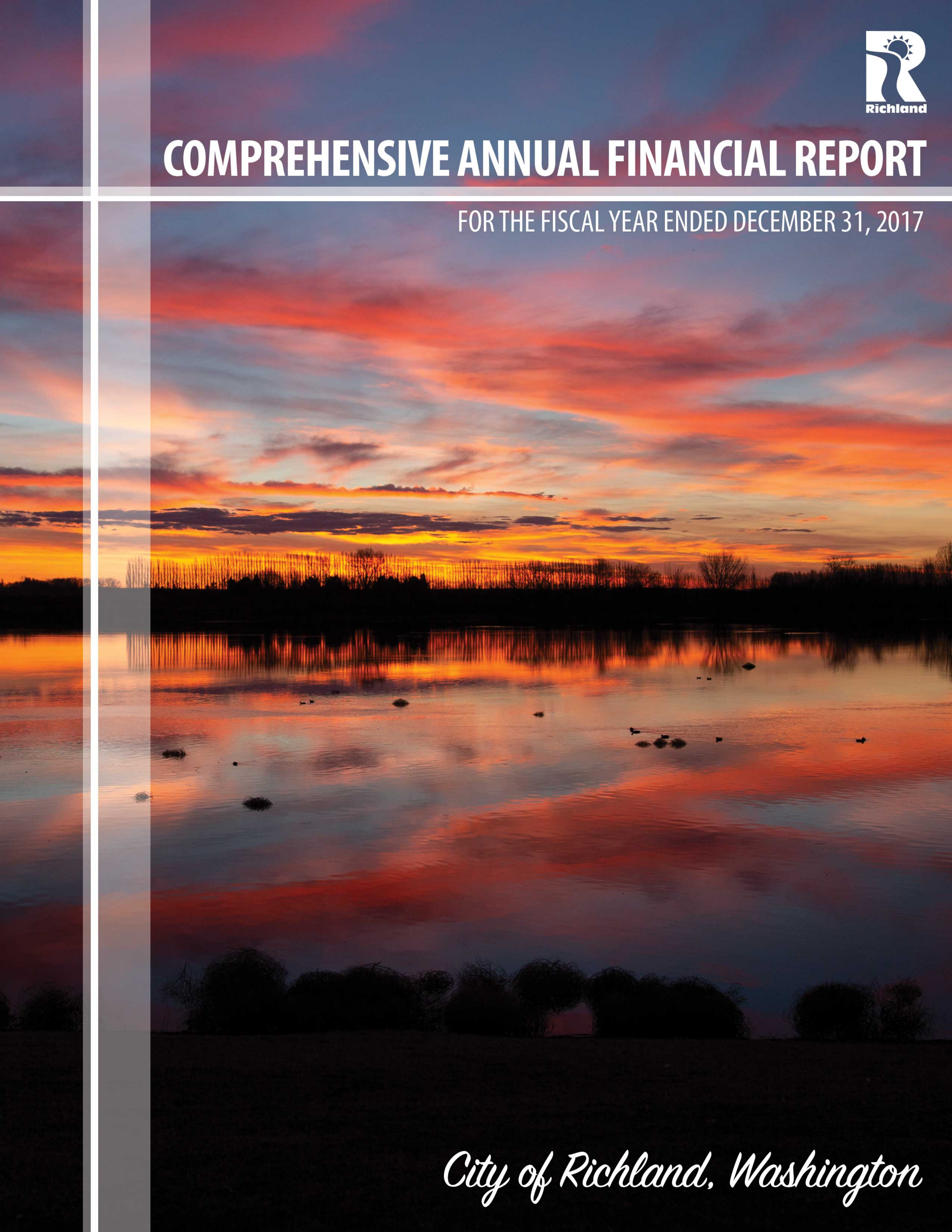




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017



City of Richland, Washington

CITY OF RICHLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2017

Prepared by:

Administrative Services Department, Finance Division



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2017

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INTRODUCTORY SECTION





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June 29, 2018

To His Honor, the Mayor, and
The Honorable Members of the City Council, and
Citizens of Richland, Washington

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Richland for the year ended December 31, 2017. This report has been prepared and is presented in conformance with Generally Accepted Accounting Principles (GAAP) and the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Washington State law requires an annual independent audit of the City's financial statements by the Washington State Auditor's Office. The State Auditor's office (SAO) conducts its examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the City's financial position, results of operations, and the cash flows of its proprietary fund types. In addition to the opinion on the City's financial statements, included in this report, the SAO also issues separate reports on internal control and compliance with laws and regulations that meet the requirement of the Single Audit Act and related OMB Uniform Guidance published in Title 2 CFR 200, Subpart F. These reports are available in the City's separately issued Single Audit Report. The City received an unmodified ("clean") audit opinion from the SAO, which means in the Auditor's opinion, the financial statements provide reasonable assurance that the users of the financial statements may rely on presentations contained therein 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.

Management assumes full responsibility for the completeness and reliability of all information contained in this report based on a comprehensive framework of internal control that it has established for this purpose. These controls provide reasonable assurance that the City's assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. 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. As Management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects and is presented in conformity with GAAP.

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 GOVERNMENT

In 1910, the small farming village of Richland was incorporated as a Fourth Class City. In 1942, federal officials selected Richland as one of 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 approved its charter as a First Class City with a city council-city 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 Tem. The Council sets policies, adopts ordinances and 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. The Assistant City Manager and department heads are responsible for the City’s day-to-day services and programs within the divisions they supervise.

BUDGETS AND BUDGETARY ACCOUNTING

The operating budget is proposed by the City Manager in early fall to the City Council. 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, the Richland Public Library and on the City’s website. Assuming the budget stands as presented, first and second readings are given to the budget ordinance, and final passage occurs upon second reading. The budget takes effect January 1 of the ensuing year. The budget appropriates fiscal year expenditures at the fund level. Appropriations in the Budget are valid only for the fiscal year, except for appropriations that support capital projects, grants, or endowments that are 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.

ECONOMIC OUTLOOK

The region’s economy is anchored in research and development, technology, manufacturing, agriculture, retail and healthcare. Major employers include Battelle Memorial Institute, Kadlec Regional Medical Center, Bechtel National, Washington River Protection Solutions, Mission Support Alliance, Richland School District, Energy Northwest, AREVA, CH2M Hill, and Conagra Foods/Lamb Weston.

For the region, median household income has grown 5.7% since 2016. In 2017 the median household income was \$76,895 and per capita personal income was \$43,200. Tri-Cities has a highly educated workforce with a large number of scientists and engineers per capita residing in the area. The median listing price of a home in the area was \$279,280, and median rent was \$1,550. There were 294 single family residence building permits issued in 2017 with a total value of \$89.14 million. Property tax levied by all Taxing Districts was an average of \$11.80 per \$1,000 of assessed value.

Robust commercial development continued in 2017, with 77 new commercial construction permits issued with a total value of \$73.28 million. Retail sales, driven by new business growth, have driven sales tax revenues up by more than 4% in 2017. Property tax receipts are up more than 4%. The Tri-City economy ended the year with 3,500 more jobs than 2016, up a healthy 3.2 percent, with construction the chief driver of job growth. The Tri-Cities was ranked as the fourth fastest growing job market in the State by the Washington State Employment Security Department in 2017. Tri-City tourism, which reached \$491 million, continued the upward trend of visitor spending with a 10.3% increase over the previous year.

FINANCIAL PLANNING

The City uses its operational forecasts and Capital Improvement Plan (CIP) as long-term financial planning tools. These planning tools provide valuable information that enables city management to make decisions with greater consideration of financial consequences in identifying and prioritizing capital projects and major capital purchases. However, an economically vital Richland requires a team effort between regional organization, neighboring cities, ports, other public entities, and the private sector.

The City has partnered with the Tri-City Development Council and the Port of Benton to plan for development of the Mid-Columbia Energy and Technology 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. With the 1,341 acre land transfer from the US Department of Energy complete, the land will be marketed to promote the growth of energy jobs in the Tri-Cities, and foster development and deployment of new energy technologies.

The City is working with the Port of Benton and other stakeholders to market the land on the city's Horn Rapids rail loop in North Richland. The recent and proposed investments by Central Washington Corn Processors, Preferred Freezer services and Lamb Weston are examples of how Richland is becoming a manufacturing, processing, logistics, and distribution center.

Other partnerships include additional power distribution substations, a new animal control shelter, and a Bi-County emergency dispatch center, all of which are in process in 2018. The City in a coordinated effort with the Cities of West Richland, Kennewick, Pasco, and Benton and Franklin Counties, and the Ports of Benton and Kennewick, along with the Tri-Cities Lodging Association are working on a wayfinding signage program consistent with the Tri Cities brand. The beautification elements are signage and entrance features within the City limits and will help guide tourists to area destinations.

MAJOR ACHIEVEMENTS

Richland's success in funding construction of its highest priority transportation project, the Duportail Bridge, will provide congestion relief, economic development and job creation, as well as an increase in the safety of its citizens through utility services sustainability, and emergency response and disaster preparedness. The project will also replace a water supply pipeline, currently located in the Yakima River, with three bridge-mounted pipelines.

Some of the City of Richland's other achievements in 2017 include:

- The City has identified and will move forward with a replacement for its outdated core financial system. Phase #1 will be the implementation of the finance system and phase #2 will include the Human Resource and Payroll systems.
- The City's new cost allocation plan was updated and implemented in 2017.
- In order to enhance digital security, the existing network firewall was enhanced to support the blocking of attacks from botnets and other malicious network attacks.
- Richland Fire supported both State-level and California fires with command staff and Regional Incident Management Team participation.
- Completed course improvements at Columbia Point Golf Course.
- Purchased a new ambulance, brush truck and pumper for fire and emergency services.
- Successfully adopted a transportation benefit district (TBD) to fund the City's Pavement Preservation Program.
- Secured \$20 million toward the completion of the Duportail Bridge.
- Enhancements within the Parks and Recreation Dept. include a creation of a sand beach and volleyball courts at Leslie Groves Park, La Crosse fields at Columbia Point, and a fitness room at the Community Center. Wireless access points were installed at John Dam Plaza's HAPO Community Stage, and three new video cameras with live stream on YouTube were installed at the Richland Skate Park.
- Upgraded the Mobile Data Computers in both Fire and Police vehicles, working to meet the new two-factor authentication required by CJIS.
- The Rachel Road study has been completed and the recommendation adopted by Council, which involved numerous community meetings and a high level of citizen involvement. The Amon Creek Natural Preserve, a publicly owned natural open space of shrub steppe and wetland habitat was of primary concern and will be protected by the adopted plan.
- Completed installation and energization of a \$4.5 million transformer bank addition at Snyder Substation, on time and on budget. The substation will support the new Lamb Weston expansion and future growth in the City's Horn Rapids Industrial Park.
- All line staff at the City's Water Division have completed training and testing and successfully achieved their appropriate level of certification with Washington State Department of Health. Formerly the Division relied on leadership maintaining certifications covering the operation. Now all staff carry qualifications to operate the water system for public health benefits.

- WSDOT awarded the ‘Best Project Award’ for the Stevens Drive Extension Project with the bicycle lanes, sidewalks and street trees contributing to the success and professionalism in implementation.
- Richland Public Library opened STEAMspace in August, with a full time coordinator and integrated offerings such as 3D printing, Ozobots, and virtual reality headsets.
- Richland Home Investment Partnership Program (HOME) funds were used to assist 11 low-income families purchasing their first home in Richland.
- Richland HOME funds were used to assist with the construction of 28 affordable rental units for homeless and disabled in Kennewick.
- Community Development Block Grant (CDBG) funds were used to provide funding to three public service agencies:
 - The Arc of Tri-Cities – scholarships to 26 disabled adults to attend social activities
 - Senior Live Resources – provided 562 Richland seniors/disabled with 48,929 meals
 - Elijah Family Homes - provided case management and services to 40 Richland adults with children, recovering from substance abuse
- CDBG funds were used to install 14 ADA ramps in Richland neighborhoods.
- The Richland Public Library was awarded a Washington State Library Rural Heritage grant which will be used to digitize photos of early Richland.

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 staff 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 2018 include:

- The City broke ground on the New City Hall in October of 2017, and work is well under way with project completion scheduled for 2019. This project will bring together three of the City’s aging facilities into one location and bring much added convenience to Richland citizens.
- Parks and recreation enhancements will include installation of playground equipment at Drollinger Park, acquisition of property and installation of a new trail in the Badger Mountain Area to enhance the Rivers to Ridges Trail plan, installation of field lighting and bleachers at a softball field at Columbia Playfields, and repair/replacement of the pool bottom surface and renovation of the bath house at George Prout Pool.
- Replacement of aging equipment and fleet, including a state-of-the-art ladder fire truck and a Vactor Truck for the water division, to improve safety and efficiency.
- Construction of roads and infrastructure in the Horn Rapids Triangle Area to facilitate the sale of lands and economic development particular to science, technology and manufacturing jobs.
- The City has partnered with Kennewick and Pasco to form the Tri-Cities Animal Control Authority, and as such will be contributing to the building of a new animal shelter facility with continuing participating in the maintenance of the building.
- Upgrading technology for electronic access control and security camera system for City Hall.

- Reroof the City shops 100, 200, 300 buildings, and repair the roofs at Fire Station 72 and the Richland Community Center.
- Replace an undersized and failing sewer lift station that serves the public bathrooms and boat pump out facilities at Columbia Point Marina Park.
- We have issued an RFP to implement a Smart Grid advanced metering infrastructure and data management system and plan to award the bid in December of 2018, for work to start in 2019.
- Replace existing Self-Contained Breathing Apparatus (SCBA) for fire and emergency services, and purchase 63 APX6000 portable radios, for enhanced safety for fire and police staff.
- We are building a ninth power substation, the first one to be constructed in the past 12 years. Richland Energy Services (RES) and Benton PUD are collaborating on the substation, which will serve the southeast Richland area. Construction should wrap up in August 2018.
- Complete a Cost of Service Study for the Ambulance Utility to determine ongoing funding.
- Undertake a project to convert the City's water meters with technology to automate meter reading and enhance system leak detection.
- Replace existing storm drain pipeline along Leslie Road to meet the area's needs.
- Acquire land for a future fire station in the Southeast area.
- Upgrade restaurant area of the Columbia Point Golf Course.

Standard & Poor's has upgraded its Limited Tax General Obligation (LTGO) bond rating for the City from AA to AA+, which typically translates to lower interest rates. For the 4th consecutive year the Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Richland by the Government Finance Officers Association for its CAFR, fiscal year ending December 31, 2016. The annual preparation of this report would not be 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 Reents, ICMA-CM
City Manager



Brandon Allen, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Richland
Washington**

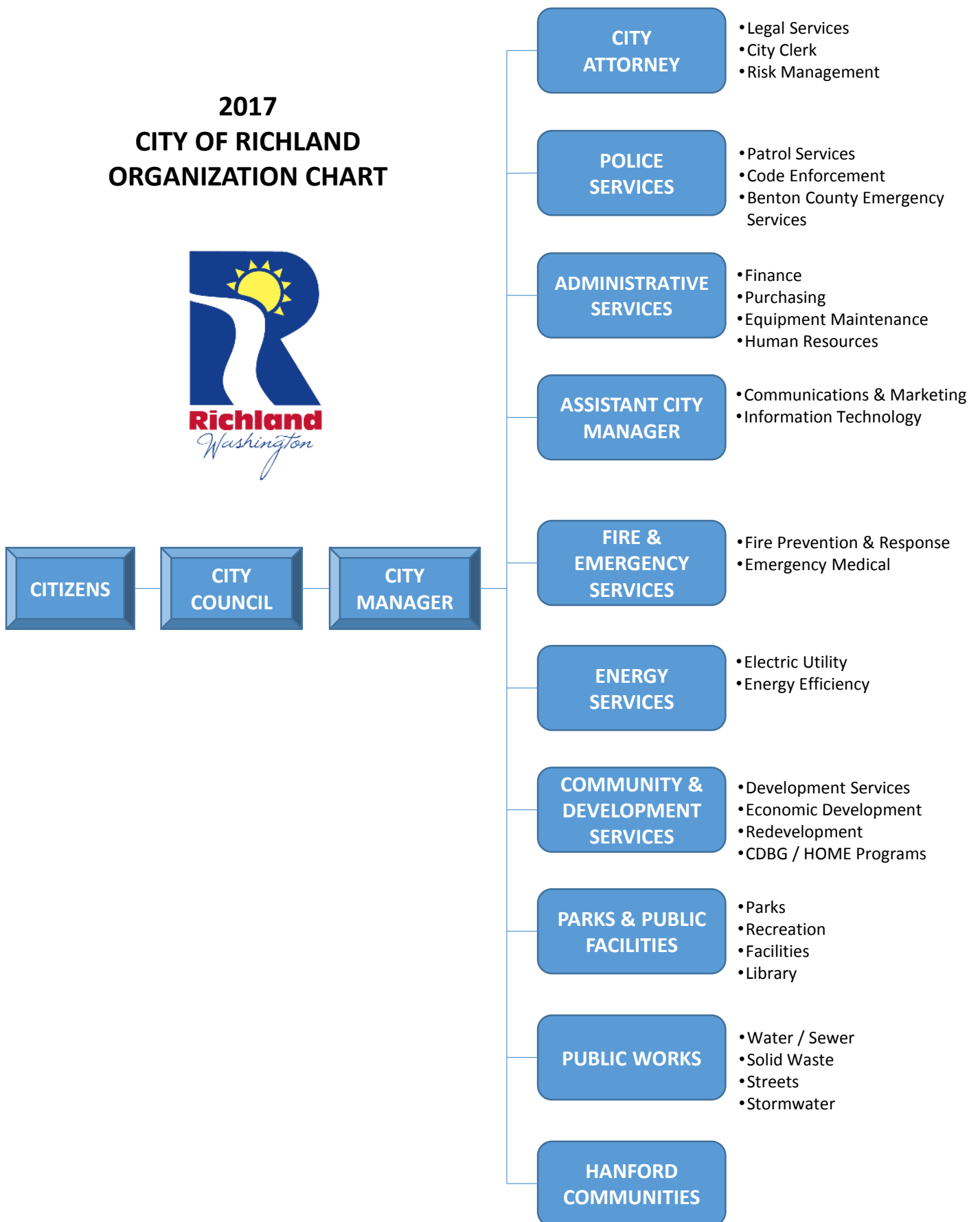
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

2017 CITY OF RICHLAND ORGANIZATION CHART



2017 RICHLAND CITY COUNCIL



MAYOR
Bob Thompson
Term: 4 Years – Expires 12/31/17



MAYOR PRO TEM
Terry Christensen
Term: 4 Years – Expires 12/31/19



COUNCIL MEMBER
Brad Anderson
Term: 4 Years – Expires 12/31/19



COUNCIL MEMBER
Dori Luzzo Gilmour
Term: 2 Years – Expires 12/31/17



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



COUNCIL MEMBER
Phillip Lemley
Term: 4 Years – Expires 12/31/19



COUNCIL MEMBER
Dave Rose
Term: 4 Years – Expires 12/31/17

**2017 City of Richland
Directory of City Officials**



ELECTED OFFICIALS	TERM EXPIRES
Mayor <i>Robert J. Thompson</i>	12/31/2017
Mayor Pro Tem <i>Terry Christensen</i>	12/31/2019
Councilmember <i>Brad Anderson</i>	12/31/2019
Councilmember <i>Dori Luzzo Gilmour</i>	12/31/2017
Councilmember Sandra Kent	12/31/2017
Councilmember <i>Phillip Lemley</i>	12/31/2019
Councilmember <i>Dave Rose</i>	12/31/2017

ADMINISTRATIVE OFFICIALS

- City Manager**
Cindy Reents
- Assistant City Manager**
Jon Amundson
- Administrative Services Director**
Cathleen Koch
- City Attorney**
Heather Kintzley
- Community Development Director**
Kerwin Jensen
- Energy Services Director**
Robert Hammond
- Fire & Emergency Services Director**
Tom Huntington
- Parks & Public Facilities Director**
Joe Schiessl
- Police Services Director**
Chris Skinner
- Public Works Director**
Pete Rogalsky

FINANCIAL SECTION





**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 29, 2018

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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

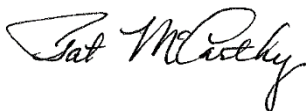
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for the purposes of additional analysis and is not a required part of the 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 29, 2018, 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,



Pat McCarthy

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 2017 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 governmental 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 governmental 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. A fund can also be identified as major if it is considered particularly important, even if it does not meet the aforementioned thresholds. The General Fund is the City's sole major governmental fund.



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 fund types that account for services provided to external users, (i.e. citizens), and fund types that account for services provided to internal users, (i.e. other city departments). Services 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 and Sewer Funds are the three 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 a discreetly presented component unit, the Richland Public Facilities District. 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, 2017, and the activities that resulted in that position. It further provides the financial position and activities of the component unit. 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 using the modified accrual basis of accounting. Each major fund is presented individually, and all remaining funds are aggregated in the fund financial statements. Budgetary comparison statements for the City's General Fund is 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.

Business-type activities are presented in statements using the full-accrual basis of accounting. Each major business-type fund is presented individually, with all remaining funds 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 (RSI), 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. Pension obligations discussed in RSI include the City's ratable share of State PERS and LEOFF plans, as well as those obligations arising from 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, 2017

FINANCIAL HIGHLIGHTS

This discussion and analysis provides information on the amounts and activities presented in the summarized Government-Wide Statements, compared to the prior year, as well as significant events and transactions that impacted the City's financial activity during 2017.

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

Condensed Statement of Net Position

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2017	2016	2017	2016	2017	2016
Current & other assets	\$ 94,688,182	\$ 75,950,859	\$ 46,737,479	\$ 40,134,904	\$ 141,425,661	\$ 116,085,763
Restricted assets			36,155,003	34,446,311	36,155,003	34,446,311
Capital assets, net	128,798,470	120,423,079	271,299,214	258,699,245	400,097,684	379,122,324
Total assets	223,486,652	196,373,938	354,191,696	333,280,460	577,678,348	529,654,398
Deferred amount on refunding	421,115	476,105	702,883	749,389	1,123,998	1,225,494
Pension	2,095,590	3,793,464	1,463,241	2,423,848	3,558,831	6,217,312
Total deferred outflows of resources	2,516,705	4,269,569	2,166,124	3,173,237	4,682,829	7,442,806
Long-term liabilities outstanding	72,077,167	63,717,898	130,921,101	129,535,833	202,998,268	193,253,731
Other liabilities	13,890,299	12,124,022	18,423,628	16,034,670	32,313,927	28,158,692
Total liabilities	85,967,466	75,841,920	149,344,729	145,570,503	235,312,195	221,412,423
Deferred transfer SCA assets	1,760,100	1,188,500			1,760,100	1,188,500
Deferred amount on refunding	9,563				9,563	
Pension	3,576,491	560,178	2,124,747	315,205	5,701,238	875,383
Deferred ULID assessments			344,253		344,253	
Total deferred inflows of resources	5,346,154	1,748,678	2,469,000	315,205	7,815,154	2,063,883
Net Position:						
Net investment in capital assets	98,465,338	92,515,556	167,556,016	158,307,907	266,021,354	250,823,463
Restricted	38,243,623	27,908,406	18,479,222	15,883,919	56,722,845	43,792,325
Unrestricted	(2,019,224)	2,628,947	18,508,853	16,376,163	16,489,629	19,005,110
Total net position	\$ 134,689,737	\$ 123,052,909	\$ 204,544,091	\$ 190,567,989	\$ 339,233,828	\$ 313,620,898



CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Management's Discussion and Analysis
 For the Year Ended December 31, 2017

Condensed Statement of Activities

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program Revenues:						
Charges for services	\$ 18,114,648	\$ 18,362,861	\$ 109,085,374	\$ 104,309,455	\$ 127,200,022	\$ 122,672,316
Operating grants & contributions	1,814,309	1,826,779	68,893	68,092	1,883,202	1,894,871
Capital grants & contributions	2,300,608	3,343,624	6,821,950	4,269,608	9,122,558	7,613,232
General Revenues:						
Property taxes	17,600,966	16,889,650			17,600,966	16,889,650
Other taxes	25,183,353	24,429,167			25,183,353	24,429,167
Other	4,570,079	6,306,469	706,088	342,502	5,276,167	6,648,971
Total revenues	69,583,963	71,158,550	116,682,305	108,989,657	186,266,268	180,148,207
EXPENSES:						
Judicial	612,709	736,826			612,709	736,826
General government	14,468,015	15,442,282			14,468,015	15,442,282
Public safety	27,228,765	26,983,227			27,228,765	26,983,227
Physical environment		246,912				246,912
Transportation	7,531,674	6,534,382			7,531,674	6,534,382
Health & human services	14,200	14,097			14,200	14,097
Economic environment	6,645,265	5,594,614			6,645,265	5,594,614
Culture & recreation	8,002,424	8,005,109			8,002,424	8,005,109
Interest on long-term debt	1,553,294	1,229,272			1,553,294	1,229,272
Electric			62,473,834	59,375,689	62,473,834	59,375,689
Water			10,125,955	10,989,873	10,125,955	10,989,873
Sewer			7,806,872	8,265,826	7,806,872	8,265,826
Solid waste			6,811,779	5,812,417	6,811,779	5,812,417
Stormwater			1,271,385	1,306,497	1,271,385	1,306,497
Golf course			1,965,153	1,717,876	1,965,153	1,717,876
Medical services			4,163,413	3,602,718	4,163,413	3,602,718
Broadband			237,998	174,712	237,998	174,712
Total expenses	66,056,346	64,786,721	94,856,389	91,245,608	160,912,735	156,032,329
Excess/(deficiency) before transfers	3,527,617	6,371,829	21,825,916	17,744,049	25,353,533	24,115,878
Transfers	8,109,211	8,196,381	(8,109,211)	(8,196,381)		
Change in net position	11,636,828	14,568,210	13,716,705	9,547,668	25,353,533	24,115,878
Net position, January 1	123,052,909	94,554,186	190,567,989	181,024,276	313,620,898	275,578,462
Prior period adjustments		13,930,513	259,397	(3,955)	259,397	13,926,558
Net position, December 31	\$ 134,689,737	\$ 123,052,909	\$ 204,544,091	\$ 190,567,989	\$ 339,233,828	\$ 313,620,898

FINANCIAL RESULTS

Government-Wide Activities

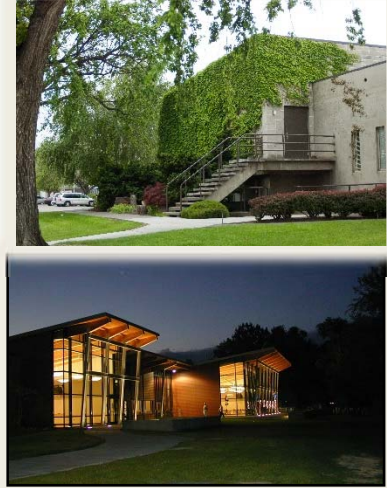
Overall, the City's 2017 activities resulted in a \$25.4 million increase in net position before applying prior period adjustments. Adjustments to prior period activity in the business-type activities resulted in an additional \$259,397 increase, for a total increase of \$25.6 million in ending net position. A discussion of these adjustments can be found under the heading "Prior Period Adjustments" in Note 1 to the Financial Statements. By comparison, net position increased \$24.1 million in 2016 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, 2017, \$16.5 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities' net position increased by \$11.6 million, while net position increased by \$14.0 million as a result of business-type activities, before prior period adjustments.

Total revenues on the Government-Wide Statement of Activities were \$6.1 million higher than the prior year. Governmental revenues were \$1.6 million lower than the prior year, while business-type activity revenues were \$7.7 million higher. Business-type activities' charges for services increased \$4.8 million and capital grants and contributions increased \$2.6 million. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.

Governmental activities' charges for services were relatively unchanged, decreasing only \$248,213 from the prior year

Governmental activities' operating grant and contribution revenues showed little change as well, with only a \$12,470 decrease from the prior year.

Governmental activities' capital grants and contributions were \$1,043,016 lower than the prior year. Capital grants typically fluctuate depending upon the projects that are being pursued. In the transportation function, \$910,659 of the decrease relates to various streets construction projects currently in progress. In the culture and recreation function, there was \$182,689 in prior year contributions to the parking lot improvements at Trailhead Park, as well as a \$50,332 increase in grants from the State Recreation and Conservation Office for various parks projects.



In the general revenues section of the Statement of Activities, total tax revenues increased \$1.5 million over the prior year. In 2017, for the eighth year in a row, the City chose not to take the 1% increase to the property tax levy on existing property. Nevertheless, new construction remained steady, resulting in an increased tax base and a \$711,316 increase in property tax revenues. Sales tax revenue continued its upward trend, posting a \$458,027 increase due to increases in sales activity, especially as construction contracting and retail trade continue to expand. The increase in sales tax from 2016 to 2017 looks smaller than that of 2015-2016 because 2016's increase included the new Criminal Justice Sales Tax for the first time. Utility taxes collected from non-City utilities increased by \$342,602 over the prior year. This includes taxes on natural gas, telephone, cable, and electric utilities.

Other tax revenues remained steady, showing a slight decrease of \$46,443, mainly due to a \$316,388 decrease in Real Estate Excise Tax. That decrease was nearly completely offset by increases in most other taxes, mainly in lodging and other tourism related tax.

Gain on sale of land held for resale increased over \$1.1 million in 2017 over the prior year. This revenue is highly variable depending on the interest of potential buyers in acquiring land in the City's industrial area. Some years may see only a few acres sold. In 2017 there were approximately 42 acres sold, with 40 of those acres being a single sale to the Washington State Military Department for development of a training center for the Washington National Guard.

Miscellaneous revenues decreased a total of just over \$3 million from 2016 to 2017. The main reason for this decrease is the fact that prior year miscellaneous revenues included a US Department of Energy

contribution of 581 acres of undeveloped land to the City for Industrial/Economic Development purposes, valued at approximately \$4.6 million. In 2017, miscellaneous revenues consist primarily of road and lighting infrastructure contributed to the City by developers. Such contributions increased over \$1.6 million compared to the prior year.

Salaries and benefits are the most significant expense to the City, aside from wholesale power purchases. On the City-wide Statement of Activities, total noncapital expenses increased by \$4.9 million over the prior year. Governmental-type activity expenses increased \$1.3 million in total, while business-type activity expenses increased \$3.6 million.

Looking at the Governmental activities' expenses increase, we noted the following variances by function, in comparison with the prior year: Transportation and Economic Environment expenses increased by approximately \$1.0 million each. Interest on long-term debt increased \$324,022. General Government expenses decreased \$997,758, and Judicial expenses decreased \$124,117.

In business-type activities, electric utility expenses increased \$3.1 million; water utility expenses decreased \$870,983; sewer utility expenses decreased \$464,024; solid waste utility expenditures increased \$1.0 million; medical services expenditures increased \$564,152; and other business-type fund expenses increased a combined total of \$272,633. 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

Governmental activities account for \$134.7 million in total net position at year end, an \$11.6 million increase over the prior year. The unrestricted portion of net position decreased \$4.6 million, leaving a deficit balance of approximately \$2.0 million. It is important to note that a deficit unrestricted balance does not reflect any kind of downturn in the City's ability to fund future obligations. Rather, it is a result of recognizing in the Statement of Net Position of over \$25 million in long-term liabilities related to Pension and OPEB. These liabilities will be satisfied by future resources stretching on for decades. Aside from these liabilities, the primary contributors to governmental activities' net position are usually capital and debt-financed capital activities, as well as activities found in the City's General Fund.

Capital and Debt-Financed Capital: Governmental activities' net investment in capital assets increased \$5.9 million in 2017. 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 \$235.3 million in total city liabilities, \$43.2 million or 18.37% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$12.5 million in general obligation debt is voter approved and supported by special property tax levies, while the remaining \$30.7 million is non-voted or "Councilmanic" debt.

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 4 in the Notes to the Financial Statements.

Improvements to the City's parks and transportation infrastructure continue to remain a high priority for the City. The following were some of the major governmental capital outlays for fiscal year 2017. For more information on capital assets see Note 3 in the Notes to the Financial Statements.

- 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 within the RAISE to fund infrastructure additions that will spur private development in the area. In 2017, total governmental activities' capital outlay for infrastructure within the RAISE was \$3,572,390. A portion of the infrastructure will be contributed to the City's utility funds upon completion.
- As part of the Swift Corridor capital program, the current City Hall is being replaced. In 2017 the City completed design on the new City Hall and began construction, spending nearly \$2.1 million for the year. The City issued \$13.3 million in General Obligation bonds in 2017 to finance the City Hall construction project.
- 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 2017 outlay was \$101,128.
- The Duportail Bridge project focused on property acquisition and design. The City spent \$2.1 million in 2017 on these efforts.
- Nearly \$1.2 million in capital expenditures went toward many different park, recreation and open space projects throughout the City.



Major Governmental Funds

General Fund activity resulted in a fund balance increase of \$4.6 million in 2017. In comparison, 2016 activities resulted in a \$6.7 million increase to fund balance. Revenues increased by \$2.4 million or 4.7%, while expenditures increased \$3.6 million or 8.3%. Tax revenues are the primary revenue source for the General Fund, and represent \$1.9 million of the increase in revenues over the prior year. Utility tax revenues increased by \$792,235. While this tax increased from all utility sources, this increase was driven mainly by higher Electric Fund revenues subject to the tax, and to an increase in Natural Gas Utility tax, due to growth and a particularly cold winter in early 2017. Of some note is the fact that Telephone Utility Tax increased in 2017 after several years of decline. Sales taxes and property taxes both increased, by \$448,377 and \$642,143, respectively, mainly due to new residential and commercial construction and the continued expansion of retail and restaurant locations in Richland. While still very strong, those increases were smaller than in the prior year. Finally, other taxes increased only slightly, at \$15,319. Licenses and permits revenue were down \$283,279, due mainly to a reduction in building permit revenues. Charges for services increased over \$1.0 million, mainly related to cost allocation charges to City departments outside the General Fund, offset by various other smaller increases and decreases. Fines and forfeits revenues decreased \$91,664, mainly in traffic infraction and code enforcement penalties. This may be a continuation of the decrease that happened in the prior year after Benton County, whom the City contracts with for its jail function, stopped incarcerating inmates for non-payment of fines. This was in response to a lawsuit brought by the ACLU. Unless the County finds another means of encouraging collection of these fines, it is likely this revenue source will continue at or near 2017 levels going forward.

General Fund operating expenditures on the 2017 Statement of Revenues, Expenditures and Changes in Net Position were \$2.5 million higher than the prior year. The increases mainly occurred in public safety, general government, and economic environment expenditures. Salaries and benefits, the largest expenditure in the General Fund, increased by \$1,585,528, or 5.3%, due partially to annual pay increases and partially to filling vacancies and an increase in overtime in public safety.



With the many challenges facing the City's primary operating fund, great care is taken to monitor its activities relative to the annual budget approved by the City Council. 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 100.1% and 87.4% of their respective adjusted budgets. The largest budget-actual dollar variance in revenues was in taxes, at \$1.8 million more than the adjusted budget, a 4.5% variance. This was followed by charges for goods and services, at (\$1.6) million, or 16.7% lower than the adjusted budget, related primarily to interfund charges and cost allocation. The largest budget-actual dollar variance in expenditures, by function, was in general government operating expenditures, which came in \$4.1 million below the adjusted budget. This was primarily due to budgeted expenditures for projects in the Information Technology division and in non-departmental expenditures. Most of the IT division amounts not spent in the current year are carried over to the subsequent year to continue those projects. Non-departmental variances were mainly due to interfund cost allocation of Public Works Admin & Engineering services. Other less significant general governmental budget variances occurred throughout the remaining divisions. Culture and Recreation also came in under budget by \$1.1 million, primarily due to repairs and maintenance costs in the Facilities and Library Divisions and to vacancies in the Library, Facilities and Recreation Divisions.

The following are the more significant adjustments made to the General fund original budget in 2017.

- Fire Department expenditures were increased by \$271,434 to cover costs of overtime, equipment costs and outside services stemming from an extremely active fire season, including a large brush fire that occurred on Bateman Island in southeast Richland.
- The City Hall Replacement project added \$401,000 for enhancements to security, technology and connectivity equipment, to be funded by the General Fund.
- Budget carryovers for prior year uncompleted projects and encumbrances totaled \$1,601,984.
- Heavy snowfall in early 2017 took a toll on the Street Fund's operating budget. To accommodate the increased activity a budget amendment was necessary to transfer \$115,000 from the General Fund.



Business-Type Activities

Business-type activities produced an ending net position of \$204.5 million, reflecting an increase \$14.0 million. Unrestricted net position increased by \$2.1 million to provide a total of \$18.5 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 three major business-type funds: the Electric, Water and Sewer Funds, which comprise 83.18% of the total business-type net position.

Electric Fund activities increased ending net position by \$1.6 million or 3.3% above the previous year-end balance. Annual debt repayment of \$2.9 million and depreciation of \$5.7 million were offset by the utility's \$13.8 million investment in capital. In response to forecasted growth in customer and consumption base, \$13.7 million in capital outlays was for 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 \$34K.

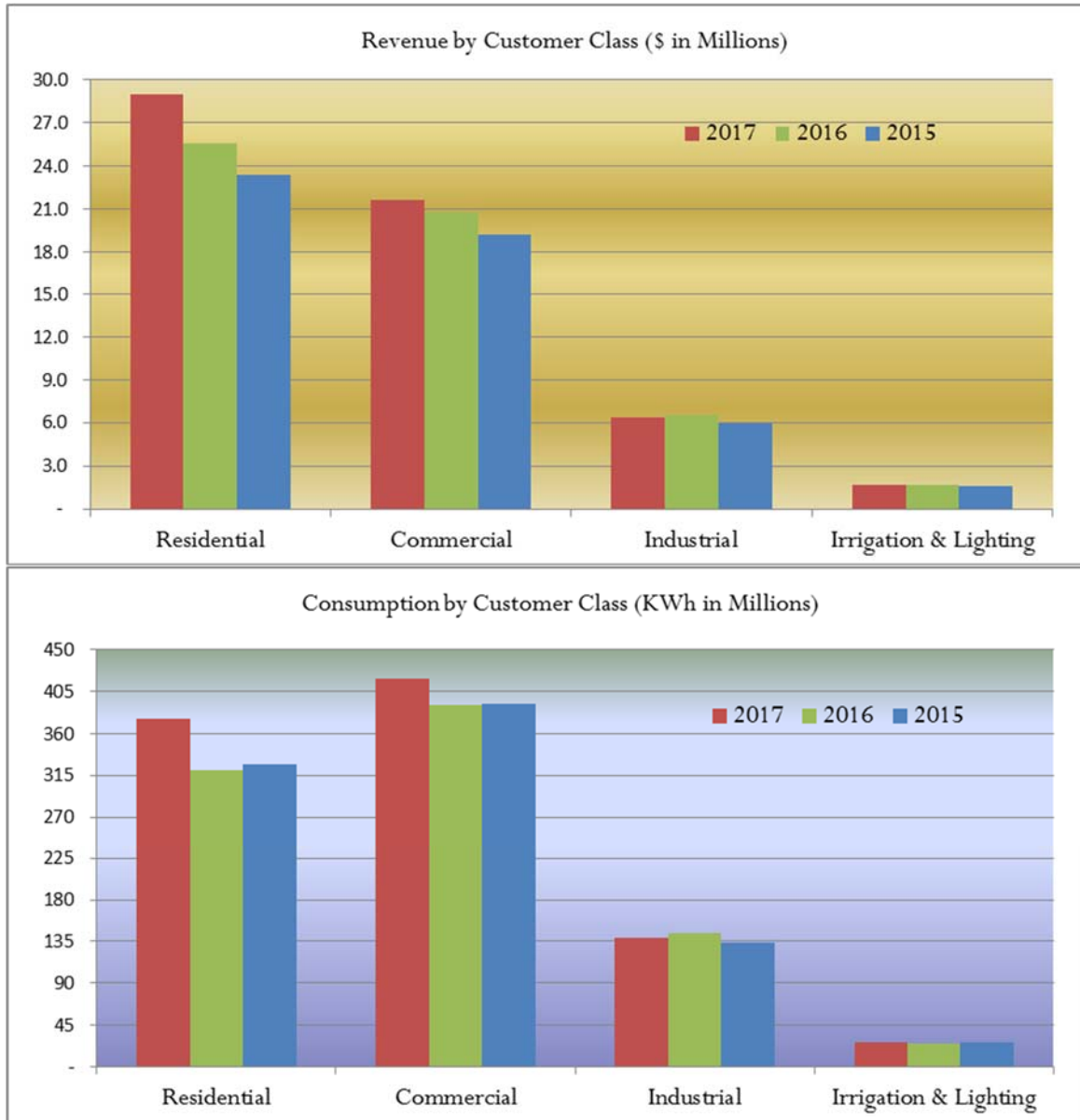
Operating revenue increased \$4.5 million or 7.3% as a result of new customer loads and an unusually cold January – April. There is a 6.5% rate increase schedule to go into effect on January 1, 2018. The last rate change went into effect on January 1, 2016.

System-wide energy consumption increased 9.0% and total customer accounts increased 2.9% in 2017. When looking at energy consumption changes by customer class, residential consumption increased by 17.4%, commercial consumption increased by 7.2% and industrial consumption decreased 3.8%. The irrigation and lighting class increased by 3.4%.

Energy consumption is largely dependent on weather conditions, particularly for residential and commercial customers. Weather was unusually cold in 2017 compared to previous years. Trends of increasing commercial loads from economic development activity and decreasing residential energy consumption as a result of the City's energy conservation program investment are expected.

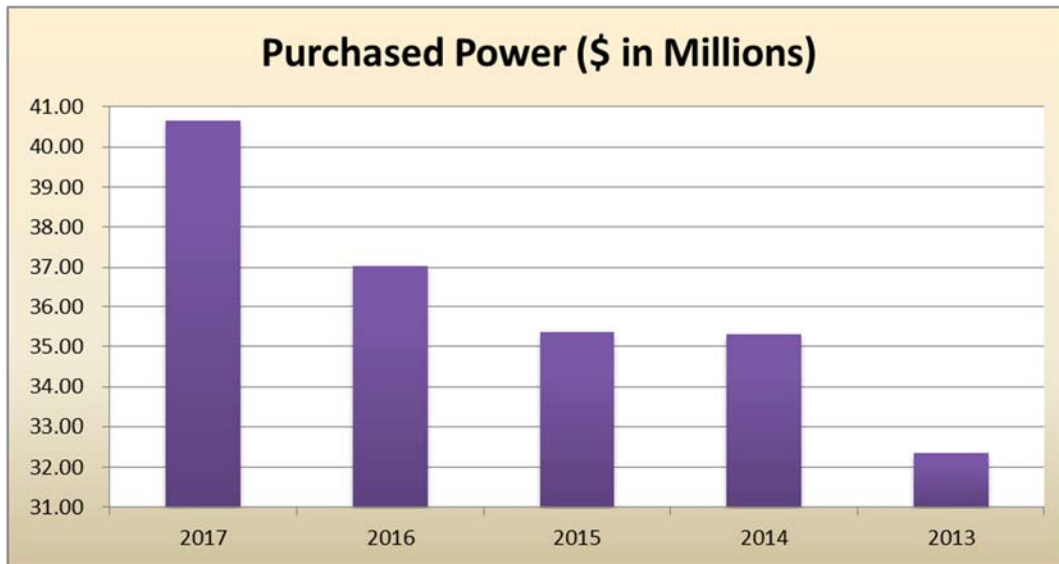
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The following graphs summarize energy revenue and consumption by customer class:



Operating expenses increased \$3.7 million or 6.2% over the prior year. The increase was focused around higher wholesale power costs. The utility has been challenged in recent years by the various issues involved in wholesale power purchases. BPA continues to see an increase to the cost of providing power, which then gets passed on to its customers including public power utilities. Richland, in tandem with other regional utilities, is constantly evaluating alternatives for its future wholesale power supply. Operating expenses are continually being mitigated by cost containment measures taken during the budget development process.

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

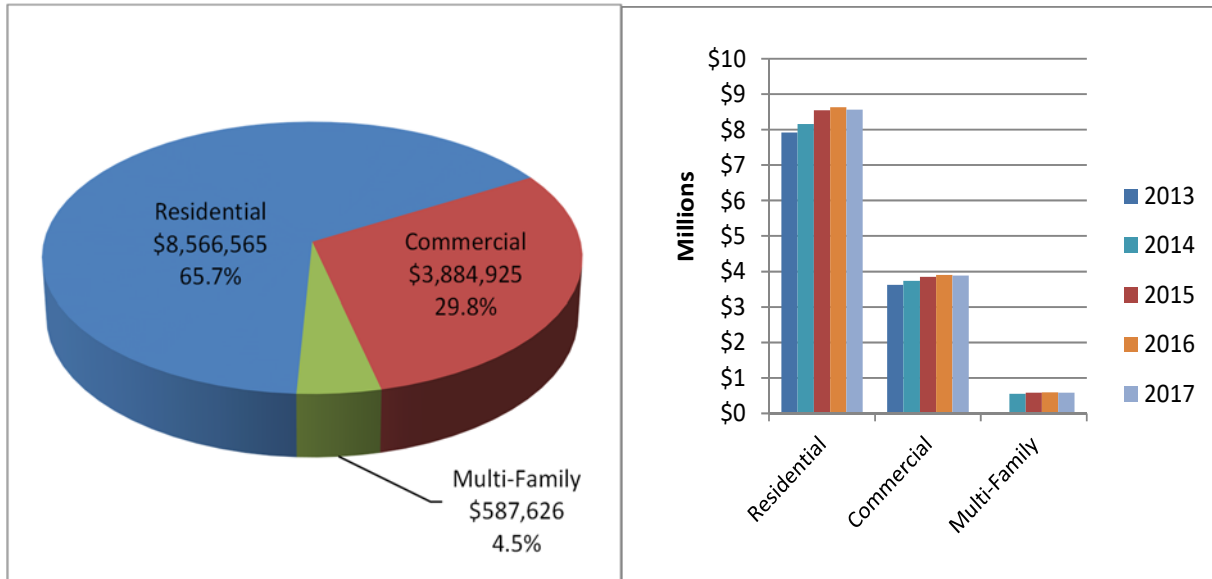


Standard & Poor's continues to maintain an 'A+' credit rating on the utility's outstanding bonded debt. This is a significant reflection of the utility's financial strength and stability. The rating also recognizes management's willingness to maintain adequate reserves, adjust rates and acquire additional capital financing when necessary. Maintaining or improving this credit rating is a key objective in minimizing debt service expense on future revenue bond sales.

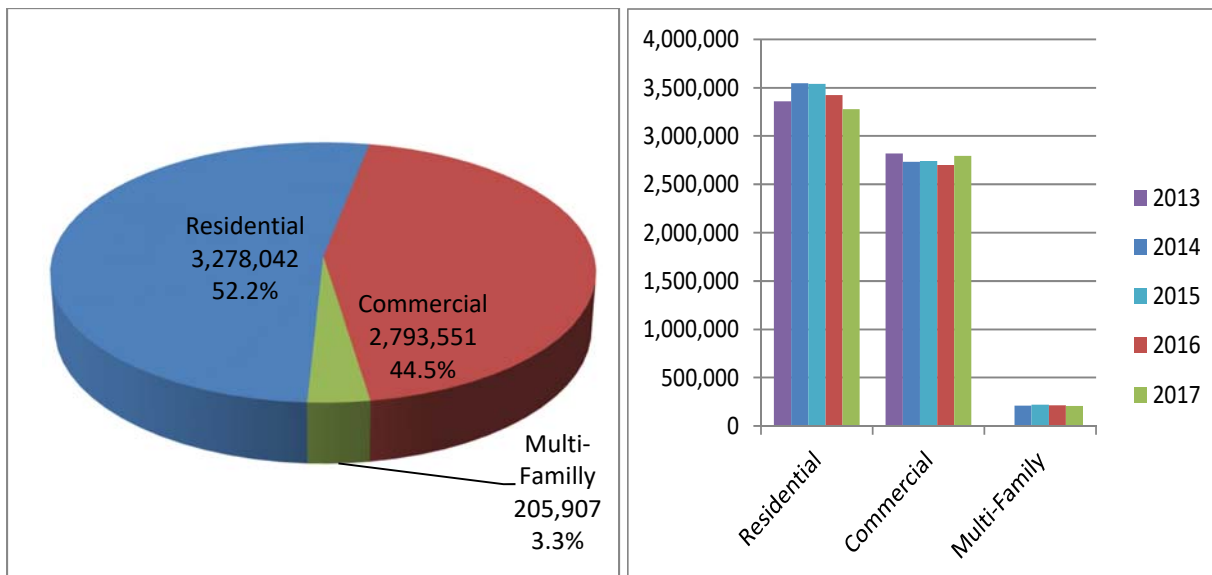
Water Fund activities generated a net position increase of \$5.6 million in 2017. Operating income was \$3.5 million. When compared to 2016, the water utility experienced an increase in operating income of \$893,400. Operating revenues were down \$112,700 when compared to 2016 and operating expenses decreased \$1,006,100. Investment earnings improved by \$97,200 and interest expense increased \$71,900. The utility also experienced \$77,300 in debt costs associated with bonds issued during 2017. The utility recognized capital contributions of \$3 million in 2017. Sixty-eight percent of these contributions were generated by private sources, valued at \$2.07 million. This addition reflects the fair market value of capital improvements that were built and funded privately, and subsequently gifted to the City after they were placed in service. Donated capital is recognized when the development is completed and accepted by the City. Therefore, the timing in regards to recording the acceptance may vary. When compared to 2016 activity, the private donations of developed capital increased by \$1.5 million. 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 2017 increased as compared to 2016 by \$104,800, or 12%. The utility transferred out \$20K in support of a multi-year cost sharing effort to install fiber optic cable backbone. Installation of a fiber optic network will benefit the water utility's communication system. This effort continues in 2018. The utility also transferred out \$227,000 to fund the water portion of a Utility Local Improvement District. The system assets were recorded in exchange for the issuance of bonds to finance the improvements. Debt service on the bonds will be offset with ULID assessments collected from the benefitting property owners over the next 15 years. Finally, it was necessary to make prior period adjustments in 2017 of \$79,600. The adjustment resulted in a decrease in our net position to offset changes in previously recorded assets.

The water utility's operating revenues decreased \$112,700 in 2017. Of this decrease, \$80,800 reflects a reduction in potable water sales to metered water services, offset by \$63,600 in increased sales to irrigation district customers. Charges initiated with a service agreement decreased \$13,000 and late payment penalties decreased \$82,500, due to a change in the allocation formula derived from a new cost allocation plan.

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



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



In 2017, the operating expenses of the City's water utility decreased \$1,006,100 when compared to 2016. Salaries and related expenses decreased approximately 5% or \$117,000. Several key, long-term employees retired, which prompted a staffing review and subsequent reorganization. The overall impact of attrition and hiring delays was a savings for the utility. Additionally, the utility recognized an additional reduction of \$111,500 in net pension expense when compared to 2016.

A new city-wide cost allocation model and a revised schedule for the implementation of information technology enhancements also resulted in a reduction of related charges in the amount of \$458,700. The water utility experienced an increase in their assessment for engineering services of \$152,700.

The cost of supplies, as well as utilities services, are typically outside the control of the utility. Timing and fluctuation of chemical needs and maintenance supplies drove costs up \$72,400 when compared to 2016. The water utility uses a significant amount of electrical power at the treatment plant and pumping stations throughout the City. For 2017, an unseasonably wet spring provided a delay in the irrigation needs in the Horn Rapids area, which resulted in a \$24,600 reduction of utility expenses when compared to 2016.

As implied by the title, other service expenditures are driven by events that require outside input for 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. Costs in this category decreased by \$647,800 when compared to 2016. \$570,000 of the decrease was due to fluctuations in scheduled long term maintenance to the plant and the abandonment of a substantial project in 2016. The utility also experienced a reduction of \$12,800 for insurance costs and \$48,000 for consultant services. The remaining \$17,000 reduction was spread across multiple cost categories.

Interfund services expenses increased \$31,700 when compared to 2016. These consist of work performed by another City department for the benefit of the Water utility. Included in this expense is meter reading services, the cost of fleet repairs, maintenance and fuel costs.

Tax expense increased in 2017 by \$34,700 and there was a decrease of \$10,800 in the recognition of bad debt expense. An increase in revenue often has a corresponding effect on related expenditures. Finally, depreciation expense increased in 2017 by \$72,800 over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2017, the utility made the following significant investments in its capital infrastructure:

- The utility remains focused on supporting its 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 2017, the total spending on these capital improvements was \$441,600.
- In 2017, the water utility continued work on irrigation system improvements in the Horn Rapids area. The project cost for the year was \$444,300.
- The utility began initial work to replace the existing pipeline crossing the Yakima River. The existing pipeline is vulnerable to damage during flooding and the proposed new line will be mounted on the Duportail Bridge. The project cost for 2017 was \$85,800.
- The utility completed the Duportail Water Line Extension project during 2017. Capital spending for this effort was \$578,500 for the year.

The capital related debt of the water and sewer utilities comprise a large portion, nearly \$41 million, or 42.4% of all revenue debt and 26.1% of all City long-term borrowing. The water utility debt equals \$26.6 million, or 17% of all City long-term borrowing. 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.

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 \$1.4 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 May 2017.

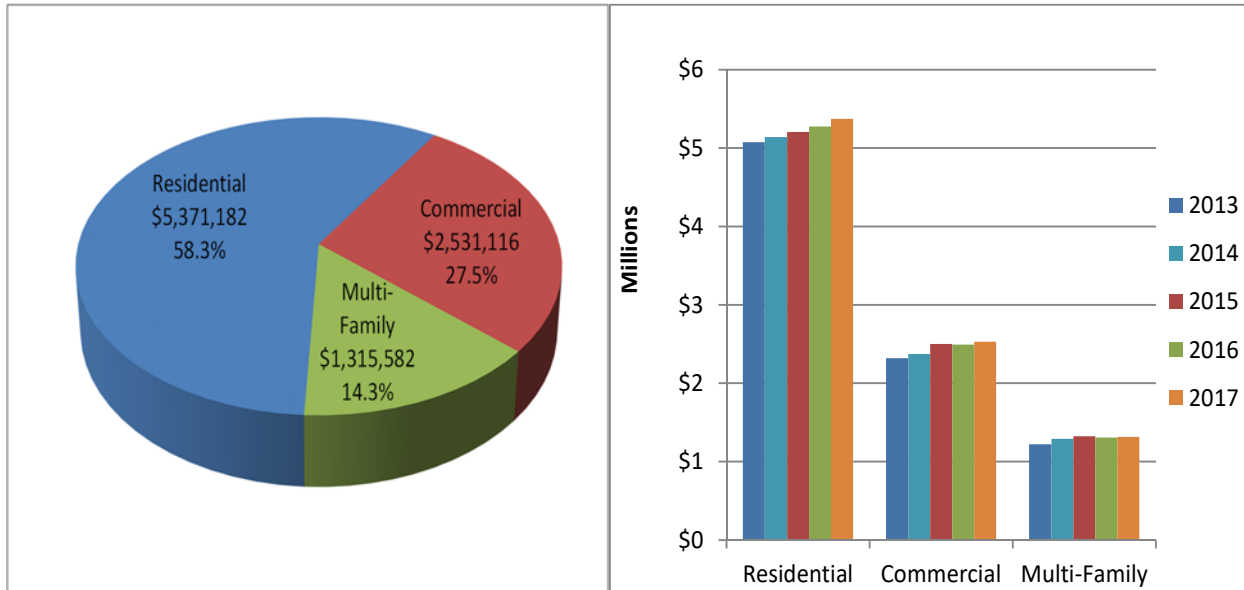
Sewer Fund activities generated a net position increase of \$2.3 million in 2017. When compared to 2016, the utility recognized an increase in operating income of \$740,600. Total operating income was \$1.2 million. This fluctuation was the result of growth in operating revenues of \$133,200, offset by a decrease in operating expenses of \$607,400. Interest earnings, which contribute to the non-operating activity, were \$64,900 higher in 2017 as compared to 2016. Interest expense increased \$12,500 in 2017 and the utility experienced \$64,700 in debt service costs related to a bond issuance during the year. Non-operating revenues increased \$104,300 over 2016. This was due to a one-time reimbursement of professional services by a commercial customer and recognition of the first year installment of Utility Local Improvement District assessments.

In 2017, the utility recognized capital contributions of \$1.8 million. Of this addition, \$985,300 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. Donated capital is recognized as the development is completed and accepted by the City. The remaining capital contribution revenue, \$842,200, is tied to new utility service requests that result in facilities fee charges to the owner.

The utility transferred out \$5K in support of a multi-year cost sharing effort to install a fiber optic cable backbone. Installation of a fiber optic network will benefit the wastewater utility's communication system. This effort continues in 2018. A one-time transfer of \$68,200 was issued to fund the addition of a new boom lift in the City's fleet. This provides staff with the ability to complete maintenance and repairs to wastewater facilities in a safe and effective manner. The utility also transferred out \$211,400 to fund the sewer portion of a Utility Local Improvement District. The system assets were recorded in exchange for the issuance of bonds to finance the improvements. Debt service on the bonds will be offset with ULID assessments collected from the benefitting property owners over the next 15 years. Finally, it was necessary to make prior period adjustments in 2017 of \$17,700. The adjustment resulted in a decrease in our net position to offset changes in previously recorded assets.

The Sewer utility's most recent rate change went into effect during 2010. Therefore, any increase in residential revenue is directly tied to customer growth. In 2017, residential revenue increased \$97,900, or 1.86%, over the 2016 total. For the commercial and multifamily classes of service, water consumption is also a component in the calculation of the bill. Revenue from both the commercial and multifamily classes of customers stayed relatively level when compared to 2016, with a 1.52% and .45% increase respectively.

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



In 2017, the operating expenses of the City's sewer utility decreased \$607,400 when compared to 2016. Salaries and related expenses increased approximately 3.8% or \$91,300. Of this, 1.014% was related to actual wages and the remainder was corresponding benefit costs. Additionally, the utility recognized a reduction of \$118,400 in net pension expense when compared to 2016.

The cost of supplies, as well as utilities services, are typically outside the control of the utility. Timing and fluctuation of chemical needs and maintenance supplies drove costs down \$34,800 when compared to 2016, while utility costs experienced a modest increase of \$7,000. The most significant operating expense reduction for 2017 was related to the planned maintenance work of replacing membranes and coating the clarifier/digester at the wastewater treatment facility. The majority of the work effort occurred in 2016, so expenses in this category were \$370,800 less than the prior year. While the work was necessary, it does not extend the life of the facility and as such was recognized as an operating expense instead of capital outlay.

Other service expenditures are driven by events that require outside assistance for 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. Costs in this category decreased by \$51,600 when compared to 2016. The utility experienced an increase of \$31,400 for insurance costs and a reduction of \$93,100 for consultant services. The remaining \$10,100 increase was spread across multiple cost categories.

There was a slight decrease in the cost of services supplied by other City departments of \$18,200. The internal service work included fuel, repair and maintenance work on fleet vehicles, as well as electrical work undertaken at the sewer treatment plant.

A new city-wide cost allocation model and a revised schedule for the implementation of information technology enhancements also resulted in a reduction of related charges in the amount of \$307,400. The sewer utility experienced an increase in their assessment for engineering services of \$120,900.

Tax expenses increased in 2017 by \$30,700 and there was a decrease of \$8,800 in the recognition of bad debt expense. An increase in revenue often has a corresponding effect on related expenditures. Finally, depreciation expense increased in 2017 by \$52,700 over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2017, the utility made several investments in its capital infrastructure:

- Construction commenced in effort to rehabilitate the influent building and provide a new mechanical fine screen. Total budgeted cost of the project is \$3.5 million. In 2017, \$294,200 was invested toward this project. The project is funded with bond proceeds and rate revenue.
- The utility remains focused on improving its Wastewater Treatment Facility. The utility has planned annual improvements to eliminate downtime and ensure effective wastewater treatment. For 2017, the total spending on these capital improvements was \$230,300. These efforts are funded with a combination of rate revenue and facilities fees.

The sewer utility capital debt equals \$14.2 million, or 9.1% 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 \$876,400 toward a debt service reserve account. The financial strength of the combined water and sewer utility was assessed by Standard & Poor's and rated AA in May 2017.

ECONOMIC OUTLOOK

Richland's economy is strong, with plenty of activity in new construction and retail leading to increased sales and property tax revenues. Unemployment continues to slightly decrease from the end of 2014 through the end of 2017. Other economic factors, such as housing prices and population have both increased. Early 2018 revenue indicators are running at or slightly above 2017 levels.

The City expects continued modest growth through 2018 and unemployment has been in decline since the end of 2012. Work on the Hanford nuclear cleanup north of Richland continues, contributing to the employment stability of the area. Richland continues to experience strong new construction activity, including retail centers, office, and multifamily development. The Queensgate area continues to be an area of strong growth with a retail/commercial focus. Columbia Point and south Richland are seeing an increase in both office/commercial construction and development. The opening and early success of a new boutique hotel at Columbia Point has complimented other hotels and dining options in that area of the City. Home building remains strong throughout north and south Richland, and construction is under way in the Badger Mountain South area. Central Richland remains buoyed by investments made by Kadlec Regional Medical Center and Columbia Basin College, with the City of Richland beginning construction on



its new City Hall, slated to open in May of 2019. Richland's Local Revitalization Financing efforts continue to pay off, resulting in robust construction and expansion in the Horn Rapids Industrial Park, including the completion of Logan Road, which has opened more than 250 acres of shovel-ready industrial land for development and job creation. Richland will continue to recruit primary sector job growth, primarily focused in energy, technology, and food and agricultural processing, which in turn further diversifies the local economy from 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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District
ASSETS				
<i>Current:</i>				
Cash and cash equivalents	\$ 21,456,909	\$ 21,357,348	\$ 42,814,257	\$ 436,531
Deposits with third parties	446,025	11,575	457,600	
Investments	40,482,256	8,454,029	48,936,285	
Receivables:				
Taxes	347,164		347,164	
Customer accounts, net	2,646,023	9,550,002	12,196,025	12,081
Due from other governments	4,865,860	49,235	4,915,095	88,690
Special Assessments	92,663	22,728	115,391	
Notes and contracts	2,527,799	100,000	2,627,799	
Internal balances	(1,071,353)	1,071,353		
Prepaid items	6,111	6,337	12,448	23,208
Inventory	177,169	4,568,241	4,745,410	38,889
Total current assets	71,976,626	45,190,848	117,167,474	599,399
<i>Noncurrent:</i>				
Restricted cash and cash equivalents		12,298,670	12,298,670	360,340
Restricted investments		23,856,333	23,856,333	
Investment in joint ventures	2,585,728		2,585,728	
Land held for resale	13,283,751		13,283,751	
Special Assessments		344,253	344,253	
Net pension asset	6,842,077	1,202,378	8,044,455	
Capital:				
Land	7,289,304	8,733,269	16,022,573	
Depreciable assets (net)	39,540,166	31,464,077	71,004,243	7,408,411
Infrastructure	60,043,210	228,871,002	288,914,212	2,379,396
Construction in progress	21,925,790	2,230,866	24,156,656	
Total capital assets (net)	128,798,470	271,299,214	400,097,684	9,787,807
Total noncurrent assets	151,510,026	309,000,848	460,510,874	10,148,147
Total assets	223,486,652	354,191,696	577,678,348	10,747,546
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	421,115	702,883	1,123,998	55,804
Pension	2,095,590	1,463,241	3,558,831	
Total deferred outflows of resources	2,516,705	2,166,124	4,682,829	55,804

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	5,380,639	8,425,784	13,806,423	104,053
Payable to other governments	112,174	89,671	201,845	
Leases payable-current		157,333	157,333	
Deposits payable	20,369	828,515	848,884	5,920
Compensated absences-current	1,639,526	1,007,689	2,647,215	12,642
Claims and judgments-current	4,258,015		4,258,015	
Notes and contracts payable-current	94,576	1,384,636	1,479,212	
General obligation bonds payable-current	2,385,000	305,000	2,690,000	280,000
Revenue bonds payable-current		6,225,000	6,225,000	
Total current liabilities	13,890,299	18,423,628	32,313,927	402,615
<i>Noncurrent liabilities:</i>				
Leases payable		596,308	596,308	
Compensated absences	1,639,525	1,007,689	2,647,214	
Notes and contracts payable	723,989	7,425,568	8,149,557	
General obligation bonds payable	43,690,315	5,781,195	49,471,510	4,646,309
Revenue bonds payable		98,393,050	98,393,050	
Unearned revenue	680,915	2,453,873	3,134,788	50,046
Net pension liability	12,686,310	9,333,133	22,019,443	
Net OPEB obligation	12,656,113		12,656,113	
Landfill closure liability		5,930,285	5,930,285	
Total noncurrent liabilities	72,077,167	130,921,101	202,998,268	4,696,355
Total liabilities	85,967,466	149,344,729	235,312,195	5,098,970
DEFERRED INFLOWS OF RESOURCES				
Deferred transfer of service concession arrangement capital assets	1,760,100		1,760,100	
Deferred amount on debt refunding	9,563		9,563	
Pension	3,576,491	2,124,747	5,701,238	
Deferred charges - other		344,253	344,253	
Total deferred inflows of resources	5,346,154	2,469,000	7,815,154	
NET POSITION				
Net investment in capital assets	98,465,338	167,556,016	266,021,354	4,917,302
Restricted for:				
Pensions		854,817	854,817	
Debt service	511,230	9,024,089	9,535,319	588,400
Capital improvements	18,328,807	8,600,316	26,929,123	
Public Safety	1,627,925		1,627,925	
Economic Environment	17,678,688		17,678,688	
Other Purposes	96,973		96,973	
Unrestricted	(2,019,224)	18,508,853	16,489,629	198,678
Total net position	\$ 134,689,737	\$ 204,544,091	\$ 339,233,828	\$ 5,704,380

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, 2017

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT Richland Public Facilities District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<i>Primary Government:</i>								
<i>Governmental Activities:</i>								
Judicial	\$ 612,709	\$ 472,196	\$	\$	\$ (140,513)	\$	\$ (140,513)	
General government	14,468,015	8,623,083			(5,844,932)		(5,844,932)	
Public safety	27,228,765	4,100,340	452,954		(22,675,471)		(22,675,471)	
Transportation	7,531,674	962,535		1,970,302	(4,598,837)		(4,598,837)	
Health and human services	14,200	26,229	450,944		462,973		462,973	
Economic environment	6,645,265	2,808,648	908,416		(2,928,201)		(2,928,201)	
Culture and recreation	8,002,424	1,121,617	1,995	330,306	(6,548,506)		(6,548,506)	
Interest on long-term debt	1,553,294				(1,553,294)		(1,553,294)	
Total governmental activities	66,056,346	18,114,648	1,814,309	2,300,608	(43,826,781)		(43,826,781)	
<i>Business-Type Activities:</i>								
Electric	62,473,834	67,972,784		1,368,383		6,867,333	6,867,333	
Water	10,125,955	14,600,499		3,086,148		7,560,692	7,560,692	
Sewer	7,806,872	9,514,786		1,827,463		3,535,377	3,535,377	
Solid waste	6,811,779	9,537,730				2,725,951	2,725,951	
Stormwater	1,271,385	1,870,758		539,956		1,139,329	1,139,329	
Golf course	1,965,153	1,707,171				(257,982)	(257,982)	
Medical services	4,163,413	3,723,437	68,893			(371,083)	(371,083)	
Broadband	237,998	158,209				(79,789)	(79,789)	
Total business-type activities	94,856,389	109,085,374	68,893	6,821,950		21,119,828	21,119,828	
Total primary government	\$ 160,912,735	\$ 127,200,022	\$ 1,883,202	\$ 9,122,558	\$ (43,826,781)	\$ 21,119,828	\$ (22,706,953)	
<i>Component Unit:</i>								
Richland Public Facilities District	\$ 1,632,714	430,355	\$ 211,708					\$ (990,651)
	\$ 1,632,714	\$ 430,355	\$ 211,708	\$				\$ (990,651)
GENERAL REVENUES:								
Property taxes					17,600,966		17,600,966	
Sales taxes					14,892,805		14,892,805	
Utility Occupation taxes (non-City utilities)					3,725,839		3,725,839	
Real Estate Excise tax					2,287,720		2,287,720	
Motor Fuel & Multimodal Transportation tax					1,214,285		1,214,285	
Hotel/Motel lodging tax					1,078,039		1,078,039	
Other taxes					1,984,665		1,984,665	549,866
Investment earnings					519,872	677,884	1,197,756	9,765
Gain on disposition of capital assets					17,569		17,569	
Gain on disposition of land held for sale					1,557,892		1,557,892	
Insurance recoveries						28,204	28,204	
Miscellaneous					2,474,746		2,474,746	
Transfers					8,109,211	(8,109,211)		
Total general revenues and transfers					55,463,609	(7,403,123)	48,060,486	559,631
Change in net position					11,636,828	13,716,705	25,353,533	(431,020)
Net position-beginning					123,052,909	190,567,989	313,620,898	6,135,400
Prior period adjustments						259,397	259,397	
Net position-ending					\$ 134,689,737	\$ 204,544,091	\$ 339,233,828	\$ 5,704,380

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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,160,226	\$ 14,953,804	\$ 17,114,030
Deposits with third parties	19,425	28,600	48,025
Investments	19,391,486	14,362,914	33,754,400
Receivables:			
Taxes	309,727	37,437	347,164
Customer accounts	1,008,039	259,886	1,267,925
Due from other funds		17,026	17,026
Due from other governments	2,969,613	1,896,247	4,865,860
Assessments		92,663	92,663
Notes and contracts		2,527,799	2,527,799
Prepaid items	5,461	650	6,111
Inventory		58,694	58,694
Total assets	<u>\$ 25,863,977</u>	<u>\$ 34,235,720</u>	<u>\$ 60,099,697</u>
LIABILITIES			
<i>Liabilities:</i>			
Accounts payable and accrued expenses	\$ 1,790,093	\$ 2,321,901	\$ 4,111,994
Payable to other governments	110,355	1,819	112,174
Due to other funds		17,026	17,026
Interfund loans payable		1,692,679	1,692,679
Deposits payable	1,000	19,369	20,369
Unearned revenue-other		680,915	680,915
Total liabilities	<u>1,901,448</u>	<u>4,733,709</u>	<u>6,635,157</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	232,351	28,020	260,371
Unavailable revenue-unbilled LID assessments		92,663	92,663
Unavailable revenue-contractual agreements		69,509	69,509
Total deferred inflows of resources	<u>232,351</u>	<u>190,192</u>	<u>422,543</u>
FUND BALANCES (DEFICITS):			
Nonspendable:			
Inventory, prepaid items and noncurrent receivables		59,344	59,344
Contractually maintained deposits		2,000	2,000
Restricted for:			
Debt Service		511,230	511,230
Capital Improvements	130,965	18,197,842	18,328,807
Public Safety	43,110	1,584,815	1,627,925
Economic Environment	17,853	4,377,084	4,394,937
Transportation		2,812	2,812
Other Purposes	96,973		96,973
Committed for:			
Debt Service		607,420	607,420
Capital Improvements	452,951	1,971,861	2,424,812
Public Safety	198,491		198,491
Economic Environment	104,719	2,679,795	2,784,514
Assigned to:			
Debt Service		198,257	198,257
Public Safety	103,961		103,961
Transportation		228,633	228,633
Unassigned	22,581,155	(1,109,274)	21,471,881
Total fund balances	<u>23,730,178</u>	<u>29,311,819</u>	<u>53,041,997</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,863,977</u>	<u>\$ 34,235,720</u>	<u>\$ 60,099,697</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 Funds Balance to
the Net Position of Governmental Activities
December 31, 2017

Total fund balances - governmental funds \$ 53,041,997

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: 128,798,470

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	\$ 2,585,728	
Land held for resale	13,283,751	
Net pension asset	6,842,077	
Notes and contracts and taxes receivable offset by deferred inflows of resources	422,543	23,134,099

Deferred outflow of resources related to pensions		2,095,590
Deferred outflow of resources related to debt refunding		421,115

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	(42,435,000)	
Net premium/discount	(3,640,315)	
Other general government debt	(801,880)	
Net pension liability	(12,686,310)	
Net fire/police OPEB obligation	(7,655,320)	
Compensated absences	(3,279,051)	
Accrued interest payable	(144,046)	(70,641,922)

Deferred inflow of resources (ORV Park assets) related to service concession arrangement		(1,760,100)
Deferred inflow of resources related to pensions		(3,576,491)
Deferred inflow of resources related to debt refunding		(9,563)

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	2,521,901	
Internal payable representing charges in excess of cost to business-type activities: prior years	755,291	
Internal payable representing charges in excess of cost to business-type activities: current year	(90,650)	3,186,542

Net position of governmental activities		\$ 134,689,737
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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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 41,623,635	\$ 8,814,314	\$ 50,437,949
Licenses and permits	2,557,508		2,557,508
Intergovernmental	1,160,768	4,357,898	5,518,666
Charges for goods and services	7,954,900	5,128,328	13,083,228
Fines and forfeits	515,624		515,624
Investment earnings	206,620	211,334	417,954
Rents and leases	213,934	1,221,154	1,435,088
Miscellaneous	336,288	820,017	1,156,305
Total revenues	<u>54,569,277</u>	<u>20,553,045</u>	<u>75,122,322</u>
EXPENDITURES			
<i>Current:</i>			
Judicial	612,709		612,709
General government	14,353,222		14,353,222
Public safety	21,340,869	5,286,143	26,627,012
Physical environment			
Transportation		4,782,030	4,782,030
Health and human services	14,200		14,200
Economic environment	2,667,932	3,046,421	5,714,353
Culture and recreation	6,881,951	116,698	6,998,649
<i>Debt service:</i>			
Principal		6,488,834	6,488,834
Interest		1,476,869	1,476,869
Other		152,929	152,929
<i>Capital Outlay:</i>			
General government	976,850	2,112,589	3,089,439
Public safety	59,164		59,164
Transportation		6,615,162	6,615,162
Economic environment		887,594	887,594
Culture and recreation	288,328	872,105	1,160,433
Total expenditures	<u>47,195,225</u>	<u>31,837,374</u>	<u>79,032,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,374,052</u>	<u>(11,284,329)</u>	<u>(3,910,277)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	831,534	9,224,999	10,056,533
Transfers out	(3,658,812)	(7,740,464)	(11,399,276)
Debt issued		16,130,000	16,130,000
Premium on general obligation debt		2,129,817	2,129,817
Payments to refunded debt escrow agent			
Disposition of capital assets	19,781	1,615,023	1,634,804
Insurance recoveries			
Total other financing sources (uses)	<u>(2,807,497)</u>	<u>21,359,375</u>	<u>18,551,878</u>
Net change in fund balance	4,566,555	10,075,046	14,641,601
Fund balances-beginning	19,163,623	19,236,773	38,400,396
Prior period adjustment			
Fund balances-ending	<u>\$ 23,730,178</u>	<u>\$ 29,311,819</u>	<u>\$ 53,041,997</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, 2017

Net changes in fund balances of governmental funds: \$ 14,641,601

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	\$ 11,811,792	
Depreciation	(5,619,719)	
Disposal of capital assets	(874,344)	
Donated capital assets received	2,486,062	
Net effect of capital transactions	<u>7,803,791</u>	7,803,791

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	(16,131,750)	
Premium on general obligation debt	(2,129,817)	
Principal repayment	6,488,834	
Amortization of premiums/discounts	105,461	
Net effect of long-term debt transactions	<u>(11,667,272)</u>	(11,667,272)

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	<u>(439,872)</u>	(439,872)
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Expenses:

Change in the City's investment in joint venture	(254,380)	
Change in the City's investment in land held for sale	(239,688)	
Change in the City's net pension obligation and related deferred inflows/outflows	3,295,500	
Change in accrued interest payable	(38,520)	
Change in net fire/police OPEB obligation	(1,304,539)	
Change in compensated absences	<u>231,555</u>	1,689,928

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	(300,698)	
Internal payable representing charges in excess of cost to governmental activities-current year	<u>(90,650)</u>	(391,348)

Change in net position of governmental activities \$ 11,636,828

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, 2017

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
REVENUES				
Taxes	\$ 39,818,011	\$ 39,818,011	\$ 41,623,635	\$ 1,805,624
Licenses and permits	2,524,900	2,524,900	2,557,508	32,608
Intergovernmental	1,483,671	1,511,671	1,160,768	(350,903)
Charges for goods and services	9,551,200	9,551,200	7,954,900	(1,596,300)
Fines and forfeits	568,650	568,650	515,624	(53,026)
Investment earnings	140,000	140,000	206,620	66,620
Rents and leases	155,558	155,558	213,934	58,376
Miscellaneous	178,350	247,800	336,288	88,488
Total revenues	<u>54,420,340</u>	<u>54,517,790</u>	<u>54,569,277</u>	<u>51,487</u>
EXPENDITURES				
<i>Current:</i>				
Judicial	786,763	786,763	612,709	(174,054)
General government	17,760,354	18,447,687	14,353,222	(4,094,465)
Public safety	21,038,462	21,396,793	21,340,869	(55,924)
Physical environment				
Health and human services	14,015	14,015	14,200	185
Economic environment	2,750,428	2,931,136	2,667,932	(263,204)
Culture and recreation	7,660,714	8,011,627	6,881,951	(1,129,676)
<i>Capital Outlay:</i>				
General government	1,175,000	1,738,617	976,850	(761,767)
Public safety	529,655	559,621	59,164	(500,457)
Culture and recreation	115,000	115,000	288,328	173,328
Total expenditures	<u>51,830,391</u>	<u>54,001,259</u>	<u>47,195,225</u>	<u>(6,806,034)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,589,949</u>	<u>516,531</u>	<u>7,374,052</u>	<u>6,857,521</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	834,707	834,707	831,534	(3,173)
Transfers out	(2,872,417)	(3,660,477)	(3,658,812)	1,665
Disposition of capital assets			19,781	19,781
Insurance recoveries				
Total other financing sources (uses)	<u>(2,037,710)</u>	<u>(2,825,770)</u>	<u>(2,807,497)</u>	<u>18,273</u>
Net change in fund balance	552,239	(2,309,239)	4,566,555	6,875,794
Fund balances-beginning	19,163,623	19,163,623	19,163,623	
Prior period adjustment				
Fund balances-ending	<u>\$ 19,715,862</u>	<u>\$ 16,854,384</u>	<u>\$ 23,730,178</u>	<u>\$ 6,875,794</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, 2017

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
<i>Current:</i>						
Cash and cash equivalents	\$ 6,403,182	\$ 5,042,324	\$ 2,789,954	\$ 5,434,007	\$ 19,669,467	\$ 6,030,760
Deposits with third parties	1,900	5,775	2,650	1,050	11,375	398,200
Investments		696,547	1,195,797	3,981,469	5,873,813	9,308,072
Receivables:						
Customer accounts (net)	6,704,488	814,673	679,745	1,323,066	9,521,972	1,406,128
Due from other funds						330,000
Due from other governments		7,337		41,898	49,235	
Interfund loans		3,890			3,890	2,605
Special Assessments Current		11,771	10,957		22,728	
Notes and contracts				100,000	100,000	
Prepaid items		6,337			6,337	
Inventory	4,331,000	164,935	1,098	66,087	4,563,120	123,596
Total current assets	17,440,570	6,753,589	4,680,201	10,947,577	39,821,937	17,599,361
<i>Noncurrent:</i>						
Restricted cash and cash equivalents	5,051,429	4,278,893	2,490,421	477,927	12,298,670	
Restricted investments	8,480,256	8,258,261	4,706,807	2,411,009	23,856,333	
Net pension asset				1,202,378	1,202,378	
Receivables:						
Advances to other funds		23,340		1,673,389	1,696,729	
Special Assessments Deferred		178,289	165,964		344,253	
Capital:						
Land	747,545	5,604		7,980,120	8,733,269	
Depreciable assets (net)	1,718,547	3,018,253	11,195,423	4,438,868	20,371,091	11,092,986
Infrastructure	97,603,016	73,459,900	46,838,267	10,969,819	228,871,002	
Construction in progress	1,250,965	661,436	294,472	23,993	2,230,866	
Total capital assets (net)	101,320,073	77,145,193	58,328,162	23,412,800	260,206,228	11,092,986
Total noncurrent assets	114,851,758	89,883,976	65,691,354	29,177,503	299,604,591	11,092,986
Total assets	132,292,328	96,637,565	70,371,555	40,125,080	339,426,528	28,692,347
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on debt refunding	240,193	125,804	263,120	73,766	702,883	
Pension	549,893	168,385	156,327	309,750	1,184,355	278,886
Total deferred outflows of resources	790,086	294,189	419,447	383,516	1,887,238	278,886

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
Proprietary Funds Continued
December 31, 2017

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
<i>Current liabilities:</i>						
Accounts payable and accrued expenses	6,745,298	591,170	312,666	499,097	8,148,231	1,402,152
Payable to other governments		29,677		59,994	89,671	
Due to other funds				270,000	270,000	60,000
Interfund loans payable				3,890	3,890	
Leases payable-current						157,333
Deposits payable		36,965	6,202	785,348	828,515	
Compensated absences-current	329,962	114,842	86,476	242,306	773,586	234,103
Claims and judgments-current						4,258,015
Notes and contracts payable-current		1,216,491	69,987	98,158	1,384,636	
General obligation bonds payable-current				305,000	305,000	
Revenue bonds payable-current	2,985,000	1,762,770	1,362,230	115,000	6,225,000	
Total current liabilities	10,060,260	3,751,915	1,837,561	2,378,793	18,028,529	6,111,603
<i>Noncurrent liabilities:</i>						
Interfund loans payable				23,340	23,340	
Leases payable						596,308
Compensated absences	329,962	114,842	86,476	242,306	773,586	234,103
Notes and contracts payable		6,063,608	1,069,524	292,436	7,425,568	
General obligation bonds payable				5,781,195	5,781,195	
Revenue bonds payable	64,924,723	19,481,343	13,011,571	975,413	98,393,050	
Unearned revenue	2,181,359		156,000	116,514	2,453,873	
Net pension liability	3,839,432	1,142,708	1,073,457	1,368,514	7,424,111	1,909,022
Net OPEB obligation						5,000,793
Landfill closure liability				5,930,285	5,930,285	
Total noncurrent liabilities	71,275,476	26,802,501	15,397,028	14,730,003	128,205,008	7,740,226
Total liabilities	81,335,736	30,554,416	17,234,589	17,108,796	146,233,537	13,851,829
DEFERRED INFLOWS OF RESOURCES						
Pension	782,701	204,894	210,674	571,591	1,769,860	354,887
Deferred charges - other		178,289	165,964		344,253	
Total deferred inflows of resources	782,701	383,183	376,638	571,591	2,114,113	354,887
NET POSITION						
Net investment in capital assets	39,097,668	55,420,979	46,823,151	15,958,119	157,299,917	10,256,099
Restricted for:						
Pensions				854,817	854,817	
Debt service	5,697,686	2,172,538	1,051,715	102,150	9,024,089	
Capital improvements	2,386,874	3,485,282	2,170,070	558,090	8,600,316	
Unrestricted	3,781,749	4,915,356	3,134,839	5,355,033	17,186,977	4,508,418
Total net position	\$ 50,963,977	\$ 65,994,155	\$ 53,179,775	\$ 22,828,209	\$ 192,966,116	\$ 14,764,517
Enterprise funds total net position					\$ 192,966,116	
Net position of internal service funds predominantly serving business-type activities					12,242,616	
Internal payable representing charges in excess of cost to governmental activities-prior years					(755,291)	
Internal payable representing charges in excess of cost to governmental activities-current year					90,650	
Net position of business-type activities on government-wide Statement of Net Position					\$ 204,544,091	

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, 2017

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
<i>Charges for services:</i>						
Electric	\$ 64,162,214				\$ 64,162,214	
Water		\$ 14,502,596			14,502,596	
Sewer			\$ 9,386,555		9,386,555	
Solid waste				\$ 9,416,552	9,416,552	
Stormwater				1,869,457	1,869,457	
Golf course				1,707,051	1,707,051	
Medical services				3,715,506	3,715,506	
Broadband				158,209	158,209	
Internal Service Funds						\$ 21,637,967
Other operating revenues	1,793,566				1,793,566	72,663
Total operating revenues	65,955,780	14,502,596	9,386,555	16,866,775	106,711,706	21,710,630
OPERATING EXPENSES						
Maintenance and operations	45,749,078	4,781,265	4,228,118	10,417,473	65,175,934	20,068,736
Administrative and general	5,025,407	1,472,884	992,768	2,575,267	10,066,326	2,209,929
Taxes	7,565,438	2,437,001	1,237,410	1,431,968	12,671,817	1,585
Depreciation	5,744,221	2,348,728	1,753,279	595,854	10,442,082	1,683,302
Total operating expenses	64,084,144	11,039,878	8,211,575	15,020,562	98,356,159	23,963,552
Operating income/(loss)	1,871,636	3,462,718	1,174,980	1,846,213	8,355,547	(2,252,922)
NONOPERATING REVENUES/(EXPENSES)						
Investment earnings	271,210	141,116	110,971	125,343	648,640	147,871
Interest expense	(3,059,102)	(775,502)	(526,312)	(302,418)	(4,663,334)	(9,999)
Debt costs		(77,339)	(64,718)	(10,208)	(152,265)	
Miscellaneous nonoperating revenues/(expenses)	1,155,357	141,008	120,176	(186,659)	1,229,882	1,909,003
Total nonoperating revenues/(expenses)	(1,632,535)	(570,717)	(359,883)	(373,942)	(2,937,077)	2,046,875
Net income before contributions and transfers	239,101	2,892,001	815,097	1,472,271	5,418,470	(206,047)
Capital contributions	1,368,383	3,034,389	1,827,463	539,956	6,770,191	
Transfers in				1,585,882	1,585,882	743,899
Transfers out	(345,000)	(247,093)	(284,583)	(110,362)	(987,038)	
Change in net position	1,262,484	5,679,297	2,357,977	3,487,747	12,787,505	537,852
Net position-beginning	49,315,703	60,394,442	50,839,516	19,369,553	179,919,214	14,226,665
Prior period adjustments	385,790	(79,584)	(17,718)	(29,091)	259,397	
Net position-ending	\$ 50,963,977	\$ 65,994,155	\$ 53,179,775	\$ 22,828,209	\$ 192,966,116	\$ 14,764,517

Net change in enterprise funds net position: \$ 12,787,505

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

Change in net position	838,550
Internal payable representing charges in excess of cost to governmental activities-current year	90,650
Total change in net position of business-type activities	<u>\$ 13,716,705</u>

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, 2017

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 67,192,614	\$ 14,249,454	\$ 9,428,631	\$ 22,012,575	\$ 112,883,274	\$ 12,934,377
Receipts from interfund services provided	315,846				315,846	8,748,414
Receipts from grants and contributions						
Payments to suppliers	(49,537,376)	(1,570,534)	(1,435,289)	(8,195,538)	(60,738,737)	(17,475,550)
Taxes paid	(5,453,788)	(2,437,001)	(1,237,413)	(1,448,501)	(10,576,703)	(1,585)
Payments to employees	(794,081)	(2,487,984)	(2,551,926)	(6,025,965)	(11,859,956)	(4,030,290)
Payments for interfund services used	(1,617,265)	(2,277,988)	(1,406,397)	(3,927,205)	(9,228,855)	(1,449,681)
Net cash provided (used) by operating activities	10,105,950	5,475,947	2,797,606	2,415,366	20,794,869	(1,274,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from customers and users		143,756	40,587	154,665	339,008	1,867,823
Grants and contributions				503,782	503,782	
Proceeds from interfund loans				270,000	270,000	35,000
Interfund loans made				(860,405)	(860,405)	(330,000)
Interfund loan repayments made				(70,000)	(70,000)	
Interfund loan repayments received						600,036
Transfers to other funds	(30,000)	(20,000)	(5,000)	(25,177)	(80,177)	
Transfers from other funds				550,000	550,000	
Net cash provided (used) by noncapital financing activities	(30,000)	123,756	35,587	522,865	652,208	2,172,859
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES						
Principal paid on debt	(2,855,000)	(2,852,869)	(3,026,611)	(1,358,830)	(10,093,310)	(79,197)
Interest paid on debt	(3,171,211)	(779,094)	(662,321)	(363,345)	(4,975,971)	(9,999)
Transfers to other funds	(315,000)	(227,093)	(279,583)	(85,185)	(906,861)	
Transfers from other funds				1,035,882	1,035,882	743,899
Proceeds from debt		7,519,729	6,044,738	883,920	14,448,387	632,836
Bond issuance costs		(77,324)	(64,718)	(10,425)	(152,467)	
Interfund loan repayments received						
Interfund loan repayments made				(3,890)	(3,890)	(5,424)
Proceeds from sale of capital assets	2,819				2,819	45,600
Proceeds from capital grants and contributions	799,941	967,086	842,157		2,609,184	
Payments related to acquisition, construction or improvements of capital assets	(13,750,749)	(1,537,696)	(800,733)	(1,016,458)	(17,105,636)	(4,060,777)
Net cash provided (used) by capital and related activities	(19,289,200)	3,012,739	2,052,929	(918,331)	(15,141,863)	(2,733,062)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipt of interest	314,522	175,246	124,507	126,788	741,063	201,817
Investments sold	7,950,545	7,243,945	4,853,598	4,584,990	24,633,078	10,612,313
Investments purchased	(8,495,947)	(8,971,377)	(5,904,143)	(6,401,952)	(29,773,419)	(9,325,296)
Net cash provided (used) by investing activities	(230,880)	(1,552,186)	(926,038)	(1,690,174)	(4,399,278)	1,488,834
Net change in cash and cash equivalents	(9,444,130)	7,060,256	3,960,084	329,726	1,905,936	(345,684)
Cash and cash equivalents, January 1	20,898,741	2,260,961	1,320,291	5,582,208	30,062,201	6,376,444
Cash and cash equivalents, December 31	\$ 11,454,611	\$ 9,321,217	\$ 5,280,375	\$ 5,911,934	\$ 31,968,137	\$ 6,030,760
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income/(loss)	\$ 1,871,636	\$ 3,462,718	\$ 1,174,980	\$ 1,846,213	\$ 8,355,547	\$ (2,252,922)
Adjustments to reconcile operating income to net cash provided from operating activities:						
Depreciation expense	5,744,220	2,348,728	1,753,279	595,854	10,442,081	1,683,302
Accrued pension expense	(456,830)	(119,989)	(126,751)	(298,005)	(1,001,575)	(206,712)
(Increase)/decrease in receivables	(646,149)	(78,303)	(32,925)	(60,544)	(817,921)	(1,372,601)
(Increase)/decrease in prepaid items		(4,955)	1,581		(3,374)	(215,904)
(Increase)/decrease in inventories	(445,091)	(30,841)		(2,383)	(478,315)	(33,718)
Increase/(decrease) in payables	1,586,368	(101,411)	27,442	326,632	1,839,031	1,124,240
Increase/(decrease) in unearned revenues	145,978			7,599	153,577	
Other income and adjustments	2,305,818				2,305,818	
Total adjustments	8,234,314	2,013,229	1,622,626	569,153	12,439,322	978,607
Net cash provided (used) by operating activities	\$ 10,105,950	\$ 5,475,947	\$ 2,797,606	\$ 2,415,366	\$ 20,794,869	\$ (1,274,315)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Contribution of capital assets	\$ 767,488	\$ 2,071,193	\$ 985,306	\$ 539,956	\$ 4,363,943	

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, 2017

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 325,194	\$ 2,203,991
Investments		
Mutual funds	732,938	
Bank certificate of deposit	200,000	
US Gov't Security	98,824	
Receivables:		
Customer accounts (net)		249,403
Interest and dividends receivable		
Due from other governments		322,584
Prepaid items		19,847
Interfund loans	16,685	31,044
Capital assets:		
Land		14,593
Depreciable assets (net)		7,387,513
Construction in progress		
Total capital assets (net)		<u>7,402,106</u>
Total assets	<u>1,373,641</u>	<u>\$ 10,228,975</u>
LIABILITIES		
Accounts payable and accrued expenses	1,460	\$ 84,637
Interfund loans payable		31,044
Compensated absences		224,302
Notes and contracts payable		14,443
Payable to other agencies		9,874,549
Total liabilities	<u>1,460</u>	<u>\$ 10,228,975</u>
NET POSITION		
Net position restricted for pensions	570,998	
Net position restricted for OPEB	801,183	
Total net position	<u>\$ 1,372,181</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, 2017

	Pension Trust Funds
ADDITIONS:	
Contributions:	
Employer-property taxes	\$ 203,000
State-fire insurance premium tax	62,462
General Fund contributions	369,000
Total contributions	<u>634,462</u>
Investment income:	
Interest and dividends	46,503
Net change in fair market value of investments	27,254
Total investment income	<u>73,757</u>
Total Additions	<u>708,219</u>
DEDUCTIONS:	
Benefits	707,538
Administrative expenses	17,213
Total deductions	<u>724,751</u>
Change in Net Position	(16,532)
Net position-Beginning	1,388,713
Net position-Ending	<u>\$ 1,372,181</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 have been prepared in conformity with 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 financial 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 with one component unit; the Richland Public Facilities District (PFD). 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 PFD is included in the City's report 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 column of the government-wide financial statements to emphasize that they are a legally separate entity.

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

On March 21, 2017, the City of Richland established a Transportation Benefit District (TBD). The process specified the boundaries of the TBD, established a Governing Board, identified the transportation improvements to be funded, approved other provisions related to the establishment of the TBD as provided for by State law, and adopted a new Chapter 5.51 to Title 5 of the Richland Municipal Code.

On December 19, 2017, the City assumed all of the rights, powers, immunities, functions and obligations of the Richland TBD. The financial activity related to the TBD is recorded in a Special Revenue Fund, and included in the accompanying financial statements.

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 on its discreetly presented component unit. 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, 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 Fund Financial Statements – The City's General Fund is the only major governmental fund and it is reported in a separate 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. All other governmental funds are aggregated in the "Other Governmental Funds" column.

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 three major enterprise funds: the Electric, Water and Sewer Utility funds, which account for all activities necessary to provide electric, water and sewer 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 statements 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 police officers 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 City's 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 source (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 City.

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 year with the development of the budget calendar, followed by workshops to identify priority parameters for the upcoming budget cycle. Formal budget preparation begins in June and lasts through September. As preparation progresses, meetings between staff and the City Manager are held to prioritize services and identify key projects to be incorporated into the budget. All requests are thoroughly reviewed 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 in October and it is available on November 1st for public review, with a public hearing taking place in November to provide a forum for public comment. First reading is given to the budget ordinance in November with final adoption occurring two weeks later. 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 project 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 Project 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 includes both the original and final amended budgets as well.

Budgets established for Debt Service, Capital Projects and Proprietary Funds are not reported in the CAFR.

ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents - The City reports both restricted and unrestricted cash and cash equivalents. Cash equivalents are considered to be all highly liquid with maturity of three months or less when purchased. The restricted cash and cash equivalents 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 and cash equivalents:

PURPOSE	ELECTRIC	WATER	SEWER	SOLID WASTE	STORM WATER	COLUMBIA PT		TOTAL
						GOLF COURSE	BROADBAND	
Capital Improvements	\$10,867,130	\$ 10,364,616	\$ 5,989,513			\$ 22,322	\$ 54,031	\$27,297,612
Landfill Closure/Post Closure				2,710,433				2,710,433
Future Development			156,000					156,000
Debt Service	2,664,555	2,172,538	1,051,715		102,150			5,990,958
Total Restricted	\$13,531,685	\$ 12,537,154	\$ 7,197,228	\$2,710,433	\$ 102,150	\$ 22,322	\$ 54,031	\$36,155,003

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC). The City's total deposits as of December 31, 2017, are as follows:

Treasurer's Cash, Net	\$ 3,717,122
Held by Component Unit	49,577
Deposits in Transit	732,628
Petty Cash/Change Funds	6,500
Deposits with Fiscal Agent	4,371
Outstanding Checks	(886,855)
Unreconciled items	(110,949)
Total Deposits	\$ 3,512,393

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

Taxes - These consist of unpaid property taxes as of December 31. The receivable is established when property taxes are levied (January 1st) and become an enforceable lien against the properties. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible tax 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 2017, the City's regular tax levy was \$2.6641 per \$1,000 on an assessed valuation of \$5,930,681,465 for a total regular levy of \$15,799,972 (after the appeals process). The City's regular levy included \$0.034 for the Fire Pension Fund, which resulted in collections of \$203,000. In addition, there were special levies for debt service for general obligation debt issued for capital acquisitions or construction at \$.3208 per \$1,000 of assessed valuation of \$5,908,223,699 totaling \$1,895,475 (after the appeals process). The composite City of Richland levy was \$2.9849 per \$1,000 of assessed valuation for a total levy of \$17,695,447.

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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 of the following year.

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	\$ 232,351
Other Governmental Funds	
Police Station Bond Fund	3,693
Richland Community Center Bond Fund	4,616
Library Remodel Bond Fund	19,711
TOTAL	<u>\$ 260,371</u>

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. Utility billings become a receivable as of the billing date. No adjustment is made to accrue revenues by service date, as any such adjustment is considered immaterial. 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 records 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 from 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. Long-term assessments are offset by deferred

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inflows, as they are considered unavailable to finance expenditures of the current period. As of December 31, 2017, the City had the following assessment balances:

	Current Assessments	Delinquent Assessments	Long Term Assessments	Deferred Inflows	Fund Total
Special Assessment Debt Service Fund	\$ 17,350	\$ 6,169	\$ 92,663	\$ (92,663)	\$ 23,519
Water Fund	922	10,849	178,289	(178,289)	\$ 11,771
Sewer Fund	858	10,099	165,964	(165,964)	\$ 10,957
Total	\$ 19,130	\$ 27,117	\$ 436,916	\$ (436,916)	\$ 46,247

Notes and Contracts - These consist primarily of unpaid loans by grant participants in the City’s Community Development Block Grant (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	\$1,166,653
HOME fund	<u>1,361,146</u>
TOTAL	<u>\$2,527,799</u>

The Columbia Point Golf Course also 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 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, 2017:

OWED TO...	OWED BY...			
	Other Governmental	Other Enterprise	Internal Service	TOTAL
Other Governmental	\$ 17,026	\$ -	\$ -	\$ 17,026
Water Fund	-	27,230	-	27,230
Solid Waste Fund	1,673,389	-	-	1,673,389
Internal Service	2,605	270,000	60,000	332,605
Fiduciary	16,685	-	-	16,685
Total	\$ 1,709,705	\$ 297,230	\$ 60,000	\$ 2,066,935

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

OWED TO...		OWED BY...		
Reported In	Fund	Other Governmental		TOTAL
		Debt Service	Capital Projects	
		Special Assessment Bond Fund	Streets Capital Construction	
Solid Waste Fund		\$ -	\$ 1,673,389	\$ 1,673,389
Internal Service	Equipment Replacement	2,605	-	\$ 2,605
Fiduciary	Firemen's Pension	16,685	-	\$ 16,685
Total		\$ 19,290	\$ 1,673,389	\$ 1,692,679

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

OWED TO...	OWED BY...	
	Enterprise	TOTAL
Reported In	Columbia Point Golf Course	
Water Fund	\$ 27,230	\$ 27,230
Total	\$ 27,230	\$ 27,230

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	Other Enterprise	Internal Service	TOTAL
		Special Revenue Fund	Columbia Point Golf Course	Central Stores	
		CDBG			
Other Governmental	Streets Capital Construction	\$ 17,026	\$ -	\$ -	\$ 17,026
Internal Service	Equipment Replacement	-	270,000	60,000	\$ 330,000
Total		\$ 17,026	\$ 270,000	\$ 60,000	\$ 347,026

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 maintenance and warranty support agreements and subscription renewals.

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. This agreement 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 2017 for these services was \$340,361. No distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

BCES is comprised of four funds, Southeast Communications (SECOMM), 800 MHz Radio, Microwave, 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 assets. 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, 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, 2017 was \$1,228,797 which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets 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, 2017 was \$1,230,905 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 in a separate fund. User groups are charged a portion of costs based on number of circuits utilized. The Cities of Kennewick, Richland and Benton County each own an equal share of Microwave's net assets. Richland's equity interest in Microwave as of December 31, 2017 was \$32,737 which is reported as an asset in the government-wide Statement of Net Position. The change in

equity is reflected in Public Safety on 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. Four grant programs fund BCEM: Radiological Emergency Preparedness, DOE Emergency Preparedness, 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, 2017 was \$27,054, which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected under Public Safety in the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets 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 eight participating municipal corporations; 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 2017 for these transactions was \$119,000.

The City of Richland's equity interest in BI-PIN was \$47,506 on December 31, 2017, 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 W. 6th Ave., Kennewick, Washington, 99336.

Metro Drug Forfeiture Fund - The Metropolitan Controlled Substance Enforcement Group (Metro) was established prior to 1987, when an Interlocal Agreement was entered into by six participating municipal corporations, the cities of Kennewick, Pasco, Richland, and West Richland, and Benton and Franklin Counties. Metro was established to account for the proceeds of forfeitures, federal grants, and court ordered contributions, and to facilitate the disbursement of those proceeds for the purpose of drug enforcement and

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investigations. Metro is served by an Executive Committee composed of the City Manager or designee of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. In addition, a Governing Board consisting of the Chiefs of Police from the cities and the Sheriffs from the counties administers daily activity.

Effective July 1, 2009, the City of Kennewick assumed 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 \$18,729 on June 30, 2017, 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 Metro.

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

Land Held for Sale – The City maintains an inventory of land held for sale, primarily for industrial and economic development purposes. Land held for sale is presented on the Government-Wide Statement of Net Position at acquisition value, if known, or at estimated acquisition value.

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 3.

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, 3) retainage, and 4) 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 taxes due to Washington State resulting from the operation of the City's golf course, debt service accrual for principal and interest payments of state loans, and a moderate risk waste facility.

Deposits Payable – These consist primarily of amounts due to customers for deposits made for City utility services.

Claims and Judgments – These consist primarily of amounts owed for incurred but not reported claims in the City's Workers Compensation, Health Care Benefits Plan, Unemployment and Post-Employment Health Care Plan 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) prepaid facilities fees that will be applied toward future development, and 4) prepayment of a farm lease in the Industrial Development Fund.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City's financial statements recognize a proportionate share of Net Pension Liability (NPL), deferred inflows and outflows and pension expense for its four State sponsored plans. The City's financial statements also include two local government plans that are reported pursuant to GASB 68 requirements. Allocations to proprietary funds are reported on proprietary fund statements and allocations to governmental funds are reported as long term liabilities on the Government Wide Statement of Net Position. This is discussed in more detail in Note 10.

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 and 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. The cumulative net OPEB obligation is reported as a long term liability in the

Internal Service Post Employment Health Care Fund. The City also administers OPEB plans for the Fire and Police Pension Trust Funds. The trust funds are governmental funds and are subject to the requirements of GASB 43. The net OPEB obligation is reported as a long term liability in the Government Wide Statement of Net Position. OPEB is discussed in detail in Note 9.

Long-term Liabilities - (includes bonds, notes, contracts payable and other noncurrent liabilities) – See Note 4 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.

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. The City also has an uncollected contractual receivable from the Richland PFD. 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 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 15 to the financial statements.

Minimum Fund Balance – The City’s financial policies, as outlined in the 2017 annual budget document, state that minimum reserves should be maintained in the General Fund equal to approximately 16.7% of projected annual operating expenditures. Any proposed reduction of this reserve level requires approval by a majority of the City Council.

Deficit Fund Equity – Four funds had a deficit balance in fund equity at December 31, 2017, as follows:

- The Post-Employment Health Care Plan Fund, an internal service fund, has a deficit net position of \$4,993,966, 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 \$5,000,793 for years 2008-2017. The cumulative liability results in a deficit net position in the fund.
- The Streets Construction Fund, a capital project fund, has a deficit fund balance of \$937,243 as of December 31, 2017. The construction of most streets projects is funded by reimbursement-type grants. Reimbursements are requested periodically during completion of the work. Subsequent draws will correct the deficit balance.
- The Public Works Administration and Engineering Fund is reporting a deficit net position at December 31, 2017, in the amount of \$1,453,101. The Net Pension Liability reported in accordance with GASB 68 results in a deficit fund balance at year-end.
- The Equipment Maintenance Fund is reporting a deficit net position at December 31, 2017, in the amount of \$270,517. The Net Pension Liability reported in accordance with GASB 68 results in a deficit fund balance at year-end.

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 12. 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.

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Prior Period Adjustments – The following table itemizes all the prior period adjustments made in 2017, along with the purposes for the adjustments:

	Purpose for Adjustment	Increase/(Decrease) due to Adjustment		
		Assets	Liabilities	Net Position
Governmental Funds:				
Total Governmental Funds		\$ -	\$ -	\$ -
Enterprise Funds:				
Electric Fund	1	385,790		385,790
Wastewater Fund	2	(17,718)		(17,718)
Stormwater Fund	3	(24,351)		(24,351)
Water Fund	4	(5,663)		(5,663)
	5	(26,050)		(26,050)
	6	(47,871)		(47,871)
Total Water Fund		(79,584)	-	(79,584)
Solid Waste Fund	7	(1,476)		(1,476)
	8	(3,264)		(3,264)
Total Solid Waste Fund		(4,740)	-	(4,740)
Total Enterprise Funds		\$ 259,397	\$ -	\$ 259,397
Total prior period adjustments - all funds		\$ 259,397	\$ -	\$ 259,397
Government-wide Financial Statements:				
Governmental Activities				
Total Governmental Activities		-	-	-
Total prior period adjustments - all funds and govt activities		\$ 259,397	\$ -	\$ 259,397

Purpose for prior period adjustments:

- 1 The Incentive Cost Recovery Program is a WA state credit for public utility taxes. The credit had not been taken for several years and was caught up in 2017.
- 2 Multiple projects under \$5,000 threshold; reduce assets for prior year's costs, which had been capitalized.
- 3 Multiple projects under \$5,000 threshold; reduce assets for prior year's costs, which had been capitalized.
- 4 Capital project abandoned in 2017; reduce assets for prior year's costs, which had been capitalized.
- 5 Maintenance work incorrectly classified as capital project; reduce assets for prior year's costs, which had been capitalized.
- 6 Multiple projects under \$5,000 threshold; reduce assets for prior year's costs, which had been capitalized.
- 7 Project under \$5,000 threshold; reduce assets for prior year's costs, which had been capitalized.
- 8 Project under \$5,000 threshold; reduce assets for prior year's costs, which had been capitalized.

Comparative Data– Comparative total data for the prior year has been presented in order to provide an understanding of the changes in financial position and operations.

NOTE 2. INVESTMENTS

Investments Measured at Amortized Cost

As of December 31, 2017, the City held the following investments at amortized cost:

<u>Type of Investment</u>	Maturities	<u>City's own investments</u>	<u>Total</u>
State Investment Pool (LGIP)	Average 30 days	54,926,590	54,926,590

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the Governmental Accounting standards Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with generally accepted accounting principles (GAAP). 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 LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. Participants must inform Office of State Treasurer (OST) of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m. at the sole discretion of OST. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Investments Measured at Fair Value

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 daily and made regularly for all available monies not essential to operations. The interest on these investments is prorated to each fund based on the average of its previous two-month’s ending cash balances. 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 or Washington State Municipalities. The Pension Trust Funds’ investments (Fiduciary Activities) 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.

Custodial Credit Risk: The risk that in event of a 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.

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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.

Credit Risk: The following represents the allocation and credit rating of City investments by type of security as of December 31, 2017:

Federal Home Loan Mortgage Corporation	AAA	16%
Federal National Mortgage Association	AAA	14%
Federal Home Loan Bank	AAA	12%
Federal Farm Credit Bank	AAA	7%
Municipal Bonds	A- to AAA	7%
Local Governmental Investment Pool	Unrated	43%
Pension Mutual Funds	Unrated	1%

The City measures and reports investments at fair value using the valuation input hierarchy established by GAAP, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2017 the City had the following investments at fair value:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Weighted Average Maturities
<u>GOVERNMENTAL ACTIVITIES</u>				
U.S. Government Securities	\$ 21,978,395		\$ 21,978,395	1.0
Municipal Bonds	3,437,632		3,437,632	0.4
<u>BUSINESS TYPE ACTIVITIES</u>				
U.S. Government Securities	40,925,451		40,925,451	1.0
Municipal Bonds	6,401,135		6,401,135	0.4
Nonnegotiable CD	50,005		50,005	1/16/2021
<u>FIDUCIARY ACTIVITIES</u>				
U.S. Government Securities	98,824		98,824	1.0
Bond Mutual Funds	732,938	732,938		N/A
Nonnegotiable CD	200,000		200,000	1/16/2021
	<u>73,824,380</u>	<u>732,938</u>	<u>73,091,442</u>	
Total Investments by Fair Value Level	\$ 73,824,380	\$ 732,938	\$ 73,091,442	

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NOTE 3. CAPITAL ASSETS

Governmental Activities - A summary of governmental capital assets for the year ended December 31, 2017 is presented in the following table:

Governmental activities	Balance			Transfers/ Reclassifications	Balance December 31, 2017
	January 1, 2017	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 7,271,306	\$ 17,998	\$ -	\$ -	\$ 7,289,304
Construction in progress	13,140,845	9,438,661	(653,716)	-	21,925,790
Total capital assets, not being depreciated	20,412,151	9,456,659	(653,716)	-	29,215,094
Capital Assets, being depreciated:					
Buildings and improvements	68,176,931	864,834	-	-	69,041,765
Machinery and equipment	8,259,236	385,044	-	-	8,644,280
Infrastructure	210,951,620	4,107,517	-	(874,344)	214,184,793
Intangibles	859,902	709,116	-	-	1,569,018
Total capital assets, being depreciated	288,247,689	6,066,511	-	(874,344)	293,439,856
Less accumulated depreciation for:					
Buildings and improvements	(31,131,320)	(2,146,047)	-	-	(33,277,367)
Machinery and equipment	(5,620,872)	(455,123)	-	-	(6,075,995)
Infrastructure	(151,221,363)	(2,920,220)	-	-	(154,141,583)
Intangibles	(263,206)	(98,329)	-	-	(361,535)
Total accumulated depreciation	(188,236,761)	(5,619,719)	-	-	(193,856,480)
Total capital assets being depreciated, net	100,010,928	446,792	-	(874,344)	99,583,376
Governmental activities capital assets, net	\$ 120,423,079	\$ 9,903,451	\$ (653,716)	\$ (874,344)	\$ 128,798,470

Depreciation expense was charged as follows:

FUNCTION	TOTAL
General Government	\$ 709,315
Public Safety	383,542
Transportation	2,839,021
Economic Environment	208,777
Culture & Recreation	1,479,064
TOTAL DEPRECIATION EXPENSE	\$ 5,619,719

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Construction commitments existing as of December 31, 2017 in the City's governmental-type activities:

Fund	Project	Spent as of December 31, 2017	Remaining Committed
Streets	I-182/Queensgate Ramp Improvements	254,760	2,549,768
Streets	Queensgate/Columbia Park Tr Improvements	495,325	22,285
Streets	Center Parkway	101,128	42,046
Streets	Duportail Street Extension	19,930	134,245
Streets	RAISE Area Infrastructure	3,135,408	7,546
Streets	Vantage Pathway	260,935	12,767
Streets	Queensgate Pathway	53,257	780
Parks Construction	John Dam Plaza	34,899	6,760
Parks Construction	ORV Campground Improvements	187,458	11,316
Parks Construction	Badger Mountain Park	162,637	3,677
Parks Construction	Howard Amon Park Improvements	92,213	4,918
Parks Construction	Columbia Point Marina Park Improvements	187,502	47,785
Parks Construction	Urban Greenbelt	59,866	2,127
General Govt Construction	Swift Corridor Improvements (City Hall)	2,112,590	2,631,616

Business-Type Activities - A summary of business-type capital assets for the year ended December 31, 2017 is presented in the following table:

Business-type activities	Balance			Transfers/ Reclassifications	Balance December 31, 2017
	January 1, 2017	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 8,443,423	\$ 289,846	\$ -	\$ -	\$ 8,733,269
Construction in progress	9,381,097	5,325,369	(12,475,601)	-	2,230,865
Total capital assets, not being depreciated	17,824,520	5,615,215	(12,475,601)	-	10,964,134
Capital Assets, being depreciated:					
Buildings and improvements	46,975,325	-	(9,032)	-	46,966,293
Machinery and equipment	33,241,531	4,426,597	(418,724)	-	37,249,404
Infrastructure	346,433,529	27,298,037	(117,935)	-	373,613,631
Total capital assets, being depreciated	426,650,385	31,724,634	(545,691)	-	457,829,328
Less accumulated depreciation for:					
Buildings and improvements	(28,139,944)	(1,307,865)	5,767	-	(29,442,042)
Machinery and equipment	(21,434,503)	(2,245,697)	370,619	-	(23,309,581)
Infrastructure	(136,201,213)	(8,593,275)	51,860	-	(144,742,628)
Total accumulated depreciation	(185,775,660)	(12,146,837)	428,246	-	(197,494,251)
Total capital assets being depreciated, net	240,874,725	19,577,797	(117,445)	-	260,335,077
Business-type activities capital assets, net	\$ 258,699,245	\$ 25,193,012	\$ (12,593,046)	\$ -	\$ 271,299,211

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The following is a list of construction commitments existing as of the year ended December 31, 2017 in the City's business-type activities:

<u>Fund</u>	<u>Project</u>	<u>Spent as of December 31, 2017</u>	<u>Remaining Committed</u>
Electric	PNNL Future Capacity Improvement	-	1,490,000
Electric	Leslie Road Substation	-	1,552,019
Electric	Reata Substation to Dallas Road Transmission Line	862,088	861,886
Water	Duportail Street Transmission Main	578,205	29,366
Water	Horn Rapids Irrigation Improvements	444,361	626,314
Water	Distribution System Repair/Replacement	464,896	18,876
Water	Water System Security Improvement	30,130	3,015
Water	Water Transmission Line - Yakima/Duportail Bridge	85,858	133,046
Sewer	Influent Upgrades	294,237	2,857,188
Sewer	Treatment Facility Renew/Replacement	593,080	94,291
Sewer	Collection System Renew/Replacement	12,705	662
Solid Waste	Groundwater Assessment	43,350	33,302
Broadband	Fiber Optic Infrastructure	28,696	5,566

NOTE 4. LONG-TERM DEBT AND 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, 4) Net Other Post-Employment Benefits (OPEB) Obligation, and 5) Net Pension Liability. The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section of this note). Following the discussion is a table of Long Term Governmental Liabilities and Debt which includes changes to long-term liability activities for 2017.

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. The bonds support governmental activities and are included in the table of governmental liabilities in this section.

Notes and Loans Payable to State Agencies – The governmental funds have one outstanding Community Economic Revitalization Board (CERB) Loan, which was issued in 2005 for the extension of Battelle Boulevard. In 2015, the Washington State Department of Transportation (WSDOT) provided the Street Fund with a rail loan. Loans and notes are considered obligations of the general government and will be repaid with general governmental revenue sources.

Net OPEB Obligation – As described in Note 9, the City administers a single-employer defined benefit post-employment healthcare plan, providing healthcare insurance for eligible retirees, their spouses, and their children. The City is also responsible for administering two OPEB Plans for Pre LEOFF police officers and firefighters. The Net OPEB Obligation at year end for each plan is included in the long-term debt table

presented later in this section. GASB Statement 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 of \$941,391 in Net OPEB Obligation (NOO) for all plans in 2017, of which \$1,058,361 is attributed to governmental-type funds. The NOO for all fund types as of December 31, 2017, is \$12,656,113, 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 activities as of December 31, 2017, is \$10,350,564 and the NOO related to business type activities is \$2,305,549.

Net Pension Liability – GASB 68 became effective with the 2015 CAFR. As such the City is required to report a proportionate share of the State's pension liability from the PERS 1, PERS 2 and 3, LEOFF 1 and LEOFF 2 State Pension Plans. LEOFF 1 and LEOFF 2 Plans have Net Pension Assets which are not reflected in this section, however PERS 1 and PERS 2 and 3 Plans have Net Pension Liabilities (NPL) that are reflected in the following table. The City's share of the Net Pension Liability for PERS 1 and PERS 2/3 is \$19,117,144. This amount has been allocated to Governmental activities and Business type activities based on contributions of each fund. Governmental Funds are only reported on the Statement of Net Position however proprietary funds have recorded their share of the liability in the fund financial statements. In addition to the State pension plans, the City is responsible for administering two Pre LEOFF 1 Pension Plans for Pre LEOFF Police and Fire officers. The NPL for each of those plans is included in the long-term debt table presented later in this section.

Refunded Bonds – In prior years the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. At December 31, 2017, \$2,445,000 of bonds outstanding are considered defeased.

Bond Anticipation Note-In 2015, Cashmere Valley Bank issued the City a Waterworks Utility Revenue Bond Anticipation Note, for the purpose of interim financing for construction of water and sewer infrastructure within a utility local improvement district along Reata Road. The note was approved for up to \$700,000 and was backed by the Water Utility. During 2017, the City refinanced the balance of the note with the issuance of 2017 Wasteworks Utility Revenue and Refunding Bonds.

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The following table provides a complete and comprehensive record of all long-term governmental liabilities as of December 31, 2017:

SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES								
UNLIMITED TAX GENERAL OBLIGATION BONDS-VOTED								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/17	DUE WITHIN ONE YEAR
2015 Refunding UTGO Police Station/Community Center/Library Remodel	2.00%-5.00%	12/1/2026	14,385,000	13,875,000		1,355,000	12,520,000	1,445,000
TOTAL UNLIMITED TAX GENERAL OBLIGATION BOND DEBT							12,520,000	1,445,000
LIMITED TAX GENERAL OBLIGATION BONDS-NONVOTED, COUNCILMANIC								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/17	DUE WITHIN ONE YEAR
2005 LTGO Ref. 1996 Cty Shops-1998 Capital Imp.	3.00%-5.00%	12/1/2017	\$ 9,820,000	\$ 595,000		\$ 595,000	\$ -	\$ -
2006 Impr/Ref 2002 LTGO, Parks & Streets Capital Impr.	4.00%-4.25%	12/1/2026	6,315,000	3,505,000		3,505,000	-	-
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	2.00%- 4.30%	12/1/2039	3,170,000	1,450,000		50,000	1,400,000	60,000
2013A LTGO LRF to finance infrastructure in RAISE area	1.125%-4.00%	12/1/2037	10,050,000	9,730,000		330,000	9,400,000	340,000
2014 LTGO Fire Station #74 Construction	2.0%-4.0%	12/1/2034	3,355,000	3,110,000		125,000	2,985,000	130,000
2017 LTGO & Refunding & 2006 Refunding Bonds (City Hall Portion)	3.0%-5.0%	12/1/2045	13,255,000	-	13,255,000		13,255,000	-
2017 LTGO & Refunding & 2006 Refunding Bonds (2006 Refunding Portion)	2.0%-4.0%	12/1/2045	2,875,000	-	2,875,000		2,875,000	410,000
TOTAL LIMITED TAX GENERAL OBLIGATION BOND DEBT							29,915,000	940,000
OTHER GOVERNMENTAL LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/17	DUE WITHIN ONE YEAR
Economic Revitaliz. Bd Loan Battelle Blvd. Ext.	1.00%	1/1/2026	780,000	532,822		50,927	481,895	51,438
Reata ULID Construction Fund Bond Anticipation Note	Variable	10/1/2018	-	436,158	1,750	437,908	-	-
WSDOT Rail Loan for Streets	0.00%	7/1/2025	399,982	359,984		39,999	319,985	39,998
Compensated Absences		N/A	-	3,510,606	2,545,621	2,777,176	3,279,051	1,639,526
Net Pension Liab-Pre LEOFF 1 Plan Fire		N/A	-	1,402,616		318,467	1,084,149	-
Net Pension Liab-Pre LEOFF 1 Plan Police		N/A	-	2,585,001		766,850	1,818,151	-
Net OPEB Obligation-Pre LEOFF 1 Plan Fire		N/A	-	3,153,748	683,005		3,836,753	-
Net OPEB Obligation-Pre LEOFF 1 Plan Police		N/A	-	3,197,033	621,534		3,818,567	-
Net Pension Liability- State PERS/LEOFF Plans		N/A	-	13,213,154		3,429,144	9,784,010	-
Net OPEB Obligation- City Post Emp Healthcare		N/A	-	2,941,422		246,178	2,695,244	-
TOTAL OTHER GOVERNMENTAL LIABILITIES							27,117,805	1,730,962
TOTAL GOVERNMENTAL LIABILITIES							69,552,805	4,115,962

In the Statement of Net Position, the general obligation bonds payable are reported net of unamortized premiums and discounts of \$3,640,315.

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SCHEDULE OF DEBT SERVICE FOR GOVERNMENTAL ACTIVITIES			
YEAR ENDING DECEMBER 31	PRINCIPAL	INTEREST	TOTAL
2018	\$ 2,476,436	\$ 1,680,364	\$ 4,156,799
2019	\$ 2,566,950	\$ 1,612,248	\$ 4,179,198
2020	\$ 2,447,470	\$ 1,527,241	\$ 3,974,711
2021	\$ 2,582,994	\$ 1,442,391	\$ 4,025,386
2022	\$ 2,483,524	\$ 1,349,387	\$ 3,832,912
2023-2027	\$ 12,454,506	\$ 5,274,346	\$ 17,728,852
2028-2032	\$ 6,160,000	\$ 3,393,273	\$ 9,553,273
2033-2037	\$ 6,280,000	\$ 2,201,222	\$ 8,481,222
2038-2042	\$ 3,345,000	\$ 1,128,000	\$ 4,473,000
2043-2045	\$ 2,440,000	\$ 248,000	\$ 2,688,000
TOTAL	\$ 43,236,880	\$ 19,856,472	\$ 63,093,352

Business-Type Activities

Long-term liabilities of the City’s business-type activities consist of 1) revenue 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, 5) Capital Leases 6) Net Other Post-Employment Benefits (OPEB), 7) Net Pension Liability and 8) Local Improvement Districts (LID’s) with commitments. The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section of this note). Following the discussion is a table of Long Term Business Type Liabilities and Debt which includes changes to long-term liability activities for 2017.

Revenue Bonds and General Obligation Bonds – Revenue Bonds issued to finance the construction and acquisition of major capital facilities and infrastructure in the City’s utilities 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.

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 two Department of Ecology loans to 1) develop the Storm Water Comprehensive Plan and 2) retrofit and relocation of the decant facility. The Wastewater Fund completed the Aeration Basin Project utilizing a Department of Ecology Recovery Act Loan. The Broadband fund utilized a local agency fund to finance a portion of the fiber network.

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 regulations require that the City place a final cover on its landfill once its capacity is depleted. The City is also required to perform maintenance and environmental monitoring 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. While monitoring and maintenance activities are taking place on the first phase area, true post closure care will not commence until both phases are closed. As of the end of 2017, the landfill volume used was 90%. 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, 2017, the City had sufficient funds set aside to fund the projected \$3,552,300 construction costs of the second phase closure infrastructure and provide approximately 25% of the post-closure care. Cash and investments of \$4,372,828 or 63.68% of required reserves, have been accumulated as of December 31, 2017. The post-closure care of the current landfill site is estimated to cost \$3,315,000 in current dollars. The additional \$2,494,472 of reserves necessary to complete the 30 years of post-closure care will be funded through operations.

During 2015, the opportunity to provide interim funding to the Streets Capital Construction Fund for one of their projects was taken. By providing the funding, the reserve gains an investment opportunity that provides a rate of return greater than current LGIP rates. Interest accrues annually, but will be paid when the loan is retired. During 2017, \$860,404 of funds were contributed to the existing loan, bringing the balance to \$1,673,389, including accrued interest. This amount is reflected in the cash and investments total above.

The City's waste management software tracked 64,291 tons of waste accepted in 2017. The current year expense for the related use of available volume was \$259,993. Also during 2017, the estimate of closure cost was updated, which resulted in the recognition an additional expense of \$154,293.

Capital Leases – The City has two capital leases for a pumper trucks and a wildlands brush truck. For more information on capital leases, see Note 6 to the financial statements.

Net OPEB Obligation – As noted in the governmental activities section, the City reported an overall increase in Net OPEB Obligation of \$941,391 in 2017. Of this amount, a decrease of \$116,970 arose from business-type activities. As of December 31, 2017, the City's cumulative Net OPEB obligation is \$12,656,113, of which \$2,305,549 is allocated to business-type activities. Net OPEB Obligation at year end is included in the following table.

Net Pension Liability – GASB 68 became effective with the 2015 CAFR. As such the City is required to report a proportionate share of the State's pension liability from the PERS 1, PERS 2 and 3, LEOFF 1 and LEOFF 2 State Pension Plans. PERS 1 and PERS 2/3 Plans have Net Pension Liabilities (NPL) that are reflected in the following table. The City's share of the Net Pension Liability for PERS 1 and PERS 2/3 is \$19,117,144 of which \$9,333,134 is allocated to business-type activities based on contributions of each fund. Governmental Funds are only reported on the Statement of Net Position however proprietary funds have recorded their share of the liability in the fund financial statements.

Special Assessment Debt – The City has three LID's with commitments. LID 192 Hunt LID and LID 193 Saint St. are in the Special Assessment Debt Service Fund. As of December 31, 2017, the City's debt for these LID's

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is \$290 and \$16,395 respectively. The City also issued 2017 ULID bonds in the Water and Sewer Funds to finance improvements related to Reata LID 197. The Water and Sewer Funds are fully obligated to repay the bonds. Current and delinquent assessments receivable in the Water and Sewer Funds are disclosed in Note 1 under the heading "Assessments".

The following tables provide a comprehensive record of all long-term liabilities for business-type activities as of December 31, 2017:

SCHEDULE OF LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES								
REVENUE BONDS								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2017	DUE WITHIN ONE YEAR
2007-Electric Refunding & Capital Improvements	4.00%-5.00%	11/1/2036	25,775,000	19,210,000		2,035,000	17,175,000	2,130,000
2009-Electric Revenue -Capital Improvements	1.21%-6.37%	11/1/2039	11,200,000	9,480,000		265,000	9,215,000	270,000
2013 A Electric Revenue Refunding	.50%-2.50%	11/1/2020	925,000	900,000		10,000	890,000	10,000
2013 B Electric Revenue-Capital Improvement and Refunding	2.00%-5.00%	11/1/2042	19,455,000	17,785,000		545,000	17,240,000	575,000
2015 Electric Utility Revenue Bonds	2.00%-4.75%	11/1/2045	19,435,000	19,435,000		-	19,435,000	-
2009-Water/Sewer Improvement & Refunding	2.50%-5.125%	12/1/2038	21,975,000	11,255,000		5,215,000	6,040,000	1,520,000
2012 Water Wastewater Improvement & Refunding	2.00%-4.00%	11/1/2034	7,540,000	6,705,000		285,000	6,420,000	300,000
2014 Waterworks Revenue & Refunding	2.00%-4.00%	11/1/2023	9,985,000	8,495,000		-	8,495,000	1,400,000
2017 Wasteworks Utility Revenue & Refunding Bonds	2.00%-5.00%	11/1/2042	12,455,000	-	12,455,000	15,000	12,440,000	20,000
TOTAL REVENUE BONDED DEBT							97,350,000	6,225,000
GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2017	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1999 SolidWaste Bond)	2.00% - 2.25%	12/1/2019	1,205,000	385,000		125,000	260,000	125,000
2010 LTGO Refunding (1998 LTGO Refund, 1996 Golf Course Ref)	2.00%- 4.30%	12/1/2039	4,460,000	3,875,000		100,000	3,775,000	105,000
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	890,000		75,000	815,000	75,000
TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES							6,050,000	305,000

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OTHER BUSINESS-TYPE LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2017	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2017	DUE WITHIN ONE YEAR
PWTF #PW-00-691-047 Water Leak Program (Replace Aging Water Lines)	1.00%	7/1/2020	6,432,914	1,357,587		339,397	1,018,190	339,397
PWTF #PW-03-691-020 Water Main Replacement	0.50%	7/1/2023	8,755,000	3,546,631		506,663	3,039,968	506,661
DWSRF Loan #02-65102-039 Rchld Wellfield Disinfection	1.00%	10/1/2023	1,984,802	812,914		116,132	696,782	116,130
DWSRF Loan #02-65102-040 Rchld Wellfield Capacity	1.00%	10/1/2023	978,117	402,755		57,537	345,218	57,536
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	1.50%	10/1/2024	580,000	290,000		36,250	253,750	36,250
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	1.50%	10/1/2029	3,030,000	2,086,704		160,515	1,926,189	160,516
#L1400029 Dept. of Ecology Loan for Decant Facility Retrofit & Relocation	1.10%	6/30/2020	400,258	314,120		88,518	225,602	89,497
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	4.30%	3/1/2024	145,776	71,781		8,299	63,482	8,661
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	2.90%	5/27/2031	1,538,338	1,207,499		67,988	1,139,511	69,987
HAEIF Loan #58-01-01 - Broadband Fund -Fiber Network	3.00%	7/1/2021	200,000	143,523		42,012	101,511	14,434
Loan from Fire Pension Fund (LID 192 Hunt LID)		8/10/2025	46,045	3,130		2,840	290	290
Loan from Fire Pension Fund (LID 193 Saint St)		1/5/2025	67,053	19,250		2,855	16,395	2,850
Liability for Landfill Closure			N/A	5,515,999	414,285		5,930,284	
Interfund Loan for Purchase of John Deere Loader			74,776	5,424		5,424	-	
Compensated Absences			N/A	2,209,273	1,534,093	1,727,988	2,015,378	1,007,689
Net Pension Liability- State PERS/LEOFF Plans			N/A	12,749,594		3,416,460	9,333,134	
Net OPEB Obligation- City Post Emp Healthcare			N/A	2,422,519		116,970	2,305,549	
Capital Lease #5520-002 BOA Pumper Truck			448,762	42,638		42,638	-	
Capital Lease #001-00539-2363615-9001 Zion Bank, Wildland			343,464	157,365		36,560	120,805	38,354
Capital Lease #202415000 - 2017 Pierce Enforcer Pumper Truck			632,812	-	632,812		632,812	118,979
TOTAL OTHER BUSINESS-TYPE LIABILITIES							29,164,850	2,567,231
TOTAL BUSINESS-TYPE LIABILITIES							132,564,850	9,097,231

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, 2017, 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	\$ 2,985,000	\$ 1,762,770	\$ 1,362,231	\$ 125,000	\$ 115,000	\$ 105,000	\$ 75,000	\$ 6,530,000
Long-Term Portion	\$ 60,970,000	\$ 17,586,105	\$ 11,708,895	\$ 135,000	\$ 860,000	\$ 3,670,000	\$ 1,940,000	\$ 96,870,000
Net unamortized premiums and discounts	\$ 3,954,722	\$ 1,895,237	\$ 1,302,677	\$ 7,947	\$ 115,413	\$ 57,880	\$ (29,632)	\$ 7,304,245
Net Long-Term Portion	\$ 64,924,722	\$ 19,481,342	\$ 13,011,572	\$ 142,947	\$ 975,413	\$ 3,727,880	\$ 1,910,368	\$104,174,245
Total Reported Liability	\$ 67,909,722	\$ 21,244,112	\$ 14,373,802	\$ 267,947	\$1,090,413	\$ 3,832,880	\$ 1,985,368	\$110,704,245

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

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SCHEDULE OF DEBT SERVICE FOR BUSINESS TYPE ACTIVITIES			
YEAR ENDING DECEMBER	Principal	Interest	Total
2018	8,086,402	4,827,850	12,914,251
2019	8,200,446	4,530,602	12,731,049
2020	8,214,741	4,231,387	12,446,127
2021	8,070,827	3,933,347	12,004,175
2022	6,885,327	3,612,488	10,497,814
2023-2027	18,030,600	15,328,413	33,359,013
2028-2032	19,810,478	11,321,696	31,132,175
2033-2037	20,330,000	6,490,393	26,820,393
2038-2042	11,755,000	2,394,441	14,149,441
2043-2045	3,580,000	332,250	3,912,250
TOTAL	\$ 112,963,821	\$ 57,002,867	\$169,966,688

A table for waterworks parity debt is presented below.

Table for Waterworks (Water, Sewer, Stormwater) Parity Debt						
	2017	2016	2015	2014	2013	2012
Gross Revenue	28,016,663	27,676,910	26,871,768	26,116,348	25,341,395	24,420,238
Less Operating Expenses	13,344,677	15,268,317	13,517,407	13,224,346	13,159,683	12,545,694
Net Amount Available For Debt Service	14,671,986	12,408,593	13,354,361	12,892,002	12,181,712	11,874,544
Total Annual Debt Service	4,320,347	4,185,638	4,188,047	3,332,256	4,439,800	4,449,689
Water/Sewer Debt Coverage	3.40	2.96	3.19	3.87	2.74	2.67

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, 2017, the City’s accrued vacation, PTO and sick leave amounted to \$5,294,429. This amount includes \$468,207 of internal services funds that are allocated within the business-type activities.

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

NOTE 5. FINANCIAL GUARANTEES AND PLEDGED REVENUES

In 2015 the City worked with the Richland Public Facility District (PFD) to complete a current refunding of \$5,280,000 of the district’s outstanding 2004 limited tax general obligation bonds. The City was involved in the refunding because debt service on the 2004 bonds was guaranteed by the City through a “Contingent Loan Agreement”, dated January 13, 2004, between the City and the PFD, whereby the City irrevocably pledged its full faith, credit and resources to make loans to the PFD in the event that the PFD could not meet the payments on the bonds. The City agreed to a new contingent loan agreement with the PFD to offer the same guarantee for the 2015 bond issue. 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, 2017, the outstanding principal of the PFD’s 2015 General Obligation refunding bonds is \$4,580,000.

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 2017, 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 11.6% and 29.3%, respectively.

NOTE 6. LEASE COMMITMENTS

Operating Leases - The City has utilized an operating lease as a competitive alternative for purchasing and maintaining certain equipment. Currently, the City has an operating lease for a Pitney Bowes Inserter/Postage machine. Total cost for this lease was \$17,357 for year ended December 31, 2017.

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

OPERATING LEASE		
YEAR	Pitney Bowes Sorter/Inserter Postage	TOTAL LEASE PAYMENTS PER YEAR
2018	30,749	30,749
TOTAL	\$ 30,749	\$ 30,749

Capital Leases - The City utilized lease agreements to finance certain pieces of equipment. These leases qualify as capital leases for accounting purposes, therefore they have been recorded at the present value of their future minimum lease payments as of the inception date. There were two active capital leases as of December 31, 2017.

Assets acquired through capital leases are as follows:

LEASED ASSETS - BUSINESS-TYPE ACTIVITIES	
WILDLAND BRUSH TRUCK	\$ 343,464
ENFORCER PUMPER TRUCK	632,479
LESS ACCUMULATED DEPRECIATION	(160,283)
TOTAL	\$ 815,660

The future minimum lease obligation and the net present value for these minimum lease payments as of December 31, 2017, were as follows:

CAPITAL LEASES - BUSINESS-TYPE ACTIVITIES			
YEAR	WILDLAND BRUSH TRUCK	ENFORCER PUMPER TRUCK	TOTAL LEASE PAYMENTS PER YEAR
2018	\$ 44,286	\$ 138,533	\$ 182,819
2019	44,286	138,533	182,819
2020	44,286	138,533	182,819
2021	-	138,533	138,533
TOTAL MINIMUM LEASE PAYMENTS	\$ 132,858	\$ 554,132	\$ 686,990
LESS: INTEREST	(12,053)	(55,699)	(67,752)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	\$ 120,805	\$ 498,433	\$ 619,238

NOTE 7. INTERFUND TRANSFERS

The following table provides a summary of interfund transfers for the year ended December 31, 2017.

Transferred From...	Transferred To...				
	General Fund	Other Governmental Funds	Other Enterprise Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 2,602,286	\$ 781,000	\$ 275,526	\$ 3,658,812
Other Governmental Funds	831,534	6,159,048	749,882	-	7,740,464
Major Enterprise Funds	-	438,488	55,000	383,188	876,676
Other Enterprise Funds	-	25,177	-	85,185	110,362
Total	\$ 831,534	\$ 9,224,999	\$ 1,585,882	\$ 743,899	\$ 12,386,314

In 2017, the City’s enterprise operations paid a total of \$9,451,955 in Occupation Taxes to the City’s General and Streets 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 and Street Fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance are different by this amount.

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 From...		Transferred To...			
		General Fund	Other Governmental Funds	Other Enterprise Funds	Total
			Streets	Medical Services	
General Fund		\$ -	\$ 349,751	\$ 550,000	\$ 899,751
Other Governmental Funds	Industrial Development	174,260	-	-	174,260
	Criminal Justice	64,389	-	-	64,389
	Hotel/Motel Tax	98,527	-	-	98,527
Total		\$ 337,176	\$ 349,751	\$ 550,000	\$ 1,236,927

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Purpose: Debt service and/or contributions toward capital and other improvements													
Transferred From...		Transferred To...											
		General Fund	Other Governmental Funds							Other Enterprise Funds		Internal Service Funds	Total
			Industrial Development	LTGO Bonds Debt Service	Fire Station 74 Debt Service	Street Construction	Park Project Construction	General Govt Construction	Reata Rd LID#197	Broadband	Golf Course	Equipment Replacement	
General Fund		\$ -	\$ -	\$ 556,013	\$ 238,582	\$ 1,000,945	\$ (1,665)	\$ 458,660	\$ -	\$ 231,000	\$ -	\$ 275,526	\$ 2,759,061
Other Governmental Funds	Park Reserve	-	-	59,975	-	-	50,000	-	-	-	-	-	109,975
	Industrial Development	-	-	-	-	3,718,858	60,000	308,000	-	583,882	-	-	4,670,740
	Criminal Justice Sales Tax	192,358	-	-	-	-	91,000	-	-	-	-	-	283,358
	Hotel/Motel Tax	-	-	-	-	-	92,213	-	-	-	-	-	92,213
	CDBG	-	-	-	-	119,485	-	-	-	-	-	-	119,485
	Capital Improvement	302,000	33,754	457,563	-	485,000	470,000	213,200	-	-	166,000	-	2,127,517
Electric Fund		-	-	-	-	-	-	-	-	30,000	-	315,000	345,000
Water Fund		-	-	-	-	-	-	-	227,093	20,000	-	-	247,093
Sewer Fund		-	-	-	-	-	-	-	211,395	5,000	-	68,188	284,583
Other Enterprise Funds	Solid Waste	-	-	-	-	-	-	-	-	-	-	85,185	85,185
	Broadband	-	-	25,177	-	-	-	-	-	-	-	-	25,177
Total		\$ 494,358	\$ 33,754	\$ 1,098,728	\$ 238,582	\$ 5,324,288	\$ 761,548	\$ 979,860	\$ 438,488	\$ 869,882	\$ 166,000	\$ 743,899	\$ 11,149,387

NOTE 8. 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 161 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 [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members’ deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members’ deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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, reinsurance and other 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 \$1,088,513 in premiums for coverage in 2017.

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 QBE Insurance Corporation. 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 Cigna Health and Life Insurance Company. Stop Loss coverage is provided by QBE Insurance Corporation. The Stop Loss premium was \$456,796 in 2017, of which \$48,252 was allocated to retiree coverage 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 Plan 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 for estimated claims outstanding at year end and the related administrative expense. The reserve was increased by \$15,174 in 2017 and is based on an estimated sixteen weeks of fund expense.

As of December 31, 2017, the estimated claims reserve has \$3,106,822 set aside for estimated claims liabilities. Settlements have not exceeded available resources for these benefits in the previous three years.

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The following is a reconciliation of changes in the aggregate liabilities for healthcare claims for the fiscal years 2015 through 2017:

EMPLOYEE HEALTHCARE BENEFITS					
Year	Claims Liability January 1	Annual Claims Incurred	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Paid	Incurred But Not Reported Claims Estimate at Year End
2017	3,091,648	7,874,374	15,174	7,874,374	3,106,822
2016	2,798,377	7,343,516	293,271	7,343,516	3,091,648
2015	2,143,377	7,496,860	655,000	7,496,860	2,798,377

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. 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. 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 (\$2,250 and \$4,500 annually). This account is for unreimbursed health expenses as needed by employees 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 which provides up to three free counseling sessions annually for all employees.

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, Midwest Employers 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 \$130,157 and \$21,480, respectively set aside in reserves for potential incurred but not reported claims.

The following tables reflect a reconciliation of changes in the aggregate liabilities for claims for the fiscal years 2015 through 2017:

WORKERS COMPENSATION CLAIMS					
Year	Claims Liability January 1	Annual Claims Incurred	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Paid	Incurred But Not Reported Claims Estimate at Year End
2017	139,313	536,644	9,156	536,644	130,157
2016	112,370	692,655	26,973	692,655	139,313
2015	111,049	564,221	1,321	564,221	112,370

UNEMPLOYMENT CLAIMS					
Year	Claims Liability January 1	Annual Claims Incurred	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Paid	Incurred But Not Reported Claims Estimate at Year End
2017	38,453	103,640	(16,974)	103,640	21,470
2016	16,371	179,056	(22,083)	179,056	38,453
2015	16,504	67,283	(133)	67,283	16,371

NOTE 9. 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 post-employment benefits (OPEB) expense related to its post-employment 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 \$5,000,793 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, 2017 balance sheet for the Post Employment Healthcare Plan Fund. The decrease in Net OPEB obligation for 2017 was \$363,148.

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.

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, 2013, the eligibility criterion for the plan was as 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. Employees who leave the City and do not elect to participate in the plan immediately following termination are not eligible for future benefits.

Changes to the Plan

The OPEB plan was closed to new participants December 31, 2012. In an effort to reduce the size and scope of the plan, the City offered active participants in the OPEB plan an opportunity to opt out of the existing plan and receive a contribution to a Retiree Health Savings (RHS) account equal to 1% of annual salary for each year in the plan since 2003. The City will continue to fund the RHS accounts with a 1% salary contribution annually and the employee is required to contribute ½% of annual salary to the plan. Effective January 1, 2013, all eligible new employees will participate in the RHS 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. The efforts to reduce plan participants has been effective and the number of active participants since 2013 has been reduced by fifty five percent. The following table reflects the change in active plan participants, retirees and beneficiaries, and the amount of opt out payments made from reserves in the plan.

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	2013	2014	2015	2016	2017
Active Participants	293	219	146	131	123
Retirees & Beneficiaries	91	84	82	86	78
Opt out Payments	\$ 285,469	\$ 307,660	\$ 274,338	\$ 228,621	\$ -

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 Emp - OPEB Plan	1% Salary	\$5,000 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	1/2% Salary	1% Salary	20 Hours	40 Hours

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, 2017, the City contributed \$416.67 monthly per eligible active employee to the program. The City’s total contribution to the plan in 2017 was \$1,190,838 (\$632,088 post retirement contributions and \$558,750 from reserves). The retiree required contribution to the plan was \$374.85 (Single) or \$749.70 (with spouse) per month, for retirees enrolled in the Open Access Plan 2 (OAP2) plan or \$767.37 (single/or married) per month for retirees enrolled in the OAP3 plan. Retired plan members paid premium payments totaling \$330,554 in 2017.

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 table 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, 2017.

Components of Annual OPEB Cost	
Annual Required Contribution (ARC)	\$ 921,734
Interest on net OPEB obligation	187,738
Adjustment to annual required contribution	<u>(281,782)</u>
Annual OPEB cost (expense)	827,690
Employer Contributions	<u>(1,190,838)</u>
Change in net OPEB obligation	(363,148)
Net OPEB obligation - Beginning of Year	<u>5,363,941</u>
Net OPEB obligation - End of Year	<u>\$ 5,000,793</u>

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 Contribution	Net OPEB Obligation
12/31/2015	904,142	696,981	77.09%	5,439,186
12/31/2016	872,691	947,936	108.62%	5,363,941
12/31/2017	827,690	1,190,838	143.87%	5,000,793

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, 2017 follows:

Actuarial Accrued Liability (AAL) - Entry Age Normal	11,168,807
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>11,168,807</u>
Funded Ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered Payroll	9,589,000
UAAL as a Percentage of Covered Payroll	116.48%

*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, 2017 by Healthcare Actuaries. 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 2022.

The January 1, 2018 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 3.50% investment rate of return (net of administrative expense) and an initial annual healthcare cost trend rate of 7.0% for pre-Medicare expenses, to an ultimate rate of 3.84% after 58 years. The trend for the Excise Tax threshold is 0% until 2022, when a trend rate of 3.24% 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.

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, 2017.

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

The City of Richland provides postemployment 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 10.

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 Cigna is the 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, 2017, there were 31 retired police officers and 29 retired fire fighters collecting health care benefits from the LEOFF I OPEB plans. The total cost for this post-employment benefit was \$727,622 for Police and \$363,232 for Fire in 2017. 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 2017 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, 2017, there was \$578,319 in the Fire Pension Fund, and \$222,864 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, 2017.

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).

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, 2017.

Change in Net OPEB Obligation For Fiscal Year Ending 12/31/17		
	Fire	Police
Annual Required Contribution (ARC)	\$ 1,298,096	\$ 1,533,090
Interest on net OPEB obligation	118,266	119,889
Adjustment to annual required contribution	<u>(370,125)</u>	<u>(303,823)</u>
Annual OPEB cost (expense)	1,046,237	1,349,156
Employer Contributions	<u>(363,232)</u>	<u>(727,622)</u>
Change in net OPEB obligation	683,005	621,534
Net OPEB obligation - Beginning of Year	<u>3,153,748</u>	<u>3,197,033</u>
Net OPEB obligation - End of Year	<u>\$ 3,836,753</u>	<u>\$ 3,818,567</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				
12/31/2015	1,363,521	308,846	22.65%	2,154,091
12/31/2016	1,273,604	273,947	21.51%	3,153,748
12/31/2017	1,046,237	363,232	34.72%	3,836,753
Police OPEB Plan				
12/31/2015	1,624,129	627,096	38.61%	2,040,387
12/31/2016	1,564,549	407,903	26.07%	3,197,033
12/31/2017	1,349,156	727,622	53.93%	3,818,567

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Funding Status

The funded status of the Police and Fire OPEB Plans as of December 31, 2017 follows:

Funded Status of the Plan	Fire	Police
Actuarial Accrued Liability (AAL) - Entry Age Normal	\$11,298,216	\$16,015,305
Actuarial Value of Plan Assets	578,319	222,864
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 10,719,897</u>	<u>\$ 15,792,441</u>
Funded Ratio	5.1%	1.4%
Covered Payroll	\$ -	\$ 92,392
UAAL as a Percentage of Covered Payroll	N/A	17093%

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, 2017. Separate evaluations were performed for both the Police and Fire Pension OPEB Plans. A list of changes since the prior valuation follow:

- 1) Updated claim cost assumptions and retiree contributions;
- 2) Updated trend assumptions based on experience and future expectations;
- 3) Updated the discount rate from 3.75% to 3.50%;
- 4) Updated the mortality based on a more-recent mortality study;
- 5) Changed the inception of the Excise Tax from 2018 to 2022; and
- 6) Updated the census data.

Actuarial methods and assumptions used to complete the 2017 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
Discount Rate	3.50%
Health Care Cost Trend for 2017	6%
Trending down over 61 years- ultimate rate 3.8%	6.0%-3.8%
Healthy Mortality – RPH-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 10. PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2017:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (22,019,444)
Pension assets	\$ 8,044,456
Deferred outflows of resources	\$ 3,558,834
Deferred inflows of resources	\$ (5,701,238)
Pension expense/expenditures	\$ 62,530

State Sponsored Pension Plans

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 and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained from:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

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

Public Employees’ Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January - June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%
July - December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – June 2017:		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%
July – December 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0,18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%

The City’s actual PERS plan contributions were \$1,335,329 to PERS Plan 1 and \$1,827,764 to PERS Plan 2/3 for the year ended December 31, 2017.

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

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2017. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2017:		
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
July – December 2017:		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%
July – December 2017:		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%

The City’s actual contributions to the plan were \$735,325 for the year ended December 31, 2017.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2017, the state contributed \$62,155,262 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$450,580.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2007-2012 Experience Study and the 2015 Economic Experience Study.

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

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$12,098,865	\$9,931,828	\$8,054,710
PERS 2/3	24,746,202	9,185,316	(3,564,522)
LEOFF 1	(1,441,124)	(1,942,831)	(2,373,682)
LEOFF 2	1,320,383	(6,101,625)	(12,148,767)

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a total pension liability of \$19,117,144 and a total pension asset of (\$8,044,456) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$9,931,828
PERS 2/3	9,185,316
LEOFF 1	(1,942,831)
LEOFF 2	(6,101,625)

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The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(\$1,942,830)	(\$6,101,625)
State's proportionate share of the net pension asset associated with the employer	(13,141,258)	(3,958,011)
TOTAL	(15,084,088)	(10,059,636)

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

Plans	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	0.222982%	0.209308%	-0.013674%
PERS 2/3	0.277811%	0.264362%	-0.013449%
LEOFF 1	0.126016%	0.128052%	0.002036%
LEOFF 2	0.450464%	0.439701%	-0.010763%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2017. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2017, the state of Washington contributed 39.35 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.65 percent of employer contributions.

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

Pension Expense

For the year ended December 31, 2017, the City recognized pension expense as follows:

	Pension Expense
PERS 1	(\$112,299)
PERS 2/3	1,129,839
LEOFF 1	(331,998)
LEOFF 2	168,022
TOTAL	853,564

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS PLAN 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(370,628)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	692,449	-
TOTAL	692,449	(370,628)

PERS PLAN 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	930,689	(302,089)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,448,584)
Changes of assumptions	97,565	-
Changes in proportion and differences between contributions and proportionate share of contributions	42,387	(576,822)
Contributions subsequent to the measurement date	1,003,246	-
TOTAL	2,073,888	(3,327,495)

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LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(180,534)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	-	(180,534)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	268,178	(231,384)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,369,858)
Changes of assumptions	7,347	-
Changes in proportion and differences between contributions and proportionate share of contributions	104,918	(211,308)
Contributions subsequent to the measurement date	390,659	-
TOTAL	771,103	(1,812,550)

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,198,867	(533,473)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,369,604)
Changes of assumptions	104,913	-
Changes in proportion and differences between contributions and proportionate share of contributions	147,306	(788,130)
Contributions subsequent to the measurement date	2,086,354	-
TOTAL	3,537,439	(5,691,207)

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Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2018	\$ (250,521)	\$ (1,093,377)	\$ (113,300)	\$ (670,805)
2019	79,093	177,901	30,557	101,028
2020	(18,365)	(287,592)	(12,202)	(135,513)
2021	(180,836)	(1,063,400)	(85,589)	(641,445)
2022		4,181		(15,245)
Thereafter		5,435		(70,126)

Local Governments Pension Trust Funds

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 9. 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, 2017, there are only retirees in these plans as the last active LEOFF 1 employee retired in 2015.

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 2 participants elected by participants in the plan.

The LEOFF 1 Fire and Police Pension Plans are included in the fiduciary fund financial statements of the City and Net Pension Liability (NPL) is reported for both plans in the Statement of Net Position.

As of December 31, 2017, there was \$410,833 in the Fire Pension Fund, and \$160,165 in the Police Pension Fund, restricted for pension benefits. Membership in the Pension Plan as of December 31, 2017 is comprised of 39 Fire retirees and beneficiaries and 36 Police retirees and beneficiaries.

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Membership Composition:	Firemens Pension	Police Pension
No. of retirees/Beneficiaries	39	36
No. Fully vested	39	36
No. Receiving Full Pension/Medical Benefits	16	16
No. Receiving Medical Benefits Only	13	16
No. Receiving Pension Benefits Only	10	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, 2017, the annual money weighted rate of return on Fire and Police Pension plan investments, net of pension plan investment expense, was 5.34% and 6.59% respectively. 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 inter-fund loans receivable. Investments are reported at quoted market price at year end.

The value of investments for both plans as of December 31, 2017 follows:

Investment Composition	Fire Pension	Police Pension
Lord Abbet Mutual Funds	486,290	251,019
CD Gesa Credit Union	200,000	
Federal Home Loan Bank	98,824	

The Plans also invest cash assets in short term inter-fund loans that pay higher yields than pooled investments and certificates of deposit. As of December 31, 2017 the Fire Pension Plan had the following loan balances outstanding:

Interfund Loans Receivable			
Outstanding Balance as of 12/31/17	Payable to	Payable From	Interest Rate
16,685	Fire 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, currently the City receives a contribution from the State for Fire Insurance Premium Tax. 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 pension plan. 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, 2017 are as follows:

Net Pension Liability	Fire Pension December 31, 2017	Police Pension December 31, 2017
Total Pension Liability	1,494,982	1,978,316
Less: Plan Fiduciary Net Pension	410,833	160,165
Net Pension Liability	1,084,149	1,818,151
Plan Fiduciary Net Position as a percentage of the total Pension Liability	27.48%	8.10%

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The following schedule describes the changes to the Net Pension Liability during 2017:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - 2017				
	Fire		Police	
<u>Total Pension Liability</u>				
Service Cost	\$	-	\$	-
Interest		87,993		133,349
Changes of benefit terms		-		-
Differences between expected and actual experience		(208,186)		(658,565)
Changes of assumptions		(58,767)		(69,702)
Benefit payments, included refunds of employee contributions		(171,820)		(187,470)
Net change in total pension liability		(350,780)		(782,388)
Total pension liability - beginning		1,845,762		2,760,704
Total pension liability - ending (a)	\$	1,494,982	\$	1,978,316
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$	122,651	\$	163,564
Contributions - employee		-		-
Net investment income		22,190		10,707
Benefit payments, including refunds of employee contributions		(171,820)		(187,470)
Administrative expense		(5,335)		(2,339)
Other		-		-
Net change in plan fiduciary net position		(32,314)		(15,538)
Plan fiduciary net position - beginning		443,147		175,703
Plan fiduciary net position - ending (b)		410,833		160,165
City's net pension liability - ending (a) - (b)	\$	1,084,149	\$	1,818,151
Plan fiduciary net position as a percentage of the total pension liability		27.48%		8.10%
Covered-employee payroll	\$	-	\$	-
City's net pension liability as a percentage of covered-employee payroll		n/a		n/a

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Pension Expense

For the year ended December 31, 2017, the City recognized pension expense as follows:

Fire Pension (\$314,406)
 Police Pension (\$762,843)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

FIRE PENSION	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	13,636	(5,602)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 13,636	\$ (5,602)

POLICE PENSION	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	7,758	(4,429)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 7,758	\$ (4,429)

Amounts reported as deferred outflows and deferred inflows of resources related to Fire and Police pensions will be recognized in pension expense as follows:

Year Ended December 31	FIRE PENSION	POLICE PENSION
2018	2,667	1,429
2019	2,668	1,428
2020	2,978	986
2021	(279)	(514)
2022		

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, 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%
Amortization period	10 Years

The assumption for long-term expected rate of return on pension plan investments is 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 5.00%. 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:

City's Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
Fire Net Pension Liability	1,187,785	1,084,149	992,954
Police Net Pension Liability	1,995,553	1,818,151	1,665,727

Actuarial Assumptions

The most recent actuarial study for both the Fire and Police Pension plans was performed by Healthcare Actuaries as of January 1, 2018. All actuarial assumptions were consistent with the previous actuarial study.

Financial Statement

Financial statements for the Fire Pension Fund and the Police Pension 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 11. 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 2031 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 a utility responsibility with the option to contract with BPA or non-Federal 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 54 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, 21 NRU members established a new entity, Northwest Energy Management Systems (NEMS), to provide administrative and non-Federal power management services. NEMS members include municipalities, public utility districts, and rural cooperatives. In order to accommodate State and organizational legal mandates, the member utilities created two additional entities 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 that allow NEMS to provide all of their necessary administrative functions required to procure non-Federal resources. 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 took 50% of its FY2012-FY2014 Tier 2 power requirements from the Shell pool; the remaining 50% was 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. If loads grow beyond current expectations, NEMS members have the option to acquire non-Federal power through NESC and NIES resource-specific pools. 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 12. 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.

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 involving allegations of negligence/personal injury and one lawsuit involving allegations of an adverse employment action 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 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 13. SUBSEQUENT EVENTS

Debt Issuance

In April 2018, the City closed on an Electric Fund bond issue to fund projects in the City's Capital Improvement Plan and refinance all outstanding 2007 Electric bonds. Electric Revenue and Refunding bonds with a par amount of \$19,800,000 will provide \$5.6 million needed to finance the City's Electric Utility system capital improvements through 2019. The bonds also refunded \$17,175,000 par value 2007 Electric Utility Revenue & Refunding bonds plus accrued interest.

NOTE 14. SERVICE CONCESSION ARRANGEMENTS

The City has identified one agreement that meets the criteria in GASB Statement 60 for reporting as a Service Concession Arrangement (SCA); the Horn Rapids ORV Park. 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 capital asset balances at acquisition value 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 \$2,878,371 at year end, and reports a deferred inflow of resources in the amount of \$1,760,100 related to the structures that have been constructed by HRMC.

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NOTE 15. 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)		
<u>Balance Sheet Description</u>	<u>Amount</u>	<u>Purpose</u>
Restricted For:		
Capital Improvements	3,398,023	Real Estate Excise Tax restricted for capital improvements
	1,082,906	Acquisition and development of public open space (parks)
	13,716,913	Unspent bond proceeds for Swift Blvd corridor/City Hall Improvements
	130,965	Restricted by franchise agreement for cable broadcast equipment
	<u>18,328,807</u>	
Public Safety	1,584,815	Criminal Justice Sales Tax restricted to Criminal Justice purposes
	43,110	Police confiscations
	<u>1,627,925</u>	
Economic Environment	154,216	Improvements in RAISE area to spur economic development
	213,467	Contingency for performance of Hanford Reach Interpretive Center
	1,166,234	Lodging Tax proceeds restricted for tourism promotion
	1,282,700	HUD Program for owner occupies housing rehabilitation
	1,560,467	HUD Program for home down payment assistance
	17,853	Restricted for public art
	<u>4,394,937</u>	
Transportation	<u>2,812</u>	Transportation Improvement District tab fees for bridge & street improvements
	2,812	
Other Purposes	23,658	Administration of ICMA deferred compensation plans
	73,315	Police Operations
	<u>96,973</u>	
Committed For:		
Capital Improvements	452,951	Library capital improvements
	885,369	Park construction projects
	172,031	Streets construction projects
	914,461	Swift Blvd corridor/City Hall Improvements
	<u>2,424,812</u>	
Public Safety	69,917	Police Operations
	25,000	Police - Narcotics investigations
	103,574	Fire Equipment
	<u>198,491</u>	
Economic Environment	104,719	Commercial Improvement Program
	2,679,795	Industrial Development
	<u>2,784,514</u>	
Assigned To:		
Public Safety	103,831	Police operations and special projects
	130	Fire Department operations
	<u>103,961</u>	
Transportation	<u>228,633</u>	Maintenance of streets and rail infrastructure
	228,633	





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 POSTEMPLOYMENT HEALTHCARE PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ -	\$ 11,396,659	\$ 11,396,659	0.00%	\$ 28,016,000	40.68%
1/1/2015	-	12,409,718	12,409,718	0.00%	16,337,048	75.96%
1/1/2017	-	11,379,824	11,379,824	0.00%	9,589,000	118.68%

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 offered periodic opt-out provisions that transferred a portion of plan assets, based on participants’ 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, 2017 by Healthcare Actuaries.

The 2017 study included the following changes:

- 1) Updated claim cost assumptions and retiree contributions;
- 2) Updated trend assumptions based on experience and future expectations;
- 3) Updated the discount rate from 3.75% to 3.50%
- 4) Updated the mortality based on a more-recent mortality study;
- 5) Changed the inception of the Excise Tax from 2018 to 2022; and
- 6) Updated the census data

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.

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SCHEDULE OF FUNDING PROGRESS FOR FIRE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 529,994	\$ 5,055,143	\$4,525,149	10.5%	\$ -	n/a
1/1/2015	538,090	13,127,776	12,589,686	4.1%	-	n/a
12/31/2017	578,319	11,298,216	10,719,897	5.1%	-	n/a

SCHEDULE OF FUNDING PROGRESS FOR POLICE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 228,524	\$ 6,924,258	\$ 6,695,734	3.3%	\$ 92,392	7247.1%
1/1/2015	228,314	18,485,643	18,257,329	1.2%	92,392	19760.7%
12/31/2017	222,864	16,015,305	15,792,441	1.4%	92,392	17092.9%

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 31 retired police officers receiving medical benefits through the plans. Membership in this plan closed to new participants 1977. A list of changes since the prior valuation for these plans follow:

- 1) The discount rate was changed from 3.75% to 3.50%; and
- 2) The inception of the Affordable Care Act Excise Tax moved from 2020 to 2022.

The 2017 actuarial valuation was prepared using the following assumptions and methods:

Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Level Dollar Closed
Measurement Date	January 1, 2015 (projected to December 31, 2017)
Discount Rate	3.50%
Cost of Living	3.0%
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:

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THREE YEAR TREND FOR FIRE OPEB			
Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2015	308,846	1,457,127	21.20%
12/31/2016	273,947	1,459,873	18.77%
12/31/2017	363,232	1,298,096	27.98%

THREE YEAR TREND FOR POLICE OPEB			
Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2015	627,096	1,689,397	37.12%
12/31/2016	407,903	1,694,782	24.07%
12/31/2017	727,622	1,533,090	47.46%

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. As prescribed in GASB Statement No. 67, the following required schedules present data only for the years since implementation, with the exception of the schedule of actuarially determined contributions which have been prepared for ten years. The schedules prepared for 2014-forward will be built prospectively until they contain ten years of data.

The following schedules provide the changes in net pension liability, with related ratios for Fire Pension and Police Pension plans for 2015 through 2017:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE PENSION				
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	87,993	92,704	98,363	103,590
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(208,186)	-	(4,485)	-
Changes of assumptions	(58,767)	-	-	-
Benefit payments, included refunds of employee contributions	(171,820)	(202,023)	(211,338)	(205,715)
Net change in total pension liability	(350,780)	(109,319)	(117,460)	(102,125)
Total pension liability - beginning	1,845,762	1,955,082	2,072,542	2,174,667
Total pension liability - ending (a)	\$ 1,494,982	\$ 1,845,763	\$ 1,955,082	\$ 2,072,542
Plan Fiduciary Net Position				
Contributions - employer	\$ 122,651	\$ 177,494	\$ 273,585	\$ 291,083
Contributions - employee	-	-	-	-
Net investment income	22,190	28,020	(692)	11,123
Benefit payments, including refunds of employee contributions	(171,820)	(202,023)	(211,338)	(205,715)
Administrative expense	(5,335)	(7,879)	(7,897)	(5,978)
Other	-	5,837	-	-
Net change in plan fiduciary net position	(32,314)	1,449	53,658	90,513
Plan fiduciary net position - beginning	443,147	441,699	388,041	297,528
Plan fiduciary net position - ending (b)	410,833	443,148	441,699	388,041
City's net pension liability - ending (a) - (b)	\$ 1,084,149	\$ 1,402,615	\$ 1,513,383	\$ 1,684,501
Plan fiduciary net position as a percentage of the total pension liability	27.48%	24.01%	22.59%	18.72%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION				
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	133,349	136,198	139,988	143,633
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(658,565)	-	(21,223)	-
Changes of assumptions	(69,702)	-	-	-
Benefit payments, included refunds of employee contributions	(187,470)	(198,894)	(205,925)	(211,450)
Net change in total pension liability	(782,388)	(62,696)	(87,160)	(67,817)
Total pension liability - beginning	2,760,704	2,823,401	2,910,561	2,978,378
Total pension liability - ending (a)	\$ 1,978,316	\$ 2,760,705	\$ 2,823,401	\$ 2,910,561
Plan Fiduciary Net Position				
Contributions - employer	\$ 163,564	\$ 217,876	\$ 220,822	\$ 291,675
Contributions - employee	-	-	-	-
Net investment income	10,707	12,116	(1,304)	3,321
Benefit payments, including refunds of employee contributions	(187,470)	(198,894)	(205,925)	(211,450)
Administrative expense	(2,339)	(7,815)	(8,071)	(3,837)
Other	-	(5,426)	-	-
Net change in plan fiduciary net position	(15,538)	17,857	5,522	79,709
Plan fiduciary net position - beginning	175,703	157,846	152,324	72,616
Plan fiduciary net position - ending (b)	160,165	175,703	157,846	152,325
City's net pension liability - ending (a) - (b)	\$ 1,818,151	\$ 2,585,002	\$ 2,665,555	\$ 2,758,236
Plan fiduciary net position as a percentage of the total pension liability	8.10%	6.36%	5.59%	5.23%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a

Notes to Schedules:

There were no changes to actuarial assumptions for either plan since the prior valuation. The following methods and assumptions were utilized to complete the 2017 valuation with updated actuarial determined information:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	January 1, 2018
Discount Rate	5.0%
Cost of Living	2.5%
Salary Increase	3.0%
Mortality Rates	2014 mortality study data

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

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SCHEDULE OF INVESTMENT RETURNS				
Annual money-weighted rate of return, net of investment expense	2017	2016	2015	2014
Fire Pension	5.34%	6.54%	-0.17%	3.30%
Police Pension	6.59%	7.54%	-0.84%	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										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 247,335	\$ 241,879	\$ 243,280	\$ 243,098	\$ 109,603	\$ 103,152	\$ 103,152	\$ 103,152	\$ 174,546	\$ 169,162
Contribution in relation to the actuarially determined contribution	122,651	177,494	273,585	291,083	168,151	155,434	183,082	215,256	236,881	245,623
Contribution deficiency (excess)	124,684	64,385	(30,305)	(47,985)	(58,548)	(52,282)	(79,930)	(112,104)	(62,335)	(76,461)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,554	\$ 289,712	\$ 280,876	\$ 372,039
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	60.91%	74.30%	84.34%	66.02%

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 449,339	\$ 419,815	\$ 396,072	\$ 388,000	\$ 173,793	\$ 212,257	\$ 212,257	\$ 212,257	\$ 250,382	\$ 250,382
Contribution in relation to the actuarially determined contribution	163,564	217,876	220,822	291,675	155,289	279,754	274,329	335,070	261,106	355,215
Contribution deficiency (excess)	285,775	201,939	175,250	96,325	18,504	(67,497)	(62,072)	(122,813)	(10,724)	(104,833)
Covered payroll	\$ -	\$ -	\$ -	\$ 96,445.00	\$ 91,473.00	\$ 89,781.00	\$ 93,902	\$ 85,357	\$ 81,512	\$ 78,928
Contributions as a percentage of covered payroll	N/A	N/A	N/A	302.43%	169.76%	311.60%	292.14%	392.55%	320.33%	450.05%

STATE-SPONSORED PENSION PLANS

GASB Statement No. 68 was implemented in 2015, requiring the City to report its proportional share of liabilities related to state-sponsored pension plans. City employees participate in several different Washington pension programs: Public Employees' Retirement System (PERS) plans 1, 2 and 3; and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plans 1 and 2.

The City is required to present ten years of data relating to the City's share of state pension plans. However, information on the City's proportionate share of the net pension liability is only available beginning in 2014, and each additional year will be added prospectively until ten years are available. The tables on the following pages present the required information related to the City's share of each of the state pension plans.

- Schedule of Proportionate Share of Net Pension Liability
- Schedule of Employer Contributions

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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1				
As of June 30 (measurement date)				
Last 10 Fiscal Years*				
	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.209308%	0.222982%	0.221151%	0.229721%
Employer's proportionate share of the net pension liability	9,931,828	11,975,184	11,568,254	11,572,303
TOTAL	9,931,828	11,975,184	11,568,254	11,572,303
Employer's covered employee payroll**	26,123,426	26,327,222	24,875,108	24,674,608
Employer's proportionate share of the net pension liability as a percentage of covered payroll	38.02%	45.49%	46.51%	46.90%
Plan fiduciary net position as a percentage of the total pension liability	61.24%	57.03%	59.10%	61.19%

Notes to Schedule:
* Presenting information only for those years for which information is available up to 10 years
** Covered payroll is the payroll on which contributions to a pension plan are based

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2/3				
As of June 30 (measurement date)				
Last 10 Fiscal Years*				
	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.264362%	0.277811%	0.275857%	0.282032%
Employer's proportionate share of the net pension liability	9,185,316	13,987,564	9,856,528	5,700,885
TOTAL	9,185,316	13,987,564	9,856,528	5,700,885
Employer's covered employee payroll**	25,916,025	26,005,102	24,485,420	24,147,489
Employer's proportionate share of the net pension liability as a percentage of covered payroll	35.44%	53.79%	40.25%	23.61%
Plan fiduciary net position as a percentage of the total pension liability	90.97%	85.82%	89.20%	93.29%

Notes to Schedule:
* Presenting information only for those years for which information is available up to 10 years
** Covered payroll is the payroll on which contributions to a pension plan are based

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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
LEOFF RETIREMENT SYSTEM PLAN 1				
As of June 30 (measurement date)				
Last 10 Fiscal Years*				
	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.128052%	0.126016%	0.125802%	0.125288%
Employer's proportionate share of the net pension liability	(1,942,831)	(1,298,325)	(1,516,192)	(1,519,482)
TOTAL	(1,942,831)	(1,298,325)	(1,516,192)	(1,519,482)
Employer's covered employee payroll**	-	31,473	75,470	91,992
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	-4125.19%	-2008.99%	-1651.75%
Plan fiduciary net position as a percentage of the total pension liability	135.96%	123.74%	127.36%	126.91%

Notes to Schedule:
* Presenting information only for those years for which information is available up to 10 years
** Covered payroll is the payroll on which contributions to a pension plan are based

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
LEOFF RETIREMENT SYSTEM PLAN 2				
As of June 30 (measurement date)				
Last 10 Fiscal Years*				
	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.439701%	0.450464%	0.411289%	0.417449%
Employer's proportionate share of the net pension liability	(6,101,625)	(2,620,034)	(4,227,228)	(5,539,728)
State's proportionate share of net pension liability (asset) associated with employer	(6,101,625)	(2,620,034)	(4,227,228)	(5,539,728)
TOTAL	-	-	-	-
Employer's covered employee payroll**	13,754,625	13,646,421	11,937,074	11,617,276
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-44.36%	-19.20%	-35.41%	-47.69%
Plan fiduciary net position as a percentage of the total pension liability	113.36%	106.04%	111.67%	116.75%

Notes to Schedule:
* Presenting information only for those years for which information is available up to 10 years
** Covered payroll is the payroll on which contributions to a pension plan are based

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SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1										
As of December 31, 2017										
Last 10 Fiscal Years										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily or contractually required contributions	\$ 35,334	\$ 48,941	\$ 67,823	\$ 78,321	\$ 96,187	\$ 91,766	\$ 61,134	\$ 186,251	\$ 107,375	\$ 218,811
Contributions in relation to the statutorily or contractually required contributions*	(27,661)	(25,145)	(38,503)	(44,388)	(46,395)	(60,891)	(61,134)	(48,033)	(89,088)	(100,877)
Contribution deficiency (excess)	7,673	23,796	29,320	33,933	49,792	30,875	-	138,218	18,287	117,934
Covered employer payroll**	\$ 26,948,293	\$ 25,347,210	\$ 25,380,922	\$ 25,441,133	\$ 24,851,454	\$ 24,625,683	\$ 24,971,186	\$ 24,459,033	\$ 24,210,035	\$ 22,529,366
Contributions as a percentage of covered employee payroll	0.13%	0.19%	0.27%	0.31%	0.39%	0.37%	0.24%	0.76%	0.44%	0.97%

Notes to Schedule
Contributions include the 0.018% administrative cost of plan
Excess contributions in PERS 1 are due to leave cashouts
* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund PERS 1 UAAL
** Covered payroll is the payroll on which contributions to a pension plan are based

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2 & 3										
As of December 31, 2017										
Last 10 Fiscal Years*										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily or contractually required contributions	\$ 3,183,939	\$ 2,808,191	\$ 2,536,893	\$ 2,302,039	\$ 1,971,093	\$ 1,708,167	\$ 1,475,627	\$ 1,246,700	\$ 1,573,635	\$ 1,510,892
Contributions in relation to the statutorily or contractually required contributions	(3,183,939)	(2,808,191)	(2,536,893)	(2,302,039)	(1,971,093)	(1,708,167)	(1,475,627)	(1,246,700)	(1,573,635)	(1,506,343)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	4,549
Covered employer payroll*	\$ 26,717,377	\$ 25,122,302	\$ 24,998,494	\$ 24,961,610	\$ 24,272,814	\$ 23,771,033	\$ 23,963,390	\$ 23,534,293	\$ 22,879,357	\$ 21,077,863
Contributions as a percentage of covered employee payroll	11.92%	11.18%	10.15%	9.22%	8.12%	7.19%	6.16%	5.30%	6.88%	7.17%

Notes to Schedule
Contributions include the 0.018% administrative cost of plan
Excess contributions in PERS 2 are due to interruptive military service
* Covered payroll is the payroll on which contributions to a pension plan are based

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LEOFF RETIREMENT SYSTEM PLAN 1										
As of December 31, 2017										
Last 10 Fiscal Years*										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily or contractually required contributions	\$ -	\$ 2	\$ 751	\$ 173	\$ 152	\$ 128	\$ 492	\$ 565	\$ 570	\$ 537
Contributions in relation to the statutorily or contractually required contributions	-	(2)	(104)	(173)	(152)	(128)	(492)	(565)	(570)	(537)
Contribution deficiency (excess)	-	-	647	-	-	-	-	-	-	-
Covered employer payroll*	\$ -	\$ 1,288	\$ 55,906	\$ 95,945	\$ 91,538	\$ 79,696	\$ 308,879	\$ 353,511	\$ 356,355	\$ 338,409
Contributions as a percentage of covered employee payroll	N/A	0.16%	1.34%	0.18%	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%

Notes to Schedule
Contributions include the 0.018% administrative cost of plan
FY 2015 \$647 excess contribution is due to corrections for 1980 for time that was not reported for employee
* Covered payroll is the payroll on which contributions to a pension plan are based

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LEOFF RETIREMENT SYSTEM PLAN 2										
As of December 31, 2017										
Last 10 Fiscal Years*										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily or contractually required contributions	\$ 761,005	\$ 701,584	\$ 664,997	\$ 636,501	\$ 604,541	\$ 588,359	\$ 559,758	\$ 542,273	\$ 533,210	\$ 507,627
Contributions in relation to the statutorily or contractually required contributions	(761,005)	(701,584)	(664,997)	(636,501)	(603,710)	(588,359)	(559,452)	(541,547)	(533,210)	(506,883)
Contribution deficiency (excess)	-	-	-	-	831	-	306	726	-	744
Covered employer payroll*	\$ 14,266,819	\$ 13,414,604	\$ 12,715,703	\$ 12,167,241	\$ 11,539,641	\$ 11,231,020	\$ 10,694,925	\$ 10,348,716	\$ 9,962,293	\$ 9,391,622
Contributions as a percentage of covered employee payroll	5.33%	5.23%	5.23%	5.23%	5.24%	5.24%	5.23%	5.24%	5.35%	5.41%

Notes to Schedule
Contributions include the 0.018% administrative cost of plan
Excess contributions in PERS 1 are due to leave cashouts
* Covered payroll is the payroll on which contributions to a pension plan are based



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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Nonmajor Governmental Funds
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	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2017 Total	2016 Total
ASSETS					
Cash and cash equivalents	\$ 5,207,084	\$ 1,303,261	\$ 8,443,459	\$ 14,953,804	\$ 12,476,886
Deposits with third parties	28,600			28,600	28,600
Investments	2,810,141		11,552,773	14,362,914	4,957,641
Receivables:					
Taxes		37,437		37,437	42,282
Customer accounts	49,622	23,519	186,745	259,886	152,171
Due from other funds			17,026	17,026	3,101
Due from other governments	852,117		1,044,130	1,896,247	2,638,882
Assessments		92,663		92,663	545,423
Notes and contracts	2,527,799			2,527,799	2,629,079
Prepaid items	650			650	357
Inventory	58,694			58,694	117,685
Total assets	\$ 11,534,707	\$ 1,456,880	\$ 21,244,133	\$ 34,235,720	\$ 23,592,107
LIABILITIES					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	\$ 742,049	\$	\$ 1,579,852	\$ 2,321,901	\$ 1,315,645
Payable to other governments	1,819			1,819	120,991
Due to other funds	17,026			17,026	507,779
Interfund loans payable		19,290	1,673,389	1,692,679	818,547
Deposits payable	6,000		13,369	19,369	261,419
Unearned revenue-other	680,915			680,915	688,608
Total liabilities	1,447,809	19,290	3,266,610	4,733,709	3,712,989
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes		28,020		28,020	27,413
Unavailable revenue-unbilled LID assessments		92,663		92,663	545,423
Unavailable revenue-contractual agreements	69,509			69,509	69,509
Total deferred inflows of resources	69,509	120,683		190,192	642,345
FUND BALANCES (DEFICITS):					
<i>Nonspendable:</i>					
Inventory, prepaid items and noncurrent receivables	59,344			59,344	118,042
Contractually maintained deposits	2,000			2,000	2,000
<i>Restricted for:</i>					
Debt Service		511,230		511,230	329,624
Capital Improvements	1,082,906		17,114,936	18,197,842	3,897,287
Public Safety	1,584,815			1,584,815	1,586,596
Economic Environment	4,377,084			4,377,084	8,098,513
Transportation	2,812			2,812	
<i>Committed for:</i>					
Debt Service		607,420		607,420	598,524
Capital Improvements			1,971,861	1,971,861	1,622,212
Economic Environment	2,679,795			2,679,795	2,382,845
<i>Assigned to:</i>					
Debt Service		198,257		198,257	749,840
Transportation	228,633			228,633	437,346
Culture and Recreation					
Unassigned			(1,109,274)	(1,109,274)	(586,056)
Total fund balances	10,017,389	1,316,907	17,977,523	29,311,819	19,236,773
Total liabilities, deferred inflows of resources and fund balances	\$ 11,534,707	\$ 1,456,880	\$ 21,244,133	\$ 34,235,720	\$ 23,592,107

CITY OF RICHLAND, WASHINGTON
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017 with comparative totals for 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2017 Total	2016 Total
REVENUES					
Taxes	\$ 3,972,773	\$ 2,553,821	\$ 2,287,720	\$ 8,814,314	\$ 8,836,749
Intergovernmental	2,126,799		2,231,099	4,357,898	5,279,466
Charges for goods and services	4,990,517		137,811	5,128,328	5,210,799
Investment earnings	107,507	37,040	66,787	211,334	117,010
Rents and leases	1,221,154			1,221,154	1,209,697
Miscellaneous	480,820	33,999	305,198	820,017	446,109
Total revenues	12,899,570	2,624,860	5,028,615	20,553,045	21,099,830
EXPENDITURES					
<i>Current:</i>					
General government					337,665
Public safety	5,286,143			5,286,143	4,764,016
Transportation	3,101,558	6	1,680,466	4,782,030	4,103,281
Economic environment	3,046,421			3,046,421	2,309,540
Culture and recreation	2,500		114,198	116,698	99,297
<i>Debt service:</i>					
Principal	90,926	5,960,000	437,908	6,488,834	3,486,943
Interest	5,328	1,465,667	5,874	1,476,869	1,339,549
Other		28,121	124,808	152,929	2,104
<i>Capital Outlay:</i>					
General government			2,112,589	2,112,589	598,039
Public safety					13,706
Transportation	157,291		6,457,871	6,615,162	4,703,783
Economic environment	887,594			887,594	443,802
Culture and recreation			872,105	872,105	795,465
Total expenditures	12,577,761	7,453,794	11,805,819	31,837,374	22,997,190
Excess (deficiency) of revenues over (under) expenditures	321,809	(4,828,934)	(6,777,204)	(11,284,329)	(1,897,360)
OTHER FINANCING SOURCES (USES)					
Transfers in	383,505	1,337,310	7,504,184	9,224,999	4,471,167
Transfers out	(5,612,947)		(2,127,517)	(7,740,464)	(3,371,242)
Debt issued		2,875,000	13,255,000	16,130,000	294,318
Premium on general obligation debt		255,543	1,874,274	2,129,817	
Payments to refunded debt escrow agent					
Disposition of capital assets	1,615,023			1,615,023	505,362
Total other financing sources (uses)	(3,614,419)	4,467,853	20,505,941	21,359,375	1,899,605
Net change in fund balance	(3,292,610)	(361,081)	13,728,737	10,075,046	2,245
Fund balances-beginning	13,309,999	1,677,988	4,248,786	19,236,773	19,172,917
Prior period adjustment					61,611
Fund balances-ending	\$ 10,017,389	\$ 1,316,907	\$ 17,977,523	\$ 29,311,819	\$ 19,236,773





COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR SPECIAL REVENUE FUNDS

Streets Fund – is used to account for revenues received for the purpose of constructing, improving, alteration or maintenance of any city street or bridge, or viaduct or underpass along, upon or across such streets.

Transportation Benefit District Fund – is used to account for all funds received from levying of taxes for the purpose of acquiring, constructing, improving, and funding transportation improvements within the City.

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 the Richland Public Facility District to the City to fund a contingency reserve for the PFD facility, per contract.

Criminal Justice Sales Tax Fund – is used to account for a voter approved sales tax increase of three tenths of one percent. The taxes are dedicated to public safety and will be assessed for 10 years.

BCES Operations Fund – is used to account for the fees received from the BCES funds to compensate the City for staffing costs.

Hotel/Motel 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 Lodging Assessment 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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	Streets Fund	Transportation Benefit District	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund
ASSETS					
Cash and cash equivalents	\$ 195,484	\$ 2,812	\$ 1,080,066	\$ 826,610	\$ 161,082
Deposits with third parties	2,000			26,600	
Investments				2,810,141	
Receivables:					
Customer accounts	28,365		2,840	16,450	
Due from other governments	88,060				17,740
Notes and contracts					
Prepaid items				650	
Inventory	58,694				
Total assets	\$ 372,603	\$ 2,812	\$ 1,082,906	\$ 3,680,451	\$ 178,822
LIABILITIES					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	\$ 83,276	\$	\$	\$ 158,875	\$
Payable to other governments					
Due to other funds					
Interfund loans payable					
Deposits payable				6,000	
Notes and contracts payable (current)					
Unearned revenue-other				680,915	
Total liabilities	83,276			845,790	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-contractual agreements					
Total deferred inflows of resources					
FUND BALANCES (DEFICITS):					
Nonspendable:					
Inventory, prepaid items and noncurrent receivables	58,694			650	
Contractually maintained deposits	2,000				
Restricted for:					
Capital Improvements			1,082,906		
Public Safety					178,822
Economic Environment				154,216	
Transportation		2,812			
Committed for:					
Debt Service					
Capital Improvements					
Economic Environment				2,679,795	
Assigned to:					
Debt Service					
Culture and Recreation					
Transportation	228,633				
Total fund balances	289,327	2,812	1,082,906	2,834,661	178,822
Total liabilities, deferred inflows of resources and fund balances	\$ 372,603	\$ 2,812	\$ 1,082,906	\$ 3,680,451	\$ 178,822

PFD Contingency Fund	Criminal Justice Sales Tax Fund	BCES Operations Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2017 Total	2016 Total
\$ 213,467	\$ 1,141,823	\$ 93,377	\$ 1,069,178	\$ 44,211	\$ 120,814	\$ 258,160	\$ 5,207,084	\$ 8,378,260
							28,600	28,600
							2,810,141	2,464,129
						1,967	49,622	128,980
69,509	301,765		78,889	39,870	19,680	236,604	852,117	832,646
					1,166,653	1,361,146	2,527,799	2,629,079
							650	357
							58,694	117,685
<u>\$ 282,976</u>	<u>\$ 1,443,588</u>	<u>\$ 93,377</u>	<u>\$ 1,148,067</u>	<u>\$ 84,081</u>	<u>\$ 1,307,147</u>	<u>\$ 1,857,877</u>	<u>\$ 11,534,707</u>	<u>\$ 14,579,736</u>
\$	\$ 37,595	\$ 93,377	\$ 21,712	\$ 44,202	\$ 5,602	\$ 297,410	742,049	\$ 381,528
					1,819		1,819	120,991
					17,026		17,026	3,101
							6,000	6,000
							680,915	688,608
	37,595	93,377	21,712	44,202	24,447	297,410	1,447,809	1,200,228
69,509		0	0	0	0	0	69,509	69,509
69,509							69,509	69,509
							59,344	118,042
							2,000	2,000
							1,082,906	684,657
	1,405,993						1,584,815	1,586,596
213,467			1,126,355	39,879	1,282,700	1,560,467	4,377,084	8,098,513
							2,812	
							2,679,795	2,382,845
							228,633	437,346
<u>213,467</u>	<u>1,405,993</u>		<u>1,126,355</u>	<u>39,879</u>	<u>1,282,700</u>	<u>1,560,467</u>	<u>10,017,389</u>	<u>13,309,999</u>
<u>\$ 282,976</u>	<u>\$ 1,443,588</u>	<u>\$ 93,377</u>	<u>\$ 1,148,067</u>	<u>\$ 84,081</u>	<u>\$ 1,307,147</u>	<u>\$ 1,857,877</u>	<u>\$ 11,534,707</u>	<u>\$ 14,579,736</u>

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Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017 with comparative totals for 2016

	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
REVENUES						
Taxes	\$ 677,781	\$ 2,811	\$	\$	\$	\$
Intergovernmental	1,214,285				70,519	69,509
Charges for goods and services	552,007		320,270			
Investment earnings	2,320	1	11,434	60,414		2,260
Rents and leases	33,457		179,020	1,008,677		
Miscellaneous	15,243			465,577		
Total revenues	2,495,093	2,812	510,724	1,534,668	70,519	71,769
EXPENDITURES						
<i>Current:</i>						
Public safety						
Economic environment				1,039,421		
Culture and recreation			2,500			
Transportation	3,101,558					
<i>Debt service:</i>						
Principal				90,926		
Interest				5,328		
<i>Capital Outlay:</i>						
Communication Equipment						
Transportation	8,911			148,380		
Economic environment				887,594		
Total expenditures	3,110,469		2,500	2,171,649		
Excess (deficiency) of revenues over (under) expenditures	(615,376)	2,812	508,224	(636,981)	70,519	71,769
OTHER FINANCING SOURCES (USES)						
Transfers in	349,751			33,754		
Transfers out			(109,975)	(4,845,000)	(64,389)	
Disposition of capital assets	(2,211)			1,617,234		
Total other financing sources (uses)	347,540		(109,975)	(3,194,012)	(64,389)	
Net change in fund balance	(267,836)	2,812	398,249	(3,830,993)	6,130	71,769
Fund balances-beginning	557,163		684,657	6,665,654	172,692	141,698
Prior period adjustment						
Fund balances-ending	\$ 289,327	\$ 2,812	\$ 1,082,906	\$ 2,834,661	\$ 178,822	\$ 213,467

Criminal Justice Sales Tax Fund	BCES Operations Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2017 Total	2016 Total
\$ 1,669,870	\$	\$ 1,078,039	\$ 544,272	\$	\$	\$ 3,972,773	\$ 3,738,104
				130,729	641,757	2,126,799	2,005,351
	3,875,810			1,498	240,932	4,990,517	5,060,566
15,910		12,235	762		2,171	107,507	59,237
						1,221,154	1,209,697
						480,820	166,976
1,685,780	3,875,810	1,090,274	545,034	132,227	884,860	12,899,570	12,239,931
1,410,333	3,875,810					5,286,143	4,764,016
		559,720	545,088	131,449	770,743	3,046,421	2,308,375
						2,500	18,702
						3,101,558	2,401,367
						90,926	90,422
						5,328	5,832
						157,291	
						887,594	400,125
1,410,333	3,875,810	559,720	545,088	131,449	770,743	12,577,761	9,988,839
275,447		530,554	(54)	778	114,117	321,809	2,251,092
(283,358)		(190,740)		(119,485)		383,505	33,754
						(5,612,947)	(1,743,558)
						1,615,023	505,362
(283,358)		(190,740)		(119,485)		(3,614,419)	(1,204,442)
(7,911)		339,814	(54)	(118,707)	114,117	(3,292,610)	1,046,650
1,413,904		786,541	39,933	1,401,407	1,446,350	13,309,999	12,183,105
							80,244
\$ 1,405,993	\$	\$ 1,126,355	\$ 39,879	\$ 1,282,700	\$ 1,560,467	\$ 10,017,389	\$ 13,309,999

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, 2017

	Streets Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 683,600	\$ 677,781	\$ (5,819)
Intergovernmental	1,218,300	1,214,285	(4,015)
Charges for goods and services	574,789	552,007	(22,782)
Investment earnings	5,000	2,320	(2,680)
Rents and leases	33,520	33,457	(63)
Miscellaneous	17,500	15,243	(2,257)
Total revenues	<u>2,532,709</u>	<u>2,495,093</u>	<u>(37,616)</u>
EXPENDITURES			
<i>Current:</i>			
Transportation	3,191,964	3,101,558	(90,406)
<i>Capital Outlay:</i>			
Transportation	8,750	8,911	161
Total expenditures	<u>3,200,714</u>	<u>3,110,469</u>	<u>(90,245)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(668,005)</u>	<u>(615,376)</u>	<u>52,629</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	349,751	349,751	
Transfers out			
Disposition of capital assets		(2,211)	(2,211)
Total other financing sources (uses)	<u>349,751</u>	<u>347,540</u>	<u>(2,211)</u>
Net change in fund balance	(318,254)	(267,836)	50,418
Fund balances-beginning	557,163	557,163	
Fund balances-ending	<u>\$ 238,909</u>	<u>\$ 289,327</u>	<u>\$ 50,418</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual
Transportation Benefit District Fund
For the Year Ended December 31, 2017

	Transportation Benefit District Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ -	\$ 2,811	\$ 2,811
Investment earnings		1	1
Total revenues		2,812	2,812
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out			
Disposition of capital assets			
Total other financing sources (uses)			
Net change in fund balance		2,812	2,812
Fund balances-beginning			
Fund balances-ending	\$ -	\$ 2,812	\$ 2,812

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Park Reserve Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Charges for goods and services	\$ 425,349	\$ 320,270	\$ (105,079)
Investment earnings	4,000	11,434	7,434
Rents and leases	188,519	179,020	(9,499)
Total revenues	<u>617,868</u>	<u>510,724</u>	<u>(107,144)</u>
EXPENDITURES			
<i>Current:</i>			
Culture and recreation	27,655	2,500	(25,155)
Total expenditures	<u>27,655</u>	<u>2,500</u>	<u>(25,155)</u>
Excess of revenues over expenditures	<u>590,213</u>	<u>508,224</u>	<u>(81,989)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(109,975)	(109,975)	
Disposition of capital assets			
Total other financing sources (uses)	<u>(109,975)</u>	<u>(109,975)</u>	
Net change in fund balance	480,238	398,249	(81,989)
Fund balances-beginning	684,657	684,657	
Fund balances-ending	<u>\$ 1,164,895</u>	<u>\$ 1,082,906</u>	<u>\$ (81,989)</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Industrial Development Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$	\$	\$
Investment earnings	20,000	60,414	40,414
Rents and leases	1,036,668	1,008,677	(27,991)
Miscellaneous	435,885	465,577	29,692
Total revenues	1,492,553	1,534,668	42,115
EXPENDITURES			
<i>Current:</i>			
Economic environment	1,343,304	1,039,421	(303,883)
<i>Debt service:</i>			
Principal	90,928	90,926	(2)
Interest	5,328	5,328	
<i>Capital Outlay:</i>			
Transportation		148,380	148,380
Economic environment	1,449,579	887,594	(561,985)
Total expenditures	2,889,139	2,171,649	(717,490)
Excess (deficiency) of revenues over (under) expenditures	(1,396,586)	(636,981)	759,605
OTHER FINANCING SOURCES (USES)			
Transfers in	33,754	33,754	
Transfers out	(5,731,579)	(4,845,000)	886,579
Disposition of capital assets	654,030	1,617,234	963,204
Total other financing sources (uses)	(5,043,795)	(3,194,012)	1,849,783
Net change in fund balance	(6,440,381)	(3,830,993)	2,609,388
Fund balances-beginning	6,665,654	6,665,654	
Fund balances-ending	\$ 225,273	\$ 2,834,661	\$ 2,609,388

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Criminal Justice Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 72,103	\$ 70,519	\$ (1,584)
Total revenues	72,103	70,519	(1,584)
OTHER FINANCING SOURCES (USES)			
Transfers out	(64,389)	(64,389)	
Total other financing sources (uses)	(64,389)	(64,389)	
Net change in fund balance	7,714	6,130	(1,584)
Fund balances-beginning	172,692	172,692	
Fund balances-ending	\$ 180,406	\$ 178,822	\$ (1,584)

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	PFD Facility Contingency Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 69,509	\$ 69,509	\$
Investment earnings		2,260	2,260
Total revenues	69,509	71,769	2,260
OTHER FINANCING SOURCES (USES)			
Transfers in			
Total other financing sources (uses)			
Net change in fund balance	69,509	71,769	2,260
Fund balances-beginning	141,698	141,698	
Fund balances-ending	\$ 211,207	\$ 213,467	\$ 2,260

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Criminal Justice Sales Tax Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 1,540,500	\$ 1,669,870	\$ 129,370
Investment earnings	5,400	15,910	10,510
Total revenues	1,545,900	1,685,780	139,880
EXPENDITURES			
<i>Current:</i>			
Public safety	1,420,861	1,410,333	(10,528)
<i>Capital Outlay:</i>			
Communication Equipment	143,746		(143,746)
Total expenditures	1,564,607	1,410,333	(154,274)
Excess of revenues over expenditures	(18,707)	275,447	294,154
OTHER FINANCING SOURCES (USES)			
Transfer out	(283,358)	(283,358)	
Total other financing sources (uses)	(283,358)	(283,358)	
Net change in fund balance	(302,065)	(7,911)	294,154
Fund balances-beginning	1,413,904	1,413,904	
Fund balances-ending	\$ 1,111,839	\$ 1,405,993	\$ 294,154

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	BCES Operations Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Charges for goods and services	\$ 4,171,839	\$ 3,875,810	\$ (296,029)
Investment earnings			
Total revenues	4,171,839	3,875,810	(296,029)
EXPENDITURES			
<i>Current:</i>			
Public safety	4,171,839	3,875,810	(296,029)
Total expenditures	4,171,839	3,875,810	(296,029)
Excess of revenues over expenditures			
OTHER FINANCING SOURCES (USES)			
Transfer out			
Total other financing sources (uses)			
Net change in fund balance			
Fund balances-beginning			
Fund balances-ending	\$	\$	\$

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Hotel/Motel Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 970,000	\$ 1,078,039	\$ 108,039
Investment earnings	5,000	12,235	7,235
Total revenues	975,000	1,090,274	115,274
EXPENDITURES			
<i>Current:</i>			
Economic environment	873,300	559,720	(313,580)
Total expenditures	873,300	559,720	(313,580)
Excess of revenues over expenditures	101,700	530,554	428,854
OTHER FINANCING SOURCES (USES)			
Transfer out	(371,700)	(190,740)	180,960
Total other financing sources (uses)	(371,700)	(190,740)	180,960
Net change in fund balance	(270,000)	339,814	609,814
Fund balances-beginning	786,541	786,541	
Fund balances-ending	\$ 516,541	\$ 1,126,355	\$ 609,814

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Special Lodging Assessment Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 500,000	\$ 544,272	\$ 44,272
Investment earnings	500	762	262
Total revenues	500,500	545,034	44,534
EXPENDITURES			
<i>Current:</i>			
Economic environment	500,500	545,088	44,588
Total expenditures	500,500	545,088	44,588
Excess (deficiency) of revenues over (under) expenditures		(54)	(54)
Net change in fund balance		(54)	(54)
Fund balances-beginning	39,933	39,933	
Fund balances-ending	\$ 39,933	\$ 39,879	\$ (54)

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	CDBG Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 388,342	\$ 130,729	\$ (257,613)
Charges for goods and services	120,000	1,498	(118,502)
Miscellaneous			
Total revenues	508,342	132,227	(376,115)
EXPENDITURES			
<i>Current:</i>			
Economic environment	353,227	131,450	(221,777)
Total expenditures	353,227	131,450	(221,777)
Excess of revenues over expenditures	155,115	777	(154,338)
OTHER FINANCING SOURCES (USES)			
Transfers out	(269,110)	(119,484)	149,626
Total other financing sources (uses)	(269,110)	(119,484)	149,626
Net change in fund balance	(113,995)	(118,707)	(4,712)
Fund balances-beginning	1,401,407	1,401,407	
Fund balances-ending	\$ 1,287,412	\$ 1,282,700	\$ (4,712)

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Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	HOME Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 1,136,976	\$ 641,757	\$ (495,219)
Charges for goods and services	420,000	240,932	(179,068)
Fines and forfeits			
Investment earnings		2,171	2,171
Total revenues	1,556,976	884,860	(672,116)
EXPENDITURES			
<i>Current:</i>			
Economic environment	1,651,342	770,743	(880,599)
Total expenditures	1,651,342	770,743	(880,599)
Excess of revenues over expenditures	(94,366)	114,117	208,483
OTHER FINANCING SOURCES (USES)			
Transfers in			
Total other financing sources (uses)			
Net change in fund balance	(94,366)	114,117	208,483
Fund balances-beginning	1,446,350	1,446,350	
Fund balances-ending	\$ 1,351,984	\$ 1,560,467	\$ 208,483





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.

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

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, 2017 with comparative totals for 2016

	RAISE Area Debt Service	LTGO Bonds Fund	Police Station Bond Fund
ASSETS			
Cash and cash equivalents	\$ 101,457	\$ 198,257	\$ 22,507
Investments			
Receivables:			
Taxes			4,933
Customer accounts			
Due from other governments			
Assessments			
Total assets	\$ 101,457	\$ 198,257	\$ 27,440
LIABILITIES			
<i>Liabilities:</i>			
Accounts payable and accrued expenses			
Interfund loans payable			
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes			3,693
Unavailable revenue-unbilled LID assessments			
Total deferred inflows of resources			3,693
FUND BALANCES (DEFICITS):			
Restricted for:			
Debt Service	101,457		23,747
Committed for:			
Debt Service			
Assigned to:			
Debt Service		198,257	
Unassigned			
Total fund balances/(deficits)	101,457	198,257	23,747
Total liabilities, deferred inflows of resources and fund balances	\$ 101,457	\$ 198,257	\$ 27,440

Richland Community Center Bond Fund	Library Remodel Bond Fund	Fire Station #74 Bond Fund	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2017 Total	2016 Total
\$ 20,649	\$ 84,178	\$ 115,318	\$ 151,546	\$ 609,349	\$ 1,303,261	\$ 1,544,508
						119,112
6,165	26,339				37,437	42,282
			23,519		23,519	23,191
						3,726
			92,663		92,663	545,423
\$ 26,814	\$ 110,517	\$ 115,318	\$ 267,728	\$ 609,349	\$ 1,456,880	\$ 2,278,242
						2,223
			19,290		19,290	25,195
			19,290		19,290	27,418
4,616	19,711				28,020	27,413
			92,663		92,663	545,423
4,616	19,711		92,663		120,683	572,836
22,198	90,806	115,318	155,775	1,929	511,230	329,624
				607,420	607,420	598,524
					198,257	749,840
22,198	90,806	115,318	155,775	609,349	1,316,907	1,677,988
\$ 26,814	\$ 110,517	\$ 115,318	\$ 267,728	\$ 609,349	\$ 1,456,880	\$ 2,278,242

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, 2017 with comparative totals for 2016

	RAISE Area Debt Service	LTGO Bonds Fund	Police Station Bond Fund	Richland Community Center Bond Fund
REVENUES				
Taxes	\$ 658,000	\$	\$ 249,060	\$ 310,419
Investment earnings	3,085	12,006	1,664	1,974
Miscellaneous				
Total revenues	<u>661,085</u>	<u>12,006</u>	<u>250,724</u>	<u>312,393</u>
EXPENDITURES				
<i>Current:</i>				
Transportation				
<i>Debt service:</i>				
Principal	330,000	4,150,000	225,000	280,000
Interest	324,898	492,490	22,850	28,900
Other	250	27,271	15	19
Total expenditures	<u>655,148</u>	<u>4,669,761</u>	<u>247,865</u>	<u>308,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,937</u>	<u>(4,657,755)</u>	<u>2,859</u>	<u>3,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		1,098,728		
Debt issued		2,875,000		
Premium on general obligation debt		255,543		
Total other financing sources (uses)		<u>4,229,271</u>		
Net change in fund balance	5,937	(428,484)	2,859	3,474
Fund balances-beginning	95,520	626,741	20,888	18,724
Fund balances-ending	<u>\$ 101,457</u>	<u>\$ 198,257</u>	<u>\$ 23,747</u>	<u>\$ 22,198</u>

Library Remodel Bond Fund	Fire Station #74 Bond Fund	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2017 Total	2016 Total
\$ 1,336,342	\$	\$	\$	\$ 2,553,821	\$ 2,494,537
7,380	2,620		8,311	37,040	30,293
		33,999		33,999	51,323
<u>1,343,722</u>	<u>2,620</u>	<u>33,999</u>	<u>8,311</u>	<u>2,624,860</u>	<u>2,576,153</u>
			6	6	7
850,000	125,000			5,960,000	3,225,000
481,550	113,656	1,323		1,465,667	1,322,337
266	300			28,121	2,104
<u>1,331,816</u>	<u>238,956</u>	<u>1,323</u>	<u>6</u>	<u>7,453,794</u>	<u>4,549,448</u>
<u>11,906</u>	<u>(236,336)</u>	<u>32,676</u>	<u>8,305</u>	<u>(4,828,934)</u>	<u>(1,973,295)</u>
	238,582			1,337,310	1,510,146
				2,875,000	
				255,543	
	<u>238,582</u>			<u>4,467,853</u>	<u>1,510,146</u>
11,906	2,246	32,676	8,305	(361,081)	(463,149)
78,900	113,072	123,099	601,044	1,677,988	2,141,137
<u>\$ 90,806</u>	<u>\$ 115,318</u>	<u>\$ 155,775</u>	<u>\$ 609,349</u>	<u>\$ 1,316,907</u>	<u>\$ 1,677,988</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS CAPITAL PROJECTS FUNDS

Capital Improvements Fund – is used to account for revenues from the implementation of the first and second ¼ of 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.

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 assessment 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, 2017 with comparative totals for 2016

	Capital Improvements Fund	Streets Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2017 Total	2016 Total
ASSETS							
Cash and cash equivalents	\$ 655,147	\$ 399,717	\$ 982,305	\$	\$ 6,406,290	\$ 8,443,459	\$ 2,554,118
Investments	2,528,998				9,023,775	11,552,773	2,374,400
Receivables:							
Customer accounts		186,745				186,745	
Due from other funds		17,026				17,026	3,101
Due from other governments	213,878	830,252				1,044,130	1,802,510
Total assets	\$ 3,398,023	\$ 1,433,740	\$ 982,305	\$	\$ 15,430,065	\$ 21,244,133	\$ 6,734,129
LIABILITIES							
<i>Liabilities:</i>							
Accounts payable and accrued expenses	\$	\$ 684,225	\$ 96,936	\$	\$ 798,691	\$ 1,579,852	\$ 931,894
Due to other funds							\$ 504,678
Interfund loans payable		1,673,389				1,673,389	793,352
Deposits payable		13,369				13,369	255,419
Total liabilities		2,370,983	96,936		798,691	3,266,610	2,485,343
FUND BALANCES (DEFICITS):							
Restricted for:							
Capital Improvements	3,398,023				13,716,913	17,114,936	3,212,630
Committed for:							
Capital Improvements		172,031	885,369		914,461	1,971,861	1,622,212
Assigned for:							
Transportation							
Unassigned		(1,109,274)				(1,109,274)	(586,056)
Total fund balances	3,398,023	(937,243)	885,369		14,631,374	17,977,523	4,248,786
Total liabilities and fund balances	\$ 3,398,023	\$ 1,433,740	\$ 982,305	\$	\$ 15,430,065	\$ 21,244,133	\$ 6,734,129

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended December 31, 2017 with comparative totals for 2016

	Capital Improvements Fund	Streets Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2017 Total	2016 Total
REVENUES							
Taxes	\$ 2,287,720					\$ 2,287,720	\$ 2,604,108
Intergovernmental		1,970,302	260,797			2,231,099	3,274,115
Charges for goods and services		137,811				137,811	150,233
Investment earnings	25,190	2,799		44	38,754	66,787	27,480
Miscellaneous		242,476	62,722			305,198	227,810
Total revenues	2,312,910	2,353,388	323,519	44	38,754	5,028,615	6,283,746
EXPENDITURES							
<i>Current:</i>							
General government							337,665
Transportation		1,680,466				1,680,466	1,701,907
Economic environment							1,165
Culture and recreation			114,198			114,198	80,595
<i>Debt service:</i>							
Principal				437,908		437,908	171,521
Interest				5,874		5,874	11,380
Other					124,808	124,808	
<i>Capital Outlay:</i>							
General government					2,112,589	2,112,589	598,039
Public safety							13,706
Transportation		6,457,871				6,457,871	4,703,783
Economic environment							43,677
Culture and recreation			866,842		5,263	872,105	795,465
Total expenditures		8,138,337	981,040	443,782	2,242,660	11,805,819	8,458,903
Excess (deficiency) of revenues over (under) expenditures	2,312,910	(5,784,949)	(657,521)	(443,738)	(2,203,906)	(6,777,204)	(2,175,157)
OTHER FINANCING SOURCES (USES)							
Transfers in		5,324,288	761,548	438,488	979,860	7,504,184	2,927,267
Transfers out	(2,127,517)					(2,127,517)	(1,627,684)
Debt issued					13,255,000	13,255,000	294,318
Premium on general obligation debt					1,874,274	1,874,274	
Disposition of capital assets							
Total other financing sources (uses)	(2,127,517)	5,324,288	761,548	438,488	16,109,134	20,505,941	1,593,901
Net change in fund balance	185,393	(460,661)	104,027	(5,250)	13,905,228	13,728,737	(581,256)
Fund balances-beginning	3,212,630	(476,582)	781,342	5,250	726,146	4,248,786	4,848,675
Prior period adjustment							(18,633)
Fund balances-ending	\$ 3,398,023	\$ (937,243)	\$ 885,369	\$	\$ 14,631,374	\$ 17,977,523	\$ 4,248,786





COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

Solidwaste Fund – is used to account for the provision of solid waste 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.

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.

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 Nonmajor Enterprise Funds
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	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2017 Total	2016 Total
ASSETS								
<i>Current:</i>								
Cash and cash equivalents	\$ 2,762,006	\$ 662,144	\$ 88,110	\$ 578,049	\$ 557,804	\$ 785,894	\$ 5,434,007	\$ 4,260,417
Deposits with third parties	1,050						1,050	1,050
Investments	1,213,362	1,495,842		1,272,265			3,981,469	2,047,559
Receivables:								
Customer accounts (net)	741,766	130,425		442,388	6,669	1,818	1,323,066	1,301,620
Due from other governments			41,898				41,898	502,512
Notes and contracts			100,000				100,000	100,000
Prepaid items								
Inventory			66,087				66,087	63,704
Total current assets	4,718,184	2,288,411	296,095	2,292,702	564,473	787,712	10,947,577	8,276,862
<i>Noncurrent:</i>								
Restricted cash and cash equivalents	371,652	29,922	22,322		54,031		477,927	1,321,791
Restricted investments	2,338,781	72,228					2,411,009	2,549,036
Net pension asset				1,202,378			1,202,378	571,508
Advances to other funds	1,673,389						1,673,389	793,352
Capital:								
Land	80,500	8,587	7,891,033				7,980,120	7,968,535
Depreciable assets (net)	2,829,227	14,417	1,154,445	125,006	315,773		4,438,868	4,608,553
Infrastructure		7,927,856			3,041,963		10,969,819	9,931,221
Construction in progress		23,993					23,993	
Total capital assets (net)	2,909,727	7,974,853	9,045,478	125,006	3,357,736		23,412,800	22,508,309
Total noncurrent assets	7,293,549	8,077,003	9,067,800	1,327,384	3,411,767		29,177,503	27,743,996
Total assets	12,011,733	10,365,414	9,363,895	3,620,086	3,976,240	787,712	40,125,080	36,020,858
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amount on debt refunding	7,275	66,491					73,766	21,613
Pension	173,250	14,654		121,846			309,750	589,864
Deferred charges - other								
Total deferred outflows of resources	180,525	81,145		121,846			383,516	611,477
LIABILITIES								
<i>Current liabilities:</i>								
Accounts payable and accrued expenses	274,993	26,942	92,092	96,323	6,383	2,364	499,097	379,074
Payable to other governments	29,449		30,545				59,994	39,615
Due to other funds			270,000				270,000	70,000
Interfund loans payable			3,890				3,890	3,890
Deposits payable						785,348	785,348	663,873
Compensated absences-current	104,997	15,003		122,306			242,306	222,970
Notes and contracts payable-current		98,158					98,158	96,819
General obligation bonds payable-current	125,000		105,000		75,000		305,000	300,000
Revenue bonds payable-current		115,000					115,000	110,000
Total current liabilities	534,439	255,103	501,527	218,629	81,383	787,712	2,378,793	1,886,241
<i>Noncurrent liabilities:</i>								
Interfund loans payable			23,340				23,340	27,230
Compensated absences	104,997	15,003		122,306			242,306	222,971
Notes and contracts payable		190,925			101,511		292,436	432,605
General obligation bonds payable	142,947		3,727,880		1,910,368		5,781,195	6,091,328
Revenue bonds payable		975,413					975,413	1,021,245
Unearned revenue			116,514				116,514	108,915
Net pension liability	1,204,178	100,445		63,891			1,368,514	1,880,626
Landfill closure liability	5,930,285						5,930,285	5,515,999
Total noncurrent liabilities	7,382,407	1,281,786	3,867,734	186,197	2,011,879		14,730,003	15,300,919
Total liabilities	7,916,846	1,536,889	4,369,261	404,826	2,093,262	787,712	17,108,796	17,187,160
DEFERRED INFLOWS OF RESOURCES								
Pension	241,667	19,327		310,597			571,591	75,622
Total deferred inflows of resources	241,667	19,327		310,597			571,591	75,622
NET POSITION								
Net investment in capital assets	2,649,055	6,651,573	5,207,597	125,006	1,324,888		15,958,119	14,472,464
Restricted for:								
Pensions				854,817			854,817	648,424
Debt service		102,150					102,150	123,518
Capital improvements					558,090		558,090	53,405
Unrestricted	1,384,690	2,136,620	(212,963)	2,046,686			5,355,033	4,071,742
Total net position	\$ 4,033,745	\$ 8,890,343	\$ 4,994,634	\$ 3,026,509	\$ 1,882,978	\$	\$ 22,828,209	\$ 19,369,553

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Nonmajor Enterprise Funds
For the Year Ended December 31, 2017 with comparative totals for 2016

	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2017 Total	2016 Total
OPERATING REVENUES								
<i>Charges for services:</i>								
Solidwaste	\$ 9,416,552	-	-	-	-	-	\$ 9,416,552	\$ 8,604,445
Stormwater		\$ 1,869,457					1,869,457	1,904,042
Golf course			\$ 1,707,051				1,707,051	1,672,275
Medical services				\$ 3,715,506			3,715,506	3,846,450
Broadband					\$ 158,209		158,209	150,025
Other operating revenues								567
Total operating revenues	9,416,552	1,869,457	1,707,051	3,715,506	158,209		16,866,775	16,177,804
OPERATING EXPENSES								
Maintenance and operations	4,830,709	720,822	1,682,603	3,183,339			10,417,473	10,808,274
Administrative and general	1,343,616	234,890		948,528	48,233		2,575,267	2,108,221
Taxes	1,141,071	191,841	49,547	37,464	12,045		1,431,968	1,317,090
Depreciation	169,568	214,841	67,491	39,681	104,273		595,854	563,419
Total operating expenses	7,484,964	1,362,394	1,799,641	4,209,012	164,551		15,020,562	14,797,004
Operating income/(loss)	1,931,588	507,063	(92,590)	(493,506)	(6,342)		1,846,213	1,380,800
NONOPERATING REVENUES/(EXPENSES)								
Investment earnings	79,738	20,577	77	17,534	7,417		125,343	65,534
Interest expense	(10,039)	(53,420)	(165,512)		(73,447)		(302,418)	(321,708)
Debt costs		(10,208)					(10,208)	
Miscellaneous nonoperating revenues/ (expenses)	(293,108)	1,301	28,324	76,824			(186,659)	1,550,022
Total nonoperating revenues/(expenses)	(223,409)	(41,750)	(137,111)	94,358	(66,030)		(373,942)	1,293,848
Income before contributions and transfers	1,708,179	465,313	(229,701)	(399,148)	(72,372)		1,472,271	2,674,648
Capital contributions		539,956					539,956	488,275
Transfers in			166,000	550,000	869,882		1,585,882	760,000
Transfers out	(85,185)				(25,177)		(110,362)	(38,578)
Change in net position	1,622,994	1,005,269	(63,701)	150,852	772,333		3,487,747	3,884,345
Net position-beginning	2,415,491	7,909,425	5,058,335	2,875,657	1,110,645		19,369,553	15,485,208
Prior period adjustment	(4,740)	(24,351)					(29,091)	
Net position-ending	\$ 4,033,745	\$ 8,890,343	\$ 4,994,634	\$ 3,026,509	\$ 1,882,978		\$ 22,828,209	\$ 19,369,553



CITY OF RICHLAND, WASHINGTON
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 Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2017 with comparative totals for 2016

	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2017 Total	2016 Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 9,358,705	\$ 1,866,220	\$ 1,719,436	\$ 3,591,087	\$ 155,506	\$ 5,321,621	\$ 22,012,575	\$ 11,758,624
Receipts from interfund services provided								
Receipts from grants and contributions								
Payments to suppliers	(884,871)	(112,607)	(1,676,711)	(280,181)	(43,417)	(5,197,751)	(8,195,538)	(6,349,799)
Taxes paid	(1,141,071)	(191,844)	(66,077)	(37,464)	(12,045)		(1,448,501)	(249,480)
Payments to employees	(2,812,655)	(231,298)		(2,982,012)			(6,025,965)	(3,009,880)
Payments for interfund services used	(2,451,065)	(625,078)		(851,062)			(3,927,205)	(1,232,540)
Net cash provided (used) by operating activities	2,069,043	705,393	(23,352)	(559,632)	100,044	123,870	2,415,366	916,925
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Receipts from customers and users	118,725	1,075	28,204	6,661			154,665	82,748
Grants and contributions		502,512		1,270			503,782	110,486
Proceeds from interfund loans			270,000				270,000	70,000
Interfund loans made	(860,405)						(860,405)	
Interfund loan repayments made			(70,000)				(70,000)	(41,972)
Interfund loan repayments received								
Transfers to other funds					(25,177)		(25,177)	(28,578)
Transfers from other funds				550,000			550,000	550,000
Net cash provided (used) by noncapital financing activities	(741,680)	503,587	228,204	557,931	(25,177)		522,865	742,684
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES								
Principal paid on debt	(125,000)	(1,016,819)	(100,000)		(117,011)		(1,358,830)	(401,404)
Interest paid on debt	(10,688)	(112,422)	(168,268)		(71,967)		(363,345)	(309,807)
Transfers to other funds	(85,185)						(85,185)	
Transfers from other funds			166,000		869,882		1,035,882	210,000
Proceeds from debt		883,920					883,920	25,692
Bond issuance costs		(10,208)	(217)				(10,425)	
Interfund loan repayments received								
Interfund loan repayments made			(3,890)				(3,890)	(5,096)
Proceeds from sale of capital assets								
Proceeds from capital grants and contributions								
Payments related to acquisition, construction or improvements of capital assets	(107,038)	(276,787)	(20,055)		(612,578)		(1,016,458)	(1,018,561)
Net cash provided (used) by capital and related activities	(327,911)	(532,316)	(126,430)		68,326		(918,331)	(1,499,176)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipt of interest	75,238	26,523	77	17,533	7,417		126,788	40,463
Investments sold	2,463,673	876,005		1,245,312			4,584,990	1,800,168
Investments purchased	(3,558,716)	(1,570,971)		(1,272,265)			(6,401,952)	(2,121,317)
Net cash provided (used) by investing activities	(1,019,805)	(668,443)	77	(9,420)	7,417		(1,690,174)	(280,686)
Net change in cash and cash equivalents	(20,353)	8,221	78,499	(11,121)	150,610	123,870	329,726	(120,253)
Cash and cash equivalents, January 1	3,154,011	683,845	31,933	589,170	461,225	662,024	5,582,208	2,548,450
Cash and cash equivalents, December 31	\$ 3,133,658	\$ 692,066	\$ 110,432	\$ 578,049	\$ 611,835	\$ 785,894	\$ 5,911,934	\$ 2,428,197
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating income/(loss)	\$ 1,931,589	\$ 507,064	\$ (92,590)	\$ (493,508)	\$ (6,342)	\$	\$ 1,846,213	\$ 777,554
Adjustments to reconcile operating income to net cash provided from operating activities:								
Depreciation expense	169,568	214,841	67,491	39,681	104,273		595,854	333,294
Accrued pension expense	(141,538)	(11,521)		(144,946)			(298,005)	(7,558)
(Increase)/decrease in receivables	(2,999)	(4,496)	(37,416)	(12,960)	(2,704)	31	(60,544)	(178,763)
(Increase)/decrease in prepaid items								1,500
(Increase)/decrease in inventories			(2,383)				(2,383)	9,111
Increase/(decrease) in payables	112,423	(495)	33,947	52,101	4,817	123,839	326,632	(24,030)
Increase/(decrease) in unearned revenues			7,599				7,599	5,817
Other income and adjustments								
Total adjustments	137,454	198,329	69,238	(66,124)	106,386	123,870	569,153	139,371
Net cash provided (used) by operating activities	\$ 2,069,043	\$ 705,393	\$ (23,352)	\$ (559,632)	\$ 100,044	\$ 123,870	\$ 2,415,366	\$ 916,925
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES								
Contribution of capital assets	\$	\$ 539,956					\$ 539,956	\$ 250,131

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





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.

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

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	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	\$ 11,756	\$ 401,205	\$ 842,269	\$ 444,407	\$ 1,816,943
Deposits with third parties		200			104,000
Investments			2,580,216		
Receivables:					
Customer accounts (net)			27,000	1,030	21,587
Due from other funds			330,000		
Due from other governments					
Interfund loans			2,605		
Prepaid items					
Inventory	118,475	5,121			
Total current assets	130,231	406,526	3,782,090	445,437	1,942,530
<i>Capital:</i>					
Depreciable assets (net)		44,700	11,021,031	27,255	
Total capital assets (net)		44,700	11,021,031	27,255	
Total noncurrent assets		44,700	11,021,031	27,255	
Total assets	130,231	451,226	14,803,121	472,692	1,942,530
DEFERRED OUTFLOWS OF RESOURCES					
Pension		67,630		211,256	
Total deferred outflows of resources		67,630		211,256	
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued expenses	8,699	128,181	83,246	66,126	86,137
Due to other funds	60,000				
Interfund loans payable					
Leases payable-current			157,333		
Compensated absences-current		58,135		175,968	
Claims and judgments-current					130,157
Total current liabilities	68,699	186,316	240,579	242,094	216,294
<i>Noncurrent liabilities:</i>					
Interfund loans payable					
Leases payable			596,308		
Compensated absences		58,135		175,968	
Net pension liability		460,477		1,448,545	
Net OPEB obligation					
Total noncurrent liabilities		518,612	596,308	1,624,513	
Total liabilities	68,699	704,928	836,887	1,866,607	216,294
DEFERRED INFLOWS OF RESOURCES					
Pension		84,445		270,442	
Total deferred inflows of resources		84,445		270,442	
NET POSITION					
Net investment in capital assets		44,700	10,184,144	27,255	
Unrestricted	61,532	(315,217)	3,782,090	(1,480,356)	1,726,236
Total net position	\$ 61,532	\$ (270,517)	\$ 13,966,234	\$ (1,453,101)	\$ 1,726,236

Health Care Benefits Plan Fund	Unemployment Fund	Post- Employment Health Care Plan Fund	2017 Total	2016 Total
\$ 1,412,736	\$ 560,231	\$ 541,213	\$ 6,030,760	\$ 6,376,444
294,000			398,200	104,200
6,727,856			9,308,072	10,649,186
(189)	1,840	1,354,860	1,406,128	25,526
			330,000	599,678
				8,000
			2,605	2,815
				78,096
			123,596	89,879
8,434,403	562,071	1,896,073	17,599,361	17,933,824
			11,092,986	8,636,684
			11,092,986	8,636,684
			11,092,986	8,636,684
8,434,403	562,071	1,896,073	28,692,347	26,570,508
			278,886	433,416
			278,886	433,416
118,594	21,480	889,689	1,402,152	291,419
			60,000	25,000
				5,424
			157,333	79,197
			234,103	248,680
3,106,822	21,479	999,557	4,258,015	3,768,962
3,225,416	42,959	1,889,246	6,111,603	4,418,682
			596,308	120,805
			234,103	248,680
			1,909,022	2,568,557
		5,000,793	5,000,793	5,363,941
		5,000,793	7,740,226	8,301,983
3,225,416	42,959	6,890,039	13,851,829	12,720,665
			354,887	56,594
			354,887	56,594
			10,256,099	8,436,682
5,208,987	519,112	(4,993,966)	4,508,418	5,789,983
\$ 5,208,987	\$ 519,112	\$ (4,993,966)	\$ 14,764,517	\$ 14,226,665

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	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund
OPERATING REVENUES				
<i>Charges for services:</i>				
Other services	\$	\$ 3,598,815	\$ 1,762,835	\$ 3,700,478
Other operating revenues		13,603	27,000	32,060
Total operating revenues		<u>3,612,418</u>	<u>1,789,835</u>	<u>3,732,538</u>
OPERATING EXPENSES				
Maintenance and operations		3,059,258	24,830	2,503,834
Administrative and general		705,373	68,000	1,073,736
Taxes		1,585		
Depreciation		9,628	1,667,947	5,727
Total operating expenses		<u>3,775,844</u>	<u>1,760,777</u>	<u>3,583,297</u>
Operating income/(loss)		<u>(163,426)</u>	<u>29,058</u>	<u>149,241</u>
NONOPERATING REVENUES/(EXPENSES)				
Investment earnings			39,244	6,709
Interest expense			(9,999)	
Miscellaneous nonoperating revenues/ (expenses)		1,582	41,182	1,060
Total nonoperating revenues/(expenses)		<u>1,582</u>	<u>70,427</u>	<u>7,769</u>
Net income (loss) before transfers		(161,844)	99,485	157,010
Transfers in			<u>743,899</u>	
Change in net position		(161,844)	843,384	157,010
Net position-beginning	61,532	(108,673)	13,122,850	(1,610,111)
Prior period adjustment				
Net position-ending	<u>\$ 61,532</u>	<u>\$ (270,517)</u>	<u>\$ 13,966,234</u>	<u>\$ (1,453,101)</u>

Workers' Compensation Fund	Health Care Benefits Plan Fund	Unemployment Fund	Post-Employment Health Care Plan Fund	2017 Total	2016 Total
\$ 1,631,156	\$ 9,897,166	\$ 84,874	\$ 962,643	\$ 21,637,967	\$ 20,603,582
				72,663	64,640
1,631,156	9,897,166	84,874	962,643	21,710,630	20,668,222
686,900	10,321,827	86,667	3,385,420	20,068,736	17,973,486
85,285	242,395	3,740	31,400	2,209,929	1,186,785
				1,585	
				1,683,302	1,621,519
772,185	10,564,222	90,407	3,416,820	23,963,552	20,781,790
858,971	(667,056)	(5,533)	(2,454,177)	(2,252,922)	(113,568)
16,920	62,483	7,774	14,741	147,871	104,108
				(9,999)	(16,528)
	138,011		1,727,168	1,909,003	235,777
16,920	200,494	7,774	1,741,909	2,046,875	323,357
875,891	(466,562)	2,241	(712,268)	(206,047)	209,789
				743,899	185,831
875,891	(466,562)	2,241	(712,268)	537,852	395,620
850,345	5,675,549	516,871	(4,281,698)	14,226,665	13,831,045
\$ 1,726,236	\$ 5,208,987	\$ 519,112	\$ (4,993,966)	\$ 14,764,517	\$ 14,226,665

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017 with comparative totals for 2016

	Public Works				
	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Administration and Engineering Fund	Workers' Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$	\$ 39,027	\$	\$ 319,322	\$ 1,631,156
Receipts from interfund services provided		3,573,391	1,762,835	3,412,188	
Receipts from grants and contributions					
Payments to suppliers	(29,863)	(2,309,312)	(24,830)	(155,880)	(705,451)
Taxes paid		(1,585)			
Payments to employees		(990,716)		(3,039,574)	
Payments for interfund services used		(447,904)	(68,000)	(570,957)	(85,285)
Net cash provided (used) by operating activities	(29,863)	(137,099)	1,670,005	(34,901)	840,420
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from customers and users		1,583		1,060	
Grants and contributions					
Proceeds from interfund loans	35,000				
Interfund loans made			(330,000)		
Interfund loan repayments made					
Interfund loan repayments received			600,036		
Transfers to other funds					
Transfers from other funds					
Net cash provided (used) by noncapital financing activities	35,000	1,583	270,036	1,060	
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES					
Principal paid on debt			(79,197)		
Interest paid on debt			(9,999)		
Transfers from other funds			743,899		
Proceeds from debt			632,836		
Bond issuance costs					
Interfund loan repayments received					
Interfund loan repayments made			(5,424)		
Proceeds from sale of capital assets			45,600		
Proceeds from capital grants and contributions					
Payments related to acquisition, construction or improvements of capital assets		(23,833)	(4,036,944)		
Net cash provided (used) by capital and related activities		(23,833)	(2,709,229)		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of interest			55,868	6,708	16,919
Investments sold			3,453,022		
Investments purchased			(2,584,990)		
Net cash provided (used) by investing activities			923,900	6,708	16,919
Net change in cash and cash equivalents	5,137	(159,349)	154,712	(27,133)	857,339
Cash and cash equivalents, January 1	6,619	560,554	687,557	471,540	959,604
Cash and cash equivalents, December 31	\$ 11,756	\$ 401,205	\$ 842,269	\$ 444,407	\$ 1,816,943
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income/(loss)	\$	\$ (163,426)	\$ 29,058	\$ 149,241	\$ 858,971
Adjustments to reconcile operating income to net cash provided from operating activities:					
Depreciation expense		9,628	1,667,947	5,727	
Accrued pension expense		(49,703)		(157,009)	
(Increase)/decrease in receivables		8,000	(27,000)	(1,030)	2,294
(Increase)/decrease in prepaid items				2,000	
(Increase)/decrease in inventories	(36,830)	3,112			
Increase/(decrease) in payables	6,967	55,290		(33,830)	(20,845)
Increase/(decrease) in unearned revenues					
Other income and adjustments					
Total adjustments	(29,863)	26,327	1,640,947	(184,142)	(18,551)
Net cash provided (used) by operating activities	\$ (29,863)	\$ (137,099)	\$ 1,670,005	\$ (34,901)	\$ 840,420

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

Employee Benefits Fund		Unemployment Fund	Post Employment Benefits Fund	2017 Total	2016 Total
\$ 9,897,355	\$ 84,874	\$ 962,643	\$ 12,934,377	\$ 12,259,717	
			8,748,414	8,436,678	
(10,413,448)	(120,808)	(3,715,958)	(17,475,550)	(13,987,995)	
			(1,585)		
			(4,030,290)	(4,213,566)	
(242,395)	(3,740)	(31,400)	(1,449,681)	(491,959)	
(758,488)	(39,674)	(2,784,715)	(1,274,315)	2,056,875	
138,012		1,727,168	1,867,823	159,381	
			35,000	25,000	
			(330,000)	(599,678)	
				(47,581)	
			600,036	178,962	
138,012		1,727,168	2,172,859	(283,916)	
			(79,197)	(119,210)	
			(9,999)	(16,528)	
			743,899	185,831	
			632,836		
			(5,424)	(15,661)	
			45,600	69,536	
			(4,060,777)	(2,041,831)	
			(2,733,062)	(1,937,863)	
99,807	7,774	14,741	201,817	189,343	
7,159,291			10,612,313	9,781,855	
(6,740,306)			(9,325,296)	(10,612,313)	
518,792	7,774	14,741	1,488,834	(641,115)	
(101,684)	(31,900)	(1,042,806)	(345,684)	(806,019)	
1,514,420	592,131	1,584,019	6,376,444	7,182,463	
\$ 1,412,736	\$ 560,231	\$ 541,213	\$ 6,030,760	\$ 6,376,444	
\$ (667,056)	\$ (5,533)	\$ (2,454,177)	\$ (2,252,922)	\$ (113,572)	
			1,683,302	1,621,519	
			(206,712)	(14,225)	
189	(194)	(1,354,860)	(1,372,601)	84,407	
(217,904)			(215,904)	(3,406)	
			(33,718)	35,824	
126,283	(33,947)	1,024,322	1,124,240	446,328	
(91,432)	(34,141)	(330,538)	978,607	2,170,447	
\$ (758,488)	\$ (39,674)	\$ (2,784,715)	\$ (1,274,315)	\$ 2,056,875	





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.

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

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Plan Net Position
Pension Trust Funds

December 31, 2017 with comparative totals for 2016

	Fire Pension Trust Fund	Police Pension Trust Fund	2017 Total	2016 Total
ASSETS				
Cash and short term investments	\$ 191,657	\$ 133,537	\$ 325,194	\$ 456,506
Investments:				
Mutual funds	483,407	249,531	732,938	704,508
Bank certificate of deposit	200,000		200,000	200,000
US Gov't Security	98,824		98,824	
Interfund loans receivable	16,685		16,685	27,804
Total Assets	990,573	383,068	1,373,641	1,388,818
LIABILITIES				
Accounts payable and accrued expenses	1,421	39	1,460	105
Total liabilities	1,421	39	1,460	105
NET POSITION				
Net position restricted for pensions	410,833	160,165	570,998	618,850
Net position restricted for OPEB	578,319	222,864	801,183	769,863
Total net position	\$ 989,152	\$ 383,029	\$ 1,372,181	\$ 1,388,713

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, 2017 with comparative totals for 2016

	Fire Pension Trust Fund	Police Pension Trust Fund	2017 Total	2016 Total
ADDITIONS:				
Contributions:				
Employer-property taxes	\$ 203,000	\$	\$ 203,000	\$ 242,946
State-fire insurance premium tax	62,462		62,462	62,276
General Fund contributions		369,000	369,000	353,000
Total contributions	265,462	369,000	634,462	658,222
Investment income:				
Interest and dividends	32,512	13,991	46,503	42,931
Net change in fair market value of investments	17,575	9,679	27,254	47,085
Total investment income	50,087	23,670	73,757	90,016
Total Additions	315,549	392,670	708,219	748,238
DEDUCTIONS:				
Benefits	314,632	392,906	707,538	663,824
Administrative expenses	12,041	5,172	17,213	35,688
Total deductions	326,673	398,078	724,751	699,512
Change in Net Position	(11,124)	(5,408)	(16,532)	48,726
Net position Beginning	1,000,276	388,437	1,388,713	1,339,987
Net position Ending	\$ 989,152	\$ 383,029	\$ 1,372,181	\$ 1,388,713

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Columbia Point Master Association			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 23,681	\$ 13,661	\$ 11,812	\$ 25,530
Receivables:				
Customer accounts (net)	(179)	10,230	10,059	(8)
Total assets	<u>\$ 23,502</u>	<u>\$ 23,891</u>	<u>\$ 21,871</u>	<u>\$ 25,522</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 648	\$ 11,767	\$ 11,812	\$ 603
Payable to other agencies	22,854	13,831	11,766	24,919
Total liabilities	<u>\$ 23,502</u>	<u>\$ 25,598</u>	<u>\$ 23,578</u>	<u>\$ 25,522</u>
Uptown Business Improvement District				
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 323	\$ 10,965	\$ 17,872	\$ (6,584)
Receivables:				
Customer accounts (net)	2,811	12,825	14,311	1,325
Total assets	<u>\$ 3,134</u>	<u>\$ 23,790</u>	<u>\$ 32,183</u>	<u>\$ (5,259)</u>
LIABILITIES				
Accounts payable and accrued expenses	3,134	\$ 32,789	\$ 41,182	5,259
Payable to other agencies				
Total liabilities	<u>\$ 3,134</u>	<u>\$ 32,789</u>	<u>\$ 41,182</u>	<u>\$ 5,259</u>
Downtown Business Improvement District				
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 6,649	\$ 11,542	\$ 5,689	\$ 12,502
Receivables:				
Customer accounts (net)	2,846	12,569	12,806	2,609
Total assets	<u>\$ 9,495</u>	<u>\$ 24,111</u>	<u>\$ 18,495</u>	<u>\$ 15,111</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 9,495	\$ 18,853	\$ 13,357	\$ 14,991
Payable to other agencies		120		120
Total liabilities	<u>\$ 9,495</u>	<u>\$ 18,973</u>	<u>\$ 13,357</u>	<u>\$ 15,111</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, continued
Agency Funds
For the Year Ended December 31, 2017

	Southeast Communications Center			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 2,120,383	\$ 4,517,149	\$ 4,658,783	\$ 1,978,749
Receivables:				
Customer accounts (net)	11,778	2,523,507	2,383,517	151,768
Due from other governments	146,963	153,050	146,962	153,051
Prepaid items	17,300	19,617	17,300	19,617
Interfund Loans		31,044		31,044
Capital assets:				
Depreciable assets (net)	1,736,147	111,715	247,202	1,600,659
Construction in progress				
Total capital assets (net)	1,736,147	187,532	323,020	1,600,659
Total assets	<u>\$ 4,032,571</u>	<u>\$ 7,431,899</u>	<u>\$ 7,529,582</u>	<u>\$ 3,934,888</u>

LIABILITIES				
Accounts payable and accrued expenses	\$ 90,909	763,667	804,352	\$ 50,224
Deposits payable				
Compensated absences	194,596	3,678		198,274
Payable to other agencies	3,747,066	4,728,896	4,789,571	3,686,391
Total liabilities	<u>\$ 4,032,571</u>	<u>\$ 5,496,241</u>	<u>\$ 5,593,923</u>	<u>\$ 3,934,889</u>

	800 MHZ Project			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 172,707	\$ 767,780	\$ 844,924	\$ 95,563
Receivables:				
Customer accounts (net)	64,115	588,680	559,086	93,709
Capital assets:				
Land				
Depreciable assets (net)	5,631,383		895,599	4,735,784
Total capital assets (net)	5,631,383		895,599	4,735,784
Total assets	<u>\$ 5,868,205</u>	<u>\$ 1,356,460</u>	<u>\$ 2,299,609</u>	<u>\$ 4,925,056</u>

LIABILITIES				
Accounts payable and accrued expenses	\$ 2,119	724,872	\$ 725,554	\$ 1,437
Payable to other agencies	5,866,086	817,202	1,759,669	4,923,619
Total liabilities	<u>\$ 5,868,205</u>	<u>\$ 1,542,074</u>	<u>\$ 2,485,223</u>	<u>\$ 4,925,056</u>

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Changes in Assets and Liabilities, continued
 Agency Funds
 For the Year Ended December 31, 2017

	Benton County Emergency Management			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 35,644	\$ 799,220	\$ 834,864	\$
Receivables:				
Customer accounts (net)		95,535	95,535	
Due from other governments	94,497	169,533	94,497	169,533
Prepaid items		230		230
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	1,080,700	42,217	71,848	1,051,069
Total capital assets (net)	1,095,293	436,128	465,759	1,065,662
Total assets	<u>\$ 1,225,434</u>	<u>\$ 1,500,647</u>	<u>\$ 1,490,656</u>	<u>\$ 1,235,425</u>

LIABILITIES				
Accounts payable and accrued expenses	\$ 13,319	\$ 364,320	\$ 355,020	\$ 22,619
Interfund loans payable		31,044		31,044
Compensated absences	22,853	3,175		26,028
Notes and contracts payable	22,971		8,528	14,443
Payable to other agencies	1,166,291	832,751	857,751	1,141,291
Total liabilities	<u>\$ 1,225,434</u>	<u>\$ 1,231,290</u>	<u>\$ 1,221,299</u>	<u>\$ 1,235,425</u>

	Microwave Communication			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 75,296	\$ 99,308	\$ 76,373	\$ 98,231
Capital assets:				
Depreciable assets (net)				
Total capital assets (net)				
Total assets	<u>\$ 75,296</u>	<u>\$ 99,308</u>	<u>\$ 76,373</u>	<u>\$ 98,231</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, concluded
Agency Funds
For the Year Ended December 31, 2017

	Total Agency Funds			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 2,434,683	\$ 6,219,625	\$ 6,450,317	\$ 2,203,991
Receivables:				
Customer accounts (net)	81,371	3,243,346	3,075,314	249,403
Due from other governments	241,460	322,583	241,459	322,584
Prepaid items	17,300	19,847	17,300	19,847
Interfund Loans		31,044		31,044
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	8,448,230	153,932	1,214,649	7,387,513
Construction in progress				
Total capital assets (net)	8,462,823	623,661	1,684,378	7,402,106
Total assets	<u>\$ 11,237,637</u>	<u>\$ 10,460,107</u>	<u>\$ 11,468,769</u>	<u>\$ 10,228,975</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 122,255	\$ 1,974,716	\$ 2,012,334	\$ 84,637
Interfund loans payable		31,044		31,044
Compensated absences	217,449	6,853		224,302
Notes and contracts payable	22,971		8,528	14,443
Payable to other agencies	10,874,962	6,490,381	7,490,794	9,874,549
Total liabilities	<u>\$ 11,237,637</u>	<u>\$ 8,502,994</u>	<u>\$ 9,511,656</u>	<u>\$ 10,228,975</u>



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 2017 & 2008

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, 2017
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 2017 & 2008

OPERATING INFORMATION – Tables 18-21

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. Top Ten Customers for Selected Utilities
20. Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
21. 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.

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
2017	\$ 15,364,257	\$ 2,223,821	\$ 12,108,165	\$ 2,784,640	\$ 13,177,794	\$ 866,431	\$ 2,287,720	\$ 1,078,039	\$ 544,272	\$ 50,435,139
2016	14,722,114	2,158,587	11,674,335	2,760,442	12,356,871	851,112	2,604,109	951,284	483,456	48,562,310
2015	13,980,379	2,214,160	10,650,322	2,565,294	11,593,613	556,328	2,723,306	958,100	484,999	45,726,501
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	11,502,106	1,840,157	7,699,891	767,926	9,767,619	339,323	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
CHANGE 2008-2017	41.11%	34.64%	58.51%	275.10%	48.11%	131.48%	61.78%	48.13%	70.43%	54.45%

The 2017 Utility Tax increase was the result of rate increase to several of the utilities.

The increase in 2016 for property taxes reflects the completion of several large commercial construction projects which significantly increased Richland's assessed valuation.

Retail sales tax also saw robust growth during 2016, from both new construction and an influx of retail activity. Other taxes' increase includes amusement tax from a new theater.

The significant increase in 2015 for Criminal Justice Retail Sales Tax is the result of a voted .3% increase which went into effect 1/1/15. This is a 10 year commitment.

In late 2015, a commercial sale transaction of \$150M occurred, resulting in a sizeable, one time increase in Real Estate Excise Tax.

The 2014 Utility Tax increase 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 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 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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Taxes	\$ 50,437,949	\$ 48,562,310	\$ 45,726,501	\$ 41,977,970	\$ 38,180,039	\$ 36,626,363	\$ 36,512,161	\$ 35,871,937	\$ 34,153,979	\$ 32,653,712
Licenses & permits	2,557,508	2,840,787	2,677,317	2,599,993	2,318,857	2,205,971	2,347,311	2,403,401	1,867,785	2,178,368
Intergovernmental	5,518,666	6,440,906	5,948,208	8,144,118	8,039,627	6,106,051	9,711,729	6,544,817	5,453,003	6,832,807
Charges for services	13,083,228	12,137,127	8,128,419	7,704,122	7,809,058	7,732,806	7,934,217	8,309,594	7,361,912	7,587,492
Fines & forfeits	515,624	607,288	818,967	817,764	856,819	916,385	939,720	982,873	1,063,761	967,829
Investment earnings	417,954	262,805	288,682	306,015	69,257	290,597	415,985	202,126	412,146	1,092,599
Rents & leases	1,435,088	1,515,781	1,453,179	717,412	722,765	1,973,441	649,786	588,935	594,814	565,614
Miscellaneous revenues	1,156,305	876,706	572,642	854,155	548,334	1,101,510	786,136	1,023,644	691,192	746,306
Total revenues	75,122,322	73,243,710	65,613,915	63,121,549	58,544,756	56,953,124	59,297,045	55,927,327	51,598,592	52,624,727
EXPENDITURES										
<i>Current:</i>										
Judicial	612,709	736,826	752,070	685,091	618,486	712,698	627,958	615,558	550,576	483,003
General government	14,353,222	14,043,533	13,379,397	13,729,256	12,355,068	12,445,145	12,677,728	11,787,472	13,990,135	11,490,889
Public safety	26,627,012	24,484,789	20,044,753	18,986,726	18,944,406	18,574,463	18,227,258	17,661,244	16,976,083	16,532,144
Physical environment	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807	213,215	208,625
Transportation	4,782,030	4,103,281	3,627,432	3,338,151	4,233,541	4,028,906	3,968,762	3,082,685	3,532,324	3,757,189
Health & human services	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811	11,015	10,425
Economic environment	5,714,353	4,792,141	4,919,136	8,960,064	7,924,653	5,812,773	6,131,509	6,403,864	5,444,364	4,953,528
Culture & recreation	6,998,649	6,606,846	6,407,652	5,850,173	6,076,924	5,962,775	6,042,759	5,916,801	5,984,501	5,555,287
<i>Debt service:</i>										
Principal	6,488,834	3,486,943	5,306,461	3,179,431	3,448,941	2,913,457	2,810,000	4,005,000	2,450,000	2,385,000
Interest	1,476,869	1,339,549	1,424,949	1,649,496	1,620,922	1,487,880	1,614,032	1,658,375	1,747,312	1,874,739
Other	191,704	2,104	149,563	4,856	97,859	601	605	36,591	2,309	2,912
<i>Capital Outlay:</i>										
General government	3,089,439	683,833	147,702	542,084	718,240	546,014	174,549	1,735,866	358,280	144,565
Public safety	59,164	46,549	2,652,865	764,037	41,719	238,889	114,045	308,558	99,199	103,229
Physical environment	-	-	-	-	-	-	-	-	-	-
Transportation	6,615,162	4,703,783	3,642,872	4,851,676	1,897,292	4,196,697	6,730,723	3,182,461	4,288,074	4,354,447
Economic environment	887,594	443,802	962,546	651,117	100,674	482,941	30,937	97,172	70,529	8,275
Culture & recreation	1,160,433	824,702	2,007,747	1,673,709	4,223,887	1,512,683	2,006,123	1,234,803	8,637,860	7,733,014
Total expenditures	79,071,374	66,559,690	65,680,617	65,113,720	62,546,495	59,151,941	61,398,558	57,960,068	64,355,776	59,597,271
Excess (deficiency) of revenues over (under) expenditures	(3,949,052)	6,684,020	(66,702)	(1,992,171)	(4,001,739)	(2,198,817)	(2,101,513)	(2,032,741)	(12,757,184)	(6,972,544)
OTHER FINANCING SOURCES (USES)										
Transfers in	10,056,533	4,806,778	5,592,968	8,392,194	6,479,976	6,995,101	7,597,172	11,223,114	7,736,187	11,064,054
Transfers out	(11,399,276)	(5,584,031)	(9,007,349)	(9,254,722)	(8,687,825)	(8,351,837)	(8,068,733)	(12,525,831)	(9,107,145)	(12,909,304)
Debt issued	16,130,000	294,318	15,098,361	3,355,000	11,115,000	-	-	3,920,000	-	-
Premium on general obligation debt	2,168,592	-	1,565,869	123,353	91,249	-	-	106,161	-	-
Payment to ref. bond escrow agent	-	-	(13,794,724)	-	-	-	-	-	-	-
Disposition of capital assets	1,634,804	508,884	287,522	3,714,337	476,346	241,111	1,376,809	2,195,654	154,038	2,519,318
Insurance recoveries	-	10,000	-	-	-	-	-	-	-	-
Total other financing sources (uses)	18,590,653	35,949	(257,353)	6,330,162	9,474,746	(1,115,625)	905,248	4,919,098	(1,216,920)	674,068
Net change in fund balances	14,641,601	6,719,969	(324,055)	4,337,991	5,473,007	(3,314,442)	(1,196,265)	2,886,357	(13,974,104)	(6,298,476)
Prior period adjustments	-	(18,633)	-	(786,281)	(1,104,578)	-	241,848	-	(126,842)	(305,497)
Total net change in fund balances	\$ 14,641,601	\$ 6,701,336	\$ (324,055)	\$ 3,551,710	\$ 4,368,429	\$ (3,314,442)	\$ (954,417)	\$ 2,886,357	\$ (14,100,946)	\$ (6,603,973)
Debt service as a % of noncapital expenditures	11.84%	8.06%	11.96%	8.53%	9.12%	8.44%	8.45%	11.02%	8.25%	9.01%

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Statistical Section - Financial Trends Information
Table 3 - Net Position
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 98,465,338	\$ 92,515,556	\$ 77,921,984	\$ 77,393,420	\$ 86,339,502	\$ 86,531,857	\$ 87,445,853	\$ 85,596,859	\$ 89,953,344	\$ 90,764,468
Restricted	38,243,623	27,908,406	12,390,522	13,984,508	5,164,524	3,483,745	3,356,389	8,210,325	7,646,895	18,720,050
Unrestricted	(2,019,224)	2,628,947	4,241,680	11,434,107	18,833,768	25,648,175	29,067,800	24,516,771	20,174,118	14,197,923
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	134,689,737	123,052,909	94,554,186	102,812,035	110,337,794	115,663,777	119,870,042	118,323,955	117,774,357	123,682,441
BUSINESS-TYPE										
Net Investment in Capital Assets	167,556,016	158,307,907	150,079,976	146,876,162	145,327,567	131,225,438	117,579,433	114,712,702	97,683,923	97,252,443
Restricted	18,479,222	15,883,919	16,628,777	14,119,797	13,802,274	19,804,051	22,038,604	15,049,152	15,310,155	11,502,589
Unrestricted	18,508,853	16,376,163	14,315,523	19,969,244	14,909,806	12,750,453	16,402,531	21,550,164	22,717,251	20,560,529
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	204,544,091	190,567,989	181,024,276	180,965,203	174,039,647	163,779,942	156,020,568	151,312,018	135,711,329	129,315,563
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	266,021,354	250,823,463	228,001,960	224,269,582	231,667,069	217,757,295	205,025,286	200,309,561	187,637,267	188,016,911
Restricted	56,722,845	43,792,325	29,019,299	28,104,305	18,966,798	23,287,796	25,394,993	23,259,477	22,957,050	30,222,639
Unrestricted	16,489,629	19,005,110	18,557,203	31,403,351	33,743,574	38,398,628	45,470,331	46,066,935	42,891,369	34,758,452
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 339,233,828	\$ 313,620,898	\$ 275,578,462	\$ 283,777,238	\$ 284,377,441	\$ 279,443,719	\$ 275,890,610	\$ 269,635,973	\$ 253,485,686	\$ 252,998,004

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
<i>Governmental Activities:</i>										
Judicial	\$ 612,709	\$ 736,826	\$ 752,070	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576	\$ 483,003
General Government	14,468,015	15,442,282	14,260,390	14,389,809	12,622,646	12,799,300	12,875,968	14,658,005	14,537,462	11,962,826
Public Safety	27,228,765	26,983,227	21,032,731	24,966,795	19,744,479	20,091,515	19,004,418	13,146,635	16,021,859	16,902,855
Physical Environment	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807	215,364	180,774
Transportation	7,531,674	6,534,382	11,977,801	11,719,930	12,449,384	12,261,359	11,707,903	11,150,022	10,838,583	10,758,636
Health & human services	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811	11,015	10,425
Economic Environment	6,645,265	5,594,614	5,456,432	9,544,697	7,942,776	6,051,751	6,308,358	7,076,630	5,724,997	5,252,015
Culture & Recreation	8,002,424	8,005,109	7,821,561	11,051,111	7,291,514	7,205,154	7,108,146	7,921,404	6,623,574	6,132,878
Interest on Long-Term Debt	1,553,294	1,229,272	1,489,579	1,583,907	1,670,320	1,437,334	1,542,686	1,756,217	1,725,977	1,858,001
Total Governmental Activities	66,056,346	64,786,721	63,046,036	74,189,193	62,583,488	60,795,130	59,417,007	56,558,089	56,249,407	53,541,413
<i>Business-Type Activities:</i>										
Electric & Gas	62,473,834	59,375,689	54,615,686	54,489,969	53,419,986	48,046,928	45,539,459	44,772,564	42,717,311	43,160,460
Water	10,125,955	10,989,873	9,903,328	10,332,007	10,264,897	9,959,311	9,864,232	9,849,914	9,172,943	8,925,632
Sewer	7,806,872	8,265,826	6,880,869	7,493,696	7,501,259	7,611,549	7,984,939	7,224,539	7,202,354	6,780,386
Solid Waste	6,811,779	5,812,417	8,675,356	6,930,515	7,001,150	6,540,027	7,426,222	6,769,877	5,990,169	5,486,939
Stormwater	1,271,385	1,306,497	1,532,140	1,343,853	1,318,630	1,244,857	1,239,561	1,204,054	1,178,828	1,160,303
Golf Course	1,965,153	1,717,876	1,612,671	1,596,480	1,590,702	1,519,204	1,542,116	1,475,335	1,341,871	1,390,938
Medical Services	4,163,413	3,602,718	3,036,998	3,363,682	3,032,903	2,856,359	2,976,632	2,805,624	2,615,842	2,441,302
Broadband	237,998	174,712	180,575	175,358	76,966	-	-	-	-	-
Total Business-Type Activities	94,856,389	91,245,608	86,437,623	85,725,560	84,206,493	77,778,235	76,573,161	74,101,907	70,219,318	69,345,960
Total Primary Government Expenses	160,912,735	156,032,329	149,483,659	159,914,753	146,789,981	138,573,365	135,990,168	130,659,996	126,468,725	122,887,373
Program Revenues										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Judicial	472,196	559,077	768,944	769,654	773,448	860,813	878,511	921,729	1,012,701	911,492
General Government	8,623,083	7,444,746	7,343,592	6,761,340	7,042,606	6,821,453	7,090,180	7,156,208	6,955,300	6,622,028
Public Safety	4,100,340	3,989,347	273,209	259,832	371,450	231,460	190,061	156,206	176,441	245,399
Physical Environment		49,105	53,203	55,542	51,607	52,396	51,555	53,099	54,523	55,951
Transportation	962,535	782,394	1,020,948	831,610	772,067	861,952	678,533	525,496	364,290	1,080,559
Health & human services	26,229	41,360	111,038	68,991	72,420	524,181	120,503	260,734	285,875	-
Economic Environment	2,808,648	4,095,516	2,981,634	3,071,528	2,146,768	3,487,891	2,394,814	3,261,318	1,861,782	2,923,981
Culture & Recreation	1,121,617	1,401,316	986,815	895,685	953,049	910,772	1,162,255	905,792	656,997	722,123
Operating Grants and Contributions	1,814,309	1,826,779	2,184,976	1,440,860	1,867,067	2,148,431	2,210,676	2,332,638	1,989,004	1,861,943
Capital Grants and Contributions	2,300,608	3,343,624	2,544,143	5,296,154	4,809,008	2,761,967	6,022,409	2,751,068	1,994,008	3,568,605
Total Governmental Activities	22,229,565	23,533,264	18,268,502	19,451,196	18,859,490	18,661,316	20,799,497	18,324,288	15,350,921	17,992,081

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Business-Type Activities:</i>										
Charges for Services										
Electric	\$ 67,972,784	\$ 63,520,869	\$ 57,994,539	\$ 57,340,303	\$ 54,945,920	\$ 48,213,393	\$ 49,368,499	\$ 47,533,730	\$ 48,356,937	\$ 46,221,214
Water	14,600,499	14,691,287	14,407,590	13,902,732	13,254,942	12,502,676	11,481,750	11,379,986	11,548,340	11,492,632
Sewer	9,514,786	9,269,282	9,186,121	8,962,953	8,691,716	8,582,653	8,943,282	9,837,064	7,998,399	7,535,066
Solid Waste	9,537,730	8,628,477	8,346,077	7,712,288	8,237,305	4,982,677	7,244,141	6,925,655	5,943,696	6,237,907
Stormwater	1,870,758	2,448,339	2,103,726	2,303,127	2,280,477	2,830,931	2,082,373	1,987,399	1,687,218	1,399,153
Golf Course	1,707,171	1,743,990	1,605,653	1,555,413	1,628,586	1,477,589	1,567,050	1,510,461	1,515,478	1,429,944
Medical Services	3,723,437	3,857,186	3,401,521	3,282,576	2,868,451	2,333,394	2,197,763	2,200,642	2,136,403	1,781,878
Broadband	158,209	150,025	178,484	240,000	170,811	-	-	-	-	-
Operating Grants and Contributions	68,893	68,092	63,827	204,324	-	-	-	8,925	4,126	1,644
Capital Grants and Contributions	6,821,950	4,269,608	4,367,793	4,882,561	7,954,915	8,838,913	3,256,666	3,016,065	1,693,970	2,562,860
Total Business-Type Activities	115,976,217	108,647,155	101,655,331	100,386,277	100,033,123	89,762,226	86,141,524	84,399,927	80,884,567	78,662,298
Total Primary Government Revenues	138,205,782	132,180,419	119,923,833	119,837,473	118,892,613	108,423,542	106,941,021	102,724,215	96,235,488	96,654,379
Net (Expense)/Revenue										
Governmental Activities	(43,826,781)	(41,253,457)	(44,777,534)	(54,737,997)	(43,723,998)	(42,133,814)	(38,617,510)	(38,233,801)	(40,898,486)	(35,549,332)
Business-type Activities	21,119,828	17,401,547	15,217,708	14,660,717	15,826,630	11,983,991	9,568,363	10,298,020	10,665,249	9,316,338
Total Primary Government Net Expense	(22,706,953)	(23,851,910)	(29,559,826)	(40,077,280)	(27,897,368)	(30,149,823)	(29,049,147)	(27,935,781)	(30,233,237)	(26,232,994)
General Revenues										
<i>Governmental Activities:</i>										
Property Taxes	17,600,966	16,889,650	16,201,248	15,622,185	15,030,647	14,439,678	13,865,439	13,848,298	13,396,443	12,630,335
Sales Taxes	14,892,805	14,434,778	13,215,616	10,991,080	10,251,001	9,201,422	10,157,072	9,278,077	8,467,816	8,381,182
B&O Taxes	3,725,839	3,383,237	3,597,958	3,952,587	4,041,508	3,825,359	3,976,461	4,295,754	4,421,720	3,735,671
Other Taxes	6,564,709	6,611,152	6,281,555	4,847,975	3,998,315	4,661,573	4,400,842	4,456,219	4,046,274	4,237,755
Investment Earnings	519,872	331,460	404,278	564,215	190,182	388,599	496,464	285,768	412,145	1,092,599
Disposition of Capital Assets	17,569	6,681	-	-	-	-	-	-	-	-
Disposition of Land Held for Resale	1,557,892	441,158	287,522	3,714,337	476,346	121,733	1,376,809	1,895,208	154,038	2,519,318
Insurance Recoveries	-	10,000	-	-	-	-	-	-	-	-
Miscellaneous	2,474,746	5,517,170	650,375	1,232,707	1,157,306	-	-	-	-	-
Transfers	8,109,211	8,196,381	4,581,273	7,073,433	4,528,264	5,118,713	5,648,662	4,724,075	4,493,295	4,335,447
Total Governmental Activities	55,463,609	55,821,667	45,219,825	47,998,519	39,673,569	37,757,077	39,921,749	38,783,399	35,391,731	36,932,307
<i>Business-Type Activities:</i>										
Investment Earnings	677,884	342,502	427,386	414,790	(309,414)	935,302	797,471	372,230	401,288	926,134
Insurance Recoveries	28,204	-	-	-	-	-	-	-	-	-
Transfers	(8,109,211)	(8,196,381)	(4,581,273)	(7,073,433)	(4,528,264)	(5,118,713)	(5,648,662)	(4,724,075)	(4,493,295)	(4,335,447)
Total Business-Type Activities	(7,403,123)	(7,853,879)	(4,153,887)	(6,658,643)	(4,837,678)	(4,183,411)	(4,851,191)	(4,351,845)	(4,092,007)	(3,409,313)
Total Primary Government	48,060,486	47,967,788	41,065,938	41,339,876	34,835,891	33,573,666	35,070,558	34,431,554	31,299,724	33,522,994

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Change in Net Position - Current Year										
Governmental Activities	\$ 11,636,828	\$ 14,568,210	\$ 442,291	\$ (6,739,478)	\$ (4,050,429)	\$ (4,376,737)	\$ 1,304,239	\$ 549,598	\$ (5,506,755)	\$ 1,382,975
Business-type Activities	13,716,705	9,547,668	11,063,821	8,002,074	10,988,952	7,800,580	4,717,172	5,946,175	6,573,242	5,907,025
Total Change - Current Year	25,353,533	24,115,878	11,506,112	1,262,596	6,938,523	3,423,843	6,021,411	6,495,773	1,066,487	7,290,000
Change in Net Position - Changes in Accounting Principles										
Governmental Activities	-	-	(8,700,140)	-	-	(170,976)	170,472	-	-	-
Business-type Activities	-	-	(10,978,522)	-	-	(1,277,474)	-	-	-	(829,843)
Total Change - Accounting Principles	-	-	(19,678,662)	-	-	(1,448,450)	170,472	-	-	(829,843)
Change in Net Position - Prior Period Adjustments										
Governmental Activities	-	13,930,513	-	(786,281)	(1,104,578)	-	241,848	-	(401,329)	(305,497)
Business-type Activities	259,397	(3,955)	(26,226)	(1,076,518)	548,227	(41,206)	(8,622)	9,654,514	(177,476)	(34,676)
Total Change - Prior Period Adjustments	259,397	13,926,558	(26,226)	(1,862,799)	(556,351)	(41,206)	233,226	9,654,514	(578,805)	(340,173)
Total Change in Net Position	\$ 25,612,930	\$ 38,042,436	\$ (8,198,776)	\$ (600,203)	\$ 6,382,172	\$ 1,934,187	\$ 6,425,109	\$ 16,150,287	\$ 487,682	\$ 6,119,984

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.

In 2015, the beginning balance of Net Position was restated by \$19,678,662 to reflect the effects of implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*.

In 2016, the City recognized the value of \$8,934,884 land held for resale by governmental activities on the Statement of Net Position for the first time. Also, a depreciation error was corrected, restoring \$9,479,815 in carrying value to transportation infrastructure in governmental activities.

In 2017, the City recognized insurance recoveries of \$28,204.

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

	*2017	*2016	*2015	*2014	*2013	*2012	*2011	2010	2009	2008
General Fund										
Nonspendable	\$ -	\$ 26,818	\$ 19,425	\$ 2,379,932	\$ 2,294,528	\$ 2,294,515	\$ 2,294,528	\$ -	\$ -	\$ -
Restricted (1)	288,901	472,947	431,324	275,916	221,077	198,913	230,206	2,306,146	2,306,128	2,311,528
Committed	756,161	750,998	958,643	1,102,645	1,196,905	1,371,122	1,590,021	-	-	-
Assigned (2)	103,961	107,808	104,662	236,704	316,066	389,161	409,840	-	-	-
Unassigned (3)	22,581,155	17,805,052	11,012,089	6,991,885	5,064,256	6,276,627	8,145,341	7,382,261	5,773,994	7,714,403
Total General Fund	23,730,178	19,163,623	12,526,143	10,987,082	9,092,832	10,530,338	12,669,936	9,688,407	8,080,122	10,025,931
All Other Governmental Funds										
Nonspendable	61,344	120,042	73,290	69,239	70,566	72,730	69,925	-	-	-
Restricted (1)	10,956,870	13,912,020	11,959,198	14,063,433	4,969,548	3,776,661	3,126,183	2,388,660	1,452,508	1,977,996
Committed	18,975,989	4,603,581	4,536,674	4,624,882	2,187,418	2,683,255	3,833,411	-	-	-
Assigned (2)	426,890	1,187,186	2,851,066	2,338,337	12,231,248	4,495,098	4,740,702	2,567,747	1,539,974	3,350,888
Unassigned (3)	(1,109,274)	(586,056)	(247,311)	(59,858)	(80,207)	(624,707)	(192,340)	10,557,120	11,243,273	21,062,007
Total All Other Governmental Funds	\$ 29,311,819	\$ 19,236,773	\$ 19,172,917	\$ 21,036,033	\$ 19,378,573	\$ 10,403,037	\$ 11,577,881	\$ 15,513,527	\$ 14,235,755	\$ 26,390,891

*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

CITY OF RICHLAND, WASHINGTON
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Statistical Section - Revenue Capacity Information
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
2017	\$ 17,695,447	\$ (49,884)	\$ 17,645,563	\$ 17,398,103	98.32%	\$ -	\$ 17,398,103	98.60%
2016	17,119,203	(91,801)	17,027,402	16,733,833	97.75%	214,203	16,948,036	99.53%
2015	16,522,897	(63,606)	16,459,291	16,261,792	98.42%	178,835	16,440,627	99.89%
2014	16,023,806	(94,916)	15,928,890	15,726,405	98.14%	202,485	15,928,890	100.00%
2013	15,285,836	(47,704)	15,238,132	14,999,602	98.13%	238,530	15,238,132	100.00%
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%

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
2017	\$ 5,602,545	\$ 297,056	\$ 31,080	\$ 5,930,681	\$ 2.9849
2016	5,467,952	307,889	34,746	5,810,587	2.9470
2015	5,173,975	325,312	35,077	5,534,364	2.9771
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

SOURCE:
Benton County Assessor's Office

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
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 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	WASHINGTON STATE	TOTAL DIRECT AND OVERLAPPING TAX RATES
2017	\$ 2.4391	\$ 0.3208	\$ 0.2250	\$ 2.9849	\$ 1.2753	\$ 4.9925	\$ 0.4001	\$ 2.1453	\$ 11.7981
2016	2.4014	0.3205	0.2250	2.9470	1.2694	4.8731	0.3984	2.1378	11.6256
2015	2.3904	0.3616	0.2250	2.9771	1.2799	4.8919	0.4012	2.3044	11.8544
2014	2.4021	0.3569	0.2250	2.9840	1.2831	4.8247	0.3989	2.3194	11.8101
2013	2.3865	0.3582	0.2250	2.9697	1.2796	4.3825	0.4055	2.3914	11.4287
2012	2.3860	0.3544	0.2250	2.9654	1.2771	4.2985	0.4196	2.3154	11.2760
2011	2.4520	0.3349	0.2250	3.0119	1.3265	4.4235	0.4276	2.1478	11.3372
2010	2.4829	0.4320	0.2250	3.1399	1.3433	4.3251	0.4225	2.0057	11.2365
2009	2.4891	0.4251	0.2250	3.1392	1.3766	4.1694	0.4215	1.9240	11.0307
2008	2.7046	0.4378	0.2250	3.3674	1.4440	4.8215	0.4557	1.9807	12.0693
2007	2.8579	0.2244	0.2250	3.3073	1.4865	4.7534	0.4687	2.2554	12.2713

SOURCE:

Benton County Assessor's Office

* Mosquito Control was included in this table in prior years, but is removed in 2017 as it was determined to be an assessment and not includable in the direct and overlapping property tax rates.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Retail Trade	\$ 5,780,658	\$ 5,529,111	\$ 5,234,632	\$ 4,815,193	\$ 4,489,485	\$ 4,320,712	\$ 4,210,717	\$ 4,053,235	\$ 3,678,338	\$ 3,949,145
Services	2,040,466	1,931,452	1,667,874	1,520,341	1,491,479	1,432,053	1,792,031	1,599,233	1,280,465	2,072,131
Contracting	1,894,414	2,012,688	1,789,601	1,600,446	1,464,016	1,258,138	1,579,938	1,134,213	1,244,900	1,536,329
Manufacturing	195,029	185,430	202,883	191,190	217,383	155,423	181,066	143,814	160,929	129,090
Trans/Com/Utilities	445,177	460,129	386,733	369,025	369,083	385,068	417,728	400,282	405,197	323,880
Government	225,400	196,829	197,601	169,197	156,272	193,403	160,740	146,458	138,054	166
Wholesaling	827,466	691,015	703,143	725,796	726,688	630,853	747,511	693,762	630,131	569,372
Financial/Ins/Real Estate	71,821	85,092	65,712	62,040	56,777	57,773	27,698	60,242	61,632	318,620
Other Business	16,037	67,218	26,874	51,083	21,422	16,265	150,595	56,782	12,289	20,917
Total	\$ 11,496,468	\$ 11,158,964	\$ 10,275,053	\$ 9,504,311	\$ 8,992,605	\$ 8,449,688	\$ 9,268,024	\$ 8,288,021	\$ 7,611,935	\$ 8,919,649

Source: Tax Tools

*This revenue is reported on a cash basis.

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Table 10 - Principal Property Taxpayers for 2017
and Nine Years Ago

PRINCIPAL TAXPAYERS 2017	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL (+)
Lex Richland L.P.	Cold Warehouse Distribution Facilities	\$ 117,010,180	1.97%
Siemens Nuclear Power Corp.	Nuclear Fuels Production	106,690,440	1.80%
Battelle Memorial Institute	Research & Development	71,284,828	1.20%
Extended Legacy, LLC	Real Estate Development	61,797,700	1.04%
Notus Holding, LLC	Property Management	58,131,874	0.98%
ConAgra Foods	Packaged Food Company	44,706,660	0.75%
Cowperwood BSF/CSF, LLC	Property Management	37,158,392	0.63%
Townfair Investors LLC	Property Management	36,447,980	0.61%
PC Meadow Springs LLC	Property Management	35,659,110	0.60%
Kadlec Regional Medical Center	Health Care Companay	33,048,196	0.56%

*Total Assessed Valuation for the City of Richland in 2017 = \$5,930,681,465

PRINCIPAL TAXPAYERS 2008	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL (+)
Siemens Nuclear Power Corp.	Nuclear Fuels Production	\$ 92,807,470	2.41%
Battelle Pacific NW National Laboratories	Research & Development	46,722,580	1.21%
Ferguson Enterprises, Inc	Distribution Facility	38,371,359	1.00%
Lamb-Weston, Inc.	Food Processing	35,695,520	0.93%
Smart Park Phase I, LLC	Real Estate Development	34,190,310	0.89%
Centurion Properties III LLC	Property Management	30,459,700	0.79%
Oregon Metallurgical Corp	Manufacturing	29,596,170	0.77%
VMSI LLC	Research & Development	22,250,000	0.58%
Bellavista LLC	Property Management	20,783,840	0.54%
General Telephone of the N. W.	Telephone Utility	17,607,444	0.46%

*Total Assessed Valuation for the City of Richland in 2008 = 3,852,869,332

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	*2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Revenue	\$ 62,575,971	\$ 58,025,789	\$ 53,729,135	\$ 54,896,193	\$ 56,098,396	\$ 48,413,848	\$ 49,519,430	\$ 47,692,113	\$ 48,523,936	\$ 46,594,952
Less Operating Expenses	52,628,638	49,877,764	46,562,053	46,623,381	45,652,010	40,718,952	38,305,864	37,988,550	36,835,441	37,136,807
Net Amount Available For Debt Service	9,947,333	8,148,025	7,167,082	8,272,812	10,446,386	7,694,896	11,213,566	9,703,563	11,688,495	9,458,145
Principal	2,855,000	2,765,000	2,665,000	2,560,000	2,055,000	1,890,000	1,820,000	1,760,000	1,465,000	1,405,000
Interest	3,171,211	3,248,810	2,490,374	2,590,658	2,666,577	2,374,403	2,445,356	2,518,932	1,935,945	1,987,914
Total Annual Debt Service	6,026,211	6,013,810	5,155,374	5,150,658	4,721,577	4,264,403	4,265,356	4,278,932	3,400,945	3,392,914
Electric Debt Coverage	1.65	1.35	1.39	1.61	2.21	1.80	2.63	2.27	3.44	2.79

Revenue derived from Residential/Commercial Electric Sales

WATER/SEWER **										
Gross Revenue	24,268,385	24,050,544	23,758,423	23,072,818	22,013,016	21,385,013	20,705,260	21,323,381	19,664,915	19,664,915
Less Operating Expenses	12,358,394	14,118,828	12,257,270	12,094,951	12,142,075	11,485,912	11,086,722	10,241,469	9,941,415	9,305,320
Net Amount Available For Debt Service	11,909,991	9,931,716	11,501,153	10,977,867	9,870,941	9,899,101	9,618,538	11,081,912	9,723,500	10,359,595
Principal	4,244,480	4,152,539	4,005,653	4,053,821	3,972,041	3,974,307	3,696,692	3,470,975	3,295,975	2,930,348
Interest	1,301,814	1,217,410	1,360,957	1,568,069	1,739,106	1,756,490	1,923,703	1,997,150	2,093,897	2,270,577
Total Annual Debt Service	5,546,294	5,369,949	5,366,610	5,621,890	5,711,147	5,730,797	5,620,395	5,468,125	5,389,872	5,200,925
Water/Sewer Debt Coverage	2.15	1.85	2.14	1.95	1.73	1.73	1.71	2.03	1.80	1.99

Revenue derived from Residential/Commercial Water and Sewer charges

SOLID WASTE										
Gross Revenue	9,203,182	9,454,184	8,357,968	7,706,624	7,617,929	7,583,025	7,311,969	6,964,030	6,021,578	6,383,461
Less Operating Expenses	6,307,015	6,834,452	7,188,986	6,771,135	6,564,223	6,275,497	5,986,898	6,107,917	5,646,436	5,032,426
Net Amount Available For Debt Service	2,896,167	2,619,732	1,168,982	935,489	1,053,706	1,307,528	1,325,071	856,113	375,142	1,351,035
Principal	125,000	120,000	115,000	115,000	110,000	110,000	105,000	468,000	110,000	105,000
Interest	10,039	13,651	17,114	20,037	22,629	25,012	27,113	89,101	97,478	103,148
Total Annual Debt Service	135,039	133,651	132,114	135,037	132,629	135,012	132,113	557,101	207,478	208,148
Solid Waste Debt Coverage	21.45	19.60	8.85	6.93	7.94	9.68	10.03	1.54	1.81	6.49

Revenue derived from Residential/Commercial Garbage Collection and Landfill Charges

CITY OF RICHLAND, WASHINGTON
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Table 11 - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years

STORMWATER **	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Revenue	\$ 1,891,335	\$ 1,915,962	\$ 1,893,741	\$ 1,769,387	\$ 1,747,598	\$ 1,828,527	\$ 2,056,014	\$ 1,915,472	\$ 1,695,289	\$ 1,415,485
Less Operating Expenses	986,284	1,149,489	1,260,137	1,129,395	1,103,933	1,059,781	1,026,227	1,011,640	917,055	968,469
Net Amount Available For Debt Service	905,051	766,473	633,604	639,992	643,665	768,746	1,029,787	903,832	778,234	447,016
Principal	206,819	199,092	107,623	102,306	102,001	101,710	96,430	96,163	80,712	60,660
Interest	53,420	66,450	67,634	69,466	71,434	74,464	76,994	79,511	65,403	58,289
Total Annual Debt Service	260,239	265,542	175,257	171,772	173,435	176,174	173,424	175,674	146,115	118,949
Stormwater Debt Coverage	3.48	2.89	3.62	3.73	3.71	4.36	5.94	5.14	5.33	3.76

Revenue derived from Residential/Commercial Stormwater charge

COLUMBIA POINT GOLF COURSE	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Revenue	1,735,452	1,744,975	1,606,953	1,557,942	1,632,229	1,482,508	1,571,551	1,532,382	1,527,929	1,447,757
Less Operating Expenses	1,732,150	1,473,926	1,369,361	1,350,128	1,331,674	1,271,852	1,290,024	1,283,318	1,233,629	1,179,272
Net Amount Available For Debt Service	3,302	271,049	237,592	207,814	300,555	210,656	281,527	249,064	294,300	268,485
Principal	100,000	100,000	95,000	95,000	90,000	90,000	88,890	30,000	230,000	215,000
Interest	165,512	169,475	173,488	178,085	194,496	181,543	186,457	115,536	40,786	152,000
Total Annual Debt Service	265,512	269,475	268,488	273,085	284,496	271,543	275,347	145,536	270,786	367,000
Columbia Point Golf Course Coverage	0.01	1.01	0.88	0.76	1.06	0.78	1.02	1.71	1.09	0.73

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

BROADBAND	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Revenue	165,626	155,506	187,463	452,209	43,671	-	-	-	-	-
Less Operating Expenses	60,278	18,927	26,150	59,723	-	-	-	-	-	-
Net Amount Available For Debt Service	105,348	136,579	161,313	392,486	43,671	-	-	-	-	-
Principal	117,011	102,312	104,166	75,000	50,000	-	-	-	-	-
Interest	73,447	72,132	70,772	68,439	48,298	-	-	-	-	-
Total Annual Debt Service	190,458	174,444	174,938	143,439	98,298	-	-	-	-	-
Broadband Coverage	0.55	0.78	0.92	2.74	0.44	-	-	-	-	-

Revenue derived from Fiber Optic Leases/Charges including retail sales

* 2017 presentation of CAFR revised to appropriately match bond ordinance calculation for Electric

** Calculations for Water/Sewer and Stormwater include non parity debt. For a calculation of parity debt refer to "Table for Waterworks (Water, Sewer, Stormwater) Parity Debt" in note 4.

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 Comprehensive Annual Financial Report
 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 LOAN, WSDOT LOAN, ULID BAN	*GOLF COURSE GENERAL OBLIGATION/REVENUE BONDS	ELECTRIC REVENUE BONDS	WATER SEWER REVENUE BONDS	*SOLID WASTE/BROADBAND GENERAL OBLIGATION BONDS	STORMWATER AND SOLID WASTE REVENUE BONDS	PUBLIC WORKS TRUST FUND, ECOLOGY, AND BENTON PUD LOANS, CAPITAL LEASES				
2017	\$ 42,435,000	-	\$ 801,880	\$ 3,775,000	\$ 63,955,000	\$ 32,420,000	\$ 2,275,000	\$ 975,000	\$ 9,580,505	\$ 156,217,385	7.95%	2,885	
2016	32,265,000	-	1,328,964	3,875,000	66,810,000	25,330,000	2,475,000	1,125,000	10,434,188	143,643,152	7.41%	2,689	
2015	35,490,000	-	1,296,607	3,975,000	69,575,000	28,200,000	2,670,000	1,230,000	11,930,977	154,367,584	8.28%	2,908	
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	8.40%	3,238	
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	

*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

Comprehensive Annual Financial Report

Statistical Section - Debt Capacity Information

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
2017	54,150	\$ 5,930,681,465	\$ 48,485,000	\$ 1,303,261	\$ 47,181,739	0.80%	\$ 871.32
2016	53,410	5,810,586,971	38,615,000	1,663,620	36,951,380	0.64%	691.84
2015	53,080	5,534,363,683	42,135,000	2,137,687	39,997,313	0.72%	753.53
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	2,666,367	43,258,633	0.84%	845.72
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	48,058	4,536,131,221	41,260,000	5,983,493	35,276,507	0.78%	734.04
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

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.

CITY OF RICHLAND, WASHINGTON

Comprehensive Annual Financial Report

Statistical Section - Debt Capacity Information

Table 14 - Direct and Overlapping Debt- Governmental Activities

As of December 31, 2017

<u>DIRECT DEBT</u>	AMOUNT
Voted General Obligation Debt	\$ 12,520,000
Councilmanic General Obligation Debt	29,915,000
Councilmanic Loans (includes CERB and WSDOT Loans)	801,880
TOTAL DIRECT DEBT	\$ 43,236,880

<u>OVERLAPPING DEBT</u>	(1)	(2)	AMOUNT
(For debt paid with property taxes)	OUTSTANDING	PERCENT	AMOUNT
<u>Jurisdiction</u>	<u>DEBT</u>	<u>APPLICABLE</u>	<u>OVERLAPPING</u>
Benton County	\$ 11,418,724	33.69%	\$ 3,846,968
Richland School District #400	205,610	78.76%	161,938
Kennewick School District #17	106,630,000	4.31%	4,595,753
Kiona Benton School District #52	5,872,641	0.01%	587
Port of Benton	3,160,000	58.12%	1,836,592
Port of Kennewick	-	21.77%	-
Fire District No. 1	815,000	7.28%	59,332
		TOTAL OVERLAPPING DEBT	\$ 10,501,170

GOVERNMENTAL ACTIVITIES DEBT RATIOS

Assessed Valuation - 2017 (Established in November 2016 for the 2017 tax year)	\$ 5,930,681,465
Population	54,150
Net Direct Debt to Assessed Valuation	0.73%
Net Direct Debt and Overlapping Debt to Assessed Valuation	0.91%
Per Capita Assessed Value	\$ 109,523
Per Capita Net Direct Debt	\$ 798
Per Capita Total Direct Debt and Overlapping Debt	\$ 992

Councilmanic Debt and Other Obligations consists of:

2010 LTGO - IT Facility/1998 Refunding	\$ 1,400,000
2013 LTGO A- LRF	9,400,000
2014 LTGO -Fire Station Construction	2,985,000
2017 LTGO - City Hall	13,255,000
2017 LTGO - 2006 Refunding	2,875,000
	\$ 29,915,000

Voted GO Debt:	2015 UTGO - Refunding Bonds/2005/2007	\$ 12,520,000
		\$ 12,520,000

- (1) Outstanding Debt Represents Total General Obligation Debt related to governmental activities.
 (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.

SOURCE: Benton County Assessor's Office

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Debt Capacity Information
Table 15 - Legal Debt Margin
Last Ten Fiscal Years

FOR FISCAL YEAR ENDING DECEMBER 31										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 444,801,110	\$ 435,794,023	\$ 415,077,276	\$ 402,690,601	\$ 386,070,366	\$ 374,420,406	\$ 353,332,302	\$ 340,209,843	\$ 330,416,674	\$ 288,965,200
Total net debt applicable to debt limit	43,236,880	31,930,344	41,293,920	43,914,352	43,714,096	39,967,230	33,279,285	36,119,917	31,440,746	40,048,296
Legal Debt Margin	\$ 401,564,230	\$ 403,863,679	\$ 373,783,356	\$ 358,776,249	\$ 342,356,270	\$ 334,453,176	\$ 320,053,017	\$ 304,089,926	\$ 298,975,928	\$ 248,916,904
Total net debt applicable to the limit as a percentage of debt limit	9.72%	7.33%	9.95%	10.91%	11.32%	10.67%	9.42%	10.62%	9.52%	13.86%

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.

* Beginning in 2016 we have removed GO debt related to business type activities per GASB 44

CITY OF RICHLAND, WASHINGTON
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Statistical Section
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)
2017	54,150	\$ 43,200	\$ 2,339,280,000	36.4	13,600	5.7%
2016	53,410	41,752	2,229,974,320	37.4	13,400	6.9%
2015	53,080	40,956	2,173,944,480	37.5	12,690	6.1%
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%

SOURCES:

- (1) State of WA, Office of Financial Management, www.ofm.wa.gov
- (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

*2014-2017 Per Capita Income is estimated

*2015-2017 Median Age are estimated

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section
Table 17 - Principal Employers for 2017
and Nine Years Ago

PRINCIPAL EMPLOYERS 2017	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Battelle Memorial Institute	1	Research & Development	3,956	7.7%
Kadlec Regional Medical Center	2	Health Services	3,849	7.5%
Bechtel National, Inc.	3	Engineering and Consultation	2,171	4.3%
Washington River Protection Solutions LLC	4	DOE Contractor	2,139	4.2%
Mission Support Alliance, LLC	5	DOE Contractor	1,892	3.7%
Richland School District	6	K-12 Education	1,500	2.9%
Energy Northwest	7	Power Generation Facility	1,319	2.6%
Areva Inc.	8	Nuclear Fuels Production	965	1.9%
CH2M Hill Plateau Remediation Company	9	DOE Contractor	593	1.2%
Conagra Foods/Lamb Weston	10	Value Added Agriculture Products	510	1.0%

PRINCIPAL EMPLOYERS 2008	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Battelle Pacific NW National Laboratories	1	Research & Development	3,885	*
Bechtel National (WTP/VIT)	2	Engineering and Consultation	2,600	*
CHPRC	3	Engineering and Consultation	1,900	*
Kadlec Medical Center	4	Medical Services	1,710	*
Fluor Hanford, Inc.	5	Radioactive Waste Management	1,600	*
Richland School District	6	Education	1,245	*
Energy Northwest	7	Power Generation Facility	1,201	*
Washington River Protection Solutions	8	Radioactive Waste Management	1,077	*
Areva	9	Nuclear Fuels Production	650	*
Washington Closure Hanford, LLC	10	Radioactive Waste Management	626	*

* Data unavailable for 2008

SOURCE: City of Richland Business License Database, RSD website, City of Richland Payroll

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Operating Information
Table 18 - Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
PUBLIC SAFETY										
<i>POLICE</i>										
Number of Employees	79.20	79.20	77.20	71.90	71.90	71.90	70.30	69.80	69.80	70.50
Ratio of Employees to Population	1/684	1/674	1/688	1/724	1/711	1/689	1/698	1/689	1/679	1/654
Part 1 Crimes	1,506	1,490	1,413	1,295	1,246	1,395	1,496	1,027	1,192	1,156
Calls for Service	31,286	29,411	28,066	27,526	26,327	25,964	27,611	29,486	32,001	32,762
Traffic Accidents	936	931	811	667	712	642	647	642	578	600
<i>FIRE:</i>										
Number of Employees	63.00	63.00	62.70	57.75	57.75	57.75	57.75	58.00	58.00	58.00
Ratio of Employees to Population	1/860	1/848	1/847	1/902	1/886	1/858	1/850	1/829	1/817	1/794
Fire Calls	1,822	1,683	1,587	1,383	1,490	1,454	1,459	1,256	1,282	1,310
Ambulance Calls	4,820	4,814	4,715	4,408	3,939	4,008	3,921	3,998	3,787	3,604
CULTURE & RECREATION										
<i>LIBRARY:</i>										
Number of Patron Visits ⁹	213,770	587,135	547,885	567,645	532,195	617,041	642,181	798,630	140,124 ²	N/A ¹
Annual Circulation	666,560	798,336	807,639	726,629	706,527	755,324	774,840	767,453	528,193	514,202
Reference Requests	29,902	24,700	30,266	31,507	33,089	33,580	35,736	40,709	34,856	26,120
<i>PARKS & RECREATION:</i>										
Parks	58	58	58	58	58	58	62	60	59	62
Park Acreage-Undeveloped	1,695	1,695	1,695	1,695	1,695	1,770	1,770	1592.72	1592.72	2,083
Park Acreage-Developed	650	650	650	650	650	500	500 ⁴	683.48	683.48	677
ECONOMIC DEVELOPMENT										
Building Permits Issued	2,331	2,125	2,017	1,979	2,144	2,065	2,089	2,261	1,740	1,553
Value of Permits in Millions	212.62	279.27	237.56	256.39	163.29	151.15	189.74	168.82	96.28	244.96
Business Licenses Issued	5,183	4,949	4,940	4,879	4,730	4,493	4,402	4,346	4,276	4,228
TRANSPORTATION										
Street Resurfacing (in lane miles)	8.5	17.1	18.5	7.4	6.01	6.16	9.32	3.4	2.07	2.05
City Streets cleaned (X per year)	4	4	5	5	5	4	4	4	3	4

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Operating Information
Table 18 - Operating Indicators by Function/Program
Last Ten Fiscal Years (Continued)

FUNCTION/PROGRAM:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BUSINESS-TYPE ACTIVITIES										
<i>ELECTRIC</i>										
New Connections	336	323	289	294	350	494	618	597	318	309
Total Consumption (kilowatt hr)millions	959	880	880	896	852	835	855	858.2	856.3	819.6
No. of Customers ⁷	26,842	26,260	26,304	23,067	22,793	22,179	24,635	24,017	23,599	23,451
<i>WATER</i>										
New Connections	313	303	269	262	277	272	293	345	192	346
Daily Ave Consumption(millions/gal)	15.4	16.4	16.8	16.4	15.3	13.9	14.4	14.4	14.3	14.5
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers ⁶	18,383	18,052	18,652	17,655	17,393	17,138	17,408	16,698	16,589	16,759
<i>SEWER</i>										
Daily Average Treatment (millions/gal)	6.4	5.8	5.6	5.6	5.5	5.6	6.6	5.6	5.6	5.4
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	20,589	20,284	19,972	18,077	17,752	17,469	17,981	15,964	16,813	18,658
<i>GARBAGE & SOLID WASTE</i>										
Residential Landfill Visitors	24,306	29,269	29,263	27,679	29,627	28,678	35,529	41,007	56,928	45,068
Commercial Landfill Visitors	5,874	9,338	11,322	11,612	7,945	7,751	7,643	19,797	20,387	7,280
Household Hazardous Waste Visitors	N/A	N/A	N/A	N/A	655	814 ³	1,200 ³	3,288	4,748	4,109
No. of Customers ⁵ - Refuse	17,315	17,747	18,099	17,632	17,403	17,096	17,456	17,853	16,645	16,485
No. of Customers ⁵ - Recycle	5,523	5,324	5,004	4,570	4,054	3,713				
<i>STORM WATER</i>										
Catch Basins Cleaned	232	869	443	539	506	536	827	817	793	538
Storm Pipes Jetted (ft) ⁸	26,206	20,287	7,140	23,210	36,653	54,115	29,940	43,311	54,212	35,710
Storm Drains Televised (ft)	33,258	20,788	16,925	21,547	23,116	25,923	22,913	15,232	21,861	30,639
No. of Customers ⁵	19,947	19,613	19,529	18,707	18,207	17,936	17,663	17,410	17,294	17,080

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 (12/31/17) and taken from the Utility Billing System. (UBT-CUST-001)

⁶Starting in 2012, customer counts are defined as unique accounts, not the number of meters as previously reported.

⁷Electric and Water counts are slightly lower in 2016 due to a change in how customers are defined for reporting purposes

⁸Corrected terminology in 2017, was previously reported as Storm Drains Jet Cleaned

⁹Reflects in-person visits to the library building only, decrease is consistent with national decline. Does not include increased patron use of the library's online resources.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section

Table 19 - Top Ten Customers by Utility Sales for 2017 (Selected Utilities Only)

<u>ELECTRIC</u>	<u>TOP TEN CUSTOMERS</u>	<u>NATURE OF BUSINESS</u>	<u>CONSUMPTION</u> <u>(kWh)</u>	<u>UTILITY SALES</u>	<u>% OF TOTAL UTILITY SALES</u>
1	Battelle Pacific NW National Laboratories	Research & Development	83,622	\$ 4,318,539	6.74%
2	Conagra Foods/Lamb Weston	Value Added Agriculture Products	467,984	2,868,024	4.48%
3	Areva NP Richland	Nuclear Fuels Production	35,419	1,787,629	2.79%
4	ATI Richland Operations	Manufacturing	26,494	1,432,643	2.24%
5	City of Richland	Municipality	22,762	1,311,229	2.05%
6	Kadlec Hospital/Regional Medical Center	Health Services	24,751	1,286,162	2.01%
7	Preferred Freezer Services of Richland LLC	Refrigerated Warehousing	20,222	1,035,584	1.62%
8	Richland School Distric	K-12 Education	16,429	1,034,243	1.62%
9	Badger Mountain Irrigation District	Special Purpose District	10,768	670,871	1.05%
10	Centurion Properties III	Property Management	10,065	548,517	0.86%
WATER			(Cubic Feet)		
1	City of Richland	Municipality	262,844	430,188	3.23%
2	Conagra Foods/Lamb Weston	Value Added Agriculture Products	395,944	374,644	2.82%
3	City of West Richland Intertie	Municipality	496,107	287,742	2.16%
4	Richland School District	K-12 Education	138,608	219,057	1.65%
5	Fisher Construction Group	Design & Construction Services	186,297	159,578	1.20%
6	Mission Support Alliance	DOE Contractor	35,963	113,404	0.85%
7	Kadlec Hospital/Regional Medical Center	Health Services	78,618	106,217	0.80%
8	Battelle Pacific NW National Laboratories	Research & Development	47,082	103,904	0.78%
9	Penford Food Ingredients	Food Processing	107,416	84,494	0.64%
10	Bella Vista Apts	Property Management	26,397	55,741	0.42%
SEWER					
1	Penford Food Ingredients	Food Processing	N/A	230,912	2.51%
2	Kadlec Hospital/Regional Medical Center	Health Services	N/A	118,676	1.29%
3	City of Richland	Municipality	N/A	101,552	1.10%
4	Mission Support Alliance	DOE Contractor	N/A	101,283	1.10%
5	Villas At Meadow Springs LLC	Property Management	N/A	68,853	0.75%
6	Bella Vista Apts	Property Management	N/A	68,075	0.74%
7	Richland School District	K-12 Education	N/A	66,307	0.72%
8	Areva NP Richland	Nuclear Fuels Production	N/A	64,408	0.70%
9	Riverpointe Apartments LLC	Property Management	N/A	63,994	0.69%
10	Battelle Pacific NW National Laboratories	Research & Development	N/A	62,271	0.68%
STORMWATER					
1	Richland School District	K-12 Education	N/A	61,307	3.31%
2	City of Richland	Municipality	N/A	59,573	3.22%
3	Battelle Pacific NW National Laboratories	Research & Development	N/A	53,018	2.86%
4	Port of Benton	Special Purpose District	N/A	33,482	1.81%
5	Ferguson Enterprises Inc.	Distribution Facility	N/A	22,884	1.24%
6	Areva NP Richland	Nuclear Fuels Production	N/A	22,011	1.19%
7	Washington Securities	Property Management	N/A	20,435	1.10%
8	Preferred Freezer Services Of Richland, LLC	Refrigerated Warehousing	N/A	15,897	0.86%
9	Wal-Mart Store	Retail	N/A	15,839	0.86%
10	Kadlec Hospital/Regional Medical Center	Health Services	N/A	15,602	0.84%

CITY OF RICHLAND, WASHINGTON
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 Statistical Section - Operating Information

Table 20 - Full Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Full-Time Equivalent Employees as of December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FUNCTION/PROGRAM										
Judicial	3.00	2.00	2.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00
General Government	64.80	65.30	65.05	64.60	64.60	64.60	65.45	65.85	65.35	62.85
Public Safety	142.20	142.20	139.90	128.65	129.65	129.45	128.05	127.55	127.55	127.30
Physical Environment	47.60	45.60	46.00	46.00	45.50	46.50	48.00	49.00	24.00	24.00
Transportation	18.00	17.00	18.00	19.00	19.00	19.00	18.00	19.00	19.00	19.00
Economic Environment	19.05	19.05	19.05	21.05	21.00	22.05	22.50	22.50	22.50	22.70
Culture & Recreation	34.00	34.00	34.50	34.10	34.10	34.10	32.85	32.85	56.85	55.85
Electric & Gas	59.50	58.50	56.50	56.50	57.50	57.50	57.50	57.50	57.50	58.00
Water	23.00	23.00	23.00	23.25	23.25	23.25	23.25	23.25	23.75	23.75
Sewer	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95	23.45	23.45
Garbage & Solid Waste	28.10	28.10	28.70	28.50	28.50	28.50	27.50	27.50	27.50	25.50
Stormwater	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05
TOTAL	464.25	459.75	457.70	449.65	451.10	452.95	451.60	453.50	453.50	448.45
TOTAL POPULATION	54,211	53,410	53,080	52,090	51,150	49,890	49,090	48,058	47,410	46,080
PER CAPITA FTE	116.77	116.17	115.97	115.85	113.39	110.14	108.70	105.97	104.54	102.75

SOURCE: City Budget

*Does not include Richland employees assigned to Benton County Emergency Services as this service supports multiple agencies as part of a regional joint effort.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 21 - Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	27	26	26	23	23	23	23	23	22	23
Fire										
Stations	4	4	4	3	3	3	3	3	3	3
Emergency Response Vehicles	14	13	13	13	12	12	12	15	15	15
Equipment Maintenance										
City Fleet	493	477	470	441	459	439	434	432	434	440
Electric										
Substations	8	8	8	8	8	8	8	8	8	8
Water										
Treatment Plants	2	2	2	2	1	1	1	1	1	1
Water Mains (Miles)	347	337	289	332	321	321	310	310	310	316
Reservoirs	18	18	18	18	16	16	14	14	14	14
Pump Stations	12	12	11	11	11	11 ³	7	7	7 ¹	17
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	14	14	14	14	14	14	16	16	16	16
Sanitary Sewers (Miles)	286	277.4	278.9	277.8	276.4	265.9	275	275	265	242
Solid Waste										
Collection Vehicles	20	20	20	20	20	20	17	18	17	16
Transportation										
Area of City	42.64	42.60	42.60	42.52	42.52	42.25	42.16	42.16	39.30	39.40
Miles of Streets-By Jurisdiction										
City	272.7	269.4	267.2	263.6	259.2	259.2	254.0	251.4	250.4	250.3
State	20.4	20.4	20.4	20.4	32.6	32.6	32.6	32.5	32.5	43.3
Private	44.1	41.7	41.5	41.5	57.4	57.4	57.3	57.3	57.3	56.9
Traffic Signals	54	54	53	53	53	53	52	51	50	50
Parks and Recreation²										
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	4	4	4	3	4	4	4
Neighborhood Parks - Developed	25	25	25	25	25	25	19	19	19	19
Special Use Parks - Developed	11	11	11	11	11	11	8	9	9	9
Mini Parks - Developed	-	-	-	-	-	-	11	10	10	10
Lineal Parks - Developed	9	9	9	9	9	9	9			
Natural Open Spaces	7	7	7	7	7	7	7			
(previously categorized as undeveloped and preserves - restated)										

*Table developed to meet GASB 34 Statistical requirements. Prior years data not available.

¹ Pump stations only. Previously counted irrigation systems.

² Parks redefined and calculated more accurately in 2012

³ Beginning in 2012, Stormwater pump stations are included in this statistic.

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