218	4,543,791	4,718,009	6,295	
Total current assets	51,685,494	32,122,462	83,807,956	1,037,286	97,910
<i>Noncurrent:</i>					
Restricted cash and cash equivalents		6,171,048	6,171,048	250,000	
Restricted investments		13,651,237	13,651,237		
Investment in joint ventures	3,391,598		3,391,598		
Capital:					
Land	6,618,712	8,422,776	15,041,488		
Depreciable assets (net)	41,248,522	31,794,083	73,042,605	9,326,325	
Infrastructure	53,439,398	204,022,838	257,462,236	2,767,408	
Construction in progress	9,213,687	8,469,531	17,683,218		
Total capital assets (net)	110,520,319	252,709,228	363,229,547	12,093,733	
Total noncurrent assets	113,911,917	272,531,513	386,443,430	12,343,733	
Total assets	165,597,411	304,653,975	470,251,386	13,381,019	97,910
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding		1,200,609	1,200,609		
Deferred charges - other		38,900	38,900		
Total deferred outflows of resources		1,239,509	1,239,509		
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued expenses	3,055,254	5,632,554	8,687,808	327,958	
Payable to other governments	1,391,349	34,724	1,426,073		
Deposits payable	271,500	761,686	1,033,186		
Compensated absences-current	1,603,472	1,014,761	2,618,233		
Claims and judgments-current	2,628,025		2,628,025		
Notes and contracts payable-current	88,221	1,317,442	1,405,663		
General obligation bonds payable-current	3,055,000	285,000	3,340,000	230,000	
Revenue bonds payable-current		5,489,999	5,489,999		
Total current liabilities	12,092,821	14,536,166	26,628,987	557,958	
<i>Noncurrent liabilities:</i>					
Compensated absences	1,603,472	1,014,761	2,618,233		
Notes and contracts payable	621,546	11,271,224	11,892,770		
General obligation bonds payable	36,864,336	6,696,593	43,560,929	5,280,000	
Revenue bonds payable		83,867,839	83,867,839		
Unearned revenue-other	809,640	1,957,020	2,766,660		
Net pension obligation	4,442,736		4,442,736		
Net OPEB obligation	5,232,025		5,232,025		
Landfill closure liability		5,545,778	5,545,778		
Total noncurrent liabilities	49,573,755	110,353,215	159,926,970	5,280,000	
Total liabilities	61,666,576	124,889,381	186,555,957	5,837,958	
DEFERRED INFLOWS OF RESOURCES					
Deferred transfer of service concession arrangement capital assets	1,118,800		1,118,800		
Deferred charges		38,900	38,900		
Total deferred inflows of resources	1,118,800	38,900	1,157,700		
NET POSITION					
Net investment in capital assets	77,393,420	146,876,162	224,269,582	6,583,733	
Restricted for:					
Debt service	202,749	7,635,939	7,838,688	250,000	
Capital improvements	4,345,266	6,483,858	10,829,124	63,624	
Public Safety	129,364		129,364		
Economic Environment	9,113,911		9,113,911		
Other Purposes	193,218		193,218		
Unrestricted	11,434,107	19,969,244	31,403,351	645,704	97,910
Total net position	\$ 102,812,035	\$ 180,965,203	\$ 283,777,238	\$ 7,543,061	\$ 97,910

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Activities
 For the Year Ended December 31, 2014

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			COMPONENT UNITS	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Richland Public Facilities District	Wine Science Center Public Development Authority	
					Governmental Activities	Business-type Activities		Total	
<i>Primary Government:</i>									
Governmental Activities:									
Judicial	\$ 685,091	\$ 769,654	\$	\$	\$ 84,563	\$	\$ 84,563		
General government	14,389,809	6,761,340			(7,628,469)		(7,628,469)		
Public safety	24,966,795	259,832	141,684		(24,565,279)		(24,565,279)		
Physical environment	239,111	55,542	6,725		(176,844)		(176,844)		
Transportation	11,719,930	831,610		1,736,470	(9,151,850)		(9,151,850)		
Health and human services	8,742	68,991	454,486		514,735		514,735		
Economic environment	9,544,697	3,071,528	837,965	3,513,666	(2,121,538)		(2,121,538)		
Culture and recreation	11,051,111	895,685		46,018	(10,109,408)		(10,109,408)		
Interest on long-term debt	1,583,907				(1,583,907)		(1,583,907)		
Total governmental activities	74,189,193	12,714,182	1,440,860	5,296,154	(54,737,997)		(54,737,997)		
Business-Type Activities:									
Electric	54,489,969	57,340,303		1,824,648		4,674,982	4,674,982		
Water	10,332,007	13,902,732		1,587,251		5,157,976	5,157,976		
Sewer	7,493,696	8,962,953		865,860		2,335,117	2,335,117		
Solid waste	6,930,515	7,712,288		217,410		999,183	999,183		
Stormwater	1,343,853	2,303,127		387,392		1,346,666	1,346,666		
Golf course	1,596,480	1,555,413				(41,067)	(41,067)		
Medical services	3,363,682	3,282,576				(81,106)	(81,106)		
Broadband	175,358	240,000	204,324			268,966	268,966		
Total business-type activities	85,725,560	95,299,392	204,324	4,882,561		14,660,717	14,660,717		
Total primary government	\$ 159,914,753	\$ 108,013,574	\$ 1,645,184	\$ 10,178,715	(54,737,997)	14,660,717	(40,077,280)		
<i>Component Unit:</i>									
Richland Public Facilities District	\$ 889,864	\$ 291,170	\$ 218,455	\$ 5,037,696			\$ 4,657,457	\$	
Wine Science Center Public Development Authority	880								(880)
	\$ 890,744	\$ 291,170	\$ 218,455	\$ 5,037,696			4,657,457		(880)
GENERAL REVENUES:									
Property taxes					15,622,185		15,622,185		
Sales taxes					10,991,080		10,991,080		
Utility Occupation taxes (non-City utilities)					3,952,587		3,952,587		
Other taxes					4,847,975		4,847,975	453,769	
Investment earnings					564,215	414,790	979,005	14,346	1,211
Disposition of capital assets					3,714,337		3,714,337		
Miscellaneous					1,232,707		1,232,707		
Transfers					7,073,433	(7,073,433)			
Total general revenues and transfers					47,998,519	(6,658,643)	41,339,876	468,115	1,211
Change in net position					(6,739,478)	8,002,074	1,262,596	5,125,572	331
Net position-beginning					110,337,794	174,039,647	284,377,441	2,417,489	97,579
Prior period adjustments					(786,281)	(1,076,518)	(1,862,799)		
Net position-ending					\$ 102,812,035	\$ 180,965,203	\$ 283,777,238	\$ 7,543,061	\$ 97,910

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



BASIC FINANCIAL STATEMENTS

Fund Financial Statements

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,495,627	\$ 417,673	\$ 15,613,211	\$ 18,526,511
Deposits with third parties	11,425	2,000	98,600	112,025
Investments	4,878,995	151,498	3,910,008	8,940,501
Receivables:				
Taxes	258,341		34,760	293,101
Customer accounts	671,575	22,508	48,924	743,007
Due from other funds			2,278	2,278
Due from other governments	2,126,131	84,442	1,466,325	3,676,898
Assessments			271,392	271,392
Interfund loans	2,283,103			2,283,103
Notes and contracts			2,721,192	2,721,192
Prepaid items	85,404		1,060	86,464
Inventory		67,239		67,239
Total assets	<u>\$ 12,810,601</u>	<u>\$ 745,360</u>	<u>\$ 24,167,750</u>	<u>\$ 37,723,711</u>
LIABILITIES				
<i>Liabilities:</i>				
Accounts payable and accrued expenses	\$ 1,105,738	\$ 13,123	\$ 1,475,409	\$ 2,594,270
Payable to other governments	512,448		791,615	1,304,063
Due to other funds			69,645	69,645
Interfund loans payable			148,260	148,260
Deposits payable	1,000		270,500	271,500
Unearned revenue-other			809,640	809,640
Total liabilities	<u>1,619,186</u>	<u>13,123</u>	<u>3,565,069</u>	<u>5,197,378</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	204,333		27,493	231,826
Unavailable revenue-unbilled LID assessments			271,392	271,392
Total deferred inflows of resources	<u>204,333</u>		<u>298,885</u>	<u>503,218</u>
FUND BALANCES (DEFICITS):				
<i>Nonspendable:</i>				
Inventory, prepaid items and noncurrent receivables	2,368,507	67,239		2,435,746
Contractually maintained deposits	11,425	2,000		13,425
<i>Restricted for:</i>				
Debt Service			202,749	202,749
Capital Improvements	64,047		4,281,219	4,345,266
Transportation		354,841		354,841
Public Safety			129,364	129,364
Economic Environment	18,651		9,095,260	9,113,911
Other Purposes	193,218			193,218
<i>Committed for:</i>				
Debt Service			672,676	672,676
Capital Improvements	677,524		2,401,648	3,079,172
Public Safety	244,392			244,392
Economic Environment	180,729		1,550,558	1,731,287
<i>Assigned to:</i>				
Debt Service			1,933,738	1,933,738
Public Safety	100,367			100,367
Transportation		308,157		308,157
Culture and Recreation	136,337		96,442	232,779
Unassigned	6,991,885		(59,858)	6,932,027
Total fund balances	<u>10,987,082</u>	<u>732,237</u>	<u>20,303,796</u>	<u>32,023,115</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,810,601</u>	<u>\$ 745,360</u>	<u>\$ 24,167,750</u>	<u>\$ 37,723,711</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Reconciliation of Governmental Fund Balance to
the Net Position of Governmental Activities
December 31, 2014

Total fund balances - governmental funds \$ 32,023,115

Amount reported as Net Position for governmental activities in the Statement of Net Position differs because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund. They are reported in the government-wide statements, net of accumulated depreciation: 110,520,319

The focus of governmental funds is on short-term financing. Long-term assets are deferred or not reported in the funds. They consist of the following:

Investment in joint venture	\$ 3,391,598	
Notes and contracts and taxes receivable offset by deferred inflows of resources	<u>503,218</u>	3,894,816

Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. They consist of the following:

General obligation bonds	(38,985,000)	
Net premium/discount	(934,336)	
Other general government debt	(671,467)	
Net pension liability	(4,442,736)	
Compensated absences	(3,206,944)	
Accrued interest payable	<u>(140,006)</u>	(48,380,489)

Deferred inflow of resources (ORV Park assets) related to service concession arrangement (1,118,800)

Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in the governmental and business-type activities in the statement of net position based on which activity they predominantly serve. For governmental activities they consist of the following:

Net position	4,831,396	
Internal payable representing charges in excess of cost to business-type activities: prior years	898,995	
Internal payable representing charges in excess of cost to business-type activities: current year	<u>142,683</u>	5,873,074

Net position of governmental activities \$ 102,812,035

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 35,779,590	\$ 155,549	\$ 6,042,831	\$ 41,977,970
Licenses and permits	2,599,993			2,599,993
Intergovernmental	1,051,251	822,630	6,270,237	8,144,118
Charges for goods and services	6,397,875	335,078	971,169	7,704,122
Fines and forfeits	817,539	225		817,764
Investment earnings	180,730	21,608	103,677	306,015
Rents and leases	179,908		537,504	717,412
Miscellaneous	302,655	35,802	515,698	854,155
Total revenues	<u>47,309,541</u>	<u>1,370,892</u>	<u>14,441,116</u>	<u>63,121,549</u>
EXPENDITURES				
<i>Current:</i>				
Judicial	685,091			685,091
General government	13,726,414		2,842	13,729,256
Public safety	18,986,726			18,986,726
Physical environment	239,111			239,111
Transportation		2,210,204	1,127,947	3,338,151
Health and human services	8,742			8,742
Economic environment	2,683,856		6,276,208	8,960,064
Culture and recreation	5,776,465		73,708	5,850,173
<i>Debt service:</i>				
Principal	465,000		2,714,431	3,179,431
Interest	268,581		1,380,915	1,649,496
Other			4,856	4,856
<i>Capital Outlay:</i>				
General government	542,084			542,084
Public safety	6,131		757,906	764,037
Transportation		6,926	4,844,750	4,851,676
Economic environment			651,117	651,117
Culture and recreation	281,760		1,391,949	1,673,709
Total expenditures	<u>43,669,961</u>	<u>2,217,130</u>	<u>19,226,629</u>	<u>65,113,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,639,580</u>	<u>(846,238)</u>	<u>(4,785,513)</u>	<u>(1,992,171)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,823,925	1,060,121	5,508,148	8,392,194
Transfers out	(2,785,679)		(6,469,043)	(9,254,722)
Debt issued			3,355,000	3,355,000
Premium on general obligation debt			123,353	123,353
Disposition of capital assets	2,705	4,343	3,707,289	3,714,337
Total other financing sources (uses)	<u>(959,049)</u>	<u>1,064,464</u>	<u>6,224,747</u>	<u>6,330,162</u>
Net change in fund balance	2,680,531	218,226	1,439,234	4,337,991
Fund balances-beginning	9,092,832	514,011	18,864,562	28,471,405
Prior period adjustment	(786,281)			(786,281)
Fund balances-ending	<u>\$ 10,987,082</u>	<u>\$ 732,237</u>	<u>\$ 20,303,796</u>	<u>\$ 32,023,115</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Reconciliation of the Change in Governmental Fund Balances to
the Change in Net Position of Governmental Activities
For the Year Ended December 31, 2014

Net changes in fund balances of governmental funds: \$ 4,337,991

Amount reported for governmental activities in the Statement of Activities differs because:

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of assets are allocated over the useful life of the asset as depreciation expense. The following depicts the changes to capital assets:

Capital outlays	\$ 8,482,623	
Depreciation	(11,031,282)	
Disposal of capital assets	(3,948,112)	
Donated capital assets received	<u>1,232,707</u>	
Net effect of capital transactions		(5,264,064)

The issuance and repayment of long-term liabilities are reported as resources and uses, respectively, of current financial resources in governmental funds. In the statement of net position, however, neither of these transactions impact net position. Also, in governmental funds, the effect of premiums or discounts and similar items are reported as resources or uses of current financial resources when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities. The following details the net change in long-term debt as reflected in government-wide reporting:

General obligation debt issued	(3,355,000)	
Premium on general obligation debt	(123,353)	
Principal repayment	3,179,431	
Amortization of premiums/discounts	<u>67,633</u>	
Net effect of long-term debt transactions		(231,289)

Certain revenues and expenses in the statement of activities do not provide or use current financial resources and are therefore not reported as revenues or expenditures in the governmental funds. The following details those:

Revenues:

Change in earned revenue reported as deferred in the funds		(14,550)
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Expenses:

Change in the City's investment in joint venture	(1,045,478)	
Change in the City's net pension obligation	(4,687,913)	
Change in accrued interest payable	2,812	
Change in compensated absences	<u>(58,653)</u>	
Total Expenses		(5,789,232)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of most of these activities is reported within governmental funds as follows:

Change in net position	78,983	
Internal payable representing charges in excess of cost to governmental activities-current year	<u>142,683</u>	
		<u>221,666</u>

Change in net position of governmental activities \$ (6,739,478)

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
REVENUES				
Taxes	\$ 33,444,515	\$ 35,133,187	\$ 35,779,590	\$ 646,403
Licenses and permits	2,403,200	2,407,275	2,599,993	192,718
Intergovernmental	1,035,719	1,070,541	1,051,251	(19,290)
Charges for goods and services	6,723,244	5,806,424	6,397,875	591,451
Fines and forfeits	905,850	935,850	817,539	(118,311)
Investment earnings	136,200	136,200	180,730	44,530
Rents and leases	138,643	138,758	179,908	41,150
Miscellaneous	905,050	255,537	302,655	47,118
Total revenues	<u>45,692,421</u>	<u>45,883,772</u>	<u>47,309,541</u>	<u>1,425,769</u>
EXPENDITURES				
<i>Current:</i>				
Judicial	700,000	720,000	685,091	(34,909)
General government	13,808,977	14,036,189	13,726,414	(309,775)
Public safety	19,873,356	19,434,582	18,986,726	(447,856)
Physical environment	245,529	245,529	239,111	(6,418)
Health and human services	12,000	12,000	8,742	(3,258)
Economic environment	2,580,627	3,031,202	2,683,856	(347,346)
Culture and recreation	7,094,736	6,977,105	5,776,465	(1,200,640)
<i>Debt service:</i>				
Principal	715,000	465,000	465,000	
Interest	269,553	268,303	268,581	278
<i>Capital Outlay:</i>				
General government	6,052,503	1,688,094	542,084	(1,146,010)
Public safety		45,572	6,131	(39,441)
Culture and recreation	10,000	10,000	281,760	271,760
Total expenditures	<u>51,362,281</u>	<u>46,933,576</u>	<u>43,669,961</u>	<u>(3,263,615)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,669,860)</u>	<u>(1,049,804)</u>	<u>3,639,580</u>	<u>4,689,384</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,393,959	1,823,925	1,823,925	
Transfers out	(2,970,657)	(2,713,417)	(2,785,679)	(72,262)
Debt issued	3,535,140			
Disposition of capital assets			2,705	2,705
Total other financing sources (uses)	<u>2,958,442</u>	<u>(889,492)</u>	<u>(959,049)</u>	<u>(69,557)</u>
Net change in fund balance	(2,711,418)	(1,939,296)	2,680,531	4,619,827
Fund balances-beginning	9,092,832	9,092,832	9,092,832	
Prior period adjustment			(786,281)	(786,281)
Fund balances-ending	<u>\$ 6,381,414</u>	<u>\$ 7,153,536</u>	<u>\$ 10,987,082</u>	<u>\$ 3,833,546</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual
Streets Fund
For the Year Ended December 31, 2014

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
REVENUES				
Taxes	\$ 605,600	\$ 638,054	\$ 155,549	\$ (482,505)
Intergovernmental	1,033,000	11,601,932	822,630	(10,779,302)
Charges for goods and services	705,000	705,000	335,078	(369,922)
Fines and forfeits			225	225
Investment earnings	20,000	10,000	21,608	11,608
Miscellaneous	35,486	204,486	35,802	(168,684)
Total revenues	<u>2,399,086</u>	<u>13,159,472</u>	<u>1,370,892</u>	<u>(11,788,580)</u>
EXPENDITURES				
<i>Current:</i>				
Transportation	2,292,394	2,371,860	2,210,204	(161,656)
<i>Capital Outlay:</i>				
Transportation	1,271,063	16,672,129	6,926	(16,665,203)
Culture and recreation		705,884		(705,884)
Total expenditures	<u>3,563,457</u>	<u>19,749,873</u>	<u>2,217,130</u>	<u>(17,532,743)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,164,371)</u>	<u>(6,590,401)</u>	<u>(846,238)</u>	<u>5,744,163</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,427,155	6,048,145	1,060,121	(4,988,024)
Transfers out		(66,144)		66,144
Debt issued		400,000		(400,000)
Disposition of capital assets		11,433	4,343	(7,090)
Total other financing sources (uses)	<u>1,427,155</u>	<u>6,393,434</u>	<u>1,064,464</u>	<u>(5,328,970)</u>
Net change in fund balance	262,784	(196,967)	218,226	415,193
Fund balances-beginning	514,011	514,011	514,011	
Fund balances-ending	<u>\$ 776,795</u>	<u>\$ 317,044</u>	<u>\$ 732,237</u>	<u>\$ 415,193</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
Proprietary Funds
December 31, 2014

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS							
<i>Current:</i>							
Cash and cash equivalents	\$ 7,605,792	\$ 419,729	\$ 472,216	\$ 899,231	\$ 2,038,979	\$ 11,435,947	\$ 6,815,138
Deposits with third parties	1,900	5,775	2,650	1,050		11,375	75,200
Investments		2,488,511	3,868,340	43,582	1,003,526	7,403,959	9,375,719
Receivables:							
Customer accounts (net)	5,708,759	572,471	532,189	609,173	507,056	7,929,648	89,287
Due from other funds		3,890				3,890	146,332
Due from other governments				20,534	345,916	366,450	4,861
Interfund loans							121,740
Notes and contracts					100,000	100,000	
Prepaid items	1,816		3,899	8,692	6,386	20,793	90,479
Inventory	4,340,378	118,775	1,098		71,117	4,531,368	119,402
Total current assets	<u>17,658,645</u>	<u>3,609,151</u>	<u>4,880,392</u>	<u>1,582,262</u>	<u>4,072,980</u>	<u>31,803,430</u>	<u>16,838,158</u>
<i>Noncurrent:</i>							
Restricted cash and cash equivalents		2,188,295	1,429,731	2,277,809	275,213	6,171,048	
Restricted investments	7,791,976	2,398,038	1,897,334	1,478,204	85,685	13,651,237	
Receivables:							
Advances to other funds		35,010				35,010	
Capital:							
Land	448,637	5,604		80,500	7,888,035	8,422,776	
Depreciable assets (net)	4,344,739	3,657,818	12,354,029	955,915	1,755,535	23,068,036	8,726,047
Infrastructure	78,515,278	72,191,909	43,724,952	2,349,493	7,241,206	204,022,838	
Construction in progress	7,632,251	128,223	219,972		489,085	8,469,531	
Total capital assets (net)	<u>90,940,905</u>	<u>75,983,554</u>	<u>56,298,953</u>	<u>3,385,908</u>	<u>17,373,861</u>	<u>243,983,181</u>	<u>8,726,047</u>
Total noncurrent assets	<u>98,732,881</u>	<u>80,604,897</u>	<u>59,626,018</u>	<u>7,141,921</u>	<u>17,734,759</u>	<u>263,840,476</u>	<u>8,726,047</u>
Total assets	<u>116,391,526</u>	<u>84,214,048</u>	<u>64,506,410</u>	<u>8,724,183</u>	<u>21,807,739</u>	<u>295,643,906</u>	<u>25,564,205</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on debt refunding	438,857	408,782	316,949	18,187	17,834	1,200,609	
Deferred charges - other					38,900	38,900	
Total deferred outflows of resources	<u>438,857</u>	<u>408,782</u>	<u>316,949</u>	<u>18,187</u>	<u>56,734</u>	<u>1,239,509</u>	
LIABILITIES							
<i>Current liabilities:</i>							
Accounts payable and accrued expenses	4,453,331	277,159	382,266	112,365	285,145	5,510,266	443,266
Payable to other governments				29,420	5,304	34,724	87,286
Due to other funds				836	35,490	36,326	46,529
Interfund loans payable					20,249	20,249	15,483
Deposits payable		27,215	1,934		732,537	761,686	
Compensated absences-current	322,781	141,941	93,280	95,018	130,970	783,990	230,771
Claims and judgments-current							2,628,025
Notes and contracts payable-current		1,216,491	64,162		36,789	1,317,442	
General obligation bonds payable-current				115,000	170,000	285,000	
Revenue bonds payable-current	2,665,000	1,525,936	1,199,063		100,000	5,489,999	
Total current liabilities	<u>7,441,112</u>	<u>3,188,742</u>	<u>1,740,705</u>	<u>352,639</u>	<u>1,516,484</u>	<u>14,239,682</u>	<u>3,451,360</u>
<i>Noncurrent liabilities:</i>							
Advances from other funds					35,010	35,010	
Interfund loans payable					2,284,309	2,284,309	21,378
Compensated absences	322,781	141,941	93,280	95,018	130,970	783,990	230,771
Notes and contracts payable		9,713,082	1,273,547		238,059	11,224,688	
General obligation bonds payable				524,867	6,171,726	6,696,593	
Revenue bonds payable	52,473,379	17,336,167	12,817,884		1,240,409	83,867,839	
Unearned revenue	1,708,727		156,000		92,293	1,957,020	
Net OPEB obligation							5,232,025
Landfill closure liability				5,545,778		5,545,778	
Total noncurrent liabilities	<u>54,504,887</u>	<u>27,191,190</u>	<u>14,340,711</u>	<u>6,165,663</u>	<u>10,192,776</u>	<u>112,395,227</u>	<u>5,484,174</u>
Total liabilities	<u>61,945,999</u>	<u>30,379,932</u>	<u>16,081,416</u>	<u>6,518,302</u>	<u>11,709,260</u>	<u>126,634,909</u>	<u>8,935,534</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred charges - other		38,900				38,900	
Total deferred inflows of resources		<u>38,900</u>				<u>38,900</u>	
NET POSITION							
Net investment in capital assets	37,938,715	46,587,056	41,183,898	2,764,228	9,676,218	138,150,115	8,726,047
Restricted for:							
Debt service	4,511,424	2,060,450	961,176		102,889	7,635,939	
Capital improvements	1,771,285	2,257,642	2,209,889		245,042	6,483,858	
Unrestricted	10,662,960	3,298,850	4,386,980	(540,160)	131,064	17,939,694	7,902,624
Total net position	<u>\$ 54,884,384</u>	<u>\$ 54,203,998</u>	<u>\$ 48,741,943</u>	<u>\$ 2,224,068</u>	<u>\$ 10,155,213</u>	<u>\$ 170,209,606</u>	<u>\$ 16,628,671</u>
Enterprise funds total net position						\$ 170,209,606	
Net position of internal service funds predominantly serving business-type activities						11,797,275	
Internal payable representing charges in excess of cost to governmental activities-prior years						(898,995)	
Internal payable representing charges in excess of cost to governmental activities-current year						(142,683)	
Net position of business-type activities on government-wide Statement of Net Position						<u>\$ 180,965,203</u>	

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
<i>Charges for services:</i>							
Electric	\$ 55,117,201					\$ 55,117,201	
Water		\$ 13,854,380				13,854,380	
Sewer			\$ 8,962,952			8,962,952	
Solid waste				\$ 7,891,794		7,891,794	
Stormwater					\$ 1,841,345	1,841,345	
Golf course					1,555,413	1,555,413	
Medical services					3,275,576	3,275,576	
Broadband					204,324	204,324	
Internal Service Funds							\$ 20,320,309
Other operating revenues	1,605,642					1,605,642	58,028
Total operating revenues	56,722,843	13,854,380	8,962,952	7,891,794	6,876,658	94,308,627	20,378,337
OPERATING EXPENSES							
Maintenance and operations	39,643,714	4,615,015	3,585,385	5,515,462	4,426,403	57,785,979	17,774,489
Administrative and general	5,049,243	1,791,125	1,271,446	958,226	1,356,236	10,426,276	1,291,496
Taxes	6,349,449	2,309,889	1,165,257	975,091	281,268	11,080,954	
Depreciation	5,120,017	2,338,677	1,677,969	223,448	283,221	9,643,332	1,514,199
Total operating expenses	56,162,423	11,054,706	7,700,057	7,672,227	6,347,128	88,936,541	20,580,184
Operating income/(loss)	560,420	2,799,674	1,262,895	219,567	529,530	5,372,086	(201,847)
NONOPERATING REVENUES/(EXPENSES)							
Investment earnings	385,188	151,241	52,697	(185,170)	(55,205)	348,751	324,239
Interest expense	(2,552,067)	(888,846)	(679,223)	(20,037)	(315,990)	(4,456,163)	(1,351)
Other interest earnings							1,965
Debt costs		(74,796)	(57,919)			(132,715)	
Miscellaneous nonoperating revenues/(expenses)	617,460	48,351	3,197	(179,504)	706,426	1,195,930	27,756
Total nonoperating revenues/(expenses)	(1,549,419)	(764,050)	(681,248)	(384,711)	335,231	(3,044,197)	352,609
Net income before contributions and transfers	(988,999)	2,035,624	581,647	(165,144)	864,761	2,327,889	150,762
Capital contributions	1,824,648	1,587,251	865,860	217,410	387,392	4,882,561	
Transfers in					946,274	946,274	385,140
Transfers out	(30,000)	(20,000)	(5,000)		(413,886)	(468,886)	
Change in net position	805,649	3,602,875	1,442,507	52,266	1,784,541	7,687,838	535,902
Net position-beginning	53,671,997	50,954,357	47,380,864	3,775,657	8,382,825	164,165,700	15,525,355
Prior period adjustments	406,738	(353,234)	(81,428)	(1,603,855)	(12,153)	(1,643,932)	567,414
Net position-ending	\$ 54,884,384	\$ 54,203,998	\$ 48,741,943	\$ 2,224,068	\$ 10,155,213	\$ 170,209,606	\$ 16,628,671

Net change in enterprise funds net position: \$ 7,687,838

Internal service funds predominantly serving business-type activities-changes to net position:

Change in net position 456,919

Internal payable representing charges in excess of cost to governmental activities-current year (142,683)

Total change in net position of business-type activities \$ 8,002,074

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



CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 57,873,062	\$ 13,662,301	\$ 9,066,513	\$ 7,840,539	\$ 10,699,270	\$ 99,141,685	\$ 12,286,000
Receipts from interfund services provided	315,846					315,846	8,050,611
Receipts from grants and contributions							27,000
Payments to suppliers	(45,870,599)	(1,567,197)	(909,829)	(727,493)	(5,442,608)	(54,517,726)	(14,247,921)
Taxes paid	(4,249,541)	(2,310,681)	(1,165,359)	(979,017)	(280,393)	(8,984,991)	
Payments to employees	(888,005)	(2,501,835)	(2,418,955)	(2,805,770)	(2,632,552)	(11,247,117)	(4,240,693)
Payments for interfund services used	(1,243,202)	(2,232,702)	(1,655,167)	(3,003,899)	(1,104,931)	(9,239,901)	(420,261)
Net cash provided (used) by operating activities	5,937,561	5,049,886	2,917,203	324,360	1,238,786	15,467,796	1,454,736
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from customers and users		161,524	10,011	15,096	86,624	273,255	5,611
Grants and contributions					483,915	483,915	
Proceeds from interfund loans					31,600	31,600	46,529
Interfund loans made							(145,497)
Interfund loan repayments made					(48,901)	(48,901)	(41,174)
Interfund loan repayments received							329,885
Transfers to other funds	(30,000)	(20,000)	(5,000)		(196,856)	(251,856)	
Transfers from other funds					550,000	550,000	
Net cash provided (used) by noncapital financing activities	(30,000)	141,524	5,011	15,096	906,382	1,038,013	195,354
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES							
Principal paid on debt	(2,560,000)	(2,864,670)	(1,356,393)	(115,000)	(272,306)	(7,168,369)	25,756
Interest paid on debt	(2,590,658)	(886,166)	(654,766)	(20,613)	(317,746)	(4,469,949)	1,292
Transfers from other funds					396,274	396,274	168,110
Proceeds from debt					150,829	150,829	
Bond issuance costs		(74,796)	(57,919)			(132,715)	
Interfund loan repayments made					(37,703)	(37,703)	(16,377)
Proceeds from sale of capital assets	(88,800)					(88,800)	248,641
Proceeds from capital grants and contributions	750,623	650,275	590,225	217,410		2,208,533	
Payments related to acquisition, construction or improvements of capital assets	(6,981,165)	(928,722)	(1,205,489)	(96,121)	(2,346,748)	(11,558,245)	(1,644,500)
Net cash provided (used) by capital and related activities	(11,470,000)	(4,104,079)	(2,684,342)	(14,324)	(2,427,400)	(20,700,145)	(1,217,078)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipt of interest	127,094	64,613	84,936	26,188	32,049	334,880	164,826
Investments sold	19,114,581	5,373,271	6,077,135	3,948,351	1,301,366	35,814,704	8,688,987
Investments purchased	(7,703,920)	(4,831,327)	(5,402,955)	(1,504,588)	(1,076,902)	(20,519,692)	(9,269,764)
Net cash provided (used) by investing activities	11,537,755	606,557	759,116	2,469,951	256,513	15,629,892	(415,951)
Net change in cash and cash equivalents	5,975,316	1,693,888	996,988	2,795,083	(25,719)	11,435,556	17,061
Cash and cash equivalents, January 1	1,630,476	914,136	904,959	381,957	2,339,911	6,171,439	6,798,077
Cash and cash equivalents, December 31	\$ 7,605,792	\$ 2,608,024	\$ 1,901,947	\$ 3,177,040	\$ 2,314,192	\$ 17,606,995	\$ 6,815,138

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income/(loss)	\$ 560,420	\$ 2,799,674	\$ 1,262,895	\$ 219,567	\$ 529,530	\$ 5,372,086	\$ (201,847)
Adjustments to reconcile operating income to net cash provided from operating activities:							
Depreciation expense	5,120,017	2,338,677	1,677,969	223,448	283,221	9,643,332	1,514,199
(Increase)/decrease in receivables	(71,934)	(38,279)	106,064	(31,502)	458,174	422,523	(61,781)
(Increase)/decrease in prepaid items	(566)	1,500	(703)	(8,542)	(6,386)	(14,697)	2,867
(Increase)/decrease in inventories	(328,443)	81,638	15		(1,556)	(248,346)	35,360
Increase/(decrease) in payables	(747,528)	(133,324)	(129,037)	(78,611)	(32,272)	(1,120,772)	165,938
Increase/(decrease) in unearned revenues	(606,431)				8,075	(598,356)	
Other income and adjustments	2,012,026					2,012,026	
Total adjustments	5,377,141	2,250,212	1,654,308	104,793	709,256	10,095,710	1,656,583
Net cash provided (used) by operating activities	\$ 5,937,561	\$ 5,049,886	\$ 2,917,203	\$ 324,360	\$ 1,238,786	\$ 15,467,796	\$ 1,454,736

Contribution of capital assets \$ 467,594 \$ 936,976 \$ 275,635 \$ 387,392 \$ 2,067,597

The Water fund issued bonds to refund debt issued in 2003. Net proceeds of \$6,776,511, plus a cash contribution by the Water fund of \$172,771, were used to currently refund \$6,821,168 of outstanding bond principal and \$128,115 of interest.

The Sewer fund issued bonds to refund debt issued in 2003. Net proceeds of \$5,249,240, plus a cash contribution by the Sewer fund of \$133,833, were used to currently refund \$5,283,832 of outstanding bond principal and \$99,240 of interest.

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
Fiduciary Funds
December 31, 2014

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 521,498	\$ 3,596,384
Investments	704,509	
Receivables:		
Customer accounts (net)	2,728	97,152
Due from other governments		239,314
Prepaid items		28,181
Interfund loans	84,836	
Capital assets:		
Land		14,593
Depreciable assets (net)		9,420,012
Construction in progress		28,802
Total capital assets (net)		<u>9,463,407</u>
Total assets	<u>1,313,571</u>	<u>\$ 13,424,438</u>
LIABILITIES		
Accounts payable and accrued expenses	6,802	\$ 93,121
Compensated absences		255,509
Payable to other agencies		13,075,808
Total liabilities	<u>6,802</u>	<u>\$ 13,424,438</u>
NET POSITION		
Held in trust for benefits-pension	540,366	
Held in trust for benefits-OPEB	766,403	
Total net position	<u>\$ 1,306,769</u>	

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

	<u>Pension Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer-property taxes	\$ 350,000
State-fire insurance premium tax	56,876
General Fund contributions	<u>490,000</u>
Total contributions	<u>896,876</u>
Investment income:	
Interest and dividends	64,280
Net change in fair market value of investments	<u>(19,545)</u>
Total investment income	<u>44,735</u>
Total Additions	<u>941,611</u>
DEDUCTIONS:	
Benefits	731,283
Administrative expenses	<u>32,594</u>
Total deductions	<u>763,877</u>
Change in Net Position	177,734
Net position-Beginning	<u>1,129,035</u>
Net position-Ending	<u>\$ 1,306,769</u>

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





NOTES TO THE FINANCIAL STATEMENTS



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Richland conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following summary of the City's more significant accounting policies is presented to assist readers in interpreting the financial statements and other data in this report and should be viewed as an integral part of the accompanying financial statements.

You may obtain a copy of the annual report on the City's website at www.ci.richland.wa.us.

THE REPORTING ENTITY

The City of Richland was incorporated as a chartered First Class City in 1958 and operates under a city council/manager form of government in accordance with the laws of the State of Washington applicable to cities. As required by GAAP, the financial statements present the City of Richland as the primary government and two component units; the Richland Public Facilities District (PFD) and the Wine Science Center Public Development Authority (WSCPDA). The PFD was formed in July 2002 with the primary mission of building and operating a regional center (including any related parking facilities) as allowed by Washington State statute. The WSCPDA was formed in July 2011 to coordinate the development and construction of the Wine Science Center research facility at the WSU Tri-Cities Campus. Both the PFD and the WSCPDA are included in the City's reporting entity because of the significance of their financial relationships with the City; namely that the City Council appoints and can remove board members at will. They are discreetly presented in the component unit columns in the government-wide financial statements to emphasize that they are legally separate entities.

Complete financial statements for the Richland PFD and the WSCPDA may be obtained from the Finance Department at the City of Richland, 505 Swift Blvd, Richland, Washington 99352.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its discreetly presented component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions are 1) those activities in internal service funds in which outside parties are engaged and 2) activities between the funds, the exclusion of which, would distort the cost data reported for the City's various functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers. Likewise, the City is reported separately from the PFD and WSCPDA, for which the City is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is not to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operating or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

1) Governmental Funds Financial Statements – These report in separate columns the City’s two major governmental funds: the General Fund and Streets Fund. All other governmental funds are aggregated in the “Other Governmental Funds” column.

- The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of General Fund revenue is generated by taxes, state and local shared revenues and charges for services.
- The Streets Fund accounts for the proceeds from Washington State’s half-cent gas tax, street utility charges and City utility occupation taxes restricted to transportation. Monies in this fund are to be used for new construction, reconstruction and maintenance or repair of streets as identified in the City’s Six-Year Transportation Improvement Program (TIP) and approved by the State. Monies used for capital construction are transferred to the Street Construction Fund, a capital project fund.

2) Proprietary Funds Financial Statements – Includes business-type “enterprise” activities and governmental-type internal service funds. Proprietary fund statements report in separate columns the City’s four major enterprise funds: the Electric, Water, Sewer, and Solid Waste Utility funds, which account for all activities necessary to provide electric, water, sewer, and refuse services to customers. This includes the acquisition, operation and maintenance of facilities, administration, debt service and personnel services.

All non-major enterprise funds are aggregated in the “Other Enterprise Funds” column. The City’s internal service funds are aggregated and reported in the “Internal Service Funds” column.

Internal service funds account on a cost-reimbursement basis for 1) materials, supplies and inventory commonly used by other departments, 2) monies set aside for the future replacement of vehicles and related equipment when their useful life has expired, 3) maintenance and repair of all City-owned vehicles, 4) payments for health, dental and vision insurance claims; life and disability claims (and related administrative costs); uninsured losses resulting from claims against the City (primarily used for Workers’ Compensation on a “self-insured” basis); unemployment compensation claims (and related administrative costs) and 5) administration and engineering costs for the City’s Public Works department.

The Statement of Revenues, Expenses and Changes in Net Position distinguishes 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 City’s various utilities and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3) Fiduciary Funds Financial Statements – These report in separate columns the City’s pension trust funds (aggregated into the “Pension Trust Funds” column), as well as the City’s agency funds (aggregated into the “Agency Funds” column).

The pension and other benefit trust funds are used to account for pension and related benefits for firefighters and policemen who retired prior to March 1, 1970 and payments of excess retirement and medical benefits to active members as of that date.

Agency funds account for resources that are legally held in trust or agency capacity for others, and therefore cannot be used to support the governments' own programs. Agency funds include: 1) Columbia Point Master Association Fund, 2) Uptown Business Improvement District Fund, 3) Downtown Business Improvement District Fund, 4) Southeast Communication Fund, 5) 800 MHz Radio Fund, 6) Microwave Fund and 7) Emergency Management Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements (with the exception of Agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Because of the differences in measurement focus and basis of accounting between the governmental funds and government-wide financial statements, reconciliations are provided to facilitate the understanding of the City's financial statements. The governmental funds balance sheet includes a detailed reconciliation between fund balances of all governmental funds and governmental activities net position as reported in the government-wide statement of net position. The governmental fund statement of revenues, expenditures and changes in fund balances includes a detailed reconciliation between the net changes in fund balances for all

governmental funds and the changes in governmental activities net position as reported in the government-wide statement of activities.

BUDGET INFORMATION

The City's annual budget process begins early in the spring with the development of the budget calendar, followed by workshops to identify parameters for the upcoming budget cycle. Formal budget preparation begins in June and lasts through September. As preparation progresses, meetings are held with staff and the City Manager on services and other needs incorporated into the budget to ensure they are cohesive with the City's strategic plan and overall financial picture. The City Manager submits the proposed budget to the City Council for the upcoming year. The proposed budget is available on November 1st for public review, with a public hearing taking place in November to provide a forum for public comment on the proposed budget. First reading is given to the budget ordinance with final adoption occurring in December. The formally adopted budget takes effect on January 1st of the ensuing year.

Annual appropriated budgets are adopted by ordinance in accordance with Revised Code of Washington (RCW) 35.33, for all funds except capital projects. Capital projects budgets are adopted for the life of the project, which is authorized by ordinance or State law for purposes therein specified. While not required by law, the City also adopts budgets for proprietary funds and debt service funds. There is no substantial difference between the budgetary basis and GAAP.

The budget is adopted at the fund level, which constitutes the level of control at which expenditures of any given fund may not legally exceed appropriations. Formal budgetary integration is employed as a management control device. Throughout the year, the need may arise for a department/division to revise its budget due to unanticipated revenues or expenditures. At such times, a budget adjustment request must be submitted to the Administrative Services Department. All adjustments that increase or decrease the fund level, or that affect the number of authorized employee positions or FTE conditions of employment, require Council approval by Ordinance.

All appropriations lapse at year-end. Exceptions to this rule are capital outlay appropriations for the General Fund and Special Revenue Funds, and all appropriations for Capital Projects Funds and Debt Service Funds. These are carried forward from year-to-year until fully expended, or the purpose of the appropriation has been accomplished or abandoned. Prior to this time, appropriations that have previously received Council approval will appear on a budget adjustment ordinance in order to provide the appropriations as specified in RCW 35.33.151.

For purposes of budgetary control, the City uses an encumbrance procedure through an automated centralized purchasing system linked to the City's General Ledger. Encumbrances are recorded when items or services are requisitioned based upon estimated or known costs. When payment occurs, the encumbered value is reversed and actual cost is recorded. Encumbrances outstanding at year-end are canceled, and may be carried forward in the ensuing year with Council approval, or absorbed in the budgeted appropriations of the ensuing year.

Budgetary information reported in the financial statements includes the final amended budget in comparison to expenditures for the General Fund and Special Revenue Funds. The General Fund and the Streets Special Revenue Fund include both the original and final amended budgets as well.

Budgets established for Debt Service, Capital Projects and Proprietary Funds are "management budgets" and as such are not reported in the CAFR.

ASSETS, LIABILITIES AND NET POSITION

Cash, Cash Equivalents and Investments - The City reports both restricted and unrestricted cash, cash equivalents and investments. Cash equivalents are considered to be all highly liquid with maturity of three months or less when purchased. The restricted cash, cash equivalents and investments are those resources whose use is limited to capital improvements, debt service or other uses per contractual or legal requirements. The following details the amount and purpose of the restricted cash, cash equivalents and investments:

PURPOSE	ELECTRIC	WATER	SEWER	SOLID WASTE	STORM WATER	BROAD BAND	TOTAL
Capital Improvements	\$ 3,280,552	\$2,525,883	\$2,209,889			\$258,009	\$ 8,274,333
Landfill Closure/Post Closure				\$3,756,013			3,756,013
Future Development			156,000				156,000
Debt Service	4,511,424	2,060,450	961,176		\$102,889		7,635,939
Total Restricted	\$ 7,791,976	\$4,586,333	\$3,327,065	\$3,756,013	\$102,889	\$258,009	\$19,822,285

The City's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. Amounts exceeding \$250,000 are insured by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC). Under Washington State statute, members of the WPDPC may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss. Under Washington State statute, deposits are only made with institutions approved by the WPDPC.

The following is a schedule of the City's total deposits as of December 31, 2014:

Treasurer's Cash, Net	\$7,851,614
Held by Component Unit	90,522
Deposits in Transit	1,227,348
Petty Cash/Change Funds	6,500
Outstanding Checks	(467,193)
Unreconciled items	(270,255)
Total Deposits	<u>\$8,438,536</u>

In order to receive the best interest rate possible, the City invests large increments of residual pooled cash over various lengths of time. Investments are reviewed and made regularly for all available monies not essential to operations. The interest on these investments is prorated back to each fund based on the average of its previous two-month's ending cash balances. Investments are carried on the Balance Sheet at fair value.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2014

Fair value of investments is based on a quoted market price, except in the cases of the Local Government Investment Pool (LGIP) and interest-earning investment contracts.

As required by State law and the City's Investment Policy, all investments of the City's funds (except as noted) are obligations of the US Government, Bankers' Acceptances, Washington State Municipalities or deposits in the LGIP. The LGIP is a 2a7-like pool and investments in the LGIP are reported as cash equivalents based on the pool's share price. The LGIP was formed under and is regulated by the RCW. As mandated by State law, the State Treasurer periodically reports to the Governor, the State Auditor and the Joint Legislative Audit and Review Committee. The State Auditor's Office is responsible for monitoring the pool's compliance with State statutes and policy. The Pension Trust Funds' investments are not subject to State law or the City's investment policy's limitations and can be invested in stocks, bonds and mutual funds. The Pension Trust Funds' investments are carried at fair value.

Interest Rate Risk: In order to manage its exposure to fair value losses arising from increasing interest rates, the City portfolio's weighted average maturity was kept as low as possible while taking advantage of opportunities in short and medium term asset-backed securities.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. All of the City's investments are insured, registered and held by its agents in the City's name.

As of December 31, 2014 the City had the following investments:

	<u>Book Value</u>	<u>Fair Value</u>	Weighted Average Maturity (Years)
<u>GOVERNMENTAL ACTIVITIES</u>			
U.S. Government Securities	\$10,413,195	\$10,749,687	1.16
Municipal Bonds	5,746,072	5,720,180	0.44
<u>BUSINESS TYPE ACTIVITIES</u>			
U.S. Government Securities	14,479,673	14,947,569	1.16
Municipal Bonds	7,989,983	7,953,980	0.44
<u>FIDUCIARY ACTIVITIES</u>			
Bond Mutual Funds	954,732	704,509	N/A
SUB TOTAL INVESTMENTS	<u>39,583,655</u>	<u>40,075,925</u>	
Local Government Investment Pool	40,103,778	40,103,778	N/A
TOTAL INVESTMENTS	<u>\$79,687,433</u>	<u>\$80,179,703</u>	

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The following represents the allocation of City investments by type of security as of December 31, 2014:

Federal Home Loan Mortgage Corporation	AAA	7%
Federal National Mortgage Association	AAA	9%
Federal Home Loan Bank	AAA	2%
Build America Bonds	AAA	5%
Municipal Bonds	A- to AA+	26%
Local Governmental Investment Pool	Unrated	50%
Pension Mutual Funds	Unrated	1%

Receivables - The City's receivables consist of the following:

Taxes - These consist of unpaid property taxes as of December 31, 2014. The receivable is established when property taxes are levied (January 1st) and become an enforceable lien against the properties. No allowance for uncollectible taxes is recorded because delinquent taxes are considered fully collectible.

The City is required to certify their budget with the Clerk of the Board of County Commissioners on November 30th and certify the amount of their taxes levied for the upcoming year. The levy is based on the value of all taxable real property in the County at 100% of the fair market value of the property listed as of the prior May 31st as assessed by the County Assessor. The City's regular property tax levy rate is limited to \$3.60 per \$1,000 assessed value (\$3.375 plus \$0.225 for cities with firemen's pensions) by the Washington State Constitution and State law (RCW 84.55.010 and 84.55.0101). Special levies are approved by voters and not subject to the limitations. In 2014, the City's regular tax levy was \$2.6271 per \$1,000 on an assessed valuation of \$5,369,208,018, for a total regular levy of \$14,105,610 (after the appeals process). In addition, there were special levies for debt service for general obligation debt issued for capital acquisitions or construction at \$.3569 per \$1,000 of assessed valuation of \$5,348,256,178 totaling \$1,908,769 (after the appeals process). The composite City of Richland levy was \$2.9840 per \$1,000 of assessed valuation for a total levy of \$16,014,379.

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are remitted daily by the Treasurer in accordance with RCW 84.56.230. Tax bills are mailed on February 14th, and the first of two equal installments is due on April 30th with the final installment due on October 31st. Penalties of 3% and 8% are assessed on June 1st and December 1st, respectively, on the current year delinquent taxes. In addition to the penalties, unpaid balances accrue interest of 1% of the outstanding balance beginning May 1st.

A portion of the receivable is expected to be collected within 60 days and is reported as revenue on the operating statements, as it is considered available to finance expenditures of the current period. However, a portion will remain delinquent and the property will become subject to foreclosure proceedings by the County Treasurer. Foreclosure proceedings take approximately two years to complete. The following delinquent property tax receivables are reported as unavailable revenue (deferred inflows of resources) in the fund financial statements:

General Fund	\$	204,333
Other Governmental Funds		
Police Station Bond Fund		3,879
Richland Community Center Bond Fund		4,777
Library Remodel Bond Fund		18,837
TOTAL	\$	231,826

Customer Accounts (Net) – The City’s governmental activities consist primarily of accrued business taxes and receivables in internal service funds primarily serving governmental activities. Also reported in the governmental activities are amounts owed for unpaid leases, damages to City street infrastructure, administrative support provided by City staff and local improvement district assessments due. The City’s business-type activities consist primarily of amounts owed for billed utility services. All accounts receivable are recorded net of allowance for uncollectible accounts, where applicable.

In the City’s Medical Services Fund, these receivables consist of amounts billed for transport services provided as well as a utility charge. The revenue recorded for the receivable associated with transport services provided is recognized on the full-accrual basis in the period in which the services are provided at the City’s established transport rate. Certain transport services are reimbursed under Medicare and/or Medicaid programs which have allowed rates for transport services. The difference between the City’s transport rate and the Medicare/Medicaid established rate must be written off by the City in accordance with State and Federal laws. The City accrues the estimated amount of the write-off based on the transports billed and reports this as a reduction to gross transport revenues.

Due from Other Governments – In the City’s governmental activities, these consist primarily of grant reimbursements and property tax distributions in transit, as well as sales tax and state shared revenues. Amounts due from other governments to the City’s business-type activities consist of amounts owed for grant reimbursements.

Assessments - These consist of assessments receivable on local improvement districts. The receivable is established when the final assessment roll has been adopted. No allowance for uncollectible assessments is recorded because delinquent assessments are considered fully collectible. Assessments are deferred for one year from the date of the adoption of the final assessment roll. In the Special Assessment Bond Fund the amount receivable as of December 31, 2014 includes \$5,501 in delinquent assessments and \$23,273 in current assessments. There is \$271,392 in deferred assessments in the Special Assessment Fund which is offset by deferred inflows of \$271,392, which is considered to be unavailable to finance expenditures of the current period.

Notes and Contracts - These consist primarily of unpaid loans by grant participants in the City’s Housing and Redevelopment (including Rental Rehabilitation) and HOME programs. The receivable is established when the loan is issued. These receivables are not considered to be available to finance expenditures of the current period. The following is a breakdown by fund:

Other Governmental Funds	
CDBG fund	\$1,440,426
HOME fund	<u>1,280,766</u>
TOTAL	<u>\$2,721,192</u>

The Columbia Point Golf Course has a \$100,000 working capital advance from the City, which was established as part of a management contract to operate the City’s Golf Course.

Internal Balances - The City’s activities between funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year. They are referred to as either “interfund loans receivable/payable” (short-term) or “advances to/from other funds” (long-term). All other outstanding balances between funds are reported as “due to/from other funds”. Advances between funds are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and

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are not expendable available financial resources. The City reports all interfund activity in the fund statements. In the government-wide Statement of Net Position, receivables and payables between like activities are eliminated leaving only receivables and payables between governmental and business-type activities, which are all reported as "internal balances."

The following table shows a summary of the interfund activity for the year ended December 31, 2014:

OWED TO...	OWED BY...				
	Other Governmental	Major Enterprise	Other Enterprise	Internal Service	TOTAL
General Fund	\$ -	\$ -	\$ 2,283,103	\$ -	\$ 2,283,103
Other Governmental Funds	2,278	-	-	-	2,278
Water Fund	-	-	38,900	-	38,900
Internal Service	177,327	836	43,380	46,529	268,072
Fiduciary	38,300	-	9,675	36,861	84,836
Total	\$ 217,905	\$ 836	\$ 2,375,058	\$ 83,390	\$ 2,677,189

Purpose: To provide long term financing in lieu of the issuance of bonds.

OWED TO...		OWED BY...			
Reported In	Fund	Other Governmental	Other Enterprise	Internal Service	TOTAL
		Special Assessment Bond	Columbia Point Golf Course	Equipment Replacement	
General Fund		\$ -	\$ 2,283,103	\$ -	\$ 2,283,103
Internal Service	Equipment Replacement	-	11,780	-	11,780
Fiduciary Funds	Firemen's Pension	36,800	9,675	36,861	83,336
	Policemen's Pension	1,500	-	-	1,500
Total		\$ 38,300	\$ 2,304,558	\$ 36,861	\$ 2,379,719

Purpose: Amounts owed for work performed to be repaid over time.

OWED TO...	OWED BY...	
	Other Enterprise	TOTAL
Reported In	Columbia Point Golf Course Fund	
Water Fund	\$ 38,900	\$ 38,900
Total	\$ 38,900	\$ 38,900

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Purpose: To provide interim financing in anticipation of the receipt of grants, other revenues or payments on accounts.

OWED TO...		OWED BY ...							
Reported In	Fund	Other Governmental				Major Enterprise	Other Enterprise	Internal Service	TOTAL
		Special Revenue Fund		Debt Service Fund	Capital Projects	Solid Waste Utility	Broadband Utility	Central Stores	
		CDBG	HOME	Richland Community Center Bond	Special Assessment Construction				
Other Gov't'l Funds	Park Project Construction	\$ 2,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,278
Internal Service	Central Stores	-	-	-	-	836	-	-	836
	Equipment Replacement	-	65,526	1,841	109,960	-	31,600	46,529	255,456
Total		\$ 2,278	\$ 65,526	\$ 1,841	\$ 109,960	\$ 836	\$ 31,600	\$ 46,529	\$ 258,570

Inventories and Prepaid Items - Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed. In the governmental fund statements a portion of fund balance equal to the ending amount of inventory is presented as non-spendable to indicate that it is not available for future expenditures. A comparison to market value is not considered necessary as inventories in proprietary funds are valued at average cost, which approximates market value. Prepaid items include software maintenance agreements, subscription renewals and January 2015 benefits assessments paid in December 2014. The proprietary and internal service funds report prepaid expense that is comprised of insurance premiums.

Investment in Joint Ventures - These consist of the following:

Benton County Emergency Services (BCES) - BCES was formed January 1, 1997 through an interlocal agreement entered into by the cities of Richland, Kennewick, West Richland, Benton City and Prosser, as well as Benton County. Amended and restated January 5, 2012, the Public Utility District #1, a municipal corporation, was approved as a new member with limited participation. These agreements will continue indefinitely unless terminated by a participant. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the cities of Kennewick and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City and a Benton County Commissioner. The City of Richland serves as the operating jurisdiction providing all the necessary administrative support services and reporting for BCES. The total amount paid by BCES in 2014 for these services was \$245,239. No distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

BCES is comprised of three funds, Southeast Communications (SECOMM), 800 MHz Radio Project (800 MHz) and Benton County Emergency Management (BCEM).

SECOMM - SECOMM provides public safety communications services to the Cities of Kennewick, Richland and Benton County. Each owns an equal share of SECOMM's net position. Financial participation is allocated among the three participants based on equal shares of capital expenses, predetermined fixed costs, direct costs and percentages of use. SECOMM also provides service through contracts to the cities of West Richland and Prosser, and Benton County Fire Protection District Nos. 1, 2, 3, 4, 5 and 6. Service contract agencies are assessed on a cost per capita or cost per call basis. The City of Richland's equity interest in SECOMM as of December 31, 2014 was \$1,293,359 which is reported as an asset in the Government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the Government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

800 MHz - 800 MHz Radio Project fund provides communication infrastructure and technology for the dispatching of public safety agencies throughout Benton County. The Cities of Kennewick, Richland and Benton County each owns a share of 800 MHz's net assets. User agencies are Benton County's Sheriff Office, Jail, Juvenile Justice Center, Public Works, Public Utility District, and Animal Control; the Cities of Richland, Kennewick, Prosser, and West Richland, as well as PNNL and the Areva Corporation. Radios are charged an annual fee per radio to generate the funds to maintain and upgrade the system. The City of Richland's equity interest in 800 MHz as of December 31, 2014 was \$1,946,985 which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

Microwave - The microwave system is accounted for separately within its own fund and the user groups are charged a portion of costs based on number of circuits utilized. The Cities of Kennewick, Richland and Benton County each owns an equal share of Microwave's net assets. The City of Richland's equity interest in 800 MHz as of December 31, 2014 was \$50,473 which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

BCEM - BCEM provides disaster response planning, exercise coordination, response assistance and disaster recovery for Benton County and its political subdivisions per RCW 38.52. Five grant programs fund BCEM: Radiological Emergency Preparedness, DOE Emergency Preparedness, CSEPP close-out, State Homeland Security Program and Emergency Management Program. The six (6) participating jurisdictions of the cities of Richland, Kennewick, West Richland, Benton City and Prosser, as well as Benton County participate in the grant programs through the Interlocal Agreement for Emergency Management. Financial position is allocated based on equal shares of a predetermined basic charge and a variable charge calculated using population percentages and assessed valuations. The City of Richland's equity interest in BCEM as of December 31, 2014 was \$23,211, which is reported as an asset in the Government-wide Statement of Net Position. The change in equity is reflected under Public Safety in the Government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

Complete and separate financial statements for all operations of Benton County Emergency Services may be obtained at the City of Richland, 505 Swift Blvd, Richland, Washington.

Bi-County Police Information Network - The Bi-County Police Information Network (BI-PIN) was established November 24, 1982, when an Interlocal Agreement was entered into by the cities of Kennewick, Pasco, Richland, Connell, West Richland and Prosser, and Benton and Franklin Counties. BI-PIN was established to assist the participating police and sheriff's departments in the deterrence and solution of criminal incidents. BI-PIN is served by an Executive Committee composed of the City Manager of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. A liaison from the Bi-County Chiefs and

Sheriffs is an ex officio, non-voting member. The allocation of financial participation among the participating jurisdictions is based upon the approved budget for that year and is billed quarterly in advance to each agency. On dissolution of the Interlocal Agreement, the net position will be shared based upon participant contribution.

Effective January 1, 1992, the City of Kennewick assumed responsibility for operation of the BI-PIN system. As the Operating Jurisdiction, Kennewick provides all necessary support services for the operation of BI-PIN such as accounting, legal services, risk management, and information systems. The total amount paid by BI-PIN in 2014 for these transactions was \$119,000. The City of Richland's equity interest in BI-PIN was \$74,148 on December 31, 2014, which is reported as an investment in joint ventures in the Government-wide Statement of Net Position. The change in equity is reflected in the Government-wide Statement of Activities under Public Safety. The City does not anticipate any income distributions from BI-PIN, since charges are assessed only to recover anticipated expenses.

Complete separate financial statements for BI-PIN may be obtained at the City of Kennewick, 210 West 6th Avenue, Kennewick, Washington.

Metro Drug Forfeiture Fund - The Metropolitan Controlled Substance Enforcement Group (Metro) was established in 1987 when the cities of Richland, Kennewick, Pasco and West Richland, along with the counties of Benton and Franklin entered into an interlocal agreement sanctioned by the provisions and terms of the "Interlocal Cooperation Act" pursuant to RCW 39.34 for the purpose of combating controlled substance trafficking within the Tri-Cities community. The initial agreement expired December 31, 1989 and was renewed for another year, until December 31, 1990, at which time the agreement was extended six months until June 30, 1991. All subsequent agreements have had the June 30 fiscal year end. Current membership includes the cities of Richland, Pasco and Kennewick, and Benton and Franklin Counties.

Metro is served by an Executive Committee consisting of the City Manager or designee from each of the cities of Kennewick, Richland and Pasco and one County Commissioner or designee from each of the counties of Benton and Franklin. The Executive Committee is responsible for approval of the Metro budget and for setting policy relating to Metro. In addition, a Governing Board consisting of the Chiefs of Police from the cities, and the Sheriffs from the counties, provide policy recommendations to the Executive Committee relating to Metro and its expenditures and operations. Effective January 1, 2009, the City of Kennewick assumed the responsibility for the operation of Metro. As the operating jurisdiction, Kennewick provides accounting services for the operation of Metro.

The City of Richland's equity interest in Metro was \$3,422 on June 30, 2014, which is reported as an asset in the Government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the Government-wide Statement of Activities. The City does not anticipate any income distribution from Metro.

Complete and separate financial statements for Metro may be obtained at the City of Kennewick, 210 West 6th Avenue, Kennewick, Washington.

Capital Assets - Capital assets, which include property, plant, equipment, intangibles (software) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) with an initial, individual cost and estimated useful life in excess of \$5,000 and one year, respectively, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets include outlays for purchased assets as well as self-constructed assets.

Self-constructed assets are capitalized as work in progress until the projects are completed and ready to be placed in service. Self-constructed assets of proprietary funds are capitalized net of any interest costs; however, most self-constructed assets are completed within one or two months making the interest factor immaterial. Capital assets purchased or constructed are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value or materially extend the useful life of the asset are not capitalized. In accordance with GASB 34, the City’s infrastructure assets include those acquired prior to fiscal periods ending after June 30, 1980. The City is not following the modified approach for its infrastructure assets.

Depreciation on all capital assets is recorded as an allocated expense in the government-wide Statement of Activities and in the proprietary fund statements. Capital assets are reported net of depreciation. The City uses the straight-line method to depreciate assets based on the following estimated useful lives:

<u>ASSET TYPE</u>	<u>ESTIMATED USEFUL LIFE</u>
Buildings	20-50 years
Non-Building Improvements	10-100 years
Utility Plant	10-60 years
Equipment	2-25 years
Software	6 years

Depreciation in the utility funds is computed on asset pools to which a composite percentage rate is applied. The rate for the Electric Fund is from 1.5 to 10 percent per year as prescribed by the Federal Energy Regulatory Commission (FERC).

Additional information on the City’s capital assets is provided in Note 2.

Liabilities

Accounts Payable and Accrued Expenses – These consist primarily of 1) unpaid claims of vendors for products and services provided to the City, which are normally satisfied in the first months of the subsequent fiscal period, 2) accrued interest on long-term debt, as applicable, and 3) accrued wages and benefits.

Payable to Other Governments – In governmental activities, these consist primarily of amounts owed to Washington State for their share of City activities (e.g. gun permits, business licenses, etc.) and the City’s jail and court costs owed to Benton County. In business-type activities, these consist primarily of excise taxes due to Washington State resulting from the operation of the City’s utilities.

Deposits Payable – These consist primarily of amounts due to customers for deposits made for City utility services and cash on deposit with WCIA for the revolving insurance fund.

Claims and Judgments – These consist primarily of amounts owed for incurred but not reported claims in the City’s Workers Compensation, Employee Benefits, Unemployment and Post-Employment Benefits internal service funds.

Unearned Revenue – These include amounts recorded as receivables or other assets for which the revenue recognition criteria has not yet been met. They consist of 1) unredeemed gift certificates at Columbia Point Golf Course, 2) contributions received from developers which are subject to refund in the future under

certain conditions, 3) amounts held in escrow in the Industrial Development fund contingent upon specific performance by the City.

Net Pension Liability - Under current law, the Fire and Police pension trust funds can be funded on a year-to-year basis. As such, it is the City's policy to continue to fund these plans without using the plan's accumulated assets for current expenditures. GASB 67 was implemented in 2014 and this statement requires the net pension liability be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. This change, along with a 2014 actuarial evaluation has resulted in a significant increase in net pension liability in 2014, which is reported as a long term liability on the Government Wide Statement of Net Position. This is discussed in more detail in Note 9.

Net Other Post-Employment Benefits (OPEB) Obligation –The City funds its post-employment healthcare program on a pay-as-you-go basis and recognizes current expense in the period it was incurred. The City implemented GASB Statement No. 45 in 2008. Although GASB Statement No. 45 does not require advance funding of OPEB, if the Annual OPEB Cost is underfunded, the City is required to report the difference as a liability and expense in the OPEB fund. Pursuant to these requirements, the difference between the plan's Annual OPEB Cost and the City's actual contribution for 2014 is \$69,854. A cumulative net OPEB obligation of \$5,232,025 is reported as a liability in the Post Employment Healthcare Plan Fund.

Long-term Liabilities - (includes bonds, notes, contracts payable and other noncurrent liabilities) – See Note 3 for a complete discussion of the City's long-term liabilities.

Deferred Charges and Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement component represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then. The City is reporting one deferred charge on the proprietary fund statement of net position for the Water Fund for improvement to the Columbia Point irrigation system that will be paid over time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement component represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. The city has uncollected property taxes levied and unbilled special assessments levied against benefitted property for the cost of local improvements. These deferred inflows are reported in the governmental funds balance sheet.

Net Position, Equity and Fund Balances

Restricted Net Position – In accordance with bond resolutions, related agreements and laws, separate restricted accounts have been established. These assets are restricted for specific uses including debt service, bond reserve requirements and capital additions. When both restricted and unrestricted resources are available for the purpose of the restriction, the City uses the restricted portion until entirely consumed, then the unrestricted portion.

Classification of Fund Balances – GASB Statement No. 54 requires fund balances to be classified as either; unspendable, restricted, committed, assigned, or unassigned, based upon the level of constraint upon the resources contributing to them. *Restrictions* of fund balance follow the same policy as restricted net position described in the previous section. Resources and related fund balances are *committed* to a use or purpose by the City's highest level of decision-making authority, represented by the City Council. The Council can commit

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resources by ordinance during any council meeting where a quorum is present. Similar action must be taken to change the commitment of resources. Resources are often *assigned* for specific purposes by management-level staff, usually when that resource relates to a specific function, which does not necessarily require Council action. Other than in the General fund, this is the least restrictive classification for fund balance. The City does not have a formal policy governing the assignment of resources. In the General fund, fund balances for which no constraint is made on use are considered *unassigned*.

When expenditures are incurred for which both restricted and unrestricted resources are available, the City will consider restricted resources to be used first until exhausted, and then spend unrestricted resources. When expenditures are incurred for which more than one classification of unrestricted resources are available, the City will consider committed resources to be spent first, followed by assigned and then unassigned resources.

Details on the purpose of constraints on fund balance are presented in Note 14 to the financial statements.

Minimum Fund Balance – The City’s financial policies, as outlined in the 2014 annual budget document, state that minimum reserves should be maintained in the General Fund equal to approximately 7.5% of projected annual operating expenditures. Any proposed reduction of this reserve level requires approval by a majority of the City Council.

Prior Period Adjustments - The following table itemizes all the prior period adjustments made in 2014, along with the purpose for each adjustment:

Fund	Purpose for Adjustment	Increase/(Decrease) due to Adjustment		
		Assets	Liabilities	Net Position
General Fund	1	\$ (588,779)		\$ (588,779)
	2		\$ 197,502	(197,502)
Total General Fund		(588,779)	197,502	(786,281)
Enterprise funds:				
Electric	1	406,738		406,738
Water	1	112,591		112,591
	3	(465,825)		(465,825)
Total Water Fund		(353,234)		(353,234)
Sewer	1	6,815		6,815
	3	(88,243)		(88,243)
Total Sewer Fund		(81,428)		(81,428)
Solid Waste	1	(16,540)		(16,540)
	3	(1,587,315)		(1,587,315)
Total Solid Waste Fund		(1,603,855)		(1,603,855)
Stormwater	1	32,654		32,654
	3	(91,328)		(91,328)
Total Stormwater Fund		(58,674)		(58,674)
Medical Services	1	46,521		46,521
Internal service fund:				
Equipment Replacement Fund	4	(2,069,112)		(2,069,112)
	5	2,636,526		2,636,526
Total Equipment Replacement Fund		567,414		567,414
Total prior period adjustments - all funds		\$ (1,665,297)	\$ 197,502	\$ (1,862,799)

Purpose for prior period adjustments:

- 1 The Information Systems Strategic Plan project costs were allocated based upon activity accomplished. In conjunction with implementation in prior years, the costs were allocated based on scheduled work. Once complete, costs were spread based upon actual work.
- 2 Liability recorded to refund taxes to the Washington State Department of Revenue for overpayment of taxes received in 2012 and 2013.
- 3 Reduce capital assets for prior years' costs, which had been capitalized, but did not meet the requirements for capitalization.
- 4 Write off assets no longer held by the City.
- 5 Adjust accumulated depreciation for assets that were over depreciated.

Stewardship, Compliance and Accountability - There have been no material violations or possible violations of laws or regulations and finance-related legal or contractual provisions whose effects should be considered for disclosure in the financial statement or as a basis for recording loss contingencies, except as disclosed in Note 11. The City has satisfactory title to all owned assets and there is no lien or encumbrance on such assets, nor has any asset been pledged.

Deficit Fund Equity –

- The Post-Employment Benefits Fund, an internal service fund, has a deficit net position of \$3,163,101, which is the result of compliance with accounting standards established under GASB Statement No. 45. As mandated by this statement, if the City does not fully fund the Annual OPEB Cost, an underfunding occurs and a liability and expenditure must be recorded for the underfunded amount. The OPEB obligation is a cumulative amount of \$5,232,025 for years 2008-2014. The cumulative liability results in a deficit net position.
- The Richland Community Center Bond Fund, a debt service fund, is financed through voter approved property tax to pay debt service on the bonds. The fund has a negative fund balance of \$206 which is due to receiving less property tax than was levied.
- The Special Assessment Construction Fund, a capital project fund, has a deficit fund balance of \$59,652 as of December 31, 2014. A short term interfund loan was used to finance the construction of this project and at year end the outstanding balance was \$109,960. Construction has been completed and final assessment roll was adopted in December. The loan will be repaid in January, with LID prepayments and permanent financing.

Comparative Data/Reclassifications – Comparative total data for the prior year have been presented in order to provide an understanding of the changes in financial position and operations. Certain amounts presented in prior year data have been reclassified in order to be consistent with current year's presentation.

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NOTE 2. CAPITAL ASSETS

Governmental Activities - A summary of governmental capital assets for the year ended December 31, 2014 is presented in the following table:

Governmental activities	Balance			Balance
	January 1, 2014	Increases	Decreases	December 31, 2014
Capital Assets, not being depreciated:				
Land	\$ 6,325,861	\$ 292,851	\$	\$ 6,618,712
Construction in progress	7,897,267	5,363,934	(4,047,514)	9,213,687
Total capital assets, not being depreciated	<u>14,223,128</u>	<u>5,656,785</u>	<u>(4,047,514)</u>	<u>15,832,399</u>
Capital Assets, being depreciated:				
Buildings and improvements	62,939,752	1,415,177		64,354,929
Machinery and equipment	7,690,499	179,687		7,870,186
Infrastructure	200,836,473	2,064,913		202,901,386
Intangibles	223,088	518,070		741,158
Total capital assets, being depreciated	<u>271,689,812</u>	<u>4,177,847</u>	<u>-</u>	<u>275,867,659</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,813,639)	(2,138,319)		(26,951,958)
Machinery and equipment	(4,202,810)	(477,192)		(4,680,002)
Infrastructure	(141,076,194)	(8,385,794)		(149,461,988)
Intangibles	(55,814)	(29,977)		(85,791)
Total accumulated depreciation	<u>(170,148,457)</u>	<u>(11,031,282)</u>	<u>-</u>	<u>(181,179,739)</u>
Total capital assets being depreciated, net	<u>101,541,355</u>	<u>(6,853,435)</u>	<u>-</u>	<u>94,687,920</u>
Governmental activities capital assets, net	<u><u>\$115,764,483</u></u>	<u><u>\$ (1,196,650)</u></u>	<u><u>\$(4,047,514)</u></u>	<u><u>\$ 110,520,319</u></u>

Depreciation expense was charged as follows:

FUNCTION	TOTAL
General Government	\$ 636,795
Public Safety	286,519
Transportation	8,320,040
Economic Environment	226,582
Culture & Recreation	1,561,346
TOTAL DEPRECIATION EXPENSE	<u><u>\$ 11,031,282</u></u>

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Construction commitments existing as of December 31, 2014 in the City's governmental-type activities:

Fund	Project	Spent as of December 31, 2014	Remaining Committed
Street Construction	Audible Pedestrian Signs	\$ 9	\$ 14,780
Street Construction	Auxiliary Track Addition	113,430	762,548
Street Construction	Canyon Street Overlay	311,284	17,262
Street Construction	Center Parkway	622,650	12,900
Street Construction	Duportail Bridge	380,145	168,753
Street Construction	Duportail Street Extension	39,526	10,283
Street Construction	RAISE Area Infrastructure	3,409,090	568,137
Street Construction	Sidewalk Construction	243,865	8,854
Street Construction	Slurry Seal	220,346	21,537
Street Construction	Stevens Drive South Extension	666,951	1,035
Street Construction	Street Lighting Improvements	17,389	38
Fire Station Construction	Fire Station 74	641,907	2,752,421
Parks Construction	Barth Park	60,321	2,115
Parks Construction	Columbia Playfield	243,299	504,559
Parks Construction	Gala Park Improvements	237,082	22,738
Parks Construction	Howard Amon Park	46,702	52,603
Parks Construction	McMurray Park	6,638	6,367

Business-Type Activities - A summary of business-type capital assets for the year ended December 31, 2014 is presented in the following table:

	Balance			Transfers/ Reclassifications	Balance December 31, 2014
	January 1, 2014	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 8,158,846	\$ 474,702	\$ (210,772)	\$	\$ 8,422,776
Construction in progress	7,356,823	4,890,336	(3,619,564)	(158,064)	8,469,531
Total capital assets, not being depreciated	15,515,669	5,365,038	(3,830,336)	(158,064)	16,892,307
Capital Assets, being depreciated:					
Buildings and improvements	46,389,758	270,442	-	(3,314,453)	43,345,747
Machinery and equipment	34,205,458	2,510,212	(1,614,269)	(4,444,130)	30,657,271
Infrastructure, restated	313,471,893	9,642,398	-	2,378,825	325,493,116
Total capital assets, being depreciated	394,067,109	12,423,052	(1,614,269)	(5,379,758)	399,496,134
Less accumulated depreciation for:					
Buildings and improvements	(24,230,598)	(1,198,081)		1,161,426	(24,267,253)
Machinery and equipment	(20,744,151)	(2,071,965)	1,347,192	3,527,242	(17,941,682)
Infrastructure, restated	(112,766,651)	(7,887,485)	-	(816,142)	(121,470,278)
Total accumulated depreciation	(157,741,400)	(11,157,531)	1,347,192	3,872,526	(163,679,213)
Total capital assets being depreciated, net	236,325,709	1,265,521	(267,077)	(1,507,232)	235,816,921
Business-type activities capital assets, net	\$251,841,378	\$ 6,630,559	\$(4,097,413)	\$ (1,665,296)	\$ 252,709,228

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The following is a list of construction commitments existing as of the year ended December 31, 2014 in the City's business-type activities:

Fund	Project	Spent as of December 31, 2014	Remaining Committed
Electric	CSF Enhanced Electrical Service	\$ 956,204	\$ 468,204
Electric	PNNL Future Capacity Improvement	-	1,350,000
Water	Canyon Street	58,915	2,852
Water	Future Site Water Treatment Plant	1,066	54,078
Water	Horn Rapids Irrigation Improvements	456,752	19,560
Water	North Richland Wellfield Site Improvm.	222,143	10,752
Water	UV Facility Chlorination Upgrades	-	303,470
Water	Water Treatment Plant Upgrades	-	107,480
Sewer	310 Abbot Replacement	-	6,498
Sewer	B Basin Rehabilitation	217,934	12,560
Sewer	Bolier Control Replacement	66,738	3,717
Sewer	C Basin Wastewater Improvements	703,676	34,060
Sewer	E Basin Improvements	609,669	29,510
Sewer	Solids Upgrades	203,686	133,653
Sewer	WWTF Chlorination System Upgrades	3,786	757,383
Stormwater	Brantingham/Westcliffe Improvements	176,120	9,269
Stormwater	Canyon Terrace Reconstruction	137,443	7,234
Stormwater	Outfall Improvements	55,750	33,920
Broadband	Fiber Optic Infrastructure	1,995,979	45,452
Broadband	RAISE Area Infrastructure	163,117	6,839

NOTE 3. LONG-TERM LIABILITIES

Governmental Activities

Long-term liabilities of the City's governmental activities consist of 1) general obligation bonds, 2) compensated absences, 3) notes and loans payable to state agencies, and 4) Net Other Post-Employment Benefits (OPEB) Obligation (NOO). The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section of this note), as well as a schedule of long-term liability activities for 2014.

General Obligation Bonds – General obligation bonds consist of voter approved and non-voted or Councilmanic bonds, issued to pay for the construction and acquisition of major capital assets. Voter approved bonds are repaid from special property tax levies, and Councilmanic bonds are repaid from general revenues of the City.

In 2014 the City issued \$3,355,000 in Limited Tax General Obligation (LTGO) bonds. Proceeds of the bonds were used to construct and equip a new fire station in south Richland and pay the issuance costs of the bonds. The bonds support governmental activities and are included in the table of governmental liabilities in this section.

As of December 31, 2014, the City has \$2,672,115 available in cash and investments in the debt service funds to service the general bonded debt.

Notes and Loans Payable to State Agencies – The governmental funds have two Community Economic Revitalization Board (CERB) Loans outstanding. One loan was issued in 1999 for construction of a Railroad Spur in Horn Rapids Industrial Park and a second loan was issued in 2005 for the extension of Battelle Boulevard.

Net OPEB Obligation -GASB Statement number 45 requires governments to recognize the cost of OPEB in the period it is earned and provide information about actuarial accrued liabilities for promised benefits. Although pay as you go funding is acceptable for OPEB plans, when a government fails to fully fund the annual OPEB cost, the difference between the OPEB cost and actual contribution is reported as a liability and expense in the fund financial statements. The annual OPEB cost is comprised of the Annual Required Contribution (ARC) with adjustments for interest and prior year's under-funding(s). The City reported an increase in Net OPEB Obligation of \$69,854 in 2014, of which \$38,934 is attributed to governmental-type funds. The Net OPEB Obligation (NOO) for all fund types as of December 31, 2014, is \$5,232,025, which is reported in the Government-Wide Statement of Net Position as a governmental liability, as it is accounted for in an internal service fund that predominantly serves governmental fund types. For the purpose of liability disclosure in the notes, the NOO is split between governmental and business-type liabilities based on contributions to the OPEB fund. The NOO related to governmental funds as of December 31, 2014, is \$2,863,656 and the business type funds report NOO of \$2,368,369.

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The following table provides a complete record of all long-term governmental liabilities as of December 31, 2014:

SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL FUNDS								
UNLIMITED TAX GENERAL OBLIGATION BONDS-VOTED								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2014	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/14	DUE WITHIN ONE YEAR
2005 Refunding -1999 Police Station/2000 Community Center	3.00%-4.25%	12/1/2019	\$ 5,035,000	\$3,075,000	\$ -	\$ 460,000	\$ 2,615,000	\$ 485,000
2007 Library Bond Expansion/Remodel	4.00%-5.00%	12/1/2026	17,250,000	14,740,000	-	615,000	14,125,000	680,000
TOTAL UNLIMITED TAX GENERAL OBLIGATION BOND DEBT							\$ 16,740,000	\$ 1,165,000
LIMITED TAX GENERAL OBLIGATION BONDS-NONVOTED, COUNCILMANIC								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2014	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/14	DUE WITHIN ONE YEAR
2005 LTGO Ref. 1996 Cty Shops-1998 Capital Imp.	3.00%-5.00%	12/1/2017	\$ 9,820,000	\$3,515,000	\$ -	\$ 930,000	\$ 2,585,000	\$ 975,000
2006 Impr/Ref 2002 LTGO Bonds, Parks & Streets Capital Impr.	4.00%-4.25%	12/1/2026	6,315,000	4,790,000	-	415,000	4,375,000	425,000
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	2.00%- 4.30%	12/1/2039	3,170,000	1,895,000	-	340,000	1,555,000	50,000
2013A LTGO LRF Financing for infrastructure in the RAISE area	1.125%-4.00%	12/1/2037	10,050,000	10,050,000	-	-	10,050,000	-
2013B LTGO LRF Financing for infrastructure in the RAISE area	.38%-3.50%	12/1/2027	1,065,000	645,000	-	320,000	325,000	320,000
2014 LTGO Fire Station #74 Construction	2.0%-4.0%	12/1/2034	3,355,000	-	3,355,000	-	3,355,000	120,000
TOTAL LIMITED TAX GENERAL OBLIGATION BOND DEBT							\$ 22,245,000	\$ 1,890,000
OTHER GOVERNMENTAL LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2014	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/14	DUE WITHIN ONE YEAR
Economic Revitaliz. Loan-Horn Rapids Railroad Spur	0.00%	7/1/2015	\$ 538,296	\$ 88,296	\$ -	\$ 50,000	\$ 38,296	\$ 38,296
Economic Revitaliz. Bd Loan Battelle Blvd. Ext.	1.00%	1/1/2026	780,000	682,602	-	49,431	633,171	49,925
Compensated Absences				3,148,291	2,605,873	2,547,220	3,206,944	1,603,472
Claims (Accrued Employee/Postemployment Benefits, Workers' Comp)				2,211,495	416,530		2,628,025	2,628,025
Net OPEB Obligation				2,824,722	38,934		2,863,656	
TOTAL OTHER GOVERNMENTAL LIABILITIES							9,370,092	4,319,718
TOTAL GOVERNMENTAL LIABILITIES							\$ 48,355,092	\$ 7,374,718

In the Statement of Net Position, the general obligation bonds payable are reported net of unamortized premiums and discounts of \$934,336. Claims for accrued worker's compensation and employee/postemployment benefits are paid from amounts accumulated in internal service funds for such purposes.

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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2014 for governmental debt (excludes compensated absences and Net OPEB obligation) is as follows:

SCHEDULE OF DEBT SERVICE FOR GOVERNMENTAL ACTIVITIES			
YEAR ENDING DECEMBER 31	Principal	Interest	Total
2015	\$ 3,143,221	\$ 1,609,811	\$ 4,753,032
2016	3,260,424	1,490,700	4,751,124
2017	2,890,928	1,367,028	4,257,957
2018	2,441,438	1,257,021	3,698,458
2019	2,571,952	1,155,336	3,727,288
2020-2024	11,467,656	4,252,309	15,719,966
2025-2029	7,760,848	1,747,285	9,508,133
2030-2034	4,275,000	796,020	5,071,020
2035-2037	1,845,000	130,550	1,975,550
TOTAL	\$ 39,656,467	\$ 13,806,060	\$ 53,462,528

Business-Type Activities

Long-term liabilities of the City’s business-type activities consist of 1) revenue bonds and general obligation bonds, 2) compensated absences, 3) notes and loans payable to state and local government agencies, 4) closure and post-closure care liability for the City’s landfill, and 5) Net Other Post-Employment Benefits (OPEB) Obligation (NOO). The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section in this note) as well as a schedule of long-term liability activities for 2014.

Revenue Bonds and General Obligation Bonds – Revenue Bonds were issued to finance the construction and acquisition of major capital facilities and infrastructure in the City’s utilities and are backed by the revenues generated from the respective utility. Business-type activities also include certain Councilmanic general obligation bonds issued in 2010 and 2013. The general obligation bonds for business type funds are called out in a separate section of the table of business type liabilities in this section.

Refunded Debt

The City has pledged future revenue of the Water and Wastewater utilities, net of specified operating expenses to repay \$9,985,000 in Water and Wastewater revenue refunding bonds issued in August of 2014. Proceeds from the bonds provided most of the funds for the current refunding of \$12,105,000 in 2003 Water and Wastewater Revenue and Refunding Bonds. Water and Wastewater utility funds contributed a portion of the funds to complete the refunding, and the refunded bonds were called on September 25, 2014. The refunding resulted in a net present value savings of \$1,658,455.

The transaction is detailed as follows:

2014 Waterworks Revenue Refunding Bonds

Sources of Funds

Par Value of Bonds	\$ 9,985,000
Original Issue Premium	1,092,601
Water Fund	730,636
Wastewater Fund	565,968
Total Sources of Funds	<u>\$ 12,374,205</u>

Uses of Funds

Deposit with Refunding Trustee	\$ 12,332,355
Costs of Issuance	41,850
Total Uses of Funds	<u>\$ 12,374,205</u>

Defeased Debt - The City's remaining defeased bonds outstanding were satisfied in December of 2014.

Notes and Loans Payable to State Agencies – The Water Fund has financed several large capital replacement projects with Public Works Trust Fund and Drinking Water Revolving Loans. The Storm Water Fund utilized a Department of Ecology Loan to develop the Storm Water Comprehensive Plan. The Wastewater Fund completed the Aeration Basin Project utilizing a Department of Ecology Recovery Act Loan.

Landfill Closure and Post-Closure Care Liability - The City of Richland owns and operates a 57-acre municipal solid waste landfill. Currently, 46 acres are permitted for disposal of waste. State and Federal laws and regulations require that the City place a final cover on its landfill once its capacity is reached. The City is also required to perform maintenance and monitoring functions at the site for thirty years following closure.

Although closure and post-closure care costs will be paid only near or after the date the landfill site is filled to capacity, the City must recognize the expense related to these activities as the related liability is incurred. The expense and concurrent liability is calculated based upon the landfill capacity used to date. At the end of each year of operation it has been necessary to measure the capacity used at the landfill. By using the change in capacity during the current year, a percentage of total capacity used is known. This percentage is then applied to the estimated cost to close the landfill and provide post-closure care for thirty years. The estimate of these costs may differ from the actual costs due to inflation, changes in technology, or changes in regulations.

The City's closure/post-closure operations plan is to proceed in two phases. Closure of the first phase was completed during 2011 and post-closure care commenced in 2012. As of the end of 2014, the landfill volume used was 87.7%. The remaining landfill area is anticipated to reach full capacity and require closure in 2020. This projected date of closure may be extended due to city-wide waste diversion efforts which began in 2010. As of December 31, 2014, the City had sufficient funds set aside to fund the projected \$2,774,800 construction costs of the second phase closure infrastructure and provide half of the post-closure care of the first phase. Cash and investments of \$3,622,806 or 54% of required reserves, have been accumulated as of December 31, 2014. The post-closure care of both phases is estimated to cost \$3,931,015 in current dollars. The additional \$3,083,017 of reserves necessary for the second phase post-closure care will be accumulated over time through the designation of a closure surcharge, which is included in the rates assessed by the Solid

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Waste Utility. The estimate of the cost to close and provide post-closure care may differ from the actual cost due to inflation, changes in technology, or changes in regulations.

The City's waste management software tracked 50,506 tons of waste accepted in 2014. The current year expense for the related use of available volume was \$205,656.

Net OPEB Obligation— GASB Statement number 45 requires governments to recognize the cost of OPEB in the period it is earned and provide information about actuarial accrued liabilities for promised benefits. Although pay as you go funding is acceptable for OPEB plans, when a government fails to fully fund the annual OPEB cost, the difference between the annual OPEB cost and actual contribution is reported as a liability in the government-wide financial statements.

The City reported an increase in Net OPEB Obligation (NOO) of \$69,854 in 2014, of which \$30,920 is attributed to business-type funds. The cumulative NOO for all fund types as of December 31, 2014 is \$5,232,025 and is reported in the Government-Wide Statement of Net Position as a governmental liability. For purposes of note disclosure, the liability is split between governmental and business type funds, based on contributions to the OPEB fund. The portion of the liability related to business-type funds as of December 31, 2014 is \$2,368,369 and is included in the following table.

Schedules Relating to Long-Term Liabilities— The following tables provide a comprehensive record of all long-term liabilities for business-type funds as of December 31, 2014:

SCHEDULE OF LONG-TERM LIABILITIES - BUSINESS TYPE FUNDS								
REVENUE BONDS								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2014	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2014	DUE WITHIN ONE YEAR
2007-Electric Refunding & Capital Improvements	4.00%-5.00%	11/1/2036	\$ 25,775,000	\$24,845,000	\$ -	\$ 1,805,000	\$ 23,040,000	\$ 1,875,000
2009-Electric Revenue - Capital Improvements	1.21%-6.37%	11/1/2039	11,200,000	10,240,000	-	245,000	9,995,000	255,000
2013 A Electric Revenue Refunding	.50%-2.50%	11/1/2020	925,000	920,000	-	5,000	915,000	5,000
Capital Improvement and Refunding	2.00%-5.00%	11/1/2042	19,455,000	19,360,000	-	505,000	18,855,000	530,000
2003-Water Wastewater Capital Improve -Refunding	2.00%-4.75%	11/1/2023	28,815,000	12,105,000	-	12,105,000	-	-
2004 Water Wastewater Capital Improvements	3.00% 4.90%	12/1/2014	3,290,000	100,000	-	100,000	-	-
2009-Water/Sewer Improvement & Refunding	2.50%-5.125%	12/1/2038	21,975,000	16,805,000	-	1,790,000	15,015,000	1,850,000
2012 Water Wastewater Improvement & Refunding	2.00%-4.00%	11/1/2034	7,540,000	7,430,000	-	175,000	7,255,000	275,000
2014 Waterworks Revenue & Refunding	2.00%-4.00%	11/1/2023	9,985,000	-	9,985,000	-	9,985,000	700,000
TOTAL REVENUE BONDED DEBT							\$ 85,060,000	\$ 5,490,000

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GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BALANCE 01/01/2014	ADDITIONS	REDUCTIONS	BALANCE 12/31/2014	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1999 SolidWaste Bond)	2.00% - 2.25%	12/1/2019	\$ 1,205,000	\$ 735,000	\$ -	\$ 115,000	\$ 620,000	\$ 115,000
2010 LTGO Refunding (1998 LTGO Refund, IT Facility, 1996 Golf Course Ref)	2.00%- 4.30%	12/1/2039	4,460,000	4,165,000	-	95,000	4,070,000	95,000
2013A LTGO - Broadband Portion to construct a fiber optic structure to support communications network	1.125%-4.00%	12/1/2037	1,200,000	1,200,000	-	-	1,200,000	-
2013B LTGO - Broadband Portion to construct a fiber optic structure to support communications network	.38%-3.50%	12/1/2027	1,165,000	1,115,000	-	75,000	1,040,000	75,000
TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES							\$ 6,930,000	\$ 285,000
OTHER BUSINESS-TYPE LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2014	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2014	DUE WITHIN ONE YEAR
Water Leak Program (Replace Aging Water Lines)	1.00%	7/1/2020	\$ 6,432,914	\$ 2,375,780	\$ -	\$ 339,398	\$ 2,036,382	\$ 339,397
PWTF #PW-03-691-020 Water Main Replacement	0.50%	7/1/2023	8,755,000	5,066,614	-	506,661	4,559,953	506,661
DWSRF Loan #02-65102-039 Rchld Wellfield Disinfection	1.00%	10/1/2023	1,984,802	1,161,304	-	116,130	1,045,174	116,131
DWSRF Loan #02-65102-040 Rchld Wellfield Capacity	1.00%	10/1/2023	978,117	575,364	-	57,536	517,828	57,536
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	1.50%	10/1/2024	580,000	398,750	-	36,250	362,500	36,250
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	1.50%	10/1/2029	3,030,000	2,568,252	-	160,516	2,407,736	160,516
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	4.30%	3/1/2024	145,776	94,665	36,660	7,306	124,019	7,623
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	2.90%	5/27/2031	1,250,000	1,400,039	-	62,330	1,337,709	64,162
HAEIF Loan #58-01-01 - Broadband Fund -Fiber Network	3.00%	7/1/2021	150,829	-	150,829	-	150,829	29,166
Liability for Landfill Closure				5,340,122	205,656	-	5,545,778	-
Compensated Absences			N/A	2,125,108	1,847,498	1,943,084	2,029,522	1,014,761
Net OPEB Obligation				2,337,449	30,920	-	2,368,369	-
TOTAL OTHER BUSINESS-TYPE LIABILITIES							22,485,799	2,332,203
TOTAL BUSINESS-TYPE LIABILITIES							\$ 114,475,799	\$ 8,107,203

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In the Statement of Net Position for Business-Type Activities - Enterprise Funds, the long-term portion of the bonds payable are reported net of unamortized discounts and premiums. Bond issuance costs are reported as expense in the year paid. For the year ended December 31, 2014, the amount reported in the Statement of Net Position as bonds payable is as follows:

BONDED DEBT	ELECTRIC	WATER	SEWER	*SOLID-WASTE	STORM-WATER	*GOLF COURSE	*BROAD-BAND	TOTAL
Current Portion	\$ 2,665,000	\$ 1,525,936	\$ 1,199,063	\$ 115,000	\$ 100,000	\$ 95,000	\$ 75,000	\$ 5,774,999
Long-Term Portion	50,140,000	16,141,775	12,058,226	505,000	1,230,000	3,975,000	2,165,000	86,215,001
Net unamortized premiums and discounts	2,333,379	1,194,392	759,658	19,867	10,409	65,803	(34,077)	4,349,431
Net Long-Term Portion	52,473,379	17,336,167	12,817,884	524,867	1,240,409	4,040,803	2,130,923	90,564,432
Total Reported Liability	\$ 55,138,379	\$ 18,862,103	\$ 14,016,947	\$ 639,867	\$1,340,409	\$4,135,803	\$ 2,205,923	\$ 96,339,431

*Councilmanic General Obligation Bonds were issued for the Solid Waste, Golf Course and Broadband funds.

The annual debt service requirements to maturity for amortized debt incurred for business-type activities for fiscal year ended December 31, 2014 is as follows:

SCHEDULE OF DEBT SERVICE FOR BUSINESS-TYPE ACTIVITIES			
YEAR ENDING DECEMBER 31	PRINCIPAL	INTEREST	TOTAL
2015	\$ 7,092,442	\$ 5,090,147	\$ 12,182,589
2016	7,353,935	4,776,276	12,130,211
2017	7,532,088	4,506,331	12,038,419
2018	7,835,333	4,211,464	12,046,797
2019	7,708,681	3,836,440	11,545,122
2020-2024	27,231,180	13,705,445	40,936,625
2025-2029	13,143,770	8,803,786	21,947,556
2030-2034	14,569,700	5,157,299	19,726,999
2035-2039	10,395,000	1,653,313	12,048,313
2040-2042	1,670,000	135,400	1,805,400
TOTAL	\$ 104,532,130	\$ 51,875,902	\$ 156,408,031

Table excludes landfill closure liability, Net OPEB obligation and compensated absences.

Disclosures Applicable to Both Governmental-Type and Business-Type Activities

Arbitrage Compliance - The bonds are subject to the rebate requirement imposed by the Internal Revenue Code of 1986, Section 148(f), and therefore the City, in the manner and to the extent required by that Section, will calculate and rebate to the United States any investment earnings on gross proceeds of the bonds, which are in excess of the amounts that would have been earned if those gross proceeds had been invested at the yield on the bonds, plus any income attributable to such excess earnings. Investment earnings on amounts held in the principal and interest account will not be taken into account for this purpose at any time, even if the amount earned is \$100,000 or more in a bond year, because the bonds bear interest at fixed rates (i.e. rates that do not vary during the term of the bonds) and have an average maturity of at least 5 years. If the City for any reason

fails to comply with the rebate requirement to the extent applicable to the bonds, the City, to the extent permitted and required by Section 148(f)(7) of the Internal Revenue Code, will pay any penalty that may be necessary to preserve the tax exemption for interest on the bonds.

Compensated Absences - City employees are credited on a bi-weekly basis with sick and vacation leave at rates established by City ordinance or union agreement.

Effective January 1, 2001, Paid Time-Off (PTO) was provided to unaffiliated City employees in lieu of vacation and short-term sick. All accumulated vacation leave balances were converted to PTO. In addition to PTO, an extended sick leave bank was created. Employees were given a one time, irrevocable opportunity to elect one of three conversion options for their accumulated sick leave. The first was to convert it to cash at twenty-five percent of its value, not to exceed \$5,000. The second was to convert all of their sick leave to PTO at twenty-five percent of its hourly value. The third option was to “grandfather” all accumulated sick leave and keep it in a separate leave account. Employees who retire or terminate their employment with the City that have a balance in their “grandfathered” sick leave account will be paid twenty-five percent of its value, not to exceed \$5,000 for retirees or \$2,000 for terminations. Because of the many variables governing the cash payment of grandfathered sick leave, the City accrues the benefit annually for scheduled retirees.

PTO is accrued when incurred in the government-wide and proprietary fund financial statements. PTO, which may be accumulated up to 500 hours for PERS I employees and 800 hours for PERS II and PERS III employees, is payable upon resignation, retirement or death. On December 31, 2014, the City’s accrued vacation, PTO and sick leave amounted to \$5,491,975. This amount includes \$461,541 of internal services funds that are allocated within the business-type activities. The total also includes \$255,509 in leave balances for Benton County Emergency Services, which are reported as Agency Funds and not included in the tables in this section.

Compensated absences for the governmental activities are liquidated by the General, Industrial Development, Housing and Redevelopment, HOME and the City Streets funds. The Electric, Water, Sewer, Solid Waste, Stormwater, Medical Services, Equipment Maintenance and Public Works Administration and Engineering funds liquidate the liability for compensated absences for the business-type activities.

NOTE 4. FINANCIAL GUARANTEES AND PLEDGED REVENUES

In 2004, the Richland Public Facilities District (PFD) issued \$7,000,000 in limited tax general obligation bonds, for the purpose of developing a regional center qualifying as a “tourism-related facility”. Pursuant to a “Contingent Loan Agreement”, dated January 13, 2004, between the City and the Richland PFD, the City irrevocably pledged its full faith, credit and resources to make loans to the PFD in the event that the PFD does not have on deposit, sufficient pledged revenue to pay any scheduled payment of principal and interest on the bonds. The obligation of the City to make loans to the PFD for debt service shall terminate upon payment in full of the principal and interest on all outstanding bonds. The repayment terms of the loan agreement mandate repayment of interest and principal to the City from available pledged revenues of the PFD. To date all scheduled bond payments of principal and interest have been paid by the PFD and the City has not made loans to the PFD. Based on projections of the PFD’s pledged revenues, the City does not anticipate that it will be necessary to make loans to the district. As of December 31, 2014, the outstanding principal of the PFD’s bonds is \$5,510,000.

In addition to the Contingent Loan Agreement, the City pledged \$125,000 annually from its lodging tax revenues in support of debt service on the aforementioned PFD bonds. This amount is transferred annually until the bonds are retired in 2028. In 2014, the \$125,000 lodging tax pledged toward the bonds, as a percentage of total lodging tax revenues and as a percentage of the PFD’s annual debt service, was 15.2% and 27.9%, respectively.

NOTE 5. LEASE COMMITMENTS-OPERATING LEASES

The City has utilized operating leases as a competitive alternative for purchasing and maintaining certain vehicles and equipment. Currently, the City had operating leases for a Pitney Bowes Inserter/Postage machine and three fire pumbers/engines. Total cost for these leases was \$177,582 for year ended December 31, 2014.

The future minimum lease payments for these leases are displayed in the following table:

OPERATING LEASES			
Year	Pitney Bowes Sorter/Inserter Postage	Pumper/Engine Fire Interest Rates 5.25%	Total Lease Payments per Year
2015	\$ 34,712	\$ 142,870	\$ 177,582
2016	34,712	142,870	177,582
2017	17,357	96,830	114,187
2018		48,095	48,095
2019		48,095	48,095
2020-2024		96,190	96,190
TOTAL	\$ 86,781	\$ 574,950	\$ 661,731

NOTE 6. INTERFUND TRANSFERS

The following table provides a summary of interfund transfers for the year ended December 31, 2014.

Transferred To...	Transferred From...				
	General Fund	Other Governmental Funds	Major Enterprise Funds	Other Enterprise Funds	Total
General Fund	\$ -	\$ 1,795,179	\$ -	\$ 28,746	\$ 1,823,925
Streets Fund	1,060,121				1,060,121
Other Governmental Funds	1,005,674	4,502,474			5,508,148
Other Enterprise Funds	719,884	171,390	55,000		946,274
Internal Service Funds				385,140	385,140
Total	\$ 2,785,679	\$ 6,469,043	\$ 55,000	\$ 413,886	\$ 9,723,608

In 2014, the City's enterprise operations paid a total of \$7,935,961 in Occupation Taxes to the City's General Fund. In accordance with GASB Statement No. 34, the expense is reflected as an operating expense in the Fund Financial Statements, while payments of this nature are to be reported on the City's Government-wide Statement of Activities as transfers. Therefore, the amount of transfers reported on the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance is different by this amount.

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The following tables provide additional information on transfers, by purpose, fund and activity type.

Purpose: Reimbursement of expenses accounted for in one fund with revenues accounted for in another fund and/or required contributions.							
Transferred To...		Transferred From...					Total
		General Fund	Other Governmental Funds				
			Industrial Development	Criminal Justice	Hotel/Motel Tax	LID Guaranty	
General Fund		\$ -	\$ 151,360	\$ 41,980	\$ 98,036	\$ 150,000	\$ 441,376
Streets		1,060,121					1,060,121
Other Governmental Funds	PFD Contingency	23,491					23,491
Other Enterprise Funds	Medical Services	550,000					550,000
Total		\$1,633,612	\$ 151,360	\$ 41,980	\$ 98,036	\$ 150,000	\$2,074,988

Purpose: Debt service and/or contributions toward capital and other improvements															
Transferred To:	Transferred From...														
	Major Governmental Funds	Other Governmental Funds							Major Enterprise			Other Enterprise Funds			Total
	General Fund	Park Reserve	Industrial Development	Capital Improvement	Hotel Motel	CDBG	LID Debt Service	Streets Construction	Electric	Water	Sewer	Storm-water	Medical Services	Broad-band	
General Fund	\$ -	\$ 89,375	\$ 596,365	\$ 668,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,746	\$ 1,382,549
Other Governmental Funds															
Industrial Development				33,754											33,754
1998 LTGO Debt Service	690,456														690,456
Fire Station #74 Debt Service	40,477														40,477
Streets Construction	251,250		2,839,230	434,500		51,455									3,576,435
Fire Station #74 Construction				3,595											3,595
Parks Project Construction		331,000	61,912	61,000	285,666	73,000									812,578
General Government Const			236,524												236,524
Delaware Ave LID #195							24,694	66,144							90,838
Other Enterprise Funds															
Broadband	169,884		171,390						30,000	20,000	5,000				396,274
Internal Service Fund															
Equipment Replacement												217,030	168,110		385,140
Fiduciary Funds															
Total	\$ 1,152,067	\$ 420,375	\$ 3,905,421	\$ 1,200,912	\$ 285,666	\$ 124,455	\$ 24,694	\$ 66,144	\$ 30,000	\$ 20,000	\$ 5,000	\$ 217,030	\$ 168,110	\$ 28,746	\$ 7,648,620

NOTE 7. RISK MANAGEMENT

The City is exposed to various types of risks (e.g. torts, thefts, damages, injuries to employees, natural disasters, risks related to providing employee and post-employment benefits, workers' compensation, unemployment on a self-insurance basis, etc.). Detailed information regarding those risks and how they are handled are disclosed below.

Washington Cities Insurance Authority (WCIA)

The City of Richland is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 175 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sub-limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Richland paid \$795,512 in premiums for coverage in 2014.

Employee Benefits, Workers' Compensation, and Unemployment

Medical, Dental and Vision Insurance Benefits - The City offers comprehensive medical coverage on a self-insured basis. Reinsurance for medical benefits is provided by Gerber Life Insurance Company. Dental benefits are entirely self-insured. Vision coverage is a fully funded program. Both the City and the employee share in the premium cost of medical and dental benefits. Medical and dental benefits are administered by Zenith Administrators Inc. utilizing the First Choice Health Network for medical benefit providers. Stop Loss coverage is provided by Gerber Life Insurance Company. The Stop Loss premium was \$355,635 in 2014, of which \$37,503 was attributed to coverage for retirees in the Post employment healthcare plan. Vision coverage is provided by Vision Service Plan. The City accounts for all of these activities in the Employee Benefits Internal Service Fund. There has been no significant reduction in insurance coverage from the previous year, nor have there been any claims in excess of the insurance coverage purchased through the commercial carrier.

Medical, dental and vision coverage requires all claims to be submitted and paid within one year of the service date. Due to the short time frame, liabilities for outstanding payments have not been discounted. There have been no outstanding claims liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet. All City healthcare claims are processed through this fund and monthly journal entries are completed to move retiree claims to the Post Employment Healthcare Fund. The City records estimates of incurred but not reported claims as an expense offset by liability for estimated claims payments. The basis for estimating liabilities for unpaid claims and administrative expense is based on an average of the prior 24 months of fund expense. The fund maintains a reserve equal to twenty weeks of expense for estimated claims and administrative expense. As of December 31, 2014, the estimated claims reserve has \$2,143,377 set aside for estimated claims liabilities. Settlements have not exceeded available resources for these benefits in the previous three years.

The following is a reconciliation of changes in the aggregate liabilities for healthcare claims for the fiscal years 2012 through 2014:

EMPLOYEE HEALTHCARE BENEFITS					
YEAR	Claims Liability 1/01/14	Claims Incurred in 2014	Change in Estimate of Claims for Prior Period	Claims Paid in 2014	Claims Liability 12/31/14
2014	\$ 2,092,774	\$ 6,970,513	\$ 50,603	\$ 6,970,513	\$ 2,143,377
2013	2,092,774	6,961,439	-	6,961,439	2,092,774
2012	1,858,354	6,794,297	234,420	6,794,297	2,092,774

Beginning February 1, 2012, all city employees that are members of the International Association of Fire Fighters (IAFF) Rank & File and IAFF Battalion Chiefs and dependents participate in the LEOFF Trust for *Medical, Rx and Vision coverage*. The Trust is a self-funded high deductible plan. Premera Blue Cross became third party administrator of the trust beginning January 1, 2013. The LEOFF Trust plan has tiered rates depending upon the family dynamics. The City issues the premium payments directly to the Trust and contributes the equivalent of the budgeted premium for the self-insured plan and Fire employees make a contribution based on Employee, or Employee plus dependent, status.

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Effective February 1, 2012, all IAFF Rank & File and IAFF Battalion Chiefs and dependents also participate in a Health Reimbursement Account (HRA) with A.W. Rehn & Associates. The City contributes \$187.50 monthly for employee only and \$375.00 monthly for employee and dependents (\$,2250 and \$4,500 annually). This account is for unreimbursed health expenses as needed by employee and whatever is left over at the end of the claim year is sent to an HRA/ VEBA account for that IAFF member.

Between the LEOFF Trust premium and the HRA plan, the City's contribution does not exceed the amount that would be provided if the IAFF member was still covered under the City's *Medical, Rx & Vision* benefits. The City maintains the self-insured *dental* coverage for all IAFF Rank & File and Battalion Chiefs, and they are included in the EAP program.

Workers' Compensation and Unemployment - The City is self-insured for worker injury claims. Claims exceeding the per-occurrence self-insured retention of \$400,000/\$500,000 are transferred to our reinsurer, Safety National Casualty Company.

Unemployment claims are self-insured with the City retaining all risk for claims. Workers' Compensation and Unemployment activities are accounted for in the Workers' Compensation and Unemployment internal service funds, respectively. There has been no significant reduction in insurance coverage from the previous year, nor have there been any claims in excess of the insurance coverage purchased through the commercial carrier. The basis for estimating liabilities for unpaid claims is based on an analysis of the subsequent year's claims processed for activities incurred in the current year. There are no outstanding claims liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet. The Workers' Compensation Fund and Unemployment Fund have \$111,049 and \$16,504, respectively set aside in reserves for potential losses.

The following tables reflect a reconciliation of changes in the aggregate liabilities for claims for the fiscal years 2012 through 2014:

WORKERS COMPENSATION CLAIMS					
YEAR	Claims Liability 1/01/14	Claims Incurred in 2014	Change in Estimate of Claims for Prior Period	Claims Paid in 2014	Claims Liability 12/31/14
2014	\$ 95,035	\$ 858,900	\$ 16,014	\$ 858,900	\$ 111,049
2013	78,975	632,000	16,060	632,000	95,035
2012	74,425	508,416	4,550	508,416	78,975

UNEMPLOYMENT CLAIMS					
YEAR	Claims Liability 1/01/14	Claims Incurred in 2014	Change in Estimate of Claims for Prior Period	Claims Paid in 2014	Claims Liability 12/31/14
2014	\$ 23,686	\$ 83,803	\$ (7,182)	\$ 83,803	\$ 16,504
2013	53,522	104,791	(29,836)	104,791	23,686
2012	30,546	183,516	22,976	183,516	53,522

NOTE 8. OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Post-Employment Healthcare Plan- Citywide

The City implemented GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" effective January 1, 2008. GASB No. 45 requires the City to accrue other postemployment benefits (OPEB) expense related to its postemployment healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45 has recorded a liability of \$5,232,025 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. This liability is included in other noncurrent liabilities in the accompanying December 31, 2014 Statement of Net Position. The increase in Net OPEB obligation for 2014 was \$69,854.

Plan Description

The City of Richland administers a single-employer defined benefit post-employment healthcare plan ("the Post-Employment Health Care Plan"). The plan provides healthcare insurance for eligible retirees, their spouses, and eligible children through the City's health insurance plan, which covers both active and retired members. The plan provides healthcare benefits and prescription coverage. The plan does not cover dental or vision benefits. The Post-Employment Health Insurance Program was implemented beginning January 1, 2003 in accordance with recommendations from the Benefits and Services Focus Group appointed by the City. The City offered all bargaining units an irrevocable and one time opportunity to participate in the Post-Employment Health Insurance Program. In lieu of participation in this benefit program, the International Association of Fire Fighters (IAFF) Local 1052 and Southeast Washington Tele Communicators Guild (SEWTG) elected to take additional wages. All remaining bargaining units and unaffiliated employees opted to participate in the program. Effective December 31, 2012, the plan was closed to new participants.

The City, as plan administrator, has sole authority to determine eligibility for benefits and construe the terms of the plan, including modifying or terminating the plan, except in the case of bargaining unit employees which may require contract negotiation for plan changes. The financial reports for the Post-Employment Healthcare Program are included in the City's annual financial report and are not issued as a stand-alone report. You can request the City's annual financial report from the City of Richland, 505 Swift Boulevard, Richland, WA 99352.

The program allows eligible retirees to purchase the City's insurance benefits at a reduced rate. As of December 31, 2014, the eligibility criterion for the plan was follows:

- Full time city employee
- Age 50 or permanent disability or PERS I retiree with 30 years of City service
- 10 years of City service
- Eligible to stay on plan to age 65 or Medicare eligibility
- Spouse eligible to stay on plan to age 65 or Medicare eligibility
- Eligible dependents up to age 26
- LEOFF I dependents
- Immediate election upon termination

As a self-insurer, the City establishes a monthly premium rate for insurance benefits each budget year. Eligible retirees may continue to receive insurance benefits by contributing 50% of the cost of the premium. Through December 31, 2012, the program provided the same level of healthcare benefits to retirees as the active group plan, however effective January 1, 2013 new retirees are no longer eligible for the same PPO plan as current employees, but will be enrolled in a new Comprehensive Plan that offers a tiered rate and 80/20 coverage. Employees will continue to pay 50% of the applicable premium amount. Employees that retired on or before December 31, 2012 are grandfathered under the existing PPO plan but have the option to change to the new plan, which offers single or family coverage and subsequently, reduced premiums for single coverage.

Changes to the Plan

The OPEB plan was closed to new participants December 31, 2012. During the December 2012 and 2013 benefit windows the City offered active employees participating in the OPEB plan an opportunity to opt out of the existing plan. Employees that opt out of the plan receive a contribution, equal to 1% of annual salary for each year in the plan since 2003. The buyout funds will be deducted from available reserves in the fund and contributed to a Retirement Health Savings (RHS) plan for employees who opt out. The City will continue to fund the RHS's with a 1% salary contribution annually and the employee is required to contribute ½% of salary to the plan. Beginning January 1, 2013, all eligible new employees will participate in the RHSA plan, funded by a 1% of salary contribution from both the City and the employee. Existing employees that remain in the OPEB plan will be required to contribute 1% of salary to a Retirement Health Savings plan. Fifty two employees opted out during the December 2012 window and forty five opted out in the 2013 benefit windows. The City will continue to offer opt out windows in an effort to reduce participants in the plan and move employees to a defined contribution platform.

In addition to the employee applicable (½% or 1%) contribution to the Retirement Health Savings plan, a portion of the employee's PTO may be converted to cash and contributed to their Retirement Health Savings plan on an annual basis. The PTO buyout is mandatory if the employee has over 400 hours of PTO available. The Human Resource department processes the buyout in the second payroll in January. The following table details the contributions to the plan for the City and active employees, including the PTO buy out component.

Plan Participants	Employee Contribution (deposited to RHS plan)	City Contribution ¹⁻ Contributed to Fund 522 ²⁻ Contributed to employee RHS Plan	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 400-599 Hours	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 600-800 Hours
¹ Existing Employee - OPEB Plan	1% Salary	\$2981 Annual	20 Hours	40 Hours
² New Employee in RHS	1% Salary	1% Salary	20 Hours	40 Hours
² Existing Employee Opted out of OPEB Plan to RHS	1/2% Salary	1% Salary	20 Hours	40 Hours

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The City’s contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan and all plan investments are reported at fair market value as of December 31, 2014.

Funding Policy

The Post-Employment Health Insurance Program is funded on a “pay as you go” basis. The contribution requirements of plan members and the City are established by the City. For the year ending December 31, 2014, the City contributed \$248.42 monthly per eligible active employee to the program. The City’s total contribution to the plan in 2014 was \$718,641. The retiree required contribution to the plan was \$330(Single) or \$660(with spouse) per month, for Comprehensive Plan coverage or \$675 (single/or married) per month for the PPO plan (currently utilized by active employees –and grandfathered retirees). Retired plan members paid premium payments totaling \$356,356 in 2014. As of December 31, 2014, there were 219 active employees and 64 participating retirees and beneficiaries in the plan. Employees who leave the City and do not elect to participate in the plan immediately following termination are not eligible for future benefits.

Annual OPEB Cost and Net OPEB Obligation

The basis for the City’s annual OPEB cost (expense) is the Annual Required Contribution (ARC) as calculated by an actuary. The ARC represents a level of funding that, if paid on an ongoing basis, would be projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed ten years. The following displays the components of the City’s annual OPEB cost, the amount contributed to the Health Plan, and changes in the City’s net OPEB obligation to the Post Employment Healthcare Plan for the year ended December 31, 2014.

Change in Net OPEB Obligation	For Fiscal Year Ending December 31, 2014
Normal cost -Entry Age Normal Method	\$ 428,070
Amortization of unfunded actuarial accrued liability (UAAL)	583,075
Annual Required Contribution (ARC)	1,011,145
Interest on Net OPEB Obligation	129,054
Adjustment to ARC	(240,621)
Annual OPEB Cost (expense)	899,578
Contributions made	(829,724)
Increase in Net OPEB Obligation	69,854
Net OPEB Obligation -Beginning of Year	5,162,171
Net OPEB Obligation -End of Year	\$ 5,232,025

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Post Employment Health Plan and the net OPEB obligation follow:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 1,600,319	\$ 536,493	33.52%	\$ 5,080,542
12/31/2013	1,019,411	937,782	91.99%	5,162,171
12/31/2014	899,578	829,724	92.23%	5,232,025

The employer contribution consists of payments to the third party administrator for claims, administrative expense and stop loss premiums, less the employee premiums paid to the plan.

Funded Status and Funding Progress: the funded status of the Post Employment Healthcare Plan as of December 31, 2014 follows:

Actuarial Accrued Liability (AAL)- Entry Age Normal	\$ 12,409,718
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>12,409,718</u>
Funded Ratio	0.0%
Covered Payroll	16,337,048
UAAL as a percentage of covered payroll	75.96%

*The Post Employment Healthcare Plan is not a trust or an equivalent to a trust and as such the assets of the plan cannot be considered in the funding progression of the plan.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with expectations and new estimates are made about the future. The most recent actuarial study was performed December 31, 2014 by Healthcare Actuaries. At the city's request all valuations were changed to a December 31 valuation date instead of January 1 and will continue to use the year end date for future valuations. This report includes liabilities for projected taxes due under the Affordable Care Act's excise tax on high cost health benefit plans (cadillac tax) which is set to begin in 2018. The changes since our last valuation include:

- 1) Updated claim cost assumptions (including the "Cadillac" Tax)
- 2) Updated trend assumptions based on experience and future expectations
- 3) Updated discount rate from 3.0% to 2.5%
- 4) Updated mortality rates based on new mortality study and tables
- 5) Updated census data

The December 2014 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 2.50% investment rate of return (net of administrative expense) and an initial annual healthcare

cost trend rate of 8.0% for pre-Medicare expenses, to an ultimate rate of 3.8% after 61 years. The trend for the Excise Tax threshold is 0% until 2018, when a trend rate of 4.24% is used. The trend for all future years after that year is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL is amortized as a level dollar amount on an open basis over 30 years.

GASB No. 45 requires a schedule of funding progress that presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarially accrued liability for benefits. This schedule is presented as Required Supplementary Information (RSI) in the section immediately following the Notes to the Financial Statements.

Post-Employment Healthcare Plans – LEOFF 1 Fire and LEOFF 1 Police Plans

The City of Richland provides post-employment health care benefits via two single employer defined benefit OPEB plans in accordance with state statute for retired police officers and firefighters who are eligible under the Law Enforcement Officers' and Firefighters (LEOFF) plan 1 retirement system. The LEOFF I OPEB plans for Police and Fire are administered by the Police and Fire Pension plans discussed in more detail in Note 9.

Plan Description

As mandated by RCW 41.26, RCW 41.18 and RCW 41.20, the City reimburses 100% of allowable healthcare costs for LEOFF 1 retirees. All firefighters and law enforcement officers employed between 3/1/70 and 10/31/77 are members of a single employer defined benefit OPEB plan and are provided lifetime insurance coverage for medical, hospital and nursing home care costs. These benefits are accounted for in Police and Fire Pension and Relief Funds and are considered, in substance, a postemployment healthcare plan administered by, but not part of, the Police and Fire Pension Plans. Extraordinary health and dental expenses, as determined by the Pension Board, require prior approval. Insurance policies for this benefit are underwritten as part of the City's overall insurance program. The LEOFF I OPEB plans are closed to new entrants.

Pension Plan members who take service or disability retirements are eligible to have 100% of their medical expenses paid by the City. These expenses are reduced by amounts received or eligible to be received under worker's compensation, Medicare or insurance provided by another employer, and are paid at the discretion of the Local Disability Board. The Disability Board has authority to designate the provider of the services.

The City pays a monthly insurance premium to the Employee Health Care Fund for each retiree. The premium is less for Medicare age retirees, and the City reimburses retirees for the Medicare premiums. Medicare is the primary payer for retirees age 65 and over, and Zenith Administrators is primary payer for retirees under age 65 and secondary payer for Medicare recipients. The members' necessary hospital, medical, and nursing care expenses not payable by workers' compensation, Medicare, or insurance provided by another employer, are covered.

As of December 31, 2014, there were 35 retired police officers and 29 retired fire fighters collecting health care benefits from the LEOFF I OPEB plans. There is one remaining active police officer that will be eligible for these benefits upon retirement. The total cost for this post-employment benefit was \$691,514 for Police and \$415,216 for Fire in 2014. Benefits and refunds are recognized when their related liabilities are incurred.

The OPEB plans are administered by the Fire and Police Pension Board and, as with the pension plans, the Pension Boards have the authority for establishing and amending plan policies as set forth by State statutes. The boards are comprised as follows: Fire Relief and Pension Plan: Mayor or Mayor Pro-Tem, City Clerk, City

Treasurer and two elected firefighters and one alternate. Police Relief and Pension Plan: Mayor, Mayor Pro-Tem, City Clerk, City Treasurer and three elected police officers. The elected board members can be active or retired and must be either participants in the plan or LEOFF II participants elected by participants in the plan. GASB Statement 43, Financial Reporting for Postemployment Benefit Plans, mandates separate disclosure for OPEB plans, including those administered by a defined benefit Pension Plan. In 2014 Healthcare Actuaries completed actuarial evaluations for the Police OPEB Plan, the FIRE OPEB Plan and separate evaluations for the Police Pension Plan and the Fire Pension Plan. As of December 31, 2014, there was \$538,089 in the Fire Pension Fund, and \$228,314 in the Police Pension Fund, held in Trust for OPEB benefits.

Basis of Accounting

The fund financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. The City's contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan and all plan investments are reported at fair market value as of December 31, 2014.

Funding Policy

The City does not require retiree contributions. All contributions are reported in the Police Pension and Relief Fund 612 and Fire Pension and Relief Fund 611. These funds provide funding for both OPEB and Pension Benefits to LEOFF 1 employees. Contributions for the fire plan are derived from an annual property tax levy of up to \$.2250 per \$1,000 of assessed property value. In addition, on an annual basis, the State contributes a fixed amount based on the number of active firefighters per RCW 41.16.050(2). Contributions for the police plan are derived from contributions by the City's General Fund. The City contributes the cost of medical claims paid on behalf of members of both plans through the Employee Benefit Fund. Contributions are recognized when they are earned and become measurable.

Under current law, the LEOFF I OPEB plans need only receive enough revenue to fund the benefits on a "pay-as-you-go" basis. The City's policy is to continue to fund the plans at a level where the funds do not use the accumulated plan assets for current expenditures. Employee contributions are not required. There is no legal level of reserves required and there are no long term contracts for contributions to the plan.

Annual OPEB Cost and Net OPEB Obligation

The basis for the City's annual OPEB cost (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess).

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The following table displays the components of the City's annual OPEB cost, the amount contributed to the plan, and changes in the City's net OPEB obligation for year ended December 31, 2014.

ANNUAL OPEB COST AND NET OPEB OBLIGATION AS OF DECEMBER 31, 2014		
	FIRE	POLICE
Normal cost- Projected Unit Credit Method	\$ -	\$ -
Amortization of unfunded actuarial accrued liability (UAAL)	<u>1,460,577</u>	<u>1,701,762</u>
Annual Required Contribution (ARC)	1,460,577	1,701,762
Interest on net OPEB obligation	1,625	971
Adjustment to ARC	<u>(6,655)</u>	<u>(3,180)</u>
Annual OPEB cost (expense)	1,455,547	1,699,553
Contributions made	<u>(415,216)</u>	<u>(691,514)</u>
Increase in net OPEB obligation	1,040,331	1,008,039
Net OPEB obligation - beginning of year	<u>59,085</u>	<u>35,315</u>
Net OPEB obligation - end of year	<u>\$ 1,099,416</u>	<u>\$ 1,043,354</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Fire and Police OPEB plans and the net OPEB Obligation follow:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fire OPEB Plan				
12/31/2012	\$ 744,719	\$ 492,082	66.08%	\$ (77,484)
12/31/2013	582,222	445,653	76.54%	59,085
12/31/2014	1,455,547	415,216	28.53%	1,099,416
Police OPEB Plan				
12/31/2012	\$ 894,752	\$ 702,452	78.51%	\$ (51,509)
12/31/2013	740,512	653,688	88.28%	35,315
12/31/2014	1,699,553	691,514	40.69%	1,043,354

Funding Status

The funded status of the Police and Fire OPEB Plans as of December 31, 2014 follows:

	FIRE	POLICE
Actuarial Accrued Liability (AAL) - Projected Unit Credit	\$ 13,127,776	\$ 18,485,643
Actuarial value of plan assets	538,089	228,314
Unfunded Actuarial Accrued Liability (UAAL)	<u>12,589,687</u>	<u>\$ 18,257,329</u>
Funded Ratio (actuarial value of plan assets /AAL)	4.1%	1.2%
Covered Payroll	\$ -	\$ 96,445
UAAL as a percentage of covered payroll	N/A	18930.3%

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB Statement No. 45 requires employers to calculate an annual accrued cost and to disclose the cumulative difference between the annual accrued costs and amounts actually prefunded for their OPEB plans. The most recent actuarial study was performed by Healthcare Actuaries as of December 31, 2014. Separate evaluations were performed for both the Police and Fire Pension OPEB Plans. Results of the study reflect a significant increase in the ARC and the UAAL. Many issues impacted the substantial increase including the effect of the Affordable Care Act’s excise tax on high cost health benefits set to begin in 2018 and increases in life expectancy. A list of major changes since the prior valuation follow:

- 1) Updated claim cost assumptions based on recent claims experience and market trends
- 2) Included long term care costs
- 3) Added the impact of the “Cadillac” Tax set to begin in 2018
- 4) Updated trend assumptions based on experience and future expectations
- 5) Updated discount rate from 6.75% to 2.75%
- 6) Updated mortality rates based on new mortality study and tables
- 7) Updated census data

Actuarial significant actuarial methods and assumptions used to complete the 2014 actuarial valuation for the Fire and Police OPEB plans are presented in the following table.

ACTUARIAL METHODS AND ASSUMPTIONS	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Amortization Period	FIRE 10 Years-POLICE 13 Years
Inflation Rate based on CPI for Seattle	3% per year
Investment Return	2.75%
Health Care Cost Trend for 2014	8%
Trending down over 61 years- ultimate rate 3.8%	8.0%-3.8%
Healthy Mortality – RPG-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP- 2014 set-back one year for males and set forward one year for females.	

GASB No. 45 requires a schedule of funding progress and a schedule of contributions which is presented as Required Supplementary Information (RSI) in the section immediately following the Notes to the Financial Statements.

NOTE 9. PENSION PLANS

STATEWIDE ADMINISTERED RETIREMENT SYSTEMS

Substantially all City 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 retirement plans. 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 it may be downloaded from the DRS website at www.drs.wa.gov

Public Employees’ Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Washington State Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, and by either February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of beginning employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 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.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS's fiscal year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

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Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013.

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Non-vested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW. The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%**	*****

- * The employer rates include the employer administrative expense fee currently set at 0.18%.
- ** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
- *** Plan 3 defined benefit portion only.
- **** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
- ***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 78,321	\$ 1,931,558	\$ 370,481
2013	96,187	1,670,843	300,250
2012	91,766	1,455,163	253,004

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

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LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013.

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Terminated Plan Members Non-vested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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 DRS' Fiscal Year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

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The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

*The employer rates include the employer administrative expense fee currently set at 0.18%.

**The employer rate for ports and universities is 8.59%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2014	\$ 173	\$ 636,501
2013	152	603,710
2012	128	588,359

CITY OF RICHLAND ADMINISTERED RELIEF AND PENSION PLANS FOR LEOFF 1 PENSIONERS

The Notes to the Financial Statements were prepared implementing GASB 67 reporting. The previous Pension Note was prepared under GASB 25, 27 and 50. The new GASB standards substantially change the presentation of required disclosures.

Plan Description

The City of Richland administers two single employer defined benefit relief and pension plans for certain law enforcement officers (Police Relief and Pension Plan) and firefighters (Fire Relief and Pension Plan). These plans administer defined benefit pension and OPEB plans for both the LEOFF I Police and Fire retirees; the OPEB plans are discussed in detail in note 8. These pension and OPEB plans include some participants that were hired prior to the creation of the LEOFF plans. At the time of implementation of the LEOFF plans, the State assumed the major portion of the liabilities for future retirement benefits for members still in active service on March 1, 1970 per RCW 41.26. The City retained the responsibility for all benefits payable to members or their beneficiaries who retired prior to or who were still active on March 1, 1970 under RCW 41.18 and 41.20. Employees still active on March 1, 1970 are entitled to the greater of the benefits under either the prior Police or Fire Pension or the LEOFF plan. The City's plan must meet the cost of the excess of the pension benefit over the LEOFF benefit. At this time all members of the plan are classified as LEOFF 1 members or LEOFF 1 and prior act participants. As of December 31, 2014, there was one remaining active LEOFF 1 employee in these plans.

The Pension Boards have the authority for establishing and amending fund policies as set forth by State statutes for the Fire Relief and Pension Plan and the Police Relief and Pension Plan. The boards are comprised as follows: Fire Relief and Pension Plan: Mayor or Mayor Pro-Tem, City Clerk, City Treasurer and two elected firefighters and one alternate. Police Relief and Pension Plan: Mayor, Mayor Pro-Tem, City Clerk, City Treasurer and three elected police officers. The elected board members can be active or retired and must be either participants in the plan or LEOFF II participants elected by participants in the plan.

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The LEOFF I Fire and Police Pension Plans are included in the fiduciary fund financial statements of the Pension Plans and net position is reported for both OPEB and Pension benefits separately in the Statement of Plan Net Position. As of December 31, 2014, there was \$388,042 in the Fire Pension Fund, and \$152,324 in the Police Pension Fund, held in a Trust for pension benefits. Membership in the Pension Plan as of December 31, 2014 is comprised of 41 Fire retirees and beneficiaries and 39 Police retirees and beneficiaries, as well as one active police employee who is eligible for pension benefits immediately upon retiring.

Membership Composition:	Fire Relief and Pension	Police Relief and Pension
Total Retirees/Beneficiaries	41	39
Active Plan Members (closed to new entrants)	0	1
Inactive Plan Members Receiving Medical and Pension	16	18
Inactive Plan Members Receiving Medical Only	13	17
Beneficiaries Receiving Pension Benefits Only	12	4

Benefits Provided

Chapters 41.18, 41.20 and 41.26 of the Revised Code of Washington (RCW) sets forth the principal provisions of the Fire Relief and Pension and Police Relief and Pension plans. The statutes provide for retiree healthcare benefits, a death benefit and pension benefits for eligible retirees. Benefit terms provide for cost of living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to the current salary of the rank from which the retiree retired from, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in CPI, the benefits are increased at least 2% each year.

Rate of Return

For the year ended December 31, 2014, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.00%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested. The Police and Fire Relief and Pension Plans do not have an investment policy and their investments consist primarily of long held mutual funds, cash and interfund loans receivable. Investments are reported at quoted market price at year end.

The value of investments for both plans as of December 31, 2014 follows:

INVESTMENT COMPOSITION	FIRE RELIEF AND PENSION	POLICE RELIEF AND PENSION
Lord Abbett Mutual Funds	\$ 464,657	\$ 239,852

The Plans also invest cash assets in short term interfund loans that pay higher yields than pooled investments and certificates of deposit. As of December 31, 2014 the plans had the following loan balances outstanding:

INTERFUND LOANS RECEIVABLE			
OUTSTANDING BALANCE AS OF 12/31/14	PAYABLE TO	PAYABLE FROM	INTEREST RATE
\$30,500	Fire Pension Fund	Special Assessment Fund	5.25%
6,300	Fire Pension Fund	Special Assessment Fund	5.25%
9,675	Fire Pension Fund	Golf Course Fund	5.00%
36,861	Fire Pension Fund	Equipment Replacement Fund	3.00%
1,500	Police Pension Fund	Special Assessment Fund	5.25%

Contributions

Pursuant to RCW 41.16.060, contributions for the fire plan are derived from an annual property tax levy of up to \$.2250 per \$1,000 of the assessed property value. In addition, on an annual basis, the State contributes a fixed amount based on the number of active firefighters per RCW 41.16.050(2). RCW 41.20.13 directs the City to contribute certain general fund revenues to fund annual expenses of the police plan, which includes pension, OPEB, disability and death benefits. The City contributes the cost of medical claims paid on behalf of members of both plans through the Employee Benefit Fund. Contributions are recognized when they are earned and become measurable.

Under current law, the pension funds need only receive enough revenue to fund the benefits on a year-to-year basis. The City’s policy is to continue to fund the plans at a level where the funds do not use the accumulated plan assets for current expenditures. Employee contributions are not required. There is no legal level of reserves required and there are no long term contracts for contributions to the plan.

The plans do not offer the Deferred Retirement Option Program (DROP).

Net Pension Liability

The components of the net pension liability of both plans as of December 31, 2014 are as follows:

Net Pension Liability	Fire Pension December 31, 2014	Police Pension December 31, 2014
Total pension liability	\$ 2,072,542	\$ 2,910,561
Less: Plan fiduciary net position	388,042	152,324
Net pension liability	<u>\$ 1,684,500</u>	<u>\$ 2,758,237</u>
Plan fiduciary net position as a percentage of the total pension liability	18.72%	5.23%

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	5.0%

The long-term expected rate of return on pension plan investments assumption was based on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and the date of the last benefit payment.

Healthy life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back one year for males and set forward one year for females. Disabled life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back two years for males and females.

Discount Rate

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to the actuarially calculated contribution of a 10 year closed amortization of the unfunded actuarial liability at January 1, 2014 plus assumed administrative expenses. This amount includes revenue received from Fire Insurance premiums. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payment for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of both plans, calculated using the discount rate of 5.0%. as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.0%, or one percentage point higher, 4.0%, than the current rate

	1% Decrease	Current Discount Rate 5%	1% Increase
Fire Net Pension Liability	\$ 2,246,267	\$ 2,072,542	\$ 1,922,716
Police Net Pension Liability	\$ 3,200,819	\$ 2,910,561	\$ 2,664,190

Actuarial Assumptions

The most recent actuarial study was performed by Healthcare Actuaries as of January 1, 2014. Changes since the prior valuation include a reduction in discount rate from 6.75% to 5.0%, salary increase assumption increased from 2.5% to 3.0%, CPI assumption changed from 3.0% to 2.5% and increases in longevity per results of a 2014 mortality study. All other actuarial assumptions were consistent with the previous actuarial study.

Actuarial assumptions used for both plans are as follows:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Open
Remaining Amortization Period:	
Police Pension	13 Years
Fire Pension	10 Years
Asset Valuation Method	Market Value
Inflation Rate	2.5% per year
Investment Rate of Return	5.0%
Projected Salary Increases (includes 3% inflation)	3.0%

Financial Statement

Financial statements for the Fire Pension Trust Fund and the Police Pension Trust Fund are included in the financial statements of the City of Richland and may be obtained at the City of Richland, 505 Swift Blvd., Richland, Washington 99352.

NOTE 10. WHOLESALE POWER SUPPLY CONTRACTS

Since 1958 the City of Richland has traditionally purchased its wholesale electric power (energy and capacity) requirements from the Bonneville Power Administration (BPA) for resale to its retail customers. BPA, one of four, federal Power Marketing Administrations (PMA), sells the output from the Federal Columbia River Power System (FCRPS), which principally consists of hydroelectric generating facilities owned by the U.S. Corps of Engineers and the Bureau of Reclamation, and the output from Energy Northwest's Columbia Generating Station (CGS) nuclear plant. These resources are supplemented by BPA with numerous regional contractual and power exchange acquisitions. Regional consumer-owned wholesale utility customers like the City of Richland purchase federal power under the preference clause of the Bonneville Power Act, allowing them priority access to FCRPS output. BPA also owns and maintains a regional high voltage transmission system, which delivers wholesale power to Richland's eight points of delivery. The City has separate agreements with BPA for power and integrated network transmission services, expiring in 2028 and 3031 respectively.

Prior to October 2011, BPA met its preference customers' load growth automatically by acquiring necessary power resources. With both cost and risk reduction in mind, BPA engaged its customers and stakeholders in a regional dialogue process, which significantly shifted responsibility for securing power to meet customers' post-FY2011 incremental loads. New long-term power supply agreements for the FY2012-2028 period provided preference customers with a historically load-based share of FCRPS output (Tier 1) and related costs recovered via a new Tiered Rate Methodology (TRM). Arranging power supply to serve load growth (Tier 2) exceeding historical FY2010 levels became utility responsibility with the option to contract with BPA or nonfederal suppliers. Richland signed the new 20 year BPA Regional Dialogue "Load Following" Power Sale Agreement in December 2008 for the FY2012-2028 period. This arrangement obligates BPA to meet Richland's net wholesale requirements exceeding the utility's Tier 2 resources, which are delivered on a flat block basis. Inherent to the TRM is limited potential market-based energy and capacity rate exposure. Tier 2 resources reflect market-based pricing.

Since 2002 Richland has been a member of Northwest Requirement Utilities (NRU), which represents the power and transmission interests of approximately 50 consumer-owned electric utilities. In anticipation of operating under BPA's new Regional Dialogue power sale agreements, and desiring more control over their current and future Tier 2 power resource options, roughly 40 NRU members established an NRU subsidiary organization, Northwest Energy Management Systems (NEMS) to provide administrative and power management services. NEMS members include municipalities, public utility districts, and rural cooperatives. To accommodate state and organizational legal mandates, NEMS members created two subsidiaries for the purpose of actual resource acquisition. Northwest Intergovernmental Energy Supply (NIES) represents municipal and public utility district members, while Northwest Energy Supply Cooperative (NESC) represents cooperatives. Richland belongs to NIES. Both NIES and NESC have agreements with NEMS. NESC and NIES signed take-or-pay power purchase agreements with Shell Energy for delivery of a flat block Tier 2 product for the FY2012-2014 period. Under a tight-pool cost-sharing policy, Richland has taken 50% of its FY2012-FY2014 Tier 2 power requirements from the Shell pool; the remaining 50% is acquired from BPA as a Tier 2 short-term market-based product. In response to BPA's five-year resource purchase periods, NESC and NIES members committed to an optional mix of Tier 2 resources for FY2015-2019. Richland elected to meet all of its Tier 2 requirements through BPA for this period using a combination of fixed and stepped market-based products. NEMS members have the option to acquire nonfederal power through NESC and NIES resource-specific pools, if loads grow beyond current expectations. NEMS members actively evaluate resource acquisition opportunities, particularly for the post-2019 era. This effort includes considering renewable resources necessary to meet state renewable portfolio standards.

The City is also a long-standing member of Energy Northwest (EN), a joint operating agency with 27 Washington consumer-owned electric utility members. Richland holds a less than 2% interest in each of EN's nuclear generating Projects 1, 2, and 3. Only Project 2, Columbia Generating Station (CGS), is still operating. Projects 1 and 3 have been terminated. Richland's pro-rata share of EN costs are included in the City's BPA wholesale priority firm power billings. BPA acquires the output of CGS and reimburses EN for its operating and debt costs under a Direct Pay Agreement. The City remains obligated to pay its share of the cost of retiring the bonds for Projects 1 and 3, should the Direct Pay Agreement be discontinued. The City may also be obligated to pay, either as a participant or as a member of EN, the costs of project site restoration.

NOTE 11. CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of the management, the City's insurance policies are adequate to pay all known or pending claims with the exception of refund claims by the telecommunications companies, and a probable obligation to refund approximately \$197,500 to the Washington State Department of Revenue.

Based upon current evaluation of the lawsuits, the City's legal counsel indicates that the City's exposure does not exceed the amount of reserves available for payment. The City is currently actively defending two lawsuits, one involving an allegation of civil rights violation and one involving an allegation of wrongful termination, for which it believes it has defensible positions and does not have an approximation of potential liability. Insurance coverage is available for any damages awarded, with the exception of punitive damages, which are highly unlikely. The City is also involved in ongoing litigation concerning two suits that have been filed by telecommunication companies for refund of taxes paid. The City is defending against both claims with several viable defenses. Both suits involve multiple municipalities throughout the state of Washington.

The City participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for

expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

NOTE 12. SUBSEQUENT EVENTS

PFD Bond Refunding

On April 7th, the City approved the refunding of certain bonds issued by the Richland Public Facilities District (PFD) that are guaranteed by the City; authorizing the execution of a Contingent Loan Agreement, a First Amended and Restated Interlocal Agreement and amendments to other related agreements. The bonds will be used to refund \$5,510,000 par value PFD General Obligation Bonds. Refunding of these bonds will allow the PFD to take advantage of lower interest rates, and provide for debt service payments that are consistent over time.

NOTE 13. SERVICE CONCESSION ARRANGEMENTS

The City has identified two existing agreements that meet the criteria in GASB Statement 60 for reporting as a Service Concession Arrangement (SCA); the Horn Rapids ORV Park and the CREHST Museum. Per the requirements of GASB Statements 60 and 63, assets constructed or improvements made by the transferee in prior years that will not become property of the City until the termination of the agreement are included in fixed asset balances and are offset by a deferred inflow of resources in the Government-Wide Statement of Net Position, when applicable.

Horn Rapids Off-Road Vehicle (ORV) Park

In 2007 the City entered into an agreement with HRMC, Inc. (HRMC), under which HRMC operates and collects user fees from the Horn Rapids ORV Park for a five-year term, renewable for three additional five-year terms. HRMC pays the City a percentage of gross receipts from the revenues generated by operation of the ORV Park as follows: 2% of the first \$300,000 in annual gross receipts, and 3% of annual gross receipts exceeding \$300,000. HRMC is required to operate and maintain the ORV Park in accordance with the Agreement. At the end of the agreement term HRMC is required to “return the premises to the City in same or better condition, reasonable wear and tear accepted.” As a result, assets provided by the transferee are not currently depreciated. In addition, HRMC constructed and will construct certain improvements to the facilities which may be either permanent or removable in nature. Permanent structures constructed by HRMC on the premises become property of the City upon the expiration of the agreement’s final term. The City reports the ORV park and related structures as a governmental capital asset with a carrying amount of \$2,308,789 at year end, and reports a deferred inflow of resources in the amount of \$1,118,800 related to the structures that have been constructed by HRMC.

Columbia River Exhibition of History Science and Technology (CREHST) Museum

In 1997 the City entered into an agreement with the Environmental Science and Technology Foundation (ESTF), where the ESTF operates and collects visitor fees for a museum located in City-owned facilities at 95 Lee Boulevard. Improvements made to the building by ESTF were credited against the \$40,000 annual lease payments over the original eight-year term of the agreement, reflecting a total of \$320,000 over the initial period of the lease. The building itself was donated to the City by Energy Northwest. Improvements included moving the donated building from its previous location and setting it up in the current location, as well as making needed repairs. Subsequent renewals of the agreement beginning in 2005 have extended ESTF’s lease at no additional cost. The City reports the museum building as a governmental capital asset with a carrying amount of \$138,667 at year end. While the CHREST Museum operated for part of 2014, the lease effectively ended when the Hanford Reach Interpretive Center was completed, and the CREHST collections were absorbed into the Reach facility. The former CREHST Museum building is now vacant.

NOTE 14. FUND BALANCE CLASSIFICATION

As described Note 1, Summary of Significant Accounting Policies, fund balances in the Governmental Fund Balance Sheet are classified as non-spendable, restricted, committed, assigned, and unassigned based on the level of constraints on expenditure of resources. The Balance Sheet reports the classification of fund balance by function. Debt Service is considered a specific use, rather than a governmental function. The following table describes in more detail the purpose of each fund balance classification, except for balances related to non-spendable, debt service, and unassigned fund balances:

Purpose of Restricted, Committed and Assigned Fund Balance, as displayed on the Governmental Funds Balance Sheet (other than debt service)		
Balance Sheet Description	Amount	Purpose
Restricted For:		
Capital Improvements	\$ 2,726,690	Construction of Fire Station
	916,615	Real Estate Excise Tax restricted for capital improvements
	354,606	Street projects
	283,308	Acquisition and development of public open space (parks)
	64,047	Restricted by franchise agreement for cable broadcast equipment
Total	\$ 4,345,266	
Transportation	\$ 354,841	Maintenance and/or construction of street infrastructure
Public Safety	\$ 129,364	Criminal Justice Sales Tax restricted to Criminal Justice purposes
Economic Environment	\$ 5,959,319	Improvements in RAISE area to spur economic development
	69,752	Contingency for performance of Hanford Reach Interpretive Center
	255,949	Lodging Tax proceeds restricted for tourism promotion
	1,531,607	HUD Program for owner occupied housing rehabilitation
	1,278,633	HUD Program for home downpayment assistance
	18,651	Restricted for public art
Total	\$ 9,113,911	
Other Purposes	\$ 99,662	Administration of ICMA deferred compensation plans
	93,556	Police operations
Total	\$ 193,218	
Committed for:		
Capital Improvements	\$ 677,524	Library capital improvements
	1,197,072	Park construction projects
	1,204,576	Swift Boulevard corridor improvements
Total	\$ 3,079,172	
Public Safety	\$ 100,403	Police operations
	25,000	Police - Narcotics investigations
	118,989	Fire Equipment
Total	\$ 244,392	
Economic Environment	\$ 180,729	Commercial Improvement Program
	1,550,558	Industrial development
Total	\$ 1,731,287	
Assigned to:		
Public Safety	\$ 66,959	Police operations and special projects
	33,373	Police equipment
	35	Fire Department operations
Total	\$ 100,367	
Transportation	\$ 308,157	Maintenance of street and rail infrastructure
Culture and Recreation	\$ 136,337	Library operations
	96,442	Parks operations
Total	\$ 232,779	



REQUIRED SUPPLEMENTARY INFORMATION



OTHER POST EMPLOYMENT BENEFITS

Schedule of Funding Progress for Post-Employment Healthcare Plan

The following table provides the components of funding progress for the three most recent actuarial valuations for the City's Post-Employment Healthcare Plan.

SCHEDULE OF FUNDING PROGRESS FOR THE POST EMPLOYMENT HEALTHCARE PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	-	15,618,870	15,618,870	0.00%	29,970,196	52.11%
1/1/2013	-	11,396,659	11,396,659	0.00%	20,931,352	54.45%
12/31/2014	\$ -	\$ 12,409,718	\$ 12,409,718	0.00%	\$ 16,337,048	75.96%

Notes to Schedule

The Post Employment Healthcare Plan is an irrevocable plan that is neither a trust, nor equivalent to a trust and the plan assets cannot be included in the Schedule of Funding Progress. Beginning in 2012, the City began to offer periodic opt out provisions that transferred a portion of plan assets, based on years in the plan, to a Health Savings Account for participating employees. Ninety seven employees opted out of the plan and the plan was closed to new participants effective December 31, 2012. The reduction in plan participants resulted in a decrease in actuarial accrued liability in the 2013 study. The most recent actuarial study was performed as of December 31, 2014 by Healthcare Actuaries. The 2014 study included many changes that resulted in an increase in plan liability. The following is a listing of changes since the prior valuation:

- 1) Updated claim cost assumptions
- 2) Updated trend assumptions based on experience and future expectations
- 3) Updated discount rate from 3.0% to 2.5%
- 4) Updated the mortality based on a more recent mortality study
- 5) Updated census data
- 6) Included the impact of the Affordable Care Act

Schedule of Funding Progress for LEOFF 1 – Fire and Police OPEB plans

The following table provides the components of funding progress for the three most recent actuarial valuations for the LEOFF 1 Fire and Police OPEB plans.

SCHEDULE OF FUNDING PROGRESS FOR FIRE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ 510,425	\$ 6,104,125	\$ 5,593,700	8.4%	\$ 289,712	1930.8%
1/1/2013	529,994	5,055,143	4,525,149	10.5%	-	N/A
12/31/2014	538,089	13,127,776	12,589,687	4.1%	-	N/A

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SCHEDULE OF FUNDING PROGRESS FOR POLICE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ 216,036	\$ 8,357,428	\$ 8,141,392	2.6%	\$ 85,357	9538.0%
1/1/2013	228,524	6,924,258	6,695,734	3.3%	92,392	7247.1%
12/31/2014	228,314	18,485,643	18,257,329	1.2%	96,445	18930.3%

Notes to Schedules

The LEOFF 1 Fire and Police OPEB plans are administered by a pension trust fund that also provides pension benefits through two defined benefit pension plans for LEOFF 1 Police and Fire retirees. There are currently 29 retired firefighters and 35 retired police officers receiving medical benefits through the plans and one active member that will be eligible for medical benefits upon retirement. Membership in this plan closed to new participants 1977. The significant increase in liabilities for both plans were due in part to the updated assumptions in the 2014 actuarial study and the inclusion of long term care costs and potential impacts from the Affordable Care Act. A list of changes since the prior valuation for this plan follow:

- 1) Updated claim cost assumptions
- 2) Updated trend assumptions based on experience and future expectations
- 3) Updated discount rate from 3.0% to 2.5%
- 4) Updated the mortality based on a more recent mortality study
- 5) Updated census data
- 6) Included long term care assumptions
- 7) Included the impact of the Affordable Care Act

The 2014 actuarial valuation was prepared using the following assumptions and methods:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	December 31, 2014
Discount Rate	5.0%
Cost of Living	2.5%
Salary Increase	3.0%
Mortality Rates	Updated with 2014 mortality study data

The schedule of employer contributions for LEOFF 1 Fire and LEOFF 1 Police OPEB Plans is presented in the following tables.

LEOFF 1 FIRE PENSION OPEB PLAN		
Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
1/1/2010	716,985	74.26%
1/1/2013	596,584	74.70%
12/31/2014	\$ 1,460,577	28.43%

LEOFF 1 POLICE PENSION OPEB PLAN		
Fiscal Year Ended	Required Contribution (ARC)	Percentage of ARC Contributed
1/1/2010	867,597	61.92%
1/1/2013	739,893	74.34%
12/31/2014	\$ 1,701,762	40.64%

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LEOFF 1 FIRE PENSION PLAN AND POLICE PENSION PLAN

GASB Statement No. 67 was implemented for the LEOFF 1 Fire Pension and LEOFF 1 Police Pension plans in the 2014 CAFR. Following guidance from GASB Statement No. 67, the following required schedules have been prepared for just the current year, with the exception of the schedule of actuarially determined contributions which have been prepared for ten years. The schedules prepared for just the current year will be built prospectively until they contain ten years of data.

The following schedule provides the change in net pension liability for Fire Pension and Police Pension for 2014:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY	FIRE PENSION			POLICE PENSION		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at January 1, 2014	\$ 2,174,667	\$ 297,529	\$ 1,877,138	\$ 2,978,378	\$ 72,616	\$ 2,905,762
Changes for the Year						
Service Cost	-	-	-	-	-	-
Interest	103,590	-	103,590	143,633	-	143,633
Differences between expected and actual experience	-	-	-	-	-	-
Change in assumptions	-	-	-	-	-	-
Contributions-employer	-	291,083	(291,083)	-	291,675	(291,675)
Contributions-employee	-	-	-	-	-	-
Net investment income	-	11,123	(11,123)	-	3,321	(3,321)
Benefit payments, including refunds of employee contributions	(205,715)	(205,715)	-	(211,450)	(211,450)	-
Administrative expense	-	(5,978)	5,978	-	(3,837)	3,837
Other changes	-	-	-	-	-	-
Net changes	(102,125)	90,513	(192,638)	(67,817)	79,709	(147,526)
Balances at December 31, 2014	\$ 2,072,542	\$ 388,042	\$ 1,684,500	\$ 2,910,561	\$ 152,325	\$ 2,758,236

Notes to Schedule

Significant changes to the actuarial assumptions and methods were applied to the 2014 actuarial valuations of both plans. Both the discount rate and CPI assumption were graded down to 5.0% and 2.50%, respectively. The salary increase assumption was increased from 2.50% to 3.0% and the mortality assumptions were updated to mortality tables based on a 2014 mortality study. The following methods and assumptions were utilized to complete the 2014 valuation with updated actuarial determined information:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	December 31, 2014
Discount Rate	5.0%
Cost of Living	2.5%
Salary Increase	3.0%
Mortality Rates	Updated with 2014 mortality study data

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The following schedule presents the changes in net pension liability with related ratios for the LEOFF 1 Police and LEOFF 1 Fire pension plans for 2014

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2014	2014
	FIRE PENSION	POLICE PENSION
Total Pension Liability		
Service Cost	\$ -	\$ -
Interest	103,590	143,633
Differences between expected and actual experience	-	-
Change in assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(205,715)</u>	<u>(211,450)</u>
Net change in total pension liability	(102,125)	(67,817)
Total pension liability -beginning	<u>2,174,667</u>	<u>2,978,378</u>
Total pension liability - ending	<u>\$ 2,072,542</u>	<u>\$ 2,910,561</u>
 Plan Fiduciary Net Position		
Contributions-employer	\$ 291,083	291,675
Contributions-employee	-	-
Net investment income	11,123	3,321
Benefit payments, including refunds of employee contributions	(205,715)	(211,450)
Administrative expense	(5,978)	(3,837)
Other changes	<u>-</u>	<u>-</u>
Net changes	90,513	79,709
Plan fiduciary net position-beginning	<u>297,529</u>	<u>72,616</u>
Plan fiduciary net position- ending	<u>388,042</u>	<u>\$ 152,325</u>
 LEOFF 1 Pension's net pension liability (asset) ending	<u>\$ 1,684,500</u>	<u>\$ 2,758,236</u>
 Plan fiduciary net position as a percentage of the total pension liability	18.72%	5.23%
Covered payroll	\$ -	\$ 96,445
LEOFF 1 Pension's net pension liability as a percentage of covered payroll	N/A	2859.9%

Notes to Schedule:

The following actuarial assumptions were changed as of 1/1/2014:

Discount rate changed to 5.0%, down from 6.75%

Salary increase assumption increased from 2.50% to 3.00%

CPI assumption was updated from 3.00% to 2.50%

The mortality assumptions were updated to mortality tables based on the Society of Actuaries recently published RP-2014 mortality study and Scale MP-2014 mortality improvement rates

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The following schedule presents the annual money-weighted rate of return on pension plan investments calculated as required by GASB Statement No. 67.

Schedule of Investment Returns	2014 Fire Pension	2014 Police Pension
Annual money-weighted rate of return, net of investment expense	3.30%	3.00%

The following schedules present the City's actuarially determined contribution to the LEOFF 1 Fire and Police Pension Plans for the past ten years:

SCHEDULE OF CONTRIBUTIONS FIRE PENSION PLAN

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 243,098	\$ 109,603	\$ 103,152	\$ 103,152	\$ 103,152	\$ 174,546	\$ 169,162	\$ 182,029	\$ 80,522	\$ 80,522
Contributions in relation to the actuarially determined contribution	291,083	168,151	155,434	183,082	215,256	236,881	245,623	238,975	131,376	120,210
Contribution deficiency (excess)	(47,985)	(58,548)	(52,282)	(79,930)	(112,104)	(62,335)	(76,461)	(56,946)	(50,854)	(39,688)
Covered Payroll	\$ -	\$ -	\$ -	\$ 300,554	\$ 289,712	\$ 280,876	\$ 372,039	\$ 343,053	\$ 294,402	\$ 279,625
Contributions as a percentage of covered payroll	N/A	N/A	N/A	60.91%	74.30%	84.34%	66.02%	69.66%	44.62%	42.99%

SCHEDULE OF CONTRIBUTIONS POLICE PENSION PLAN

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 376,310	\$ 173,793	\$ 212,257	\$ 212,257	\$ 212,257	\$ 250,382	\$ 250,382	\$ 263,024	\$ 155,048	\$ 155,048
Contributions in relation to the actuarially determined contribution	291,675	155,289	279,754	274,329	335,070	261,106	355,215	248,630	179,225	211,341
Contribution deficiency (excess)	84,635	18,504	(67,497)	(62,072)	(122,813)	(10,724)	(104,833)	14,394	(24,177)	(56,293)
Covered Payroll	\$ 96,445	\$ 91,473	\$ 89,781	\$ 93,902	\$ 85,357	\$ 81,512	\$ 78,928	\$ 66,965	\$ 80,795	\$ 77,339
Contributions as a percentage of covered payroll	302.43%	169.76%	311.60%	292.14%	392.55%	320.33%	450.05%	371.28%	221.83%	273.27%





COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on governmental long-term debt.

Capital Projects Funds – are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by the enterprise funds.

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	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2014 Total	2013 Total
ASSETS					
Cash and cash equivalents	\$ 7,539,878	\$ 1,433,251	\$ 6,640,082	\$ 15,613,211	\$ 13,427,844
Deposits with third parties	98,600			98,600	88,600
Investments	1,702,791	1,238,864	968,353	3,910,008	2,193,884
Receivables:					
Taxes		34,760		34,760	38,751
Customer accounts	20,150	28,774		48,924	52,009
Due from other funds			2,278	2,278	
Due from other governments	997,035	37,105	432,185	1,466,325	2,769,507
Assessments		271,392		271,392	250,656
Notes and contracts	2,721,192			2,721,192	2,721,504
Prepaid items	1,060			1,060	
Total assets	\$ 13,080,706	\$ 3,044,146	\$ 8,042,898	\$ 24,167,750	\$ 21,542,755
LIABILITIES					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	\$ 84,089	\$ 2,420	\$ 1,388,900	\$ 1,475,409	\$ 798,245
Payable to other governments	791,615			791,615	718,035
Due to other funds	67,804	1,841		69,645	
Interfund loans payable		38,300	109,960	148,260	434,897
Deposits payable	50,000		220,500	270,500	355,412
Unearned revenue-other	809,640			809,640	88,600
Total liabilities	1,803,148	42,561	1,719,360	3,565,069	2,395,189
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes		27,493		27,493	32,348
Unavailable revenue-unbilled LID assessments		271,392		271,392	250,656
Total deferred inflows of resources		298,885		298,885	283,004
FUND BALANCES (DEFICITS):					
Restricted for:					
Debt Service		202,749		202,749	132,897
Capital Improvements	283,308		3,997,911	4,281,219	1,112,211
Public Safety	129,364			129,364	108,521
Economic Environment	9,095,260			9,095,260	3,172,474
Committed for:					
Debt Service	106,257	566,419		672,676	31,213
Capital Improvements	16,369		2,385,279	2,401,648	2,156,205
Economic Environment	1,550,558			1,550,558	
Assigned to:					
Debt Service		1,933,738		1,933,738	2,694,335
Culture and Recreation	96,442			96,442	39,902
Economic Environment					9,497,011
Unassigned		(206)	(59,652)	(59,858)	(80,207)
Total fund balances	11,277,558	2,702,700	6,323,538	20,303,796	18,864,562
Total liabilities, deferred inflows of resources and fund balances	\$ 13,080,706	\$ 3,044,146	\$ 8,042,898	\$ 24,167,750	\$ 21,542,755

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	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2014 Total	2013 Total
REVENUES					
Taxes	\$ 1,238,611	\$ 2,624,063	\$ 2,180,157	\$ 6,042,831	\$ 4,767,158
Intergovernmental	4,300,767		1,969,470	6,270,237	5,914,485
Charges for goods and services	546,135		425,034	971,169	776,618
Investment earnings	54,330	39,250	10,097	103,677	52,162
Rents and leases	537,504			537,504	535,355
Miscellaneous	377,025	85,773	52,900	515,698	165,944
Total revenues	<u>7,054,372</u>	<u>2,749,086</u>	<u>4,637,658</u>	<u>14,441,116</u>	<u>12,211,722</u>
EXPENDITURES					
<i>Current:</i>					
General government			2,842	2,842	
Transportation		6	1,127,941	1,127,947	6
Economic environment	6,276,208			6,276,208	5,298,165
Culture and recreation	15,960		57,748	73,708	117,442
<i>Debt service:</i>					
Principal	99,431	2,615,000		2,714,431	2,753,941
Interest	6,826	1,373,416	673	1,380,915	1,334,069
Other		4,856		4,856	97,859
<i>Capital Outlay:</i>					
General government					28,686
Public safety			757,906	757,906	
Transportation			4,844,750	4,844,750	1,897,292
Economic environment	612,045		39,072	651,117	33,352
Culture and recreation			1,391,949	1,391,949	4,141,360
Total expenditures	<u>7,010,470</u>	<u>3,993,278</u>	<u>8,222,881</u>	<u>19,226,629</u>	<u>15,702,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,902</u>	<u>(1,244,192)</u>	<u>(3,585,223)</u>	<u>(4,785,513)</u>	<u>(3,490,450)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	57,245	730,933	4,719,970	5,508,148	4,185,330
Transfers out	(5,027,293)	(174,694)	(1,267,056)	(6,469,043)	(5,420,096)
Debt issued			3,355,000	3,355,000	11,115,000
Premium on general obligation debt			123,353	123,353	91,249
Disposition of capital assets	3,027,948	679,341		3,707,289	283,322
Total other financing sources (uses)	<u>(1,942,100)</u>	<u>1,235,580</u>	<u>6,931,267</u>	<u>6,224,747</u>	<u>10,254,805</u>
Net change in fund balance	(1,898,198)	(8,612)	3,346,044	1,439,234	6,764,355
Fund balances-beginning	13,175,756	2,711,312	2,977,494	18,864,562	12,133,979
Prior period adjustment					(33,772)
Fund balances-ending	<u>\$ 11,277,558</u>	<u>\$ 2,702,700</u>	<u>\$ 6,323,538</u>	<u>\$ 20,303,796</u>	<u>\$ 18,864,562</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR SPECIAL REVENUE FUNDS

Park Reserve Fund – is used to account for all funds received from the sale of non-industrial land and any gifts and bequests directed to the City for acquisition and development of public open spaces.

Industrial Development Fund – is used to account for revenues generated by the sale of industrial property. The proceeds are expended for industrial development.

Criminal Justice Fund – is used to account for revenues distributed by Washington State for criminal justice purposes.

PFD Facility Contingency Fund – is used to account for and report annual deposits from Richland Public Facility District to the City to fund a contingency reserve for the PFD facility, per contract.

Hotel/Motel Tax Fund – is used to account for revenues derived from a 4% excise tax on lodging. State law requires that the funds be used for construction, operation and maintenance of tourism related activities.

Special Assessment Lodging Tax Fund – is used to account for revenues derived from an additional \$1.50 lodging fee that is remitted back to the Tourism Promotion Area participants to further tourism efforts.

CDBG Fund – is used to account for the Community Development Block Grant HUD program.

HOME Fund – is used to account for HOME Investment Partnership Grant HUD program.

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	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2014 Total	2013 Total
ASSETS										
Cash and cash equivalents	\$ 388,290	\$ 6,688,547	\$ 113,471	\$ 69,752	\$ 190,962	\$ 35,853	\$ 53,003	\$	\$ 7,539,878	\$ 10,443,460
Deposits with third parties		98,600							98,600	88,600
Investments		1,702,791							1,702,791	
Receivables:										
Customer accounts	8,817							11,333	20,150	18,421
Due from other governments		735,972	15,893		55,130	28,589	43,299	118,152	997,035	1,085,701
Notes and contracts							1,440,426	1,280,766	2,721,192	2,721,504
Prepaid items		1,060							1,060	
Total assets	\$ 397,107	\$ 9,226,970	\$ 129,364	\$ 69,752	\$ 246,092	\$ 64,442	\$ 1,536,728	\$ 1,410,251	\$ 13,080,706	\$ 14,357,686
LIABILITIES										
<i>Liabilities:</i>										
Accounts payable and accrued expenses	\$ 988	\$ 15,224	\$	\$	\$ 18,753	\$ 35,832	\$ 2,344	\$ 10,948	\$ 84,089	\$ 163,705
Payable to other governments		735,972					499	55,144	791,615	718,035
Due to other funds							2,278	65,526	67,804	
Interfund loans payable										211,590
Deposits payable		50,000							50,000	
Unearned revenue-other		809,640							809,640	88,600
Total liabilities	988	1,610,836			18,753	35,832	5,121	131,618	1,803,148	1,181,930
FUND BALANCES (DEFICITS):										
<i>Restricted for:</i>										
Capital Improvements	283,308								283,308	165,654
Public Safety			129,364						129,364	108,521
Economic Environment, restated		5,959,319		69,752	227,339	28,610	1,531,607	1,278,633	9,095,260	12,669,485
<i>Committed for:</i>										
Debt Service		106,257							106,257	
Capital Improvements	16,369								16,369	85,937
Economic Environment		1,550,558							1,550,558	
<i>Assigned to:</i>										
Debt Service										106,257
Culture and Recreation	96,442								96,442	39,902
Total fund balances	396,119	7,616,134	129,364	69,752	227,339	28,610	1,531,607	1,278,633	11,277,558	13,175,756
Total liabilities and fund balances	\$ 397,107	\$ 9,226,970	\$ 129,364	\$ 69,752	\$ 246,092	\$ 64,442	\$ 1,536,728	\$ 1,410,251	\$ 13,080,706	\$ 14,357,686

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	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2014 Total	2013 Total
REVENUES										
Taxes	\$	\$	\$	\$	\$ 824,271	\$ 414,340	\$	\$	\$ 1,238,611	\$ 1,087,735
Intergovernmental		3,513,666	62,823	46,018			205,777	472,483	4,300,767	2,041,811
Charges for goods and services	141,437						14,356	390,342	546,135	529,527
Investment earnings	5,166	46,041		243	3,505	426		(1,051)	54,330	44,645
Rents and leases	187,096	350,408							537,504	535,355
Miscellaneous		377,025							377,025	21,125
Total revenues	333,699	4,287,140	62,823	46,261	827,776	414,766	220,133	861,774	7,054,372	4,260,198
EXPENDITURES										
<i>Current:</i>										
Economic environment		4,353,631			585,119	406,743	104,898	825,817	6,276,208	5,298,165
Culture and recreation	15,960								15,960	42,108
<i>Debt service:</i>										
Principal		99,431							99,431	98,941
Interest		6,826							6,826	7,315
Other										97,859
<i>Capital Outlay:</i>										
Economic environment		612,045							612,045	33,352
Total expenditures	15,960	5,071,933			585,119	406,743	104,898	825,817	7,010,470	5,577,740
Excess (deficiency) of revenues over (under) expenditures	317,739	(784,793)	62,823	46,261	242,657	8,023	115,235	35,957	43,902	(1,317,542)
OTHER FINANCING SOURCES (USES)										
Transfers in		33,754		23,491					57,245	1,221,342
Transfers out	(420,375)	(4,056,781)	(41,980)		(383,702)		(124,455)		(5,027,293)	(3,149,690)
Debt issued										11,115,000
Premium on general obligation debt										91,249
Disposition of capital assets	207,262	2,820,686							3,027,948	82,117
Total other financing sources (uses)	(213,113)	(1,202,341)	(41,980)	23,491	(383,702)		(124,455)		(1,942,100)	9,360,018
Net change in fund balance	104,626	(1,987,134)	20,843	69,752	(141,045)	8,023	(9,220)	35,957	(1,898,198)	8,042,476
Fund balances-beginning	291,493	9,603,268	108,521		368,384	20,587	1,540,827	1,242,676	13,175,756	5,151,491
Prior period adjustment										(18,211)
Fund balances-ending	\$ 396,119	\$ 7,616,134	\$ 129,364	\$ 69,752	\$ 227,339	\$ 28,610	\$ 1,531,607	\$ 1,278,633	\$ 11,277,558	\$ 13,175,756

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	Park Reserve Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Charges for goods and services	\$ 90,000	\$ 141,437	\$ 51,437
Investment earnings	5,000	5,166	166
Rents and leases	185,000	187,096	2,096
Total revenues	<u>280,000</u>	<u>333,699</u>	<u>53,699</u>
EXPENDITURES			
<i>Current:</i>			
Culture and recreation	20,000	15,960	(4,040)
Total expenditures	<u>20,000</u>	<u>15,960</u>	<u>(4,040)</u>
Excess of revenues over expenditures	<u>260,000</u>	<u>317,739</u>	<u>57,739</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(453,375)	(420,375)	33,000
Disposition of capital assets	210,000	207,262	(2,738)
Total other financing sources (uses)	<u>(243,375)</u>	<u>(213,113)</u>	<u>30,262</u>
Net change in fund balance	16,625	104,626	88,001
Fund balances-beginning	291,493	291,493	
Fund balances-ending	<u>\$ 308,118</u>	<u>\$ 396,119</u>	<u>\$ 88,001</u>

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	Industrial Development Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 3,513,666	\$ 3,513,666	\$
Investment earnings	30,000	46,041	16,041
Rents and leases	428,219	350,408	(77,811)
Miscellaneous	300,000	377,025	77,025
Total revenues	4,271,885	4,287,140	15,255
EXPENDITURES			
<i>Current:</i>			
Economic environment	4,602,913	4,353,631	(249,282)
<i>Debt service:</i>			
Principal	99,431	99,431	
Interest	6,826	6,826	
<i>Capital Outlay:</i>			
Economic environment	4,893,043	612,045	(4,280,998)
Total expenditures	9,602,213	5,071,933	(4,530,280)
Excess (deficiency) of revenues over (under) expenditures	(5,330,328)	(784,793)	4,545,535
OTHER FINANCING SOURCES (USES)			
Transfers in	53,754	33,754	(20,000)
Transfers out	(6,333,084)	(4,056,781)	2,276,303
Disposition of capital assets	2,853,347	2,820,686	(32,661)
Total other financing sources (uses)	(3,425,983)	(1,202,341)	2,223,642
Net change in fund balance	(8,756,311)	(1,987,134)	6,769,177
Fund balances-beginning	9,603,268	9,603,268	
Fund balances-ending	\$ 846,957	\$ 7,616,134	\$ 6,769,177

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	Criminal Justice Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 57,799	\$ 62,823	\$ 5,024
Total revenues	<u>57,799</u>	<u>62,823</u>	<u>5,024</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(41,980)	(41,980)	
Total other financing sources (uses)	<u>(41,980)</u>	<u>(41,980)</u>	
Net change in fund balance	15,819	20,843	5,024
Fund balances-beginning	108,521	108,521	
Fund balances-ending	<u>\$ 124,340</u>	<u>\$ 129,364</u>	<u>\$ 5,024</u>

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	PFD Facility Contingency Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 46,018	\$ 46,018	\$ -
Investment earnings		243	243
Total revenues	<u>46,018</u>	<u>46,261</u>	<u>243</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>23,491</u>	<u>23,491</u>	
Total other financing sources (uses)	<u>23,491</u>	<u>23,491</u>	
Net change in fund balance	<u>69,509</u>	<u>69,752</u>	<u>243</u>
Fund balances-ending	<u>\$ 69,509</u>	<u>\$ 69,752</u>	<u>\$ 243</u>

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	Hotel/Motel Tax Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 760,000	\$ 824,271	\$ 64,271
Investment earnings	10,000	3,505	(6,495)
Total revenues	<u>770,000</u>	<u>827,776</u>	<u>57,776</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	<u>587,981</u>	<u>585,119</u>	<u>(2,862)</u>
Total expenditures	<u>587,981</u>	<u>585,119</u>	<u>(2,862)</u>
Excess of revenues over expenditures	<u>182,019</u>	<u>242,657</u>	<u>60,638</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(403,702)</u>	<u>(383,702)</u>	<u>20,000</u>
Total other financing sources (uses)	<u>(403,702)</u>	<u>(383,702)</u>	<u>20,000</u>
Net change in fund balance	(221,683)	(141,045)	80,638
Fund balances-beginning	368,384	368,384	
Fund balances-ending	<u>\$ 146,701</u>	<u>\$ 227,339</u>	<u>\$ 80,638</u>

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	<u>Special Assessment Lodging Tax Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES			
Taxes	\$ 400,000	\$ 414,340	\$ 14,340
Investment earnings	450	426	(24)
Total revenues	<u>400,450</u>	<u>414,766</u>	<u>14,316</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	<u>421,037</u>	<u>406,743</u>	<u>(14,294)</u>
Total expenditures	<u>421,037</u>	<u>406,743</u>	<u>(14,294)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,587)</u>	<u>8,023</u>	<u>28,610</u>
Net change in fund balance	(20,587)	8,023	28,610
Fund balances-beginning	20,587	20,587	
Fund balances-ending	<u>\$ -</u>	<u>\$ 28,610</u>	<u>\$ 28,610</u>

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	CDBG Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 476,128	\$ 205,777	\$ (270,351)
Charges for goods and services	78,955	14,356	(64,599)
Total revenues	<u>555,083</u>	<u>220,133</u>	<u>(334,950)</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	471,336	104,898	(366,438)
Total expenditures	<u>471,336</u>	<u>104,898</u>	<u>(366,438)</u>
Excess of revenues over expenditures	<u>83,747</u>	<u>115,235</u>	<u>31,488</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(132,456)	(124,455)	8,001
Total other financing sources (uses)	<u>(132,456)</u>	<u>(124,455)</u>	<u>8,001</u>
Net change in fund balance	(48,709)	(9,220)	39,489
Fund balances-beginning	48,709	1,540,827	1,492,118
Fund balances-ending	<u>\$ -</u>	<u>\$ 1,531,607</u>	<u>\$ 1,531,607</u>

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Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	HOME Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 1,511,517	\$ 472,483	\$ (1,039,034)
Charges for goods and services	312,547	390,342	77,795
Fines and forfeits			
Investment earnings		(1,051)	(1,051)
Total revenues	1,824,064	861,774	(962,290)
EXPENDITURES			
<i>Current:</i>			
Economic environment	1,824,064	825,817	(998,247)
Total expenditures	1,824,064	825,817	(998,247)
Excess of revenues over expenditures		35,957	35,957
Net change in fund balance		35,957	35,957
Fund balances-beginning		1,242,676	1,242,676
Fund balances-ending	\$ -	\$ 1,278,633	\$ 1,278,633





COMBINING AND INDIVIDUAL FUND STATEMENTS DEBT SERVICE FUNDS

RAISE Area Debt Service Fund– is used to account for principal and interest payments on the bonds issued for Local Revitalization Financing for the industrial and research areas in north Richland.

1998 Limited Tax General Obligation Improvement/Refunding Bond Fund – is used to account for principal and interest payments on the 1998 Limited Tax General Obligation Improvement and Refunding bond issue.

Police Station Bond Fund – is used to account for principal and interest payments on the 1999 Police Station Bond issue.

Richland Community Center Bond Fund – is used to account for principal and interest payments on the 2000 Richland Community Center Bond issue.

Library Remodel Bond Fund – is used to account for principal and interest payments on the 2007 Library Remodel Bond issue.

Fire Station #74 Bond Fund – is used to account for principal and interest payments on the 2014 Fire Station #74 Construction bond issue.

Special Assessment Bond Fund – is used to account for principal and interest payments on special assessment debt.

Special Assessment Guaranty Fund – is used to account for guaranteeing the payment of bonds and notes issued to pay for any local improvements ordered in local improvement districts in the City of Richland.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Balance Sheet
Debt Service Funds
December 31, 2014 with comparative totals for 2013

	RAISE Area Debt Service	1998 LTGO Improvement/ Refunding Bond Fund	Police Station Bond Fund	Richland Community Center Bond Fund
ASSETS				
Cash and cash equivalents	\$ 128,765	\$ 681,325	\$ 1,501	\$
Investments		1,238,864		
Receivables:				
Taxes			4,904	6,040
Customer accounts				
Due from other governments	34,065		1,176	372
Assessments				
Total assets	<u>\$ 162,830</u>	<u>\$ 1,920,189</u>	<u>\$ 7,581</u>	<u>\$ 6,412</u>
LIABILITIES				
<i>Liabilities:</i>				
Accounts payable and accrued expenses	\$	\$ 2,420	\$	\$
Due to other funds				1,841
Interfund loans payable				
Deposits payable				
Total liabilities		<u>2,420</u>		<u>1,841</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes			3,879	4,777
Unavailable revenue-unbilled LID assessments				
Total deferred inflows of resources			<u>3,879</u>	<u>4,777</u>
FUND BALANCES (DEFICITS):				
Restricted for:				
Debt Service	162,830		3,702	
Committed for:				
Debt Service				
Assigned to:				
Debt Service		1,917,769		
Unassigned				(206)
Total fund balances/(deficits)	<u>162,830</u>	<u>1,917,769</u>	<u>3,702</u>	<u>(206)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 162,830</u>	<u>\$ 1,920,189</u>	<u>\$ 7,581</u>	<u>\$ 6,412</u>

Library Remodel Bond Fund	Fire Station #74 Bond Fund	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2014 Total	2013 Total
\$ 6,509	\$ 1,192	\$ 25,495	\$ 588,464	\$ 1,433,251	\$ 472,483
				1,238,864	2,193,884
23,816				34,760	38,751
		28,774		28,774	33,588
1,492				37,105	95,654
		271,392		271,392	250,656
<u>\$ 31,817</u>	<u>\$ 1,192</u>	<u>\$ 325,661</u>	<u>\$ 588,464</u>	<u>\$ 3,044,146</u>	<u>\$ 3,085,016</u>
\$	\$	\$	\$	\$ 2,420	\$
				1,841	
		38,300		38,300	88,653
					2,047
		<u>38,300</u>		<u>42,561</u>	<u>90,700</u>
18,837				27,493	32,348
		271,392		271,392	250,656
<u>18,837</u>		<u>271,392</u>		<u>298,885</u>	<u>283,004</u>
12,980	1,192		22,045	202,749	132,897
			566,419	566,419	31,213
		15,969		1,933,738	2,588,078
				(206)	(40,876)
<u>12,980</u>	<u>1,192</u>	<u>15,969</u>	<u>588,464</u>	<u>2,702,700</u>	<u>2,711,312</u>
<u>\$ 31,817</u>	<u>\$ 1,192</u>	<u>\$ 325,661</u>	<u>\$ 588,464</u>	<u>\$ 3,044,146</u>	<u>\$ 3,085,016</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended December 31, 2014 with comparative totals for 2013

	RAISE Area Debt Service	1998 LTGO Improvement/ Refunding Bond Fund	Police Station Bond Fund	Richland Community Center Bond Fund	Library Remodel Bond Fund
REVENUES					
Taxes	\$ 726,088	\$	\$ 261,072	\$ 324,278	\$ 1,312,625
Investment earnings	2,362	22,729	1,110	1,346	4,837
Miscellaneous					
Total revenues	728,450	22,729	262,182	325,624	1,317,462
EXPENDITURES					
<i>Current:</i>					
Transportation					
<i>Debt service:</i>					
Principal	320,000	1,220,000	205,000	255,000	615,000
Interest	338,322	159,645	55,822	70,408	704,537
Other	300	3,849	151	151	302
Total expenditures	658,622	1,383,494	260,973	325,559	1,319,839
Excess (deficiency) of revenues over (under) expenditures	69,828	(1,360,765)	1,209	65	(2,377)
OTHER FINANCING SOURCES (USES)					
Transfers in		690,456			
Transfers out					
Disposition of capital assets					
Total other financing sources (uses)		690,456			
Net change in fund balance	69,828	(670,309)	1,209	65	(2,377)
Fund balances-beginning	93,002	2,588,078	2,493	(271)	15,357
Fund balances-ending	\$ 162,830	\$ 1,917,769	\$ 3,702	\$ (206)	\$ 12,980

Fire Station #74	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2014 Total	2013 Total
\$	\$	\$	\$ 2,624,063	\$ 2,414,356
995		5,871	39,250	1,665
	85,773		85,773	90,929
995	85,773	5,871	2,749,086	2,506,950
		6	6	6
			2,615,000	2,655,000
40,177	4,505		1,373,416	1,325,937
103			4,856	
40,280	4,505	6	3,993,278	3,980,943
(39,285)	81,268	5,865	(1,244,192)	(1,473,993)
40,477			730,933	750,062
	(24,694)	(150,000)	(174,694)	(150,000)
		679,341	679,341	90,000
40,477	(24,694)	529,341	1,235,580	690,062
1,192	56,574	535,206	(8,612)	(783,931)
	(40,605)	53,258	2,711,312	3,495,243
\$ 1,192	\$ 15,969	\$ 588,464	\$ 2,702,700	\$ 2,711,312





COMBINING AND INDIVIDUAL FUND STATEMENTS CAPITAL PROJECTS FUNDS

Capital Improvements Fund – is used to account for revenues from the implementation of the ½ and 1% Real Estate Excise Tax.

Streets Construction Fund – is used to account for resources used for construction of, or capital improvements to the City’s transportation network.

Fire Station #74 Construction Fund – is used to account for proceeds from the sale of 2014 LTGO bonds that are committed for construction of the new fire station in South Richland.

Parks Project Construction Fund – is used to account for various major park construction projects not accounted for in other funds.

Special Assessment Construction Fund – is used to account for proceeds from the issuance of Special Assessment Debt and to record expenditures related to the construction of special assignment projects.

General Governmental Construction Fund – is used to account for resources allocated to the purchase or construction of major City facilities or other capital projects that benefit the City as a whole.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Balance Sheet
 Capital Projects Funds
 December 31, 2014 with comparative totals for 2013

	Capital Improvements Fund	Streets Construction Fund	Fire Station #74 Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2014 Total	2013 Total
ASSETS								
Cash and cash equivalents	\$ 530,374	\$ 276,686	\$ 3,136,510	\$ 1,440,890	\$ 51,046	\$ 1,204,576	\$ 6,640,082	\$ 2,511,901
Investments	207,522	760,831					968,353	
Receivables:								
Due from other funds				2,278			2,278	
Due from other governments	178,719	253,466					432,185	1,588,152
Total assets	\$ 916,615	\$ 1,290,983	\$ 3,136,510	\$ 1,443,168	\$ 51,046	\$ 1,204,576	\$ 8,042,898	\$ 4,100,053
LIABILITIES								
<i>Liabilities:</i>								
Accounts payable and accrued expenses	\$	\$ 715,877	\$ 409,820	\$ 262,465	\$ 738	\$	\$ 1,388,900	\$ 634,540
Interfund loans payable					109,960		109,960	134,654
Deposits payable		220,500					220,500	353,365
Total liabilities		936,377	409,820	262,465	110,698		1,719,360	1,122,559
FUND BALANCES (DEFICITS):								
Restricted for:								
Capital Improvements	916,615	354,606	2,726,690				3,997,911	946,557
Committed for:								
Capital Improvements				1,180,703		1,204,576	2,385,279	2,070,268
Unassigned					(59,652)		(59,652)	(39,331)
Total fund balances	916,615	354,606	2,726,690	1,180,703	(59,652)	1,204,576	6,323,538	2,977,494
Total liabilities and fund balances	\$ 916,615	\$ 1,290,983	\$ 3,136,510	\$ 1,443,168	\$ 51,046	\$ 1,204,576	\$ 8,042,898	\$ 4,100,053

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Funds
 For the Year Ended December 31, 2014 with comparative totals for 2013

	Capital Improvements Fund	Streets Construction Fund	Fire Station #74 Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2014 Total	2013 Total
REVENUES								
Taxes	\$ 1,687,157	\$ 493,000	\$	\$	\$	\$	\$ 2,180,157	\$ 1,265,067
Intergovernmental		1,969,470					1,969,470	3,872,674
Charges for goods and services		425,034					425,034	247,091
Investment earnings	7,449		2,648				10,097	5,852
Miscellaneous				52,900			52,900	53,890
Total revenues	1,694,606	2,887,504	2,648	52,900			4,637,658	5,444,574
EXPENDITURES								
<i>Current:</i>								
General government						2,842	2,842	
Transportation		1,127,941					1,127,941	
Culture and recreation				57,748			57,748	75,334
<i>Debt service:</i>								
Interest					673		673	817
<i>Capital Outlay:</i>								
General government								28,686
Public safety			757,906				757,906	
Transportation		4,734,264			110,486		4,844,750	1,897,292
Economic environment				39,072			39,072	
Culture and recreation		704,620		687,329			1,391,949	4,141,360
Total expenditures		6,566,825	757,906	784,149	111,159	2,842	8,222,881	6,143,489
Excess (deficiency) of revenues over (under) expenditures	1,694,606	(3,679,321)	(755,258)	(731,249)	(111,159)	(2,842)	(3,585,223)	(698,915)
OTHER FINANCING SOURCES (USES)								
Transfers in		3,576,435	3,595	812,578	90,838	236,524	4,719,970	2,213,926
Transfers out	(1,200,912)	(66,144)					(1,267,056)	(2,120,406)
Debt issued			3,355,000				3,355,000	
Premium on general obligation debt			123,353				123,353	
Disposition of capital assets								111,205
Total other financing sources (uses)	(1,200,912)	3,510,291	3,481,948	812,578	90,838	236,524	6,931,267	204,725
Net change in fund balance	493,694	(169,030)	2,726,690	81,329	(20,321)	233,682	3,346,044	(494,190)
Fund balances-beginning	422,921	523,636		1,099,374	(39,331)	970,894	2,977,494	3,487,245
Prior period adjustment								(15,561)
Fund balances-ending	\$ 916,615	\$ 354,606	\$ 2,726,690	\$ 1,180,703	\$ (59,652)	\$ 1,204,576	\$ 6,323,538	\$ 2,977,494





COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

Stormwater Fund – is used to account for the provision of stormwater service to the residents of the City. All activities necessary to provide such service are accounted for in this fund including administration, capital outlay and debt service.

Columbia Point Golf Course Fund – is used to account for the activities of the Columbia Point Golf Course. All activities necessary to provide such service are accounted for in this fund including administration, capital outlay and debt service.

Medical Services Fund – is used to account for the provision of medical services, including ambulance transports to the residents of the City. All activities necessary to provide such service are accounted for in this fund including administration, capital outlay and debt service.

Broadband Fund – is used to account for the provision of access to the City's fiber optic network. All activities necessary to provide such access are accounted for in this fund including capital outlay and debt service. Until the network is fully constructed, administration is minimal.

Utility Clearing Fund – is used to account for the receipt and disbursement of monies from utility service deposits.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Net Position
 Nonmajor Enterprise Funds
 December 31, 2014 with comparative totals for 2013

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2014 Total	2013 Total
ASSETS							
<i>Current:</i>							
Cash and cash equivalents	\$ 721,015	\$ 22,767	\$ 561,702	\$	\$ 733,495	\$ 2,038,979	\$ 2,339,911
Investments	803,634		199,892			1,003,526	1,221,354
Receivables:							
Customer accounts (net)	112,533	3,246	308,066	78,446	4,765	507,056	965,229
Due from other governments	105,916			240,000		345,916	90,305
Notes and contracts		100,000				100,000	100,000
Prepaid items			6,386			6,386	
Inventory		71,117				71,117	69,561
Total current assets	1,743,098	197,130	1,076,046	318,446	738,260	4,072,980	4,786,360
<i>Noncurrent:</i>							
Restricted cash and cash equivalents	17,204			258,009		275,213	
Restricted investments	85,685					85,685	178,093
Capital:							
Land	8,587	7,879,448				7,888,035	7,834,877
Depreciable assets (net)	6,258	1,241,471	150,143	357,663		1,755,535	1,422,340
Infrastructure	5,200,731			2,040,475		7,241,206	5,175,510
Construction in progress	417,276			71,809		489,085	1,080,791
Total capital assets (net)	5,632,852	9,120,919	150,143	2,469,947		17,373,861	15,513,518
Total noncurrent assets	5,735,741	9,120,919	150,143	2,727,956		17,734,759	15,691,611
Total assets	7,478,839	9,318,049	1,226,189	3,046,402	738,260	21,807,739	20,477,971
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on debt refunding	17,834					17,834	21,401
Deferred charges - other		38,900				38,900	42,790
Total deferred outflows of resources	17,834	38,900				56,734	64,191
LIABILITIES							
<i>Current liabilities:</i>							
Accounts payable and accrued expenses	68,264	104,199	33,555	73,404	5,723	285,145	613,053
Payable to other governments		5,304				5,304	4,428
Due to other funds		3,890		31,600		35,490	42,790
Interfund loans payable		20,249				20,249	85,166
Deposits payable					732,537	732,537	686,266
Compensated absences-current	11,627		119,343			130,970	148,135
Notes and contracts payable-current	7,623			29,166		36,789	7,306
General obligation bonds payable-current		95,000		75,000		170,000	170,000
Revenue bonds payable-current	100,000					100,000	95,000
Total current liabilities	187,514	228,642	152,898	209,170	738,260	1,516,484	1,852,144
<i>Noncurrent liabilities:</i>							
Advances from other funds		35,010				35,010	
Interfund loans payable		2,284,309				2,284,309	2,302,105
Compensated absences	11,627		119,343			130,970	148,135
Notes and contracts payable	116,396			121,663		238,059	87,360
General obligation bonds payable		4,040,803		2,130,923		6,171,726	6,342,885
Revenue bonds payable	1,240,409					1,240,409	1,342,490
Unearned revenue		92,293				92,293	84,218
Total noncurrent liabilities	1,368,432	6,452,415	119,343	2,252,586		10,192,776	10,307,193
Total liabilities	1,555,946	6,681,057	272,241	2,461,756	738,260	11,709,260	12,159,337
NET POSITION							
Net investment in capital assets	4,169,755	4,985,116	150,143	371,204		9,676,218	8,766,645
Restricted for:							
Debt service	102,889					102,889	178,093
Capital improvements				245,042		245,042	
Unrestricted	1,668,083	(2,309,224)	803,805	(31,600)		131,064	(561,913)
Total net position	\$ 5,940,727	\$ 2,675,892	\$ 953,948	\$ 584,646	\$	\$ 10,155,213	\$ 8,382,825

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2014 with comparative totals for 2013

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2014 Total	2013 Total
OPERATING REVENUES							
<i>Charges for services:</i>							
Stormwater	\$ 1,841,345					\$ 1,841,345	\$ 1,807,999
Golf course		\$ 1,555,413				1,555,413	1,628,467
Medical services			\$ 3,275,576			3,275,576	2,849,063
Broadband				\$ 204,324		204,324	33,546
Total operating revenues	1,841,345	1,555,413	3,275,576	204,324		6,876,658	6,319,075
OPERATING EXPENSES							
Maintenance and operations	623,632	1,337,780	2,464,991			4,426,403	4,384,154
Administrative and general	477,488		870,403	8,345		1,356,236	996,566
Taxes	186,091	9,992	33,807	51,378		281,268	193,262
Depreciation	137,977	68,267	29,781	47,196		283,221	232,137
Total operating expenses	1,425,188	1,416,039	3,398,982	106,919		6,347,128	5,806,119
Operating income/(loss)	416,157	139,374	(123,406)	97,405		529,530	512,956
NONOPERATING REVENUES/(EXPENSES)							
Investment earnings	(72,347)	2,529	6,728	7,885		(55,205)	(47,958)
Interest expense	(69,466)	(178,085)		(68,439)		(315,990)	(320,337)
Debt costs							(23,194)
Miscellaneous nonoperating revenues/ (expenses)	461,782	(2,356)	7,000	240,000		706,426	113,037
Total nonoperating revenues/(expenses)	319,969	(177,912)	13,728	179,446		335,231	(278,452)
Income before contributions and transfers	736,126	(38,538)	(109,678)	276,851		864,761	234,504
Capital contributions	387,392					387,392	512,323
Transfers in			550,000	396,274		946,274	772,603
Transfers out	(217,030)		(168,110)	(28,746)		(413,886)	(180,504)
Change in net position	906,488	(38,538)	272,212	644,379		1,784,541	1,338,926
Net position-beginning	5,092,913	2,714,430	635,215	(59,733)		8,382,825	7,035,287
Prior period adjustment	(58,674)		46,521			(12,153)	8,612
Net position-ending	\$ 5,940,727	\$ 2,675,892	\$ 953,948	\$ 584,646		\$ 10,155,213	\$ 8,382,825

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2014 with comparative totals for 2013

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2014 Total	2013 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,833,506	\$ 1,561,949	\$ 3,287,806	\$ 125,878	\$ 3,890,131	\$ 10,699,270	\$ 8,106,572
Payments to suppliers	(109,261)	(1,310,883)	(250,523)	(2,315)	(3,769,626)	(5,442,608)	(3,731,884)
Taxes paid	(186,172)	(9,036)	(33,807)	(51,378)		(280,393)	(192,797)
Payments to employees	(209,214)		(2,423,338)			(2,632,552)	(2,405,408)
Payments for interfund services used	(762,866)		(338,589)	(3,476)		(1,104,931)	(1,102,673)
Net cash provided (used) by operating activities	565,993	242,030	241,549	68,709	120,505	1,238,786	673,810
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from customers and users	33,042	1,534	52,048			86,624	18,299
Grants and contributions	482,442		1,473			483,915	55,619
Proceeds from interfund loans				31,600		31,600	48,901
Interfund loan repayments made				(48,901)		(48,901)	(193,053)
Transfers to other funds			(168,110)	(28,746)		(196,856)	(180,504)
Transfers from other funds			550,000			550,000	550,000
Net cash provided (used) by noncapital financing activities	515,484	1,534	435,411	(46,047)		906,382	299,262
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES							
Principal paid on debt	(102,306)	(95,000)		(75,000)		(272,306)	(474,372)
Interest paid on debt	(68,343)	(180,964)		(68,439)		(317,746)	(304,466)
Transfers from other funds				396,274		396,274	222,603
Proceeds from debt				150,829		150,829	2,305,487
Bond issuance costs							(1,880)
Interfund loan repayments made		(37,703)				(37,703)	(481,423)
Proceeds from capital grants and contributions							137,265
Payments related to acquisition, construction or improvements of capital assets	(748,162)	(102,380)	(36,323)	(1,459,883)		(2,346,748)	(1,004,653)
Net cash provided (used) by capital and related activities	(918,811)	(416,047)	(36,323)	(1,056,219)		(2,427,400)	398,561
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipt of interest	15,685	2,529	4,469	9,366		32,049	29,497
Investments sold	1,301,366					1,301,366	1,421,398
Investments purchased	(879,269)		(197,633)			(1,076,902)	(1,399,448)
Net cash provided (used) by investing activities	437,782	2,529	(193,164)	9,366		256,513	51,447
Net change in cash and cash equivalents	600,448	(169,954)	447,473	(1,024,191)	120,505	(25,719)	1,423,080
Cash and cash equivalents, January 1	137,771	192,721	114,229	1,282,200	612,990	2,339,911	916,831
Cash and cash equivalents, December 31	\$ 738,219	\$ 22,767	\$ 561,702	\$ 258,009	\$ 733,495	\$ 2,314,192	\$ 2,339,911
CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income/(loss)	\$ 416,157	\$ 139,374	\$ (123,406)	\$ 97,405	\$	\$ 529,530	\$ 512,956
Adjustments to reconcile operating income to net cash provided from operating activities:							
Depreciation expense	137,977	68,267	29,781	47,196		283,221	232,137
(Increase)/decrease in receivables	(4,799)	(1,539)	464,611	(78,446)	78,347	458,174	(303,841)
(Increase)/decrease in prepaid items			(6,386)			(6,386)	
(Increase)/decrease in inventories		(1,556)				(1,556)	1,667
Increase/(decrease) in payables	16,658	29,409	(123,051)	2,554	42,158	(32,272)	227,126
Increase/(decrease) in unearned revenues		8,075				8,075	3,877
Other income and adjustments							(112)
Total adjustments	149,836	102,656	364,955	(28,696)	120,505	709,256	160,854
Net cash provided (used) by operating activities	\$ 565,993	\$ 242,030	\$ 241,549	\$ 68,709	\$ 120,505	\$ 1,238,786	\$ 673,810
Contribution of capital assets	\$ 387,392					\$ 387,392	\$ 375,058



INDIVIDUAL FUND STATEMENTS INTERNAL SERVICE FUNDS

Central Stores Fund – is used to account for commonly used materials, supplies and inventory for resale to other departments.

Equipment Maintenance Fund – is used to account for the maintenance and repair of all City-owned vehicles to ensure that vehicles operate safely and efficiently.

Equipment Replacement Fund – is used to account for monies set-aside for the future replacement of vehicles and related equipment when their useful life has expired.

Public Works Administration & Engineering Fund – is used to account for the cost of providing administrative and engineering services to City departments. All costs are included in rates charged to departments and funds.

Workers' Compensation Fund – is used to account for amounts paid for uninsured losses resulting from claims against the City. It is primarily used for Worker's Compensation on a "self-insured" basis.

Employee Benefits Fund – is used to account for payments for health, dental and vision insurance claims, life and disability claims and related administrative costs.

Unemployment Fund – is used to account for payments of claims and related administrative costs of unemployment compensation on a reimbursable basis to the State of Washington.

Post Employment Benefits Fund – is used to account for payments of post-employment healthcare claims and related administrative costs.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
Internal Service Funds
December 31, 2014 with comparative totals for 2013

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
ASSETS					
<i>Current:</i>					
Cash and cash equivalents	\$	\$ 266,156	\$ 883,282	\$ 407,555	\$ 221,383
Deposits with third parties		200			75,000
Investments			1,846,353		
Receivables:					
Customer accounts (net)				395	7,555
Due from other funds	836		145,496		
Due from other governments		4,861			
Interfund loans			121,740		
Prepaid items				3,458	
Inventory	106,979	12,423			
Total current assets	107,815	283,640	2,996,871	411,408	303,938
<i>Capital:</i>					
Depreciable assets (net)		31,847	8,637,500	56,700	
Total capital assets (net)		31,847	8,637,500	56,700	
Total noncurrent assets		31,847	8,637,500	56,700	
Total assets	107,815	315,487	11,634,371	468,108	303,938
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued expenses	1,388	85,897	1,115	35,276	29,809
Payable to other governments					41,761
Due to other funds	46,529				
Interfund loans payable			15,483		
Compensated absences-current		41,670		189,101	
Claims and judgments-current					111,049
Total current liabilities	47,917	127,567	16,598	224,377	182,619
<i>Noncurrent liabilities:</i>					
Interfund loans payable			21,378		
Compensated absences		41,670		189,101	
Net OPEB obligation					
Total noncurrent liabilities		41,670	21,378	189,101	
Total liabilities	47,917	169,237	37,976	413,478	182,619
NET POSITION					
Net investment in capital assets		31,847	8,637,500	56,700	
Unrestricted	59,898	114,403	2,958,895	(2,070)	121,319
Total net position	\$ 59,898	\$ 146,250	\$ 11,596,395	\$ 54,630	\$ 121,319

Employee Benefits Fund	Unemployment Fund	Post Employment Benefits Fund	2014 Total	2013 Total
\$ 2,101,930	\$ 507,231	\$ 2,427,601	\$ 6,815,138	\$ 6,798,077
			75,200	75,200
7,529,366			9,375,719	8,635,529
79,107	2,230		89,287	30,572
			146,332	
			4,861	2,630
			121,740	476,708
87,021			90,479	93,346
			119,402	154,762
9,797,424	509,461	2,427,601	16,838,158	16,266,824
			8,726,047	8,091,252
			8,726,047	8,091,252
			8,726,047	8,091,252
9,797,424	509,461	2,427,601	25,564,205	24,358,076
271,695	16,504	1,582	443,266	893,414
45,525			87,286	
			46,529	
			15,483	56,203
			230,771	236,290
2,143,377	16,504	357,095	2,628,025	2,211,495
2,460,597	33,008	358,677	3,451,360	3,397,402
			21,378	36,858
			230,771	236,290
		5,232,025	5,232,025	5,162,171
		5,232,025	5,484,174	5,435,319
2,460,597	33,008	5,590,702	8,935,534	8,832,721
			8,726,047	8,091,252
7,336,827	476,453	(3,163,101)	7,902,624	7,434,103
\$ 7,336,827	\$ 476,453	\$ (3,163,101)	\$ 16,628,671	\$ 15,525,355

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2014 with comparative totals for 2013

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
OPERATING REVENUES					
<i>Charges for services:</i>					
Other services	\$ 14,737	\$ 3,530,453	\$ 1,609,792	\$ 3,068,535	\$ 926,647
Other operating revenues		5,928	27,000	25,100	
Total operating revenues	<u>14,737</u>	<u>3,536,381</u>	<u>1,636,792</u>	<u>3,093,635</u>	<u>926,647</u>
OPERATING EXPENSES					
Maintenance and operations	23,818	3,049,594	165,606	2,474,497	978,945
Administrative and general		390,855	63,000	631,687	101,491
Depreciation		5,051	1,499,065	10,083	
Total operating expenses	<u>23,818</u>	<u>3,445,500</u>	<u>1,727,671</u>	<u>3,116,267</u>	<u>1,080,436</u>
Operating income/(loss)	<u>(9,081)</u>	<u>90,881</u>	<u>(90,879)</u>	<u>(22,632)</u>	<u>(153,789)</u>
NONOPERATING REVENUES/(EXPENSES)					
Investment earnings			60,850	5,189	3,173
Interest expense			(1,351)		
Other interest earnings			1,965		
Miscellaneous nonoperating revenues/ (expenses)		463	25,908	1,385	
Total nonoperating revenues/(expenses)		<u>463</u>	<u>87,372</u>	<u>6,574</u>	<u>3,173</u>
Net income (loss) before transfers	(9,081)	91,344	(3,507)	(16,058)	(150,616)
Transfers in			385,140		
Change in net position	(9,081)	91,344	381,633	(16,058)	(150,616)
Net position-beginning	68,979	54,906	10,647,348	70,688	271,935
Prior period adjustment			567,414		
Net position-ending	<u>\$ 59,898</u>	<u>\$ 146,250</u>	<u>\$ 11,596,395</u>	<u>\$ 54,630</u>	<u>\$ 121,319</u>

Employee Benefits Fund	Unemployment Fund	Post Employment Benefits Fund	2014 Total	2013 Total
\$ 9,929,527	\$ 165,620	\$ 1,074,998	\$ 20,320,309	\$ 20,154,962
			58,028	68,152
9,929,527	165,620	1,074,998	20,378,337	20,223,114
9,084,722	76,621	1,920,686	17,774,489	17,141,336
104,463			1,291,496	1,286,387
			1,514,199	1,423,513
9,189,185	76,621	1,920,686	20,580,184	19,851,236
740,342	88,999	(845,688)	(201,847)	371,878
221,286	5,069	28,672	324,239	137,389
			(1,351)	(1,795)
			1,965	4,498
			27,756	221,742
221,286	5,069	28,672	352,609	361,834
961,628	94,068	(817,016)	150,762	733,712
			385,140	269,984
961,628	94,068	(817,016)	535,902	1,003,696
6,375,199	382,385	(2,346,085)	15,525,355	14,532,950
			567,414	(11,291)
\$ 7,336,827	\$ 476,453	\$ (3,163,101)	\$ 16,628,671	\$ 15,525,355

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014 with comparative totals for 2013

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 14,053	\$ 3,697	\$	\$ 182,897	\$ 942,411
Receipts from interfund services provided		3,530,453	1,609,791	2,910,367	
Receipts from grants and contributions			27,000		
Payments to suppliers	(19,408)	(2,486,009)	(165,605)	(135,068)	(963,489)
Payments to employees		(940,600)		(2,992,433)	
Payments for interfund services used		(113,179)	(63,000)	(38,128)	(101,491)
Net cash provided (used) by operating activities	(5,355)	(5,638)	1,408,186	(72,365)	(122,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from customers and users		4,226		1,385	
Proceeds from interfund loans	46,529				
Interfund loans made			(145,497)		
Interfund loan repayments made	(41,174)				
Interfund loan repayments received			329,885		
Net cash provided (used) by noncapital financing activities	5,355	4,226	184,388	1,385	
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES					
Principal paid on debt			25,756		
Interest paid on debt			1,292		
Transfers from other funds			168,110		
Interfund loan repayments received					
Interfund loans made					
Interfund loan repayments made			(16,377)		
Proceeds from sale of capital assets			248,641		
Payments related to acquisition, construction or improvements of capital assets		(18,950)	(1,616,669)	(8,881)	
Net cash provided (used) by capital and related activities		(18,950)	(1,189,247)	(8,881)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of interest			32,003	5,189	3,173
Investments sold			1,420,327		
Investments purchased			(1,825,487)		
Net cash provided (used) by investing activities			(373,157)	5,189	3,173
Net change in cash and cash equivalents		(20,362)	30,170	(74,672)	(119,396)
Cash and cash equivalents, January 1		286,518	853,112	482,227	340,779
Cash and cash equivalents, December 31	\$	\$ 266,156	\$ 883,282	\$ 407,555	\$ 221,383
CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income/(loss)	\$ (9,081)	\$ 90,881	\$ (90,879)	\$ (22,632)	\$ (153,789)
net cash provided from operating activities:					
Depreciation expense		5,051	1,499,065	10,083	
(Increase)/decrease in receivables	(836)	(2,231)		(395)	14,408
(Increase)/decrease in prepaid items				280	6,623
(Increase)/decrease in inventories	33,502	1,858			
Increase/(decrease) in payables	(28,940)	(101,197)		(59,701)	10,189
Total adjustments	3,726	(96,519)	1,499,065	(49,733)	31,220
Net cash provided (used) by operating activities	\$ (5,355)	\$ (5,638)	\$ 1,408,186	\$ (72,365)	\$ (122,569)

Transfer of capital assets

Employee Benefits Fund	Unemployment Fund	Post Employment Benefits Fund	2014 Total	2013 Total
\$ 9,896,275	\$ 171,670	\$ 1,074,997	\$ 12,286,000	\$ 13,234,094
			8,050,611	6,907,266
			27,000	54,000
(9,201,134)	(90,984)	(1,186,224)	(14,247,921)	(13,425,417)
		(307,660)	(4,240,693)	(4,085,710)
(104,463)			(420,261)	(444,628)
590,678	80,686	(418,887)	1,454,736	2,239,605

			5,611	5,624
			46,529	41,174
			(145,497)	
			(41,174)	(47,068)
			329,885	542,137
			195,354	541,867

			25,756	
			1,292	(1,795)
			168,110	
				136,199
				(102,195)
			(16,377)	(14,582)
			248,641	284,749
			(1,644,500)	(1,963,251)

			(1,217,078)	(1,660,875)
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90,721	5,068	28,672	164,826	152,487
7,268,660			8,688,987	6,224,903
(7,444,277)			(9,269,764)	(8,643,511)
(84,896)	5,068	28,672	(415,951)	(2,266,121)

505,782	85,754	(390,215)	17,061	(1,145,524)
1,596,148	421,477	2,817,816	6,798,077	7,943,601
\$ 2,101,930	\$ 507,231	\$ 2,427,601	\$ 6,815,138	\$ 6,798,077

\$ 740,342	\$ 88,999	\$ (845,688)	\$ (201,847)	\$ 371,878
			1,514,199	1,423,513
(78,777)	6,050		(61,781)	(27,528)
(4,036)			2,867	(93,347)
			35,360	3,182
(66,851)	(14,363)	426,801	165,938	561,907
(149,664)	(8,313)	426,801	1,656,583	1,867,727
\$ 590,678	\$ 80,686	\$ (418,887)	\$ 1,454,736	\$ 2,239,605

\$ 269,984





COMBINING FUND STATEMENTS TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Fire Pension Trust Fund – is used to account for the provision of pension benefits for Firemen who retired prior to March 1, 1970, and for pension and medical benefits for active Firemen as of March 1, 1970, who retired at a later date. The fund accounts for the provision of medical expenses of LEOFF 1 employees as well.

Police Pension Trust Fund – is used to account for the provision of pension benefits for Police Officers' who retired prior to March 1, 1970, and for pension and medical benefits for active Policemen as of March 1, 1970, who retired at a later date. The fund accounts for the provision of medical expenses of LEOFF 1 employees as well.

AGENCY FUNDS

Columbia Point Master Association Fund – is used to account for assessments to property owners for expenses associated with Columbia Point Master Association activities.

Uptown Business Improvement District Fund – is used to account for assessments to property owners for expenses associated with the Uptown Shopping Center enhancement projects.

Downtown Business Improvement District Fund – is used to account for assessments to property owners for expenses associated with the Parkway Shopping Center enhancement projects.

Southeast Communications Center Fund – is used to account for activities of the emergency dispatch 911 agency operations.

800 MHZ Fund – is used to account for activities associated with enhancements to the 800 MHZ system and to allow public safety agencies to migrate from VHF.

Microwave Communication Fund – is used to account for activities of the Microwave system that carries radio transmissions.

Benton County Emergency Management Fund – is used to account for activities of emergency management operations.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Plan Net Position
Pension Trust Funds
December 31, 2014 with comparative totals for 2013

	Fire Pension Trust Fund	Police Pension Trust Fund	2014 Total	2013 Total
ASSETS				
Cash and short term investments	\$ 377,048	\$ 144,450	\$ 521,498	\$ 238,835
Investments:				
Mutual funds	464,657	239,852	704,509	724,053
Interest and dividends receivable	1,799	929	2,728	13,726
Interfund loans receivable	83,336	1,500	84,836	155,418
Total Assets	<u>926,840</u>	<u>386,731</u>	<u>1,313,571</u>	<u>1,132,032</u>
LIABILITIES				
Accounts payable and accrued expenses	709	6,093	6,802	2,997
Total liabilities	<u>709</u>	<u>6,093</u>	<u>6,802</u>	<u>2,997</u>
NET POSITION				
Held in Trust for benefits - Pension	388,042	152,324	540,366	370,145
Held in Trust for benefits - OPEB	538,089	228,314	766,403	758,890
Total net position	<u>\$ 926,131</u>	<u>\$ 380,638</u>	<u>\$ 1,306,769</u>	<u>\$ 1,129,035</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Combining Statement of Changes in Plan Net Position
Pension Trust Funds
For the Year Ended December 31, 2014 with comparative totals for 2013

	Fire Pension Trust Fund	Police Pension Trust Fund	2014 Total	2013 Total
ADDITIONS:				
Contributions:				
Employer-property taxes	\$ 350,000	\$	\$ 350,000	\$ 275,000
State-fire insurance premium tax	56,876		56,876	51,359
General Fund contributions		490,000	490,000	485,000
Reimbursements			-	593
Total contributions	406,876	490,000	896,876	811,952
Investment income:				
Interest and dividends	43,789	20,491	64,280	67,445
Net change in fair market value of investments	(12,891)	(6,654)	(19,545)	888
Total investment income	30,898	13,837	44,735	68,333
Total Additions	437,774	503,837	941,611	880,285
DEDUCTIONS:				
Benefits	321,508	409,775	731,283	828,190
Administrative expenses	16,606	15,988	32,594	51,865
Total deductions	338,114	425,763	763,877	880,055
Change in Net Position	99,660	78,074	177,734	230
Net position Beginning	826,471	302,564	1,129,035	1,128,805
Net position Ending	\$ 926,131	\$ 380,638	\$ 1,306,769	\$ 1,129,035

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Changes in Assets and Liabilities
 Agency Funds
 December 31, 2014

Columbia Point Master Association

	Balance		Balance	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 17,583	\$ 7,284	\$ 8,470	\$ 16,397
Receivables:				
Customer accounts (net)		5,312	5,312	
Total assets	<u>\$ 17,583</u>	<u>\$ 12,596</u>	<u>\$ 13,782</u>	<u>\$ 16,397</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 595	\$ 8,487	\$ 8,471	\$ 611
Payable to other agencies	16,988	4,109	5,311	15,786
Total liabilities	<u>\$ 17,583</u>	<u>\$ 12,596</u>	<u>\$ 13,782</u>	<u>\$ 16,397</u>

Uptown Business Improvement District

ASSETS				
Cash and cash equivalents	\$ 3,021	\$ 7,770	\$ 7,645	\$ 3,146
Receivables:				
Customer accounts (net)	1,527	8,942	8,635	1,834
Total assets	<u>\$ 4,548</u>	<u>\$ 16,712</u>	<u>\$ 16,280</u>	<u>\$ 4,980</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 4,548	\$ 16,600	\$ 16,168	\$ 4,980
Payable to other agencies		112	112	
Total liabilities	<u>\$ 4,548</u>	<u>\$ 16,712</u>	<u>\$ 16,280</u>	<u>\$ 4,980</u>

Downtown Business Improvement District

ASSETS				
Cash and cash equivalents	\$ 4,208	\$ 10,004	\$ 10,674	\$ 3,538
Receivables:				
Customer accounts (net)	1,228	9,988	8,482	2,734
Total assets	<u>\$ 5,436</u>	<u>\$ 19,992</u>	<u>\$ 19,156</u>	<u>\$ 6,272</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 5,436	\$ 19,992	\$ 19,156	\$ 6,272
Total liabilities	<u>\$ 5,436</u>	<u>\$ 19,992</u>	<u>\$ 19,156</u>	<u>\$ 6,272</u>

Southeast Communications Center

ASSETS				
Cash and cash equivalents	\$ 3,527,336	\$ 4,546,740	\$ 4,889,988	\$ 3,184,088
Receivables:				
Customer accounts (net)	1,722	1,850,163	1,850,730	1,155
Due from other governments	138,578	159,347	138,578	159,347
Prepaid items	1,229	27,711	1,229	27,711
Capital assets:				
Depreciable assets (net)	563,413	245,558	70,185	738,786
Construction in progress		28,802		28,802
Total capital assets (net)	<u>563,413</u>	<u>274,360</u>	<u>70,185</u>	<u>767,588</u>
Total assets	<u>\$ 4,232,278</u>	<u>\$ 6,858,321</u>	<u>\$ 6,950,710</u>	<u>\$ 4,139,889</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 173,783	\$ 2,957,932	\$ 3,087,407	\$ 44,308
Compensated absences	194,454	21,049		215,503
Payable to other agencies	3,864,041	3,879,340	3,863,303	3,880,078
Total liabilities	<u>\$ 4,232,278</u>	<u>\$ 6,858,321</u>	<u>\$ 6,950,710</u>	<u>\$ 4,139,889</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, continued
Agency Funds
December 31, 2014

800 MHZ Project				
	Balance		Balance	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 247,636	\$ 972,353	\$ 908,468	\$ 311,521
Receivables:				
Customer accounts (net)	172,267	728,748	809,586	91,429
Prepaid items	1,193		1,193	
Capital assets:				
Depreciable assets (net)	8,525,157	11,053	1,148,359	7,387,851
Total assets	\$ 8,946,253	\$ 1,712,154	\$ 2,867,606	\$ 7,790,801
LIABILITIES				
Accounts payable and accrued expenses	\$ 11,523	\$ 775,506	\$ 784,166	\$ 2,863
Payable to other agencies	8,934,730	936,648	2,083,440	7,787,938
Total liabilities	\$ 8,946,253	\$ 1,712,154	\$ 2,867,606	\$ 7,790,801

Microwave Communication				
ASSETS				
Cash and cash equivalents	\$	\$ 100,601	\$ 72,878	\$ 27,723
Capital assets:				
Depreciable assets (net)		125,340		125,340
Total assets	\$	\$ 225,941	\$ 72,878	\$ 153,063
LIABILITIES				
Accounts payable and accrued expenses	\$	\$ 18,869	\$ 17,226	\$ 1,643
Payable to other agencies		207,072	55,652	151,420
Total liabilities	\$	\$ 225,941	\$ 72,878	\$ 153,063

Benton County Emergency Management				
ASSETS				
Cash and cash equivalents	\$ 5,040	\$ 757,953	\$ 713,022	\$ 49,971
Receivables:				
Due from other governments	138,734	79,967	138,734	79,967
Prepaid items	1,193	470	1,193	470
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	1,265,599		97,564	1,168,035
Total capital assets (net)	1,280,192		97,564	1,182,628
Total assets	\$ 1,425,159	\$ 838,390	\$ 950,513	\$ 1,313,036
LIABILITIES				
Accounts payable and accrued expenses, restated	\$ 24,004	\$ 483,626	\$ 475,186	\$ 32,444
Compensated absences, restated	32,658	7,348		40,006
Payable to other agencies	1,368,497	347,416	475,327	1,240,586
Total liabilities	\$ 1,425,159	\$ 838,390	\$ 950,513	\$ 1,313,036

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Changes in Assets and Liabilities, continued
 Agency Funds
 December 31, 2014

Total Agency Funds	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 3,804,824	\$ 6,402,705	\$ 6,611,145	\$ 3,596,384
Receivables:				
Customer accounts (net)	176,744	2,603,153	2,682,745	97,152
Due from other governments	277,312	239,314	277,312	239,314
Prepaid items	3,615	28,181	3,615	28,181
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	10,354,169	381,951	1,316,108	9,420,012
Construction in progress		28,802		28,802
Total capital assets (net)	<u>10,368,762</u>	<u>410,753</u>	<u>1,316,108</u>	<u>9,463,407</u>
Total assets	<u>\$ 14,631,257</u>	<u>\$ 9,684,106</u>	<u>\$ 10,890,925</u>	<u>\$ 13,424,438</u>
LIABILITIES				
Accounts payable and accrued expenses, restated	\$ 219,889	\$ 4,281,012	\$ 4,407,780	\$ 93,121
Compensated absences, restated	227,112	28,397		255,509
Payable to other agencies	14,184,256	5,374,697	6,483,145	13,075,808
Total liabilities	<u>\$ 14,631,257</u>	<u>\$ 9,684,106</u>	<u>\$ 10,890,925</u>	<u>\$ 13,424,438</u>

Concluded

STATISTICAL SECTION

This section provides detailed information as a context for understanding the overall financial health of the City as it relates to other presentations made within the Comprehensive Annual Financial Report. Information is presented in the following five categories: 1) Financial Trends, 2) Revenue Capacity, 3) Debt Capacity, 4) Demographic and Economic Information and 5) Operating Information.

FINANCIAL TRENDS – Tables 1-5

These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time:

1. Tax Revenues by Source – Governmental Funds, Last Ten Fiscal Years
2. Changes in Fund Balances – Governmental Funds, Last Ten Fiscal Years
3. Net Position, Last Ten Fiscal Years
4. Changes in Net Position, Last Ten Fiscal Years
5. Fund Balances – Governmental Funds, Last Ten Fiscal Years

REVENUE CAPACITY – Tables 6-10

These schedules contain information to assist the reader in assessing the City's most significant local revenue sources, property and sales taxes:

6. Property Tax Levies & Collections, Last Ten Fiscal Years
7. Assessed & Actual Value of Taxable Property, Last Ten Fiscal Years
8. Direct & Overlapping Property Tax Rates, Last Ten Fiscal Years
9. Sales Tax Received by Category, Last Ten Calendar Years
10. Principal Property Taxpayers for 2014 & 2005

DEBT CAPACITY – Tables 11-15

These schedules present information to assist the reader in assessing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

11. Pledged Revenue Coverage, Last Ten Fiscal Years
12. Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
13. Ratio of Net General Bonded to Assessed Value and Net Bonded Debt Per Capita, Last Ten Fiscal Years
14. Direct & Overlapping Debt - Governmental Activities, as of December 31, 2014
15. Legal Debt Margin, Last Ten Fiscal Years

DEMOGRAPHIC & ECONOMIC INFORMATION – Tables 16-17

These schedules contain information to assist the reader in assessing the socio-economic environment within which the government operates and to provide information that facilitates comparisons of financial statement information over time and among governments:

16. Demographic & Economic Statistics, Last Ten Fiscal Years
17. Principal Employers for 2014 & 2005

OPERATING INFORMATION – Tables 18-20

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

18. Operating Indicators by Function/Program, Last Ten Fiscal Years
19. Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
20. Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in Fiscal Year 2003. Schedules presenting government-wide information include information beginning in that year.



CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Financial Trends Information
Table 1 - Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years

	PROPERTY TAX	PROPERTY TAX FOR DEBT SERVICE	RETAIL SALES AND USE TAX	RETAIL SALES CRIMINAL JUSTICE TAX	UTILITY TAX	OTHER TAXES	REAL ESTATE EXCISE TAX	HOTEL/ MOTEL TAX	SPECIAL LODGING ASSESSMENT	TOTAL TAXES
2014	\$ 13,596,507	\$ 2,060,964	\$ 10,065,562	\$ 925,518	\$ 11,888,548	\$ 515,103	\$ 1,687,157	\$ 824,271	\$ 414,340	\$ 41,977,970
2013	13,092,855	1,908,799	9,361,199	889,801	10,097,332	477,250	1,265,067	780,495	307,241	38,180,039
2012	12,615,011	1,793,364	8,375,646	825,776	10,239,354	401,116	1,382,607	710,818	282,671	36,626,363
2011	12,323,521	1,569,219	9,269,443	887,629	9,511,684	451,337	1,393,880	770,443	335,005	36,512,161
2010	11,958,856	1,944,976	8,452,044	826,032	9,690,045	382,612	1,484,306	775,983	357,084	35,871,937
2009	11,501,192	1,840,157	7,699,891	767,926	9,767,619	340,237	1,155,433	736,423	345,103	34,153,979
2008	10,888,009	1,651,655	7,638,802	742,380	8,897,368	374,302	1,414,080	727,756	319,360	32,653,712
2007	10,602,531	788,821	7,859,062	653,991	8,807,488	271,188	1,536,526	681,169	335,279	31,536,056
2006	9,856,883	780,284	7,196,528	653,991	8,453,747	386,804	1,966,359	588,633	305,732	30,188,961
2005	9,305,105	708,595	6,491,683	684,753	8,276,893	488,339	1,590,100	582,933	307,148	28,435,550
CHANGE										
2005-2014	46.12%	190.85%	55.05%	35.16%	43.64%	5.48%	6.10%	41.40%	34.90%	47.62%

The significant increase in Utility Tax during 2014 was the result of a modification in the calculation process for consistency and compliance with the Richland Municipal Code throughout all City utilities.

Retail sales tax in 2013 includes the first six months' distribution of Local Revitalization Financing state contribution totaling \$268,724.

The significant increase in Retail Sales and Use taxes in 2010 was due to a new tax on candy and soft drinks that went into effect January 1, 2010. The tax was repealed by voters later that year.

The Property Tax for Debt Service significantly increased in 2008 as a result of a voter approved bond issue for the expansion and remodel of the City Library.

The Other Tax category includes Admission, Leasehold and Gambling Tax.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Financial Trends Information
 Table 2 - Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES										
Taxes	\$ 41,977,970	\$ 38,180,039	\$ 36,626,363	\$ 36,512,161	\$ 35,871,937	\$ 34,153,979	\$ 32,653,712	\$ 31,536,054	\$ 30,188,961	\$ 28,435,550
Licenses & permits	2,599,993	2,318,857	2,205,971	2,347,311	2,403,401	1,867,785	2,178,368	2,124,450	2,296,749	2,262,395
Intergovernmental	8,144,118	8,039,627	6,106,051	9,711,729	6,544,817	5,453,003	6,832,807	6,453,927	7,249,443	3,349,534
Charges for services	7,704,122	7,809,058	7,732,806	7,934,217	8,309,594	7,361,912	7,587,492	6,626,824	7,091,336	6,547,655
Fines & forfeits	817,764	856,819	916,385	939,720	982,873	1,063,761	967,829	994,178	837,078	860,126
Investment earnings	306,015	69,257	290,597	415,985	202,126	412,146	1,092,599	1,802,356	778,996	351,765
Rents & leases	717,412	722,765	1,973,441	649,786	588,935	594,814	565,614	460,513	475,831	474,442
Miscellaneous revenues	854,155	548,334	1,101,510	786,136	1,023,644	691,192	746,306	3,356,065	2,399,456	1,073,132
Total revenues	\$ 63,121,549	\$ 58,544,756	\$ 56,953,124	\$ 59,297,045	\$ 55,927,327	\$ 51,598,592	\$ 52,624,727	\$ 53,354,368	\$ 51,317,850	\$ 43,354,599
EXPENDITURES										
<i>Current:</i>										
Judicial	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576	\$ 483,003	\$ 493,772	\$ 509,342	\$ 509,717
General government	13,729,256	12,355,068	12,445,145	12,677,728	11,787,472	13,990,135	11,490,889	11,139,343	10,426,766	9,712,533
Public safety	18,986,726	18,944,406	18,574,463	18,227,258	17,661,244	16,976,083	16,532,144	15,281,860	13,740,441	14,183,874
Physical environment	239,111	232,690	223,263	229,895	221,807	213,215	208,625	201,609	321,505	1,375,549
Transportation	3,338,151	4,233,541	4,028,906	3,968,762	3,082,685	3,532,324	3,757,189	4,145,193	2,115,929	3,070,855
Health & human services	8,742	11,193	12,756	11,675	11,811	11,015	10,425	8,053	9,213	9,914
Economic environment	8,960,064	7,924,653	5,812,773	6,131,509	6,403,864	5,444,364	4,953,528	4,835,848	5,113,973	4,514,439
Culture & recreation	5,850,173	6,076,924	5,962,775	6,042,759	5,916,801	5,984,501	5,555,287	5,494,349	5,076,163	4,818,757
<i>Debt service:</i>										
Principal	3,179,431	3,448,941	2,913,457	2,810,000	4,005,000	2,450,000	2,385,000	2,180,000	1,810,000	2,109,887
Interest	1,649,496	1,620,922	1,487,880	1,614,032	1,658,375	1,747,312	1,874,739	1,657,901	1,234,536	1,046,531
Other	4,856	97,859	601	605	36,591	2,309	2,912	2,309	91,142	-
<i>Capital Outlay:</i>										
General government	542,084	718,240	546,014	174,549	1,735,866	358,280	144,565	195,306	20,166	-
Public safety	764,037	41,719	238,889	114,045	308,558	99,199	103,229	82,577	382,578	58,512
Physical environment	-	-	-	-	-	-	-	-	-	43,918
Transportation	4,851,676	1,897,292	4,196,697	6,730,723	3,182,461	4,288,074	4,354,447	7,658,724	8,426,933	1,745,625
Economic environment	651,117	100,674	482,941	30,937	97,172	70,529	8,275	506,520	451,487	3,256
Culture & recreation	1,673,709	4,223,887	1,512,683	2,006,123	1,234,803	8,637,860	7,733,014	3,165,151	615,391	879,332
Total expenditures	65,113,720	62,546,495	59,151,941	61,398,558	57,960,068	64,355,776	59,597,271	57,048,516	50,345,565	44,082,599
Excess (deficiency) of revenues over (under) expenditures	(1,992,171)	(4,001,739)	(2,198,817)	(2,101,513)	(2,032,741)	(12,757,184)	(6,972,544)	(3,694,148)	972,285	(728,000)
OTHER FINANCING SOURCES (USES)										
Transfers in	8,392,194	6,479,976	6,995,101	7,597,172	11,223,114	7,736,187	11,064,054	10,583,222	6,860,151	9,603,186
Transfers out	(9,254,722)	(8,687,825)	(8,351,837)	(8,068,733)	(12,525,831)	(9,107,145)	(12,909,304)	(12,260,834)	(7,841,440)	(9,822,538)
Debt issued	3,355,000	11,115,000	-	-	3,920,000	-	-	17,250,000	6,337,176	818,599
Premium on general obligation debt	123,353	91,249	-	-	106,161	-	-	948,434	131,012	-
Payment to ref. bond escrow agent	-	-	-	-	-	-	-	-	(2,283,510)	-
Disposition of capital assets	3,714,337	476,346	241,111	1,376,809	2,195,654	154,038	2,519,318	1,400,266	6,210,398	1,277,906
Total other financing sources (uses)	6,330,162	9,474,746	(1,115,625)	905,248	4,919,098	(1,216,920)	674,068	17,921,088	9,413,787	1,877,153
Net change in fund balances	4,337,991	5,473,007	(3,314,442)	(1,196,265)	2,886,357	(13,974,104)	(6,298,476)	14,226,940	10,386,072	1,149,153
Prior period adjustments	(786,281)	(1,104,578)	-	241,848	-	(126,842)	(305,497)	-	(2,033)	-
Total net change in fund balances	\$ 3,551,710	\$ 4,368,429	\$ (3,314,442)	\$ (954,417)	\$ 2,886,357	\$ (14,100,946)	\$ (6,603,973)	\$ 14,226,940	\$ 10,384,039	\$ 1,149,153
Debt service as a % of noncapital expenditures	8.53%	9.12%	8.44%	8.45%	11.02%	8.25%	9.01%	8.45%	7.53%	7.63%

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Financial Trends Information
Table 3 - Net Position
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 77,393,420	\$ 86,339,502	\$ 86,531,857	\$ 87,445,853	\$ 85,596,859	\$ 89,953,344	\$ 90,764,468	\$ 91,539,470	\$ 87,916,066	\$ 16,367,311
Restricted	13,984,508	5,164,524	3,483,745	3,356,389	8,210,325	7,646,895	18,720,050	17,812,239	881,954	5,437,690
Unrestricted	11,434,107	18,833,768	25,648,175	29,067,800	24,516,771	20,174,118	14,197,923	13,253,557	32,830,892	16,611,140
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	102,812,035	110,337,794	115,663,777	119,870,042	118,323,955	117,774,357	123,682,441	122,605,266	121,628,912	38,416,141
BUSINESS-TYPE										
Net Investment in Capital Assets	146,876,162	145,327,567	131,225,438	117,579,433	114,712,702	97,683,923	97,252,443	96,287,052	95,032,831	83,751,380
Restricted	14,119,797	13,802,274	19,804,051	22,038,604	15,049,152	15,310,155	11,502,589	10,303,480	5,386,145	7,736,133
Unrestricted	19,969,244	14,909,806	12,750,453	16,402,531	21,550,164	22,717,251	20,560,529	17,682,523	14,278,346	7,818,515
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	180,965,203	174,039,647	163,779,942	156,020,568	151,312,018	135,711,329	129,315,563	124,273,054	114,697,322	99,306,028
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	224,269,582	231,667,069	217,757,295	205,025,286	200,309,561	187,637,267	188,016,911	187,826,522	182,948,897	100,118,691
Restricted	28,104,305	18,966,798	23,287,796	25,394,993	23,259,477	22,957,050	30,222,639	28,115,718	6,268,099	13,173,823
Unrestricted	31,403,351	33,743,574	38,398,628	45,470,331	46,066,935	42,891,369	34,758,452	30,936,080	47,109,238	24,429,655
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 283,777,238	\$ 284,377,441	\$ 279,443,719	\$ 275,890,610	\$ 269,635,973	\$ 253,485,686	\$ 252,998,004	\$ 246,878,320	\$ 236,326,234	\$ 137,722,169

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Table 4 - Changes in Net Position
Last Ten Years (accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
<i>Governmental Activities:</i>										
Judicial	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576	\$ 483,003	\$ 493,772	\$ 509,342	\$ 509,717
General Government	14,389,809	12,622,646	12,799,300	12,875,968	14,658,005	14,537,462	11,962,826	11,655,690	10,945,651	5,892,573
Public Safety	24,946,821	19,744,479	20,091,515	19,004,418	13,146,635	16,021,859	16,902,855	16,200,197	14,376,684	15,123,796
Physical Environment	239,111	232,690	223,263	229,895	221,807	215,364	180,774	217,957	636,405	1,565,961
Transportation	11,680,754	12,449,384	12,261,359	11,707,903	11,150,022	10,838,583	10,758,636	11,128,255	7,696,658	3,072,231
Health & human services	8,742	11,193	12,756	11,675	11,811	11,015	10,425	8,053	9,213	9,914
Economic Environment	9,225,502	7,942,776	6,051,751	6,308,358	7,076,630	5,724,997	5,252,015	5,096,107	5,397,891	4,233,563
Culture & Recreation	7,481,344	7,291,514	7,205,154	7,108,146	7,921,404	6,623,574	6,132,878	6,010,067	5,675,839	5,444,108
Interest on Long-Term Debt	1,583,907	1,670,320	1,437,334	1,542,686	1,756,217	1,725,977	1,858,001	1,747,070	1,261,930	1,007,765
Total Governmental Activities	70,241,081	62,583,488	60,795,130	59,417,007	56,558,089	56,249,407	53,541,413	52,557,168	46,509,613	36,859,628
<i>Business-Type Activities:</i>										
Electric & Gas	54,489,969	53,419,986	48,046,928	45,539,459	44,772,564	42,717,311	43,160,460	40,341,785	40,423,756	38,501,753
Water	10,332,007	10,264,897	9,959,311	9,864,232	9,849,914	9,172,943	8,925,632	8,548,813	8,239,068	8,421,369
Sewer	7,493,696	7,501,259	7,611,549	7,984,939	7,224,539	7,202,354	6,780,386	6,301,989	6,321,012	5,978,194
Solid Waste	6,930,515	7,001,150	6,540,027	7,426,222	6,769,877	5,990,169	5,486,939	4,921,240	5,102,954	4,952,578
Stormwater	1,343,853	1,318,630	1,244,857	1,239,561	1,204,054	1,178,828	1,160,303	994,748	965,500	739,030
Golf Course	1,596,480	1,590,702	1,519,204	1,542,116	1,475,335	1,341,871	1,390,938	1,477,572	1,432,323	1,500,088
Medical Services	3,363,682	3,032,903	2,856,359	2,976,632	2,805,624	2,615,842	2,441,302	2,226,134	1,604,544	1,326,979
Broadband	175,358	76,966	-	-	-	-	-	-	-	-
Total Business-Type Activities	85,725,560	84,206,493	77,778,235	76,573,161	74,101,907	70,219,318	69,345,960	64,812,281	64,089,157	61,419,991
Total Primary Government Expenses	\$ 155,966,641	\$ 146,789,981	\$ 138,573,365	\$ 135,990,168	\$ 130,659,996	\$ 126,468,725	\$ 122,887,373	\$ 117,369,449	\$ 110,598,770	\$ 98,279,619
Program Revenues										
<i>Governmental Activities:</i>										
Charges for Services										
Judicial	\$ 769,654	\$ 773,448	\$ 860,813	\$ 878,511	\$ 921,729	\$ 1,012,701	\$ 911,492	\$ 1,015,710	\$ 842,697	\$ 869,459
General Government	6,761,340	7,042,606	6,821,453	7,090,180	7,156,208	6,955,300	6,622,028	4,333,350	4,943,022	2,436,770
Public Safety	259,832	371,450	231,460	190,061	156,206	176,441	245,399	174,086	113,291	650,179
Physical Environment	55,542	51,607	52,396	51,555	53,099	54,523	55,951	4,396,473	2,725,541	439,333
Transportation	831,610	772,067	861,952	678,533	525,496	364,290	1,080,559	741,640	707,567	410,867
Health & human services	68,991	72,420	524,181	120,503	260,734	285,875	-	-	-	-
Economic Environment	3,071,528	2,146,768	3,487,891	2,394,814	3,261,318	1,861,782	2,923,981	1,499,358	2,724,775	1,962,825
Culture & Recreation	895,685	953,049	910,772	1,162,255	905,792	656,997	722,123	888,186	752,359	472,725
Operating Grants and Contributions	1,440,860	1,867,067	2,148,431	2,210,676	2,332,638	1,989,004	1,861,943	1,467,234	1,399,823	2,113,691
Capital Grants and Contributions	5,296,154	4,809,008	2,761,967	6,022,409	2,751,068	1,994,008	3,568,605	3,532,959	4,463,607	1,040,106
Total Governmental Activities	19,451,196	18,859,490	18,661,316	20,799,497	18,324,288	15,350,921	17,992,081	18,048,994	18,672,682	10,395,955

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Table 4 - Changes in Net Position (continued)
Last Ten Years (accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<i>Business-Type Activities:</i>										
Charges for Services										
Electric	57,340,303	\$ 54,945,920	\$ 48,213,393	\$ 49,368,499	\$ 47,533,730	\$ 48,356,937	\$ 46,221,214	\$ 45,346,760	\$ 43,936,919	\$ 41,989,727
Water	13,902,732	13,254,942	12,502,676	11,481,750	11,379,986	11,548,340	11,492,632	11,326,191	10,504,242	9,865,470
Sewer	8,805,146	8,691,716	8,582,653	8,943,282	9,837,064	7,998,399	7,535,066	7,135,370	7,109,286	6,932,136
Solid Waste	6,867,503	8,237,305	4,982,677	7,244,141	6,925,655	5,943,696	6,237,907	6,364,628	6,071,267	5,909,875
Stormwater	2,690,519	2,280,477	2,830,931	2,082,373	1,987,399	1,687,218	1,399,153	1,179,871	979,013	502,925
Golf Course	1,555,413	1,628,586	1,477,589	1,567,050	1,510,461	1,515,478	1,429,944	1,394,317	1,345,734	1,439,547
Medical Services	3,282,576	2,868,451	2,333,394	2,197,763	2,200,642	2,136,403	1,781,878	2,097,152	1,478,776	1,459,122
Broadband	240,000	170,811	-	-	-	-	-	-	-	-
Operating Grants and Contributions	204,324	-	-	-	8,925	4,126	1,644	1,439	1,463	137,500
Capital Grants and Contributions	5,497,761	7,954,915	8,838,913	3,256,666	3,016,065	1,693,970	2,562,860	2,743,986	1,402,431	1,324,097
Total Business-Type Activities	100,386,277	100,033,123	89,762,226	86,141,524	84,399,927	80,884,567	78,662,298	77,589,714	72,829,131	69,560,399
Total Primary Government Revenues	\$ 119,837,473	\$ 118,892,613	\$ 108,423,542	\$ 106,941,021	\$ 102,724,215	\$ 96,235,488	\$ 96,654,379	\$ 95,638,708	\$ 91,501,813	\$ 79,956,354
Net (Expense)/Revenue										
Governmental Activities	\$ (50,789,885)	\$ (43,723,998)	\$ (42,133,814)	\$ (38,617,510)	\$ (38,233,801)	\$ (40,898,486)	\$ (35,549,332)	\$ (34,508,174)	\$ (27,836,931)	\$ (26,463,673)
Business-type Activities	14,660,717	15,826,630	11,983,991	9,568,363	10,298,020	10,665,249	9,316,338	12,777,433	8,739,974	8,140,408
Total Primary Government Net Expense	\$ (36,129,168)	\$ (27,897,368)	\$ (30,149,823)	\$ (29,049,147)	\$ (27,935,781)	\$ (30,233,237)	\$ (26,232,994)	\$ (21,730,741)	\$ (19,096,957)	\$ (18,323,265)
General Revenues										
<i>Governmental Activities:</i>										
Property Taxes	\$ 15,622,185	\$ 15,030,647	\$ 14,439,678	\$ 13,865,439	\$ 13,848,298	\$ 13,396,443	\$ 12,630,335	\$ 11,324,930	\$ 10,633,328	\$ 10,013,701
Sales Taxes	10,991,080	10,251,001	9,201,422	10,157,072	9,278,077	8,467,816	8,381,182	8,513,052	7,850,519	7,176,436
B&O Taxes	3,952,587	4,041,508	3,825,359	3,976,461	4,295,754	4,421,720	3,735,671	3,750,303	3,613,865	3,669,276
Other Taxes	4,847,975	3,998,315	4,661,573	4,400,842	4,456,219	4,046,274	4,237,755	4,295,267	4,633,542	3,294,318
Investment Earnings	564,215	190,182	388,599	496,464	285,768	412,145	1,092,599	1,802,356	778,996	533,701
Disposition of Capital Assets	(233,775)	476,346	121,733	1,376,809	1,895,208	154,038	2,519,318	1,400,266	6,210,398	1,312,409
Miscellaneous	1,232,707	1,157,306	-	-	-	-	-	-	-	-
Transfers	7,073,433	4,528,264	5,118,713	5,648,662	4,724,075	4,493,295	4,335,447	4,398,354	4,449,389	4,388,265
Total Governmental Activities	44,050,407	39,673,569	37,757,077	39,921,749	38,783,399	35,391,731	36,932,307	35,484,528	38,170,037	30,388,106
<i>Business-Type Activities:</i>										
Investment Earnings	414,790	(309,414)	935,302	797,471	372,230	401,288	926,134	1,221,154	825,701	694,332
Transfers	(7,073,433)	(4,528,264)	(5,118,713)	(5,648,662)	(4,724,075)	(4,493,295)	(4,335,447)	(4,398,354)	(4,449,389)	(4,388,265)
Total Business-Type Activities	(6,658,643)	(4,837,678)	(4,183,411)	(4,851,191)	(4,351,845)	(4,092,007)	(3,409,313)	(3,177,200)	(3,623,688)	(3,693,933)
Total Primary Government	\$ 37,391,764	\$ 34,835,891	\$ 33,573,666	\$ 35,070,558	\$ 34,431,554	\$ 31,299,724	\$ 33,522,994	\$ 32,307,328	\$ 34,546,349	\$ 26,694,173

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 Table 4 - Changes in Net Position (continued)
 Last Ten Years (accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Change in Net Position - Current Year										
Governmental Activities	\$ (6,739,478)	\$ (4,050,429)	\$ (4,376,737)	\$ 1,304,239	\$ 549,598	\$ (5,506,755)	\$ 1,382,975	\$ 976,354	\$ 10,333,106	\$ 3,924,433
Business-type Activities	8,002,074	10,988,952	7,800,580	4,717,172	5,946,175	6,573,242	5,907,025	9,600,233	5,116,286	4,446,475
Total Change - Current Year	1,262,596	6,938,523	3,423,843	6,021,411	6,495,773	1,066,487	7,290,000	10,576,587	15,449,392	8,370,908
Change in Net Position - Changes in Accounting Principles										
Governmental Activities	-	-	(170,976)	170,472	-	-	-	-	73,264,283	-
Business-type Activities	-	-	(1,277,474)	-	-	-	(829,843)	-	-	-
Total Change - Accounting Principles	-	-	(1,448,450)	170,472	-	-	(829,843)	-	73,264,283	-
Change in Net Position - Prior Period Adjustments										
Governmental Activities	(786,281)	(1,104,578)	-	241,848	-	(401,329)	(305,497)	-	(384,618)	2,992,715
Business-type Activities	(1,076,518)	548,227	(41,206)	(8,622)	9,654,514	(177,476)	(34,676)	(24,503)	10,275,010	25,262
Total Change - Prior Period Adjustments	(1,862,799)	(556,351)	(41,206)	233,226	9,654,514	(578,805)	(340,173)	(24,503)	9,890,392	3,017,977
Total Change in Net Position	\$ (600,203)	\$ 6,382,172	\$ 1,934,187	\$ 6,425,109	\$ 16,150,287	\$ 487,682	\$ 6,119,984	\$ 10,552,084	\$ 98,604,067	\$ 11,388,885

In 2006, the beginning balance of Net Position for Governmental Activities was restated by \$73,264,283 to reflect the capitalization of infrastructure not previously captured.

In 2008, the City adjusted the measurement basis used to calculate the liability for landfill closure from acres filled to cell volume consumed (in tons). The liability was increased by \$829,843 as a result of this change. Per GASB Statement 18, changes in estimates are reported primarily in the period of change.

In 2011, the beginning balance of Net Position for Governmental Activities was restated by \$170,472 to reflect the capitalization of infrastructure not previously captured.

In 2012, the beginning balance of Net Position was restated by \$1,448,450 to reflect the effects of implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities* and correct the Broadband Fund classification from a governmental fund to an enterprise fund.

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Table 5 - Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	*2014	*2013	*2012	*2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 2,379,932	\$ 2,294,528	\$ 2,294,515	\$ 2,294,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (1)	275,916	221,077	198,913	230,206	2,306,146	2,306,128	2,311,528	24,849	196,189	571,067
Committed	1,102,645	1,196,905	1,371,122	1,590,021	-	-	-	-	-	-
Assigned (2)	236,704	316,066	389,161	409,840	-	-	-	-	-	-
Unassigned (3)	6,991,885	5,064,256	6,276,627	8,145,341	7,382,261	5,773,994	7,714,403	9,753,280	9,659,492	7,318,146
Total General Fund	\$ 10,987,082	\$ 9,092,832	\$ 10,530,338	\$ 12,669,936	\$ 9,688,407	\$ 8,080,122	\$ 10,025,931	\$ 9,778,129	\$ 9,855,681	\$ 7,889,213
All Other Governmental Funds										
Nonspendable	\$ 69,239	\$ 70,566	\$ 72,730	\$ 69,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (1)	14,063,433	4,969,548	3,776,661	3,126,183	2,388,660	1,452,508	1,977,996	949,389	665,284	5,078,788
Committed	4,624,882	2,187,418	2,683,255	3,833,411	-	-	-	-	-	-
Assigned (2)	2,338,337	12,231,248	4,495,098	4,740,702	2,567,747	1,539,974	3,350,888	1,781,521	1,979,287	-
Unassigned (3)	(59,858)	(80,207)	(624,707)	(192,340)	10,557,120	11,243,273	21,062,007	30,511,751	16,293,606	5,441,817
Total All Other Governmental Funds	\$ 21,036,033	\$ 19,378,573	\$ 10,403,037	\$ 11,577,881	\$ 15,513,527	\$ 14,235,755	\$ 26,390,891	\$ 33,242,661	\$ 18,938,177	\$ 10,520,605

*This table has been modified to include the appropriate fund balance designations as mandated by GASB Statement 54 for years beginning 2011.

(1) Restricted was previously "Reserved For:"

(2) Assigned was previously "Unreserved, Designated For:"

(3) Unassigned was previously "Unreserved, Undesignated"

Governmental Funds include General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds

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Table 6 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Original Tax		Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Levy	Adjustments		Amount Collected	Percentage of Original Levy		Amount Collected	Percentage of Adjusted Levy
2014	\$ 16,023,806	\$ (88,535)	\$ 15,935,271	\$ 15,726,405	98.14%	\$ -	\$ 15,726,405	98.69%
2013	15,285,836	(47,704)	15,238,132	14,999,602	98.13%	215,570	15,215,172	99.85%
2012	14,802,077	(88,585)	14,713,492	14,544,623	98.26%	168,869	14,713,492	100.00%
2011	14,184,835	(38,655)	14,146,180	13,981,223	98.56%	164,957	14,146,180	100.00%
2010	14,234,127	(39,251)	14,194,876	13,998,983	98.35%	195,893	14,194,876	100.00%
2009	13,823,855	(78,328)	13,745,527	13,461,836	97.38%	283,691	13,745,527	100.00%
2008	12,979,878	(26,813)	12,953,065	12,714,572	97.96%	238,493	12,953,065	100.00%
2007	11,607,996	(7,565)	11,600,431	11,457,130	98.70%	143,301	11,600,431	100.00%
2006	10,944,729	(64,402)	10,880,327	10,738,442	98.12%	141,885	10,880,327	100.00%
2005	10,259,910	(45,983)	10,213,927	10,081,147	98.26%	132,780	10,213,927	100.00%

SOURCE:
Benton County Treasurer

CITY OF RICHLAND, WASHINGTON
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Table 7 - Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

YEAR	REAL	PERSONAL	CORPORATE	TOTAL TAXABLE **ASSESSED VALUE (in \$1,000)	TOTAL DIRECT TAX RATE
2014	\$ 5,023,330	\$ 312,302	\$ 33,576	\$ 5,369,208	\$ 2.9840
2013	4,822,508	293,204	31,893	5,147,605	2.9697
2012	4,656,375	301,558	34,339	4,992,272	2.9654
2011	4,393,628	285,918	31,551	4,711,097	3.0119
2010	4,196,011	309,493	30,627	4,536,131	3.1399
2009	4,088,187	287,165	30,204	4,405,556	3.1392
2008	3,595,529	226,651	30,689	3,852,869	3.3674
2007	3,254,056	218,175	28,809	3,501,040	3.3073
2006	3,079,526	199,041	30,952	3,309,521	3.3071
2005	2,903,799	182,514	29,295	3,115,608	3.2941

**Benton County provides the assessed value at year end and that valuation is used to determine the next year's tax amount. Washington State Law requires that the assessed valuation be based upon 100% of the market value of the property, therefore the ratio of total assessed value to total estimated value will always be equal to 100%.

Benton County Assessor's office is unable to provide totals for tax exempt property in the City.

SOURCE:
Benton County Assessor's Office/Tax Collections

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Revenue Capacity Information
 Table 8 - Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

FISCAL YEAR	CITY GENERAL AND SPECIAL LEVY	DEBT SERVICE FUND	FIRE PENSION FUND	TOTAL CITY DIRECT	BENTON COUNTY	RICHLAND SCHOOL DISTRICT	PORT OF BENTON	MOSQUITO CONTROL	WASHINGTON STATE	TOTAL DIRECT AND OVERLAPPING TAX RATES
2014	\$ 2.4021	\$ 0.3569	\$ 0.2250	\$ 2.9840	\$ 1.2831	\$ 4.8247	\$ 0.3989	\$ 0.0952	\$ 2.3194	\$ 11.9053
2013	2.3865	0.3582	0.2250	2.9697	1.2796	4.3825	0.4055	0.0965	2.3914	11.5252
2012	2.3860	0.3544	0.2250	2.9654	1.2771	4.2985	0.4196	0.0931	2.3154	11.3691
2011	2.4520	0.3349	0.2250	3.0119	1.3265	4.4235	0.4276	0.1279	2.1478	11.4651
2010	2.4829	0.4320	0.2250	3.1399	1.3433	4.3251	0.4225	0.1536	2.0057	11.3901
2009	2.4891	0.4251	0.2250	3.1392	1.3766	4.1694	0.4215	0.1536	1.9240	11.1843
2008	2.7046	0.4378	0.2250	3.3674	1.4440	4.8215	0.4557	0.1403	1.9807	12.2095
2007	2.8579	0.2244	0.2250	3.3073	1.4865	4.7534	0.4687	0.1529	2.2554	12.4242
2006	2.8436	0.2385	0.2250	3.3071	1.4790	4.7610	0.4814	0.1704	2.5735	12.7724
2005	2.8427	0.2264	0.2250	3.2941	1.4744	4.9912	0.4879	0.1706	2.7893	13.2075

SOURCE:
 Benton County Assessor's Office

CITY OF RICHLAND, WASHINGTON
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Table 9 - General Sales Tax Received by Category
Last Ten Calendar Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Retail Trade	\$ 4,815,193	\$ 4,489,485	\$ 4,320,712	\$ 4,210,717	\$ 4,053,235	\$ 3,678,338	\$ 3,949,145	\$ 3,414,483	\$ 3,188,471	\$ 3,135,623
Services	1,520,341	1,491,479	1,432,053	1,792,031	1,599,233	1,280,465	2,072,131	1,132,722	1,020,083	870,499
Contracting	1,600,446	1,464,016	1,258,138	1,579,938	1,134,213	1,244,900	1,536,329	1,998,800	1,693,304	1,342,846
Manufacturing	191,190	217,383	155,423	181,066	143,814	160,929	129,090	123,916	112,792	107,291
Trans/Com/Utilities	369,025	369,083	385,068	417,728	400,282	405,197	323,880	448,818	461,746	427,468
Government	169,197	156,272	193,403	160,740	146,458	138,054	166	298	86	165
Wholesaling	725,796	726,688	630,853	747,511	693,762	630,131	569,372	526,854	457,681	438,370
Financial/Ins/Real Estate	62,040	56,777	57,773	27,698	60,242	61,632	318,620	63,742	50,655	45,404
Other Business	51,083	21,422	16,265	150,595	56,782	12,289	20,917	46,723	27,302	21,978
Total	\$ 9,504,311	\$ 8,992,605	\$ 8,449,688	\$ 9,268,024	\$ 8,288,021	\$ 7,611,935	\$ 8,919,649	\$ 7,756,356	\$ 7,012,119	\$ 6,389,644

Source: Tax Tools

*This revenue is reported on a cash basis.



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Table 10 - Principal Property Taxpayers for 2014
and Nine Years Ago

PRINCIPAL TAXPAYERS 2014	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Areva Inc. (Formerly Siemens)	Nuclear Fuels Production	\$ 105,112,390	1.96%
Battelle Pacific NW National Laboratories	Research & Development	75,256,700	1.40%
Extended Legacy, LLC	Real Estate Development	60,800,400	1.13%
Notus Holding, LLC	Property Management	54,348,270	1.01%
Lamb-Weston Inc.	Value Added Agriculture Products	40,526,440	0.75%
Cowperwood BSF/CSF, LLC	Property Management	37,161,540	0.69%
The Villas at Meadow Springs LLC	Property Management	33,226,365	0.62%
Ferguson Enterprises, LLC	Distribution Facility	31,694,123	0.59%
Kadlec Medical Center	Health Services	25,117,290	0.47%
RP Queensgate LLC	Property Management	24,930,610	0.46%
Oregon Metallurgical Corporation	Manufacturing	24,892,450	0.46%
Kadlec Regional Medical Center	Health Services	24,836,330	0.46%

*Total Assessed Valuation for the City of Richland in 2014 = \$5,369,208,018

PRINCIPAL TAXPAYERS 2005	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Framatome ANP (Formerly Siemens)	Nuclear Fuels Production	\$ 87,127,803	2.80%
Lamb-Weston Inc.	Food Processing	38,203,820	1.23%
Battelle Pacific NW National Laboratories	Research & Development	36,925,210	1.19%
VMSI LLC	Research & Development	23,462,800	0.75%
Ferguson Enterprises, LLC	Distribution Facility	23,005,208	0.74%
Oregon Metallurgical Corporation	Manufacturing	22,432,390	0.72%
General Telephone of the N.W.	Telephone Utility	19,693,955	0.63%
Alpha Biochemical Co.	Research & Development	15,337,100	0.49%
Shoreline Limited Liability Co	Property Management	14,597,990	0.47%
Riverpoint Apartments LLC	Property Management	14,337,710	0.46%
Rosecliff Realty Richland Inc.	Real Estate Development	14,227,710	0.46%
Abrams Trustee, Jerry D.	Property Management	13,769,590	0.44%

*Total Assessed Valuation for the City of Richland in 2005 = \$3,115,608,230

SOURCE: Benton County Assessor's Office

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Debt Capacity Information
Table 11 - Pledged Revenue Coverage
Last Ten Fiscal Years

ELECTRIC	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	\$ 57,725,491	\$ 54,887,343	\$ 47,086,439	\$ 49,519,430	\$ 47,692,113	\$ 48,523,936	\$ 46,594,952	\$ 45,940,361	\$ 44,567,571	\$ 43,304,711
Less Operating Expenses	44,692,957	43,749,747	40,718,952	38,305,864	37,988,550	36,835,441	37,136,807	35,001,389	35,363,006	34,265,323
Net Amount Available For Debt Service	13,032,534	11,137,596	6,367,487	11,213,566	9,703,563	11,688,495	9,458,145	10,938,972	9,204,565	9,039,388
Principal	2,560,000	2,055,000	1,890,000	1,820,000	1,760,000	2,115,000	2,055,000	2,120,000	1,965,000	1,270,000
Interest	2,552,067	2,498,330	2,374,403	2,433,531	2,518,932	1,935,945	1,987,914	1,837,829	1,718,449	1,758,816
Total Annual Debt Service	5,112,067	4,553,330	4,264,403	4,253,531	4,278,932	4,050,945	4,042,914	3,957,829	3,683,449	3,028,816
Electric Debt Coverage	2.549	2.446	1.493	2.636	2.268	2.885	2.339	2.764	2.499	2.984

Revenue derived from Residential/Commercial Electric Sales

WATER/SEWER	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	23,072,818	22,013,016	21,385,013	20,705,260	21,323,381	19,664,915	19,664,915	19,362,428	18,939,209	18,123,548
Less Operating Expenses	12,094,951	12,142,075	10,675,665	11,086,722	10,241,469	9,941,415	9,305,320	8,946,780	9,231,563	9,075,755
Net Amount Available For Debt Service	10,977,867	9,870,941	10,709,348	9,618,538	11,081,912	9,723,500	10,359,595	10,415,648	9,707,646	9,047,793
Principal	4,053,821	3,972,041	3,974,307	3,696,692	3,470,975	3,295,975	2,930,348	2,730,562	2,357,523	2,205,930
Interest	1,568,069	1,739,106	1,756,490	1,923,703	1,997,150	2,093,897	2,270,577	2,313,075	2,415,302	2,431,522
Total Annual Debt Service	5,621,890	5,711,147	5,730,797	5,620,395	5,468,125	5,389,872	5,200,925	5,043,637	4,772,825	4,637,452
Water/Sewer Debt Coverage	1.953	1.728	1.869	1.711	2.027	1.804	1.992	2.065	2.034	1.951

Revenue derived from Residential/Commercial Water and Sewer charges

SOLID WASTE	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	7,706,624	8,037,929	7,583,025	7,311,969	6,964,030	6,021,578	6,383,461	6,643,937	6,306,806	6,028,388
Less Operating Expenses	6,771,135	6,564,223	6,142,491	5,986,898	6,107,917	5,646,436	5,032,426	4,799,783	4,880,770	4,593,896
Net Amount Available For Debt Service	935,489	1,473,706	1,440,534	1,325,071	856,113	375,142	1,351,035	1,844,154	1,426,036	1,434,492
Principal	115,000	110,000	110,000	105,000	468,000	110,000	105,000	95,000	128,333	90,000
Interest	20,037	22,629	25,012	27,113	89,101	97,478	103,148	108,183	114,757	117,713
Total Annual Debt Service	135,037	132,629	135,012	132,113	557,101	207,478	208,148	203,183	243,090	207,713
Solid Waste Debt Coverage	6.928	11.111	10.670	10.030	1.537	1.808	6.491	9.076	5.866	6.906

Revenue derived from Residential/Commercial Garbage Collection and Landfill Charges

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Table 11 - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years

STORMWATER	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	\$ 2,230,780	\$ 1,845,018	\$ 1,827,355	\$ 2,056,014	\$ 1,915,472	\$ 1,695,289	\$ 1,415,485	\$ 1,183,840	\$ 992,703	\$ 506,843
Less Operating Expenses	1,129,395	1,103,933	1,027,758	1,026,227	1,011,640	917,055	968,469	827,632	813,776	595,864
Net Amount Available For Debt Service	1,101,385	741,085	799,597	1,029,787	903,832	778,234	447,016	356,208	178,927	(89,021)
Principal	102,306	102,001	101,710	96,430	96,163	80,712	60,660	55,424	55,198	45,000
Interest	69,466	71,434	74,464	76,994	79,511	65,403	58,289	61,125	63,925	60,075
Total Annual Debt Service	171,772	173,435	176,174	173,424	175,674	146,115	118,949	116,549	119,123	105,075
Stormwater Debt Coverage	6.412	4.273	4.539	5.938	5.145	5.326	3.758	3.056	1.502	(0.847)

Revenue derived from Residential/Commercial Stormwater charge

COLUMBIA POINT GOLF COURSE	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	1,557,942	1,632,229	1,482,508	1,571,551	1,532,382	1,527,929	1,447,757	1,419,840	1,543,304	1,625,995
Less Operating Expenses	1,350,128	1,331,674	1,271,852	1,290,024	1,283,318	1,233,629	1,179,272	1,196,674	1,131,771	1,240,288
Net Amount Available For Debt Service	207,814	300,555	210,656	281,527	249,064	294,300	268,485	223,166	411,533	385,707
Principal	95,000	90,000	90,000	88,890	30,000	230,000	215,000	203,890	188,890	178,890
Interest	178,085	194,496	181,543	186,457	115,536	40,786	152,000	230,727	223,082	216,109
Total Annual Debt Service	273,085	284,496	271,543	275,347	145,536	270,786	367,000	434,617	411,972	394,999
Columbia Point Golf Course Coverage	0.7610	1.0564	0.7758	1.0224	1.7114	1.0868	0.7316	0.5135	0.9989	0.9765

Revenue derived from Public Golf Course Fees/Charges including retail sales

BROADBAND	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Revenue	452,209	43,671	-	-	-	-	-	-	-	-
Less Operating Expenses	59,723	-	-	-	-	-	-	-	-	-
Net Amount Available For Debt Service	392,486	43,671	-	-	-	-	-	-	-	-
Principal	75,000	50,000	-	-	-	-	-	-	-	-
Interest	68,439	48,298	-	-	-	-	-	-	-	-
Total Annual Debt Service	143,439	98,298	-	-	-	-	-	-	-	-
Broadband Coverage	2.7363	0.4443	-	-	-	-	-	-	-	-

Revenue derived from Fiber Optic Leases/Charges including retail sales

CITY OF RICHLAND, WASHINGTON
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 Statistical Section - Debt Capacity Information
 Table 12 - Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES							TOTAL DEBT	% OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	CERB/PUBLIC WORKS FUND LOANS	*GOLF COURSE GENERAL OBLIGATION/REVENUE BONDS	ELECTRIC REVENUE BONDS	WATER SEWER REVENUE BONDS	*SOLID WASTE/BROADBAND GENERAL OBLIGATION BONDS	SOLID WASTE/STORMWATER REVENUE BONDS	PUBLIC WORKS TRUST FUND LOAN, BENTON PUD LOAN				
2014	\$ 38,985,000	\$ -	\$ 671,467	\$ 4,070,000	\$ 52,805,000	\$ 30,925,000	\$ 2,860,000	\$ 1,330,000	\$ 12,542,130	\$ 144,188,597	7.88%	2,768	
2013	38,710,000	-	770,898	4,165,000	55,365,000	35,015,000	3,050,000	1,425,000	13,640,768	152,141,666	8.04%	2,974	
2012	30,695,000	-	1,369,839	4,255,000	48,120,000	37,710,000	845,000	1,520,000	14,924,810	139,439,649	8.26%	2,795	
2011	33,260,000	-	1,468,296	4,345,000	50,010,000	39,375,000	955,000	1,615,000	16,216,848	147,245,144	8.87%	2,999	
2010	35,390,000	-	1,768,296	4,810,000	51,830,000	41,875,000	1,060,000	1,705,000	17,169,509	155,607,805	8.31%	3,203	
2009	36,555,000	-	1,068,296	5,055,000	53,590,000	44,290,000	-	3,295,000	15,401,398	159,254,694	8.71%	3,359	
2008	38,930,000	25,000	1,118,296	5,285,000	43,855,000	44,685,000	-	2,460,000	15,060,162	151,418,458	9.05%	3,286	
2007	41,190,000	100,000	1,168,296	5,500,000	45,260,000	46,595,000	-	2,620,000	14,109,670	156,542,966	9.69%	3,473	
2006	25,795,000	375,000	1,437,279	5,700,000	36,520,000	48,430,000	-	2,765,000	10,508,988	131,531,267	8.64%	2,974	
2005	23,025,000	765,000	1,246,120	5,885,000	37,835,000	50,195,000	-	2,910,000	9,107,304	130,968,424	8.85%	3,009	

*Prior to 2010, Solid Waste Bonds and Golf Course bonds were issued as Revenue Bonds; In 2010 both bond issues were refunded and issued as General Obligation Bonds for Business Activities

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements and the Schedule of Long Term Liabilities

CITY OF RICHLAND, WASHINGTON
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Table 13 - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

TAX YEAR	POPULATION (1)	*ASSESSED VALUE (2)	GENERAL OBLIGATION BONDS	MONIES AVAILABLE FOR DEBT SERVICE	NET GO BOND DEBT	RATIO NET BONDED GO DEBT TO ASSESSED VALUE	NET BONDED GO DEBT PER CAPITA
2014	52,090	\$ 5,369,208,018	\$ 45,915,000	\$ 2,672,115	\$ 43,242,885	0.81%	830.16
2013	51,150	5,147,604,881	45,925,000	2,672,115	43,252,885	0.84%	845.61
2012	49,890	4,992,272,077	35,795,000	3,274,796	32,520,204	0.65%	651.84
2011	49,090	4,711,097,355	38,560,000	4,042,902	34,517,098	0.73%	703.14
2010	48,580	4,536,131,221	41,260,000	5,983,493	35,276,507	0.78%	726.15
2009	47,410	4,405,555,654	36,555,000	6,395,104	30,159,896	0.68%	636.15
2008	46,080	3,852,869,332	38,930,000	7,100,164	31,829,836	0.83%	690.75
2007	45,070	3,501,040,508	41,190,000	8,438,899	32,751,101	0.94%	726.67
2006	44,230	3,309,521,098	25,795,000	7,633,145	18,161,855	0.55%	410.62
2005	43,520	3,115,608,230	23,025,000	1,156,864	21,868,136	0.70%	502.48

SOURCES:

(1) State of Washington

(2) Benton County Assessor's Office (Assessed Valuation)

*The assessed valuation is completed in November of the previous tax year.

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Table 14 - Direct and Overlapping Debt- Governmental Activities
As of December 31, 2014

<u>DIRECT DEBT</u>	AMOUNT
Voted General Obligation Debt	\$ 16,740,000
Councilmanic General Obligation Debt	22,245,000
Councilmanic Loans (includes CERB & PWTF Loans)	671,467
Less Amount Available for Debt Service:	<u>(2,672,115)</u>
TOTAL NET DIRECT DEBT	<u>\$ 36,984,352</u>

<u>OVERLAPPING DEBT</u>	(1)	(2)	AMOUNT
(For debt paid with property taxes)	OUTSTANDING	PERCENT	OVERLAPPING
<u>Jurisdiction</u>	<u>DEBT</u>	<u>APPLICABLE</u>	<u>OVERLAPPING</u>
Benton County	\$ 17,205,000	33.70%	\$ 5,798,085
Richland School District #400	131,950,000	79.18%	104,478,010
Kennewick School District #17	51,560,000	4.24%	2,186,144
Port of Benton	3,625,000	58.60%	2,124,250
Fire District No. 1	920,000	6.21%	57,132
Kiona Benton School District #52	7,745,000	0.01%	<u>775</u>
		TOTAL OVERLAPPING DEBT	<u>\$ 114,644,396</u>

<u>GOVERNMENTAL ACTIVITIES DEBT RATIOS</u>	
Assessed Valuation - 2014 (Established in November 2013 for the 2014 tax year)	\$ 5,369,208,018
Population	52,090
Net Direct Debt to Assessed Valuation	0.69%
Net Direct Debt and Overlapping Debt to Assessed Valuation	2.82%
Per Capita Assessed Value	103,076
Per Capita Net Direct Debt	710.01
Per Capita Total Direct Debt and Overlapping Debt	2,910.90

Councilmanic Debt and Other Obligations consists of:	
2005 LTGO - Refunding Bonds	\$ 2,585,000
2006 LTGO - Improvement and Refunding Bonds	4,375,000
2010 LTGO - IT Facility/Golf Refunding/1998 Refunding	1,555,000
2013 LTGO A- LRF and Broadband	10,050,000
2013 LTGO B- LRF and Broadband	325,000
2014 LTGO -Fire Station Construction	<u>3,355,000</u>
	<u>\$ 22,245,000</u>
Voted GO Debt:	
2005 UTGO - Refunding Bonds	\$ 2,615,000
2007 UTGO Library Expansion Bonds	<u>14,125,000</u>
	<u>\$ 16,740,000</u>

- (1) Outstanding Debt Represents Total General Obligation Debt.
(2) Applicable Percentage is Determined by Ratio of Assessed Valuation of Property Subject to Taxation in the Overlapping Unit to Valuation of Property Subject to Taxation in the Reporting Unit.

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 Comprehensive Annual Financial Report
 Statistical Section - Debt Capacity Information
 Table 15 - Legal Debt Margin
 Last Ten Fiscal Years

FOR FISCAL YEAR ENDING DECEMBER 31

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 402,690,601	\$ 386,070,366	\$ 374,420,406	\$ 353,332,302	\$ 340,209,843	\$ 330,416,674	\$ 288,965,200	\$ 262,578,038	\$ 248,214,082	\$ 233,670,065
Total net debt applicable to debt limit	43,914,352	43,714,096	39,967,230	33,279,285	36,119,917	31,440,746	40,048,296	42,358,296	19,380,151	23,025,000
Legal Debt Margin	\$ 358,776,249	\$ 342,356,270	\$ 334,453,176	\$ 320,053,017	\$ 304,089,926	\$ 298,975,928	\$ 248,916,904	\$ 220,219,742	\$ 228,833,931	\$ 210,645,065
Total net debt applicable to the limit as a percentage of debt limit	10.91%	11.32%	10.67%	9.42%	10.62%	9.52%	13.86%	16.13%	7.81%	9.85%

The City's legal debt limit as mandated by RCW 39.36.020 is 7.5% of the value of taxable property in the city limits. The following limits and exceptions apply to the legal debt limit:
 2.5% for general purposes - Up to 1.5% can be without a vote of the people
 2.5% for utility purposes with a 3/5 vote of the people
 2.5% for open space, park facilities and capital facilities associated with economic development with a 3/5 vote of the people.

This table is completed using guidance from BARS, for completing the Schedule of Indebtedness. The assets that offset the debt are comprised of cash and cash equivalents of the debt service funds.

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Table 16 - Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Richland Population (1)	*Per Capita Income (2)	Total Personal Income	*Median Age (3)	School Enrollment (4)	Annual Unemployment Rate (5)
2014	52,090	\$ 38,926	\$ 2,027,655,340	37.5	12,300	6.7%
2013	51,150	38,163	1,952,037,450	37.5	11,930	8.0%
2012	49,890	38,059	1,898,763,510	39.0	11,700	8.6%
2011	49,090	38,182	1,874,354,380	38.7	11,282	7.1%
2010	48,058	36,673	1,762,431,034	38.6	11,100	6.7%
2009	47,410	35,815	1,697,989,150	38.4	10,729	6.3%
2008	46,080	35,641	1,642,337,280	38.4	10,350	4.7%
2007	45,070	33,565	1,512,774,550	37.9	10,317	4.7%
2006	44,230	31,020	1,372,014,600	38.8	10,127	5.4%
2005	43,520	30,426	1,324,139,520	37.7	10,020	5.3%

SOURCES:

- (1) City of Richland, Office of Business and Economic Development
- (2) Bureau of Economic Analysis, US Dept of Commerce, Metropolitan Statistical Area Kennewick-Richland, www.bea.gov
- (3) US Census, American Community Survey, www.census.gov/acs
- (4) Richland School District, www.rsd.edu
- (5) Washington State Employment Security Department - Bureau of Labor Statistics, www.fortress.wa.gov/esd/employmentdata

*2014 Per Capita Income and Median Age are estimated

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Table 17 - Principal Employers for 2014
and Nine Years Ago

PRINCIPAL EMPLOYERS 2014	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES
Battelle Pacific NW National Laboratories	1	Research & Development	3,239
Kadlec Regional Medical Center	2	Health Services	2,754
Bechtel National, Inc.	3	Engineering and Consultation	2,006
Washington River Protection Solutions LLC	4	DOE Contractor	1,518
Mission Support Alliance, LLC	5	DOE Contractor	1,484
Richland School District	6	K-12 Education	1,400
Energy Northwest	7	Power Generation Facility	1,174
Areva Inc.	8	Nuclear Fuels Production	1,048
Washington Closure Hanford LLC	9	DOE Contractor	815
City of Richland	10	Municipality	485

PRINCIPAL EMPLOYERS 2005		NATURE OF BUSINESS	NUMBER OF EMPLOYEES
Battelle Pacific NW National Laboratories	1	Research & Development	4,198
Fluor Hanford, Inc.	2	Radioactive Waste Management	3,486
Bechtel National	3	Engineering and Consultation	3,023
CH2M Hill Hanford Group, Inc.	4	Engineering and Consultation	1,371
Kadlec Medical Center	5	Medical Services	1,300
Richland School District	6	K-12 Education	1,202
Framatome ANP Inc.	7	Nuclear Fuels Production	1,086
Energy Northwest	8	Power Generation Facility	1,068
City of Richland	9	Municipality	503
Conagra/Lamb Weston	10	Food Production	442

SOURCE: City of Richland Business License Database

CITY OF RICHLAND, WASHINGTON
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Statistical Section - Operating Information
Table 18 - Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM:	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PUBLIC SAFETY										
<i>POLICE</i>										
Number of Employees	71.90	71.90	71.90	70.30	69.80	69.80	70.50	66.30	66.30	64.50
Ratio of Employees to Population	1/724	1/711	1/689	1/698	1/689	1/679	1/654	1/680	1/667	1/661
Part 1 Crimes	1,295	1,246	1,395	1,496	1,027	1,192	1,156	1,360	1,543	1,598
Calls for Service	27,526	26,327	25,964	27,611	29,486	32,001	32,762	24,310	23,871	24,163
Traffic Accidents	667	712	642	647	642	578	600	592	698	719
<i>FIRE:</i>										
Number of Employees	57.75	57.75	57.75	57.75	58.00	58.00	58.00	58.00	58.00	58.00
Ratio of Employees to Population	1/902	1/886	1/858	1/850	1/829	1/817	1/794	1/763	1/750	1/736
Fire Calls	1,383	1,490	1,454	1,459	1,256	1,282	1,310	1,217	1,128	1,014
Ambulance Calls	4,408	3,939	4,008	3,921	3,998	3,787	3,604	3,292	3,038	3,018
CULTURE & RECREATION										
<i>LIBRARY:</i>										
Number of Patron Visits	567,645	532,195	617,041	642,181	798,630	140,124 ²	N/A ¹	293,463	309,082	319,196
Annual Circulation	726,629	706,527	755,324	774,840	767,453	528,193	514,202	572,366	565,330	590,891
Reference Requests	31,507	33,089	33,580	35,736	40,709	34,856	26,120	27,921	33,091	35,513
<i>PARKS & RECREATION:</i>										
Parks	58	58	58	62	60	59.35	62	58	58	58
Park Acreage-Undeveloped	1,695	1,695	1,770	1,770	1592.72	1592.72	2,083	1,750	1,750	1,753
Park Acreage-Developed	650	650	500	500 ⁴	683.48	683.48	677	649	649	646
ECONOMIC DEVELOPMENT										
Building Permits Issued	1,979	2,144	2,065	2,089	2,261	1,740	1,553	1,630	1,993	1,618
Value of Permits in Millions	256.39	163.29	151.15	189.74	168.82	96.28	244.96	176.2	233.2	195.5
Business Licenses Issued	4,879	4,730	4,493	4,402	4,346	4,276	4,228	3,962	3,724	3,622
TRANSPORTATION										
Street Resurfacing (in lane miles)	7.4	6.01	6.16	9.32	3.4	2.07	2.05	2.16	4.21	11.8
City Streets cleaned (X per year)	5	5	4	4	4	3	4	3	3	3

CITY OF RICHLAND, WASHINGTON
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Table 18 - Operating Indicators by Function/Program
Last Ten Fiscal Years (Continued)

FUNCTION/PROGRAM:	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
BUSINESS-TYPE ACTIVITIES										
<i>ELECTRIC</i>										
New Connections	294	350	494	618	597	318	309	428	503	467
Total Consumption (kilowatt hr)millions	896	852	835	855	858.2	856.3	819.6	802.3	782.1	752.7
No. of Customers ⁵	23,067	22,793	22,179	24,635	24,017	23,599	23,451	22,984	22,571	20,909
<i>WATER</i>										
New Connections	262	277	272	293	345	192	346	391	341	420
Daily Ave Consumption(millions/gal)	16.4	15.3	13.9	14.4	14.4	14.3	14.5	14.85	14.45	15
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers ⁶	17,655	17,393	17,138	17,408	16,698	16,589	16,759	16,273	15,950	15,770
<i>SEWER</i>										
Daily Average Treatment (millions/gal)	5.6	5.5	5.6	6.6	5.6	5.6	5.4	5.4	5.5	5.76
Max Daily Plant Capacity(millions/gal)	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
No. of Customers ⁵	18,077	17,752	17,469	17,981	15,964	16,813	18,658	18,588	16,891	16,227
<i>GARBAGE & SOLID WASTE</i>										
Residential Landfill Visitors	27,679	29,627	28,678	35,529	41,007	56,928	45,068	42,100	34,195	31,521
Commercial Landfill Visitors	11,612	7,945	7,751	7,643	19,797	20,387	7,280	6,575	3,658	9,321
Household Hazardous Waste Visitors	N/A	655	814 ³	1,200 ³	3,288	4,748	4,109	4,601	3,938	4,012
No. of Customers ⁵ - Refuse	17,632	17,403	17,096	17,456	17,853	16,645	16,485	16,258	15,509	14,979
No. of Customers ⁵ - Recycle	4,570	4,054	3,713							
<i>STORM WATER</i>										
Catch Basins Cleaned	539	506	536	827	817	793	538	538	805	397
Storm Drains Jet Cleaned (ft)	23,210	36,653	54,115	29,940	43,311	54,212	35,710	15,960	7,350	18,455
Storm Drains Televised (ft)	21,547	23,116	25,923	22,913	15,232	21,861	30,639	51,383	43,519	36,047
No. of Customers ⁵	18,707	18,207	17,936	17,663	17,410	17,294	17,080	16,748	15,887	15,121

¹Patrons cannot be counted in the Temporary Library Facility

²Patrons could only be counted after the move back to the City Library Facility which was July 17th, 2009

³ Hazardous waste is no longer accepted, visits are traced for oil, antifreeze and battery drop off only

⁴A more accurate calculation of park areas was performed in 2011

⁵Customer counts are a snap-shot in time (12/31/11) and taken from the Utility Billing System.

⁶Starting in 2012, customer counts are defined as unique accounts, not the number of meters as previously reported.

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 Statistical Section - Operating Information

Table 19 - Full Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Full-Time Equivalent Employees as of December 31

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FUNCTION/PROGRAM										
Judicial	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.00	4.00	4.00
General Government	64.60	64.60	64.60	65.45	65.85	65.35	62.85	63.85	65.85	66.25
Public Safety	128.65	129.65	129.45	128.05	127.55	127.55	127.30	124.30	124.30	122.50
Physical Environment	46.00	45.50	46.50	48.00	49.00	24.00	24.00	24.00	23.80	11.50
Transportation	19.00	19.00	19.00	18.00	19.00	19.00	19.00	19.00	19.00	19.25
Economic Environment	21.05	21.00	22.05	22.50	22.50	22.50	22.70	22.70	23.70	23.70
Culture & Recreation	34.10	34.10	34.10	32.85	32.85	56.85	55.85	52.60	51.60	50.00
Electric & Gas	56.50	57.50	57.50	57.50	57.50	57.50	58.00	57.50	57.50	62.34
Water	23.25	23.25	23.25	23.25	23.25	23.75	23.75	23.50	23.50	33.43
Sewer	22.95	22.95	22.95	22.95	22.95	23.45	23.45	24.45	23.95	26.52
Garbage & Solid Waste	28.50	28.50	28.50	27.50	27.50	27.50	25.50	25.00	27.50	28.46
Stormwater	2.05	2.05	2.05	2.05	2.05	2.05	2.05	4.05	4.05	4.00
TOTAL	449.65	451.10	452.95	451.60	453.50	453.50	448.45	444.95	448.75	451.95
TOTAL POPULATION	52,090	51,150	49,890	49,090	48,058	47,410	46,080	45,070	44,230	43,520
PER CAPITA FTE	115.85	113.39	110.14	108.70	105.97	104.54	102.75	99.40	98.56	96.29

SOURCE: City Human Resource Records

*Does not include employees of Benton County Emergency Services

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 20 - Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FUNCTION/PROGRAM										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	23	23	23	23	23	22	23	27	27	27
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Emergency Response Vehicles	13	12	12	12	15	15	15	13	12	12
Equipment Maintenance										
City Fleet	441	459	439	434	432	434	440	429	446	442
Electric										
Substations	8	8	8	8	8	8	8	8	8	8
Water										
Treatment Plants	2	1	1	1	1	1	1	1	1	1
Water Mains (Miles)	331.97	321	321	310	310	310	316	316	316	316
Reservoirs	18	16	16	14	14	14	14	12	12	12
Pump Stations	11 ⁴	11 ⁴	11 ⁴	7 ²	7 ²	7 ²	17	15	15	15
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	14	14	14	16	16	16	16	16	16	16
Sanitary Sewers (Miles)	277.8	276.38	265.85	275	275	265	242	242	230	202
Solid Waste										
Collection Vehicles	20	20	20	17	18	17	16	18	13	13
Transportation										
Area of City	42.52	42.52	42.25	42.16	42.16	39.30	39.40	39.37	39.26	39
Miles of Streets-By Jurisdiction										
City	263.6	259.15	259.15	253.98	251.35	250.36	250.32	248.60	244.40	230.37
State	20.35	32.59	32.59	32.59	32.45	32.45	43.30	43.30	43.30	42.40
Private	41.46	57.41	57.41	57.33	57.33	57.33	56.90	56.45	55.90	55.60
Traffic Signals	53	53	53	52	51	50	50	50	44	44
Parks and Recreation³										
Community Center	1	1	1	1	1	1	1	1	1	1
Regional Parks - Developed	2	2	2	2	2	2	2	2	2	2
Community Parks- Developed	4	4	4	3	4	4	4	2	2	1
Neighborhood Parks - Developed	25	25	25	19	19	19	19	19	19	19
Special Use Parks - Developed	11	11	11	8	9	9	9	9	9	9
Mini Parks - Developed	-	-	-	11	10	10	10	9	9	9
Lineal Parks - Developed	9	9	9	9						
Natural Open Spaces	7	7	7	7						
(previously categorized as undeveloped and preserves - restated)										

*Table developed to meet GASB 34 Statistical requirements. Prior years data not available.

¹Five new Solid Waste Collection trucks were purchased in 2007. The older vehicles will be used as back ups until retired.

²Pump stations only. Previously counted irrigation systems.

³Parks redefined and calculated more accurately in 2012

⁴Beginning in 2012, Stormwater pump stations are included in this statistic.

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