

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018





# CITY OF RICHLAND

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
December 31, 2018

Prepared by:

Administrative Services Department, Finance Division



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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2018

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# INTRODUCTORY SECTION





July 25, 2019

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, 2018. 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).

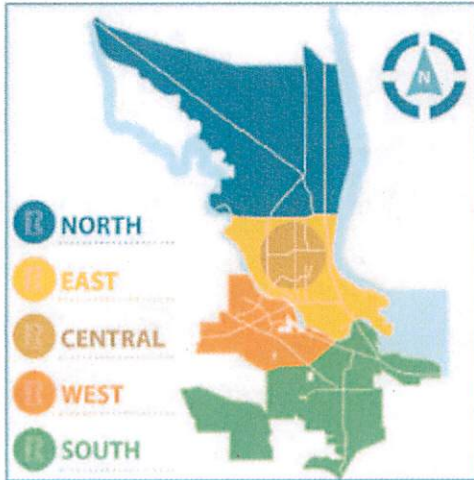
Washington State law requires an annual independent audit of the City's financial statements by the Washington State Auditor's Office (SAO). SAO conducts its examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation 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 with a city council-city manager form of government. In 2018, the City celebrated 60 years as a first class, incorporated City.



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 departments 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 35.33.055, the preliminary budget is available electronically for public review on the City's website or through the Office of the City Clerk. 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 AND ENVIRONMENTAL SUSTAINABILITY

Over 18 million people live within five hundred miles of the Tri-Cities, spending over \$176 billion on retail merchandise. As a result, business leaders and logistics providers choose the Tri-Cities as the ideal location for accessing the Pacific Northwest and all western states and western Canada. As a

major international trade center, the Tri-Cities supplies over 100 countries on all seven continents. Last year, total exports in merchandise from Washington totaled \$90.5 billion. Tri-Cities industries were major contributors in 17% of those exports, valued at \$15 billion.

Unique community assets and business conditions include:

- No corporate, unitary, or personal income tax
- Low cost of living, low property taxes, good schools, and a safe place to live and raise a family
- World-class companies with global perspective
- Affordable and profitable business environment
- Workforce is well educated, reliable and available
- Inexpensive, abundant, and reliable power
- Facilities, equipment, and world-renowned scientists developing new technologies in logistics, biofuels and fuel efficiency

The region had 291 good air quality days last year and 60 moderate quality. The Columbia River overall water quality rating was 86/100 (with 100 representing excellent water quality). Hydroelectric power provides 85% of electricity consumption. Richland has over 43 acres of parks per every 1,000 residents and over 56 miles of bike trails. An average commute is less than 20 minutes.

Per Tri-City Development Council (TRICEC), Richland's median household income has grown 5.5% since 2017 and 10.7% since 2016. In 2018, the median household income was \$81,093 and per capita personal income was \$45,587, a growth of 5.5%. The median listing price of a home in the area was \$293,000, and median rent was \$1,550. There were 323 single-family residence building permits issued in 2017 with a total value of \$101.19 million. The majority of Richland residents own their own home (65%), with less than 16% of them paying more than 30% of their income on shelter. Property tax levied by all Taxing Districts was an average of \$12.26 per \$1,000 of assessed value.

Robust commercial development continued in 2019, with 41 new commercial construction permits issued with a total value of \$32.62 million, and another \$17.08 million in commercial tenant improvements. Retail sales, driven by new business growth, have driven sales tax revenues up by more than 4.8% in 2018. Taxable retail sales were over \$9,660 per capita. Property tax receipts were up more than 2%. The Tri-City economy ended the year with 2,458 more jobs than 2017, up a healthy 2.7 percent, with construction the chief driver of job growth. Tri-City tourism stayed steady at \$491 million 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 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.

Interest in the Horn Rapids Business Center, Industrial Park and Commercial Center has increased and is expected to remain strong through 2019. As of June 2019, nine land sales have been approved totaling 62 acres with a projected revenue of \$3.9 million.

### **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 2018 include:

- The City owned Columbia Point Golf Course received a Natural Resource Conservation Award from the Golf Course Superintendents Association of America for its water and energy conservation, pollution prevention and wildlife and habitat management efforts.
- Successfully completed the integration of the two County's (Benton and Franklin) 911 systems and combining two Public Safety Answering Points (PSAP) in August 2018. The Southeast Communication Center (SECOMM) now fields all Mid-Columbia emergency calls.
- Construction of the Duportail Bridge has begun and the in-water foundation work was completed during the permitted July-September period.
- Completed construction of the Queensgate Corridor improvements which has significantly relieved traffic congestion in the area.
- United Way presented the City with an award for being a "Top 20 Most Generous Places to Work" in 2018.
- Livability named Richland as one of the top 20 places to live. The criteria they use are affordable housing, low crime rates, strong economy and accessible quality health care, as well as cultural and recreational opportunities.
- The Wastewater Utility had two major planned projects in 2018, including \$3 million for Influent Upgrades and \$3.5 million for Collection System Renewals and Replacements. The projects will carry over into 2019.
- The construction of a ninth power substation was completed, the first one constructed in the past 12 years. Richland Energy Services (RES) and Benton PUD collaborated on the substation, which serves the southeast Richland area.
- Partnered with the Port of Benton to complete the Master Plan for the newly acquired 1,341 acres north of Horn Rapids.
- Updated and adopted the 10 year Comprehensive Plan that supports anticipated growth and development within the City. The plan adjusted the urban growth area of the City.
- Completed major infrastructure projects in the Horn Rapids Business and Industrial areas.

- Acquired land for a North Richland public safety facility.
- The Columbia Playfield basketball courts were expanded and upgraded.
- Phase 1 of the Riverfront Trail expansion and upgrades at Howard Amon Park has been completed.
- Began the replacement of the Enterprise Resource Planning software, which is the financial backbone of our City accounting management software. Completion of the first phase is scheduled for 2019.
- Secured \$23.6 million in electric utility revenue bonds for capital improvements, which included \$17.2 million to refund 2007 bonds and realize interest savings.
- Completed \$10 million of capital improvements in the electrical distribution system.
- Transitioned to a third party for ambulance billing and processing.
- Richland Fire supported both State-level fires with command staff and Regional Incident Management Team participation.

## **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. In 2018, the City went through an extensive strategic planning process and organized its goals in six core focus areas.

1. Promote Financial Stability and Operational Effectiveness
2. Manage and Maintain Infrastructure and Facilities
3. Increase Economic Vitality
4. Manage Our Natural Resources
5. Maximize Community Amenities
6. Enhance Neighborhoods and Community Safety

Some of the City projects planned or completed in Richland for 2019 include:

- Complete winter construction elements on the Duportail Bridge, specifically demolishing and replacing the Columbia Irrigation District Canal.
- Solicit bids for Phase 2 of the Duportail Bridge project.
- Begin construction of the Horn Rapids Landfill Capacity Expansion project, with an estimated cost of \$7.2 million.
- Complete the Swift Boulevard Improvements project and resurfacing projects on George Washington Way.
- The new City Hall project was completed in May 2019. On June 10, 2019, the grand opening and open house were conducted. This project will bring together three of the City's aging

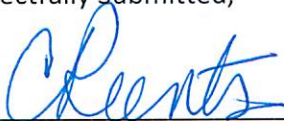
facilities into one location and bring much added convenience to Richland citizens.

- A \$2.9 million project for the Yakima River Pipeline replacement.
- Replace an existing undersized pipeline along Leslie Road, and complete water quality improvement features on the existing storm drainage system.
- A \$1.3 million project to design and construct the next disposal cell at the landfill.
- Replace an undersized and failing sewer lift station that serves the public bathrooms and boat pump-out facilities at Columbia Point Marina Park.
- Park enhancements to include Riverfront trail widening, beach stabilization, safety lighting, addition of a multi-purpose sports court, construction of a 400 square feet equipment storage building, and shade structure installation.
- Budgeted \$2.3 million in planned pavement preservation. Projects are selected based on analysis of a citywide pavement condition asset management model. Additionally, \$4.3 million is budgeted to improve George Washington Way with pavement, traffic signal upgrades, improved pedestrian comfort and safety features.
- Repair and overlay the Library roof.
- Construct and install wayfinding guide signage and entrance features within City limits.
- Renewal and replacement of underground electrical distribution conduits at an estimated cost of \$1.9 million.
- Replacement of electric and water meters with Advanced Metering Infrastructure (AMI) will be further developed utilizing Smart Grid technology.

For the 5<sup>th</sup> 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, 2017. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The annual preparation of this report would not be possible without the skill, effort and dedication of the Finance Division staff.

We would like to express thanks to the City leadership, employees 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  
City Manager



Brahdon 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

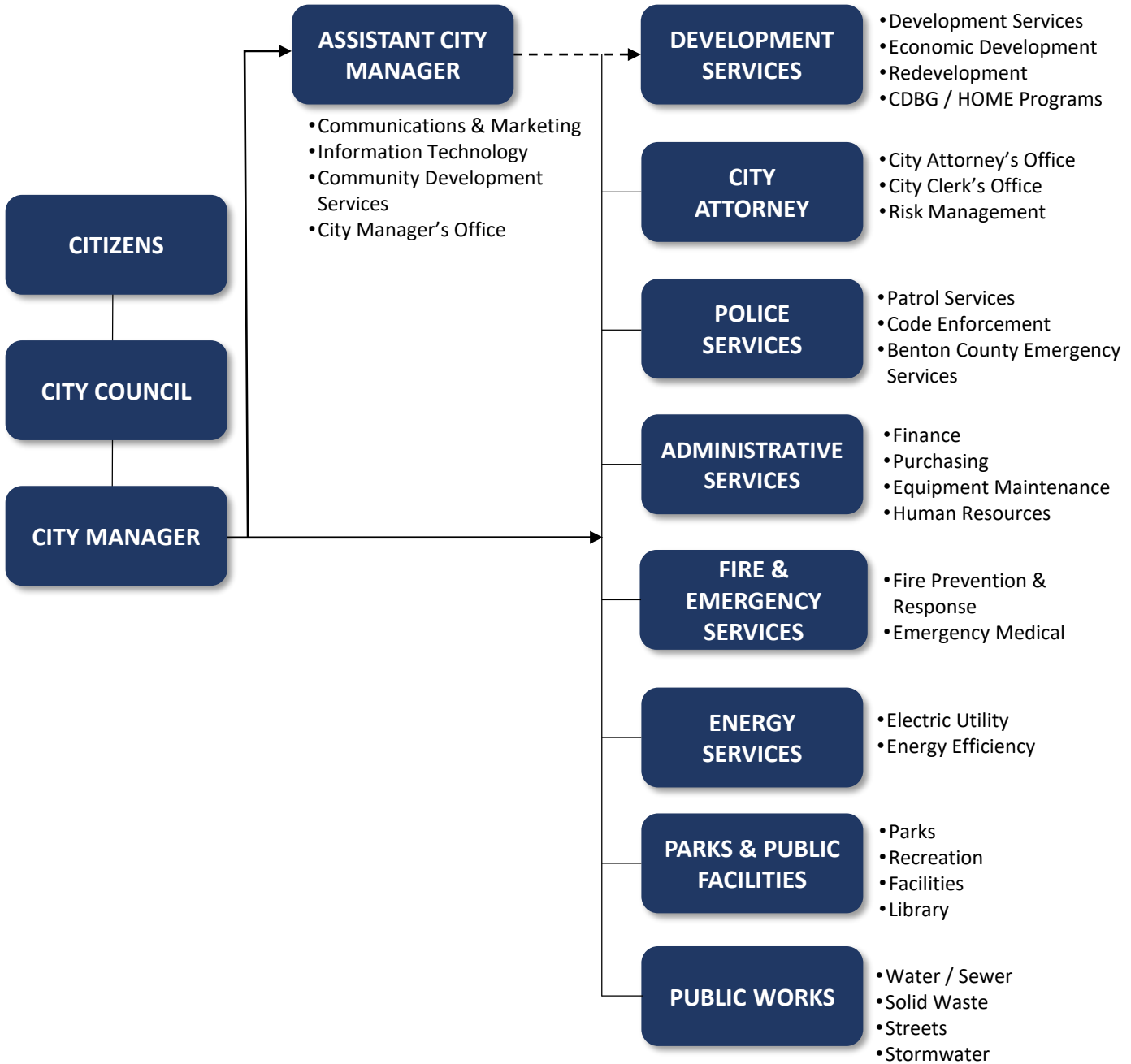
**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO



2018  
CITY OF RICHLAND  
ORGANIZATION CHART



# 2018 RICHLAND CITY COUNCIL



**MAYOR**  
Bob Thompson  
Term: 2 Years – Expires 12/31/2019



**MAYOR PRO TEM**  
Terry Christensen  
Term: 4 Years – Expires 12/31/2019



**COUNCIL MEMBER**  
Brad Anderson  
Term: 4 Years – Expires 12/31/2019



**COUNCIL MEMBER**  
Ryan Lukson  
Term: 4 Years – Expires 12/31/2021



**COUNCIL MEMBER**  
Phillip Lemley  
Term: 4 Years – Expires 12/31/2019



**COUNCIL MEMBER**  
Sandra Kent  
Term: 4 Years – Expires 12/31/2021



**COUNCIL MEMBER**  
Michael Alvarez  
Term: 4 Years – Expires 12/31/2021

**2018 City of Richland  
Directory of City Officials**



<b>ELECTED OFFICIALS</b>	<b>TERM EXPIRES</b>
<b>Mayor</b> <i>Robert J. Thompson</i>	12/31/2019
<b>Mayor Pro Tem</b> <i>Terry Christensen</i>	12/31/2019
<b>Councilmember</b> <i>Brad Anderson</i>	12/31/2019
<b>Councilmember</b> <i>Ryan Lukson</i>	12/31/2021
<b>Councilmember</b> Sandra Kent	12/31/2021
<b>Councilmember</b> <i>Phillip Lemley</i>	12/31/2019
<b>Councilmember</b> <i>Michael Alvarez</i>	12/31/2021

**ADMINISTRATIVE OFFICIALS**

- City Manager**  
*Cindy Reents*
- Assistant City Manager**  
*Jon Amundson*
- Administrative Services Director**  
*Cathleen Koch*
- City Attorney**  
*Heather Kintzley*
- Development Services Director**  
*Kerwin Jensen*
- Energy Services Director**  
*Clint Whitney*
- Fire & Emergency Services Director**  
*Tom Huntington*
- Parks & Public Facilities Director**  
*Joe Schiessl*
- Police Services Director - Interim**  
*Jeff Taylor*
- Public Works Director**  
*Pete Rogalsky*

# FINANCIAL SECTION





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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

July 25, 2019

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, as of and for the year ended December 31, 2018, 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, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 9 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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*

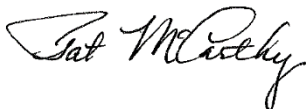
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for the purposes of additional analysis and is not a required part of the 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 are 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 July 25, 2019, 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 2018 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 City's major governmental funds are the General, Streets Construction and General Governmental Construction Funds.



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

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

Proprietary funds are further divided into 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 agency funds, which are fiduciary in nature. The agency funds account for activities where the City acts in a custodial manner on behalf of other external agencies or organizations. Resources in the agency funds do not belong to the City, and cannot be used to support the City's own programs.

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, 2018, 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 major funds are presented as well. Budgets are statutorily required for most governmental funds, and are an invaluable tool to ensure the City maintains adequate control over its spending. The budgetary comparison statements provide the reader with information on how the City's actual revenues and expenses compared to both the originally anticipated resources and uses, and to the final revised anticipated resources and uses.

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 statutory obligations arising from past service of 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, 2018

**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 2018. The prior year amounts are restated to take into consideration the impact of implementing GASB Statements 73 and 75, as well as combining the Fire & Police Pension Funds into the General Fund. Details on restated balances can be found in Note 16 – Restatements in the Notes to the Financial Statements.

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

**Condensed Statement of Net Position**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2018	2017, restated	2018	2017, restated	2018	2017, restated
Current & other assets	\$ 94,137,178	\$ 96,045,138	\$ 48,144,755	\$ 46,737,479	\$ 142,281,933	\$ 142,782,617
Restricted assets			34,895,546	36,155,003	34,895,546	36,155,003
Capital assets, net	158,329,687	128,798,470	282,349,359	271,299,214	440,679,046	400,097,684
<b>Total assets</b>	<b>252,466,865</b>	<b>224,843,608</b>	<b>365,389,660</b>	<b>354,191,696</b>	<b>617,856,525</b>	<b>579,035,304</b>
Deferred amount on refunding	366,125	421,115	731,353	702,883	1,097,478	1,123,998
Pension	2,097,131	2,074,196	1,351,034	1,463,241	3,448,165	3,537,437
OPEB	1,097,851		363,469		1,461,320	
<b>Total deferred outflows of resources</b>	<b>3,561,107</b>	<b>2,495,311</b>	<b>2,445,856</b>	<b>2,166,124</b>	<b>6,006,963</b>	<b>4,661,435</b>
Current liabilities	13,507,639	13,888,619	16,976,809	18,423,628	30,484,448	32,312,247
Long-term liabilities outstanding	88,710,760	91,017,003	127,212,528	133,489,317	215,923,288	224,506,320
<b>Total liabilities</b>	<b>102,218,399</b>	<b>104,905,622</b>	<b>144,189,337</b>	<b>151,912,945</b>	<b>246,407,736</b>	<b>256,818,567</b>
Deferred transfer SCA assets	1,883,000	1,760,100			1,883,000	1,760,100
Deferred amount on refunding	8,500	9,563	6,271		14,771	9,563
Pension	5,815,607	3,566,460	3,300,319	2,124,747	9,115,926	5,691,207
OPEB	459,291		152,059		611,350	
Utility/LID assessments				344,253		344,253
<b>Total deferred inflows of resources</b>	<b>8,166,398</b>	<b>5,336,123</b>	<b>3,458,649</b>	<b>2,469,000</b>	<b>11,625,047</b>	<b>7,805,123</b>
<b>Net Position:</b>						
Net investment in capital assets	115,682,836	98,465,338	178,824,569	167,556,016	294,507,405	266,021,354
Restricted	26,047,147	24,526,710	18,131,696	18,479,222	44,178,843	43,005,932
Unrestricted	3,913,192	(5,894,874)	23,231,265	15,940,637	27,144,457	10,045,763
<b>Total net position</b>	<b>\$ 145,643,175</b>	<b>\$ 117,097,174</b>	<b>\$ 220,187,530</b>	<b>\$ 201,975,875</b>	<b>\$ 365,830,705</b>	<b>\$ 319,073,049</b>





CITY OF RICHLAND, WASHINGTON  
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**Condensed Statement of Activities**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2018	2017, restated	2018	2017, restated	2018	2017, restated
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 19,396,707	\$ 18,114,648	\$ 114,825,969	\$ 109,085,374	\$ 134,222,676	\$ 127,200,022
Operating grants & contributions	1,728,186	1,814,309	71,628	68,893	1,799,814	1,883,202
Capital grants & contributions	11,936,936	2,300,608	9,495,661	6,821,950	21,432,597	9,122,558
General Revenues:						
Property taxes	18,319,976	17,600,966			18,319,976	17,600,966
Other taxes	27,427,984	25,183,353			27,427,984	25,183,353
Other	7,419,092	4,570,079	1,230,805	706,088	8,649,897	5,276,167
Total revenues	86,228,881	69,583,963	125,624,063	116,682,305	211,852,944	186,266,268
<b>EXPENSES:</b>						
Judicial	787,356	612,709			787,356	612,709
General government	14,126,892	13,988,258			14,126,892	13,988,258
Public safety	31,185,534	22,264,088			31,185,534	22,264,088
Transportation	7,516,617	7,521,434			7,516,617	7,521,434
Health & human services	13,806	14,200			13,806	14,200
Economic environment	4,717,912	6,641,387			4,717,912	6,641,387
Culture & recreation	8,332,412	8,002,424			8,332,412	8,002,424
Interest on long-term debt	1,500,043	1,553,294			1,500,043	1,553,294
Electric			65,108,241	62,375,589	65,108,241	62,375,589
Water			10,909,729	10,073,109	10,909,729	10,073,109
Sewer			7,541,067	7,763,797	7,541,067	7,763,797
Solid waste			8,246,186	6,725,295	8,246,186	6,725,295
Stormwater			1,301,397	1,266,668	1,301,397	1,266,668
Golf course			1,789,526	1,965,153	1,789,526	1,965,153
Medical services			3,967,526	4,156,910	3,967,526	4,156,910
Broadband			231,724	237,998	231,724	237,998
Total expenses	68,180,572	60,597,794	99,095,396	94,564,519	167,275,968	155,162,313
Excess/(deficiency) before transfers	18,048,309	8,986,169	26,528,667	22,117,786	44,576,976	31,103,955
Transfers	8,317,012	8,109,211	(8,317,012)	(8,109,211)		
Change in net position	26,365,321	17,095,380	18,211,655	14,008,575	44,576,976	31,103,955
Net position, January 1, restated	117,097,174	100,001,794	201,975,875	187,707,903	319,073,049	287,709,697
Prior period adjustments	2,180,680			259,397	2,180,680	259,397
<b>Net position, December 31</b>	<b>\$ 145,643,175</b>	<b>\$ 117,097,174</b>	<b>\$ 220,187,530</b>	<b>\$ 201,975,875</b>	<b>\$ 365,830,705</b>	<b>\$ 319,073,049</b>

**FINANCIAL RESULTS**

**Government-Wide Activities**

Overall, the City's 2018 activities resulted in a \$44.6 million increase in net position before applying prior period adjustments. Adjustments to prior period activity in the governmental-type activities resulted in an additional \$2.2 million increase, for a total increase of \$46.8 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 \$31.1 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, 2018, \$27.1 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities' net position increased \$26.4 million before prior period adjustments, while net position increased \$18.2 million as a result of business-type activities.

Total revenues on the Government-Wide Statement of Activities were \$25.6 million higher than the prior year. Governmental revenues were \$16.6 million higher than the prior year, while business-type activity revenues were \$8.9 million higher. Business-type activities' charges for services increased \$5.7 million and capital grants and contributions increased \$2.7 million. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.

Governmental activities' charges for services increased \$1.3 million over the prior year. The largest portion of this increase, \$980,000, was due to the merger of Franklin County into the Benton County Emergency Services SECOMM (911 dispatch) system. Franklin County entities paid the City for work done to complete technology infrastructure maintenance and improvements necessary to integrate them into the existing SECOMM system. In addition, they pay personnel charges for their share of Richland employees that staff the SECOMM dispatch center.

Governmental activities' operating grant and contribution revenues showed a total decrease of \$86,123 from the prior year. Mainly this was due to a reduction in HUD-related grants in the Economic Environment functional area, partially offset by increases in various grants in Public safety.

Governmental activities' capital grants and contributions increased \$9.6 million over the prior year. Capital grants typically fluctuate depending upon the projects that are being pursued. The 2018 increase was almost entirely due to grants for construction projects in the Transportation function. Increases in Transportation capital grants included \$8.6 million in federal and state money for construction of the Duportail Bridge, and nearly \$1.1 million in Rural County Capital funding for the Queensgate/Columbia Park Trail interchange improvements.

In the general revenues section of the Statement of Activities, total tax revenues increased by nearly \$3 million over the prior year. In 2018, for the ninth 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 \$719,010 increase in property tax revenues. Sales tax revenue continued its upward trend, posting a \$718,540 increase due to increases in sales activity, especially as construction contracting and retail trade continue to expand. Utility taxes collected from non-City utilities decreased \$483,820 from the prior year. This includes taxes on natural gas, telephone, cable, and electric utilities. Most of the utility tax decrease was due to a \$550,596 reduction in telephone tax revenues. This particular revenue source has been continuously dropping for several years, with only a few exceptions. Real Estate Excise Tax increased \$834,494, buoyed by another year of continued gains in the local real estate market.

Other tax revenues increased just over \$1.0 million, mainly due to an \$895,349 increase in Transportation Benefit District revenues, this being the first year the vehicle license tab fee was effective. Minor increases and decreases in other taxes occurred, rounding out the rest of the \$114,673 increase in tax revenues.

Other general revenues include investment earnings, gains on disposition of assets, and other



*...the City's 2018  
activities resulted in a  
\$44.6 million increase in  
net position ...*



miscellaneous revenues. Investment earnings increased \$512,448, due to increases in cash available for investment, as well as investment earning rates.

Gain on sale of land held for resale in 2018 decreased \$501,156 from 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 2018 there were approximately 36 acres sold. By comparison, in 2017 there were approximately 42 acres sold.

Miscellaneous revenues increased a total of just over \$2.5 million from 2017 to 2018. In both years, miscellaneous revenues consist primarily of road and lighting infrastructure contributed to the City by developers.

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 \$12.1 million over the prior year. Governmental-type activity expenses increased \$7.6 million in total, while business-type activity expenses increased \$4.5 million.

Looking at the Governmental activities' expenses increase, we noted the following variances by function, in comparison with the prior year: Public Safety expenses increased by approximately \$8.9 million and Culture & Recreation expenses increased by \$329,988, while Economic Environment expenses went down by \$1.9 million.

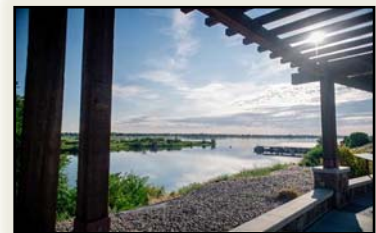
In business-type activities, electric utility expenses increased \$2.7 million; water utility expenses increased \$836,620; sewer utility expenses decreased \$222,730; solid waste utility expenditures increased \$1.5 million; and other business-type fund expenses decreased a combined total of \$336,556. 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 \$145.6 million in total net position at year end, a \$28.5 million increase over the prior year's restated amount. The unrestricted portion of net position was \$3.9 million. 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 \$17.2 million in 2018. 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 \$246.4 million in total city liabilities, \$40.8 million or 16.54% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$11.1 million in general obligation debt is voter approved and supported by special property tax levies, while the remaining \$29.7 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 ongoing priority for the City. City facilities have also risen in priority in the last few years, especially as the population increases and the City's borders continue to expand. The following were some of the major governmental capital outlays for fiscal year 2018. 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 2018, total governmental activities' capital outlay for infrastructure within the RAISE was \$261,132. At year end, all bond proceeds related to the LRF program were spent. 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 was replaced. During 2018 the City's contractor completed a large portion of the construction, at a cost of nearly \$11.7 million. The new City Hall at 625 Swift Boulevard officially opened to the public on May 28, 2019.
- The City anticipates the need for additional fire stations to meet current and future demands as our population grows and spreads towards our borders. To prepare for this need, the City spent \$230,517 to purchase land for a proposed fire station in north Richland, near the east end of Battelle Blvd.
- The City replaced roofs at the City Shops complex, spending \$641,101 on the effort. This will ensure that existing infrastructure will continue to serve Richland's citizens.
- The City is in the process of replacing its Enterprise Resource Planning (ERP) software. Capital outlay related to software licensing and configuration totaled \$690,712 in 2018.
- The Duportail Bridge project has been considered the City's highest priority transportation project for a number of years. With land acquisition completed, 2018 saw actual construction begin, with the groundwork, a soundwall and bridge footings being placed. The City spent \$9.4 million in 2018 on these efforts, all of which came from Federal and State grants.
- To better handle increased traffic volume in the area, the City spent \$2.2 million on construction of a roundabout at the intersection of Queensgate and Columbia Park Trail.
- Over \$1.5 million in capital expenditures went toward many different park, recreation and open space projects throughout the City, including improvements at Columbia Playfields, Howard Amon Park, Columbia Point Marina Park, Goethals Park, George Prout Pool and several other locations.

### **Major Governmental Funds**

**General Fund** beginning 2018 fund balance was restated to reflect the absorption of the fire and police pension funds, which had previously been reported as fiduciary funds. All comparisons to prior year activity and balances are made as if the pension funds had been part of the General Fund in the prior year.

General Fund activity resulted in a fund balance increase of \$625,168 in 2018, before taking prior period adjustments into account. In comparison, 2017 General Fund activities resulted in a \$4.6 million increase to fund balance. Revenues increased by \$1.1 million or 2.0%, while expenditures increased \$2.8 million or 5.8%. In addition to revenues and expenditures, the General Fund receives transfers from other funds, and also transfers money out to other funds. Interfund transfers in were relatively steady from 2017 to 2018, with only a \$113,041 increase. Interfund transfers out of the General Fund increased by over \$2.3 million.

Tax revenues are the primary revenue source for the General Fund, and represent essentially all of the increase in revenues, percentage-wise, over the prior year, with some smaller increases and decreases in other revenue types occurring. Sales taxes and property taxes both increased, by \$597,159 and \$505,181, respectively, mainly due to new residential and commercial construction and the continued expansion of retail and restaurant locations in Richland. Licenses and permits revenue decreased \$120,585, due mainly to an decrease in building permit revenues. Charges for services decreased \$538,808, mainly related to cost allocation charges to City departments outside the General Fund, offset by various other smaller increases and decreases.

General Fund operating expenditures on the 2018 Statement of Revenues, Expenditures and Changes in Net Position were nearly \$2.9 million higher than the prior year. The increases mainly occurred in public safety, general government, and culture and recreation expenditures. Salaries and benefits, the largest expenditure in the General Fund, increased by \$2.3 million, or 7.2%. A small portion of this increase was due to annual pay increases, however the primary driver of this increase was due to climbing health benefit and pension benefit costs.



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 97.7% and 86.7% of their respective adjusted budgets. The largest budget-actual dollar variance in revenues was in charges for goods and services, at (\$2.0) million, or 21% lower than the adjusted budget, related primarily to interfund charges and cost allocation. This was followed by taxes, at \$1.3 million more than the adjusted budget, a 3.1% variance. The largest budget-actual dollar variance in expenditures, by function, was in general government operating expenditures, which came in \$4.6 million below the adjusted budget. This was primarily due to budgeted expenditures

for projects in the Information Technology department (\$3.3 million), in utility and repair expenses in the Facilities department (\$275,638), and in non-departmental expenditures (\$374,463). 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. Public Safety capital outlay came in \$2.4 million below budget. This was due to projects that were budgeted but not completed during the year. Projects included replacement SCBA equipment for the fire department, a budgeted land purchase for a future fire station that did not close in 2018, and contributions toward a regional animal control shelter that is still in the design phase.

The following are the more significant adjustments made to the General fund original budget in 2018.

- Fire Department expenditures were increased by \$301,717 to cover costs of overtime costs stemming from another extremely active fire season. The increase was offset by an increase in budgeted payments from other fire agencies for interagency support.
- Swift Boulevard is currently being renovated between Stevens Drive and George Washington Way. An additional \$240,000 was budgeted to complete funding for this project.
- The City Hall Replacement project added \$133,000 to pay for a moving the City's television broadcast equipment. The funds for this increase came from proceeds of the City's franchise agreement with Charter Communications, which are dedicated by contract to use in broadcasting public information.
- Another \$50,000 increase was made to the City Hall project for public art at the new City Hall location, funded by Business License Reserve funding.
- Budget carryovers for prior year uncompleted projects and encumbrances totaled \$3,993,143.



**Streets Construction Fund** activities resulted in a fund balance increase of \$2.3 million in 2018. In comparison, 2017 activities resulted in a \$460,700 decrease to fund balance. Revenues increased by \$9.74 million or 414%, while expenditures increased \$8.5 million or 105%. Other financing sources increased \$1.6 million or 29%. Intergovernmental revenues, or grants, are the primary revenue source for the Streets Construction Fund, and represent \$9.68 million of the increase in revenues over the prior year. Traffic impact fees increased \$295,000 or 214%. Investment income and miscellaneous revenues decreased 96% or \$234,400, primarily due to recognition of a one-time contribution from a private source toward a construction project during 2017.

The most significant project accounted for in the Streets Construction Fund is the Duportail Bridge. Capital expenditures on the project were \$9.4 million or 57% of all 2018 expenses. The total project is estimated to cost \$37.5 million, of which \$16.58 million was budgeted in 2018. The Duportail Bridge is the final segment in the Duportail/Stevens Corridor strategy to provide improved multi-modal connectivity between central Richland and the Queensgate area. Construction began in March 2018 and anticipates opening the bridge to traffic in the summer of 2020.

**General Governmental Construction Fund** activities resulted in a fund balance decrease of \$11.2 million in 2018. In comparison, 2017 activities resulted in a \$13.9 million increase to fund balance. Revenues increased by \$144,300 or 372%, while expenditures increased \$10.3 million or 461%. Other financing sources decreased \$14.9 million or 93%. In 2017, bonds were issued to finance construction of the new Richland City Hall, which accounts for \$15.1 million of the change. Incoming transfers increased \$203,300 or 21% when compared to 2017.

The most significant project accounted for in the General Governmental Construction Fund is construction of the new Richland City Hall. Capital expenditures on the project were \$9.4 million or 57% of all 2018 expenses. The total project is estimated to cost \$18.6 million, of which \$16.58 million was budgeted in 2018. The project will provide municipal efficiency and improved access to local government by combining three facilities into one and provide opportunities for economic development at the site of the existing City Hall. The project will be completed and open to the public in June 2019.

#### **Business-Type Activities**

Business-type activities resulted in an ending net position of \$220.2 million, reflecting an increase of \$18.2 million. Unrestricted net position increased by \$7.3 million to provide a total of \$23.2 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 82.6% of the total business-type net position.

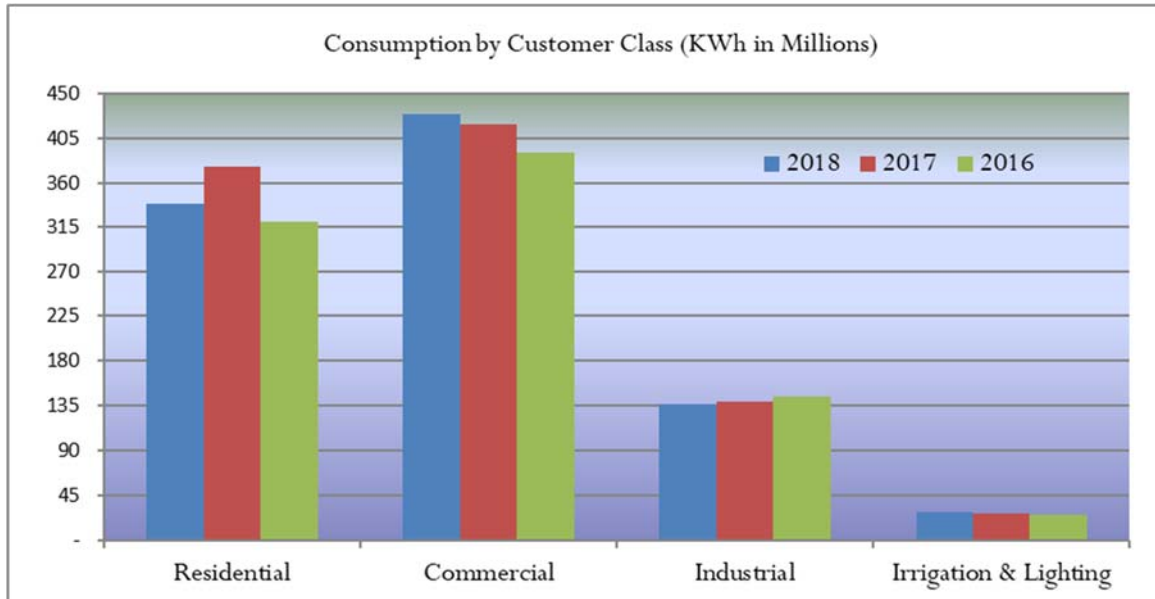
**Electric Fund** activities increased ending net position by \$1.3 million or 2.6% above the previous year-end balance. Annual debt repayment of \$3.0 million and depreciation of \$6.3 million were offset by the utility's \$9.7 million investment in capital. In response to forecasted growth in customer and consumption base, \$9.7 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 \$2K.

Operating revenue increased \$3.1 million or 4.7% as a result of new customer loads and an unusually hot summer. A 6.5% system-wide rate increase went into effect on January 1, 2018. The last rate change went into effect on January 1, 2016.

System-wide energy consumption decreased 2.9% and total customer accounts increased 1.0% in 2018. When looking at energy consumption changes by customer class, residential consumption decreased by 9.9%, commercial consumption increased by 2.5% and industrial consumption decreased 1.4%. The irrigation and lighting class increased by 4.0%.

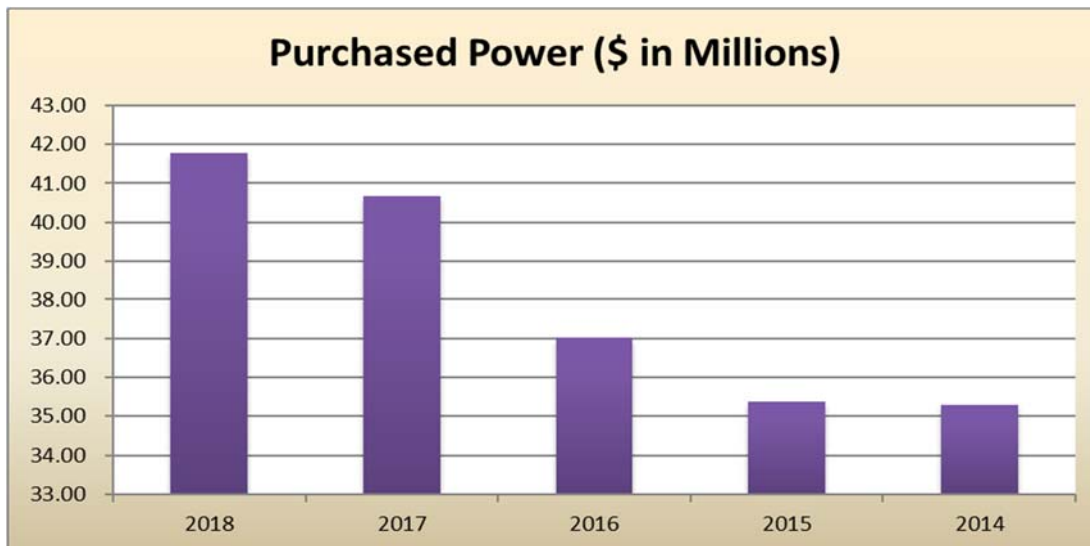
Energy consumption is largely dependent on weather conditions, particularly for residential and commercial customers. Weather was unusually mild during 2018 compared to previous years. Trends of increasing commercial loads from economic development activity and decreasing residential energy consumption as a result of the City's energy conservation program investment are expected.

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



Operating expenses increased \$2.8 million or 4.4% 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:





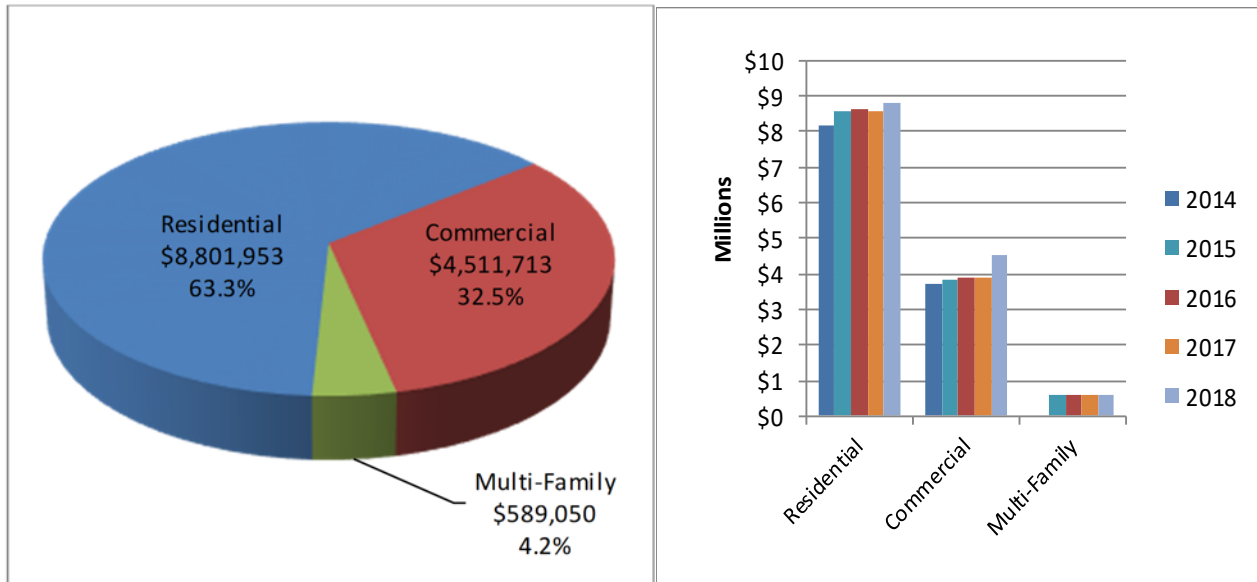
Standard & Poor's continues to maintain an 'A+' credit rating on the utility's outstanding bonded debt. This is a significant reflection of the utility's financial strength and stability. The rating also recognizes management's willingness to maintain adequate reserves, adjust rates and acquire additional 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 \$7.6 million in 2018. Operating income was \$3.3 million. When compared to 2017, the water utility experienced a decrease in operating income of \$130,540. Operating revenues were up \$980,750 when compared to 2017 and operating expenses increased \$1,111,300. Investment earnings improved by \$215,700 and interest expense decreased \$129,600. The utility also experienced an increase of \$1,645,200 in non-operating revenue, primarily related to receipts from a capital construction grant. The utility recognized capital contributions of \$2.8 million in 2018. Sixty-nine percent of these contributions were received from private sources, valued at \$1.94 million. This addition reflects the fair market value of capital improvements that were built and funded privately, and subsequently gifted to the City after the assets 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 2017 activity, the private donations of developed capital decreased by \$130,500. 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 2018 decreased as compared to 2017 by \$103,600, or 11%. The utility transferred out \$20,000 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 2019.

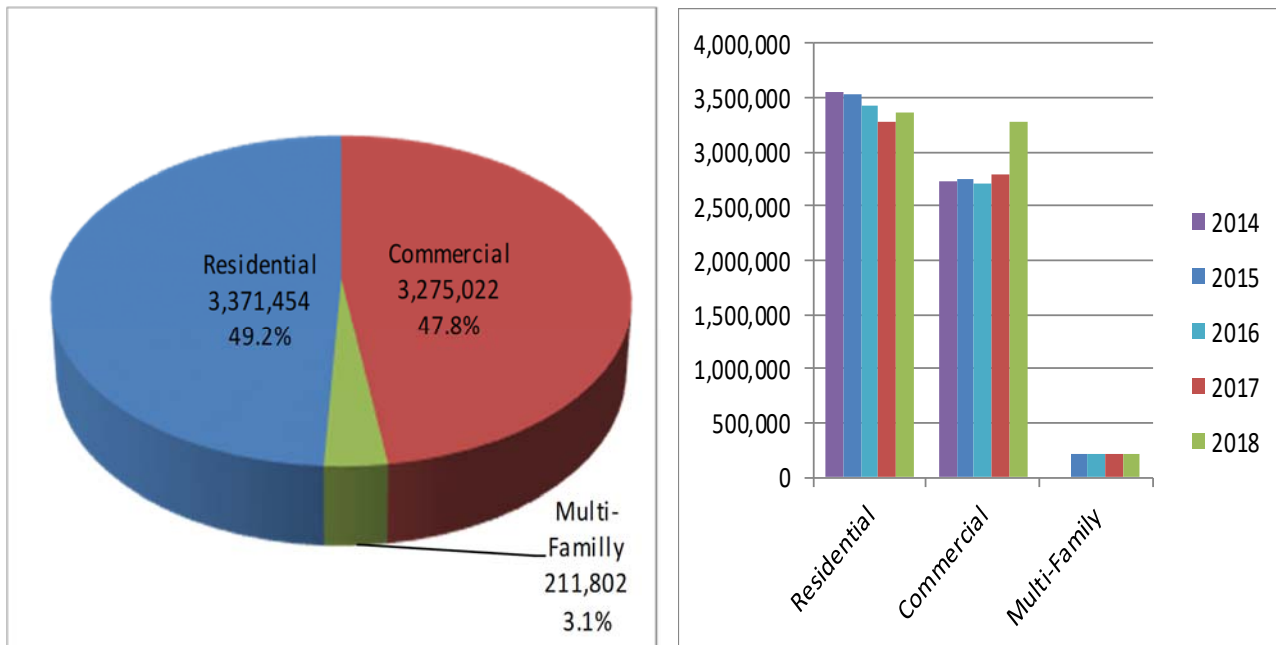
The water utility's operating revenues increased \$980,750 in 2018. Of this increase, \$863,600 reflects an increase in potable water sales to metered water services. There was also \$47,250 in increased sales to irrigation district customers and \$33,600 increased wholesales to another municipality. Charges initiated with a service agreement increased \$35,000 and late payment penalties increased \$1,300.

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**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 2018, the operating expenses of the City’s water utility increased \$1,111,300 when compared to 2017. Salaries and benefits increased approximately 11% or \$218,200. Several key positions retired in 2017 but were replaced at full capacity during 2018, which attributed to the increase. This cost was offset by an adjustment to the pension and other post-employment benefit accrual, which was a reduction of \$16,700.

The cost of supplies are typically outside the control of the utility. Timing and fluctuation of chemical needs and maintenance supplies can have a volatile effect on expenses. When comparing 2018 to 2017, these costs were relatively flat with a slight decrease of \$800.

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 increased by \$254,200 when compared to 2017. The water utility uses a significant amount of electrical power at the treatment plant and pumping stations throughout the City. For 2018, an increase in the electric rate had a 15% impact on expenses, which resulted in a \$140,300 increase of utility expenses when compared to 2017. There was a decrease of \$98,500 due to fluctuations in scheduled long term maintenance to the plant. The utility also experienced an increase of \$11,600 for insurance costs and \$200,000 for consultant services. The remaining \$800 was spread across multiple cost categories.

Interfund services expenses increased \$148,500 when compared to 2017. These consist of work performed by other City departments for the benefit of the Water utility. Included in this expense are cost allocation assessments, meter reading services, the cost of fleet replacement contributions, maintenance and fuel costs. Fleet related charges increased \$24,300 when compared to 2017. Charges for service work by other departments increased \$31,400 over 2017. City-wide cost allocation assessments saw an increase of \$221,400. Changes to the cost allocation model and a revised schedule for the implementation of information technology enhancements resulted in fluctuations of expenses. The Water utility also experienced a decrease in the assessment for engineering services of \$128,600.

Tax expense increased in 2018 by \$178,600 and there was an increase of \$6,600 in the recognition of bad debt expense. An increase in revenue often has a corresponding effect on related expenditures.

Finally, depreciation expense increased in 2018 by \$322,700 over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2018, the utility made the following significant investments in its capital infrastructure:

- The utility experienced a catastrophic failure of filter #6 at the water treatment facility. Work to replace the filter and the cement flooring were completed during 2018. The total spending on these capital improvements was \$313,900.
- In 2018, the water utility continued work on irrigation system improvements in the Horn Rapids area. The project cost for the year was \$646,300.
- The utility began initial work to install a new waterline crossing the Yakima River. The existing pipeline is vulnerable to damage during flooding and the new line will be mounted on the Duportail Bridge. The project cost for 2018 was \$2,241,600.
- The utility completed necessary improvements to the Queensgate/Columbia Park Trail area during 2018 in conjunction with a roadway project. Capital spending for this effort was \$165,900 for the year.

The capital related debt of the water and sewer utilities comprise a large portion, \$36.4 million, or 21.4% of all revenue debt and 16.8% of all City long-term borrowing. The water utility debt equals \$23.6 million,

or 10.9% 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 were 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 \$1.29 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 \$3.6 million in 2018. When compared to 2017, the utility recognized an increase in operating income of \$280,000. Total operating income was \$1.45 million for 2018. This fluctuation was the result of growth in operating revenues of \$166,200 and a decrease in operating expenses of \$113,800. Interest earnings, which contribute to the non-operating activity, were \$96,400 higher in 2018 as compared to 2017. Interest expense decreased \$86,300 in 2018 and non-operating revenues decreased \$51,600 over 2017.

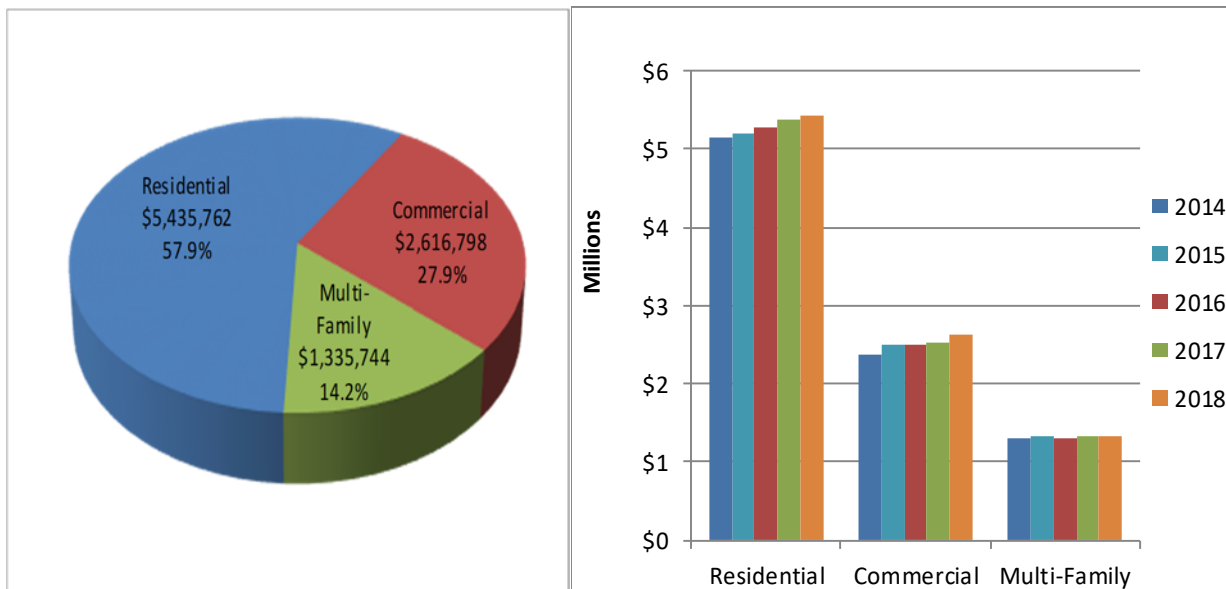
In 2018, the utility recognized capital contributions of \$2.4 million. Of this addition, \$1,423,200 reflects the value of capital improvements that were built and funded by private development, and subsequently gifted to the City once placed in service. Donated capital is recognized as the development is completed and accepted by the City. The remaining capital contribution revenue, \$935,100, is tied to new utility service requests that result in facilities fee charges to the owner.

The utility transferred out \$5,000 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 2019.

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 2018, residential revenue increased \$64,600, or 1.2%, over the 2017 total. For the commercial and multifamily classes of service, water consumption is also a component in the calculation of the bill. Revenue from the multifamily class of customers stayed relatively level when compared to 2017, with a 1.53% increase, while the commercial class experienced a slight fluctuation, with a 3.39% increase.

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



In 2018, the operating expenses of the City's sewer utility decreased \$113,800 when compared to 2017. Salaries and related expenses increased approximately 4.5% or \$114,200. Of this, actual wages declined .7% and the corresponding benefit costs increased 14%. Additionally, the utility recognized a reduction of \$61,500 in net pension and total other post-employment benefit expenses when compared to 2017.

The cost of operating supplies are typically outside the control of the utility. Timing and fluctuation of chemical needs and maintenance supplies drove costs down \$27,800 when compared to 2017. The most significant operating expense reduction for 2018 was related to the planned maintenance of the digesters at the wastewater treatment facility. A significant work effort of replacing membranes and coating the clarifier/digester occurred in 2017, so expenses for long-term maintenance were \$276,000 less than the prior year. While the work was necessary, it does not extend the life of the facility and as such is 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 increased by \$83,900 when compared to 2017. The utility experienced an increase of \$35,500 for insurance costs, \$15,400 for utilities and \$12,700 for repairs to equipment. There was an overall reduction of \$14,700 for outside equipment rentals. There was also an increase of \$36,500 for consultant services. The remaining \$1,500 decrease was spread across multiple cost categories.

A revised schedule for the implementation of information technology enhancements also resulted in a reduction of related charges in the amount of \$39,200. The sewer utility also experienced a decrease in their assessment for engineering services of \$101,800 and an overall reduction of \$2,400 in expenses for services provided to the utility by other departments.

Tax expenses increased in 2018 by \$20,400 and there was an increase of \$2,600 in the recognition of bad debt expense. An increase in revenue often has a corresponding effect on related expenditures. Finally, depreciation expense increased in 2018 by \$173,800 over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2018, the utility made several investments in its capital infrastructure:

- Construction continued in effort to rehabilitate the influent building and provide a new mechanical fine screen. In 2018, \$2.9 million was invested toward this project.
- 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 2018, the total spending on these capital improvements was \$145,400.
- The utility completed necessary improvements to the Queensgate/Columbia Park Trail area during 2018 in conjunction with a roadway project. Capital spending for this effort was \$425,900 for the year.

The sewer utility capital debt equals \$12.8 million, or 5.9% 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 \$813,000 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 and diverse, with plenty of activity in new construction and retail leading to increased sales and property tax revenues. Assessed property values in Richland continue to steadily increase, and while Richland's population is the lowest of the three major cities in the Tri-City area, the assessed value is the highest in the region. Unemployment rates in the area continue to be favorable, and other economic factors, such as housing prices and population, have increased steadily. Early 2019 revenue indicators point to a continuation of these trends.

The City expects modest growth to persist through 2019. Work on the Hanford nuclear cleanup north of Richland is ongoing, contributing to the employment stability of the area. Richland continues to enjoy 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. Road improvements, including the ongoing construction of the Duportail Bridge, will



increase ease of access over the Yakima River between Queensgate and Central Richland. Columbia Point and South Richland are seeing an increase in both office/commercial construction and development. Construction has begun on a \$20 million apartment and retail complex, which includes a four-story, 104-unit apartment building and two retail

buildings at the gateway into the city. Home building remains strong throughout north and south Richland, and construction has rapidly increased in the Badger Mountain South area. Central Richland remains buoyed by investments made by Kadlec Regional Medical Center and Columbia Basin College. The new Richland City Hall opened to the public on May 28<sup>th</sup>, 2019. This project consolidated three end-of-life buildings, and will open up prime downtown real estate for commercial development, as the demolition of the old City Hall and Annex are currently under way. In addition, this project also furthers the City's vision of a more walkable and vibrant downtown. Richland's Local Revitalization Financing program continues 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, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District
<b>ASSETS</b>				
<i>Current:</i>				
Cash and cash equivalents	\$ 18,792,246	\$ 9,332,821	\$ 28,125,067	\$ 446,933
Deposits with third parties	478,025	11,575	489,600	
Investments	37,292,240	22,449,834	59,742,074	
Receivables:				
Taxes	317,566		317,566	
Customer accounts, net	1,616,323	9,815,170	11,431,493	15,631
Due from other governments	5,656,401	906,313	6,562,714	172,025
Special Assessments	19,063	30,771	49,834	
Notes and contracts	2,303,169	100,000	2,403,169	
Internal balances	104,202	(104,202)		
Prepaid items	176,235	6,337	182,572	26,260
Inventory	169,521	5,360,959	5,530,480	36,936
Total current assets	66,924,991	47,909,578	114,834,569	697,785
<i>Noncurrent:</i>				
Restricted cash and cash equivalents		14,744,521	14,744,521	373,650
Restricted investments		18,479,844	18,479,844	
Investment in joint ventures	2,214,219		2,214,219	
Land held for resale	15,287,077		15,287,077	
Special Assessments	62,189	236,644	298,833	
Net pension asset	9,648,702	1,669,714	11,318,416	
Capital:				
Land	7,740,791	8,822,299	16,563,090	
Depreciable assets (net)	39,249,070	30,080,968	69,330,038	6,829,319
Infrastructure (net)	62,414,281	233,217,605	295,631,886	2,239,696
Construction in progress	48,925,545	10,228,487	59,154,032	
Total capital assets (net)	158,329,687	282,349,359	440,679,046	9,069,015
Total noncurrent assets	185,541,874	317,480,082	503,021,956	9,442,665
Total assets	252,466,865	365,389,660	617,856,525	10,140,450
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	366,125	731,353	1,097,478	50,359
Pension	2,097,131	1,351,034	3,448,165	
OPEB	1,097,851	363,469	1,461,320	
Total deferred outflows of resources	3,561,107	2,445,856	6,006,963	50,359

CITY OF RICHLAND, WASHINGTON  
 Comprehensive Annual Financial Report  
 Statement of Net Position  
 December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	6,033,465	7,053,901	13,087,366	161,002
Payable to other governments	169,142	105,139	274,281	
Leases payable		162,893	162,893	
Deposits payable	7,011	609,863	616,874	14,893
Compensated absences	1,831,887	1,048,200	2,880,087	9,201
Claims and judgments	2,899,184		2,899,184	
Notes and contracts payable	91,950	1,402,838	1,494,788	
General obligation bonds payable	2,475,000	328,973	2,803,973	305,000
Revenue bonds payable		6,265,002	6,265,002	
Total current liabilities	13,507,639	16,976,809	30,484,448	490,096
<i>Noncurrent liabilities:</i>				
Leases payable		433,415	433,415	
Compensated absences	1,831,886	1,048,201	2,880,087	
Notes and contracts payable	618,494	5,993,587	6,612,081	
General obligation bonds payable	40,939,485	5,447,089	46,386,574	4,307,523
Revenue bonds payable		97,136,087	97,136,087	
Unearned revenue	680,915	1,282,218	1,963,133	63,626
Net pension liability	11,892,820	6,756,717	18,649,537	
Total OPEB Liability	32,747,160	2,701,022	35,448,182	
Landfill closure liability		6,414,192	6,414,192	
Total noncurrent liabilities	88,710,760	127,212,528	215,923,288	4,371,149
Total liabilities	102,218,399	144,189,337	246,407,736	4,861,245
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred transfer of service concession arrangement capital assets	1,883,000		1,883,000	
Pension	5,815,607	3,300,319	9,115,926	
OPEB	459,291	152,059	611,350	
Deferred amount on debt refunding	8,500	6,271	14,771	
Total deferred inflows of resources	8,166,398	3,458,649	11,625,047	
<b>NET POSITION</b>				
Net investment in capital assets	115,682,836	178,824,569	294,507,405	4,506,852
Restricted for:				
Pensions		1,144,035	1,144,035	
Debt service	394,713	8,840,684	9,235,397	617,650
Capital improvements	3,962,182	8,146,977	12,109,159	
Public Safety	1,591,165		1,591,165	
Economic Environment	20,048,320		20,048,320	
Other Purposes	50,767		50,767	
Unrestricted	3,913,192	23,231,265	27,144,457	205,062
Total net position	\$ 145,643,175	\$ 220,187,530	\$ 365,830,705	\$ 5,329,564

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, 2018

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			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	\$ 787,356	\$ 519,437	\$	\$	\$ (267,919)	\$	\$ (267,919)	
General government	14,126,892	8,334,328			(5,792,564)		(5,792,564)	
Public safety	31,185,534	5,219,306	675,419		(25,290,809)		(25,290,809)	
Transportation	7,516,617	1,036,609		11,652,384	5,172,376		5,172,376	
Health and human services	13,806	30,474	448,724		465,392		465,392	
Economic environment	4,717,912	3,102,156	604,043		(1,011,713)		(1,011,713)	
Culture and recreation	8,332,412	1,154,397		284,552	(6,893,463)		(6,893,463)	
Interest on long-term debt	1,500,043				(1,500,043)		(1,500,043)	
Total governmental activities	68,180,572	19,396,707	1,728,186	11,936,936	(35,118,743)		(35,118,743)	
<i>Business-Type Activities:</i>								
Electric	65,108,241	71,214,318		1,315,044		7,421,121	7,421,121	
Water	10,909,729	15,600,674		4,476,280		9,167,225	9,167,225	
Sewer	7,541,067	9,627,892		2,358,373		4,445,198	4,445,198	
Solid waste	8,246,186	9,706,336				1,460,150	1,460,150	
Stormwater	1,301,397	1,955,661		1,337,964		1,992,228	1,992,228	
Golf course	1,789,526	1,910,150				120,624	120,624	
Medical services	3,967,526	4,527,284	71,628	8,000		639,386	639,386	
Broadband	231,724	283,654				51,930	51,930	
Total business-type activities	99,095,396	114,825,969	71,628	9,495,661		25,297,862	25,297,862	
Total primary government	\$ 167,275,968	\$ 134,222,676	\$ 1,799,814	\$ 21,432,597	\$ (35,118,743)	\$ 25,297,862	\$ (9,820,881)	
<i>Component Unit:</i>								
Richland Public Facilities District	\$ 1,650,042	414,054	\$ 225,380					\$ (1,010,608)
	\$ 1,650,042	\$ 414,054	\$ 225,380	\$				(1,010,608)
<b>GENERAL REVENUES:</b>								
Property taxes					18,319,976		18,319,976	
Sales taxes					15,611,345		15,611,345	
Utility Occupation taxes (non-City utilities)					3,242,019		3,242,019	
Real Estate Excise tax					3,122,214		3,122,214	
Motor Fuel & Multimodal Transportation tax					1,259,765		1,259,765	
Hotel/Motel lodging tax					1,197,994		1,197,994	
Other taxes					2,994,647		2,994,647	622,017
Investment earnings					1,032,320	1,230,805	2,263,125	13,775
Gain on disposition of capital assets					352,114		352,114	
Gain on disposition of land held for sale					1,056,736		1,056,736	
Developer infrastructure contributions					4,977,922		4,977,922	
Transfers					8,317,012	(8,317,012)		
Total general revenues and transfers					61,484,064	(7,086,207)	54,397,857	635,792
Change in net position					26,365,321	18,211,655	44,576,976	(374,816)
Net position-beginning, restated					117,097,174	201,975,875	319,073,049	5,704,380
Prior period adjustments					2,180,680		2,180,680	
Net position-ending					\$ 145,643,175	\$ 220,187,530	\$ 365,830,705	\$ 5,329,564

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, 2018**

	General	Streets	General	Other	Total
	General	Construction	Construction	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 463,323	\$ 2,823,735	\$ 2,083,018	\$ 8,655,560	\$ 14,025,636
Deposits with third parties	19,425			28,600	48,025
Investments	23,530,235		2,683,909	3,846,085	30,060,229
Receivables:					
Taxes	283,890			33,676	317,566
Customer accounts	850,019			393,763	1,243,782
Interfund Loans	8,642				8,642
Due from other governments	2,727,565	1,996,846		931,990	5,656,401
Assessments				62,189	62,189
Notes and contracts				2,303,169	2,303,169
Prepaid items	67,994			17,874	85,868
Inventory				59,787	59,787
Total assets	<u>27,951,093</u>	<u>4,820,581</u>	<u>4,766,927</u>	<u>16,332,693</u>	<u>53,871,294</u>
<b>LIABILITIES</b>					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	1,890,126	1,731,896	1,346,281	366,043	5,334,346
Payable to other governments	166,107			3,035	169,142
Due to other funds					
Interfund loans payable		1,706,150		10,387	1,716,537
Deposits payable	1,011			6,000	7,011
Unearned revenue-other				680,915	680,915
Total liabilities	<u>2,057,244</u>	<u>3,438,046</u>	<u>1,346,281</u>	<u>1,066,380</u>	<u>7,907,951</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	222,824			26,212	249,036
Unavailable revenue-unbilled LID assessments				62,189	62,189
Unavailable revenue-contractual agreements				69,509	69,509
Total deferred inflows of resources	<u>222,824</u>			<u>157,910</u>	<u>380,734</u>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable:					
Inventory, prepaid items and noncurrent receivables	67,994			77,661	145,655
Contractually maintained deposits				2,000	2,000
Restricted for:					
Debt Service				394,713	394,713
Capital Improvements	30,845		2,084,277	3,931,337	6,046,459
Public Safety	52,005			1,539,160	1,591,165
Economic Environment	17,777			4,743,466	4,761,243
Transportation				49,442	49,442
Other Purposes	50,767				50,767
Committed for:					
Debt Service				790,103	790,103
Capital Improvements	452,951	279,866	1,336,369	1,559,585	3,628,771
Public Safety	188,353				188,353
Economic Environment	66,119			1,418,490	1,484,609
Assigned to:					
Debt Service				209,904	209,904
Public Safety	109,561				109,561
Transportation		1,102,669		411,605	1,514,274
Unassigned	24,634,653				24,634,653
Total fund balances	<u>25,671,025</u>	<u>1,382,535</u>	<u>3,420,646</u>	<u>15,127,466</u>	<u>45,601,672</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,951,093</u>	<u>\$ 4,820,581</u>	<u>\$ 4,766,927</u>	<u>\$ 16,351,756</u>	<u>\$ 53,890,357</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, 2018**

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**Total fund balances - governmental funds** \$ 45,601,672

**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: 158,329,687

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	\$ 2,214,219	
Land held for resale	15,287,077	
Net pension asset	9,648,702	
Notes and contracts and taxes receivable offset by deferred inflows of resources	<u>380,734</u>	
		27,530,732

Deferred outflow of resources related to pensions	2,097,131
Deferred outflow of resources related to OPEB	1,097,851
Deferred outflow of resources related to debt refunding	366,125

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	(40,050,000)	
Net premium/discount	(3,364,485)	
Other general government debt	(710,444)	
Net pension liability	(11,892,820)	
Total OPEB liability	(32,747,160)	
Compensated absences	(3,663,773)	
Accrued interest payable	<u>(137,941)</u>	
		(92,566,623)

Deferred inflow of resources (ORV Park assets) related to service concession arrangement	(1,883,000)
Deferred inflow of resources related to pensions	(5,815,607)
Deferred inflow of resources related to OPEB	(459,291)
Deferred inflow of resources related to debt refunding	(8,500)

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	9,480,901	
Internal payable representing charges in excess of cost to business-type activities: prior years	664,641	
Internal payable representing charges in excess of cost to business-type activities: current year	<u>1,207,456</u>	

Net position of governmental activities	\$ 145,643,175
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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, 2018

	General Fund	Streets Construction Fund	General Governmental Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 42,975,208	\$ -	\$ -	\$ 10,844,630	\$ 53,819,838
Licenses and permits	2,436,923				2,436,923
Intergovernmental	1,306,701	11,652,384		2,102,485	15,061,570
Charges for goods and services	7,416,092	432,888		6,198,160	14,047,140
Fines and forfeits	564,618				564,618
Investment earnings	405,367	10,920	183,064	240,039	839,390
Rents and leases	247,963			1,236,597	1,484,560
Miscellaneous	627,095			266,845	893,940
Total revenues	55,979,967	12,096,192	183,064	20,888,756	89,147,979
<b>EXPENDITURES</b>					
<i>Current:</i>					
Judicial	787,356				787,356
General government	15,245,682				15,245,682
Public safety	23,214,699			6,600,865	29,815,564
Physical environment					
Transportation		1,855,890		3,073,764	4,929,654
Health and human services	13,806				13,806
Economic environment	2,458,992			2,258,074	4,717,066
Culture and recreation	7,726,962			114,772	7,841,734
<i>Debt service:</i>					
Principal				2,476,436	2,476,436
Interest		45,597		1,681,376	1,726,973
Other				1,078	1,078
<i>Capital Outlay:</i>					
General government	846,774		12,576,935		13,423,709
Public safety	311,776			12,369	324,145
Transportation		14,762,083		12,659	14,774,742
Economic environment				262,400	262,400
Culture and recreation	100,717			1,535,482	1,636,199
Total expenditures	50,706,764	16,663,570	12,576,935	18,029,275	97,976,544
Excess (deficiency) of revenues over (under) expenditures	5,273,203	(4,567,378)	(12,393,871)	2,859,481	(8,828,565)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	944,575	6,887,156	1,183,143	4,390,165	13,405,039
Transfers out	(5,611,867)			(9,363,317)	(14,975,184)
Debt issued					
Premium on general obligation debt					
Payments to refunded debt escrow agent					
Disposition of Land Held for Sale				1,290,592	1,290,592
Disposition of capital assets	19,257			332,857	352,114
Insurance recoveries					
Total other financing sources (uses)	(4,648,035)	6,887,156	1,183,143	(3,349,703)	72,561
Net change in fund balance	625,168	2,319,778	(11,210,728)	(490,222)	(8,756,004)
Fund balances-beginning	25,102,359	(937,243)	14,631,374	15,617,688	54,414,178
Prior period adjustment	(56,502)				(56,502)
Fund balances-ending	\$ 25,671,025	\$ 1,382,535	\$ 3,420,646	\$ 15,127,466	\$ 45,601,672

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, 2018**

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**Net changes in fund balances of governmental funds:** \$ (8,756,004)

**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	\$ 30,421,195	
Depreciation	(5,724,193)	
Disposal of capital assets	(266,607)	
Donated capital assets received	4,977,922	
Net effect of capital transactions	<u>29,408,317</u>	29,408,317

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:

Principal repayment	2,476,436	
Amortization of premiums/discounts & deferred amounts on refunding	<u>221,903</u>	
Net effect of long-term debt transactions		2,698,339

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 inflows in the funds	<u>(41,809)</u>	(41,809)
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Expenses:

Change in the City's investment in joint venture	(371,509)	
Change in the City's investment in land held for sale	(233,856)	
Change in the City's net pension liability and related deferred inflows/outflows	1,944,901	
Change in accrued interest payable	6,105	
Change in net OPEB obligation	(1,070,104)	
Change in compensated absences	<u>(384,722)</u>	(109,185)

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	1,958,207	
Internal payable representing charges in excess of cost to governmental activities-current year	<u>1,207,456</u>	
		<u>3,165,663</u>

Change in net position of governmental activities \$ 26,365,321

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, 2018**

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
<b>REVENUES</b>				
Taxes	\$ 41,665,504	\$ 41,665,504	\$ 42,975,208	\$ 1,309,704
Licenses and permits	2,469,300	2,469,300	2,436,923	(32,377)
Intergovernmental	2,136,479	2,292,264	1,306,701	(985,563)
Charges for goods and services	9,383,959	9,383,959	7,416,092	(1,967,867)
Fines and forfeits	538,050	538,050	564,618	26,568
Investment earnings	291,825	291,825	405,367	113,542
Rents and leases	254,481	254,481	247,963	(6,518)
Miscellaneous	125,150	427,419	627,095	199,676
Total revenues	<u>56,864,748</u>	<u>57,322,802</u>	<u>55,979,967</u>	<u>(1,342,835)</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Judicial	802,498	802,498	787,356	(15,142)
General government	17,621,200	19,877,739	15,245,682	(4,632,057)
Public safety	23,475,814	24,048,947	23,214,699	(834,248)
Health and human services	14,500	14,500	13,806	(694)
Economic environment	2,669,212	2,792,236	2,458,992	(333,244)
Culture and recreation	7,881,957	8,135,306	7,726,962	(408,344)
<i>Capital Outlay:</i>				
General government		22,126	846,774	824,648
Public safety	1,162,433	2,705,202	311,776	(2,393,426)
Culture and recreation	15,000	66,032	100,717	34,685
Total expenditures	<u>53,642,614</u>	<u>58,464,586</u>	<u>50,706,764</u>	<u>(7,757,822)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,222,134</u>	<u>(1,141,784)</u>	<u>5,273,203</u>	<u>6,414,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	956,850	1,039,329	944,575	(94,754)
Transfers out	(6,524,526)	(7,129,495)	(5,611,867)	1,517,628
Disposition of capital assets			19,257	19,257
Total other financing sources (uses)	<u>(5,567,676)</u>	<u>(6,090,166)</u>	<u>(4,648,035)</u>	<u>1,442,131</u>
Net change in fund balance	(2,345,542)	(7,231,950)	625,168	7,857,118
Fund balances-beginning	20,608,512	17,782,570	25,102,359	7,319,789
Prior period adjustment			(56,502)	(56,502)
Fund balances-ending	<u>\$ 18,262,970</u>	<u>\$ 10,550,620</u>	<u>\$ 25,671,025</u>	<u>\$ 15,120,405</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, 2018

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
<i>Current:</i>						
Cash and cash equivalents	\$ 4,260,563	\$ 1,708,997	\$ 174,039	\$ 2,152,813	\$ 8,296,412	\$ 5,803,019
Deposits with third parties	1,900	5,775	2,650	1,050	11,375	430,200
Investments		3,125,255	6,758,713	7,919,043	17,803,011	11,878,834
Receivables:						
Customer accounts (net)	6,085,364	677,867	724,607	2,327,332	9,815,170	372,541
Due from other funds						210,000
Due from other governments		835,911		70,402	906,313	
Interfund loans		316,236			316,236	1,745
Special Assessments		15,936	14,835		30,771	
Notes and contracts				100,000	100,000	
Prepaid items		6,337			6,337	90,367
Inventory	5,097,886	198,301	1,098	63,674	5,360,959	109,734
Total current assets	15,445,713	6,890,615	7,675,942	12,634,314	42,646,584	18,896,440
<i>Noncurrent:</i>						
Restricted cash and cash equivalents	6,488,934	5,218,916	910,989	2,125,682	14,744,521	
Restricted investments	6,289,274	7,431,058	2,308,713	2,450,799	18,479,844	
Net pension asset				1,669,714	1,669,714	
Receivables:						
Advances to other funds		1,413,254			1,413,254	
Special Assessments		122,558	114,086		236,644	
Capital:						
Land	836,575	5,604		7,980,120	8,822,299	
Depreciable assets (net)	798,038	2,685,155	10,746,650	4,148,878	18,378,721	11,702,247
Infrastructure	99,476,359	74,366,286	46,991,396	12,383,564	233,217,605	
Construction in progress	3,552,750	2,905,212	3,654,592	115,933	10,228,487	
Total capital assets (net)	104,663,722	79,962,257	61,392,638	24,628,495	270,647,112	11,702,247
Total noncurrent assets	117,441,930	94,148,043	64,726,426	30,874,690	307,191,089	11,702,247
Total assets	132,887,643	101,038,658	72,402,368	43,509,004	349,837,673	30,598,687
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on debt refunding	177,234	202,694	287,713	63,712	731,353	
Pension	489,111	153,029	138,455	318,252	1,098,847	252,187
OPEB Deferred Outflows	116,134	66,722	51,333	101,954	336,143	27,326
Total deferred outflows of resources	782,479	422,445	477,501	483,918	2,166,343	279,513

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
<i>Current liabilities:</i>						
Accounts payable and accrued expenses	4,875,763	767,988	519,118	411,079	6,573,948	1,041,131
Payable to other governments		25,541		36,709	62,250	42,889
Due to other funds				150,000	150,000	60,000
Interfund loans payable				3,890	3,890	
Leases payable-current						162,893
Deposits payable		30,965	6,202	572,696	609,863	
Compensated absences-current	342,581	130,963	83,687	255,383	812,614	235,586
Claims and judgments-current						2,899,184
Notes and contracts payable-current		1,216,491	72,044	114,303	1,402,838	
General obligation bonds payable-current				328,973	328,973	
Revenue bonds payable-current	2,915,000	1,825,300	1,409,702	115,000	6,265,002	
<b>Total current liabilities</b>	<b>8,133,344</b>	<b>3,997,248</b>	<b>2,090,753</b>	<b>1,988,033</b>	<b>16,209,378</b>	<b>4,441,683</b>
<i>Noncurrent liabilities:</i>						
Interfund loans payable				19,450	19,450	
Leases payable						433,415
Compensated absences	342,582	130,963	83,687	255,383	812,615	235,586
Notes and contracts payable		4,847,117	997,480	148,990	5,993,587	
General obligation bonds payable				5,447,089	5,447,089	
Revenue bonds payable	67,301,329	17,497,196	11,484,571	852,991	97,136,087	
Unearned revenue	759,969	122,558	270,086	129,605	1,282,218	
Net pension liability	2,723,955	860,897	745,462	1,007,361	5,337,675	1,419,042
Total OPEB Liability	863,018	495,825	381,469	757,645	2,497,957	203,065
Landfill closure liability				6,414,192	6,414,192	
<b>Total noncurrent liabilities</b>	<b>71,990,853</b>	<b>23,954,556</b>	<b>13,962,755</b>	<b>15,032,706</b>	<b>124,940,870</b>	<b>2,291,108</b>
<b>Total liabilities</b>	<b>80,124,197</b>	<b>27,951,804</b>	<b>16,053,508</b>	<b>17,020,739</b>	<b>141,150,248</b>	<b>6,732,791</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	1,202,354	310,914	334,069	913,760	2,761,097	539,222
OPEB Deferred Inflows	48,585	27,913	21,476	42,653	140,627	11,432
Deferred amount on debt refunding	6,271				6,271	
<b>Total deferred inflows of resources</b>	<b>1,257,210</b>	<b>338,827</b>	<b>355,545</b>	<b>956,413</b>	<b>2,907,995</b>	<b>550,654</b>
<b>NET POSITION</b>						
Net investment in capital assets	41,041,735	60,689,816	48,322,001	17,665,078	167,718,630	11,105,939
Restricted for:						
Pensions				1,144,035	1,144,035	
Debt service	5,539,560	2,152,242	1,050,176	98,706	8,840,684	
Capital improvements	815,269	4,371,870	2,959,838		8,146,977	
Unrestricted	4,892,151	5,956,544	4,138,801	7,107,951	22,095,447	12,488,816
<b>Total net position</b>	<b>\$ 52,288,715</b>	<b>\$ 73,170,472</b>	<b>\$ 56,470,816</b>	<b>\$ 26,015,770</b>	<b>\$ 207,945,773</b>	<b>\$ 23,594,755</b>
Enterprise funds total net position					\$ 207,945,773	
Net position of internal service funds predominantly serving business-type activities					14,113,854	
Internal payable representing charges in excess of cost to governmental activities-prior years					(664,641)	
Internal payable representing charges in excess of cost to governmental activities-current year					(1,207,456)	
Net position of business-type activities on government-wide Statement of Net Position					<u>\$ 220,187,530</u>	

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

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>						
<i>Charges for services:</i>						
Electric	\$ 66,980,595				\$ 66,980,595	
Water		\$ 15,483,353			15,483,353	
Sewer			\$ 9,552,712		9,552,712	
Solid waste				\$ 9,664,071	9,664,071	
Stormwater				1,903,986	1,903,986	
Golf course				1,908,466	1,908,466	
Medical services				4,519,585	4,519,585	
Broadband				283,654	283,654	
Internal Service Funds						\$ 24,557,948
Other operating revenues	2,081,551				2,081,551	59,092
<b>Total operating revenues</b>	<b>69,062,146</b>	<b>15,483,353</b>	<b>9,552,712</b>	<b>18,279,762</b>	<b>112,377,973</b>	<b>24,617,040</b>
<b>OPERATING EXPENSES</b>						
Maintenance and operations	47,609,379	5,098,082	4,047,981	11,533,158	68,288,600	19,421,950
Administrative and general	5,044,082	1,766,057	864,817	2,320,343	9,995,299	1,144,355
Taxes	7,910,222	2,615,639	1,257,827	1,447,267	13,230,955	
Depreciation	6,330,879	2,671,398	1,927,126	636,196	11,565,599	2,138,935
<b>Total operating expenses</b>	<b>66,894,562</b>	<b>12,151,176</b>	<b>8,097,751</b>	<b>15,936,964</b>	<b>103,080,453</b>	<b>22,705,240</b>
Operating income/(loss)	2,167,584	3,332,177	1,454,961	2,342,798	9,297,520	1,911,800
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Investment earnings	372,508	356,852	207,361	224,076	1,160,797	276,673
Interest expense	(2,610,562)	(645,923)	(440,048)	(281,229)	(3,977,762)	(25,485)
Debt costs	(432,470)				(432,470)	
Miscellaneous nonoperating revenues/(expenses)	1,337,125	110,208	68,558	(301,464)	2,890,443	894,012
<b>Total nonoperating revenues/(expenses)</b>	<b>(1,333,399)</b>	<b>(178,863)</b>	<b>(164,129)</b>	<b>(358,617)</b>	<b>(358,992)</b>	<b>1,145,200</b>
<b>Net income before contributions and transfers</b>	<b>834,185</b>	<b>3,153,314</b>	<b>1,290,832</b>	<b>1,984,181</b>	<b>8,938,528</b>	<b>3,057,000</b>
Capital contributions	1,315,044	4,476,280	2,358,373	1,337,964	7,811,645	
Transfers in	11,000			690,000	701,000	947,679
Transfers out	(30,000)	(20,000)	(5,000)	(23,534)	(78,534)	
<b>Change in net position</b>	<b>2,130,229</b>	<b>7,609,594</b>	<b>3,644,205</b>	<b>3,988,611</b>	<b>17,372,639</b>	<b>4,004,679</b>
Net position-beginning (restated)	50,158,486	65,560,878	52,826,611	22,027,159	190,573,134	19,590,076
<b>Net position-ending</b>	<b>\$ 52,288,715</b>	<b>\$ 73,170,472</b>	<b>\$ 56,470,816</b>	<b>\$ 26,015,770</b>	<b>\$ 207,945,773</b>	<b>\$ 23,594,755</b>

Net change in enterprise funds net position: \$ 17,372,639

Internal service funds predominantly serving business-type activities-changes to net position:  
Change in net position 2,046,472  
Internal payable representing charges in excess of cost to governmental activities-current year (1,207,456)  
**Total change in net position of business-type activities** \$ 18,211,655

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, 2018

	Electric Fund	Water Fund	Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 71,873,823	\$ 15,596,746	\$ 9,504,344	\$ 22,544,164	\$ 119,519,077	\$ 14,923,838
Receipts from interfund services provided	315,846				315,846	9,642,227
Receipts from grants and contributions						27,000
Payments to suppliers	(57,877,565)	(1,952,557)	(1,222,759)	(9,036,547)	(70,089,428)	(17,799,666)
Taxes paid	(5,693,351)	(2,615,639)	(1,257,827)	(1,439,674)	(11,006,491)	
Payments to employees	(736,751)	(2,563,963)	(2,630,994)	(5,994,402)	(11,926,110)	(4,238,972)
Payments for interfund services used	(1,774,394)	(2,296,117)	(1,241,890)	(4,895,465)	(10,207,866)	(804,838)
Net cash provided (used) by operating activities	6,107,608	6,168,470	3,150,874	1,178,076	16,605,028	1,749,589
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Reimbursements and recoveries		113,444	72,161	53,573	239,178	1,801,748
Grants and contributions				9,222	9,222	
Proceeds from interfund loans				150,000	150,000	
Interfund loans made		(1,706,150)			(1,706,150)	
Interfund loan repayments made				(270,000)	(270,000)	
Interfund loan repayments received		3,890		1,653,756	1,657,646	120,997
Transfers to other funds	(30,000)	(20,000)	(5,000)	(23,534)	(78,534)	
Transfers from other funds	11,000			550,000	561,000	
Net cash provided (used) by noncapital financing activities	(19,000)	(1,608,816)	67,161	2,123,017	562,362	1,922,745
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>						
Principal paid on debt	(2,985,000)	(2,979,260)	(1,432,217)	(547,302)	(7,943,779)	(157,333)
Interest paid on debt	(3,296,032)	(895,095)	(588,895)	(284,538)	(5,064,560)	(25,485)
Transfers to other funds						
Transfers from other funds				140,000	140,000	947,679
Proceeds from debt	6,046,208				6,046,208	
Bond issuance costs	(432,470)			(219)	(432,689)	
Interfund loan repayments received						
Interfund loans made						
Interfund loan repayments made				(3,890)	(3,890)	
Proceeds from sale of capital assets	20,987				20,987	236,036
Proceeds from capital grants and contributions	963,623	1,707,041	935,128		3,605,792	
Payments related to acquisition, construction or improvements of capital assets	(9,674,528)	(3,533,880)	(3,363,315)	(504,928)	(17,076,651)	(2,606,750)
Net cash provided (used) by capital and related activities	(9,357,212)	(5,701,194)	(4,449,299)	(1,200,877)	(20,708,582)	(1,605,853)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipt of interest	379,384	371,050	229,731	266,690	1,246,855	302,298
Investments sold	8,495,947	8,971,377	5,623,086	6,401,952	29,492,362	9,325,296
Investments purchased	(6,311,841)	(10,594,191)	(8,816,900)	(10,402,297)	(36,125,229)	(11,921,816)
Net cash provided (used) by investing activities	2,563,490	(1,251,764)	(2,964,083)	(3,733,655)	(5,386,012)	(2,294,222)
Net change in cash and cash equivalents	(705,114)	(2,393,304)	(4,195,347)	(1,633,439)	(8,927,204)	(227,741)
Cash and cash equivalents, January 1	11,454,611	9,321,217	5,280,375	5,911,934	31,968,137	6,030,760
Cash and cash equivalents, December 31	10,749,497	6,927,913	1,085,028	4,278,495	23,040,933	5,803,019
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income/(loss)	2,167,584	3,332,177	1,454,961	2,342,798	9,297,520	1,911,800
Adjustments to reconcile operating income to net cash provided from operating activities:						
Depreciation expense	6,330,878	2,671,398	1,927,126	636,196	11,565,598	2,138,935
Accrued pension and OPEB expense	(645,064)	(136,696)	(188,281)	(525,901)	(1,495,942)	(267,009)
(Increase)/decrease in receivables	619,124	136,514	(45,720)	(984,239)	(274,321)	(106,749)
(Increase)/decrease in prepaid items						(90,367)
(Increase)/decrease in inventories	(766,887)	(14,892)		2,413	(779,366)	13,862
Increase/(decrease) in payables	(1,844,198)	179,969	2,788	(306,283)	(1,967,724)	(1,850,883)
Increase/(decrease) in unearned revenues	(1,495,034)			13,092	(1,481,942)	
Increase/(decrease) in deferred charges						
Other income and adjustments	1,741,205				1,741,205	
Total adjustments	3,940,024	2,836,293	1,695,913	(1,164,722)	7,307,508	(162,211)
Net cash provided (used) by operating activities	\$ 6,107,608	\$ 6,168,470	\$ 3,150,874	\$ 1,178,076	\$ 16,605,028	\$ 1,749,589
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Contribution of capital assets	\$ 425,065	\$ 1,940,666	\$ 1,423,245	\$ 1,337,964	\$ 5,126,940	
Accrued grant contributions		828,573				
Net non-cash capital activities	\$ 425,065	\$ 2,769,239	\$ 1,423,245	\$ 1,337,964	\$ 5,126,940	

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

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**Statement of Net Position**  
**Fiduciary Funds**  
**December 31, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,781,491
Investments	
Receivables:	
Customer accounts (net)	840,892
Due from other governments	276,287
Prepaid items	1,518
Interfund loans	
Capital assets:	
Land	14,593
Depreciable assets (net)	6,380,412
Construction in progress	216,540
Total capital assets (net)	<u>6,611,545</u>
Total assets	<u><u>\$ 10,511,733</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 25,530
Interfund loans payable	
Notes and contracts payable	4,997
Payable to other agencies	<u>10,481,206</u>
Total liabilities	<u><u>\$ 10,511,733</u></u>







# 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](http://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, 625 Swift Blvd, Richland, Washington 99352.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and 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 Funds Financial Statements** – The City reports three major governmental funds that are reported in separate columns: the General Fund, the Streets Construction Fund and the General Governmental Construction Fund. All other governmental funds are aggregated in the “Other Governmental Funds” column.

- The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of General Fund revenue is generated by taxes, state and local shared revenues and charges for services.
- The Streets Construction Fund is a Capital Projects Fund that accounts for proceeds of grants and other resources dedicated to capital projects related to the City’s transportation network.
- The General Governmental Construction Fund is a Capital Projects Fund that accounts for monies dedicated to various capital projects serving governmental activities. The primary activity in 2018 is the expenditure of bond proceeds restricted to construction of a new City Hall and other ancillary project costs.

**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 agency funds (aggregated into the “Agency Funds” column).

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 1<sup>st</sup> 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 1<sup>st</sup> 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 GOLF COURSE	TOTAL
Capital Improvements	\$ 5,497,141	\$ 4,371,870	\$ 688,657			\$ 22,455	\$ 10,580,123
Landfill Closure/Post Closure				2,071,605			2,071,605
Future Development							-
Debt Service	991,793	847,046	222,332		31,622		2,092,793
<b>Total Restricted</b>	<b>\$ 6,488,934</b>	<b>\$ 5,218,916</b>	<b>\$ 910,989</b>	<b>\$ 2,071,605</b>	<b>\$ 31,622</b>	<b>\$ 22,455</b>	<b>\$ 14,744,521</b>

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, 2018, are as follows:

Treasurer's Cash, Net	\$ 6,093,914
Held by Component Unit	69,120
Deposits In Transit	1,788,365
Petty Cash/Change Funds	6,500
Deposits with Fiscal Agent	7,474
Outstanding Checks	(1,309,665)
Retainage Held by 3rd Party	651,055
Unreconciled Items	69
<b>Total Deposits</b>	<b>\$ 7,306,832</b>

**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 1<sup>st</sup>) 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 31<sup>st</sup> 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 2018, the City's regular tax levy was \$2.6658 per \$1,000 on an assessed valuation of \$6,162,723,033 for a total regular levy of \$16,428,522 (after the appeals process). The City's regular levy included \$0.034 for the Fire Pension Fund, which resulted in collections of \$379,000. In addition, there were

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special levies for debt service for general obligation debt issued for capital acquisitions or construction at \$.3179 per \$1,000 of assessed valuation of \$6,136,678,082 totaling \$1,950,960 (after the appeals process). The composite City of Richland levy was \$2.9837 per \$1,000 of assessed valuation for a total levy of \$18,379,482.

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 14<sup>th</sup>, and the first of two equal installments is due on April 30<sup>th</sup> with the final installment due on October 31<sup>st</sup>. Penalties of 3% and 8% are assessed on June 1<sup>st</sup> and December 1<sup>st</sup> respectively, on the current year delinquent taxes. In addition to the penalties, unpaid balances accrue interest of 1% of the outstanding balance beginning May 1<sup>st</sup> 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	\$ 222,824
Other Governmental Funds	
Police Station Bond Fund	3,360
Richland Community Center Bond Fund	4,230
Library Remodel Bond Fund	18,622
TOTAL	<u>\$ 249,036</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.



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**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 in the Special Assessment Debt Service Fund are offset by deferred inflows, as they are considered unavailable to finance expenditures of the current period. As of December 31, 2018, the City had the following assessment balances:

	Current Assessments	Delinquent Assessments	Long Term Assessments	Deferred Inflows	Fund Total
Debt Service Fund Assessments Receivable (LIDs)	\$ 13,264	\$ 5,799	\$ 62,189	\$ (62,189)	\$ 19,063
Water Fund Assessments Receivable	624	15,312	122,558	-	\$ 138,494
Sewer Fund Assessments Receivable	582	14,253	114,086	-	\$ 128,921
<b>Total</b>	<b>\$ 14,470</b>	<b>\$ 35,364</b>	<b>\$ 298,833</b>	<b>\$ (62,189)</b>	<b>\$ 286,478</b>

**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	\$1,008,094
HOME fund	<u>1,295,075</u>
<b>TOTAL</b>	<b><u>\$2,303,169</u></b>

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.”

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The following table shows a summary of the interfund activity for the year ended December 31, 2018:

OWED TO...	OWED BY...				
	Streets Construction	Other Governmental	Other Enterprise	Internal Service	TOTAL
General Fund	\$ -	\$ 8,642	\$ -	\$ -	\$ 8,642
Water Fund	1,706,150	-	23,340	-	1,729,490
Internal Service	-	1,745	150,000	60,000	211,745
<b>Total</b>	<b>\$ 1,706,150</b>	<b>\$ 10,387</b>	<b>\$ 173,340</b>	<b>\$ 60,000</b>	<b>\$ 1,949,877</b>

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

OWED TO...		OWED BY...		
Reported In	Fund	Streets Construction Fund	Other Governmental	TOTAL
			Debt Service	
			Special Assessment Bond Fund	
General Fund		\$ -	\$ 8,642	\$ 8,642
Water Fund		1,706,150	-	1,706,150
Internal Service	Equipment Replacement	-	1,745	\$ 1,745
<b>Total</b>		<b>\$ 1,706,150</b>	<b>\$ 10,387</b>	<b>\$ 1,716,537</b>

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

OWED TO...	OWED BY...	
	Other Enterprise	TOTAL
Reported In	Columbia Point Golf Course	
Water Fund	\$ 23,340	\$ 23,340
<b>Total</b>	<b>\$ 23,340</b>	<b>\$ 23,340</b>

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 Enterprise	Internal Service	TOTAL
		Columbia Point Golf Course	Central Stores	
Internal Service	Equipment Replacement	\$ 150,000	\$ 60,000	\$ 210,000
<b>Total</b>		<b>\$ 150,000</b>	<b>\$ 60,000</b>	<b>\$ 210,000</b>

**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. A second amended and restated interlocal agreement was made and entered into by and between the following entities: Benton County, Franklin County, the Cities of Kennewick, Richland, West Richland, Prosser, Benton City, and Pasco, Benton County Fire Protection Districts and the Public Utility District #1 of Benton County. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the Cities of Kennewick, Pasco and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City, a Benton County Commissioner, a Franklin County Commissioner and a single representative collectively representing Benton County Fire Protection Districts. 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 2018 for these services was \$415,074. 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, Pasco and the Counties of Benton and Franklin. Each owns an equal share of SECOMM's net assets. Financial participation is allocated among the five 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, Connell and the Benton and Franklin County Fire Protection Districts, Port of Pasco, Walla Walla Fire District #5 and the North Franklin County Hospital district. 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, 2018 was \$973,778 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 Utility District, and Animal Control; the Cities of Richland, Kennewick, Prosser, Pasco and West Richland, as well as PNNL, DEA, 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, 2018 was \$1,018,874 which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety

under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

**Microwave** - The microwave system is accounted for separately within its own fund and the user groups are charged a portion of costs based on number of circuits utilized. The Cities of Kennewick, Richland and Benton County each owns an equal share of Microwave's net assets. The City of Richland's equity interest in Microwave as of December 31, 2018 was \$39,462 which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

**BCEM** - BCEM provides disaster response planning, exercise coordination, response assistance and disaster recovery for Benton County and its political subdivisions per RCW 38.52. 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, 2018 was \$26,597, 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 2018 for these transactions was \$119,000.

The City of Richland's equity interest in BI-PIN was \$141,857 on December 31, 2018, 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 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 \$13,651 on June 30, 2018, 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, 4) long term ULID assessments and 5) 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 73 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 and Note 16.

**Total Other Post-Employment Benefits (OPEB) Liability** - The City funds its post-employment healthcare program on a pay-as-you-go basis. The City implemented GASB Statement No. 75 in 2018. The City's Total OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2018. OPEB is discussed in detail in Note 9.

**Long-term Liabilities** - (includes bonds, notes, contracts payable and other non-current 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 2018 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** – Two funds had a deficit balance in fund equity at December 31, 2018, as follows:

- The Public Works Administration and Engineering Fund is reporting a deficit net position at December 31, 2018, in the amount of \$1,322,410. The Net Pension Liability reported in accordance with GASB 68 and Total OPEB Liability reported in accordance with GASB 75 results in a deficit fund balance at year-end.
- The Equipment Maintenance Fund is reporting a deficit net position at December 31, 2018, in the amount of \$219,447. The Net Pension Liability reported in accordance with GASB 68 results in a deficit fund balance at year-end.

Fund Budgets Over-expended –

- The Benton County Emergency Services Operations Fund was overspent by \$256,952. The Fund had sufficient revenues to cover all expenditures, but a budget adjustment to increase appropriations was not completed timely.

**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 2018, along with the purposes for the adjustments:

	Purpose for Adjustment	Increase/(Decrease) due to Adjustment		
		Assets	Liabilities	Net Position
<b>Governmental Funds:</b>				
General Fund	1	(36,521)	45,225	(81,746)
	2		(25,244)	25,244
Total General Fund		(36,521)	19,981	(56,502)
Total Governmental Funds		\$ (36,521)	\$ 19,981	\$ (56,502)
<b>Enterprise Funds:</b>				
Total Enterprise Funds		\$ -	\$ -	\$ -
Total prior period adjustments - all funds		\$ (36,521)	\$ 19,981	\$ (56,502)
<b>Government-wide Financial Statements:</b>				
Governmental Activities	3	2,237,182	-	2,237,182
Total Governmental Activities		2,237,182	-	2,237,182
Total prior period adjustments - all funds and govt activities		\$ 2,200,661	\$ 19,981	\$ 2,180,680

Purpose for prior period adjustments:

- 1 Parks & recreation software conversion began in 2017 and was finally completed in 2018. Correction to beginning asset and liability balances.
- 2 Correction for a 2018 invoice that was erroneously accrued as a 2017 expense.
- 3 The inventory of Land Held for Resale was reviewed by Community Development staff. During this review, several parcels of land were found to have been omitted, and have now been added.

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

**NOTE 2. INVESTMENTS**

**Investments Measured at Amortized Cost**

As of December 31, 2018, the City held the following investments at amortized cost:

Type of Investment	Maturities	City's own	Total
		investments	
State Investment Pool (LGIP)	Average 30 days	39,164,831	39,164,831

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.

**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.

**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, 2018:

Federal Home Loan Mortgage Corporation	AAA	19%
Federal National Mortgage Association	AAA	13%
Federal Home Loan Bank	AAA	20%
Federal Farm Credit Bank	AAA	6%
Municipal Bonds	A- to AAA	7%
Local Governmental Investment Pool	Unrated	34%
Pension Mutual Funds	Unrated	1%

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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, 2018 the City had the following investments at fair value:

<b>Investments by Fair Value Level</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Weighted Average Maturities</b>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
U.S. Government Securities	\$ 26,039,939		\$ 26,039,939	1.2
Municipal Bonds	3,149,175		3,149,175	0.4
Bond Mutual Funds	671,115	671,115		N/A
Nonnegotiable CD	200,000		200,000	1/16/2021
<b>Subtotal Governmental Activities</b>	<b>30,060,229</b>	<b>671,115</b>	<b>29,389,114</b>	
<b><u>BUSINESS TYPE ACTIVITIES</u></b>				
U.S. Government Securities	42,920,977		42,920,977	1.2
Municipal Bonds	5,190,707		5,190,707	0.4
Nonnegotiable CD	50,005		50,005	1/16/2021
<b>Subtotal Business Type Activities</b>	<b>48,161,689</b>	<b>-</b>	<b>48,161,689</b>	
<b>Total Investments by Fair Value Level</b>	<b>\$ 78,221,918</b>	<b>\$ 671,115</b>	<b>\$ 77,550,803</b>	

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**NOTE 3. CAPITAL ASSETS**

**Governmental Activities** - A summary of governmental capital assets for the year ended December 31, 2018 is presented in the following table:

<b>Governmental activities</b>	Balance		Decreases	Transfers/	Balance
	January 1, 2018	Increases		Reclassifications	December 31, 2018
<b>Capital Assets, not being depreciated:</b>					
Land	\$ 7,289,304	\$ 451,487	\$ -	\$ -	\$ 7,740,791
Construction in progress	21,925,790	27,794,639	(794,884)	-	48,925,545
Total capital assets, not being depreciated	29,215,094	28,246,126	(794,884)	-	56,666,336
<b>Capital Assets, being depreciated:</b>					
Buildings and improvements	69,041,765	1,486,846	-	-	70,528,611
Machinery and equipment	8,644,280	227,546	-	-	8,871,826
Infrastructure	214,184,793	5,661,365	-	(262,301)	219,583,857
Intangibles	1,569,018	690,712	-	-	2,259,730
Total capital assets, being depreciated	293,439,856	8,066,469	-	(262,301)	301,244,024
Less accumulated depreciation for:					
Buildings and improvements	(33,277,367)	(2,173,064)	-	-	(35,450,431)
Machinery and equipment	(6,075,995)	(430,748)	-	-	(6,506,743)
Infrastructure	(154,141,583)	(3,027,993)	-	-	(157,169,576)
Intangibles	(361,535)	(92,388)	-	-	(453,923)
Total accumulated depreciation	(193,856,480)	(5,724,193)	-	-	(199,580,673)
Total capital assets being depreciated, net	99,583,376	2,342,276	-	(262,301)	101,663,351
<b>Governmental activities capital assets, net</b>	<b>\$128,798,470</b>	<b>\$30,588,402</b>	<b>\$ (794,884)</b>	<b>\$ (262,301)</b>	<b>\$ 158,329,687</b>

Depreciation expense was charged as follows:

<b>FUNCTION</b>	<b>TOTAL</b>
General Government	\$ 706,443
Public Safety	356,848
Transportation	2,945,877
Economic Environment	208,777
Culture & Recreation	1,506,248
<b>TOTAL DEPRECIATION EXPENSE</b>	<b>\$ 5,724,193</b>

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Construction commitments existing as of December 31, 2018 in the City's governmental-type activities:

Fund	Project	Spent as of December 31, 2018	Remaining Committed
Streets	Henderson Loop	1,573,420	978,012
Streets	Queensgate/Columbia Park Tr Improvements	2,248,970	10,488
Streets	Swift Blvd Improvements	252,479	1,824,198
Streets	SR240/Kingsgate Traffic Signal	627,751	198,360
Parks Construction	Columbia Playfield Improvements	507,338	80,740
Parks Construction	Badger Mountain Park Improvements	38,550	9,095
Parks Construction	Howard Amon Park Improvements	137,651	69,611
Parks Construction	Trailhead Park Improvements	-	72,143
Parks Construction	Columbia Point Marina Park Improvements	219,610	27,340
General Govt Construction	Swift Corridor Improvements (City Hall)	11,685,612	317,216

**Business-Type Activities** - A summary of business-type capital assets for the year ended December 31, 2018 is presented in the following table:

Business-type activities	Balance			Transfers/ Reclassifications	Balance December 31, 2018
	January 1, 2018	Increases	Decreases		
<b>Capital Assets, not being depreciated:</b>					
Land	\$ 8,733,269	\$ 89,030	\$ -	\$ -	\$ 8,822,299
Construction in progress	2,230,865	9,727,063	(1,729,441)	-	10,228,487
Total capital assets, not being depreciated	10,964,134	9,816,093	(1,729,441)	-	19,050,786
<b>Capital Assets, being depreciated:</b>					
Buildings and improvements	46,966,293	35,546	-	-	47,001,839
Machinery and equipment	37,249,404	2,853,080	(1,489,592)	-	38,612,892
Infrastructure	373,613,631	13,819,530	-	-	387,433,161
Total capital assets, being depreciated	457,829,328	16,708,156	(1,489,592)	-	473,047,892
Less accumulated depreciation for:					
Buildings and improvements	(29,442,042)	(1,376,756)	-	-	(30,818,798)
Machinery and equipment	(23,309,581)	(2,855,020)	1,449,636	-	(24,714,965)
Infrastructure	(144,742,628)	(9,472,928)	-	-	(154,215,556)
Total accumulated depreciation	(197,484,251)	(13,704,704)	1,449,636	-	(209,749,319)
Total capital assets being depreciated, net	260,335,077	3,003,452	(39,956)	-	263,298,573
<b>Business-type activities capital assets, net</b>	<b>\$271,299,211</b>	<b>\$12,819,545</b>	<b>\$ (1,769,397)</b>	<b>\$ -</b>	<b>\$ 282,349,359</b>

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The following is a list of construction commitments existing as of the year ended December 31, 2018 in the City's business-type activities:

<u>Fund</u>	<u>Project</u>	<u>Spent as of December 31, 2018</u>	<u>Remaining Committed</u>
Water	Columbia River Intake Screen Upgrade	25,282	95,396
Water	Pump Storage Renew/Replacement	313,982	295,174
Water	Queensgate/Columbia Park Trail Improvements	165,830	4,569
Water	Irrigation Utility Improvement	646,294	21,909
Water	Distribution System Repair/Replacement	-	52,077
Sewer	Queensgate/Columbia Park Trail Improvements	425,933	6,485
Sewer	Influent Upgrades	2,914,540	609,776
Sewer	Collection System Renew/Replacement	82,523	510,027
Solid Waste	Disposal Capacity Improvements	51,159	421,582
Stormwater	Stormwater Rehab/Replacement	142,810	41,000

**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) Other Post-Employment Benefits (OPEB) Liability, 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 2018.

**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.

**Total OPEB Liability** – 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 Total OPEB Liability (NOL) at year end for each plan is included in the long-term debt table presented later in this section. GASB Statement 75 was implemented in 2018. A large part of GASB 75 was improving the approach to measuring the liability and requiring governments to report the liability on their financial statements. The NOL for all fund types as of December 31, 2018, is \$35,448,182. The NOL related to

governmental activities as of December 31, 2018, is \$32,747,160 and the NOL related to business type activities is \$2,701,019.

**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 \$13,855,541. 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. These two plans are reported in accordance to GASB 73, which became effective for the City with the 2018 CAFR.

**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, 2018, \$2,445,000 of bonds outstanding are considered defeased.

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The following table provides a complete and comprehensive record of all long-term governmental liabilities as of December 31, 2018:

SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES								
UNLIMITED TAX GENERAL OBLIGATION BONDS-VOTED								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/18	DUE WITHIN ONE YEAR
2015 Refunding UTGO Police Station/Community Center/Library Remodel	2.00%-5.00%	12/1/2026	14,385,000	12,520,000		1,445,000	11,075,000	1,515,000
<b>TOTAL UNLIMITED TAX GENERAL OBLIGATION BOND DEBT</b>							<b>11,075,000</b>	<b>1,515,000</b>
LIMITED TAX GENERAL OBLIGATION BONDS-NONVOTED, COUNCILMANIC								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/18	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	2.00%- 4.30%	12/1/2039	3,170,000	1,400,000		60,000	1,340,000	60,000
2013A LTGO LRF to finance infrastructure in RAISE area	1.125%-4.00%	12/1/2037	10,050,000	9,400,000		340,000	9,060,000	350,000
2014 LTGO Fire Station #74 Construction	2.0%-4.0%	12/1/2034	3,355,000	2,985,000		130,000	2,855,000	135,000
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		410,000	2,465,000	415,000
<b>TOTAL LIMITED TAX GENERAL OBLIGATION BOND DEBT</b>							<b>28,975,000</b>	<b>960,000</b>
Unamortized Premiums				3,640,315		275,830	3,364,485	
<b>TOTAL GENERAL OBLIGATION BOND DEBT NET OF UNAMORTIZED PREMIUMS</b>							<b>43,414,485</b>	<b>2,475,000</b>
OTHER GOVERNMENTAL LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/18	DUE WITHIN ONE YEAR
Economic Revitaliz. Bd Loan Battelle Blvd. Ext.	1.00%	1/1/2026	780,000	481,895		51,438	430,457	51,952
WSDOT Rail Loan for Streets	0.00%	7/1/2025	399,982	319,985		39,998	279,987	39,998
Compensated Absences		N/A	-	3,279,051	3,691,376	3,306,654	3,663,773	1,831,887
Net Pension Liab-Pre LEOFF 1 Plan Fire		N/A	-	1,494,982	169,179		1,664,161	-
Net Pension Liab-Pre LEOFF 1 Plan Police		N/A	-	1,978,316	1,151,519		3,129,835	-
Total OPEB Liability - LEOFF 1 Plan Fire		N/A	-	9,668,049		612,691	9,055,358	-
Total OPEB Liability - LEOFF 1 Plan Police		N/A	-	13,720,278	1,813,155		15,533,433	-
Net Pension Liability- State PERS/LEOFF Plans		N/A	-	9,784,010		2,685,186	7,098,824	-
Total OPEB Liability - City Post Emp Healthcare		N/A	-	7,650,169	508,200		8,158,369	-
<b>TOTAL OTHER GOVERNMENTAL LIABILITIES</b>							<b>49,014,197</b>	<b>1,923,837</b>
<b>TOTAL GOVERNMENTAL LIABILITIES</b>							<b>92,428,682</b>	<b>4,398,837</b>



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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2018 for governmental debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

<b>SCHEDULE OF DEBT SERVICE FOR GOVERNMENTAL ACTIVITIES</b>			
<b>YEAR ENDING DECEMBER 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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	\$ 4,025,385
2022	\$ 2,483,524	\$ 1,349,388	\$ 3,832,912
2023	\$ 2,619,060	\$ 1,265,576	\$ 3,884,636
2024-2028	\$ 10,975,446	\$ 4,781,001	\$ 15,756,447
2029-2033	\$ 6,390,000	\$ 3,161,913	\$ 9,551,913
2034-2038	\$ 5,515,000	\$ 1,949,601	\$ 7,464,601
2039-2043	\$ 3,515,000	\$ 960,750	\$ 4,475,750
2044-2045	\$ 1,665,000	\$ 126,000	\$ 1,791,000
<b>TOTAL</b>	<b>\$ 40,760,444</b>	<b>\$ 18,176,109</b>	<b>\$ 58,936,553</b>

**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) Total Other Post-Employment Benefits (OPEB) Liability, 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 2018.

**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 2018, the landfill volume used was 93%. 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, 2018, the City had sufficient funds set aside to fund the projected \$3,646,000 construction costs of the second phase closure infrastructure and provide approximately 23% of the post-closure care. Cash and investments of \$4,443,726 or 62.62% of required reserves, have been accumulated. The post-closure care of the current landfill site is estimated to cost \$3,450,000 in current dollars. The additional \$2,652,274 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 gained an investment opportunity that provided a rate of return greater than current LGIP rates. The loan was paid back at December 31, 2018, to ensure the closure cash would be available for closure of the second phase.

The City's waste management software tracked 67,126 tons of waste accepted in 2018. The current year expense for the related use of available volume was \$278,086. Also during 2018, the estimate of closure cost was updated, which resulted in the recognition an additional expense of \$205,821.

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

**Total OPEB Liability** – As noted in the governmental activities section, the City reported an overall TOL of \$35,448,182. The NOL related to governmental activities as of December 31, 2018, is \$32,747,160 and the NOL related to business type activities is \$2,701,022.

**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 \$13,855,541 of which \$6,756,717 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 two LID's with commitments. LID 193 Saint St is in the Special Assessment Debt Service Fund. As of December 31, 2018, the City's debt for this LID's is \$8,642. The City also

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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, 2018:

SCHEDULE OF LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES								
REVENUE BONDS								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2018	DUE WITHIN ONE YEAR
2007-Electric Refunding & Capital Improvements	4.00%-5.00%	11/1/2036	25,775,000	17,175,000		17,175,000	-	-
2009-Electric Revenue -Capital Improvements	1.21%-6.37%	11/1/2039	11,200,000	9,215,000		270,000	8,945,000	280,000
2013 A Electric Revenue Refunding	.50%-2.50%	11/1/2020	925,000	890,000		10,000	880,000	515,000
2013 B Electric Revenue-Capital Improvement and Refunding	2.00%-5.00%	11/1/2042	19,455,000	17,240,000		575,000	16,665,000	585,000
2015 Electric Utility Revenue Bonds	2.00%-4.75%	11/1/2045	19,435,000	19,435,000			19,435,000	215,000
2018 Electric Revenue Improvement & Refunding	3.00%-5.00%	11/1/2047	19,800,000	-	19,800,000		19,800,000	1,320,000
2009-Water/Sewer Improvement & Refunding	2.50%-5.125%	12/1/2038	21,975,000	6,040,000		1,520,000	4,520,000	1,495,000
2012 Water Wastewater Improvement & Refunding	2.00%-4.00%	11/1/2034	7,540,000	6,420,000		300,000	6,120,000	305,000
2014 Waterworks Revenue & Refunding	2.00%-4.00%	11/1/2023	9,985,000	8,495,000		1,400,000	7,095,000	1,450,000
2017 Wasteworks Utility Revenue & Refunding Bonds	2.00%-5.00%	11/1/2042	12,455,000	12,440,000		20,000	12,420,000	100,000
<b>TOTAL REVENUE BONDED DEBT</b>							<b>95,880,000</b>	<b>6,265,000</b>
GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2018	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1999 SolidWaste Bond)	2.00% - 2.25%	12/1/2019	1,205,000	260,000		125,000	135,000	135,000
2010 LTGO Refunding (1998 LTGO Refund, 1996 Golf Course Ref)	2.00%- 4.30%	12/1/2039	4,460,000	3,775,000		105,000	3,670,000	110,000
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	815,000		75,000	740,000	80,000
<b>TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES</b>							<b>5,745,000</b>	<b>325,000</b>

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OTHER BUSINESS-TYPE LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2018	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2018	DUE WITHIN ONE YEAR
PWTF #PW-00-691-047 Water Leak Program (Replace Aging Water Lines)	1.00%	7/1/2020	6,432,914	1,018,192		339,397	678,795	339,397
PWTF #PW-03-691-020 Water Main Replacement	0.50%	7/1/2023	8,755,000	3,039,968		506,661	2,533,307	506,661
DWSRF Loan #02-65102-039 Rchld Wellfield Disinfection	1.00%	10/1/2023	1,984,802	696,782		116,130	580,652	116,130
DWSRF Loan #02-65102-040 Rchld Wellfield Capacity	1.00%	10/1/2023	978,117	345,218		57,537	287,681	57,536
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	1.50%	10/1/2024	580,000	253,750		36,250	217,500	36,250
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	1.50%	10/1/2029	3,030,000	1,926,189		160,516	1,765,673	160,516
#L1400029 Dept. of Ecology Loan for Decant Facility Retrofit & Relocation	1.10%	6/30/2020	400,258	225,602		89,498	136,104	90,487
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	4.30%	3/1/2024	145,776	63,482		8,662	54,820	9,038
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	2.90%	5/27/2031	1,538,338	1,139,511		69,987	1,069,524	72,044
HAEIF Loan #58-01-01 - Broadband Fund -Fiber Network	3.00%	7/1/2021	200,000	101,511		29,143	72,368	14,779
Loan from Fire Pension Fund (LID 193 Saint St)		1/5/2025	67,053	16,395		7,753	8,642	-
Liability for Landfill Closure			N/A	5,930,284	483,908		6,414,192	-
Compensated Absences			N/A	2,015,378	2,073,692	1,992,667	2,096,403	1,048,202
Net Pension Liability- State PERS/LEOFF Plans			N/A	9,333,134		2,576,417	6,756,717	-
Total OPEB Liability - City Post Emp Healthcare			N/A	2,568,216	132,806		2,701,022	-
Capital Lease #001-00539-2363615-9001 Zion Bank, Wildland			343,464	120,805		38,354	82,451	40,238
Capital Lease #202415000 - 2017 Pierce Enforcer Pumper Truck			632,812	632,812		118,955	513,857	122,655
<b>TOTAL OTHER BUSINESS-TYPE LIABILITIES</b>							<b>25,969,708</b>	<b>2,613,932</b>
<b>TOTAL BUSINESS-TYPE LIABILITIES</b>							<b>127,594,708</b>	<b>9,203,932</b>

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, 2018, 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	\$ 2,915,000	\$ 1,825,299	\$ 1,409,701	\$ 135,000	\$ 115,000	\$ 110,000	\$ 80,000	\$ 6,590,000
Long-Term Portion	\$ 62,810,000	\$ 15,760,806	\$ 10,299,194	\$ -	\$ 745,000	\$ 3,560,000	\$ 1,860,000	\$ 95,035,000
Net unamortized premiums and discounts	\$ 4,491,329	\$ 1,736,390	\$ 1,185,376	\$ 3,973	\$ 107,991	\$ 55,239	\$ (28,150)	\$ 7,552,149
<b>Net Long-Term Portion</b>	<b>\$ 67,301,329</b>	<b>\$ 17,497,196</b>	<b>\$ 11,484,570</b>	<b>\$ 3,973</b>	<b>\$ 852,991</b>	<b>\$ 3,615,239</b>	<b>\$ 1,831,850</b>	<b>\$102,587,149</b>
<b>Total Reported Liability</b>	<b>\$ 70,216,329</b>	<b>\$ 19,322,495</b>	<b>\$ 12,894,271</b>	<b>\$ 138,973</b>	<b>\$ 967,991</b>	<b>\$ 3,725,239</b>	<b>\$ 1,911,850</b>	<b>\$109,177,149</b>

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

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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2018 for business-type debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

SCHEDULE OF DEBT SERVICE FOR BUSINESS TYPE ACTIVITIES			
YEAR ENDING DECEMBER	PRINCIPAL	INTEREST	TOTAL
2019	8,155,732	4,670,705	12,826,437
2020	8,184,741	4,374,219	12,558,960
2021	8,035,833	4,077,680	12,113,513
2022	6,850,327	3,758,569	10,608,896
2023	4,673,701	3,498,825	8,172,526
2024-2028	18,060,914	15,173,147	33,234,061
2029-2033	21,056,463	10,813,259	31,869,722
2034-2038	19,575,000	5,997,576	25,572,576
2039-2043	11,370,000	2,196,036	13,566,036
2044-2047	3,655,000	284,612	3,939,612
<b>TOTAL</b>	<b>\$ 109,617,711</b>	<b>\$ 54,844,628</b>	<b>\$164,462,339</b>

A table for waterworks parity debt is presented below.

Table for Waterworks (Water, Sewer, Stormwater) Parity Debt							
	2018	2017	2016	2015	2014	2013	2012
Gross Revenue	29,452,312	28,016,663	27,676,910	26,871,768	26,116,348	25,341,395	24,420,238
Less Operating Expenses	13,746,283	13,344,677	15,268,317	13,517,407	13,224,346	13,159,683	12,545,694
Net Amount Available For Debt Service	15,706,029	14,671,986	12,408,593	13,354,361	12,892,002	12,181,712	11,874,544
Total Annual Debt Service	4,664,300	4,320,347	4,185,638	4,188,047	3,332,256	4,439,800	4,449,689
Water/Sewer Debt Coverage	3.37	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, 2018, the City’s accrued vacation, PTO and sick leave amounted to \$5,760,176. This amount includes \$471,172 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, 2018, the outstanding principal of the PFD’s 2015 General Obligation refunding bonds is \$4,300,000.

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 2018, 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 10.5% and 27.4%, 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 \$30,749 for year ended December 31, 2018.

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
2019	30,749	30,749
<b>TOTAL</b>	<b>\$ 30,749</b>	<b>\$ 30,749</b>

**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, 2018.

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	(234,310)
<b>TOTAL</b>	<b>\$ 741,633</b>

The future minimum lease obligation and the net present value for these minimum lease payments as of December 31, 2018, were as follows:

CAPITAL LEASES - BUSINESS-TYPE ACTIVITIES			
YEAR	WILDLAND BRUSH TRUCK	ENFORCER PUMPER TRUCK	TOTAL LEASE PAYMENTS PER YEAR
2019	\$ 44,286	\$ 138,533	\$ 182,819
2020	44,286	138,533	182,819
2021	-	138,533	138,533
2022	-	138,533	138,533
<b>TOTAL MINIMUM LEASE PAYMENTS</b>	<b>\$ 88,572</b>	<b>\$ 554,132</b>	<b>\$ 642,704</b>
<b>LESS: INTEREST</b>	<b>(6,121)</b>	<b>(40,298)</b>	<b>(46,419)</b>
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b>\$ 82,451</b>	<b>\$ 513,834</b>	<b>\$ 596,285</b>

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**NOTE 7. INTERFUND TRANSFERS**

The following table provides a summary of interfund transfers for the year ended December 31, 2018.

Transferred From...	Transferred To...							
	General Fund	Streets Construction Fund	General Governmental Construction Fund	Other Governmental Funds	Major Enterprise Funds	Other Enterprise Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 1,195,000	\$ 1,183,143	\$ 1,807,175	\$ 11,000	\$ 605,000	\$ 810,549	\$ 5,611,867
Other Governmental Funds	944,575	5,692,156	-	2,559,456	-	30,000	137,130	9,363,317
Major Enterprise Funds	-	-	-	-	-	55,000	-	55,000
Other Enterprise Funds	-	-	-	23,534	-	-	-	23,534
<b>Total</b>	<b>\$ 944,575</b>	<b>\$ 6,887,156</b>	<b>\$ 1,183,143</b>	<b>\$ 4,390,165</b>	<b>\$ 11,000</b>	<b>\$ 690,000</b>	<b>\$ 947,679</b>	<b>\$ 15,053,718</b>

In 2018, the City's enterprise operations paid a total of \$9,887,157 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 Streets	Other Enterprise Funds Medical Services	Total
General Fund		\$ -	\$ 580,813	\$ 550,000	\$ 1,130,813
Other Governmental Funds	Transportation Benefit District	-	109,285	-	109,285
	Industrial Development	49,547	-	-	49,547
	Criminal Justice	59,646	-	-	59,646
	Hotel/Motel Tax	109,746	-	-	109,746
<b>Total</b>		<b>\$ 218,939</b>	<b>\$ 690,098</b>	<b>\$ 550,000</b>	<b>\$ 1,459,037</b>



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Purpose: Debt service and/or contributions toward capital and other improvements														
Transferred From...		Transferred To...												
		Major Governmental Funds				Other Governmental Funds				Major Enterprise Funds	Other Enterprise Funds		Internal Service Funds	Total
		General Fund	Street Construction	General Govt Construction	Industrial Development	LTGO Bonds Debt Service	Fire Station 74 Debt Service	LID Guaranty Debt Service	Park Project Construction	Electric	Golf Course	Broadband	Equipment Replacement	
General Fund		\$ -	\$ 1,195,000	\$ 1,183,143	\$ -	\$ 413,587	\$ 238,806	\$ -	\$ 573,969	\$ 11,000	\$ -	\$ 55,000	\$ 810,549	\$ 4,481,054
Other Governmental Funds	Transportation Benefit District		746,843	-	-	-	-	-	-	-	-	-	-	746,843
	Park Reserve	45,000	-	-	-	69,495	-	-	496,438	-	-	-	-	610,933
	Industrial Development	-	2,616,728	-	-	-	-	-	-	-	-	-	-	2,616,728
	Public Safety Sales Tax	-	-	-	-	-	-	-	20,000	-	-	-	137,130	157,130
	Hotel/Motel Tax	30,636	-	-	-	-	-	-	352,787	-	-	-	-	383,423
	CDBG	-	242,297	-	-	-	-	-	182,595	-	-	-	-	424,892
	Special Assessment Debt Service	-	-	-	-	-	-	-	170,000	-	-	-	-	170,000
	Capital Improvement	650,000	2,086,288	-	33,754	720,102	-	-	405,000	-	30,000	-	-	3,925,144
Electric Fund		-	-	-	-	-	-	-	-	-	-	30,000	-	30,000
Water Fund		-	-	-	-	-	-	-	-	-	-	20,000	-	20,000
Sewer Fund		-	-	-	-	-	-	-	-	-	-	5,000	-	5,000
Other Enterprise Funds	Broadband		-	-	-	23,534	-	-	-	-	-	-	-	23,534
<b>Total</b>		\$ 725,636	\$ 6,887,156	\$ 1,183,143	\$ 33,754	\$ 1,226,718	\$ 238,806	\$ 170,000	\$ 2,030,789	\$ 11,000	\$ 30,000	\$ 110,000	\$ 947,679	\$ 13,594,681

**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 160 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 \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 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 \$1,213,518 in premiums for coverage in 2018.

#### **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 \$622,017 in 2018, of which \$55,531 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 decreased by \$737,822 in 2018 and is based on an estimated sixteen weeks of fund expense.

As of December 31, 2018, the estimated claims reserve has \$2,369,000 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 2016 through 2018:

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
2018	3,106,822	9,497,828	(737,822)	8,760,006	2,369,000
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

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 \$119,687 and \$24,418, 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 2016 through 2018:

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
2018	130,157	825,286	(10,470)	825,286	119,687
2017	139,313	536,644	(9,156)	536,644	130,157
2016	112,370	692,655	26,973	692,655	139,313

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
2018	21,470	61,167	2,938	61,167	24,418
2017	38,453	103,640	(16,974)	103,640	21,470
2016	16,371	179,056	(22,083)	179,056	38,453

**NOTE 9. OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2018:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$ (35,448,182)
Deferred Outflows of Resources	1,461,320
Deferred Inflows of Resources	(611,350)
OPEB Expenses/Expenditures	2,571,979

**Post-Employment Healthcare Plan- Citywide**

**Plan Description**

The City of Richland administers a single-employer defined benefit post-employment healthcare plan (“the Plan”). The plan provides healthcare insurance for eligible retirees, their spouses, and eligible children through the City’s health insurance plan, which covers retired members. The plan provides healthcare benefits and prescription coverage. The plan does not cover dental or vision benefits, although retirees may purchase these benefits through COBRA. The City implemented the plan on 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 Plan. Effective December 31, 2012, the City closed the Plan to new participants.

**Benefits Provided**

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.

**Employees Covered by Benefit Terms**

At December 31, 2018 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	57
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	114
<b>Total</b>	<b>171</b>

**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 sixty one 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.

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Active Participants	293	219	146	131	123	114
Retirees & Beneficiaries	91	84	82	86	78	57
Opt out Payments	\$ 285,469	\$ 307,660	\$ 274,338	\$ 228,621	\$ -	\$ -

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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 Finance 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 <sup>1-</sup> Contributed to Fund 522 <sup>2-</sup> 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
<sup>1</sup> Existing Emp - OPEB Plan	1% Salary	\$10,000 Annual	20 Hours	40 Hours
<sup>2</sup> New Employee in RHS	1% Salary	1% Salary	20 Hours	40 Hours
<sup>2</sup> Existing Employee Opted out of OPEB Plan to RHS	1/2% Salary	1% Salary	20 Hours	40 Hours

**Contributions**

The Post-Employment Health Insurance Program is funded on a “pay as you go” basis. The City pays benefits as they come due.

**Total OPEB Liability**

The City's total OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2018.

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 3.000%

Investment rate of return: 3.75%

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 57 years.

Mortality rates were based on tables from the Society of Actuaries.

**Discount Rate**

The discount rate used to measure the total OPEB liability is 3.75%. The City’s OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

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Changes in the Total OPEB Liability	Total OPEB Liability	
	Increases (Decreases)	
Balance as of Report Date December 31, 2017	\$	10,218,385
Changes for the year:		
Service Cost		317,939
Interest		412,174
Changes of Benefit Terms		-
Differences Between Expected & Actual Experience		(718,605)
Changes of Assumptions		1,717,693
Contributions		-
Employer - City's Contributions		-
Employer - Implicit Subsidy		-
Employee		-
Net Investment Income		-
Benefit Payments		(811,722)
Implicit Rate Subsidy Fulfilled		(276,476)
Administrative Expenses		-
Net Changes		641,003
<b>Balance as of Report Date December 31, 2018</b>	<b>\$</b>	<b>10,859,388</b>

**Sensitivity of the total OPEB liability changes in the discount rate**

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) follows:

	1% Decrease	Discount Rate	1% Increase
	2.75%	3.75%	4.75%
<b>Total OPEB Liability (Asset)</b>	<b>\$ 11,542,174</b>	<b>\$ 10,859,388</b>	<b>\$ 10,211,386</b>

**Sensitivity of the total OPEB liability changes in the healthcare cost trend rates**

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	1% Decrease	Trend Rate	1% Increase
	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
<b>Total OPEB Liability (Asset)</b>	<b>\$ 9,983,722</b>	<b>\$ 10,859,388</b>	<b>\$ 11,863,356</b>

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

For the year ended December 31, 2018, the City recognized an OPEB expense of \$879,231. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences Between Actual and Expected Experience	\$ -	\$ (611,350)
Changes of Assumptions	1,461,320	-
City Contributions Subsequent to the Measurement Date	-	-
<b>Total</b>	<b>\$ 1,461,320</b>	<b>\$ (611,350)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Report Year Ending December 31:</u>	<u>Amount</u>
2019	\$ 149,118
2020	149,118
2021	149,118
2022	149,118
2023	149,118
Remaining	104,380

**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 1 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 administers pay claims for retirees under age 65. The members' necessary hospital, medical, and nursing care expenses not payable by workers' compensation, Medicare, or insurance provided by another employer, are covered.

**Employees Covered by Benefit Terms**

At December 31, 2018 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Fire Fighters</b>	<b>Police Officers</b>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	27	31
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active Employees	-	-
<b>Total</b>	<b>27</b>	<b>31</b>

**Contributions**

The City contributes an amount to the fund equal to the benefits paid.

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.

**Total OPEB Liability**

The City's total OPEB liability for LEOFF 1 Fire and LEOFF 1 Police plans was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2018.

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 3.00%

Investment rate of return: 3.75%

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 56 years

Mortality rates were based on tables from the Society of Actuaries

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.75%. 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 insurance premiums. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments 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 OPEB liability.

### **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, 2018.

### **Funding Policy**

The City does not require retiree contributions. As of 2018 all Fire Pension and Police Pension funding is reported in the General Fund. These funds provide 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 \$ 0.2250 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 1 OPEB plans need only receive enough revenue to fund the benefits on a "pay-as-you-go" basis. 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.

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**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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The following tables show the changes in total OPEB liability during calendar year 2018:

<b>Changes in the Total OPEB Liability (LEOFF 1 Fire)</b>	<b>Total OPEB Liability Increases (Decreases)</b>
Balance as of Report Date December 31, 2017	\$ 9,668,049
Changes for the year:	
Service Cost	-
Interest	332,039
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(354,610)
Changes of Assumptions	(328,013)
Contributions	
Employer - City's Contributions	-
Employer - Implicit Subsidy	-
Employee	-
Net Investment Income	-
Benefit Payments	(262,107)
Implicit Rate Subsidy Fulfilled	-
Administrative Expenses	-
Net Changes	<u>(612,691)</u>
<b>Balance as of Report Date December 31, 2018</b>	<b><u>\$ 9,055,358</u></b>

<b>Changes in the Total OPEB Liability (LEOFF 1 Police)</b>	<b>Total OPEB Liability Increases (Decreases)</b>
Balance as of Report Date December 31, 2017	\$ 13,720,278
Changes for the year:	
Service Cost	-
Interest	565,609
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(997,276)
Changes of Assumptions	2,474,999
Contributions	
Employer - City's Contributions	-
Employer - Implicit Subsidy	-
Employee	-
Net Investment Income	-
Benefit Payments	(230,177)
Implicit Rate Subsidy Fulfilled	-
Administrative Expenses	-
Net Changes	<u>1,813,155</u>
<b>Balance as of Report Date December 31, 2018</b>	<b><u>\$ 15,533,433</u></b>

**Sensitivity of the total OPEB liability changes in the discount rate**

The total OPEB liability of LEOFF 1 Fire and LEOFF 1 Police, as well as what the total OPEB liability for each would be if it were calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) follows:

LEOFF 1 Fire	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.75%	3.75%	4.75%
Total OPEB Liability (Asset)	\$ 10,132,145	\$ 9,055,358	\$ 8,152,110

LEOFF 1 Police	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.75%	3.75%	4.75%
Total OPEB Liability (Asset)	\$ 17,495,586	\$ 15,533,433	\$ 13,889,960

**Sensitivity of the total OPEB liability changes in the healthcare cost trend rates**

The total OPEB liability of LEOFF 1 Fire and LEOFF 1 Police, as well as what the total OPEB liability for each would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

LEOFF 1 Fire	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
Total OPEB Liability (Asset)	\$ 8,189,088	\$ 9,055,358	\$ 10,065,122

LEOFF 1 Police	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
Total OPEB Liability (Asset)	\$ 13,955,804	\$ 15,533,433	\$ 17,374,009

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB for LEOFF 1 Fire and Police:**

For the year ended December 31, 2018, the LEOFF 1 Fire and LEOFF 1 Police recognized OPEB expense of (\$350,584) and \$2,043,332 respectively. At December 31, 2018, the LEOFF 1 Fire and LEOFF 1 Police reported \$0 deferred outflows of resources related to OPEB and \$0 deferred inflows of resources related to OPEB.

**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 and GASB Statement 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 for the year 2018:

<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	\$ (18,649,538)
Pension assets	\$ 11,318,417
Deferred outflows of resources	\$ 3,448,168
Deferred inflows of resources	\$ (9,115,928)
Pension expense/expenditures	\$ 1,498,948

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

**Public Employees’ Retirement System (PERS)**

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

**PERS 1**

**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 – PERS 1**

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 2018 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January - August 2018:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>
September - December 2018:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.83%</b>	<b>6.00%</b>

**PERS 2 and 3**

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

- With a benefit that is reduced by three percent for each year before age 65; or

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

**Contributions – PERS 2/3**

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 2018 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
January – August 2018:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
<b>Total</b>	<b>12.70%</b>	<b>7.38%</b>
September – December 2018:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.83%</b>	<b>7.41%</b>

The City's actual PERS plan contributions were \$1,431,430 to PERS Plan 1 and \$2,121,044 to PERS Plan 2/3 for the year ended December 31, 2018.

### **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 1**

**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 – LEOFF 1**

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 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

#### **LEOFF 2**

**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 – LEOFF 2**

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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.43%</b>	<b>8.75%</b>
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.93%</b>	<b>8.75%</b>

The City’s actual contributions to the plan were \$774,994 for the year ended December 31, 2018.

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, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$501,794.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

• **Inflation:** 2.75% total economic inflation; 3.50% salary inflation

• **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

• **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 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.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

### **Discount Rate**

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

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 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, 2018, 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

**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 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	<b>1% Decrease (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
PERS 1	\$11,454,506	\$9,320,658	\$7,472,314
PERS 2/3	20,742,664	4,534,884	(8,753,687)
LEOFF 1	(1,865,199)	(2,344,630)	(2,757,393)
LEOFF 2	(1,193,346)	(8,973,787)	(15,319,642)

**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, 2018, the City reported a total pension liability of \$13,855,541 and a total pension asset of (\$11,318,417) for its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$9,320,657
PERS 2/3	4,534,884
LEOFF 1	(2,344,630)
LEOFF 2	(8,973,787)

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:

	<b>LEOFF 1 Asset</b>	<b>LEOFF 2 Asset</b>
Employer's proportionate share	(\$2,344,630)	(\$8,973,787)
State's proportionate share of the net pension asset associated with the employer	(15,859,020)	(5,810,358)
<b>TOTAL</b>	<b>(18,203,650)</b>	<b>(14,784,145)</b>

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

<b>Plans</b>	<b>Proportionate Share 6/30/17</b>	<b>Proportionate Share 6/30/18</b>	<b>Change in Proportion</b>
PERS 1	0.209308%	0.208701%	-0.000607%
PERS 2/3	0.264362%	0.265600%	0.001238%
LEOFF 1	0.128052%	0.129145%	0.001093%
LEOFF 2	0.439701%	0.442011%	0.002310%

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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2018, the City recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$783,663
PERS 2/3	(226,621)
LEOFF 1	(391,984)
LEOFF 2	(357,368)
<b>TOTAL</b>	<b>(192,310)</b>

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**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS PLAN 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(370,398)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	728,816	-
<b>TOTAL</b>	<b>728,816</b>	<b>(370,398)</b>

<b>PERS PLAN 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	555,858	(793,975)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,782,814)
Changes of assumptions	53,051	(1,290,591)
Changes in proportion and differences between contributions and proportionate share of contributions	67,106	(439,811)
Contributions subsequent to the measurement date	1,074,802	-
<b>TOTAL</b>	<b>1,750,817</b>	<b>(5,307,191)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(190,350)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>-</b>	<b>(190,350)</b>

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LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	480,708	(208,372)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,570,534)
Changes of assumptions	5,080	(1,287,901)
Changes in proportion and differences between contributions and proportionate share of contributions	89,850	(181,182)
Contributions subsequent to the measurement date	392,897	-
<b>TOTAL</b>	<b>968,535</b>	<b>(3,247,989)</b>

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,036,566	(1,002,347)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,914,095)
Changes of assumptions	58,130	(2,578,492)
Changes in proportion and differences between contributions and proportionate share of contributions	156,956	(620,993)
Contributions subsequent to the measurement date	2,196,515	-
<b>TOTAL</b>	<b>3,448,167</b>	<b>(9,115,927)</b>

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

Year ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2019	\$ 16,205	\$ (520,596)	\$ 182	\$ (227,928)
2020	(80,972)	(988,305)	(42,941)	(465,716)
2021	(242,971)	(1,767,730)	(116,955)	(974,285)
2022	(62,660)	(695,150)	(30,636)	(345,056)
2023		(297,857)		(122,400)
Thereafter		(361,539)		(536,966)

**Fire Pension Fund**

**Plan Description**

The City administers a single-employer defined-benefit post-employment pension plan for firefighters hired prior to 1970, the Firefighter's Pension Fund (FPF). Dependents are eligible to enroll, and benefits continue to surviving spouses. FPF is not administered through a trust and for this reason was reclassified from a fiduciary fund to the General Fund in 2018 per GASB Statement 73, paragraph 115.

**Benefits Provided**

All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. FPF provides retirement, disability, and death benefits. Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

All members are retired and drawing benefits. 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 firefighter retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1969. The latter applies to all other types of monthly benefits.

**Employees covered by benefit terms**

At December 31, 2018 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	19
Inactive employees entitled to but not yet receiving benefit payment:	-
Active employees:	-
<b>Total</b>	<b>19</b>

**Contributions**

The City pays benefits as they come due. As long as the FPF provides for benefits to covered members, the City will be eligible to receive a share of the State's distribution of the fire insurance premium taxes. The amount the City receives is 25% of all monies received by the State from taxes on fire insurance premiums.



Contributions can also come from taxes paid pursuant to the provisions of RCW 41.16.060. This statute requires that each municipality levies up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the fund.

### **Total Pension Liability**

The City's total pension liability was measured as of December 31, 2018, and the total pension liability was determined by an actuarial valuation as of December 31, 2018.

### **Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 3.000%

Healthy life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2018, 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-2018, set back two years for males and females.

### **Discount Rate**

The discount rate used to measure the total pension liability was 3.75%, based on a 20-year municipal bond index rate for a municipal bond rated AA.

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**Changes in the Net Pension Liability**

**Changes in the Net Pension Liability (Fire Pension Fund)**

	<u>Increases (Decreases)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance as of Report Date December 31, 2017	\$ 1,494,982	\$ -	\$ 1,494,982
Changes for the year:			
Service Cost	-	-	-
Interest	63,404	-	63,404
Changes of benefit terms	-	-	-
Differences between expected and actual experience	112,317	-	112,317
Changes of assumptions	173,506	-	173,506
Contributions			
Employer - City's Contribution	-	180,048	(180,048)
Employee	-	-	-
Benefit Payments	(180,048)	(180,048)	-
Administrative Expenses	-	-	-
Net Changes	169,179	-	169,179
<b>Balance as of Report Date December 31, 2018</b>	<b>\$ 1,664,161</b>	<b>\$ -</b>	<b>\$ 1,664,161</b>

**Sensitivity of the total pension liability to changes in the discount rate**

The total pension liability of the City, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>2.75%</u>	<u>3.75%</u>	<u>4.75%</u>
<b>Net Pension Liability (Asset)</b>	<b>\$ 1,797,397</b>	<b>\$ 1,664,161</b>	<b>\$ 1,548,075</b>

**Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension**

For the year ended December 31, 2018, the City recognized pension expense related to fire pension of \$349,227, deferred outflows of resources related to fire pension of \$0, and deferred inflows of resources related to fire pension of \$0.

**Police Pension Fund**

**Plan Description**

The City administers a single-employer defined-benefit post-employment pension plan for police officers hired prior to 1970, the Police Pension Fund (PPF). Dependents are eligible to enroll, and benefits continue to surviving spouses. PPF is not administered through a trust and for this reason was reclassified from a fiduciary fund to the General Fund in 2018 per GASB Statement 73, paragraph 115.

**Benefits Provided**

All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. PPF provides retirement, disability, and death benefits. Each police officer in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and police officers' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any police officer, the excess benefits are paid from the PPF of the city employing the member on March 1, 1970.

All members are retired and drawing benefits. 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 police officer retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to police officers who retired from service after 1969, their survivors, and to police officers who retired for duty disability (but not their survivors) after 1969. The latter applies to all other types of monthly benefits.

**Employees covered by benefit terms**

At December 31, 2018 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	20
Inactive employees entitled to but not yet receiving benefit payment:	-
Active employees:	-
<b>Total</b>	<b>20</b>

**Contributions**

The City pays benefit costs as they come due.

**Total Pension Liability**

The City's total pension liability was measured as of December 31, 2018, and the total pension liability was determined by an actuarial valuation as of December 31, 2018.

**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 3.000%

Investment rate of return: 3.75%

Healthy life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2018, 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-2018, set back two years for males and females.

**Discount Rate**

The discount rate used to measure the total pension liability was 3.75%, based on a 20-year municipal bond index rate for a municipal bond rated AA.

**Changes in the Net Pension Liability**

Changes in the Net Pension Liability (Police Pension Fund)	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance as of Report Date December 31, 2017	\$ 1,978,316	\$ -	\$ 1,978,316
Changes for the year:			
Service Cost	-	-	-
Interest	116,570	-	116,570
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,304,898	-	1,304,898
Changes of assumptions	(79,437)	-	(79,437)
Contributions			
Employer - City's Contribution	-	190,512	(190,512)
Employee	-	-	-
Benefit Payments	(190,512)	(190,512)	-
Administrative Expenses	-	-	-
Net Changes	1,151,519	-	1,151,519
<b>Balance as of Report Date December 31, 2018</b>	<b>\$ 3,129,835</b>	<b>\$ -</b>	<b>\$ 3,129,835</b>

**Sensitivity of the total pension liability to changes in the discount rate**

The total pension liability of the City, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) follows:

	<u>1% Decrease</u> 2.75%	<u>Discount Rate</u> 3.75%	<u>1% Increase</u> 4.75%
<b>Net Pension Liability (Asset)</b>	\$ 3,392,606	\$ 3,129,835	\$ 2,901,923

**Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension**

For the year ended December 31, 2018, the City recognized pension expense related to police pension of \$1,342,031, deferred outflows of resources related to police pension of \$0, and deferred inflows of resources related to police pension of \$0.

**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 power output from the Federal Columbia River Power System (FCRPS), principally consisting of hydroelectric generating facilities owned by the U.S. Corps of Engineers and the U.S. Bureau of Reclamation, and the output from Energy Northwest's Columbia Generating Station (CGS) nuclear plant. BPA supplements the generation resources with 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 firm access to FCRPS output. BPA also owns and maintains a regional high voltage transmission system, which delivers wholesale power to Richland's nine points of delivery. Richland has separate agreements with BPA for power and integrated network transmission services, expiring in 2028 and 2031 respectively.

Prior to October 2011, BPA met 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 historical 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 Contract as a load following customer in December 2008 for the FY2012-2028 period. This agreement obligates BPA to meet Richland's net wholesale requirements exceeding the utility's Tier 2 resources 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 Requirements Utilities (NRU), which represents the power and transmission interests of 53 consumer-owned electric utilities. In anticipation of operating under BPA's new Regional Dialogue Contract for wholesale power and desiring more control over 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 allowing NEMS to provide all 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. 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 do not meet expectations, NEMS members have the option to acquire or remarket non-Federal power through NESC and NIES resource-specific purchases. 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.

Richland is also a long-standing member of Energy Northwest (EN), a joint operating agency with 26 Washington consumer-owned electric utility members. Richland holds less than 2% interest in each of EN's nuclear generating Projects 1, 2, and 3. Only Columbia Generating Station (CGS) Project 2 operates while Projects 1 and 3 are terminated. Richland's pro-rata share of EN costs are included in the Richland'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. Through a participant agreement, Richland remains obligated to pay its share of the cost of retiring the bonds for Projects 1, 2 and 3 if the Direct Pay Agreement discontinues. Richland 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 where potential liability is estimated to be below \$100,000 and for which the City believes it has strong defensible positions. Insurance coverage is available for any damages awarded. The City is also defending a federal lawsuit with multiple causes of action and varied possible exposure. Insurance coverage would be available for some, but not all, damages awarded. The City does not have an approximation of damages, and believes the lawsuit to be highly defensible. An award of punitive damages, for which no insurance coverage is available, is extremely 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**

In January through May 2019, the City closed on several sales of land held for resale, totaling \$3,897,548 in proceeds. All but one of these land sales were parcels in the Horn Rapids Industrial Park and Horn Rapids Business Center. The one parcel not in the Horn Rapids area is located in Central Richland. All of the sales were pursuant to purchase-sale agreements approved by City Council and in force prior to December 31, 2018.

**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 \$3,131,612 at year end, and reports a deferred inflow of resources in the amount of \$1,883,000 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:

<b>Purpose of Restricted, Committed and Assigned Fund Balance, as displayed on the Governmental Funds Balance sheet (Other than debt service)</b>		
<u>Balance Sheet Description</u>	<u>Amount</u>	<u>Purpose</u>
<b><u>Restricted For:</u></b>		
Capital Improvements	2,647,497	Real Estate Excise Tax restricted for capital improvements
	1,283,840	Acquisition and development of public open space (parks)
	2,084,277	Unspent bond proceeds for Swift Blvd corridor/City Hall Improvements
	30,845	Restricted by franchise agreement for cable broadcast equipment
	<u>6,046,459</u>	
Public Safety	1,539,160	Public Safety Sales/Criminal Justice Tax restricted to Criminal Justice purposes
	52,005	Police confiscations
	<u>1,591,165</u>	
Economic Environment	287,111	Contingency for performance of Hanford Reach Interpretive Center
	1,446,319	Lodging Tax proceeds restricted for tourism promotion
	1,104,339	HUD Program for owner occupies housing rehabilitation
	1,905,697	HUD Program for home down payment assistance
	17,777	Restricted for public art
	<u>4,761,243</u>	
Transportation	49,442	Transportation Improvement District tab fees for bridge & street improvements
	<u>49,442</u>	
Other Purposes	28,953	Administration of ICMA deferred compensation plans
	21,814	Police Operations
	<u>50,767</u>	
<b><u>Committed For:</u></b>		
Capital Improvements	452,951	Library capital improvements
	1,559,585	Park construction projects
	279,866	Streets construction projects
	1,336,369	Swift Blvd corridor/City Hall Improvements
	<u>3,628,771</u>	
Public Safety	59,779	Police Operations
	25,000	Police - Narcotics investigations
	103,574	Fire Equipment
	<u>188,353</u>	
Economic Environment	66,119	Commercial Improvement Program
	1,418,490	Industrial Development
	<u>1,484,609</u>	
<b><u>Assigned To:</u></b>		
Public Safety	109,431	Police operations and special projects
	130	Fire Department operations
	<u>109,561</u>	
Transportation	1,102,669	Construction of streets infrastructure
	411,605	Maintenance of streets and rail infrastructure
	<u>1,514,274</u>	



**NOTE 16. RESTATEMENTS**

The City implemented two GASB statements in 2018 related to Pension and OPEB reporting. As a result, the City restated Beginning Net Position in the Government-Wide Statement of Activities, and in the Proprietary Fund Statements of Net Position. Summaries of the restated amounts are given below:

**GASB 73**

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, became effective for fiscal years beginning after June 30, 2016. Prior to 2018 the City considered its Fire and Police Pensions to be under a “trust-like arrangement”, and reported its Pension Liability in accordance with GASB Statement No. 68. In implementing GASB 75 for OPEB, the City revisited what was meant by a “trust or trust-like arrangement” and determined that GASB 73 should have been used in lieu of GASB 68 for Fire and Police Pension Fund reporting.

The change from GASB 68 to GASB 73 is reported as a change in accounting method, requiring the City to restate beginning balances as of January 1, 2018, to reflect what would have been reported under GASB 73.

Since the Fire and Police Pensions are no longer considered to be under a trust agreement or trust-like arrangement, they no longer report assets and thus have no Plan Fiduciary Net Position, which means Total Pension Liability equals Net Pension Liability.

Restatements related to net pension liability and deferred inflows and deferred outflows for governmental activities at January 1, 2018, are presented in the following table:

	<b>Governmental Activities Increase (Decrease)</b>
Deferred Outflow	\$ (21,394)
Net Pension Liability	570,998
Deferred Inflow	(10,031)
Net Position Adjustment	(582,361)

After implementation of GASB 73, Fire and Police Pension Funds are treated as managerial funds for accounting purposes. For financial reporting they are combined with the General Fund in the fund financial statements. As such, they are included as part of Governmental Activities in the government-wide financial statements.

The restatement related to the reclassification of Fire and Police Funds from Fiduciary Funds (which are not included in Governmental Activities) to the General Fund (which is included in Governmental Activities) is shown in the table below:

	<b>Governmental Activities Increase (Decrease)</b>	<b>General Fund Increase (Decrease)</b>
Cash	\$ 325,194	\$ 325,194
Investments	1,031,762	1,031,762
Note Payable to Fire Pension Reclassified as Interfund Payable	16,685	16,685
Accounts Payable	1,460	1,460
Net Position Adjustment	1,372,181	1,372,181

**GASB 75**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, became effective for the City for the year ended December 31, 2018. Prior to 2018 the City reported its OPEB Obligation in accordance with GASB Statement No. 45. The GASB reassessed GASB 45 and felt that the measurement of an OPEB obligation (measurement of shortfall between annual contribution target and actual contributions) did not fully represent the OPEB liability and thus issued GASB 75 to improve the relevance of the amounts reported as OPEB liability and OPEB expense.

GASB Statement No. 75 requires the City to report beginning OPEB *liability* as of January 1, 2018 and to remove the old OPEB *obligation* that was reported in prior years. The difference between these two amounts and deferred outflows, if applicable, goes to unrestricted net position.

The effects of GASB 75 that impact governmental activities are reported in the government-wide financial statements and not on fund financial statements. Restatements related to Total OPEB Liability for governmental activities are presented in the following table:

	<b>Governmental Activities Increase (Decrease)</b>
Net OPEB Obligation	\$ (12,656,113)
Total OPEB Liability	31,038,496
Net Position Adjustment	(18,382,383)

The effects of GASB 75 that impact proprietary and internal service funds are reported in the fund financial statements. Restatements related to Total OPEB Liability in the Proprietary and Internal Service Funds are presented in the following table:

<b>Fund</b>	<b>Net Position Adjustment Increase (Decrease)</b>	<b>Net OPEB Obligation</b>	<b>Total OPEB Liability</b>
Electric	\$ (805,491)	\$ -	\$ 805,491
Water	(433,277)	-	433,277
Wastewater	(353,164)	-	353,164
Solide Waste	(709,061)	-	709,061
Stormwater	(38,672)	-	38,672
Medical Services	(53,317)	-	53,317
Equipment Maintenance	(38,672)	-	38,672
Public Works Engineering	(136,562)	-	136,562
Post Employment Healthcare	5,000,793	(5,000,793)	-
	<u>\$ 2,432,577</u>	<u>\$ (5,000,793)</u>	<u>\$ 2,568,216</u>

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The table below shows a summary of the above changes in Governmental Activities Net Position due to implementation of both GASB Statement No. 73 (including reclassification of Fire and Police Pension Funds from Fiduciary Funds to General Fund) and GASB Statement No. 75:

	<b>Governmental Activities Increase (Decrease)</b>
GASB 73 Pension Liability	\$ (582,361)
Reclassifying Fire & Police from Fiduciary Funds to General Fund	1,372,181
GASB 75 OPEB Liability	(18,382,383)
<b>Net Position Adjustment</b>	<b>\$ (17,592,563)</b>

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# REQUIRED SUPPLEMENTARY INFORMATION

**OTHER POST EMPLOYMENT BENEFITS**

<b>SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS            POST EMPLOYMENT HEALTHCARE PLAN            FOR THE YEAR ENDED DECEMBER 31, 2018            LAST 10 FISCAL YEARS*</b>	
	2018
<b>Total OPEB Liability - Beginning</b>	<b>\$ 10,218,385</b>
Service Cost	317,939
Interest	412,174
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(718,605)
Changes of Assumptions	1,717,693
Benefit Payments	(811,722)
Implicit Rate Subsidy Fulfilled	(276,476)
<b>Total OPEB Liability - Ending</b>	<b>\$ 10,859,388</b>
<b>Covered-employee payroll**</b>	<b>\$ 9,816,677</b>
<b>City's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>110.62%</b>
<b>Notes to Schedule:</b>	
* Until a full 10 year trend is compiled, only information for those years available is presented	
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)	
*** No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75	

<b>SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS</b>	
<b>LEOFF 1 FIREFIGHTERS OPEB</b>	
<b>FOR THE YEAR ENDED DECEMBER 31, 2018</b>	
<b>LAST 10 FISCAL YEARS*</b>	
	<b>2018</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 9,668,049</b>
Service Cost	-
Interest	332,039
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(354,610)
Changes of Assumptions	(328,013)
Benefit Payments	(262,107)
Implicit Rate Subsidy Fulfilled	-
<b>Total OPEB Liability - Ending</b>	<b>\$ 9,055,358</b>
<b>Covered-employee payroll**</b>	<b>\$ -</b>
<b>City's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>N/A</b>
<b>Notes to Schedule:</b>	
* Until a full 10 year trend is compiled, only information for those years available is presented	
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)	
*** No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75	

<b>SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS</b>	
<b>LEOFF 1 POLICE OPEB</b>	
<b>FOR THE YEAR ENDED DECEMBER 31, 2018</b>	
<b>LAST 10 FISCAL YEARS*</b>	
	<b>2018</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 13,720,278</b>
Service Cost	-
Interest	565,609
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(997,276)
Changes of Assumptions	2,474,999
Benefit Payments	(230,177)
Implicit Rate Subsidy Fulfilled	-
<b>Total OPEB Liability - Ending</b>	<b>\$ 15,533,433</b>
<b>Covered-employee payroll**</b>	<b>\$ -</b>
<b>City's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>N/A</b>
<b>Notes to Schedule:</b>	
* Until a full 10 year trend is compiled, only information for those years available is presented	
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)	
*** No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75	

## PENSION PLANS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE PENSION					
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	63,404	87,993	92,704	98,363	103,590
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	112,317	(208,186)	-	(4,485)	-
Changes of assumptions	173,506	(58,767)	-	-	-
Benefit payments, included refunds of employee contributions	(180,048)	(171,820)	(202,024)	(211,338)	(205,715)
<b>Net change in total pension liability</b>	169,179	(350,780)	(109,320)	(117,460)	(102,125)
<b>Total pension liability - beginning</b>	1,494,982	1,845,762	1,955,082	2,072,542	2,174,667
<b>Total pension liability - ending</b>	\$ 1,664,161	\$ 1,494,982	\$ 1,845,762	\$ 1,955,082	\$ 2,072,542
<b>Covered-employee payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's net pension liability as a percentage of covered-employee payroll</b>	n/a	n/a	n/a	n/a	n/a
<b>Notes to Schedule</b>					
The City adopted GASB 73 for the fiscal year ending December 31, 2018, but adopted GASB 68 for the fiscal year ended December 31, 2014. Until a full 10 year trend is compiled, only information for those years available is presented.					

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION					
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	116,570	133,349	136,198	139,988	143,633
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	1,304,898	(658,565)	-	(21,223)	-
Changes of assumptions	(79,437)	(69,702)	-	-	-
Benefit payments, included refunds of employee contributions	(190,512)	(187,470)	(198,894)	(205,925)	(211,450)
<b>Net change in total pension liability</b>	1,151,519	(782,388)	(62,696)	(87,160)	(67,817)
<b>Total pension liability - beginning</b>	1,842,119	2,760,704	2,823,401	2,910,561	2,978,378
<b>Total pension liability - ending</b>	\$ 2,993,638	\$ 1,978,316	\$ 2,760,705	\$ 2,823,401	\$ 2,910,561
<b>Covered-employee payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's net pension liability as a percentage of covered-employee payroll</b>	n/a	n/a	n/a	n/a	n/a
<b>Notes to Schedule</b>					
The City adopted GASB 73 for the fiscal year ending December 31, 2018, but adopted GASB 68 for the fiscal year ended December 31, 2014. Until a full 10 year trend is compiled, only information for those years available is presented.					

SCHEDULE OF CONTRIBUTIONS - FIRE PENSION PLAN											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Actuarially determined contribution	\$ 219,468	\$ 247,335	\$ 241,879	\$ 243,280	\$ 243,098	\$ 109,603	\$ 103,152	\$ 103,152	\$ 103,152	\$ 174,546	
Contribution in relation to the actuarially determined contribution	180,048	122,651	177,494	273,585	291,083	168,151	155,434	183,082	215,256	236,881	
Contribution deficiency (excess)	39,420	124,684	64,385	(30,305)	(47,985)	(58,548)	(52,282)	(79,930)	(112,104)	(62,335)	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,554	\$ 289,712	\$ 280,876	
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60.91%	74.30%	84.34%	

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Actuarially determined contribution	\$ 360,397	\$ 449,339	\$ 419,815	\$ 396,072	\$ 388,000	\$ 173,793	\$ 212,257	\$ 212,257	\$ 212,257	\$ 250,382	
Contribution in relation to the actuarially determined contribution	190,512	163,564	217,876	220,822	291,675	155,289	279,754	274,329	335,070	261,106	
Contribution deficiency (excess)	169,885	285,775	201,939	175,250	96,325	18,504	(67,497)	(62,072)	(122,813)	(10,724)	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 96,445.00	\$ 91,473.00	\$ 89,781.00	\$ 93,902	\$ 85,357	\$ 81,512	
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	302.43%	169.76%	311.60%	292.14%	392.55%	320.33%	



<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>					
<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1</b>					
<b>As of June 30, 2018</b>					
<b>Last 10 Fiscal Years*</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability (asset)	0.208701%	0.209308%	0.222982%	0.221151%	0.229721%
Employer's proportionate share of the net pension liability	9,320,658	9,931,828	11,975,184	11,568,254	11,572,303
TOTAL	9,320,658	9,931,828	11,975,184	11,568,254	11,572,303
Employer's covered employee payroll**	27,576,242	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	33.80%	38.02%	45.49%	46.51%	46.90%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	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

<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>					
<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2/3</b>					
<b>As of June 30, 2018</b>					
<b>Last 10 Fiscal Years*</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability (asset)	0.265600%	0.264362%	0.277811%	0.275857%	0.282032%
Employer's proportionate share of the net pension liability	4,534,884	9,185,316	13,987,564	9,856,528	5,700,885
TOTAL	4,534,884	9,185,316	13,987,564	9,856,528	5,700,885
Employer's covered employee payroll**	27,450,839	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	16.52%	35.44%	53.79%	40.25%	23.61%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	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

<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>					
<b>LEOFF RETIREMENT SYSTEM PLAN 1</b>					
<b>As of June 30, 2018</b>					
<b>Last 10 Fiscal Years*</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability (asset)	0.129145%	0.128052%	0.126016%	0.125802%	0.125288%
Employer's proportionate share of the net pension liability	(2,344,630)	(1,942,831)	(1,298,325)	(1,516,192)	(1,519,482)
TOTAL	(2,344,630)	(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	N/A	-4125.19%	-2008.99%	-1651.75%
Plan fiduciary net position as a percentage of the total pension liability	144.42%	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

<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>					
<b>LEOFF RETIREMENT SYSTEM PLAN 2</b>					
<b>As of June 30, 2018</b>					
<b>Last 10 Fiscal Years*</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability (asset)	0.442011%	0.439701%	0.450464%	0.411289%	0.417449%
Employer's proportionate share of the net pension liability	(8,973,787)	(6,101,625)	(2,620,034)	(4,227,228)	(5,539,728)
State's proportionate share of net pension liability (asset) associated with employer	(8,973,787)	(6,101,625)	(2,620,034)	(4,227,228)	(5,539,728)
<b>TOTAL</b>	-	-	-	-	-
Employer's covered employee payroll**	14,593,802	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	-61.49%	-44.36%	-19.20%	-35.41%	-47.69%
Plan fiduciary net position as a percentage of the total pension liability	118.50%	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

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1</b>											
<b>As of December 31, 2018</b>											
<b>Last 10 Fiscal Years</b>											
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
Statutorily or contractually required contributions	\$ -	\$ 35,334	\$ 48,941	\$ 67,823	\$ 78,321	\$ 96,187	\$ 91,766	\$ 61,134	\$ 186,251	\$ 107,375	
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)	
Contribution deficiency (excess)	-	7,673	23,796	29,320	33,933	49,792	30,875	-	138,218	18,287	
Covered employer payroll**	\$ 28,284,425	\$ 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	
Contributions as a percentage of covered employee payroll	0.00%	0.13%	0.19%	0.27%	0.31%	0.39%	0.37%	0.24%	0.76%	0.44%	

**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

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2 &amp; 3</b>											
<b>As of December 31, 2018</b>											
<b>Last 10 Fiscal Years*</b>											
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
Statutorily or contractually required contributions	\$ 3,603,384	\$ 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	
Contributions in relation to the statutorily or contractually required contributions	(3,603,384)	(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)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	
Covered employer payroll*	\$ 28,284,425	\$ 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	
Contributions as a percentage of covered employee payroll	12.74%	11.92%	11.18%	10.15%	9.22%	8.12%	7.19%	6.16%	5.30%	6.88%	

**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

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS - LEOFF RETIREMENT SYSTEM PLAN 1</b>											
<b>As of December 31, 2018</b>											
<b>Last 10 Fiscal Years*</b>											
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
Statutorily or contractually required contributions	\$ -	\$ -	\$ 2	\$ 751	\$ 173	\$ 152	\$ 128	\$ 492	\$ 565	\$ 570	
Contributions in relation to the statutorily or contractually required contributions	-	-	(2)	(104)	(173)	(152)	(128)	(492)	(565)	(570)	
Contribution deficiency (excess)	-	-	-	647	-	-	-	-	-	-	
Covered employer payroll*	\$ -	\$ -	\$ 1,288	\$ 55,906	\$ 95,945	\$ 91,538	\$ 79,696	\$ 308,879	\$ 353,511	\$ 356,355	
Contributions as a percentage of covered employee payroll	N/A	N/A	0.16%	1.34%	0.18%	0.17%	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, 2018**

**Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Statutorily or contractually required contributions	\$ 801,359	\$ 761,005	\$ 701,584	\$ 664,997	\$ 636,501	\$ 604,541	\$ 588,359	\$ 559,758	\$ 542,273	\$ 533,210
Contributions in relation to the statutorily or contractually required contributions	(801,359)	(761,005)	(701,584)	(664,997)	(636,501)	(603,710)	(588,359)	(559,452)	(541,547)	(533,210)
Contribution deficiency (excess)	-	-	-	-	-	831	-	306	726	-
Covered employer payroll*	\$ 14,648,249	\$ 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
Contributions as a percentage of covered employee payroll	5.47%	5.33%	5.23%	5.23%	5.23%	5.24%	5.24%	5.23%	5.24%	5.35%

**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

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**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.

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

**December 31, 2018 with comparative totals for 2017**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2018 Total	2017 Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,375,999	\$ 1,378,580	\$ 1,900,981	\$ 8,655,560	\$ 14,953,804
Deposits with third parties	28,600			28,600	28,600
Investments	1,735,911		2,110,174	3,846,085	14,362,914
Receivables:					
Taxes		33,676		33,676	37,437
Customer accounts	393,763			393,763	236,367
Due from other funds					17,026
Due from other governments	708,090		223,900	931,990	1,896,247
Assessments		81,252		81,252	116,182
Notes and contracts	2,303,169			2,303,169	2,527,799
Prepaid items	17,874			17,874	650
Inventory	59,787			59,787	58,694
<b>Total assets</b>	<b>10,623,193</b>	<b>1,493,508</b>	<b>4,235,055</b>	<b>16,351,756</b>	<b>34,235,720</b>
<b>LIABILITIES</b>					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	338,070		27,973	366,043	2,321,901
Payable to other governments	3,035			3,035	1,819
Due to other funds					17,026
Interfund loans payable		10,387		10,387	1,692,679
Deposits payable	6,000			6,000	19,369
Unearned revenue-other	680,915			680,915	680,915
<b>Total liabilities</b>	<b>1,028,020</b>	<b>10,387</b>	<b>27,973</b>	<b>1,066,380</b>	<b>4,733,709</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes		26,212		26,212	28,020
Unavailable revenue-unbilled LID assessments		62,189		62,189	92,663
Unavailable revenue-contractual agreements	69,509			69,509	69,509
<b>Total deferred inflows of resources</b>	<b>69,509</b>	<b>88,401</b>		<b>157,910</b>	<b>190,192</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable:					
Inventory, prepaid items and noncurrent receivables	77,661			77,661	59,344
Contractually maintained deposits	2,000			2,000	2,000
Restricted for:					
Debt Service		394,713		394,713	511,230
Capital Improvements	1,283,840		2,647,497	3,931,337	18,197,842
Public Safety	1,539,160			1,539,160	1,584,815
Economic Environment	4,743,466			4,743,466	4,377,084
Transportation	49,442			49,442	2,812
Committed for:					
Debt Service		790,103		790,103	607,420
Capital Improvements			1,559,585	1,559,585	1,971,861
Economic Environment	1,418,490			1,418,490	2,679,795
Assigned to:					
Debt Service		209,904		209,904	198,257
Transportation	411,605			411,605	228,633
Culture and Recreation					
Unassigned					(1,109,274)
<b>Total fund balances</b>	<b>9,525,664</b>	<b>1,394,720</b>	<b>4,207,082</b>	<b>15,127,466</b>	<b>29,311,819</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,623,193</b>	<b>\$ 1,493,508</b>	<b>\$ 4,235,055</b>	<b>\$ 16,351,756</b>	<b>\$ 34,235,720</b>

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018 with comparative totals for 2017**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2018 Total	2017 Total
<b>REVENUES</b>					
Taxes	\$ 5,133,543	\$ 2,588,873	\$ 3,122,214	\$ 10,844,630	\$ 8,814,314
Intergovernmental	1,887,442		215,043	2,102,485	4,357,898
Charges for goods and services	6,198,160			6,198,160	5,128,328
Investment earnings	137,825	49,810	52,404	240,039	211,334
Rents and leases	1,236,597			1,236,597	1,221,154
Miscellaneous	158,695	36,250	71,900	266,845	820,017
Total revenues	<u>14,752,262</u>	<u>2,674,933</u>	<u>3,461,561</u>	<u>20,888,756</u>	<u>20,553,045</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General government					
Public safety	6,600,865			6,600,865	5,286,143
Transportation	3,073,755	9		3,073,764	4,782,030
Economic environment	2,258,074			2,258,074	3,046,421
Culture and recreation	6,837		107,935	114,772	116,698
<i>Debt service:</i>					
Principal	91,436	2,385,000		2,476,436	6,488,834
Interest	4,819	1,676,557		1,681,376	1,476,869
Other		1,078		1,078	152,929
<i>Capital Outlay:</i>					
General government					2,112,589
Public safety	12,369			12,369	
Transportation	12,659			12,659	6,615,162
Economic environment	262,301		99	262,400	887,594
Culture and recreation			1,535,482	1,535,482	872,105
Total expenditures	<u>12,323,115</u>	<u>4,062,644</u>	<u>1,643,516</u>	<u>18,029,275</u>	<u>31,837,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,429,147</u>	<u>(1,387,711)</u>	<u>1,818,045</u>	<u>2,859,481</u>	<u>(11,284,329)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	723,852	1,635,524	2,030,789	4,390,165	9,224,999
Transfers out	(5,268,173)	(170,000)	(3,925,144)	(9,363,317)	(7,740,464)
Debt issued					16,130,000
Premium on general obligation debt					2,129,817
Payments to refunded debt escrow agent					
Disposition of Land Held for Sale	1,290,592			1,290,592	
Disposition of capital assets	332,857			332,857	1,615,023
Total other financing sources (uses)	<u>(2,920,872)</u>	<u>1,465,524</u>	<u>(1,894,355)</u>	<u>(3,349,703)</u>	<u>21,359,375</u>
Net change in fund balance	(491,725)	77,813	(76,310)	(490,222)	10,075,046
Fund balances-beginning	10,017,389	1,316,907	4,283,392	15,617,688	19,236,773
Prior period adjustment					
Fund balances-ending	<u>\$ 9,525,664</u>	<u>\$ 1,394,720</u>	<u>\$ 4,207,082</u>	<u>\$ 15,127,466</u>	<u>\$ 29,311,819</u>







# COMBINING AND INDIVIDUAL FUND STATEMENTS

## NONMAJOR SPECIAL REVENUE FUNDS

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**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.

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

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

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

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

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**Nonmajor Special Revenue Funds**  
**December 31, 2018 with comparative totals for 2017**

	Streets Fund	Transportation Benefit District	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 355,498	\$ 49,442	\$ 942,060	\$ 676,725	\$ 173,898	\$ 217,602
Deposits with third parties	2,000			26,600		
Investments				1,405,701		
Receivables:						
Customer accounts	13,716		341,780	23,237		
Due from other governments	86,008				18,590	139,018
Notes and contracts						
Prepaid items				5,150		
Inventory	59,787					
<b>Total assets</b>	<b>517,009</b>	<b>49,442</b>	<b>1,283,840</b>	<b>2,137,413</b>	<b>192,488</b>	<b>356,620</b>
<b>LIABILITIES</b>						
<i>Liabilities:</i>						
Accounts payable and accrued expenses	43,617			26,858		
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		
<b>Total liabilities</b>	<b>43,617</b>			<b>713,773</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-contractual agreements						69,509
<b>Total deferred inflows of resources</b>						<b>69,509</b>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable:						
Inventory, prepaid items and noncurrent receivables	59,787			5,150		
Contractually maintained deposits	2,000					
Restricted for:						
Capital Improvements			1,283,840			
Public Safety					192,488	
Economic Environment						287,111
Transportation		49,442				
Committed for:						
Debt Service						
Capital Improvements						
Economic Environment				1,418,490		
Assigned to:						
Debt Service						
Culture and Recreation						
Transportation	411,605					
<b>Total fund balances</b>	<b>473,392</b>	<b>49,442</b>	<b>1,283,840</b>	<b>1,423,640</b>	<b>192,488</b>	<b>287,111</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 517,009</b>	<b>\$ 49,442</b>	<b>\$ 1,283,840</b>	<b>\$ 2,137,413</b>	<b>\$ 192,488</b>	<b>\$ 356,620</b>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2018 Total	2017 Total
\$ 1,056,467	\$ 147,722	\$ 1,349,679	\$ 51,658	\$ 78,836	\$ 606,622	\$ 5,706,209	\$ 5,207,084
						28,600	28,600
						1,405,701	2,810,141
15,030						393,763	49,622
317,676		78,758	37,270	23,625	7,145	708,090	852,117
				1,008,094	1,295,075	2,303,169	2,527,799
12,724						17,874	650
						59,787	58,694
1,401,897	147,722	1,428,437	88,928	1,110,555	1,908,842	10,623,193	11,534,707
42,501	147,722	19,534	51,512	3,181	3,145	338,070	742,049
				3,035		3,035	1,819
							17,026
						6,000	6,000
						680,915	680,915
42,501	147,722	19,534	51,512	6,216	3,145	1,028,020	1,447,809
	0	0	0	0	0	69,509	69,509
						69,509	69,509
12,724						77,661	59,344
						2,000	2,000
						1,283,840	1,082,906
1,346,672						1,539,160	1,584,815
		1,408,903	37,416	1,104,339	1,905,697	4,743,466	4,377,084
						49,442	2,812
						1,418,490	2,679,795
						411,605	228,633
1,359,396		1,408,903	37,416	1,104,339	1,905,697	9,525,664	10,017,389
\$ 1,401,897	\$ 147,722	\$ 1,428,437	\$ 88,928	\$ 1,110,555	\$ 1,908,842	\$ 10,623,193	\$ 11,534,707

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	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
<b>REVENUES</b>						
Taxes	\$ 688,326	\$ 898,120				
Intergovernmental	1,259,765				\$ 73,312	\$ 69,509
Charges for goods and services	587,186		\$ 293,145			
Investment earnings	3,635	4,638	20,274	\$ 52,125		4,135
Rents and leases	34,003		172,664	1,029,930		
Miscellaneous	7,230			151,465		
<b>Total revenues</b>	<b>2,580,145</b>	<b>902,758</b>	<b>486,083</b>	<b>1,233,520</b>	<b>73,312</b>	<b>73,644</b>
<b>EXPENDITURES</b>						
<i>Current:</i>						
Public safety						
Economic environment				944,056		
Culture and recreation			6,837			
Transportation	3,073,755					
<i>Debt service:</i>						
Principal				91,436		
Interest				4,819		
Other						
<i>Capital Outlay:</i>						
Transportation	12,659					
Communication Equipment						
Economic environment				262,301		
<b>Total expenditures</b>	<b>3,086,414</b>		<b>6,837</b>	<b>1,302,612</b>		
Excess (deficiency) of revenues over (under) expenditures	(506,269)	902,758	479,246	(69,092)	73,312	73,644
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	690,098			33,754		
Transfers out		(856,128)	(610,933)	(2,666,275)	(59,646)	
Debt issued						
Premium on general obligation debt						
Disposition of Land Held for Sale				1,290,592		
Disposition of capital assets	236		332,621			
<b>Total other financing sources (uses)</b>	<b>690,334</b>	<b>(856,128)</b>	<b>(278,312)</b>	<b>(1,341,929)</b>	<b>(59,646)</b>	
Net change in fund balance	184,065	46,630	200,934	(1,411,021)	13,666	73,644
Fund balances-beginning	289,327	2,812	1,082,906	2,834,661	178,822	213,467
Prior period adjustment						
<b>Fund balances-ending</b>	<b>\$ 473,392</b>	<b>\$ 49,442</b>	<b>\$ 1,283,840</b>	<b>\$ 1,423,640</b>	<b>\$ 192,488</b>	<b>\$ 287,111</b>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2018 Total	2017 Total
\$ 1,791,251		\$ 1,197,994	\$ 557,852			\$ 5,133,543	\$ 3,972,773
2,917				\$ 386,381	\$ 95,558	1,887,442	2,126,799
	\$ 4,909,719			1,140	406,970	6,198,160	4,990,517
19,880		25,268	1,105		6,765	137,825	107,507
						1,236,597	1,221,154
						158,695	480,820
1,814,048	4,909,719	1,223,262	558,957	387,521	509,293	14,752,262	12,899,570
1,691,146	4,909,719					6,600,865	5,286,143
		447,545	561,420	140,990	164,063	2,258,074	3,046,421
						6,837	2,500
						3,073,755	3,101,558
						91,436	90,926
						4,819	5,328
						12,659	157,291
12,369						12,369	
						262,301	887,594
1,703,515	4,909,719	447,545	561,420	140,990	164,063	12,323,115	12,577,761
110,533		775,717	(2,463)	246,531	345,230	2,429,147	321,809
(157,130)		(493,169)		(424,892)		723,852	383,505
						(5,268,173)	(5,612,947)
						1,290,592	
						332,857	1,615,023
(157,130)		(493,169)		(424,892)		(2,920,872)	(3,614,419)
(46,597)		282,548	(2,463)	(178,361)	345,230	(491,725)	(3,292,610)
1,405,993		1,126,355	39,879	1,282,700	1,560,467	10,017,389	13,309,999
\$ 1,359,396	\$	\$ 1,408,903	\$ 37,416	\$ 1,104,339	\$ 1,905,697	\$ 9,525,664	\$ 10,017,389

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**Streets Fund**  
**For the Year Ended December 31, 2018**

	<b>Streets Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 694,905	\$ 688,326	\$ (6,579)
Intergovernmental	1,252,491	1,259,765	7,274
Charges for goods and services	599,000	587,186	(11,814)
Investment earnings	3,500	3,635	135
Rents and leases	34,003	34,003	
Miscellaneous	17,500	7,230	(10,270)
Total revenues	<u>2,601,399</u>	<u>2,580,145</u>	<u>(21,254)</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Transportation	3,452,465	3,073,755	(378,710)
<i>Capital Outlay:</i>			
Transportation		12,659	12,659
Total expenditures	<u>3,452,465</u>	<u>3,086,414</u>	<u>(366,051)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(851,066)</u>	<u>(506,269)</u>	<u>344,797</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	690,098	690,098	
Transfers out			
Disposition of capital assets		236	236
Total other financing sources (uses)	<u>690,098</u>	<u>690,334</u>	<u>236</u>
Net change in fund balance	(160,968)	184,065	345,033
Fund balances-beginning	289,327	289,327	
Fund balances-ending	<u>\$ 128,359</u>	<u>\$ 473,392</u>	<u>\$ 345,033</u>

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**Transportation Benefit District Fund**  
**For the Year Ended December 31, 2018**

	<b>Transportation Benefit District Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 873,600	\$ 898,120	\$ 24,520
Investment earnings		4,638	4,638
Total revenues	873,600	902,758	29,158
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Transfers out	(856,128)	(856,128)	
Disposition of capital assets			
Total other financing sources (uses)	(856,128)	(856,128)	
Net change in fund balance	17,472	46,630	29,158
Fund balances-beginning	2,812	2,812	
Fund balances-ending	\$ 20,284	\$ 49,442	\$ 29,158

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**For the Year Ended December 31, 2018**

	<b>Park Reserve Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Charges for goods and services	\$ 356,250	\$ 293,145	\$ (63,105)
Investment earnings	8,000	20,274	12,274
Rents and leases	213,470	172,664	(40,806)
Total revenues	<u>577,720</u>	<u>486,083</u>	<u>(91,637)</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Culture and recreation	50,155	6,837	(43,318)
Total expenditures	<u>50,155</u>	<u>6,837</u>	<u>(43,318)</u>
Excess of revenues over expenditures	<u>527,565</u>	<u>479,246</u>	<u>(48,319)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(610,933)	(610,933)	
Disposition of capital assets		332,621	332,621
Total other financing sources (uses)	<u>(610,933)</u>	<u>(278,312)</u>	<u>332,621</u>
Net change in fund balance	(83,368)	200,934	284,302
Fund balances-beginning	1,082,906	1,082,906	
Prior period adjustment			
Fund balances-ending	<u>\$ 999,538</u>	<u>\$ 1,283,840</u>	<u>\$ 284,302</u>



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	<b>Industrial Development Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Investment earnings	\$ 30,000	\$ 52,125	\$ 22,125
Rents and leases	1,089,609	1,029,930	(59,679)
Miscellaneous	200,539	151,465	(49,074)
Total revenues	<u>1,320,148</u>	<u>1,233,520</u>	<u>(86,628)</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Economic environment	1,028,895	944,056	(84,839)
<i>Debt service:</i>			
Principal	91,436	91,436	
Interest	4,819	4,819	
<i>Capital Outlay:</i>			
Transportation			
Economic environment	441,363	262,301	(179,062)
Total expenditures	<u>1,566,513</u>	<u>1,302,612</u>	<u>(263,901)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,365)</u>	<u>(69,092)</u>	<u>177,273</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	33,754	33,754	
Transfers out	(2,666,510)	(2,666,275)	235
Disposition of Land Held for Sale	1,804,851	1,290,592	(514,259)
Disposition of capital assets			
Total other financing sources (uses)	<u>(827,905)</u>	<u>(1,341,929)</u>	<u>(514,024)</u>
Net change in fund balance	(1,074,270)	(1,411,021)	(336,751)
Fund balances-beginning	2,834,661	2,834,661	
Fund balances-ending	<u>\$ 1,760,391</u>	<u>\$ 1,423,640</u>	<u>\$ (336,751)</u>

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	<b>Criminal Justice Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 51,851	\$ 73,312	\$ 21,461
Total revenues	51,851	73,312	21,461
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(59,646)	(59,646)	
Total other financing sources (uses)	(59,646)	(59,646)	
Net change in fund balance	(7,795)	13,666	21,461
Fund balances-beginning	178,822	178,822	
Fund balances-ending	\$ 171,027	\$ 192,488	\$ 21,461

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	<b>PFD Facility Contingency Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 69,509	\$ 69,509	\$
Investment earnings		4,135	4,135
<b>Total revenues</b>	<b>69,509</b>	<b>73,644</b>	<b>4,135</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
<b>Total other financing sources (uses)</b>			
<b>Net change in fund balance</b>	<b>69,509</b>	<b>73,644</b>	<b>4,135</b>
<b>Fund balances-beginning</b>	<b>213,467</b>	<b>213,467</b>	
<b>Fund balances-ending</b>	<b>\$ 282,976</b>	<b>\$ 287,111</b>	<b>\$ 4,135</b>

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**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2018**

	<b>Public Safety Sales Tax Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,662,778	\$ 1,791,251	\$ 128,473
Other operating revenues	10,000	2,917	(7,083)
Investment earnings	15,000	19,880	4,880
Total revenues	<u>1,687,778</u>	<u>1,814,048</u>	<u>126,270</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Public safety	2,052,620	1,691,146	(361,474)
<i>Capital Outlay:</i>			
Equipment	31,935	12,369	(19,566)
Total expenditures	<u>2,084,555</u>	<u>1,703,515</u>	<u>(381,040)</u>
Excess of revenues over expenditures	<u>(396,777)</u>	<u>110,533</u>	<u>507,310</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	(246,160)	(157,130)	89,030
Total other financing sources (uses)	<u>(246,160)</u>	<u>(157,130)</u>	<u>89,030</u>
Net change in fund balance	(642,937)	(46,597)	596,340
Fund balances-beginning	1,405,993	1,405,993	
Fund balances-ending	<u>\$ 763,056</u>	<u>\$ 1,359,396</u>	<u>\$ 596,340</u>

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**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2018**

	<b>BCES Operations Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Charges for goods and services	\$ 4,652,767	\$ 4,909,719	\$ 256,952
Investment earnings			
Total revenues	4,652,767	4,909,719	256,952
<b>EXPENDITURES</b>			
<i>Current:</i>			
Public safety	4,652,767	4,909,719	256,952
Total expenditures	4,652,767	4,909,719	256,952
Excess of revenues over expenditures			
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out			
Total other financing sources (uses)			
Net change in fund balance			
Fund balances-beginning			
Fund balances-ending	\$	\$	\$

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	<b>Hotel/Motel Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,190,000	\$ 1,197,994	\$ 7,994
Investment earnings	22,500	25,268	2,768
<b>Total revenues</b>	<b>1,212,500</b>	<b>1,223,262</b>	<b>10,762</b>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Economic environment	1,015,884	447,545	(568,339)
<b>Total expenditures</b>	<b>1,015,884</b>	<b>447,545</b>	<b>(568,339)</b>
Excess of revenues over expenditures	196,616	775,717	579,101
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	(699,403)	(493,169)	206,234
<b>Total other financing sources (uses)</b>	<b>(699,403)</b>	<b>(493,169)</b>	<b>206,234</b>
Net change in fund balance	(502,787)	282,548	785,335
Fund balances-beginning	1,126,355	1,126,355	
<b>Fund balances-ending</b>	<b>\$ 623,568</b>	<b>\$ 1,408,903</b>	<b>\$ 785,335</b>

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	<b>Special Lodging Assessment Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 525,000	\$ 557,852	\$ 32,852
Investment earnings	500	1,105	605
<b>Total revenues</b>	<b>525,500</b>	<b>558,957</b>	<b>33,457</b>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Economic environment	570,500	561,420	(9,080)
<b>Total expenditures</b>	<b>570,500</b>	<b>561,420</b>	<b>(9,080)</b>
Excess (deficiency) of revenues over (under) expenditures	(45,000)	(2,463)	42,537
Net change in fund balance	(45,000)	(2,463)	42,537
Fund balances-beginning	39,879	39,879	
<b>Fund balances-ending</b>	<b>\$ (5,121)</b>	<b>\$ 37,416</b>	<b>\$ 42,537</b>

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	<b>CDBG Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 564,580	\$ 386,381	\$ (178,199)
Charges for goods and services	150,000	1,140	(148,860)
Miscellaneous			
Total revenues	714,580	387,521	(327,059)
<b>EXPENDITURES</b>			
<i>Current:</i>			
Economic environment	302,293	140,990	(161,303)
Total expenditures	302,293	140,990	(161,303)
Excess of revenues over expenditures	412,287	246,531	(165,756)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(527,275)	(424,892)	102,383
Total other financing sources (uses)	(527,275)	(424,892)	102,383
Net change in fund balance	(114,988)	(178,361)	(63,373)
Fund balances-beginning	1,282,700	1,282,700	
Fund balances-ending	\$ 1,167,712	\$ 1,104,339	\$ (63,373)



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	<b>HOME Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/ (Under)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 1,123,256	\$ 95,558	\$ (1,027,698)
Charges for goods and services	485,000	406,970	(78,030)
Fines and forfeits			
Investment earnings		6,765	6,765
Total revenues	<u>1,608,256</u>	<u>509,293</u>	<u>(1,098,963)</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Economic environment	1,805,239	164,063	(1,641,176)
Total expenditures	<u>1,805,239</u>	<u>164,063</u>	<u>(1,641,176)</u>
Excess of revenues over expenditures	<u>(196,983)</u>	<u>345,230</u>	<u>542,213</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Total other financing sources (uses)			
Net change in fund balance	(196,983)	345,230	542,213
Fund balances-beginning	1,560,467	1,560,467	
Fund balances-ending	<u>\$ 1,363,484</u>	<u>\$ 1,905,697</u>	<u>\$ 542,213</u>





# 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.

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**Debt Service Funds**  
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	<b>RAISE Area Debt Service</b>	<b>LTGO Bonds Fund</b>	<b>Police Station Bond Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 104,165	\$ 209,904	\$ 24,768
Investments			
Receivables:			
Taxes			4,313
Assessments			
Total assets	<u>104,165</u>	<u>209,904</u>	<u>29,081</u>
<b>LIABILITIES</b>			
<i>Liabilities:</i>			
Interfund loans payable			
Deposits payable			
Total liabilities			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes			3,360
Unavailable revenue-unbilled LID assessments			
Total deferred inflows of resources			<u>3,360</u>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted for:			
Debt Service	104,165		25,721
Committed for:			
Debt Service			
Assigned to:			
Debt Service		209,904	
Unassigned			
Total fund balances/(deficits)	<u>104,165</u>	<u>209,904</u>	<u>25,721</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 104,165</u>	<u>\$ 209,904</u>	<u>\$ 29,081</u>

<b>Richland Community Center Bond Fund</b>	<b>Library Remodel Bond Fund</b>	<b>Fire Station #74 Bond Fund</b>	<b>Special Assessment Bond Fund</b>	<b>Special Assessment Guaranty Fund</b>	<b>2018 Total</b>	<b>2017 Total</b>
\$ 23,476	\$ 94,967	\$ 117,822	\$ 12,336	\$ 791,142	\$ 1,378,580	\$ 1,303,261
5,431	23,932				33,676	37,437
			81,252		81,252	116,182
28,907	118,899	117,822	93,588	791,142	1,493,508	1,456,880
			10,387		10,387	
						19,290
			10,387		10,387	19,290
4,230	18,622				26,212	28,020
			62,189		62,189	92,663
4,230	18,622		62,189		88,401	120,683
24,677	100,277	117,822	21,012	1,039	394,713	511,230
				790,103	790,103	607,420
					209,904	198,257
24,677	100,277	117,822	21,012	791,142	1,394,720	1,316,907
\$ 28,907	\$ 118,899	\$ 117,822	\$ 93,588	\$ 791,142	\$ 1,493,508	\$ 1,456,880

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	RAISE Area Debt Service	LTGO Bonds Fund	Police Station Bond Fund	Richland Community Center Bond Fund
<b>REVENUES</b>				
Taxes	\$ 654,248		\$ 245,528	\$ 309,922
Investment earnings	5,208	\$ 11,647	2,557	3,071
Miscellaneous				
Total revenues	<u>659,456</u>	<u>11,647</u>	<u>248,085</u>	<u>312,993</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Transportation				
<i>Debt service:</i>				
Principal	340,000	470,000	230,000	290,000
Interest	316,648	756,340	16,100	20,500
Other	100	378	11	14
Total expenditures	<u>656,748</u>	<u>1,226,718</u>	<u>246,111</u>	<u>310,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,708</u>	<u>(1,215,071)</u>	<u>1,974</u>	<u>2,479</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		1,226,718		
Transfers out				
Debt issued				
Premium on general obligation debt				
Payments to refunded debt escrow agent				
Disposition of capital assets				
Total other financing sources (uses)		<u>1,226,718</u>		
Net change in fund balance	2,708	11,647	1,974	2,479
Fund balances-beginning	101,457	198,257	23,747	22,198
Fund balances-ending	<u>\$ 104,165</u>	<u>\$ 209,904</u>	<u>\$ 25,721</u>	<u>\$ 24,677</u>

<b>Library Remodel Bond Fund</b>	<b>Fire Station #74 Bond Fund</b>	<b>Special Assessment Bond Fund</b>	<b>Special Assessment Guaranty Fund</b>	<b>2018 Total</b>	<b>2017 Total</b>
\$ 1,379,175				\$ 2,588,873	\$ 2,553,821
11,621	\$ 3,904		\$ 11,802	49,810	37,040
		\$ 36,250		36,250	33,999
<u>1,390,796</u>	<u>3,904</u>	<u>36,250</u>	<u>11,802</u>	<u>2,674,933</u>	<u>2,624,860</u>
			9	9	6
925,000	130,000			2,385,000	5,960,000
456,050	109,906	1,013		1,676,557	1,465,667
275	300			1,078	28,121
<u>1,381,325</u>	<u>240,206</u>	<u>1,013</u>	<u>9</u>	<u>4,062,644</u>	<u>7,453,794</u>
<u>9,471</u>	<u>(236,302)</u>	<u>35,237</u>	<u>11,793</u>	<u>(1,387,711)</u>	<u>(4,828,934)</u>
	238,806		170,000	1,635,524	1,337,310
		(170,000)		(170,000)	
					2,875,000
					255,543
	<u>238,806</u>	<u>(170,000)</u>	<u>170,000</u>	<u>1,465,524</u>	<u>4,467,853</u>
9,471	2,504	(134,763)	181,793	77,813	(361,081)
90,806	115,318	155,775	609,349	1,316,907	1,677,988
<u>\$ 100,277</u>	<u>\$ 117,822</u>	<u>\$ 21,012</u>	<u>\$ 791,142</u>	<u>\$ 1,394,720</u>	<u>\$ 1,316,907</u>







# COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR CAPITAL PROJECTS FUNDS

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**Capital Improvements Fund** – is used to account for revenues from the implementation of the first and second  $\frac{1}{4}$  of 1% Real Estate Excise Tax.

**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.

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	Capital Improvements Fund	Parks Project Construction Fund	Special Assessment Construction Fund	2018 Total	2017 Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 313,423	\$ 1,587,558		\$ 1,900,981	\$ 8,443,459
Investments	2,110,174			2,110,174	11,552,773
Receivables:					
Customer accounts					186,745
Due from other funds					17,026
Due from other governments	223,900			223,900	1,044,130
Total assets	<u>2,647,497</u>	<u>1,587,558</u>		<u>4,235,055</u>	<u>21,244,133</u>
<b>LIABILITIES</b>					
<i>Liabilities:</i>					
Accounts payable and accrued expenses		27,973		27,973	1,579,852
Due to other funds					
Interfund loans payable					1,673,389
Deposits payable					13,369
Total liabilities		<u>27,973</u>		<u>27,973</u>	<u>3,266,610</u>
<b>FUND BALANCES (DEFICITS):</b>					
Restricted for:					
Capital Improvements	2,647,497			2,647,497	17,114,936
Committed for:					
Capital Improvements		1,559,585		1,559,585	1,971,861
Assigned for:					
Transportation					
Unassigned					(1,109,274)
Total fund balances	<u>2,647,497</u>	<u>1,559,585</u>		<u>4,207,082</u>	<u>17,977,523</u>
Total liabilities and fund balances	<u>\$ 2,647,497</u>	<u>\$ 1,587,558</u>	<u>\$</u>	<u>\$ 4,235,055</u>	<u>\$ 21,244,133</u>

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	Capital Improvements Fund	Parks Project Construction Fund	Special Assessment Construction Fund	2018 Total	2017 Total
<b>REVENUES</b>					
Taxes	\$ 3,122,214			\$ 3,122,214	\$ 2,287,720
Intergovernmental		\$ 215,043		215,043	2,231,099
Charges for goods and services					137,811
Investment earnings	52,404			52,404	66,787
Miscellaneous		71,900		71,900	305,198
Total revenues	<u>3,174,618</u>	<u>286,943</u>		<u>3,461,561</u>	<u>5,028,615</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General government					
Public safety					
Transportation					1,680,466
Economic environment					
Culture and recreation		107,935		107,935	114,198
<i>Debt service:</i>					
Principal					437,908
Interest					5,874
Other					124,808
<i>Capital Outlay:</i>					
General government					2,112,589
Public safety					
Transportation					6,457,871
Economic environment		99		99	
Culture and recreation		1,535,482		1,535,482	872,105
Total expenditures		<u>1,643,516</u>		<u>1,643,516</u>	<u>11,805,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,174,618</u>	<u>(1,356,573)</u>		<u>1,818,045</u>	<u>(6,777,204)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		2,030,789		2,030,789	7,504,184
Transfers out	(3,925,144)			(3,925,144)	(2,127,517)
Debt issued					13,255,000
Premium on general obligation debt					1,874,274
Disposition of capital assets					
Total other financing sources (uses)	<u>(3,925,144)</u>	<u>2,030,789</u>		<u>(1,894,355)</u>	<u>20,505,941</u>
Net change in fund balance	(750,526)	674,216		(76,310)	13,728,737
Fund balances-beginning	3,398,023	885,369		4,283,392	4,248,786
Prior period adjustment					
Fund balances-ending	<u>\$ 2,647,497</u>	<u>\$ 1,559,585</u>	<u>\$</u>	<u>\$ 4,207,082</u>	<u>\$ 17,977,523</u>





# COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

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***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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	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2018 Total	2017 Total
<b>ASSETS</b>								
<i>Current:</i>								
Cash and cash equivalents	\$ 282,895	\$ 354,328	\$ 6,791	\$ 381,765	\$ 555,637	\$ 571,397	\$ 2,152,813	\$ 5,434,007
Deposits with third parties	1,050						1,050	1,050
Investments	4,491,174	2,102,943		1,324,926			7,919,043	3,981,469
<i>Receivables:</i>								
Customer accounts (net)	649,780	119,505	2,013	1,543,719	10,441	1,874	2,327,332	1,323,066
Due from other governments		50,000	20,402				70,402	41,898
Notes and contracts			100,000				100,000	100,000
<i>Prepaid items</i>								
Inventory			63,674				63,674	66,087
Total current assets	5,424,899	2,626,776	192,880	3,250,410	566,078	573,271	12,634,314	10,947,577
<i>Noncurrent:</i>								
Restricted cash and cash equivalents	2,071,605	31,622	22,455				2,125,682	477,927
Restricted investments	2,383,715	67,084					2,450,799	2,411,009
Net pension asset				1,669,714			1,669,714	1,202,378
Advances to other funds								1,673,389
<i>Capital:</i>								
Land	80,500	8,587	7,891,033				7,980,120	7,980,120
Depreciable assets (net)	2,650,921	11,119	1,095,704	89,324	301,810		4,148,878	4,438,868
Infrastructure (net)		9,232,041			3,151,523		12,383,564	10,969,819
Construction in progress	51,159	33,824	30,950				115,933	23,993
Total capital assets (net)	2,782,580	9,285,571	9,017,687	89,324	3,453,333		24,628,495	23,412,800
Total noncurrent assets	7,237,900	9,384,277	9,040,142	1,759,038	3,453,333		30,874,690	29,177,503
Total assets	12,662,799	12,011,053	9,233,022	5,009,448	4,019,411	573,271	43,509,004	40,125,080
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred amount on debt refunding	3,637	60,075					63,712	73,766
Pension	155,848	13,121		149,283			318,252	309,750
OPEB	91,040	6,138		4,776			101,954	
Deferred charges - other								
Total deferred outflows of resources	250,525	79,334		154,059			483,918	383,516
<b>LIABILITIES</b>								
<i>Current liabilities:</i>								
Accounts payable and accrued expenses	192,742	33,449	50,596	131,534	2,183	575	411,079	499,097
Payable to other governments	29,423		7,286				36,709	59,994
Due to other funds			150,000				150,000	270,000
Interfund loans payable			3,890				3,890	3,890
Deposits payable						572,696	572,696	785,348
Compensated absences-current	115,068	10,101		130,214			255,383	242,306
Notes and contracts payable-current		99,524			14,779		114,303	98,158
General obligation bonds payable-current	138,973		110,000		80,000		328,973	305,000
Revenue bonds payable-current		115,000					115,000	115,000
Total current liabilities	476,206	258,074	321,772	261,748	96,962	573,271	1,988,033	2,378,793
<i>Noncurrent liabilities:</i>								
Interfund loans payable			19,450				19,450	23,340
Compensated absences	115,068	10,101		130,214			255,383	242,306
Notes and contracts payable		91,401				57,589	148,990	292,436
General obligation bonds payable			3,615,239		1,831,850		5,447,089	5,781,195
Revenue bonds payable		852,991					852,991	975,413
Unearned revenue			129,605				129,605	116,514
Net pension liability	884,820	72,316		50,225			1,007,361	1,368,514
OPEB liability	676,538	45,611		35,496			757,645	801,050
Landfill closure liability	6,414,192						6,414,192	5,930,285
Total noncurrent liabilities	8,090,618	1,072,420	3,764,294	215,935	1,889,439		15,032,706	15,531,053
Total liabilities	8,566,824	1,330,494	4,086,066	477,683	1,986,401	573,271	17,020,739	17,909,846
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Pension	361,813	29,909		522,038			913,760	571,591
OPEB	38,087	2,568		1,998			42,653	
Total deferred inflows of resources	399,900	32,477		524,036			956,413	571,591
<b>NET POSITION</b>								
Net investment in capital assets	2,627,460	8,186,730	5,292,448	89,325	1,469,115		17,665,078	15,958,119
<i>Restricted for:</i>								
Pensions				1,144,035			1,144,035	854,817
Debt service		98,706					98,706	102,150
Capital improvements								558,090
Unrestricted	1,319,140	2,441,980	(145,492)	2,928,428	563,895		7,107,951	4,553,983
Total net position	\$ 3,946,600	\$ 10,727,416	\$ 5,146,956	\$ 4,161,788	\$ 2,033,010	\$	\$ 26,015,770	\$ 22,027,159

CITY OF RICHLAND, WASHINGTON  
 Comprehensive Annual Financial Report  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 Nonmajor Enterprise Funds  
 For the Year Ended December 31, 2018 with comparative totals for 2017

	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2018 Total	2017 Total
<b>OPERATING REVENUES</b>								
<i>Charges for services:</i>								
Solidwaste	\$ 9,664,071						\$ 9,664,071	\$ 9,416,552
Stormwater		\$ 1,903,986					1,903,986	1,869,457
Golf course			\$ 1,908,466				1,908,466	1,707,051
Medical services				\$ 4,519,585			4,519,585	3,715,506
Broadband					\$ 283,654		283,654	158,209
Other operating revenues								
Total operating revenues	9,664,071	1,903,986	1,908,466	4,519,585	283,654		18,279,762	16,866,775
<b>OPERATING EXPENSES</b>								
Maintenance and operations	6,301,474	698,217	1,524,876	3,008,591			11,533,158	10,417,473
Administrative and general	1,075,107	314,656		907,018	23,562		2,320,343	2,575,267
Taxes	1,147,161	195,408	44,525	45,279	14,894		1,447,267	1,431,968
Depreciation	213,852	203,723	58,739	35,174	124,708		636,196	595,854
Total operating expenses	8,737,594	1,412,004	1,628,140	3,996,062	163,164		15,936,964	15,020,562
Operating income/(loss)	926,477	491,982	280,326	523,523	120,490		2,342,798	1,846,213
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
Investment earnings	143,448	39,040	1,698	28,254	11,636		224,076	125,343
Interest expense	(6,367)	(44,916)	(161,386)		(68,560)		(281,229)	(302,418)
Debt costs								(10,208)
Miscellaneous nonoperating revenues/ (expenses)	(441,642)	51,675	1,684	86,819			(301,464)	(186,659)
Total nonoperating revenues/(expenses)	(304,561)	45,799	(158,004)	115,073	(56,924)		(358,617)	(373,942)
Income before contributions and transfers	621,916	537,781	122,322	638,596	63,566		1,984,181	1,472,271
Capital contributions		1,337,964					1,337,964	539,956
Transfers in			30,000	550,000	110,000		690,000	1,585,882
Transfers out					(23,534)		(23,534)	(110,362)
Change in net position	621,916	1,875,745	152,322	1,188,596	150,032		3,988,611	3,487,747
Net position-beginning (restated)	3,324,684	8,851,671	4,994,634	2,973,192	1,882,978		22,027,159	18,568,503
Prior period adjustment								(29,091)
Net position-ending	\$ 3,946,600	\$ 10,727,416	\$ 5,146,956	\$ 4,161,788	\$ 2,033,010		\$ 26,015,770	\$ 22,027,159





**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statement of Cash Flows**  
**Combining Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2018 with comparative totals for 2017**

	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2018 Total	2017 Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 9,737,653	\$ 1,918,750	\$ 1,869,532	\$ 3,305,240	\$ 279,882	\$ 5,433,107	\$ 22,544,164	\$ 22,012,575
Receipts from interfund services provided								
Receipts from grants and contributions								
Payments to suppliers	(1,344,570)	(138,729)	(1,523,043)	(354,839)	(27,762)	(5,647,604)	(9,036,547)	(8,195,538)
Taxes paid	(1,147,187)	(195,408)	(36,906)	(45,279)	(14,894)		(1,439,674)	(1,448,501)
Payments to employees	(2,890,467)	(236,491)		(2,867,444)			(5,994,402)	(6,025,965)
Payments for interfund services used	(3,474,539)	(645,672)		(775,254)			(4,895,465)	(3,927,205)
Net cash provided (used) by operating activities	880,890	702,450	309,583	(737,576)	237,226	(214,497)	1,178,076	2,415,366
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Reimbursements and recoveries	44,719	691	1,685	6,478			53,573	154,665
Grants and contributions				9,222			9,222	503,782
Proceeds from interfund loans			150,000				150,000	270,000
Interfund loans made								(860,405)
Interfund loan repayments made			(270,000)				(270,000)	(70,000)
Interfund loan repayments received	1,653,756						1,653,756	
Transfers to other funds					(23,534)		(23,534)	(25,177)
Transfers from other funds				550,000			550,000	550,000
Net cash provided (used) by noncapital financing activities	1,698,475	691	(118,315)	565,700	(23,534)		2,123,017	522,865
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>								
Principal paid on debt	(125,000)	(213,159)	(105,000)		(104,143)		(547,302)	(1,358,830)
Interest paid on debt	(6,937)	(46,429)	(164,093)		(67,079)		(284,538)	(363,345)
Transfers to other funds								(85,185)
Transfers from other funds			30,000		110,000		140,000	1,035,882
Proceeds from debt								883,920
Bond issuance costs			(219)				(219)	(10,425)
Interfund loan repayments received								
Interfund loans made								
Interfund loan repayments made			(3,890)				(3,890)	(3,890)
Proceeds from sale of capital assets								
Proceeds from capital grants and contributions								
Payments related to acquisition, construction or improvements of capital assets	(66,922)	(186,752)	(30,950)		(220,304)		(504,928)	(1,016,458)
Net cash provided (used) by capital and related activities	(198,859)	(446,340)	(274,152)		(281,526)		(1,200,877)	(918,331)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipt of interest	181,177	43,926	1,698	28,253	11,636		266,690	126,788
Investments sold	3,558,716	1,570,971		1,272,265			6,401,952	4,584,990
Investments purchased	(6,899,557)	(2,177,814)		(1,324,926)			(10,402,297)	(6,401,952)
Net cash provided (used) by investing activities	(3,159,664)	(562,917)	1,698	(24,408)	11,636		(3,733,655)	(1,690,174)
Net change in cash and cash equivalents	(779,158)	(306,116)	(81,186)	(196,284)	(56,198)	(214,497)	(1,633,439)	329,726
Cash and cash equivalents, January 1	3,133,658	692,066	110,432	578,049	611,835	785,894	5,911,934	5,582,208
Cash and cash equivalents, December 31	2,354,500	385,950	29,246	381,765	555,637	571,397	4,278,495	5,911,934

<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating income/(loss)	926,477	491,982	280,326	523,523	120,490		2,342,798	1,846,213
Adjustments to reconcile operating income to net cash provided from operating activities:								
Depreciation expense	213,852	203,723	58,739	35,174	124,708		636,196	595,854
Accrued pension and OPEB expense	(267,286)	(12,645)		(245,970)			(525,901)	(298,005)
(Increase)/decrease in receivables	89,533	11,903	19,483	(1,101,330)	(3,772)	(56)	(984,239)	(60,544)
(Increase)/decrease in prepaid items								-
(Increase)/decrease in inventories			2,413				2,413	(2,383)
Increase/(decrease) in payables	(81,686)	7,487	(64,470)	51,027	(4,200)	(214,441)	(306,283)	326,632
Increase/(decrease) in unearned revenues			13,092				13,092	7,599
Other income and adjustments								
Total adjustments	(45,587)	210,468	29,257	(1,261,099)	116,736	(214,497)	(1,164,722)	569,153
Net cash provided (used) by operating activities	\$ 880,890	\$ 702,450	\$ 309,583	\$ (737,576)	\$ 237,226	\$ (214,497)	\$ 1,178,076	\$ 2,415,366

<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Contribution of capital assets	\$	\$ 1,337,964	\$ -			\$ -	\$ 1,337,964	\$ 539,956

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





# INDIVIDUAL FUND STATEMENTS INTERNAL SERVICE FUNDS

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**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.

CITY OF RICHLAND, WASHINGTON  
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 Statement of Net Position  
 Internal Service Funds  
 December 31, 2018 with comparative totals for 2017

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund
<b>ASSETS</b>				
<i>Current:</i>				
Cash and cash equivalents	\$ 13,336	\$ 462,830	\$ 7,467	\$ 566,112
Deposits with third parties		200		
Investments			4,646,823	
Receivables:				
Customer accounts (net)				
Due from other funds			210,000	
Due from other governments				
Interfund loans			1,745	
Prepaid items				
Inventory	109,734			
Total current assets	123,070	463,030	4,866,035	566,112
Capital:				
Depreciable assets (net)		34,604	11,646,114	21,529
Total capital assets (net)		34,604	11,646,114	21,529
Total noncurrent assets		34,604	11,646,114	21,529
Total assets	123,070	497,634	16,512,149	587,641
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension		60,631		191,556
OPEB Deferred Outflows		6,138		21,188
Total deferred outflows of resources		66,769		212,744
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	1,538	132,855	260,130	86,968
Payable to other governments				42,889
Due to other funds	60,000			
Interfund loans payable				
Leases payable-current			162,893	
Compensated absences-current		69,009		166,577
Claims and judgments-current				
Total current liabilities	61,538	201,864	423,023	296,434
<i>Noncurrent liabilities:</i>				
Interfund loans payable				
Leases payable			433,415	
Compensated absences		69,009		166,577
Net pension liability		332,030		1,087,012
Net OPEB Liability		45,611		157,454
Net OPEB obligation				
Total noncurrent liabilities		446,650	433,415	1,411,043
Total liabilities	61,538	648,514	856,438	1,707,477
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension		132,768		406,454
OPEB Deferred Inflows		2,568		8,864
Total deferred inflows of resources		135,336		415,318
<b>NET POSITION</b>				
Net investment in capital assets		34,604	11,049,806	21,529
Unrestricted	61,532	(254,051)	4,605,905	(1,343,939)
Total net position	\$ 61,532	\$ (219,447)	\$ 15,655,711	\$ (1,322,410)

Workers' Compensation Fund	Health Care Benefits Plan Fund	Unemployment Fund	Post-Employment Health Care Plan Fund	2018 Total	2017 Total
\$ 2,397,089	\$ 360,563	\$ 602,342	\$ 1,393,280	\$ 5,803,019	\$ 6,030,760
104,000	326,000			430,200	398,200
	7,232,011			11,878,834	9,308,072
13,323	110,321	2,373	246,524	372,541	1,406,128
				210,000	330,000
				1,745	2,605
	90,367			90,367	
				109,734	123,596
2,514,412	8,119,262	604,715	1,639,804	18,896,440	17,599,361
				11,702,247	11,092,986
				11,702,247	11,092,986
				11,702,247	11,092,986
2,514,412	8,119,262	604,715	1,639,804	30,598,687	28,692,347
				252,187	278,886
				27,326	
				279,513	278,886
73,637	311,233	24,418	150,352	1,041,131	1,402,152
				42,889	
				60,000	60,000
					157,333
				162,893	234,103
				235,586	4,258,015
119,687	2,369,000	24,418	386,079	2,899,184	
193,324	2,680,233	48,836	536,431	4,441,683	6,111,603
					596,308
				433,415	234,103
				235,586	1,909,022
				1,419,042	5,000,793
				203,065	
				2,291,108	7,740,226
193,324	2,680,233	48,836	536,431	6,732,791	13,851,829
				539,222	354,887
				11,432	
				550,654	354,887
				11,105,939	10,256,099
2,321,088	5,439,029	555,879	1,103,373	12,488,816	4,508,418
\$ 2,321,088	\$ 5,439,029	\$ 555,879	\$ 1,103,373	\$ 23,594,755	\$ 14,764,517

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**Comprehensive Annual Financial Report**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018 with comparative totals for 2017**

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund
<b>OPERATING REVENUES</b>				
<i>Charges for services:</i>				
Other services		\$ 3,916,320	\$ 2,727,150	\$ 3,542,832
Other operating revenues		8,493		50,599
Total operating revenues		<u>3,924,813</u>	<u>2,727,150</u>	<u>3,593,431</u>
<b>OPERATING EXPENSES</b>				
Maintenance and operations		3,581,768	34,676	2,673,075
Administrative and general		246,447	71,685	663,656
Taxes				
Depreciation		10,096	2,123,112	5,727
Total operating expenses		<u>3,838,311</u>	<u>2,229,473</u>	<u>3,342,458</u>
Operating income/(loss)		<u>86,502</u>	<u>497,677</u>	<u>250,973</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Investment earnings			69,008	14,735
Interest expense			(25,485)	
Miscellaneous nonoperating revenues/ (expenses)		3,240	200,598	1,545
Total nonoperating revenues/(expenses)		<u>3,240</u>	<u>244,121</u>	<u>16,280</u>
Net income (loss) before transfers		89,742	741,798	267,253
Transfers in			947,679	
Change in net position		89,742	1,689,477	267,253
Net position-beginning (restated)	61,532	(309,189)	13,966,234	(1,589,663)
Net position-ending	<u>\$ 61,532</u>	<u>\$ (219,447)</u>	<u>\$ 15,655,711</u>	<u>\$ (1,322,410)</u>

<b>Workers' Compensation Fund</b>	<b>Health Care Benefits Plan Fund</b>	<b>Unemployment Fund</b>	<b>Post- Employment Health Care Plan Fund</b>	<b>2018 Total</b>	<b>2017 Total</b>
\$ 1,635,887	\$ 11,084,769	\$ 89,021	\$ 1,561,969	\$ 24,557,948	\$ 21,637,967
				59,092	72,663
1,635,887	11,084,769	89,021	1,561,969	24,617,040	21,710,630
973,275	11,453,773	64,105	641,278	19,421,950	20,068,736
106,255	31,480	(919)	25,751	1,144,355	2,209,929
					1,585
				2,138,935	1,683,302
1,079,530	11,485,253	63,186	667,029	22,705,240	23,963,552
556,357	(400,484)	25,835	894,940	1,911,800	(2,252,922)
38,495	125,978	10,932	17,525	276,673	147,871
				(25,485)	(9,999)
	504,548		184,081	894,012	1,909,003
38,495	630,526	10,932	201,606	1,145,200	2,046,875
594,852	230,042	36,767	1,096,546	3,057,000	(206,047)
				947,679	743,899
594,852	230,042	36,767	1,096,546	4,004,679	537,852
1,726,236	5,208,987	519,112	6,827	19,590,076	14,226,665
\$ 2,321,088	\$ 5,439,029	\$ 555,879	\$ 1,103,373	\$ 23,594,755	\$ 14,764,517

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018 with comparative totals for 2017**

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 7,886	\$ 8,493		\$ 638,592
Receipts from interfund services provided		3,916,320	\$ 2,727,150	2,998,757
Receipts from grants and contributions			27,000	
Payments to suppliers	(6,306)	(2,414,834)	(34,676)	(173,959)
Taxes paid				
Payments to employees		(1,155,007)		(3,083,965)
Payments for interfund services used		(296,586)	(71,685)	(274,000)
Net cash provided (used) by operating activities	<u>1,580</u>	<u>58,386</u>	<u>2,647,789</u>	<u>105,425</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Reimbursements and recoveries		3,239		1,545
Proceeds from interfund loans				
Interfund loans made				
Interfund loan repayments received			120,997	
Net cash provided (used) by noncapital financing activities		<u>3,239</u>	<u>120,997</u>	<u>1,545</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>				
Principal paid on debt			(157,333)	
Interest paid on debt			(25,485)	
Transfers from other funds			947,679	
Proceeds from debt				
Interfund loan repayments made				
Proceeds from sale of capital assets			236,036	
Payments related to acquisition, construction or improvements of capital assets			(2,606,750)	
Net cash provided (used) by capital and related activities			<u>(1,605,853)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest			81,130	14,735
Investments sold			2,584,990	
Investments purchased			(4,663,855)	
Net cash provided (used) by investing activities			<u>(1,997,735)</u>	<u>14,735</u>
Net change in cash and cash equivalents	1,580	61,625	(834,802)	121,705
Cash and cash equivalents, January 1	11,756	401,205	842,269	444,407
Cash and cash equivalents, December 31	<u>13,336</u>	<u>462,830</u>	<u>7,467</u>	<u>566,112</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income/(loss)		86,502	497,677	250,973
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation expense		10,096	2,123,112	5,727
Accrued pension and OPEB expense		(69,756)		(197,253)
(Increase)/decrease in receivables			27,000	1,030
(Increase)/decrease in prepaid items				
(Increase)/decrease in inventories	8,742	5,120		
Increase/(decrease) in payables	(7,162)	26,424		44,948
Total adjustments	<u>1,580</u>	<u>(28,116)</u>	<u>2,150,112</u>	<u>(145,548)</u>
Net cash provided (used) by operating activities	<u>\$ 1,580</u>	<u>\$ 58,386</u>	<u>\$ 2,647,789</u>	<u>\$ 105,425</u>



Workers' Compensation Fund	Health Care Benefits Plan Fund	Unemployment Fund	Post Employment Health Care Plan Fund	2018 Total	2017 Total
\$ 1,644,150	\$ 10,974,259	\$ 88,489	\$ 1,561,969	\$ 14,923,838	\$ 12,934,377
				9,642,227	8,748,414
				27,000	
(996,245)	(12,121,324)	(58,229)	(1,994,093)	(17,799,666)	(17,475,550)
				(4,238,972)	(1,585)
(106,255)	(31,480)	919	(25,751)	(804,838)	(4,030,290)
541,650	(1,178,545)	31,179	(457,875)	1,749,589	(1,449,681)
	504,547		1,292,417	1,801,748	1,867,823
					35,000
					(330,000)
				120,997	600,036
	504,547		1,292,417	1,922,745	2,172,859
				(157,333)	(79,197)
				(25,485)	(9,999)
				947,679	743,899
					632,836
					(5,424)
				236,036	45,600
				(2,606,750)	(4,060,777)
				(1,605,853)	(2,733,062)
38,496	139,480	10,932	17,525	302,298	201,817
	6,740,306			9,325,296	10,612,313
	(7,257,961)			(11,921,816)	(9,325,296)
38,496	(378,175)	10,932	17,525	(2,294,222)	1,488,834
580,146	(1,052,173)	42,111	852,067	(227,741)	(345,684)
1,816,943	1,412,736	560,231	541,213	6,030,760	6,376,444
2,397,089	360,563	602,342	1,393,280	5,803,019	6,030,760
556,357	(400,484)	25,835	894,940	1,911,800	(2,252,922)
				2,138,935	1,683,302
				(267,009)	(206,712)
8,263	(142,510)	(532)		(106,749)	(1,372,601)
	(90,367)			(90,367)	(215,904)
				13,862	(33,718)
(22,970)	(545,184)	5,876	(1,352,815)	(1,850,883)	1,124,240
(14,707)	(778,061)	5,344	(1,352,815)	(162,211)	978,607
\$ 541,650	\$ (1,178,545)	\$ 31,179	\$ (457,875)	\$ 1,749,589	\$ (1,274,315)





# COMBINING FUND STATEMENTS AGENCY FUNDS

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## *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**  
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**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2018**

	<b>Columbia Point Master Association</b>			
	Balance January 1	Additions	Deductions	Balance December 31
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,530	\$ 11,679	\$ 8,316	\$ 28,893
Receivables:				
Customer accounts (net)	(8)	9,700	9,691	1
<b>Total assets</b>	<b>\$ 25,522</b>	<b>\$ 21,379</b>	<b>\$ 18,007</b>	<b>\$ 28,894</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 603	\$ 8,340	\$ 8,316	\$ 627
Payable to other agencies	24,919	11,687	8,340	28,267
<b>Total liabilities</b>	<b>\$ 25,522</b>	<b>\$ 20,027</b>	<b>\$ 16,656</b>	<b>\$ 28,894</b>
<b>Uptown Business Improvement District</b>				
	Balance January 1	Additions	Deductions	Balance December 31
<b>ASSETS</b>				
Cash and cash equivalents	\$ (6,584)	\$ 11,681	\$ 16,664	\$ (11,567)
Receivables:				
Customer accounts (net)	1,325	13,000	13,518	806
<b>Total assets</b>	<b>\$ (5,259)</b>	<b>\$ 24,681</b>	<b>\$ 30,182</b>	<b>\$ (10,761)</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	(5,259)	\$ 29,626	\$ 35,128	(10,761)
Payable to other agencies				
<b>Total liabilities</b>	<b>\$ (5,259)</b>	<b>\$ 29,626</b>	<b>\$ 35,128</b>	<b>\$ (10,761)</b>
<b>Downtown Business Improvement District</b>				
	Balance January 1	Additions	Deductions	Balance December 31
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,501	\$ 10,089	\$ 3,983	\$ 18,607
Receivables:				
Customer accounts (net)	2,609	10,923	12,084	1,448
<b>Total assets</b>	<b>\$ 15,110</b>	<b>\$ 21,012</b>	<b>\$ 16,067</b>	<b>\$ 20,055</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 14,990	\$ 15,141	\$ 10,445	\$ 19,686
Payable to other agencies	120	249		369
<b>Total liabilities</b>	<b>\$ 15,110</b>	<b>\$ 15,390</b>	<b>\$ 10,445</b>	<b>\$ 20,055</b>

**CITY OF RICHLAND, WASHINGTON**  
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**Agency Funds**  
**For the Year Ended December 31, 2018**

	<b>Southeast Communications Center</b>			
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,978,749	\$ 7,617,234	\$ 7,105,196	\$ 2,490,787
Receivables:				
Customer accounts (net)	151,768	5,567,744	4,991,768	727,744
Due from other governments	153,051	304,769	302,906	154,914
Prepaid items	19,617	1,013	20,123	506
Interfund Loans	31,044		31,044	
Capital assets:				
Depreciable assets (net)	1,600,660	597,850	648,534	1,549,976
Construction in progress		216,540		216,540
Total capital assets (net)	1,600,660	814,390	648,534	1,766,516
Total assets	<u>\$ 3,934,889</u>	<u>\$ 14,305,150</u>	<u>\$ 13,099,571</u>	<u>\$ 5,140,467</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 50,224	1,271,349	1,306,965	\$ 14,609
Payable to other agencies	3,884,665	7,219,368	5,978,174	5,125,858
Total liabilities	<u>\$ 3,934,889</u>	<u>\$ 8,490,717</u>	<u>\$ 7,285,139</u>	<u>\$ 5,140,467</u>

	<b>800 MHZ Project</b>			
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95,563	\$ 921,279	\$ 902,253	\$ 114,589
Receivables:				
Customer accounts (net)	93,709	715,659	698,625	110,743
Prepaid items		506		506
Capital assets:				
Depreciable assets (net)	4,735,784		891,902	3,843,882
Total capital assets (net)	4,735,784		891,902	3,843,882
Total assets	<u>\$ 4,925,056</u>	<u>\$ 1,637,444</u>	<u>\$ 2,492,780</u>	<u>\$ 4,069,720</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,437	734,538	\$ 741,749	\$ (5,774)
Payable to other agencies	4,923,619	904,345	1,752,470	4,075,494
Total liabilities	<u>\$ 4,925,056</u>	<u>\$ 1,638,883</u>	<u>\$ 2,494,219</u>	<u>\$ 4,069,720</u>

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 Agency Funds  
 For the Year Ended December 31, 2018

<b>Benton County Emergency Management</b>				
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$	\$ 948,525	\$ 926,729	\$ 21,796
Receivables:				
Customer accounts (net)		146,986	146,836	150
Due from other governments	169,533	121,373	169,533	121,373
Prepaid items	230	506	230	506
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	1,051,069	36,147	100,662	986,554
Total capital assets (net)	1,065,662	36,147	100,662	1,001,147
Total assets	\$ 1,235,425	\$ 1,253,537	\$ 1,343,990	\$ 1,144,972
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 22,619	\$ 409,792	\$ 425,268	\$ 7,143
Interfund loans payable	31,044		31,044	
Notes and contracts payable	14,443		9,446	4,997
Payable to other agencies	1,167,319	849,377	883,864	1,132,832
Total liabilities	\$ 1,235,425	\$ 1,259,169	\$ 1,349,622	\$ 1,144,972

<b>Microwave Communication</b>				
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 98,231	\$ 98,289	\$ 78,134	\$ 118,386
Capital assets:				
Depreciable assets (net)				
Total capital assets (net)				
Total assets	\$ 98,231	\$ 98,289	\$ 78,134	\$ 118,386
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 22	62,153	62,175	\$
Payable to other agencies	98,209	96,932	76,755	118,386
Total liabilities	\$ 98,231	\$ 159,085	\$ 138,930	\$ 118,386

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Combining Statement of Changes in Assets and Liabilities, concluded**  
**Agency Funds**  
**For the Year Ended December 31, 2018**

	<b>Total Agency Funds</b>			
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,203,990	\$ 9,618,776	\$ 9,041,275	\$ 2,781,491
Receivables:				
Customer accounts (net)	249,403	6,464,011	5,872,522	840,892
Due from other governments	322,584	426,142	472,439	276,287
Prepaid items	19,847	2,024	20,353	1,518
Interfund Loans	31,044		31,044	
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	7,387,513	633,997	1,641,098	6,380,412
Construction in progress		216,540		216,540
Total capital assets (net)	7,402,106	850,537	1,641,098	6,611,545
Total assets	<u>\$ 10,228,974</u>	<u>\$ 17,361,490</u>	<u>\$ 17,078,731</u>	<u>\$ 10,511,733</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 84,636	\$ 2,530,939	\$ 2,590,045	\$ 25,530
Interfund loans payable	31,044		31,044	
Compensated absences	224,302	67,736		292,038
Notes and contracts payable	14,443		9,446	4,997
Payable to other agencies	9,874,549	9,014,222	8,699,603	10,189,168
Total liabilities	<u>\$ 10,228,974</u>	<u>\$ 11,612,897</u>	<u>\$ 11,330,138</u>	<u>\$ 10,511,733</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 1-4***

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. Changes in Fund Balances – Governmental Funds, Last Ten Fiscal Years
2. Net Position, Last Ten Fiscal Years
3. Changes in Net Position, Last Ten Fiscal Years
4. Fund Balances – Governmental Funds, Last Ten Fiscal Years

### ***REVENUE CAPACITY – Tables 5-10***

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

5. Tax Revenues by Source – Governmental Funds, Last Ten Fiscal Years
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 2018 & 2009

### ***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, 2018
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 2018 & 2009

### ***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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
Taxes	\$ 53,819,838	\$ 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
Licenses & permits	2,436,923	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
Intergovernmental	15,061,570	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
Charges for services	14,047,140	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
Fines & forfeits	564,618	515,624	607,288	818,967	817,764	856,819	916,385	939,720	982,873	1,063,761
Investment earnings	839,390	417,954	262,805	288,682	306,015	69,257	290,597	415,985	202,126	412,146
Rents & leases	1,484,560	1,435,088	1,515,781	1,453,179	717,412	722,765	1,973,441	649,786	588,935	594,814
Miscellaneous revenues	893,940	1,156,305	876,706	572,642	854,155	548,334	1,101,510	786,136	1,023,644	691,192
Total revenues	89,147,979	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
<b>EXPENDITURES</b>										
<i>Current:</i>										
Judicial	787,356	612,709	736,826	752,070	685,091	618,486	712,698	627,958	615,558	550,576
General government	15,245,682	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
Public safety	29,815,564	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
Physical environment	-	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807	213,215
Transportation	4,929,654	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
Health & human services	13,806	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811	11,015
Economic environment	4,717,066	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
Culture & recreation	7,841,734	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
<i>Debt service:</i>										
Principal	2,476,436	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
Interest	1,726,973	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
Other	1,078	152,929	2,104	149,563	4,856	97,859	601	605	36,591	2,309
<i>Capital Outlay:</i>										
General government	13,423,709	3,089,439	683,833	147,702	542,084	718,240	546,014	174,549	1,735,866	358,280
Public safety	324,145	59,164	46,549	2,652,865	764,037	41,719	238,889	114,045	308,558	99,199
Physical environment	-	-	-	-	-	-	-	-	-	-
Transportation	14,774,742	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
Economic environment	262,400	887,594	443,802	962,546	651,117	100,674	482,941	30,937	97,172	70,529
Culture & recreation	1,636,199	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
Total expenditures	97,976,544	79,032,599	66,559,690	65,680,617	65,113,720	62,546,495	59,151,941	61,398,558	57,960,068	64,355,776
Excess (deficiency) of revenues over (under) expenditures	(8,828,565)	(3,910,277)	6,684,020	(66,702)	(1,992,171)	(4,001,739)	(2,198,817)	(2,101,513)	(2,032,741)	(12,757,184)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	13,405,039	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
Transfers out	(14,975,184)	(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)
Debt issued	-	16,130,000	294,318	15,098,361	3,355,000	11,115,000	-	-	3,920,000	-
Premium on general obligation debt	-	2,129,817	-	1,565,869	123,353	91,249	-	-	106,161	-
Payment to ref. bond escrow agent	-	-	-	(13,794,724)	-	-	-	-	-	-
Disposition of capital assets	1,642,706	1,634,804	508,884	287,522	3,714,337	476,346	241,111	1,376,809	2,195,654	154,038
Insurance recoveries	-	-	10,000	-	-	-	-	-	-	-
Total other financing sources (uses)	72,561	18,551,878	35,949	(257,353)	6,330,162	9,474,746	(1,115,625)	905,248	4,919,098	(1,216,920)
Net change in fund balances	(8,756,004)	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)
Prior period adjustments	(56,502)	-	(18,633)	-	(786,281)	(1,104,578)	-	241,848	-	(126,842)
Total net change in fund balances	\$ (8,812,506)	\$ 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)
<b>Debt service as a % of noncapital expenditures</b>	<b>6.22%</b>	<b>11.85%</b>	<b>8.06%</b>	<b>11.96%</b>	<b>8.53%</b>	<b>9.12%</b>	<b>8.44%</b>	<b>8.45%</b>	<b>11.02%</b>	<b>8.25%</b>

**CITY OF RICHLAND, WASHINGTON**  
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**Statistical Section - Financial Trends Information**  
**Table 2 - Net Position**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>GOVERNMENTAL ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 115,682,836	\$ 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
Restricted	26,047,147	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
Unrestricted	3,913,192	(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
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<b>145,643,175</b>	<b>134,689,737</b>	<b>123,052,909</b>	<b>94,554,186</b>	<b>102,812,035</b>	<b>110,337,794</b>	<b>115,663,777</b>	<b>119,870,042</b>	<b>118,323,955</b>	<b>117,774,357</b>
<b>BUSINESS-TYPE</b>										
Net Investment in Capital Assets	178,824,569	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
Restricted	18,131,696	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
Unrestricted	23,231,265	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
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<b>220,187,530</b>	<b>204,544,091</b>	<b>190,567,989</b>	<b>181,024,276</b>	<b>180,965,203</b>	<b>174,039,647</b>	<b>163,779,942</b>	<b>156,020,568</b>	<b>151,312,018</b>	<b>135,711,329</b>
<b>PRIMARY GOVERNMENT</b>										
Net Investment in Capital Assets	294,507,405	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
Restricted	44,178,843	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
Unrestricted	27,144,457	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
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$ 365,830,705</b>	<b>\$ 339,233,828</b>	<b>\$ 313,620,898</b>	<b>\$ 275,578,462</b>	<b>\$ 283,777,238</b>	<b>\$ 284,377,441</b>	<b>\$ 279,443,719</b>	<b>\$ 275,890,610</b>	<b>\$ 269,635,973</b>	<b>\$ 253,485,686</b>

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**Table 3 - Changes in Net Position**  
**Last Ten Years (accrual basis of accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
<i>Governmental Activities:</i>										
Judicial	\$ 787,356	\$ 612,709	\$ 736,826	\$ 752,070	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576
General Government	14,126,892	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
Public Safety	31,185,534	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
Physical Environment	-	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807	215,364
Transportation	7,516,617	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
Health & human services	13,806	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811	11,015
Economic Environment	4,717,912	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
Culture & Recreation	8,332,412	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
Interest on Long-Term Debt	1,500,043	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
Total Governmental Activities	68,180,572	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
<i>Business-Type Activities:</i>										
Electric & Gas	65,108,241	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
Water	10,909,729	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
Sewer	7,541,067	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
Solid Waste	8,246,186	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
Stormwater	1,301,397	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
Golf Course	1,789,526	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
Medical Services	3,967,526	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
Broadband	231,724	237,998	174,712	180,575	175,358	76,966	-	-	-	-
Total Business-Type Activities	99,095,396	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
Total Primary Government Expenses	167,275,968	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
<b>Program Revenues</b>										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Judicial	519,437	472,196	559,077	768,944	769,654	773,448	860,813	878,511	921,729	1,012,701
General Government	8,334,328	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
Public Safety	5,219,306	4,100,340	3,989,347	273,209	259,832	371,450	231,460	190,061	156,206	176,441
Physical Environment	-	-	49,105	53,203	55,542	51,607	52,396	51,555	53,099	54,523
Transportation	1,036,609	962,535	782,394	1,020,948	831,610	772,067	861,952	678,533	525,496	364,290
Health & human services	30,474	26,229	41,360	111,038	68,991	72,420	524,181	120,503	260,734	285,875
Economic Environment	3,102,156	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
Culture & Recreation	1,154,397	1,121,617	1,401,316	986,815	895,685	953,049	910,772	1,162,255	905,792	656,997
Operating Grants and Contributions	1,728,186	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
Capital Grants and Contributions	11,936,936	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
Total Governmental Activities	\$ 33,061,829	\$ 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

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**Table 3 - Changes in Net Position (continued)**  
**Last Ten Years (accrual basis of accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<i>Business-Type Activities:</i>										
Charges for Services										
Electric	\$ 71,214,318	\$ 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
Water	15,600,674	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
Sewer	9,627,892	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
Solid Waste	9,706,336	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
Stormwater	1,955,661	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
Golf Course	1,910,150	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
Medical Services	4,527,284	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
Broadband	283,654	158,209	150,025	178,484	240,000	170,811	-	-	-	-
Operating Grants and Contributions	71,628	68,893	68,092	63,827	204,324	-	-	-	8,925	4,126
Capital Grants and Contributions	9,495,661	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
Total Business-Type Activities	124,393,258	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
Total Primary Government Revenues	157,455,087	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
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(35,118,743)	(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)
Business-type Activities	25,297,862	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
Total Primary Government Net Expense	(9,820,881)	(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)
<b>General Revenues</b>										
<i>Governmental Activities:</i>										
Property Taxes	18,319,976	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
Sales Taxes	15,611,345	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
B&O Taxes	3,242,019	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
Other Taxes	8,574,620	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
Investment Earnings	1,032,320	519,872	331,460	404,278	564,215	190,182	388,599	496,464	285,768	412,145
Disposition of Capital Assets	352,114	17,569	6,681	-	-	-	-	-	-	-
Disposition of Land Held for Resale	1,056,736	1,557,892	441,158	287,522	3,714,337	476,346	121,733	1,376,809	1,895,208	154,038
Insurance Recoveries	-	-	10,000	-	-	-	-	-	-	-
Miscellaneous	4,977,922	2,474,746	5,517,170	650,375	1,232,707	1,157,306	-	-	-	-
Transfers	8,317,012	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
Total Governmental Activities	61,484,064	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
<i>Business-Type Activities:</i>										
Investment Earnings	1,230,805	677,884	342,502	427,386	414,790	(309,414)	935,302	797,471	372,230	401,288
Insurance Recoveries	-	28,204	-	-	-	-	-	-	-	-
Transfers	(8,317,012)	(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)
Total Business-Type Activities	(7,086,207)	(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)
Total Primary Government	\$ 54,397,857	\$ 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

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**Table 3 - Changes in Net Position (concluded)**  
**Last Ten Years (accrual basis of accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Change in Net Position - Current Year</b>										
Governmental Activities	\$ 26,365,321	\$ 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)
Business-type Activities	18,211,655	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
<b>Total Change - Current Year</b>	<b>44,576,976</b>	<b>25,353,533</b>	<b>24,115,878</b>	<b>11,506,112</b>	<b>1,262,596</b>	<b>6,938,523</b>	<b>3,423,843</b>	<b>6,021,411</b>	<b>6,495,773</b>	<b>1,066,487</b>
<b>Change in Net Position - Changes in Accounting Principles</b>										
Governmental Activities	(17,592,563)	-	-	(8,700,140)	-	-	(170,976)	170,472	-	-
Business-type Activities	(2,568,216)	-	-	(10,978,522)	-	-	(1,277,474)	-	-	-
<b>Total Change - Accounting Principles</b>	<b>(20,160,779)</b>	<b>-</b>	<b>-</b>	<b>(19,678,662)</b>	<b>-</b>	<b>-</b>	<b>(1,448,450)</b>	<b>170,472</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position - Prior Period Adjustments</b>										
Governmental Activities	2,180,680	-	13,930,513	-	(786,281)	(1,104,578)	-	241,848	-	(401,329)
Business-type Activities	-	259,397	(3,955)	(26,226)	(1,076,518)	548,227	(41,206)	(8,622)	9,654,514	(177,476)
<b>Total Change - Prior Period Adjustments</b>	<b>2,180,680</b>	<b>259,397</b>	<b>13,926,558</b>	<b>(26,226)</b>	<b>(1,862,799)</b>	<b>(556,351)</b>	<b>(41,206)</b>	<b>233,226</b>	<b>9,654,514</b>	<b>(578,805)</b>
<b>Total Change in Net Position</b>	<b>\$ 26,596,877</b>	<b>\$ 25,612,930</b>	<b>\$ 38,042,436</b>	<b>\$ (8,198,776)</b>	<b>\$ (600,203)</b>	<b>\$ 6,382,172</b>	<b>\$ 1,934,187</b>	<b>\$ 6,425,109</b>	<b>\$ 16,150,287</b>	<b>\$ 487,682</b>

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.

In 2018, the beginning balance of Net Position was restated by (\$20,160,779) to reflect the effects of implementation of (i) GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets, That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68* and (ii) GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

In 2018 the inventory of Land Held for Resale was reviewed by Community Development staff. During this review, several parcels of land were found to have been omitted and have now been added.

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**Statistical Section - Financial Trends Information**  
**Table 4 - Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	<b>*2018</b>	<b>*2017</b>	<b>*2016</b>	<b>*2015</b>	<b>*2014</b>	<b>*2013</b>	<b>*2012</b>	<b>*2011</b>	<b>2010</b>	<b>2009</b>
<b>General Fund</b>										
Nonspendable	\$ 67,994	\$ -	\$ 26,818	\$ 19,425	\$ 2,379,932	\$ 2,294,528	\$ 2,294,515	\$ 2,294,528	\$ -	\$ -
Restricted (1)	151,394	288,901	472,947	431,324	275,916	221,077	198,913	230,206	2,306,146	2,306,128
Committed	707,423	756,161	750,998	958,643	1,102,645	1,196,905	1,371,122	1,590,021	-	-
Assigned (2)	109,561	103,961	107,808	104,662	236,704	316,066	389,161	409,840	-	-
Unassigned (3)	24,634,653	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
<b>Total General Fund</b>	<b>25,671,025</b>	<b>23,730,178</b>	<b>19,163,623</b>	<b>12,526,143</b>	<b>10,987,082</b>	<b>9,092,832</b>	<b>10,530,338</b>	<b>12,669,936</b>	<b>9,688,407</b>	<b>8,080,122</b>
<b>All Other Governmental Funds</b>										
Nonspendable	79,661	61,344	120,042	73,290	69,239	70,566	72,730	69,925	-	-
Restricted (1)	12,742,395	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
Committed	5,384,413	18,975,989	4,603,581	4,536,674	4,624,882	2,187,418	2,683,255	3,833,411	-	-
Assigned (2)	1,724,178	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
Unassigned (3)	-	(1,109,274)	(586,056)	(247,311)	(59,858)	(80,207)	(624,707)	(192,340)	10,557,120	11,243,273
<b>Total All Other Governmental Funds</b>	<b>\$ 19,930,647</b>	<b>\$ 29,311,819</b>	<b>\$ 19,236,773</b>	<b>\$ 19,172,917</b>	<b>\$ 21,036,033</b>	<b>\$ 19,378,573</b>	<b>\$ 10,403,037</b>	<b>\$ 11,577,881</b>	<b>\$ 15,513,527</b>	<b>\$ 14,235,755</b>

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

(1) Restricted was previously "Reserved For:"

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

(3) Unassigned was previously "Unreserved, Undesignated"

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

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**Statistical Section - Financial Trends Information**  
**Table 5 - 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
2018	\$ 16,072,438	\$ 2,258,873	\$ 12,630,602	\$ 2,980,743	\$ 13,129,176	\$ 1,869,946	\$ 3,122,214	\$ 1,197,994	\$ 557,852	\$ 53,819,838
2017	15,364,256	2,223,821	12,108,165	2,784,640	13,177,794	869,242	2,287,720	1,078,039	544,272	50,437,949
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
<b>CHANGE 2009-2018</b>	<b>39.73%</b>	<b>22.75%</b>	<b>64.04%</b>	<b>288.15%</b>	<b>34.42%</b>	<b>451.08%</b>	<b>170.22%</b>	<b>62.68%</b>	<b>61.65%</b>	<b>57.58%</b>

The 2018 increase in Other Taxes reflects the first full year of collections related to the Transportation Benefit District car tab fee.

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, gambling and TBD fees.



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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
2018	\$ 18,379,482	\$ (44,023)	\$ 18,335,459	\$ 18,095,807	98.46%	\$ -	\$ 18,095,807	98.69%
2017	17,695,447	(49,884)	17,645,563	17,398,103	98.32%	186,220	17,584,323	99.65%
2016	17,119,203	(91,801)	17,027,402	16,733,833	97.75%	271,306	17,005,139	99.87%
2015	16,522,897	(63,606)	16,459,291	16,261,792	98.42%	195,757	16,457,549	99.99%
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%

SOURCE:  
Benton County Treasurer

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statistical Section - Revenue Capacity Information**  
**Table 7 - Assessed and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

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<b>YEAR</b>	<b>REAL</b>	<b>PERSONAL</b>	<b>CORPORATE</b>	<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>TOTAL DIRECT TAX RATE</b>
2018	\$ 5,970,818	\$ 161,340	\$ 30,565	6,162,723	\$ 2.9837
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

SOURCE:  
Benton County Assessor's Office  
(Property Values in \$1,000)

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

FISCAL YEAR	CITY GENERAL AND SPECIAL LEVY	DEBT SERVICE FUND	FIRE PENSION FUND	TOTAL CITY DIRECT	BENTON COUNTY	RICHLAND SCHOOL DISTRICT	PORT OF BENTON	WASHINGTON STATE	TOTAL DIRECT AND OVERLAPPING TAX RATES
2018	\$ 2.4408	\$ 0.3179	\$ 0.2250	\$ <b>2.9837</b>	\$ 1.2788	\$ 5.5538	\$ 0.4008	\$ 2.0403	\$ <b>12.2574</b>
2017	2.4391	0.3208	0.2250	<b>2.9849</b>	1.2753	4.9925	0.4001	2.1453	<b>11.7981</b>
2016	2.4014	0.3205	0.2250	<b>2.9470</b>	1.2694	4.8731	0.3984	2.1378	<b>11.6256</b>
2015	2.3904	0.3616	0.2250	<b>2.9771</b>	1.2799	4.8919	0.4012	2.3044	<b>11.8544</b>
2014	2.4021	0.3569	0.2250	<b>2.9840</b>	1.2831	4.8247	0.3989	2.3194	<b>11.8101</b>
2013	2.3865	0.3582	0.2250	<b>2.9697</b>	1.2796	4.3825	0.4055	2.3914	<b>11.4287</b>
2012	2.3860	0.3544	0.2250	<b>2.9654</b>	1.2771	4.2985	0.4196	2.3154	<b>11.2760</b>
2011	2.4520	0.3349	0.2250	<b>3.0119</b>	1.3265	4.4235	0.4276	2.1478	<b>11.3372</b>
2010	2.4829	0.4320	0.2250	<b>3.1399</b>	1.3433	4.3251	0.4225	2.0057	<b>11.2365</b>
2009	2.4891	0.4251	0.2250	<b>3.1392</b>	1.3766	4.1694	0.4215	1.9240	<b>11.0307</b>
2008	2.7046	0.4378	0.2250	<b>3.3674</b>	1.4440	4.8215	0.4557	1.9807	<b>12.0693</b>

SOURCE:  
 Benton County Assessor's Office

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statistical Section - Revenue Capacity Information**  
**Table 9 - General Sales Tax Received by Category\***  
**Last Ten Calendar Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Retail Trade	\$ 6,298,292	\$ 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
Services	2,429,440	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
Contracting	1,828,625	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
Manufacturing	242,702	195,029	185,430	202,883	191,190	217,383	155,423	181,066	143,814	160,929
Trans/Com/Utilities	401,462	445,177	460,129	386,733	369,025	369,083	385,068	417,728	400,282	405,197
Government	57,038	225,400	196,829	197,601	169,197	156,272	193,403	160,740	146,458	138,054
Wholesaling	823,995	827,466	691,015	703,143	725,796	726,688	630,853	747,511	693,762	630,131
Financial/Ins/Real Estate	93,177	71,821	85,092	65,712	62,040	56,777	57,773	27,698	60,242	61,632
Other Business	205,679	16,037	67,218	26,874	51,083	21,422	16,265	150,595	56,782	12,289
<b>Total</b>	<b>\$ 12,380,410</b>	<b>\$ 11,496,468</b>	<b>\$ 11,158,964</b>	<b>\$ 10,275,053</b>	<b>\$ 9,504,311</b>	<b>\$ 8,992,605</b>	<b>\$ 8,449,688</b>	<b>\$ 9,268,024</b>	<b>\$ 8,288,021</b>	<b>\$ 7,611,935</b>

Source: Tax Tools

\*This revenue is reported on a cash basis.

**CITY OF RICHLAND, WASHINGTON**  
**Comprehensive Annual Financial Report**  
**Statistical Section - Revenue Capacity Information**  
**Table 10 - Principal Property Taxpayers for 2018**  
**and Nine Years Ago**

<b>PRINCIPAL TAXPAYERS 2018</b>	<b>NATURE OF BUSINESS</b>	<b>ASSESSED VALUATION</b>	<b>% OF TOTAL (+)</b>
Conagra Foods	Packaged Food Company	\$ 117,485,830	1.91%
Lex Richland L.P.	Cold Warehouse Distribution Facilities	117,010,180	1.90%
Siemens Nuclear Power Corp.	Nuclear Fuels Production	108,368,530	1.76%
Battelle Memorial Institute	Research & Development	76,353,460	1.24%
Extended Legacy, LLC	Real Estate Development	61,797,700	1.00%
Notus Holding, LLC	Property Management	58,100,120	0.94%
First Richland L.P.	Property Management	37,507,070	0.61%
Cowperwood BSF/CSF, LLC	Property Management	37,152,330	0.60%
Townfair Investors LLC	Property Management	36,447,980	0.59%
PC Meadow Springs LLC	Property Management	35,679,330	0.58%
Ferguson Enterprises, Inc	Distribution Facility	28,727,280	0.47%

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

<b>PRINCIPAL TAXPAYERS 2009</b>	<b>NATURE OF BUSINESS</b>	<b>ASSESSED VALUATION</b>	<b>% OF TOTAL (+)</b>
Siemens Nuclear Power Corp.	Nuclear Fuels Production	\$ 96,957,920	2.14%
Battelle Pacific NW National Laboratories	Research & Development	50,519,100	1.11%
Smart Park Phase I, LLC	Real Estate Development	44,895,030	0.99%
Centurion Properties III LLC	Property Management	38,905,170	0.86%
Lamb-Weston, Inc.	Food Processing	37,786,700	0.83%
Ferguson Enterprises, Inc	Distribution Facility	36,794,149	0.81%
Oregon Metallurgical Corp	Manufacturing	31,714,130	0.70%
VMSI LLC	Research & Development	26,480,000	0.58%
First Richland L.P.	Property Management	23,899,349	0.53%
Fairway Group, LLC	Real Estate Development	23,701,490	0.52%

\*Total Assessed Valuation for the City of Richland in 2009 = \$4,405,556,654

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	2018	*2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross Revenue	\$ 65,798,666	\$ 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
Less Operating Expenses	54,605,107	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
Net Amount Available For Debt Service	11,193,559	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
Principal	2,985,000	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
Interest	3,108,870	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
Total Annual Debt Service	\$ 6,093,870	\$ 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
Electric Debt Coverage	1.84	1.65	1.35	1.39	1.61	2.21	1.80	2.63	2.27	3.44
Revenue derived from Residential/Commercial Electric Sales										
WATER/SEWER **										
Gross Revenue	\$ 25,671,435	\$ 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
Less Operating Expenses	12,703,718	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
Net Amount Available For Debt Service	12,967,717	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
Principal	4,411,479	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
Interest	1,085,971	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
Total Annual Debt Service	\$ 5,497,450	\$ 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
Water/Sewer Debt Coverage	2.36	2.15	1.85	2.14	1.95	1.73	1.73	1.71	2.03	1.80
Revenue derived from Residential/Commercial Water and Sewer charges										
SOLID WASTE										
Gross Revenue	\$ 9,365,877	\$ 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
Less Operating Expenses	7,487,615	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
Net Amount Available For Debt Service	1,878,262	2,896,167	2,619,732	1,168,982	935,489	1,053,706	1,307,528	1,325,071	856,113	375,142
Principal	125,000	125,000	120,000	115,000	115,000	110,000	110,000	105,000	468,000	110,000
Interest	6,367	10,039	13,651	17,114	20,037	22,629	25,012	27,113	89,101	97,478
Total Annual Debt Service	\$ 131,367	\$ 135,039	\$ 133,651	\$ 132,114	\$ 135,037	\$ 132,629	\$ 135,012	\$ 132,113	\$ 557,101	\$ 207,478
Solid Waste Debt Coverage	14.30	21.45	19.60	8.85	6.93	7.94	9.68	10.03	1.54	1.81
Revenue derived from Residential/Commercial Garbage Collection and Landfill Charges										

**CITY OF RICHLAND, WASHINGTON**  
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**Statistical Section - Debt Capacity Information**  
**Table 11 - Pledged Revenue Coverage (continued)**  
**Last Ten Fiscal Years**

STORMWATER **	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross Revenue	\$ 1,994,701	\$ 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
Less Operating Expenses	1,042,566	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
Net Amount Available For Debt Service	952,135	905,051	766,473	633,604	639,992	643,665	768,746	1,029,787	903,832	778,234
Principal	213,158	206,819	199,092	107,623	102,306	102,001	101,710	96,430	96,163	80,712
Interest	44,916	53,420	66,450	67,634	69,466	71,434	74,464	76,994	79,511	65,403
Total Annual Debt Service	\$ 258,074	\$ 260,239	\$ 265,542	\$ 175,257	\$ 171,772	\$ 173,435	\$ 176,174	\$ 173,424	\$ 175,674	\$ 146,115
Stormwater Debt Coverage	3.69	3.48	2.89	3.62	3.73	3.71	4.36	5.94	5.14	5.33

Revenue derived from Residential/Commercial Stormwater charge

COLUMBIA POINT GOLF COURSE										
Gross Revenue	\$ 1,911,848	\$ 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
Less Operating Expenses	1,569,401	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
Net Amount Available For Debt Service	342,447	3,302	271,049	237,592	207,814	300,555	210,656	281,527	249,064	294,300
Principal	105,000	100,000	100,000	95,000	95,000	90,000	90,000	88,890	30,000	230,000
Interest	161,386	165,512	169,475	173,488	178,085	194,496	181,543	186,457	115,536	40,786
Total Annual Debt Service	\$ 266,386	\$ 265,512	\$ 269,475	\$ 268,488	\$ 273,085	\$ 284,496	\$ 271,543	\$ 275,347	\$ 145,536	\$ 270,786
Columbia Point Golf Course Coverage	1.29	0.01	1.01	0.88	0.76	1.06	0.78	1.02	1.71	1.09

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

BROADBAND										
Gross Revenue	\$ 295,290	\$ 165,626	\$ 155,506	\$ 187,463	\$ 452,209	\$ 43,671	\$ -	\$ -	\$ -	\$ -
Less Operating Expenses	38,456	60,278	18,927	26,150	59,723	-	-	-	-	-
Net Amount Available For Debt Service	256,834	105,348	136,579	161,313	392,486	43,671	-	-	-	-
Principal	104,143	117,011	102,312	104,166	75,000	50,000	-	-	-	-
Interest	68,560	73,447	72,132	70,772	68,439	48,298	-	-	-	-
Total Annual Debt Service	\$ 172,703	\$ 190,458	\$ 174,444	\$ 174,938	\$ 143,439	\$ 98,298	\$ -	\$ -	\$ -	\$ -
Broadband Coverage	1.49	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  
Gross Revenue (from CAFR Statements) does not include Grants, Capital Contributions and Transfers in, also doesn't include LID for water and sewer  
Operating Expense (from CAFR Statements) does not include Transfers out, utility occupation taxes, depreciation or other non operating expenses.

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				
2018	\$ 40,050,000	-	\$ 710,444	\$ 3,670,000	\$ 65,725,000	\$ 29,295,000	\$ 2,075,000	\$ 860,000	\$ 7,992,709	\$ 150,378,153	7.49%	2,718	
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	

\*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**

<b>TAX YEAR</b>	<b>POPULATION (1)</b>	<b>*ASSESSED VALUE (2)</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>MONIES AVAILABLE FOR DEBT SERVICE</b>	<b>NET GO BOND DEBT</b>	<b>RATIO NET BONDED GO DEBT TO ASSESSED VALUE</b>	<b>NET BONDED GO DEBT PER CAPITA</b>
2018	55,320	\$ 6,162,723,033	\$ 45,795,000	\$ 1,378,580	\$ 44,416,420	0.72%	\$ 802.90
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

**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, 2018**

<u>DIRECT DEBT</u>	AMOUNT
Voted General Obligation Debt	\$ 11,075,000
Councilmanic General Obligation Debt	28,975,000
Councilmanic Loans (includes CERB and WSDOT Loans)	710,444
<b>TOTAL DIRECT DEBT</b>	<b>\$ 40,760,444</b>

<u>OVERLAPPING DEBT</u> (For debt paid with property taxes)	(1) OUTSTANDING DEBT	(2) PERCENT APPLICABLE	AMOUNT OVERLAPPING
<u>Jurisdiction</u>			
Benton County	\$ 9,395,892	34.08%	\$ 3,202,120
Richland School District #400	198,765	79.01%	157,044
Kennewick School District #17	99,210,000	4.53%	4,494,213
Kiona Benton School District #52	5,041,325	0.01%	504
Port of Benton	2,990,000	59.24%	1,771,276
Port of Kennewick	-	21.93%	-
Fire District No. 1	775,000	8.10%	62,775
			<b>\$ 9,687,932</b>

**GOVERNMENTAL ACTIVITIES DEBT RATIOS**

Assessed Valuation - 2018 (Established in November 2017 for the 2018 tax year)	\$ 6,162,723,033
Population	55,320
Net Direct Debt to Assessed Valuation	0.66%
Net Direct Debt and Overlapping Debt to Assessed Valuation	0.82%
Per Capita Assessed Value	\$ 111,401
Per Capita Net Direct Debt	\$ 737
Per Capita Total Direct Debt and Overlapping Debt	\$ 912

Councilmanic Debt and Other Obligations consists of:

2010 LTGO - IT Facility/1998 Refunding	\$ 1,340,000
2013 LTGO A- LRF	9,060,000
2014 LTGO -Fire Station Construction	2,855,000
2017 LTGO - City Hall	13,255,000
2017 LTGO - 2006 Refunding	2,465,000
	<b>\$ 28,975,000</b>

Voted GO Debt:	2015 UTGO - Refunding Bonds/2005/2007	\$ 11,075,000
		<b>\$ 11,075,000</b>

- (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

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 Statistical Section - Debt Capacity Information  
 Table 15 - Legal Debt Margin  
 Last Ten Fiscal Years

FOR FISCAL YEAR ENDING DECEMBER 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 462,204,227	\$ 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
Total net debt applicable to debt limit	40,760,444	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
Legal Debt Margin	\$ 421,443,783	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	8.82%	9.72%	7.33%	9.95%	10.91%	11.32%	10.67%	9.42%	10.62%	9.52%

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

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**Statistical Section**  
**Table 16 - Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Richland Population (1)</b>	<b>*Per Capita Income (2)</b>	<b>Total Personal Income</b>	<b>**Median Age (3)</b>	<b>School Enrollment (4)</b>	<b>Annual Unemployment Rate (5)</b>
2018	55,320	\$ 45,587	\$ 2,521,872,840	37.7	13,905	4.1%
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%

**SOURCES:**

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

\*2014-2018 Per Capita Income is estimated

\*\*2015-2018 Median Age are estimated

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**Statistical Section**  
**Table 17 - Principal Employers for 2018**  
**and Nine Years Ago**

<b>PRINCIPAL EMPLOYERS 2018</b>	<b>RANK</b>	<b>NATURE OF BUSINESS</b>	<b>NUMBER OF EMPLOYEES</b>	<b>% OF TOTAL EMPLOYEES</b>
Battelle/Pacific Northwest National Laboratory	1	Research & Development	4,500	15.9%
Kadlec Regional Medical Center	2	Health Services	3,532	12.5%
Bechtel National	3	Engineering & Construction	2,943	10.4%
Washington River Protection Solutions	4	Environmental Remediation Services	2,129	7.5%
Mission Support Alliance, LLC	5	Support Services, Hanford/DOE Site	1,902	6.7%
CH2M Hill Plateau Remediation Company	6	Environmental Remediation Services	1,682	5.9%
Richland School District	7	K-12 Education	1,500	5.3%
Energy Northwest	8	Power Generation Facility	1,100	3.9%
Lamb Weston	9	Food Processing	728	2.6%
Framatome/AREVA	10	Fuel Production Facility	600	2.1%

<b>PRINCIPAL EMPLOYERS 2009</b>	<b>RANK</b>	<b>NATURE OF BUSINESS</b>	<b>NUMBER OF EMPLOYEES</b>	<b>% OF TOTAL EMPLOYEES</b>
Battelle Pacific NW National Laboratories	1	Research & Development	4,033	*
Fluor Hanford, Inc.	2	Radioactive Waste Management	3,630	*
Bechtel National (WTP/VIT)	3	Engineering and Consultation	2,130	*
Kadlec Medical Center	4	Health Services	1,535	*
Washington River Protection Solutions	5	Environmental Remediation Services	1,473	*
Richland School District	6	K-12 Education	1,400	*
CH2M Hill	7	Environmental Remediation Services	1,170	*
Energy Northwest	8	Power Generation Facility	1,083	*
Fluor Federal Services	9	Radioactive Waste Management	692	*
Lockheed Martin	10	Information Technology	650	*

\* Data unavailable for 2009

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

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**Statistical Section - Operating Information**  
**Table 18 - Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>FUNCTION/PROGRAM:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>PUBLIC SAFETY</b>										
<i>POLICE</i>										
Number of Employees	81.20	79.20	79.20	77.20	71.90	71.90	71.90	70.30	69.80	69.80
Ratio of Employees to Population	1/681	1/684	1/674	1/688	1/724	1/711	1/689	1/698	1/689	1/679
Criminal Filings - Non Traffic <sup>10</sup>	1,747	1,564	1,490	1,413	1,295	1,246	1,395	1,496	1,027	1,192
Criminal Filings - Traffic	860	937	-	-	-	-	-	-	-	-
Infraction Filings	2,467	2,735	-	-	-	-	-	-	-	-
Calls for Service	31,979	31,286	29,411	28,066	27,526	26,327	25,964	27,611	29,486	32,001
Traffic Accidents	967	936	931	811	667	712	642	647	642	578
<i>FIRE:</i>										
Number of Employees	64.70	63.00	63.00	62.70	57.75	57.75	57.75	57.75	58.00	58.00
Ratio of Employees to Population	1/855	1/860	1/848	1/847	1/902	1/886	1/858	1/850	1/829	1/817
Fire Calls	1,792	1,822	1,683	1,587	1,383	1,490	1,454	1,459	1,256	1,282
Ambulance Calls	4,972	4,820	4,814	4,715	4,408	3,939	4,008	3,921	3,998	3,787
<b>CULTURE &amp; RECREATION</b>										
<i>LIBRARY:</i>										
Number of Patron Visits <sup>9</sup>	260,941	213,770	587,135	547,885	567,645	532,195	617,041	642,181	798,630	140,124 <sup>2</sup>
Annual Circulation	644,727	666,560	798,336	807,639	726,629	706,527	755,324	774,840	767,453	528,193
Reference Requests	31,204	29,902	24,700	30,266	31,507	33,089	33,580	35,736	40,709	34,856
<i>PARKS &amp; RECREATION:</i>										
Number of Parks	58	58	58	58	58	58	58	62	60	59
Park Acreage-Undeveloped	1,695	1,695	1,695	1,695	1,695	1,695	1,770	1,770	1,593	1,593
Park Acreage-Developed	650	650	650	650	650	650	500	500 <sup>4</sup>	683	683
<b>ECONOMIC DEVELOPMENT</b>										
Building Permits Issued	2,186	2,331	2,125	2,017	1,979	2,144	2,065	2,089	2,261	1,740
Value of Permits in Millions	175.32	212.62	279.27	237.56	256.39	163.29	151.15	189.74	168.82	96.28
Business Licenses Issued	5,558	5,183	4,949	4,940	4,879	4,730	4,493	4,402	4,346	4,276
<b>TRANSPORTATION</b>										
Street Resurfacing (lane miles) Asphalt Overlays	1.9	8.5	17.1	18.5	7.4	6.0	6.2	9.3	3.4	2.1
Slurry Seal/Micro Surfacing	29.9	-	-	-	-	-	-	-	-	-
City Streets cleaned (X per year)	5	4	4	5	5	5	4	4	4	3

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**Statistical Section - Operating Information**  
**Table 18 - Operating Indicators by Function/Program**  
**Last Ten Fiscal Years (Continued)**

<b>FUNCTION/PROGRAM:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
<i>ELECTRIC</i>										
New Connections	463	336	323	289	294	350	494	618	597	318
Total Consumption (kilowatt hr)millions	932	959	880	880	896	852	835	855	858	856
No. of Customers <sup>7</sup>	24,526	24,095	23,867	23,628	23,197	22,618	22,152	21,765	21,416	23,599
<i>WATER</i>										
New Connections	354	313	303	269	262	277	272	293	345	192
Daily Ave Consumption(millions/gal)	16.8	15.4	16.4	16.8	16.4	15.3	13.9	14.4	14.4	14.3
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers <sup>6</sup>	19,766	18,383	18,052	18,652	17,655	17,393	17,138	17,408	16,698	16,589
<i>SEWER</i>										
Daily Average Treatment (millions/gal)	6.1	6.4	5.8	5.6	5.6	5.5	5.6	6.6	5.6	5.6
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 <sup>5</sup>	20,987	20,589	20,284	19,972	18,077	17,752	17,469	17,981	15,964	16,813
<i>GARBAGE &amp; SOLID WASTE</i>										
Residential Landfill Visitors	29,435	24,306	29,269	29,263	27,679	29,627	28,678	35,529	41,007	56,928
Commercial Landfill Visitors	5,598	5,874	9,338	11,322	11,612	7,945	7,751	7,643	19,797	20,387
Household Hazardous Waste Visitors	N/A	N/A	N/A	N/A	N/A	655	814 <sup>3</sup>	1,200 <sup>3</sup>	3,288	4,748
No. of Customers <sup>5</sup> - Refuse	17,430	17,315	17,747	18,099	17,632	17,403	17,096	17,456	17,853	16,645
No. of Customers <sup>5</sup> - Recycle	5,889	5,523	5,324	5,004	4,570	4,054	3,713			
<i>STORM WATER</i>										
Catch Basins Cleaned	688	232	869	443	539	506	536	827	817	793
Storm Pipes Jetted (ft) <sup>8</sup>	13,677	26,206	20,287	7,140	23,210	36,653	54,115	29,940	43,311	54,212
Storm Drains Televised (ft)	3,592	33,258	20,788	16,925	21,547	23,116	25,923	22,913	15,232	21,861
No. of Customers <sup>5</sup>	20,504	19,947	19,613	19,529	18,707	18,207	17,936	17,663	17,410	17,294

<sup>2</sup>Patrons could only be counted after the move back to the City Library Facility which was July 17th, 2009

<sup>3</sup> Hazardous waste is no longer accepted, visits are traced for oil, antifreeze and battery drop off only

<sup>4</sup>A more accurate calculation of park areas was performed in 2011

<sup>5</sup>Customer counts are a snap-shot in time (12/31/17) and taken from the Utility Billing System. (UBT-CUST-001)

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

<sup>7</sup>Electric counts refined to reflect number of customers, not the number of meters as previously reported. Change made back thru 2010

<sup>8</sup>Corrected terminology in 2017, was previously reported as Storm Drains Jet Cleaned

<sup>9</sup>Reflects 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.

<sup>10</sup>Corrected to reflect new reporting standards.

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Table 19 - Top Ten Customers by Utility Sales for 2018 (Selected Utilities Only)

<u>ELECTRIC</u>	<u>TOP TEN CUSTOMERS</u>	<u>NATURE OF BUSINESS</u>	<u>CONSUMPTION</u> (mWh)	<u>UTILITY SALES</u>	<u>% OF TOTAL UTILITY SALES</u>
1	Battelle Pacific NW National Laboratories	Research & Development	80,743	\$ 4,459,445	6.66%
2	Conagra Foods/Lamb Weston	Value Added Agriculture Products	74,992	2,168,518	3.24%
3	Areva NP Richland	Nuclear Fuels Production	34,214	1,836,476	2.74%
4	ATI Richland Operations	Manufacturing	25,355	1,456,491	2.17%
5	Kadlec Hospital/Regional Medical Center	Health Services	24,448	1,361,336	2.03%
6	Richland School District	K-12 Education	16,085	1,069,617	1.60%
7	City of Richland	Municipality	16,014	973,991	1.45%
8	Preferred Freezer Services of Richland LLC	Refrigerated Warehousing	17,266	949,336	1.42%
9	Badger Mountain Irrigation District	Special Purpose District	11,356	755,502	1.13%
10	Centurion Properties III	Property Management	8,175	503,368	0.75%
<b>WATER</b>			<b>(Cubic Feet)</b>		
1	Conagra Foods/Lamb Weston (Fisher Cnstr)	Value Added Agriculture Products	946,419	\$ 909,670	6.40%
2	City of Richland	Municipality	267,971	353,494	2.49%
3	City of West Richland Intertie	Municipality	554,049	321,348	2.26%
4	Richland School District	K-12 Education	236,864	250,498	1.76%
5	Battelle Pacific NW National Laboratories	Research & Development	113,315	220,834	1.55%
6	Kadlec Hospital/Regional Medical Center	Health Services	82,609	108,524	0.76%
7	Penford Food Ingredients	Food Processing	105,743	83,185	0.58%
8	Mission Support Alliance	DOE Contractor	36,217	60,232	0.42%
9	Bella Vista Apts	Property Management	24,159	53,271	0.37%
10	Riverpointe Apts LLC	Property Management	30,874	52,282	0.37%
<b>SEWER</b>					
1	Penford Food Ingredients	Food Processing	N/A	\$ 227,484	2.42%
2	Kadlec Hospital/Regional Medical Center	Health Services	N/A	129,970	1.38%
3	Villas At Meadow Springs LLC	Property Management	N/A	69,806	0.74%
4	Bella Vista Apts	Property Management	N/A	67,724	0.72%
5	Timbers Apts	Property Management	N/A	64,788	0.69%
6	Richland School District	K-12 Education	N/A	64,293	0.68%
7	Riverpointe Apartments LLC	Property Management	N/A	62,689	0.67%
8	City of Richland	Municipality	N/A	57,181	0.61%
9	La Verde Apts	Property Management	N/A	53,744	0.57%
10	RP, LLC (Regency PK Apts)	Property Management	N/A	52,464	0.56%
<b>STORMWATER</b>					
1	Richland School District	K-12 Education	N/A	\$ 60,018	3.18%
2	City of Richland	Municipality	N/A	50,886	2.69%
3	Battelle Pacific NW National Laboratories	Research & Development	N/A	48,508	2.57%
4	Port of Benton	Special Purpose District	N/A	33,802	1.79%
5	Areva NP Richland	Nuclear Fuels Production	N/A	22,011	1.17%
6	Ferguson Enterprises Inc.	Distribution Facility	N/A	21,123	1.12%
7	Washington Securities	Property Management	N/A	20,435	1.08%
8	Preferred Freezer Services Of Richland, LLC	Refrigerated Warehousing	N/A	15,897	0.84%
9	Wal-Mart Store	Retail	N/A	15,839	0.84%
10	Kadlec Hospital/Regional Medical Center	Health Services	N/A	15,493	0.82%



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

**Full-Time Equivalent Employees as of December 31**

<b>FUNCTION/PROGRAM</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Judicial	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.50	3.50	4.00
General Government	65.80	64.80	65.30	65.05	64.60	64.60	64.60	65.45	65.85	65.35
Public Safety*	145.90	142.20	142.20	139.90	128.65	129.65	129.45	128.05	127.55	127.55
Physical Environment	47.60	47.60	45.60	46.00	46.00	45.50	46.50	48.00	49.00	24.00
Transportation	19.00	18.00	17.00	18.00	19.00	19.00	19.00	18.00	19.00	19.00
Economic Environment	17.55	19.05	19.05	19.05	21.05	21.00	22.05	22.50	22.50	22.50
Culture & Recreation	34.50	34.00	34.00	34.50	34.10	34.10	34.10	32.85	32.85	56.85
Electric & Gas	60.75	59.50	58.50	56.50	56.50	57.50	57.50	57.50	57.50	57.50
Water	23.00	23.00	23.00	23.00	23.25	23.25	23.25	23.25	23.25	23.75
Sewer	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95	23.45
Garbage & Solid Waste	28.10	28.10	28.10	28.70	28.50	28.50	28.50	27.50	27.50	27.50
Stormwater	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05
<b>TOTAL</b>	<b>470.20</b>	<b>464.25</b>	<b>459.75</b>	<b>457.70</b>	<b>449.65</b>	<b>451.10</b>	<b>452.95</b>	<b>451.60</b>	<b>453.50</b>	<b>453.50</b>
<b>TOTAL POPULATION</b>	55,320	54,211	53,410	53,080	52,090	51,150	49,890	49,090	48,058	47,410
<b>PER CAPITA FTE</b>	117.65	116.77	116.17	115.97	115.85	113.39	110.14	108.70	105.97	104.54

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.

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 Table 21 - Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>FUNCTION/PROGRAM</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	27	27	26	26	23	23	23	23	23	22
<b>Fire</b>										
Stations	4	4	4	4	3	3	3	3	3	3
Emergency Response Vehicles	14	14	13	13	13	12	12	12	15	15
<b>Equipment Maintenance</b>										
City Fleet	493	493	477	470	441	459	439	434	432	434
<b>Electric</b>										
Substations	9	8	8	8	8	8	8	8	8	8
<b>Water</b>										
Treatment Plants	3	2	2	2	2	1	1	1	1	1
Water Mains (Miles)	391	347	337	289	332	321	321	310	310	310
Reservoirs	18	18	18	18	18	16	16	14	14	14
Pump Stations	12	12	12	11	11	11	11 <sup>3</sup>	7	7	7 <sup>1</sup>
<b>Wastewater</b>										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	15	14	14	14	14	14	14	16	16	16
Sanitary Sewers (Miles)	283	286	277	279	278	276	266	275	275	265
<b>Solid Waste</b>										
Collection Vehicles	20	20	20	20	20	20	20	17	18	17
<b>Transportation</b>										
Area of City (Square Miles)	42.7	42.6	42.6	42.6	42.5	42.5	42.3	42.2	42.2	39.3
Miles of Streets-By Jurisdiction										
City	277.8	272.7	269.4	267.2	263.6	259.2	259.2	254.0	251.4	250.4
State	20.4	20.4	20.4	20.4	20.4	32.6	32.6	32.6	32.5	32.5
Private	44.5	44.1	41.7	41.5	41.5	57.4	57.4	57.3	57.3	57.3
Traffic Signals	54	54	54	53	53	53	53	52	51	50
<b>Parks and Recreation<sup>2</sup></b>										
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	4	3	4	4
Neighborhood Parks - Developed	25	25	25	25	25	25	25	19	19	19
Special Use Parks - Developed	11	11	11	11	11	11	11	8	9	9
Mini Parks - Developed	-	-	-	-	-	-	-	11	10	10
Lineal Parks - Developed	9	9	9	9	9	9	9	9	9	9
Natural Open Spaces	7	7	7	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.

<sup>1</sup> Pump stations only. Previously counted irrigation systems.

<sup>2</sup> Parks redefined and calculated more accurately in 2012

<sup>3</sup> Beginning in 2012, Stormwater pump stations are included in this statistic.

## ACKNOWLEDGEMENT

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*Jeanne Portch, Accountant*

*Jeff Kison, Accountant*

*Meg Coleman, Accountant*

*Ryan Brimacombe, Accountant*

*Jenny Willis, Accountant*

