



CITY OF RICHLAND, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

CITY OF RICHLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2019

Prepared by:

Administrative Services Department, Finance Division



625 Swift Blvd.
Richland, WA 99352
Phone: (509) 942-7390
Fax: (509) 942-7688
www.ci.richland.wa.us



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2019

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INTRODUCTORY SECTION





625 Swift Boulevard, Richland, WA 99352
Telephone 509-942-7390, Fax 509-942-7379
www.ci.richland.wa.us

December 22, 2020

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, 2019. This report has been prepared and is presented in conformance with Generally Accepted Accounting Principles (GAAP) and the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Washington State law requires an annual independent audit of the City's financial statements by the Washington State Auditor's Office. The State Auditor's office (SAO) conducts its examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the City's financial position, results of operations, and the cash flows of its proprietary fund types. In addition to the opinion on the City's financial statements, included in this report, the SAO also issues separate reports on internal control and compliance with laws and regulations that meet the requirements 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 divisions they supervise.

BUDGETS AND BUDGETARY ACCOUNTING

The operating budget is proposed by the City Manager in early fall to the City Council. Following this, a public hearing is conducted, allowing the public to provide comments. In accordance with RCW 36.33.055, the preliminary budget is available for public review in the Office of the City Clerk, the Richland Public Library and on the City’s website. Assuming the budget stands as presented, first and second readings are given to the budget ordinance, and final passage occurs upon second reading. The budget takes effect January 1 of the ensuing year. The budget appropriates fiscal year expenditures at the fund level. Appropriations in the Budget are valid only for the fiscal year, except for appropriations that support capital projects, grants, or endowments that are specifically carried over by Council action, in accordance with Washington State law as prescribed in RCW 35.33.151.

The City Council also approves the City’s Capital Improvement Plan (CIP). The CIP is proposed by the City Manager and adopted by the City Council during the budgeting process. The CIP is a multiyear plan that provides a programmed approach to using the City’s financial resources in the most efficient manner to meet capital needs.

ECONOMIC OUTLOOK AND ENVIRONMENTAL SUSTAINABILITY

Benton County, in which the City is situated, recorded an annual growth rate in taxable retail sales of 9.8% in 2019 and a 4.3% growth rate in net Firms created. Total taxable assessed property value increased by 10.8% in 2019. The number of residential building permits per 1,000 residents was higher than both the State and National averages at 7.2 per 1,000.

The area had a labor participation rate of 65.7% and an unemployment rate of 5.8%. The net jobs growth rate was 1.9% with 14.8% government jobs, 13% health care and social assistance, 10% agriculture, 10.3% retail trade, and 9.1 % administrative and waste services jobs. The share of jobs requiring bachelor's or advanced degrees was 21.9% with an additional 27.4% requiring two years of college. Employers with 500 or more employees account for 49.6% of the labor force, while 19.1 % are employers with less than 19 employees. In the active labor force, 42% are age 45 or older. Nearly 41% of workers earn more than \$50,000 annually.

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

Unique community assets and business conditions include:

- No corporate, inventory, or personal income tax
- Businesses do not pay tax on interest, dividends or capital gains
- Low cost of living, low property taxes, good schools, 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 – 85% of consumption is provided by hydroelectric
- Facilities, equipment, and world-renowned scientists developing new technologies in logistics, biofuels and fuel efficiency

The region has an average 300 days of sunshine per year, with an annual average of 8.0 inches of rain. Within the greater Tri-Cities area there are 300 restaurants, 200 wineries & breweries, 24 museums & art galleries, 6 Community & Performing Arts Theaters, 12 Public Libraries, 125 Public Parks, 10 Golf Courses and 4 Sports Teams. Richland has over 43 acres of parkland per every 1,000 residents and over 56 miles of bike trails.

FINANCIAL PLANNING

The City uses its operational forecasts and Capital Improvement Plan (CIP) as long-term financial planning tools. These planning tools provide valuable information that enables city management to make decisions with greater consideration of financial consequences in identifying and prioritizing capital projects and major capital purchases. We recognize our citizens demand accountability and adaptability. Richland is

a leader in encouraging collaborative, community-wide efforts that contribute to our City's financial stability and sustainable growth. We strive for public trust and confidence.

Planning Objective: Preserve and enhance fiscal health and wellness

- Continued utilization of priority-based budgeting philosophy
- Implement a biennial budget planning process
- Implement an ongoing strategic planning cycle
- Develop a process to communicate Council's strategic vision to all boards and commissions
- Leverage the City's bond rating and utilize fiscally responsible financial management practices
- Develop a strategy to plan and fund long-term critical infrastructure 2025 and beyond
- Evaluate Fire and Emergency Services fee structures
- Develop strategies to ensure the City's ability to prepare, respond, and recover from large-scale emergencies and natural disasters
- Ensure that foundational policies and municipal code are regularly evaluated
- Maximize efficiencies in customer service including utility billing, permitting and program assistance in the new City Hall

Planning Objective: Increase use of technology to facilitate enhanced public access to information and improved customer service.

- Develop strategy to support reliable high-speed internet service throughout the community
- Invest in technology to support efficiency of the City's workforce to provide greater productivity, safety, and customer service in City operations
- Continued integration of financial technology platforms to provide enhanced customer service transactions and increased transparency
- Develop a new wholesale energy power policy
- Promote the City's energy goals through Mid-Columbia Energy Initiative

2019 MAJOR ACHIEVEMENTS

- Replaced the Enterprise Resource Planning software, which is the financial backbone of our City accounting management software.
- Completed construction of the New City Hall with a grand opening in June of 2019. The new facility combines services and provides for better citizen and customer access. The use of design-build procurement saved significant taxpayer resources over a traditional design, bid, build, procurement. The former City Hall site is being marketed for economic development purposes consistent with the City's Strategic Leadership Plan.
- Completed on schedule (despite record winter snow storm in February), the winter construction elements of the Duportail Bridge, specifically demolishing and replacing the Columbia Irrigation District Canal.
- Stormwater Utility replaced an existing undersized pipeline along Leslie Rd. and completed water quality improvement features on the existing storm drainage system. A substantial project to improve drainage system performance along Keene Road was also completed.
- The water utility's \$2.9 million for the Yakima River Pipeline replacement was divided between Phase 1 and Phase 2 of the Duportail Bridge project. Phase 1 was completed in 2019.

- Began construction of the Horn Rapids Landfill Capacity Expansion project, with an estimated cost of \$7.2 million. Two contracts were executed and work completed that prepared the new expansion landfill cell for use. The only remaining element of this project, the scale house replacement, was deferred until 2020.
- Completed the Swift Boulevard Improvements project and started the resurfacing projects on George Washington Way which at year end was about 75% complete, with the remaining 25% being deferred until 2020.
- Renewal and Replacement: completed \$2M worth of replacements including the replacement of aging underground power cables and the rebuild of aging overhead lines.
- AMI Smart Grid: Release of RFP, Vendor interviews and initiation of the Intent to Award to Itron.
- Leslie Road Substation – substation construction was completed in 2019, tied to the system and load added in early 2020.
- Line Extensions: Completed over \$1.5M of work.
- System improvements replaced aging relays at several substations including Stevens Bank 1 and First Street Bank 1.
- The City applied for a state recreation and conservation office grant for the “Little Badger” trail project. The vision of the Friends of Badger Mountain is to obtain four additional parcels for the connected ridge trail that starts in the Amon Basin in Richland and traverses over three mountain ridges (Little Badger, Badger and Candy mountains) and eventually to the Yakima River in the vicinity of Benton City. The City’s Trailhead Park receives nearly a quarter million annual visits and the amenity is regularly promoted by Visit Tri Cities and others as a significant recreational tourism amenity. The City also approved \$200,000 to help pay for one of the missing parcels.
- Completed construction of a phase of the Drollinger Park playground, a phase of the Badger Mountain Steps, reconstructed two basketball courts, installed lighting on field 5 in the Columbia Playfields, installed a wood climbing structure and climbing boulders at Goethals Park, created storage at the Horn Rapids Athletic Complex, and renovated the Leslie Groves swimming beach.

2020 MAJOR INITIATIVES

- Complete design and begin construction of Public Safety Response Stations 73 and 75.
- Complete a phase of paved parking at Badger Mountain Park and further acquisitions of land between Badger Mt. Preserve and Little Badger.
- Complete the Duportail Bridge Project despite State-imposed delays as a result of the I-976 election results and COVID-19.
- Complete construction of the Horn Rapids Landfill scale house replacement as the final step of the capacity improvement project.
- The water utility has two major projects for 2020: Phase 2 of the Yakima River Pipeline replacement and, in partnership with the electric utility, the negotiation and execution of a contract with Itron, the selected vendor for the Automatic Meter Reading System (AMI).
- Complete the facade replacement and backwash water system improvements at the Saint Street Water Treatment Plant.
- The Solid Waste Utility will prepare to extend service to properties in Badger South.

- Several projects are in various phases of initiating engineering design, initiation of consultant-led studies, selection of improvement strategies, and confirming design concept. These include: Columbia Park Trail, Aaron SR240, South George Washington Way Intersection improvements, Vantage Pathway, Downtown Connectivity Study, Island View to Vista Field Trail System and the ongoing Pavement Preservation Plan.
- Municipal facilities renewal & improvement program is on-going and works toward the improvement of safety, longevity and accessibility of park amenities. These will include new safety surfacing at Brookstone Park and phase one of the regional gateway signage program.

For the 6th 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, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

I would like to express thanks to the entire staff of the Finance division, City leadership, and other City departments who contributed to the preparation of this report. I also wish to express my 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



Brandon Allen, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Richland
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

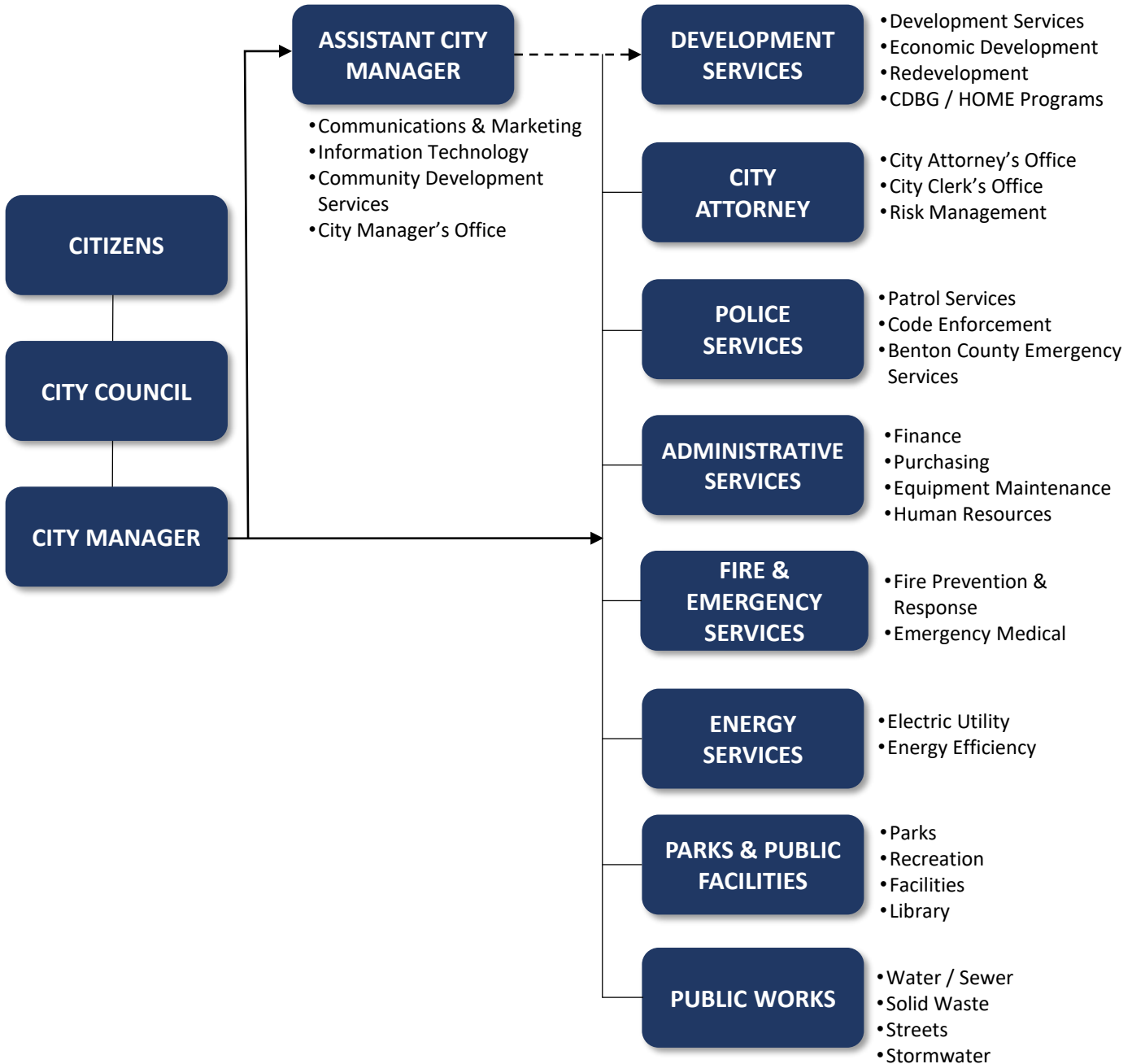
December 31, 2018

Christopher P. Morrill

Executive Director/CEO



2019
CITY OF RICHLAND
ORGANIZATION CHART



2019 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

**2019 City of Richland
Directory of City Officials**



ELECTED OFFICIALS	TERM EXPIRES
Mayor <i>Robert J. Thompson</i>	12/31/2019
Mayor Pro Tem <i>Terry Christensen</i>	12/31/2019
Councilmember <i>Brad Anderson</i>	12/31/2019
Councilmember <i>Ryan Lukson</i>	12/31/2021
Councilmember Sandra Kent	12/31/2021
Councilmember <i>Phillip Lemley</i>	12/31/2019
Councilmember <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**
John Bruce
- Public Works Director**
Pete Rogalsky

FINANCIAL SECTION





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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

December 22, 2020

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, 2019, 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.

Opinions

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 13 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City.

The City budgets conservatively and maintains appropriate reserves to help mitigate economic fluctuations and unforeseen events. At this time, there are no known material financial or operational impacts to the City. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time. 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 as a whole. The combining financial statements and schedules are presented for the purposes of additional analysis and are 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 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 are 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 December 22, 2020, 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 2019 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 Fund and Streets Capital Construction Fund.



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

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

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

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

Other activities include 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 tables

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, 2019, 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.

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 2019. In previous financial statements utility occupation taxes paid by the Enterprise Funds to the General Fund were reported as transfers. After reviewing GAAP guidance and industry practice, a decision was made to report these utility taxes as an operating expense rather than as transfers in the 2019 CAFR. In the following analysis the prior year amounts for transfers and for Business-type expenses are restated to reflect that change.

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

Condensed Statement of Net Position

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2019	2018	2019	2018	2019	2018
Current & other assets	\$ 107,861,805	\$ 94,137,178	\$ 53,107,929	\$ 49,815,936	\$ 160,969,734	\$ 143,953,114
Restricted assets			38,694,306	33,224,365	38,694,306	33,224,365
Capital assets, net	181,725,095	158,329,687	298,216,130	282,349,359	479,941,225	440,679,046
Total assets	289,586,900	252,466,865	390,018,365	365,389,660	679,605,265	617,856,525
Deferred outflows of resources	3,916,601	3,561,107	2,633,338	2,445,856	6,549,939	6,006,963
Current liabilities	13,436,543	13,507,639	19,600,222	16,976,809	33,036,765	30,484,448
Long-term liabilities outstanding	81,244,974	88,710,760	126,587,256	127,212,528	207,832,230	215,923,288
Total liabilities	94,681,517	102,218,399	146,187,478	144,189,337	240,868,995	246,407,736
Deferred inflows of resources	9,083,672	8,166,398	3,854,104	3,458,649	12,937,776	11,625,047
Net Position:						
Net investment in capital assets	137,734,724	115,682,836	193,750,024	178,824,569	331,484,748	294,507,405
Restricted	34,155,664	26,047,147	20,617,643	18,131,696	54,773,307	44,178,843
Unrestricted	17,847,924	3,913,192	28,242,454	23,231,265	46,090,378	27,144,457
Total net position	\$ 189,738,312	\$ 145,643,175	\$ 242,610,121	\$ 220,187,530	\$ 432,348,433	\$ 365,830,705

Amounts may not foot exactly due to rounding



City of Richland, Washington
 Comprehensive Annual Financial Report
 Management's Discussion and Analysis
 For the Year Ended December 31, 2019

Condensed Statement of Activities

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2019	2018	2019	2018, restated	2019	2018, restated
REVENUES:						
Program Revenues:						
Charges for services	\$ 21,944,464	\$ 19,396,707	\$ 122,660,816	\$ 114,825,969	\$ 144,605,280	\$ 134,222,676
Operating grants & contributions	1,604,826	1,728,186	83,577	71,628	1,688,403	1,799,814
Capital grants & contributions	18,633,098	11,936,936	7,027,369	9,495,661	25,660,467	21,432,597
General Revenues:						
Property taxes	18,939,382	18,319,976			18,939,382	18,319,976
Other taxes	41,982,906	37,315,141			41,982,906	37,315,141
Other	9,653,687	7,419,092	2,204,732	1,230,805	11,858,419	8,649,897
Total revenues	112,758,363	96,116,038	131,976,494	125,624,063	244,734,857	221,740,101
EXPENSES:						
Judicial	599,116	787,356			599,116	787,356
General government	15,831,173	14,126,892			15,831,173	14,126,892
Public safety	29,194,924	31,185,534			29,194,924	31,185,534
Transportation	7,135,385	7,516,617			7,135,385	7,516,617
Health & human services	15,748	13,806			15,748	13,806
Economic environment	5,109,855	4,717,912			5,109,855	4,717,912
Culture & recreation	8,613,042	8,332,412			8,613,042	8,332,412
Interest on long-term debt	1,427,307	1,500,043			1,427,307	1,500,043
Electric			72,855,019	70,801,593	72,855,019	70,801,593
Water			12,332,021	12,828,958	12,332,021	12,828,958
Wastewater			8,596,204	8,568,523	8,596,204	8,568,523
Solid waste			8,952,933	9,282,313	8,952,933	9,282,313
Stormwater			1,419,133	1,467,112	1,419,133	1,467,112
Golf course			1,815,612	1,789,526	1,815,612	1,789,526
Medical services			4,571,069	4,012,805	4,571,069	4,012,805
Broadband			270,228	231,724	270,228	231,724
Total expenses	67,926,550	68,180,572	110,812,219	108,982,554	178,738,769	177,163,126
Excess/(deficiency) before transfers	44,831,813	27,935,466	21,164,275	16,641,509	65,996,088	44,576,975
Transfers	(1,129,657)	(1,570,145)	1,129,657	1,570,145		
Change in net position	43,702,156	26,365,321	22,293,932	18,211,654	65,996,088	44,576,975
Net position, January 1	145,643,175	117,097,174	220,187,529	201,975,875	365,830,704	319,073,049
Prior period adjustments	392,979	2,180,680	128,659		521,638	2,180,680
Net position, December 31	\$ 189,738,310	\$ 145,643,175	\$ 242,610,120	\$ 220,187,529	\$ 432,348,430	\$ 365,830,704

Amounts may not foot exactly due to rounding

FINANCIAL RESULTS

Government-Wide Activities

Overall, the City's 2019 activities resulted in a \$66.0 million increase in net position before applying prior period adjustments. Adjustments to beginning net position reflecting prior period activity resulted in an additional \$521,638 increase, for a total increase in net position of \$66.5 million. 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 \$44.6 million in 2018 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, 2019, \$46.1 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities' net position increased \$43.7 million before prior period adjustments, while net position increased \$22.3 million as a result of business-type activities.

Total revenues on the Government-Wide Statement of Activities were \$23.0 million higher than the prior year. Governmental revenues were \$16.6 million higher than the prior year, while business-type activity revenues were \$6.4 million higher. In the Business-type activities, charges for services increased \$7.8 million and capital grants and contributions were \$2.5 million lower in 2019. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.



Governmental activities' charges for services increased \$2.5 million over the prior year. Of this increase, over \$1.4 million came from higher fee revenues related to building construction growth within Richland, from permitting, plan checking, and impact fees for parks and streets. Another \$427,672 increase relates to the 10% "commission" retained by the City's Industrial Development fund on sales of surplus City real estate. \$703,532 of the increase was due to bringing on additional personnel to staff the Benton County Emergency Services SECOMM (911 dispatch) system after bringing on Franklin County as a member and expanding dispatch services to that area. Franklin County entities pay personnel charges for their share of Richland employees that staff the SECOMM dispatch center.

...the City's 2019 activities resulted in a \$66 million increase in net position ...

Governmental activities' operating grant and contribution revenues decreased \$123,360 from the prior year. Mainly this was due to a \$211,483 reduction in HUD-related grants in the Economic Environment functional area, partially offset by increases in various grants and contributions in the Public Safety function and in Hanford Communities assessments.



Governmental activities' capital grants and contributions increased \$6.7 million over the prior year. Capital grants typically fluctuate depending upon the projects that are being pursued. Transportation grants and contributions for street construction projects account for nearly \$3.4 million of this increase, due to Department of Transportation funding for the reconstruction of a portion of George Washington Way in central Richland. Another \$3.2 million in private capital contributions was received towards construction of Richland's next public safety station (fire station with space for police presence), and finally, \$350,000 in Rural County Capital funding went towards reconstruction of Swift Boulevard, adjacent to the new City Hall facility. In the governmental funds financial statements, grants from public agencies are reported as intergovernmental revenues, while private contributions are reported in miscellaneous revenues.

In the general revenues section of the Statement of Activities, total tax revenues increased by \$5.3 million over the prior year. This in spite of the fact that for 2019, for the tenth 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 \$619,406 increase in property tax revenues. Sales tax revenue continued its upward trend, posting a \$2.0 million increase due to increases in sales activity, especially as construction contracting and retail trade continue to expand. Utility taxes collected from City and non-City utilities operating within Richland's boundaries increased \$891,847 over the prior

year, mainly due to increases from the City's Electric and Solid Waste utilities, and from taxes received from Telephone companies. Real Estate Excise Tax increased \$1.4 million, buoyed by another year of continued gains in the local real estate market, coupled with one larger than usual transaction involving property in the Industrial Park. Minor increases and decreases in other taxes occurred, rounding out the rest of the increase in tax revenues.

Other general revenues include investment earnings, gains on disposition of assets, and other miscellaneous revenues. Investment earnings increased \$695,238, due to increases in cash available for investment, as well as investment earning rates showing strong growth through the end of 2019.

Gain on sale of capital land and land held for resale in 2019 was \$2.7 million higher than the prior year. This revenue is highly variable depending on the interest of potential buyers in acquiring land primarily in the City's industrial area. Some years may see only a few acres sold. In 2019 there were approximately 95 acres sold. By comparison, in 2018 there were approximately 36 acres sold. In addition, City-owned capital land underlying two privately-owned office buildings in the Central Business District was sold that had previously been held by the City and leased out.

Miscellaneous revenues decreased a total of just over \$2.3 million from 2018 to 2019. In both years, miscellaneous revenues consisted primarily of road and lighting infrastructure contributed to the City by developers.

Moving on to the expense side, 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 \$1.6 million over the prior year. Governmental-type activity expenses were nearly unchanged from the prior year, showing a \$254,022 decrease, while business-type activity expenses increased \$1.8 million.

Looking at the Governmental activities' expenses change by functional category, we noted the following larger variances in comparison with the prior year: General Government increased \$1.7 million, while Public Safety expenses decreased by approximately \$2.0 million.

In business-type activities, electric utility expenses increased \$2.1 million; water utility expenses decreased \$496,937; solid waste utility expenditures decreased \$329,380; Medical services utility expenses increased \$558,264; and other business-type fund expenses increased a combined total of \$44,292. 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 \$189.7 million in total net position at year end, a \$44.1 million increase over the prior year. The unrestricted portion of ending net position was \$17.8 million. The primary contributors to governmental activities' total net position are usually capital and debt-financed capital activities, as well as operating activities found in the City's General Fund.

Capital and Debt-Financed Capital: Governmental activities' net investment in capital assets increased \$22.1 million in 2019. 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 \$240.9 million in total city liabilities, \$38.2 million or 15.86% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$9.6 million in general obligation debt is voter approved and supported by a special property tax levy, while the remaining \$28.6 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 2019. For more information on capital assets see Note 3 in the Notes to the Financial Statements.

- As part of the Swift Corridor capital program, the current City Hall was replaced. During 2019 the City's spent \$4.1 million to complete construction. The new City Hall facility, located at 625 Swift Boulevard, officially opened to the public on May 28, 2019.
- A portion of Swift Boulevard adjacent to the new City Hall, Jadwin Ave. to Stevens Blvd. was reconstructed. Approximately \$2.1 million was spent on street and utility infrastructure.
- The final phase of resurfacing and streetscaping on George Washington Way began in 2019. The City spent nearly \$4.2 million on this phase, which completes the roughly 4.6 mile section from just north of Guyer Ave. to Horn Rapid Road in N. Richland.
- 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 \$260,568 to purchase land for a proposed future fire station near the intersection of Leslie and Reata roads.
- Several road improvement projects are planned as part of an Economic Development initiative to open up more areas in the City's Horn Rapids area. In 2019 \$1.1 million was spent to extend Battelle Blvd., west of Kingsgate Way.
- The City is in the process of replacing its Enterprise Resource Planning (ERP) software. Capital outlay related to software licensing and configuration totaled \$494,832 in 2019. Phase I of this project, consisting of the core financial system, went live in October 2019.

- The Duportail Bridge project has been considered the City's highest priority transportation project for a number of years. Actual construction began in 2018, with the groundwork, a soundwall and bridge footings being placed. In 2019 the bridge deck was constructed. The City spent \$10.6 million on the bridge project in 2019, funded by State and Federal grants.
- Over \$450,000 in capital expenditures went toward many different park, recreation and open space projects throughout the City, including improvements at Columbia Playfields, Trailhead Park, Columbia Point Marina Park, and several other locations. Also included in this amount are Wayfinding and Entryway improvements to provide enhanced directional signage to visitors to the area.

Major Governmental Funds

General Fund activity resulted in a fund balance increase of \$4.6 million in 2019. In comparison, 2018 General Fund activities resulted in a \$625,168 increase. Revenues increased by \$5.0 million or 9.0%, while expenditures increased only \$1.4 million or 2.8%. In addition to revenues and expenditures, the General Fund receives transfers from other funds, and also transfers money out to other funds. Interfund transfers into the General fund dropped by \$659,000 in 2019 versus the prior year. In 2018 there was a budgeted one-time \$650,000 transfer from Real Estate Excise tax (REET) funds to fund land purchases for fire stations. Interfund transfers out of the General Fund decreased by nearly \$1.1 million due to several one-time capital related transfers in the prior year.

Tax revenues are the primary revenue source for the General Fund, and represents over two-thirds of the total increase in fund revenues over the prior year. Sales taxes and property taxes both increased, by \$2.0 million and \$736,659, respectively, mainly due to new residential and commercial construction and the continued expansion of retail and restaurant locations in Richland. As mentioned earlier, utility taxes also showed a healthy increase. Licenses and permits revenue increased \$635,854, due mainly to an increase in building permit revenues. Charges for services increased \$464,244, mainly related to cost allocation charges to City departments outside the General Fund and Plan Checking revenues offset by various other smaller increases and decreases.

General Fund operating expenditures on the 2019 Statement of Revenues, Expenditures and Changes in Net Position were \$1.4 million higher than the prior year. The increases mainly occurred in general government and public safety expenditures. Salaries and benefits, the largest expenditure in the General Fund, held steady in 2019, with only a \$159,458 increase over the prior year.



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 108% and 90% of their respective adjusted budgets. The largest budget-actual dollar variance in revenues was in taxes, at \$3.96 million more than the adjusted budget, a 9.3% variance. This was followed by charges for goods and services, at (\$1.1)

million, or 12.4% lower than the adjusted budget, related primarily to interfund charges and cost allocation. The largest budget-actual dollar variance in expenditures, by function, was in general government operating expenditures, which came in \$3.3 million below the adjusted budget. This was primarily due to budgeted expenditures for the ERP project in the Information Technology department (\$1.76 million), in utility and repair expenses in the Facilities department (\$347,516), and in salary savings from vacant positions in various departments. Most of the IT division amounts not spent in the current year are carried over to the subsequent year to continue this project. Other less significant general governmental budget variances occurred throughout the remaining divisions. Public Safety capital outlay came in \$1.6 million below budget. This was due to projects that were budgeted but not completed during the year. Projects included a \$43,860 expanded program for replacement SCBA equipment for the fire department, the \$158,914 balance of REET funds budgeted for land purchases for future fire stations, and \$1,433,860 in budgeted contributions toward a regional animal control shelter still in the design phase.

The following are the more significant adjustments made to the General fund original budget in 2019.

- Due to another particularly heavy snow season in early 2019, General Fund transferred an additional \$93,558 to the Streets Fund to cover snow and ice control expenses.
- Due to unanticipated complexity in litigated cases that required specialized expertise from outside counsel, an additional \$650,000 was appropriated for legal fees.
- An additional \$325,604 was appropriated for software licensing and upgrades.
- An additional \$147,594 was appropriated for merchant fees associated with processing credit card payments in Customer Service.
- Budget carryovers for prior year uncompleted projects and encumbrances totaled \$5,724,705.



Streets Construction Fund activities resulted in a fund balance decrease of \$82,948 in 2019. By comparison, 2018 activities resulted in a \$2.3 million increase to fund balance. Revenues increased by \$3.8 million or 31%, while expenditures increased \$3.4 million or 20%. Other financing sources decreased \$2.8 million or 41%.

Intergovernmental revenues, generally grants, are the primary revenue source for the Streets Construction Fund, as most projects in this capital project fund are grant-reimbursable. Grants represent nearly \$3.2 million of the increase in revenues over the prior year. Traffic impact fees increased \$355,493 or 82%. Miscellaneous revenues in 2019 consisted of private source contributions toward a construction projects.

The largest project currently accounted for in the Streets Construction Fund is the Duportail Bridge. Capital expenditures on the project were \$10.6 million or 53% of all 2019 expenses in the fund. 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 it is anticipated the bridge will open to traffic in the fall of 2020.

Business-Type Activities

Business-type activities resulted in an ending net position of \$242.6 million, reflecting an increase of \$22.4 million. Unrestricted net position increased by \$5.0 million to provide a total of \$28.2 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 81.3% of the total business-type net position.

Electric Fund activities increased ending net position by \$5.2 million or 10.0% above the previous year-end balance. Annual debt repayment of \$2.9 million and depreciation of \$5.9 million were offset by the utility's \$10.2 million investment in capital. In response to forecasted growth in customer and consumption base, \$10.2 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 \$17K.

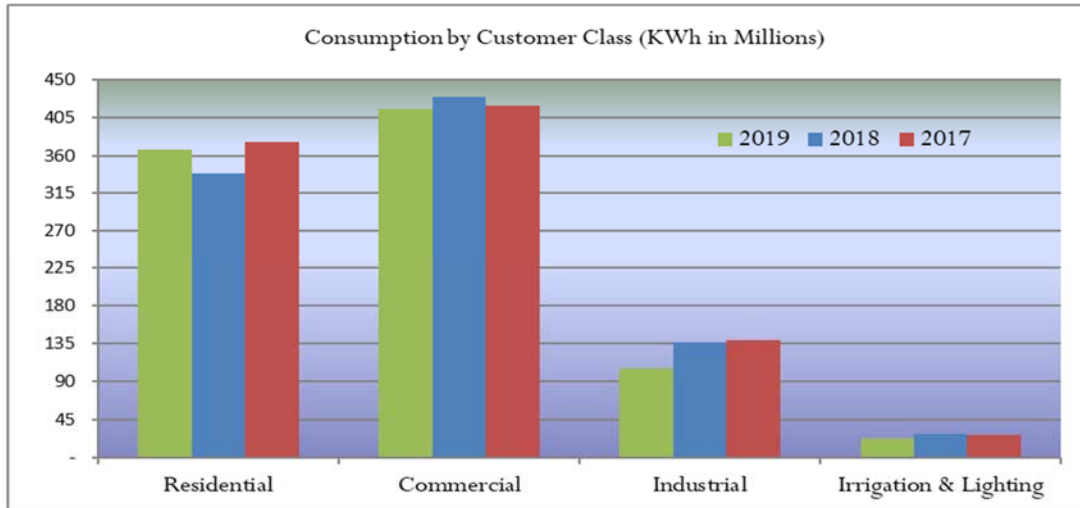
Operating revenue increased \$6.0 million or 8.6% as a result of a rate increase, new customer loads and weather inconsistencies. An 8.0% system-wide rate increase went into effect on June 1, 2019. The last rate change went into effect on January 1, 2018.

System-wide energy consumption decreased 2.2% and total customer accounts increased 2.0% in 2019. When looking at energy consumption changes by customer class, residential consumption increased by 8.4%, commercial consumption decreased by 3.3% and industrial consumption decreased 22.4%. The irrigation and lighting class increased by 16.8%. A consumption reporting duplication was identified in 2019. The revenue related to consumption is still correct and only when customer bills were cancelled and rebilled was the duplication occurring. A new consumption reporting tool was created and, as a result, reset the consumption data reported by customer class.

Energy consumption is largely dependent on weather conditions, particularly for residential and commercial customers. Weather was unusually cold in the spring and fall of 2019 compared to previous years. Trends of increasing commercial loads from economic development activity and decreasing residential energy consumption as a result of the City's energy conservation program investment are expected.

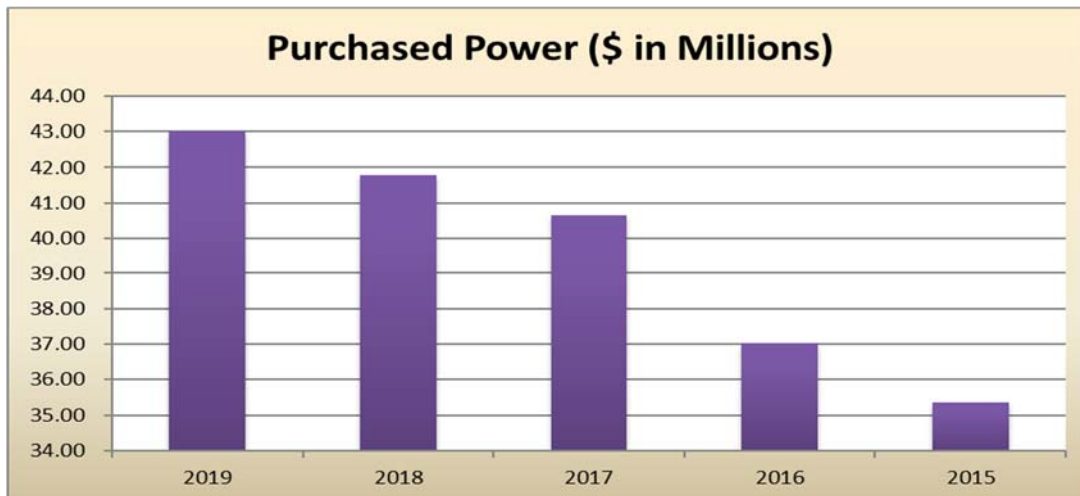
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The following graphs summarize energy revenue and consumption by customer class:



Operating expenses increased \$1.9 million or 2.9% 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 (S&P) changed the Electric Utility’s credit rating on outstanding bonded debt from A+ to A with a Stable Outlook. This slight downgrade reflects S&P’s updated “U.S. Municipal Retail Electric And Gas Utilities: Methodology And Assumptions” published Sept. 27, 2018, fixed-charge coverage levels, and decline in unrestricted cash. Notwithstanding, maintaining a base “A” rating is a significant reflection

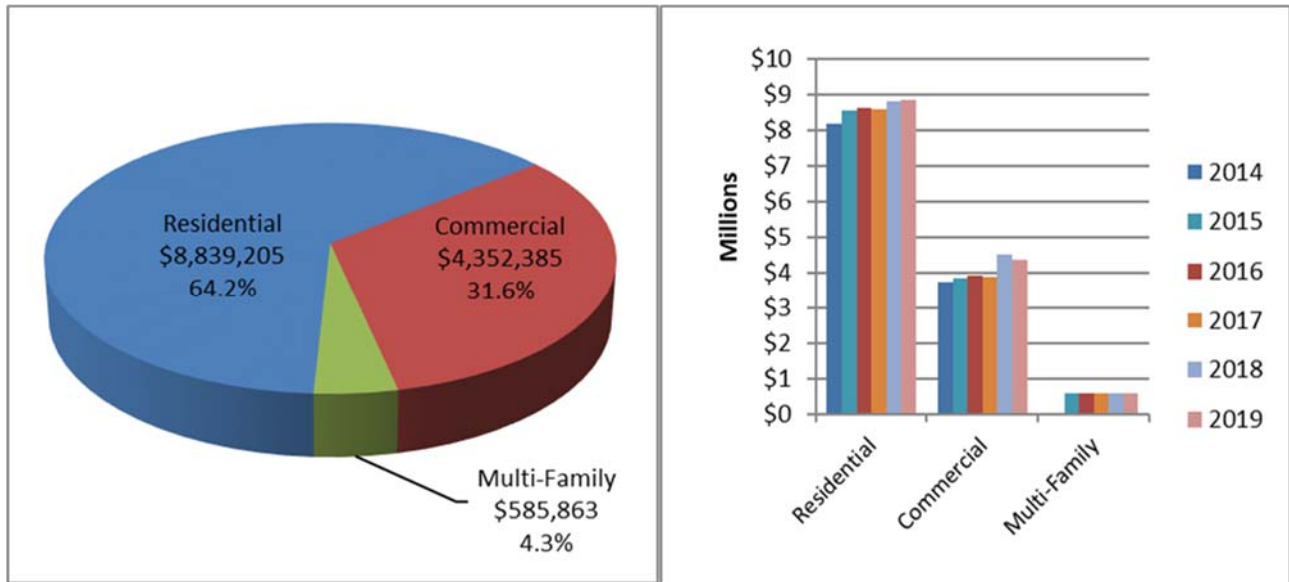
of the utility's financial strength and stability. The rating also recognizes management's willingness to maintain adequate reserves, adjust rates and acquire additional capital financing when necessary. Maintaining or improving this credit rating is a key objective in minimizing debt service expense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

Water Fund activities generated a net position increase of \$6.5 million in 2019. Operating income was \$3.8 million. When compared to 2018, the water utility experienced an increase in operating income of \$431,407. Operating revenues were down \$6,156 when compared to 2018 and operating expenses decreased \$437,563. Investment earnings improved by \$262,704 and interest expense increased \$7,168. The utility also experienced a decrease of \$1,344,025 in non-operating revenue, primarily related to decreased receipts from a capital construction grant. The utility recognized capital contributions of \$2.9 million in 2019. Fifty-five percent of these contributions were received from private sources, valued at \$1.58 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 2018 activity, the private donations of developed capital decreased by \$365,006. 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 2019 increased as compared to 2018 by \$203,827, or 24%. 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 2020.

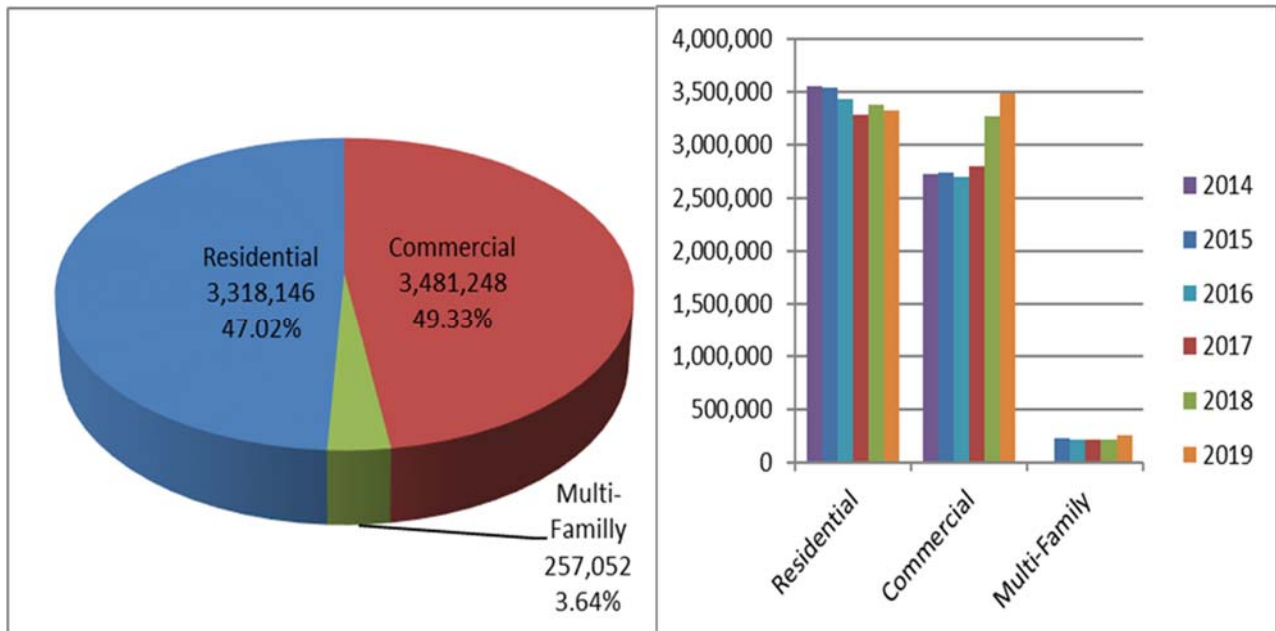
There was a decrease of \$125,263 in potable water sales to metered water services at the same time there was an increase of \$18,676 in sales to irrigation district customers, an increase of \$56,000 in sales to public fire protection districts and an increase of \$52,451 in water meter installation fees.

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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 2019, the operating expenses decreased by \$437,563 when compared to 2018. Salaries and benefits increased approximately 1.4% or \$35,623. This cost was offset by a reduction to the annual pension expense of \$153,522.

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 2019 to 2018, these costs were relatively flat with a slight increase of \$1,558.

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. Oftentimes an event, like the failure of a piece of equipment, necessitates such expenditures. Costs in this category decreased by \$131,674 when compared to 2018. The water utility uses a significant amount of electrical power at the treatment plant and pumping stations throughout the City. For 2019, a mid-year 2018 increase in the electric rate had an impact on expenses, which resulted in a \$52,936 increase of utility expenses when compared to 2018. The utility also experienced a decrease of \$181,053 for consultant and outside services. The remaining \$3,557 was spread across multiple cost categories.

Interfund services expenses increased \$512 when compared to 2018. 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 \$14,104 when compared to 2018. Charges for service work by other departments decreased \$2,249 from 2018. City-wide cost allocation assessments saw a decrease of \$52,350. 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 an increase in the assessment for engineering services of \$90,262.

Tax expense decreased in 2019 by \$3,336 and there was a decrease of \$18,511 in the recognition of bad debt expense. A decrease in revenue often has a corresponding effect on related expenditures.

Finally, depreciation expense decreased in 2019 by \$166,240 over the previous year.

In 2019, the utility made the following significant investments in its capital infrastructure:

- In 2019, the water utility continued work on system distribution renewal and replacement. The project cost for the year was \$298,384.
- The utility began initial work to install a new waterline crossing the Yakima River in 2018. The existing pipeline is vulnerable to damage during flooding and the new line will be mounted on the Duportail Bridge. The project cost for 2019 was \$1,738,200.
- The utility is working to replace and modify the inlet structure with new screens that comply with current environmental standards. More than ninety percent of current supplies are withdrawn from the Columbia River intake facility at Snyder Street. Capital spending for this effort was \$126,059 for the year.
- A project to remove, upsize and replace water line in Leslie Road and install water main in Orchard Way and Broadmoor Street was completed in 2019 at a project cost of \$400,941.

The capital related debt of the water and sewer utilities comprise a large portion, \$31.9 million, or 21.6% of all revenue debt and 14.7% of all City long-term borrowing. The water utility debt equals \$20.6 million, or 9.5% 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 \$1.21 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 \$3.7 million in 2019. When compared to 2018, the utility recognized an increase in operating income of \$59,573. Total operating income was \$1.51 million for 2019. This fluctuation was the result of growth in operating revenues of \$155,817 and an increase in operating expenses of \$96,244. Interest earnings, which contribute to the non-operating activity, were \$153,599 higher in 2019 as compared to 2018. Interest expense decreased by \$11,269 in 2019 and non-operating revenues increased \$30,031 over 2018.

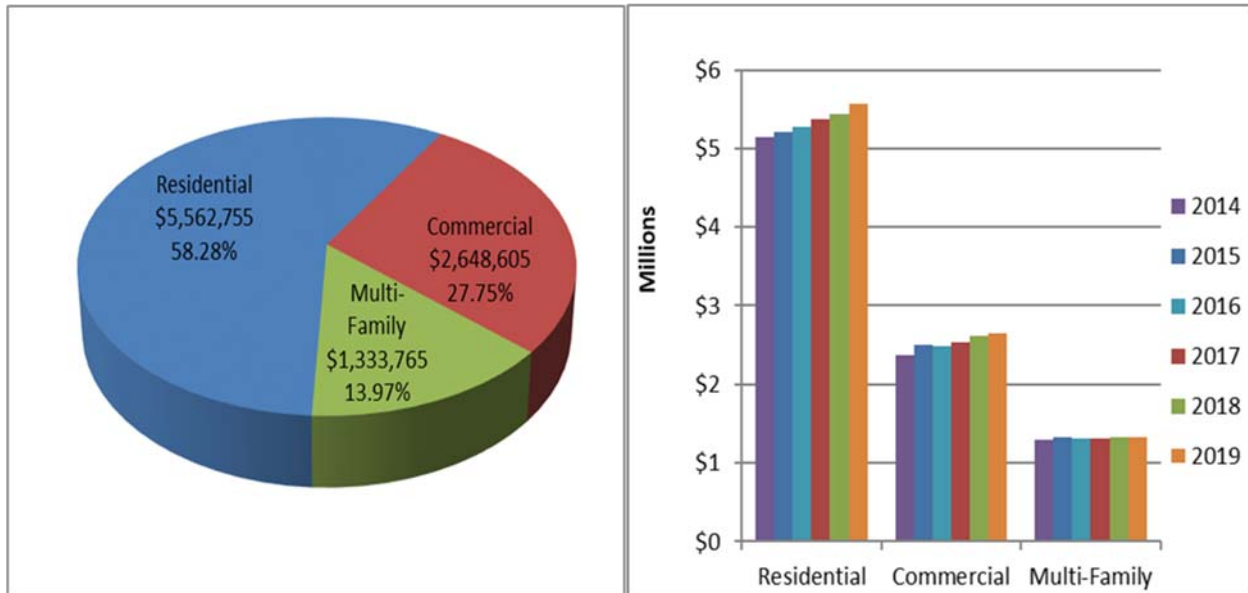
In 2019, the utility recognized capital contributions of \$2.2 million. Of this addition, \$977,636 reflects the value of capital improvements that were built and funded by private development, and subsequently gifted to the City once placed in service. Donated capital is recognized as the development is completed and accepted by the City. The remaining capital contribution revenue, \$1,260,931, is tied to new utility service requests that result in facilities fee charged 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 2020.

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 2019, residential revenue increased \$126,993, or 2.3%, over the 2018 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 2018, with a 0.15% decrease, while the commercial class experienced a slight fluctuation, with a 1.18% increase.

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



In 2019, the operating expenses of the City’s sewer utility increased \$96,244 when compared to 2018. Salaries and related expenses decreased approximately 10.8% or \$284,762. Of this, actual wages declined 7.4% and the corresponding benefit costs decreased 16%. Additionally, the utility recognized an increase of \$14,898 in net pension and other post-employment benefit expenses when compared to 2018.

The cost of operating supplies are typically outside the control of the utility. Timing and fluctuation of chemical, software, and maintenance supplies drove costs down \$41,619 when compared to 2018.

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 \$100,499 when compared to 2018. The utility experienced an increase of \$30,260 for insurance costs, \$12,434 for repairs to equipment, and \$65,270 in an employee related expense. There was an overall reduction of \$29,093 for consultant services. There was also an increase of \$16,200 for rental services and \$5,722 in training costs. The remaining \$294 decrease was spread across multiple cost categories. The sewer utility also experienced an increase in their assessment for engineering services of \$71,457 and an overall increase of \$71,457 in expenses for services provided to the utility by other departments.

Tax expenses increased in 2019 by \$32,588 and there was a decrease of \$8,976 in the recognition of bad debt expense. Finally, depreciation expense decreased in 2019 by \$37,698 from the previous year.

In 2019, the utility made several investments in its capital infrastructure:

- Construction continues on the Collection System renewal and replacement project. In 2019 \$1,366,410 was invested toward this project.

- Construction continued in effort to rehabilitate the influent building and provide a new mechanical fine screen. In 2019, \$97,224 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 2019, the total spending on these capital improvements was \$48,602.

The sewer utility capital debt equals \$11.3 million, or 5.2% 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 \$733,556 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.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The City budgets conservatively and maintains appropriate reserves to help mitigate economic fluctuations and unforeseen events. At this time, there are no known material financial or operational impacts to the City. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

The City expects growth to slow or stall through 2020 due to the effects of the COVID-19 shutdowns, but begin to recover in 2021.

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, which is scheduled to open in the fall of 2020, will increase ease of access over the Yakima River between Queensgate Drive and Central Richland. Columbia Point and South Richland are seeing an increase in both office and commercial construction and development.



The City continues to work on several projects that reflect the significant growth in the area. Construction on two fire stations, one new and one replacing an end-of-life station, will begin the summer of 2020 with completion expected in the fall of 2021. The Horn Rapids Solar, Storage and Training facility is a collaboration project that will provide photovoltaic solar power coupled with state-of-the-art battery storage to residents.

Construction continues 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, with an expected completion in the fall of 2020. Home building remains strong throughout north and south Richland, and construction has rapidly increased in the Badger Mountain South area. 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 additional road projects, which has open 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Richland Public Facilities District
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 41,787,147	\$ 28,492,966	\$ 70,280,113	\$ 515,554
Deposits with third parties	512,025	11,575	523,600	-
Investments	26,349,677	8,009,300	34,358,977	-
Taxes	260,207	-	260,207	-
Customer accounts, net	1,096,049	11,099,226	12,195,275	39,760
Due from other governments	6,538,363	63,814	6,602,177	97,807
Notes and contracts	2,166,747	125,000	2,291,747	-
Prepaid items	204,117	303,672	507,789	26,731
Inventory	152,709	4,013,298	4,166,007	31,507
Special assessments	13,439	17,847	31,286	-
Internal balances	1,085,194	(1,085,194)	-	-
Total current assets	<u>80,165,674</u>	<u>51,051,504</u>	<u>131,217,178</u>	<u>711,359</u>
Noncurrent assets:				
Cash and cash equivalents	-	3,331,325	3,331,325	364,455
Restricted investments	-	35,362,981	35,362,981	-
Investment in joint ventures	2,200,539	-	2,200,539	-
Land held for resale	14,743,978	-	14,743,978	-
Special assessments	37,513	182,777	220,290	-
Net pension asset	10,714,102	1,873,649	12,587,751	-
Land	8,001,359	8,823,153	16,824,512	-
Depreciable assets (net)	57,801,317	31,324,489	89,125,806	6,399,238
Infrastructure (net)	80,221,712	241,981,471	322,203,183	2,099,996
Construction in progress	35,700,707	16,087,017	51,787,724	-
Total noncurrent assets	<u>209,421,227</u>	<u>338,966,862</u>	<u>548,388,089</u>	<u>8,863,689</u>
Total assets	<u>289,586,901</u>	<u>390,018,366</u>	<u>679,605,267</u>	<u>9,575,048</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - amount on debt refunding	311,139	755,045	1,066,184	44,915
Deferred outflow - pension	2,565,308	1,555,526	4,120,834	-
Deferred outflow - OPEB	1,040,154	322,767	1,362,921	-
Total deferred outflows of resources	<u>3,916,601</u>	<u>2,633,338</u>	<u>6,549,939</u>	<u>44,915</u>
Total assets and deferred outflows of resources	<u>293,503,502</u>	<u>392,651,704</u>	<u>686,155,206</u>	<u>9,619,963</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statement of Net Position
 December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Richland Public Facilities District
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	4,418,987	9,378,600	13,797,587	31,946
Payable to other governments	157,069	100,901	257,970	-
Deposits payable	7,011	617,800	624,811	7,661
Claims and judgments	2,757,460	-	2,757,460	-
Leases payable	-	229,218	229,218	-
Compensated absences	1,763,594	1,039,770	2,803,364	8,925
Notes and contracts payable	92,470	1,376,536	1,469,006	-
General obligation bonds payable	2,355,000	195,000	2,550,000	330,000
Revenue bonds payable	-	6,450,000	6,450,000	-
Total OPEB liability	1,884,952	212,397	2,097,349	-
Total current liabilities	13,436,543	19,600,222	33,036,765	378,532
Noncurrent liabilities:				
Leases payable	-	457,510	457,510	-
Compensated absences	1,763,594	1,039,770	2,803,364	-
Notes and contracts payable	526,024	4,636,482	5,162,506	-
General obligation bonds payable	38,308,658	5,250,930	43,559,588	3,943,736
Revenue bonds payable	-	99,839,988	99,839,988	-
Unearned revenue	680,915	1,256,753	1,937,668	61,697
Net pension liability	10,665,944	5,213,157	15,879,101	-
Total OPEB liability	29,299,839	2,167,032	31,466,871	-
Landfill closure liability	-	6,725,634	6,725,634	-
Total noncurrent liabilities	81,244,974	126,587,256	207,832,230	4,005,433
Total liabilities	94,681,517	146,187,478	240,868,995	4,383,965
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - transfer of service concession arrangement capital assets				
	2,020,100	-	2,020,100	-
Deferred inflow - pension	6,415,340	3,649,342	10,064,682	-
Deferred inflow - OPEB	640,795	198,843	839,638	-
Deferred inflow - amount on debt refunding	7,437	5,919	13,356	-
Total deferred inflows of resources	9,083,672	3,854,104	12,937,776	-
Total liabilities and deferred inflows of resources	103,765,189	150,041,582	253,806,771	4,383,965
NET POSITION				
Net investment in capital assets	137,734,724	193,750,024	331,484,748	4,270,413
Restricted for:				
Capital improvements	10,753,866	10,111,573	20,865,439	-
Debt service	336,570	8,989,082	9,325,652	645,650
Economic environment	21,164,277	-	21,164,277	-
Other purposes	57,540	-	57,540	-
Pensions	-	1,516,988	1,516,988	-
Public safety	1,843,411	-	1,843,411	-
Unrestricted	17,847,924	28,242,454	46,090,378	319,935
Total net position	\$ 189,738,312	\$ 242,610,121	\$ 432,348,433	\$ 5,235,998

The notes to 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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Richland Public Facilities District
	Expenses	Charges for Services	Operating Grants and	Capital Grants and	Governmental	Primary Government	Total	
			Contributions	Contributions	Activities	Business-type Activities		
Primary government:								
Governmental activities:								
Judicial	\$ 599,116	\$ 497,053	\$ -	\$ -	\$ (102,063)	\$ -	\$ (102,063)	\$ -
General government	15,831,173	8,544,831	12,328	-	(7,274,014)	-	(7,274,014)	-
Public safety	29,194,924	5,859,765	709,379	3,200,000	(19,425,780)	-	(19,425,780)	-
Transportation	7,135,385	1,278,042	-	15,394,940	9,537,597	-	9,537,597	-
Health and human services	15,748	25,512	452,605	-	462,369	-	462,369	-
Economic environment	5,109,855	4,448,353	425,156	-	(236,346)	-	(236,346)	-
Culture and recreation	8,613,042	1,290,908	5,358	38,158	(7,278,618)	-	(7,278,618)	-
Interest on long-term debt	1,427,307	-	-	-	(1,427,307)	-	(1,427,307)	-
Total governmental activities	<u>67,926,550</u>	<u>21,944,464</u>	<u>1,604,826</u>	<u>18,633,098</u>	<u>(25,744,162)</u>	<u>-</u>	<u>(25,744,162)</u>	<u>-</u>
Business-type activities:								
Electric Utility Fund	72,855,019	76,239,732	-	1,149,766	-	4,534,479	4,534,479	-
Water Utility Fund	12,332,021	15,652,694	-	2,854,020	-	6,174,693	6,174,693	-
Wastewater Utility Fund	8,596,204	9,778,836	-	2,238,567	-	3,421,199	3,421,199	-
Solid Waste Utility Fund	8,952,933	12,044,824	-	-	-	3,091,891	3,091,891	-
Stormwater Utility Fund	1,419,133	2,037,682	-	785,016	-	1,403,565	1,403,565	-
Golf Course Fund	1,815,612	1,836,209	-	-	-	20,597	20,597	-
Medical Services Fund	4,571,069	4,878,409	83,577	-	-	390,917	390,917	-
Broadband Fund	270,228	192,430	-	-	-	(77,798)	(77,798)	-
Total business-type activities	<u>110,812,219</u>	<u>122,660,816</u>	<u>83,577</u>	<u>7,027,369</u>	<u>-</u>	<u>18,959,543</u>	<u>18,959,543</u>	<u>-</u>
Total primary government	<u>\$ 178,738,769</u>	<u>\$ 144,605,280</u>	<u>\$ 1,688,403</u>	<u>\$ 25,660,467</u>	<u>(25,744,162)</u>	<u>18,959,543</u>	<u>(6,784,619)</u>	<u>-</u>
Component units:								
Richland Public Facilities District	\$ 1,490,662	\$ 408,647	\$ 343,745	\$ -	\$ -	\$ -	\$ -	\$ (738,270)
Total component units	<u>\$ 1,490,662</u>	<u>\$ 408,647</u>	<u>\$ 343,745</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(738,270)</u>
General revenues:								
Property taxes					18,939,382	-	18,939,382	-
Sales taxes					17,667,476	-	17,667,476	-
Utility occupation taxes					14,068,359	-	14,068,359	-
Real estate excise tax					4,523,038	-	4,523,038	-
Motor fuel & multimodal transportation tax					1,253,043	-	1,253,043	-
Hotel/motel lodging tax					1,289,940	-	1,289,940	-
Other taxes					3,181,050	-	3,181,050	628,739
Investment earnings					1,727,561	2,079,732	3,807,293	15,965
Gain on disposition of capital assets					715,549	125,000	840,549	-
Gain on disposition of land held for sale					3,377,600	-	3,377,600	-
Developer infrastructure contributions					3,832,977	-	3,832,977	-
Transfers					(1,129,657)	1,129,657	-	-
Total general revenues, special items, and transfers					<u>69,446,318</u>	<u>3,334,389</u>	<u>72,780,707</u>	<u>644,704</u>
Change in net position					43,702,156	22,293,932	65,996,088	(93,566)
Net position - beginning					145,643,175	220,187,529	365,830,704	5,329,564
Prior period adjustment					392,979	128,659	521,638	-
Net position - ending					<u>\$ 189,738,310</u>	<u>\$ 242,610,120</u>	<u>\$ 432,348,430</u>	<u>\$ 5,235,998</u>

The notes to 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, 2019

	General Fund	Streets Capital Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,344,774	\$ 2,226,162	\$ 19,840,873	\$ 33,411,809
Deposits with third parties	19,425	-	28,600	48,025
Investments	16,532,482	-	5,373,199	21,905,681
Taxes receivable	232,928	-	27,279	260,207
Customer accounts (net)	349,968	-	707,427	1,057,395
Interfund loans	5,527	-	-	5,527
Due from other governments	4,046,135	1,038,615	1,453,612	6,538,362
Assessments	-	-	50,952	50,952
Notes and contracts	-	-	2,166,747	2,166,747
Prepaid items	13,708	-	-	13,708
Inventory	-	-	53,446	53,446
Total assets	<u>\$ 32,544,947</u>	<u>\$ 3,264,777</u>	<u>\$ 29,702,135</u>	<u>\$ 65,511,859</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,007,478	\$ 571,386	\$ 1,427,716	\$ 4,006,580
Payable to other governments	83,087	-	73,982	157,069
Interfund loans payable	-	1,393,804	5,527	1,399,331
Deposits payable	1,011	-	6,000	7,011
Unearned revenue-other	-	-	680,915	680,915
Total liabilities	<u>2,091,576</u>	<u>1,965,190</u>	<u>2,194,140</u>	<u>6,250,906</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	154,459	-	18,015	172,474
Unavailable revenue-unbilled LID assessments	-	-	37,513	37,513
Total deferred inflow of resources	<u>154,459</u>	<u>-</u>	<u>55,528</u>	<u>209,987</u>
Total liabilities and deferred inflows of resources	<u>2,246,035</u>	<u>1,965,190</u>	<u>2,249,668</u>	<u>6,460,893</u>
FUND BALANCES (DEFICITS)				
Nonspendable				
Contractually maintained deposits	-	-	2,000	2,000
Inventory	-	-	53,446	53,446
Prepaid items	13,708	-	-	13,708
Restricted				
Capital Improvements	30,845	-	10,723,021	10,753,866
Debt service	-	-	336,570	336,570
Economic environment	988,230	-	5,432,069	6,420,299
Other Purposes	57,540	-	-	57,540
Public safety	26,975	-	1,816,436	1,843,411
Transportation	-	-	174,555	174,555
Committed				
Capital improvements	452,951	785,070	2,344,284	3,582,305
Debt service	-	-	808,568	808,568
Economic environment	50,482	-	4,702,788	4,753,270
Public Safety	90,306	-	-	90,306
Assigned				
Debt service	-	-	342,800	342,800
Public Safety	75,865	-	-	75,865
Transportation	-	514,518	716,055	1,230,573
Unassigned	28,512,010	-	(124)	28,511,886
Total fund balances (deficits)	<u>\$ 30,298,912</u>	<u>\$ 1,299,588</u>	<u>\$ 27,452,468</u>	<u>\$ 59,050,968</u>
Total liabilities and fund balances (deficits)	<u>\$ 32,544,947</u>	<u>\$ 3,264,778</u>	<u>\$ 29,702,136</u>	<u>\$ 65,511,861</u>

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

City of Richland, Washington
Comprehensive Annual Financial Report
Reconciliation of Balance Sheet
To the Statement of Net Position
December 31, 2019

Fund balances of governmental funds		\$59,050,968
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements. They are reported in the government-wide statements, net of accumulated depreciation:	<u>181,725,095</u>	
		181,725,095

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	2,200,539	
Land held for sale	14,743,978	
Net pension asset	10,714,102	
Notes, contracts and taxes receivable, offset by deferred inflows of resources	<u>209,987</u>	
		27,868,606

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	10,532,215	
Internal payable representing charges in excess of cost to business-type activities: prior years	1,872,097	
Internal payable representing charges in excess of cost to business-type activities: current year	<u>646,901</u>	
		13,051,213

Deferred outflows and inflows of resources related to long-lived assets and liabilities do not relate to the current period and therefore are not reported in fund financial statements:

Deferred outflow of resources related to pensions	2,565,308	
Deferred outflow of resources related to OPEB	1,040,154	
Deferred outflow of resources related to debt refunding	311,139	
Deferred inflow of resources related to service concession arrangement (ORV Park assets)	(2,020,100)	
Deferred inflow of resources related to pensions	(6,415,340)	
Deferred inflow of resources related to OPEB	(640,795)	
Deferred inflow of resources related to debt refunding	<u>(7,437)</u>	
		(5,167,071)

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	(37,575,000)	
Net premium/discount	(3,088,658)	
Other general government debt	(618,494)	
Net pension liability	(10,665,944)	
Total OPEB liability	(31,184,791)	
Compensated absences	(3,527,188)	
Accrued interest payable	<u>(130,424)</u>	
		<u>(86,790,499)</u>

Net position of governmental activities		<u><u>\$189,738,312</u></u>
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The notes to 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, 2019

	General Fund	Streets Capital Construction Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 46,391,807	\$ -	\$ 12,711,098	\$ 59,102,905
Licenses and permits	3,072,778	-	-	3,072,778
Intergovernmental	1,462,309	14,829,235	2,058,880	18,350,424
Charges for goods and services	7,880,337	788,380	6,876,803	15,545,520
Fines and forfeits	531,612	-	-	531,612
Investment earnings	901,646	57,672	435,893	1,395,211
Rents and leases	319,109	-	1,384,191	1,703,300
Miscellaneous revenue	440,715	215,705	3,875,839	4,532,259
Total revenues	<u>61,000,313</u>	<u>15,890,992</u>	<u>27,342,704</u>	<u>104,234,009</u>
EXPENDITURES				
Current:				
Judicial	599,116	-	-	599,116
General government	16,597,521	-	383	16,597,904
Public safety	23,492,449	-	7,326,569	30,819,018
Transportation	-	1,530,477	3,127,017	4,657,494
Health and human services	15,748	-	-	15,748
Economic environment	2,431,226	-	2,748,373	5,179,599
Culture and recreation	7,686,971	-	46,085	7,733,056
Debt service:				
Administrative charges	-	-	1,280	1,280
Interest	-	42,654	1,612,794	1,655,448
Principal retirement	-	-	2,566,950	2,566,950
Capital outlay:				
General government	549,887	-	4,587,314	5,137,201
Public safety	277,747	-	124	277,871
Transportation	-	18,441,032	-	18,441,032
Economic environment	12,400	-	98,718	111,118
Culture and recreation	465,285	-	450,160	915,445
Total expenditures	<u>52,128,350</u>	<u>20,014,163</u>	<u>22,565,767</u>	<u>94,708,280</u>
Excess (deficiency) of revenues over expenditures	<u>8,871,963</u>	<u>(4,123,171)</u>	<u>4,776,937</u>	<u>9,525,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	285,882	4,040,223	4,418,306	8,744,411
Transfers out	(4,529,961)	-	(5,320,108)	(9,850,069)
Disposition of land held for sale	-	-	4,313,670	4,313,670
Disposition of capital assets	-	-	715,549	715,549
Total other financing sources (uses)	<u>(4,244,079)</u>	<u>4,040,223</u>	<u>4,127,417</u>	<u>3,923,561</u>
Net change in fund balances	4,627,884	(82,948)	8,904,354	13,449,290
Fund balances - beginning	25,671,028	1,382,535	18,548,113	45,601,676
Fund balances - ending	<u>\$ 30,298,912</u>	<u>\$ 1,299,587</u>	<u>\$ 27,452,467</u>	<u>\$ 59,050,966</u>

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

City of Richland, Washington
Comprehensive Annual Financial Report
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$13,449,292

Amounts reported for governmental activities in the statement of net position are different because:

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	2,566,950	
Amortization of premiums/discounts & deferred amounts on refunding	221,904	
		2,788,854

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 items:

Change in earned revenue reported as deferred inflows in the fund statements	(170,747)	
Change in the City's investment in joint ventures	(13,680)	
Change in the City's investment in land held for sale	(936,070)	
Change in the City's net pension liability and related deferred inflows/outflows	2,160,716	
Change in accrued interest payable	7,517	
Change in net OPEB obligation	1,323,168	
Change in compensated absences	136,585	
		2,507,489

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	1,051,316	
Internal payable representing charges in excess of cost to governmental activities-current year	646,901	
		1,698,217

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	24,882,667	
Depreciation	(5,196,701)	
Disposal of capital assets	(260,637)	
Donated capital assets received	3,832,977	
		23,258,306

Change in net position of governmental activities		\$43,702,158
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The notes to financial statements are an integral part of this statement.

City of Richland, Washington
 Comprehensive Annual Financial Report
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 42,401,439	\$ 42,436,007	\$ 46,391,807	\$ 3,955,800
Licenses and permits	2,431,500	2,431,500	3,072,778	641,278
Intergovernmental	1,357,918	1,398,809	1,462,309	63,500
Charges for goods and services	8,997,962	8,997,962	7,880,337	(1,117,625)
Fines and forfeits	538,050	538,050	531,612	(6,438)
Investment earnings	293,650	293,650	901,646	607,996
Rents and leases	256,481	286,181	319,109	32,928
Miscellaneous revenue	136,675	136,675	440,715	304,040
Total revenues	<u>56,413,675</u>	<u>56,518,834</u>	<u>61,000,313</u>	<u>4,481,479</u>
EXPENDITURES				
Current:				
Judicial	806,511	806,511	599,116	207,395
General government	16,161,473	19,918,212	16,597,521	3,320,691
Public safety	23,142,356	23,306,065	23,492,449	(186,384)
Health and human services	14,800	14,800	15,748	(948)
Economic environment	2,736,700	2,785,746	2,431,226	354,520
Culture and recreation	8,361,977	8,494,258	7,686,971	807,287
Total current	<u>51,223,817</u>	<u>55,325,592</u>	<u>50,823,031</u>	<u>4,502,561</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
General government	-	269,940	549,887	(279,947)
Public safety	43,860	1,906,878	277,747	1,629,131
Economic environment	15,000	15,000	12,400	2,600
Culture and recreation	455,400	455,400	465,285	(9,885)
Total capital outlay	<u>514,260</u>	<u>2,647,218</u>	<u>1,305,319</u>	<u>1,341,899</u>
Total expenditures	<u>51,738,077</u>	<u>57,972,810</u>	<u>52,128,350</u>	<u>5,844,460</u>
Excess (deficiency) of revenues over expenditures	<u>4,675,598</u>	<u>(1,453,976)</u>	<u>8,871,963</u>	<u>10,325,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	228,080	278,111	285,882	7,771
Transfers out	(2,907,627)	(4,532,904)	(4,529,961)	2,943
Total other financing sources (uses)	<u>(2,679,547)</u>	<u>(4,254,793)</u>	<u>(4,244,079)</u>	<u>10,714</u>
Net change in fund balances	1,996,051	(5,708,769)	4,627,884	10,336,653
Fund balances - beginning	25,671,028	25,671,028	25,671,028	-
Fund balances - ending	<u>\$ 27,667,079</u>	<u>\$ 19,962,259</u>	<u>\$ 30,298,912</u>	<u>\$ 10,336,653</u>

The notes to 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, 2019

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,876,352	\$ 6,812,739	\$ 4,266,224	\$ 6,416,981	\$ 25,372,296	\$ 11,496,008
Deposits with third parties	1,900	5,775	2,650	1,050	11,375	464,200
Investments	565,560	-	2,688,281	2,232,391	5,486,232	6,967,063
Customer accounts (net)	7,370,645	859,675	745,464	2,103,442	11,079,226	58,655
Interfund loans	-	324,045	-	-	324,045	-
Special assessments (current)	-	9,243	8,604	-	17,847	-
Due from other funds	-	-	-	-	-	240,000
Due from other governments	-	-	-	63,814	63,814	-
Notes and contracts	-	-	-	125,000	125,000	-
Prepaid items	297,503	-	-	6,169	303,672	190,409
Inventory	3,802,092	136,862	1,098	71,766	4,011,818	100,744
Total current assets	<u>19,914,052</u>	<u>8,148,339</u>	<u>7,712,321</u>	<u>11,020,613</u>	<u>46,795,325</u>	<u>19,517,079</u>
Noncurrent assets:						
Cash and cash equivalents	1,957,619	988,786	260,429	124,491	3,331,325	-
Restricted investments	14,653,471	11,582,682	4,447,272	4,679,556	35,362,981	-
Net pension asset	-	-	-	1,873,649	1,873,649	-
Advances to other funds	-	1,089,209	-	-	1,089,209	-
Special assessments (noncurrent)	-	94,660	88,117	-	182,777	-
Land	837,428	5,604	-	7,980,120	8,823,152	-
Depreciable assets (net)	733,612	2,774,895	10,312,814	4,214,876	18,036,197	13,288,290
Infrastructure	106,027,811	74,498,810	47,486,897	13,967,952	241,981,470	-
Construction in progress	1,504,546	4,640,079	4,205,079	5,737,313	16,087,017	-
Total noncurrent assets	<u>125,714,487</u>	<u>95,674,725</u>	<u>66,800,608</u>	<u>38,577,957</u>	<u>326,767,777</u>	<u>13,288,290</u>
Total assets	<u>145,628,539</u>	<u>103,823,064</u>	<u>74,512,929</u>	<u>49,598,570</u>	<u>373,563,102</u>	<u>32,805,369</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow on debt refunding	244,393	190,551	266,442	53,659	755,045	-
Pension deferred outflows	554,221	169,162	153,508	397,677	1,274,568	280,958
OPEB deferred outflows	118,786	62,134	54,630	55,296	290,846	31,921
Total deferred outflows of resources	<u>917,400</u>	<u>421,847</u>	<u>474,580</u>	<u>506,632</u>	<u>2,320,459</u>	<u>312,879</u>
Total assets and deferred outflows of resources	<u>\$ 146,545,939</u>	<u>\$ 104,244,911</u>	<u>\$ 74,987,509</u>	<u>\$ 50,105,202</u>	<u>\$ 375,883,561</u>	<u>\$ 33,118,248</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	6,533,641	489,219	702,509	1,370,876	9,096,245	564,336
Payable to other governments	-	21,405	-	41,952	63,357	37,544
Due to other funds	-	-	-	200,000	200,000	40,000
Interfund loans payable	-	-	-	3,890	3,890	-
Deposits payable	-	35,544	6,202	576,054	617,800	-
Leases payable-current	-	-	-	-	-	229,218
Compensated absences-current	331,579	129,201	67,378	267,633	795,791	243,980
Claims and judgments-current	-	-	-	-	-	2,757,459
General obligation bonds payable-current	-	-	-	195,000	195,000	-
Revenue bonds payable-current	3,045,000	1,903,770	1,476,230	25,000	6,450,000	-
Notes and contracts payable	-	1,216,491	74,161	85,884	1,376,536	-
Total OPEB liability	78,167	40,887	35,949	36,388	191,391	21,006
Total current liabilities	<u>9,988,387</u>	<u>3,836,517</u>	<u>2,362,429</u>	<u>2,802,677</u>	<u>18,990,010</u>	<u>3,893,543</u>
Noncurrent liabilities:						
Interfund loans payable (noncurrent)	-	-	-	15,560	15,560	-
Leases payable	-	-	-	-	-	457,510
Compensated absences	331,579	129,201	67,378	267,633	795,791	243,980
Notes and contracts payable	-	3,630,626	923,320	82,537	4,636,483	-
General obligation bonds payable	-	-	-	5,250,930	5,250,930	-
Revenue bonds payable	73,693,800	15,434,580	9,891,039	820,570	99,839,989	-
Unearned revenue	781,152	94,660	244,117	136,825	1,256,754	-
Net pension liability	2,036,735	690,613	586,583	783,853	4,097,784	1,115,373
Total OPEB liability	797,520	417,162	366,779	371,256	1,952,717	214,315
Landfill closure liability	-	-	-	6,725,634	6,725,634	-
Total noncurrent liabilities	<u>77,640,786</u>	<u>20,396,842</u>	<u>12,079,216</u>	<u>14,454,798</u>	<u>124,571,642</u>	<u>2,031,178</u>
Total liabilities	<u>87,629,173</u>	<u>24,233,359</u>	<u>14,441,645</u>	<u>17,257,475</u>	<u>143,561,652</u>	<u>5,924,721</u>
DEFERRED INFLOWS OF RESOURCES						
Pension deferred inflows	1,335,108	343,809	364,761	1,007,780	3,051,458	597,884
OPEB deferred inflows	73,179	38,278	33,655	34,066	179,178	19,665
Deferred inflow on debt refunding	5,919	-	-	-	5,919	-
Total deferred inflows of resources	<u>1,414,206</u>	<u>382,087</u>	<u>398,416</u>	<u>1,041,846</u>	<u>3,236,555</u>	<u>617,549</u>
Total liabilities and deferred inflows of resources	<u>89,043,379</u>	<u>24,615,446</u>	<u>14,840,061</u>	<u>18,299,321</u>	<u>146,798,207</u>	<u>6,542,270</u>
NET POSITION						
Net investment in capital assets	42,175,866	64,788,588	49,482,485	24,701,522	181,148,461	12,601,562
Restricted for:						
Capital improvements	965,096	5,439,185	3,707,292	-	10,111,573	-
Debt Service	6,073,200	2,096,921	733,556	85,405	8,989,082	-
Pensions	-	-	-	1,516,988	1,516,988	-
Unrestricted	8,288,399	7,304,769	6,224,115	5,501,971	27,319,254	13,974,417
Total net position	<u>\$ 57,502,561</u>	<u>\$ 79,629,463</u>	<u>\$ 60,147,448</u>	<u>\$ 31,805,886</u>	<u>229,085,358</u>	<u>\$ 26,575,979</u>
Net position of internal service funds predominantly serving business-type activities					16,043,760	
Internal payable representing charges in excess of cost to governmental activities-prior years					(1,872,097)	
Internal payable representing charges in excess of cost to governmental activities-current year					(646,901)	
Net position of business-type activities					<u>\$ 242,610,120</u>	

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

City of Richland
 Comprehensive Annual Financial Report
 Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2019

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Electric	\$ 72,881,112	\$ -	\$ -	\$ -	\$ 72,881,112	\$ -
Water	-	15,477,197	-	-	15,477,197	-
Sewer	-	-	9,708,529	-	9,708,529	-
Solid waste	-	-	-	10,912,683	10,912,683	-
Stormwater	-	-	-	1,929,982	1,929,982	-
Golf course	-	-	-	1,833,380	1,833,380	-
Medical services	-	-	-	4,877,143	4,877,143	-
Broadband	-	-	-	192,430	192,430	-
Internal service funds	-	-	-	-	-	24,648,540
Other operating revenues	2,131,104	-	-	-	2,131,104	88,321
Total operating revenues	<u>75,012,216</u>	<u>15,477,197</u>	<u>9,708,529</u>	<u>19,745,618</u>	<u>119,943,560</u>	<u>24,736,861</u>
OPERATING EXPENSES						
Maintenance and operations	49,018,101	5,279,606	3,854,753	12,445,754	70,598,214	19,640,645
Administrative and general	5,448,635	1,316,547	1,159,399	1,640,425	9,565,006	1,571,652
Taxes expense	8,491,948	2,612,302	1,290,415	1,753,476	14,148,141	-
Depreciation	5,878,747	2,505,158	1,889,428	669,391	10,942,724	2,272,136
Total operating expenses	<u>68,837,431</u>	<u>11,713,613</u>	<u>8,193,995</u>	<u>16,509,046</u>	<u>105,254,085</u>	<u>23,484,433</u>
Operating income (loss)	<u>6,174,785</u>	<u>3,763,584</u>	<u>1,514,534</u>	<u>3,236,572</u>	<u>14,689,475</u>	<u>1,252,428</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	580,935	619,556	360,959	413,432	1,974,882	492,437
Disposition of capital assets	-	-	-	-	-	125,000
Miscellaneous nonoperating revenues/(expenses)	292,440	125,740	64,827	1,016,071	1,499,078	306,124
Interest expense	(2,870,471)	(653,091)	(428,778)	(266,639)	(4,218,979)	(42,102)
Debt costs	(243,218)	-	-	-	(243,218)	-
Total nonoperating revenues (expenses)	<u>(2,240,314)</u>	<u>92,205</u>	<u>(2,992)</u>	<u>1,162,864</u>	<u>(988,237)</u>	<u>881,459</u>
Income (loss) before contributions and transfers	3,934,471	3,855,789	1,511,542	4,399,436	13,701,238	2,133,887
Transfers in	-	-	-	660,000	660,000	847,335
Transfers out	(30,000)	(250,816)	(73,477)	(23,385)	(377,678)	-
Capital contributions	1,149,766	2,854,020	2,238,567	785,016	7,027,369	-
Change in net position	5,054,237	6,458,993	3,676,632	5,821,067	21,010,929	2,981,222
Total net position - beginning	52,288,715	73,170,471	56,470,816	26,015,769	207,945,771	23,594,757
Prior period adjustment	159,609	-	-	(30,950)	128,659	-
Total net position - ending	<u>\$ 57,502,561</u>	<u>\$ 79,629,464</u>	<u>\$ 60,147,448</u>	<u>\$ 31,805,886</u>	<u>\$ 229,085,359</u>	<u>\$ 26,575,979</u>
					\$ 21,010,929	
					1,929,906	
					(646,901)	
					<u>22,293,934</u>	

The notes to 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, 2019

	Electric Utility Fund	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 74,681,816	\$ 15,300,795	\$ 9,687,593	\$ 26,089,279	\$ 125,759,483	\$ 15,057,209
Receipts from interfund services provided Payments to suppliers	-	-	-	-	-	9,803,865
	(51,758,840)	(2,225,170)	(1,513,058)	(9,480,146)	(64,977,214)	(16,497,500)
Taxes paid	(6,194,894)	(2,612,302)	(1,290,415)	(3,258,773)	(13,356,384)	-
Payments to employees	(1,345,926)	(2,534,319)	(2,340,009)	(4,904,564)	(11,124,818)	(4,380,542)
Payments for interfund services used	(1,929,775)	(2,216,029)	(1,534,611)	(4,768,319)	(10,448,734)	(1,187,014)
Net cash provided (used) by operating activities	<u>13,452,381</u>	<u>5,712,975</u>	<u>3,009,500</u>	<u>3,677,477</u>	<u>25,852,333</u>	<u>2,796,018</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Reimbursements and recoveries	-	37,237	68,805	1,157,127	1,263,169	362,711
Grants and contributions	-	-	-	108,769	108,769	-
Proceeds from interfund loans	-	-	-	200,000	200,000	-
Interfund loan repayments made	-	-	-	(150,000)	(150,000)	(28,255)
Interfund loan repayments received	-	316,236	-	-	316,236	(19,908)
Transfers to other funds	(30,000)	(20,000)	(73,477)	(23,385)	(146,862)	-
Transfers from other funds	-	-	-	550,000	550,000	-
Net cash provided (used) by noncapital financing activities	<u>(30,000)</u>	<u>333,473</u>	<u>(4,672)</u>	<u>1,842,511</u>	<u>2,141,312</u>	<u>314,548</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES						
Principal paid on debt	(2,915,000)	(3,041,790)	(1,481,745)	(569,432)	(8,007,967)	350,420
Interest paid on debt	(3,035,757)	(814,175)	(524,808)	(270,170)	(4,644,910)	(42,102)
Transfers to other funds	-	(230,816)	-	-	(230,816)	-
Transfers from other funds	-	-	-	110,000	110,000	847,335
Proceeds from debt	9,515,143	-	-	-	9,515,143	-
Bond issuance costs	(243,218)	-	-	(220)	(243,438)	-
Interfund loan repayments made	-	-	-	(3,890)	(3,890)	-
Proceeds from sale of capital assets	53,021	95,196	-	-	148,217	428,733
Proceeds from capital grants and contributions	795,314	2,114,270	1,260,931	-	4,170,515	-
Payments related to acquisition, construction or improvements of capital assets	(10,158,813)	(2,888,706)	(1,104,933)	(6,394,626)	(20,547,078)	(4,306,130)
Net cash provided (used) by capital and related activities	<u>(5,989,310)</u>	<u>(4,766,021)</u>	<u>(1,850,555)</u>	<u>(7,128,338)</u>	<u>(19,734,224)</u>	<u>(2,721,744)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipt of interest	434,160	486,975	272,234	335,563	1,528,932	392,397
Investments sold	6,311,841	10,556,313	9,067,425	10,117,811	36,053,390	9,700,184
Investments purchased	(15,094,598)	(11,450,102)	(7,052,308)	(6,834,076)	(40,431,084)	(6,967,063)
Net cash provided (used) by investing activities	<u>(8,348,597)</u>	<u>(406,814)</u>	<u>2,287,351</u>	<u>3,619,298</u>	<u>(2,848,762)</u>	<u>3,125,518</u>
Net change in cash and cash equivalents	(915,526)	873,613	3,441,624	2,010,948	5,410,659	3,514,340
Cash and cash equivalents, January 1	10,749,497	6,927,913	1,085,028	4,530,527	23,292,965	7,981,669
Cash and cash equivalents, December 31	<u>9,833,971</u>	<u>7,801,526</u>	<u>4,526,652</u>	<u>6,541,475</u>	<u>28,703,624</u>	<u>11,496,009</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income/(loss)	6,174,785	3,763,584	1,514,535	3,236,566	14,689,470	1,252,427
Adjustments to reconcile operating income to net cash provided from operating activities:						
Depreciation expense	5,878,747	2,505,158	1,889,428	669,391	10,942,724	2,272,136
Accrued pension and OPEB expense	(584,965)	(176,345)	(113,098)	(641,201)	(1,515,609)	(237,883)
(Increase)/decrease in receivables	(1,285,280)	(177,227)	(20,859)	183,521	(1,299,845)	53,825
(Increase)/decrease in prepaid items	(297,503)	6,337	-	27,681	(263,485)	(100,042)
(Increase)/decrease in inventories	1,295,795	60,141	-	(8,092)	1,347,844	16,948
Increase/(decrease) in payables	1,655,976	(268,673)	(260,506)	202,391	1,329,188	(461,392)
Increase/(decrease) in unearned revenues	(5,034)	-	-	7,220	2,186	-
Other income and adjustments	619,860	-	-	-	619,860	-
Total adjustments	<u>7,277,596</u>	<u>1,949,391</u>	<u>1,494,965</u>	<u>440,911</u>	<u>11,162,863</u>	<u>1,543,592</u>
Net cash provided (used) by operating activities	<u>\$ 13,452,381</u>	<u>\$ 5,712,975</u>	<u>\$ 3,009,500</u>	<u>\$ 3,677,477</u>	<u>\$ 25,852,333</u>	<u>\$ 2,796,018</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Contribution of capital assets	\$ 380,668	\$ 1,575,661	\$ 977,636	\$ 785,016	\$ 3,718,981	
Net non-cash capital activities	<u>\$ 380,668</u>	<u>\$ 1,575,661</u>	<u>\$ 977,636</u>	<u>\$ 785,016</u>	<u>\$ 3,718,981</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
Fiduciary Funds
December 31, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,506,860
Deposits with third parties	
Investments	
Receivables:	
Customer accounts (net)	669,067
Due from other governments	316,352
Prepaid items	
Interfund loans	7,657
Capital assets:	
Land	14,593
Depreciable assets (net)	5,286,891
Construction in progress	242,490
Total capital assets (net)	<u>5,543,974</u>
Total assets	<u><u>\$ 10,043,910</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 59,054
Interfund loans payable	7,657
Notes and contracts payable	
Payable to other agencies	<u>9,977,199</u>
Total liabilities	<u><u>\$ 10,043,910</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

THE REPORTING ENTITY

The City of Richland was incorporated as a chartered First Class City in 1958 and operates under a city council/manager form of government in accordance with the laws of the State of Washington applicable to cities. As required by GAAP, the financial statements present the City of Richland as the primary government with one component unit; the Richland Public Facilities District (PFD). The PFD was formed in July 2002 with the primary mission of building and operating a regional center (including any related parking facilities) as allowed by Washington State statute. The PFD is included in the City's report because of the significance of their financial relationships with the City; namely that the City Council appoints and can remove board members at will. They are discreetly presented in the component unit column of the government-wide financial statements to emphasize that they are a legally separate entity.

Complete financial statements for the Richland PFD may be obtained from the Finance Department at the City of Richland, 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 two major governmental funds that are reported in separate columns: the General Fund and the Streets 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.

2) Proprietary Funds Financial Statements – Includes business-type or “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 Wastewater 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 1st for public review, with a public hearing taking place in November to provide a forum for public comment. First reading is given to the budget ordinance in November with final adoption occurring two weeks later. The formally adopted budget takes effect on January 1st of the ensuing year.

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

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

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

For purposes of budgetary control, the City uses an encumbrance procedure through a 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 reviewed, and the associated budget 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 original adopted budget and a comparison of final amended budget to expenditures for the General Fund and Special Revenue Funds.

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	\$ 965,096	\$ 106,118					\$ 1,071,214
Landfill Closure/Post Closure				78,273			78,273
Debt Service	992,523	882,668	260,429		23,664	22,555	2,181,839
Total Restricted	\$ 1,957,619	\$ 988,786	\$ 260,429	\$ 78,273	\$ 23,664	\$ 22,555	\$ 3,331,326

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 (WPDP). The City's total deposits as of December 31, 2019, are as follows:

Treasurer's Cash, Net	\$ 3,769,776
Held by Component Unit	\$ 25,438
Deposits In Transit	\$ 1,195,402
Petty Cash/Change Funds	\$ 6,050
Deposits with Fiscal Agent	\$ 6
Outstanding Checks	\$ (2,925,974)
Retainage Held by 3rd Party	\$ 764,364
Unreconciled Items	\$ (439,342)
Total Deposits	\$ 2,395,720

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

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

The City is required to certify their budget with the Clerk of the Board of County Commissioners on November 30th and certify the amount of their taxes levied for the upcoming year. The levy is based on the value of all taxable real property in the County at 100% of the fair market value of the property listed as of the prior May 31st as assessed by the County Assessor. The City's regular property tax levy rate is limited to \$3.60 per \$1,000 assessed value (\$3.375 plus \$0.225 for cities with firemen's pensions) by the Washington State Constitution and State law (RCW 84.55.010 and 84.55.0101). Special levies are approved by voters and not subject to the limitations. In 2019, the City's regular tax levy was \$2.4360 per \$1,000 on an assessed valuation of \$6,956,204,813 for a total regular levy of \$16,945,660 (after the appeals process). The City's regular levy

City of Richland, Washington
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2019

included \$0.034 for the Fire Pension Fund, which resulted in collections of \$288,000. In addition, there were special levies for debt service on general obligation debt issued for capital acquisitions or construction at \$.2851 per \$1,000 of assessed valuation of \$6,928,351,617 totaling \$1,975,607 (after the appeals process). The composite City of Richland levy was \$2.72129 per \$1,000 of assessed valuation for a total levy of \$18,921,267.

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

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

General Fund	\$ 154,459
Other Governmental Funds	
Police Station Bond Fund	2,232
Richland Community Center Bond Fund	2,844
Library Remodel Bond Fund	12,939
TOTAL	<u>\$ 172,474</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

City of Richland, Washington
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2019

estimated amount of the write-off based on the transports billed and reports this as a reduction to gross transport revenues.

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

Assessments - These consist of assessments receivable from local improvement districts. The receivable is established when the final assessment roll has been adopted. No allowance for uncollectible assessments is recorded because delinquent assessments are considered fully collectible. Assessments are deferred for one year from the date of the adoption of the final assessment roll. Long-term assessments 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, 2019, the City had the following assessment balances:

	Current Assessments	Delinquent Assessments	Long Term Assessments	Deferred Inflows	Fund Total
Debt Service Fund Assessments Receivable (LIDs)	\$ 8,611	\$ 4,828	\$ 37,513	\$ (37,513)	\$ 13,439
Water Fund Assessments Receivable	974	8,269	94,660	-	\$ 103,903
Sewer Fund Assessments Receivable	906	7,698	88,117	-	\$ 96,721
Total	\$ 10,491	\$ 20,795	\$ 220,290	\$ (37,513)	\$ 214,063

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	\$901,155
HOME fund	<u>1,265,592</u>
TOTAL	<u>\$2,166,747</u>

The Columbia Point Golf Course also has a \$125,000 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 “interfund loans receivable/payable”. All other outstanding balances between funds are reported as “due to/from other funds”. Loans 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.”

City of Richland, Washington
 Comprehensive Annual Financial Report
 Notes to the Financial Statements
 For the Year Ended December 31, 2019

The following table shows a summary of the interfund activity for the year ended December 31, 2019:

OWED TO...	OWED BY...				
	Streets Construction	Other Governmental	Other Enterprise	Internal Service	TOTAL
General Fund	\$ -	\$ 5,527	\$ -	\$ -	\$ 5,527
Water Fund	1,393,804	-	19,450	-	1,413,254
Internal Service	-	-	200,000	40,000	240,000
Total	\$ 1,393,804	\$ 5,527	\$ 219,450	\$ 40,000	\$ 1,658,781

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		\$ -	\$ 5,527	\$ 5,527
Water Fund		1,393,804	-	1,393,804
Total		\$ 1,393,804	\$ 5,527	\$ 1,399,331

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	\$ 19,450	\$ 19,450
Total	\$ 19,450	\$ 19,450

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	\$ 200,000	\$ 40,000	\$ 240,000
Total		\$ 200,000	\$ 40,000	\$ 240,000

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 prepaid fuel, prepaid payment LEOFF trust, 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 2019 for these services was \$485,080. 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, 2019 was \$1,045,500 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, 2019 was \$808,020 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, 2019 was \$46,178 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, 2019 was \$28,849, 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 2019 for these transactions was \$119,000.

The City of Richland's equity interest in BI-PIN was \$262,130 on December 31, 2019, 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 \$9,862 on June 30, 2019, 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 primarily of unredeemed gift certificates at Columbia Point Golf Course.

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.

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, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2019. OPEB is discussed in detail in Note 9.

Long-term Liabilities - (includes bonds, notes, contracts payable and other noncurrent liabilities) – See Note 4 for a complete discussion of the City's long-term liabilities.

Deferred Charges and Outflows/Inflows of Resources – In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement component represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement component represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. The city has uncollected property taxes levied and unbilled special assessments levied against benefitted property for the cost of local improvements. 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 2019 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 – Three funds had deficit balances in fund equity at December 31, 2019, as follows:

- The Public Works Administration and Engineering Fund is reporting a deficit net position at December 31, 2019, in the amount of \$1,147,444. 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, 2019, in the amount of \$456,119. The Net Pension Liability reported in accordance with GASB 68 results in a deficit fund balance at year-end.
- A minor amount was accrued in the Fire Station #73 Construction Fund near year end for project bid publication, for which no fund budget or resources were available, resulting in a deficit fund balance of \$124.

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 2019, along with the purposes for the adjustments:

	Purpose for Adjustment	Increase / (Decrease) due to adjustment		
		Assets	Liabilities	Net Position
Governmental Funds:				
Total Governmental Funds		-	-	-
Enterprise Funds:				
Electric Utility	1	159,609	-	159,609
Golf Course	2	(30,950)	-	(30,950)
Total Enterprise Funds		128,659	-	128,659
Total prior period adjustments - all funds		128,659	-	128,659
Government-wide Financial Statements				
Total Governmental Activities	3	392,979	-	392,979
Total prior period adjustments - all funds and govt activities		521,638	-	521,638

Purpose for adjustments:

1. During 2019, the City implemented a new ERP solution. One facet of the implementation was the utilization of its fixed asset module with an end goal of depreciating assets systematically instead of by spreadsheet. For the Electric utility, asset classes were being depreciated based on the value of the asset category and not specifically by each asset class. During the reconciliation and implementation of the module, it was determined that 4 asset classes within the general plant asset category had been over depreciated by \$159,609.
2. In 2018, a capital project was started to design a remodel of the café and clubhouse at the Columbia Point Golf Course. When the design was presented to the City Council, the scope and estimated budget of the project were determined to be too ambitious. The project has been shelved for an unspecified period of time. As a result, the design costs have been removed from work in process and expensed.
3. Property sold in 2019 in the Central Business District was acquired for redevelopment purposes at a cost of \$392,979 in 2010 but was not included the City’s inventory of property held for sale that was created in 2016.

NOTE 2. INVESTMENTS

Investments Measured at Amortized Cost

As of December 31, 2019, the City held the following investments at amortized cost:

Type of Investment	Maturities	City's own investments	
			Total
State Investment Pool (LGIP)	Average 30 days	76,116,062	76,116,062

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 securities.

Credit Risk: The following represents the allocation and credit rating of City investments by type of security as of December 31, 2019:

Federal Home Loan Mortgage Corporation	AAA	19%
Federal National Mortgage Association	AAA	9%
Federal Home Loan Bank	AAA	12%
Federal Farm Credit Bank	AAA	1%
Municipal Bonds	A- to AAA	6%
Local Governmental Investment Pool	Unrated	52%
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, 2019 the City had the following investments at fair value:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Weighted Average Maturities
<u>GOVERNMENTAL ACTIVITIES</u>				
U.S. Government Securities	\$ 22,022,592		\$ 22,022,592	1.04
Municipal Bonds	\$ 3,397,334		3,397,334	0.27
Bond Mutual Funds	729,751	729,751		N/A
Nonnegotiable CD	<u>200,000</u>		<u>200,000</u>	1.00
Subtotal Governmental Activities	26,349,677	729,751	25,619,926	
<u>BUSINESS TYPE ACTIVITIES</u>				
U.S. Government Securities	37,659,227		37,659,227	1.04
Municipal Bonds	5,663,059		5,663,059	0.27
Nonnegotiable CD	<u>49,995</u>		<u>49,995</u>	1.00
Subtotal Business Type Activities	43,372,281	-	43,372,281	
Total Investments by Fair Value Level	<u>\$ 69,721,958</u>	<u>\$ 729,751</u>	<u>\$ 68,992,207</u>	

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NOTE 3. CAPITAL ASSETS

Governmental Activities - A summary of governmental capital assets for the year ended December 31, 2019 is presented in the following table:

Governmental activities	Balance			Transfers/ Reclassifications	Balance December 31, 2019
	January 1, 2019	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 7,740,791	\$ 260,568	\$ -	\$ -	\$ 8,001,359
Construction in progress	48,925,545	15,439,149	(28,663,987)		35,700,707
Total capital assets, not being depreciated	56,666,336	15,699,717	(28,663,987)	-	43,702,066
Capital Assets, being depreciated:					
Buildings and improvements	70,528,611	20,627,173	(1,490,665)		89,665,119
Machinery and equipment	8,871,826	90,052			8,961,878
Infrastructure	219,583,857	20,604,959		(84,866)	240,103,950
Intangibles	2,259,730	494,832			2,754,562
Total capital assets, being depreciated	301,244,024	41,817,016	(1,490,665)	(84,866)	341,485,509
Less accumulated depreciation for:					
Buildings and improvements	(35,450,431)	(1,952,433)	1,314,894	-	(36,087,970)
Machinery and equipment	(6,506,743)	(444,010)		-	(6,950,753)
Infrastructure	(157,169,576)	(2,712,662)		-	(159,882,238)
Intangibles	(453,923)	(87,596)		-	(541,519)
Total accumulated depreciation	(199,580,673)	(5,196,701)	1,314,894	-	(203,462,480)
Total capital assets being depreciated, net	101,663,351	36,620,315	(175,771)	(84,866)	138,023,029
Governmental activities capital assets, net	\$ 158,329,687	\$ 52,320,032	\$ (28,839,758)	\$ (84,866)	\$ 181,725,095

Depreciation expense was charged as follows:

FUNCTION	TOTAL
General Government	\$ 509,111
Public Safety	358,418
Transportation	2,634,209
Economic Environment	178,570
Culture & Recreation	1,516,393
TOTAL DEPRECIATION EXPENSE	\$ 5,196,701

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Construction commitments existing as of December 31, 2019 in the City's governmental-type activities:

<u>Fund</u>	<u>Project</u>	<u>Spent as of December 31, 2019</u>	<u>Remaining Committed</u>
Streets Capital Const	Duportail Bridge	25,983,616	3,974,932
Streets Capital Const	Saint St./Hagen Road Overlay	361,968	41,098
Streets Capital Const	Steptoe/Tapteal Drive Intersection	6,338	66,298
Streets Capital Const	Battelle Blvd.	1,089,538	34,346
Streets Capital Const	Duportail Street Corridor Signal Mods	-	46,879
Streets Capital Const	George Washington Way Resurface & Streetscape	4,224,799	1,643,951
Parks Construction	Riverfront Trail Lighting	32,494	24,114
Parks Construction	Wayfinding and Entryway Improvements	72,539	43,421
Parks Construction	Columbia Point Marina Park Lift Station	3,721	62,721
Parks Construction	Badger Mountain Park Improvements	9,520	38,080
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, 2019 is presented in the following table:

Business-type activities	Balance			Transfers/ Reclassifications	Balance December 31, 2019
	January 1, 2019	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 8,822,299	\$ 854	\$ -	\$ -	\$ 8,823,153
Construction in progress	10,228,487	12,869,175	(7,010,645)	-	16,087,017
Total capital assets, not being depreciated	19,050,786	12,870,029	(7,010,645)	-	24,910,170
Capital Assets, being depreciated:					
Buildings and improvements	47,001,839	314,290	-	-	47,316,129
Machinery and equipment	38,612,892	4,327,169	(1,777,011)	-	41,163,050
Infrastructure	387,433,161	18,486,110	-	-	405,919,271
Total capital assets, being depreciated	473,047,892	23,127,569	(1,777,011)	-	494,398,450
Less accumulated depreciation for:					
Buildings and improvements	(30,818,798)	(732,311)	-	-	(31,551,109)
Machinery and equipment	(24,714,965)	(2,600,701)	1,712,085	-	(25,603,581)
Infrastructure	(154,215,556)	(9,722,244)	-	-	(163,937,800)
Total accumulated depreciation	(209,749,319)	(13,055,256)	1,712,085	-	(221,092,490)
Total capital assets being depreciated, net	263,298,573	10,072,313	(64,926)	-	273,305,960
Business-type activities capital assets, net	\$ 282,349,359	\$ 22,942,342	\$ (7,075,571)	\$ -	\$ 298,216,130

The following is a list of construction commitments existing as of the year ended December 31, 2019 in the City's business-type activities:

Fund	Project	Spent as of December 31, 2019	Remaining Committed
Water	Distribution System Repair/Replacement	287,311	144,818
Water	Yakima River Crossing Pipeline Replacement	1,738,200	280,485
Water	Columbia River Intake Screen Upgrade	126,059	131,094
Sewer	Collection System Renew/Replacement	1,366,410	167,997
Sewer	Influent Upgrades	97,224	228,324
Sewer	Waste Water Treatment Plant Renew/Replacement	48,602	90,826
Solid Waste	Disposal Capacity Improvements	4,664,085	391,541
Solid Waste	Compost Processing Improvements	280,862	3,134
Stormwater	Stormwater Rehab/Replacement	98,800	107,361
Stormwater	Water Quality Retrofit Program	427,888	104,367
Stormwater	Col Park Trail Conveyance Treatment Improvements	18,345	6,000

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 2019.

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 (TOL) 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 TOL for all fund types as of December 31, 2019, is \$33,564,220. The TOL related to

governmental activities as of December 31, 2019, is \$31,184,791 and the TOL related to business type activities is \$2,379,429.

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 \$10,582,369. 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, 2019, no 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, 2019:

SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES								
UNLIMITED TAX GENERAL OBLIGATION BONDS-VOTED								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/19	DUE WITHIN ONE YEAR
2015 Refunding LTGO Police Station/Community Center/Library Remodel	2.00%-5.00%	12/1/2026	14,385,000	11,075,000		1,515,000	3,560,000	1,075,000
TOTAL UNLIMITED TAX GENERAL OBLIGATION BOND DEBT							3,560,000	1,075,000
LIMITED TAX GENERAL OBLIGATION BONDS-NONVOTED, COUNCILMANIC								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/19	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	2.00%- 4.30%	12/1/2033	3,170,000	1,340,000		60,000	1,280,000	60,000
2013A LTGO LRF to finance infrastructure in RAISE area	1.125%-4.00%	12/1/2037	10,050,000	3,060,000		350,000	8,710,000	355,000
2014 LTGO Fire Station #14 Construction	2.0%-4.0%	12/1/2034	3,355,000	2,855,000		135,000	2,720,000	140,000
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	295,000
2017 LTGO & Refunding & 2006 Refunding Bonds (2006 Refunding Portion)	2.0%-4.0%	12/1/2045	2,875,000	2,465,000		415,000	2,050,000	430,000
TOTAL LIMITED TAX GENERAL OBLIGATION BOND DEBT							28,015,000	1,280,000
Unamortized Premiums				3,364,485		275,827	3,088,658	
TOTAL GENERAL OBLIGATION BOND DEBT NET OF UNAMORTIZED PREMIUMS							40,663,658	2,355,000
OTHER GOVERNMENTAL LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/19	DUE WITHIN ONE YEAR
C2003-148- Community Economic Revitaliz. Bd Loan Battelle Blvd. Ext.	1.00%	1/1/2026	780,000	430,457		51,952	378,505	52,472
WSDOT Rail Loan for Streets	0.00%	7/1/2025	399,982	279,987		39,998	239,989	39,998
Compensated Absences		N/A	-	3,663,773	3,209,913	3,346,498	3,527,188	1,763,594
Net Pension Liab-Pre LEOFF 1 Plan Fire		N/A	-	1,664,161	32,377		1,696,538	-
Net Pension Liab-Pre LEOFF 1 Plan Police		N/A	-	3,129,835	470,359		3,600,194	-
Total OPEB Liability - LEOFF 1 Plan Fire		N/A	-	3,055,358		235,216	8,820,142	501,730
Total OPEB Liability - LEOFF 1 Plan Police		N/A	-	15,533,433		836,772	14,696,661	638,746
Net Pension Liability- State PERS/LEOFF Plans		N/A	-	7,098,824		1,729,613	5,369,211	-
Total OPEB Liability - City Post Emp Healthcare		N/A	-	8,158,369		430,381	7,667,988	684,476
TOTAL OTHER GOVERNMENTAL LIABILITIES							45,996,416	3,741,016
TOTAL GOVERNMENTAL LIABILITIES							86,660,074	6,096,016

The annual debt service requirements to maturity as of the fiscal year ended December 31, 2019 for governmental debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

SCHEDULE OF DEBT SERVICE FOR GOVERNMENTAL ACTIVITIES			
YEAR ENDING DECEMBER 31	PRINCIPAL	INTEREST	TOTAL
2020	\$ 2,447,470	\$ 1,527,241	\$ 3,974,711
2021	\$ 2,582,994	\$ 1,442,391	\$ 4,025,385
2022	\$ 2,483,524	\$ 1,349,387	\$ 3,832,911
2023	\$ 2,619,060	\$ 1,265,576	\$ 3,884,636
2024	\$ 2,754,600	\$ 1,177,236	\$ 3,931,836
2025-2029	\$ 9,405,846	\$ 4,330,910	\$ 13,736,756
2030-2034	\$ 6,620,000	\$ 2,929,320	\$ 9,549,320
2035-2039	\$ 4,735,000	\$ 1,714,050	\$ 6,449,050
2040-2044	\$ 3,690,000	\$ 785,000	\$ 4,475,000
2045	\$ 855,000	\$ 42,750	\$ 897,750
TOTAL	\$ 38,193,494	\$ 16,563,861	\$ 54,757,355

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 2019.

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.

Refunded Debt – In 2019 the City’s issued \$7,430,000 in Electric revenue bonds to provide resources to purchase State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$8,665,000 of outstanding 2009 Electric revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position for Business-Type activities and for the Electric Fund. The refunding reduced total debt service payments over the next 20 years by \$1,364,519 and resulted in an economic gain of \$1,051,941.

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. The percentage of capacity used is measured annually. 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 2019, the landfill volume used was 95%. 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, 2019, the City had sufficient funds set aside to fund the projected \$3,719,400 construction costs of the second phase closure infrastructure and provide approximately 23% of the post-closure care. Cash and investments of \$4,499,281 or 62.68% of required reserves, have been accumulated. The post-closure care of the current landfill site is estimated to cost \$3,459,000 in current dollars. The additional \$2,679,119 of reserves necessary to complete the 30 years of post-closure care will be funded through operations.

The City's waste management software tracked 68,557 tons of waste accepted in 2019. The current year expense for the related use of available volume was \$286,453. Also during 2019, the estimate of closure cost was updated, which resulted in the recognition an additional expense of \$24,989.

Capital Leases – The City has three capital leases for a pumper truck, a wildlands brush truck, and compactor. 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 \$33,564,220. The TOL related to governmental activities as of December 31, 2019, is \$31,184,791 and the TOL related to business type activities is \$2,379,429.

Net Pension Liability – As per GASB 68 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 \$10,582,369 of which \$5,213,157 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, 2019, the City's debt for this LID's is \$5,527. The City also issued 2017 ULID bonds in the Water and Sewer Funds to finance improvements related to Reata LID 197. The Water and Sewer Funds are fully obligated to repay the bonds. Current and delinquent assessments receivable in the Water and Sewer Funds are disclosed in Note 1 under the heading "Assessments".

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The following tables provide a comprehensive record of all long-term liabilities for business-type activities as of December 31, 2019:

SCHEDULE OF LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES								
REVENUE BONDS								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2019	DUE WITHIN ONE YEAR
2009-Electric Revenue -Capital Improvements	1.21%-6.37%	11/1/2039	11,200,000	8,945,000		8,945,000	-	
2013 A Electric Revenue Refunding	.50%-2.50%	11/1/2020	925,000	880,000		515,000	365,000	365,000
2013 B Electric Revenue- Capital Improvement and Refunding	2.00%-5.00%	11/1/2042	19,455,000	16,665,000		585,000	16,080,000	615,000
2015 Electric Utility Revenue Bonds	2.00%-4.75%	11/1/2045	19,435,000	19,435,000		215,000	19,220,000	385,000
2018 Electric Revenue Improvement & Refunding	3.00%-5.00%	11/1/2047	19,800,000	19,800,000		1,320,000	18,480,000	1,385,000
2019A Electric Revenue Improvement & Refunding	4.00%-5.00%	11/1/2044	12,525,000	-	12,525,000		12,525,000	295,000
2019T (Taxable) Electric Revenue & Refunding	2.23%-3.21%	11/1/2033	3,145,000	-	3,145,000		3,145,000	-
2009-Water/Sewer Improvement & Refunding	2.50%-5.125%	12/1/2038	21,975,000	4,520,000		1,495,000	3,025,000	1,475,000
2012 Water Wastewater Improvement & Refunding	2.00%-4.00%	11/1/2034	7,540,000	6,120,000		305,000	5,815,000	315,000
2014 Waterworks Revenue & Refunding	2.00%-4.00%	11/1/2023	9,985,000	7,095,000		1,450,000	5,645,000	1,510,000
2017 Wasteworks Utility Revenue & Refunding Bonds	2.00%-5.00%	11/1/2042	12,455,000	12,420,000		100,000	12,320,000	105,000
TOTAL REVENUE BONDED DEBT							96,620,000	6,450,000
GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2019	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1999 SolidWaste Bond)	2.00% - 2.25%	12/1/2019	1,205,000	135,000		135,000	-	
2010 LTGO Refunding (1998 LTGO Refund, 1996 Golf Course Ref)	2.00%- 4.30%	12/1/2039	4,460,000	3,670,000		110,000	3,560,000	115,000
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	740,000		80,000	660,000	80,000
TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES							5,420,000	195,000

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OTHER BUSINESS-TYPE LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2019	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2019	DUE WITHIN ONE YEAR
PWTF #PW-00-691-047 Water Leak Program (Replace Aging Water Lines)	1.00%	7/1/2020	6,432,914	678,794		339,397	339,397	339,397
PWTF #PW-03-691-020 Water Main Replacement	0.50%	7/1/2023	8,755,000	2,533,306		506,661	2,026,645	506,661
DWSRF Loan #02-65102-039 Rchld Wellfield Disinfection	1.00%	10/1/2023	1,984,802	580,651		116,130	464,521	116,130
DWSRF Loan #02-65102-040 Rchld Wellfield Capacity	1.00%	10/1/2023	978,117	287,681		57,536	230,145	57,536
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	1.50%	10/1/2024	580,000	217,500		36,250	181,250	36,250
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	1.50%	10/1/2029	3,030,000	1,765,674		160,516	1,605,158	160,516
#L1400029 Dept. of Ecology Loan for Decant Facility Retrofit & Relocation	1.10%	6/30/2020	400,258	136,105		90,487	45,618	45,618
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	4.30%	3/1/2024	145,776	54,821		9,038	45,783	9,430
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	2.90%	5/27/2031	1,538,338	1,069,524		72,044	997,480	74,161
HAEIF Loan #58-01-01 - Broadband Fund -Fiber Network	3.00%	7/1/2021	200,000	72,368		29,908	42,460	30,836
Landfill Compactor Lease (Q000106371-7)	4.95%	5/17/2023	312,046	-	312,046	58,710	253,336	60,559
PC20-96103-049 Solid Waste Public Works Loan	1.58%	6/1/2034	34,560	-	34,560		34,560	-
Loan from Fire Pension Fund (LID 193 Saint St)		1/5/2025	67,053	8,642		3,115	5,527	
Liability for Landfill Closure			N/A	6,414,192	311,442	-	6,725,634	
Compensated Absences			N/A	2,096,404	1,837,655	1,854,519	2,079,540	1,039,770
Net Pension Liability- State PERS/LEOFF Plans			N/A	6,756,717		1,543,559	5,213,158	-
Total OPEB Liability - City Post Emp Healthcare			N/A	2,701,019		321,590	2,379,429	212,397
Capital Lease #001-00539-2363615-9001 Zion Bank, Wildland Brush			343,464	82,451		40,238	42,213	42,213
Capital Lease #202415000 - 2017 Pierce Enforcer Pumper Truck			632,812	513,833		122,655	391,178	126,445
TOTAL OTHER BUSINESS-TYPE LIABILITIES							23,103,032	2,857,919
TOTAL BUSINESS-TYPE LIABILITIES							125,143,032	9,502,919

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, 2019, the amount reported in the Statement of Net Position as bonds payable is as follows:

BONDED DEBT	ELECTRIC	WATER	SEWER	STORM-WATER	*GOLF COURSE	*BROAD-BAND	TOTAL
Current Portion	\$ 3,045,000	\$ 1,903,770	\$ 1,476,230	\$ 25,000	\$ 115,000	\$ 80,000	\$ 6,645,000
Long-Term Portion	\$ 66,770,000	\$ 13,857,036	\$ 8,822,964	\$ 720,000	\$ 3,445,000	\$ 1,780,000	\$ 95,395,000
Net unamortized premiums and discounts	\$ 6,923,800	\$ 1,577,544	\$ 1,068,075	\$ 100,570	\$ 52,598	\$ (26,669)	\$ 9,695,918
Net Long-Term Portion	\$ 73,693,800	\$ 15,434,580	\$ 9,891,039	\$ 820,570	\$ 3,497,598	\$ 1,753,331	\$ 105,090,918
Total Reported Liability	\$ 76,738,800	\$ 17,338,350	\$ 11,367,269	\$ 845,570	\$ 3,612,598	\$ 1,833,331	\$ 111,735,918

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

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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2019 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 31	PRINCIPAL	INTEREST	TOTAL
2020	\$ 8,250,298	\$ 4,440,290	\$ 12,690,588
2021	\$ 8,053,242	\$ 4,239,284	\$ 12,292,526
2022	\$ 6,869,584	\$ 3,926,799	\$ 10,796,383
2023	\$ 4,949,811	\$ 3,674,014	\$ 8,623,825
2024	\$ 3,580,568	\$ 3,499,601	\$ 7,080,169
2025-2029	\$ 19,909,390	\$ 15,239,642	\$ 35,149,032
2030-2034	\$ 22,606,980	\$ 10,776,223	\$ 33,383,203
2035-2039	\$ 19,905,000	\$ 5,893,363	\$ 25,798,363
2040-2044	\$ 12,455,000	\$ 2,074,121	\$ 14,529,121
2045-2047	\$ 2,175,000	\$ 127,450	\$ 2,302,450
TOTAL	\$ 108,754,873	\$ 53,890,787	\$ 162,645,660

A table for waterworks parity debt is presented below.

Table for Waterworks (Water, Sewer, Stormwater) Parity Debt								
	2019	2018	2017	2016	2015	2014	2013	2012
Gross Revenue	30,136,804	29,452,312	28,016,663	27,676,910	26,871,768	26,116,348	25,341,395	24,420,238
Less Operating Expenses	13,442,659	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	16,694,145	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	4,645,100	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	3.59	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. In compliance with Washington State Initiative 1433, as of January 1, 2018, the City provides paid sick leave to employees. This mandatory State requirement allows

employees to request paid sick leave and seek medical diagnosis and treatment for a non-work related injury or illness.

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, 2019, the City’s accrued vacation, PTO and sick leave amounted to \$5,606,728. This amount includes \$487,960 of internal services funds that are allocated within the business-type activities.

In governmental activities, Claims and Judgements are liquidated by the Workers Compensation, Healthcare/Benefits Plan, Unemployment and Post Employment Healthcare Plan Funds. Compensated absences, Pension and OPEB liabilities are liquidated by the General, Industrial Development, Public Safety Sales Tax, BCES Operations, HOME and City Streets funds. The Electric, Water, Sewer, Solid Waste, Storm-water, Medical Services, Equipment Maintenance and Public Works Administration and Engineering funds liquidate Compensated absences, Pension and OPEB liabilities 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 PFD’s then-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, 2019, the outstanding principal of the PFD’s 2015 General Obligation refunding bonds is \$3,995,000.

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 2019, 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 9.7% and 26.5%, 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 \$33,385 for year ended December 31, 2019.

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
2020	33,385	33,385
TOTAL	\$ 33,385	\$ 33,385

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 three active capital leases as of December 31, 2019.

Assets acquired through capital leases are as follows:

LEASED ASSETS - BUSINESS-TYPE ACTIVITIES	
WILDLAND BRUSH TRUCK	\$ 343,464
ENFORCER PUMPER TRUCK	632,479
CATAPILLER COMPACTOR	846,241
LESS ACCUMULATED DEPRECIATION	(290,409)
TOTAL	\$ 1,531,775

The future minimum lease obligation and the net present value for these minimum lease payments as of December 31, 2019, were as follows:

CAPITAL LEASES - BUSINESS-TYPE ACTIVITIES				
YEAR	WILDLAND BRUSH TRUCK	ENFORCER PUMPER TRUCK	CATAPILLER COMPACTOR	TOTAL LEASE PAYMENTS PER YEAR
2020	44,286	138,533	80,909	263,728
2021	-	138,533	80,909	219,442
2022	-	138,533	80,909	219,442
2023	-	-	80,909	80,909
TOTAL MINIMUM LEASE PAYMENTS	\$ 44,286	\$ 415,599	\$ 323,636	783,521
LESS: INTEREST	(2,073)	(24,420)	(70,301)	(96,794)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	\$ 42,213	\$ 391,179	\$ 253,336	\$ 686,727

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NOTE 7. INTERFUND TRANSFERS

The following table provides a summary of interfund transfers for the year ended December 31, 2019.

Transferred From...	Transferred To...							Total
	General Fund	Streets Construction Fund	General Governmental Construction Fund	Other Governmental Funds	Major Enterprise Funds	Other Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 955,000	\$ 991,677	\$ 1,454,242	\$ -	\$ 605,000	\$ 524,042	\$ 4,529,961
Other Governmental Funds	285,882	3,085,223	-	1,949,002	-	-	24,000	5,344,107
Major Enterprise Funds	-	-	-	-	-	55,000	-	55,000
Other Enterprise Funds	-	-	-	23,385	-	-	-	23,385
Total	\$ 285,882	\$ 4,040,223	\$ 991,677	\$ 3,426,629	\$ -	\$ 660,000	\$ 548,042	\$ 9,952,453

In 2019, the City’s enterprise operations paid a total of \$10,657,445 in Occupation Taxes to the City’s General and Streets Funds. 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		\$ -	\$ 804,429	\$ 550,000	\$ 1,354,429
Other Governmental Funds	Transportation Benefit District	-	112,600	-	112,600
	Industrial Development	51,725	-	-	51,725
	Criminal Justice	66,073	-	-	66,073
	Hotel/Motel Tax	-	-	-	-
Total		\$ 117,798	\$ 917,029	\$ 550,000	\$ 1,584,827

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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				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	Broadband	Equipment Replacement		
General Fund		\$ -	\$ 955,000	\$ 991,677	\$ -	\$ 410,907	\$ 238,906	\$ -	\$ -	\$ 55,000	\$ 524,042	\$ 3,175,532	
Other Governmental Funds	Streets	-	-	-	-	-	-	-	-	-	24,000	24,000	
	Transportation Benefit District	-	769,772	-	-	-	-	-	-	-	-	769,772	
	Park Reserve	-	-	-	-	69,053	-	-	495,000	-	-	564,053	
	Industrial Development	-	1,317,146	-	-	-	-	-	60,000	-	-	1,377,146	
	Public Safety Sales Tax	-	-	-	-	-	-	-	10,000	-	-	10,000	
	Hotel/Motel Tax	168,084	-	-	-	-	-	-	201,369	-	-	369,453	
	CDBG	-	15,355	-	-	-	-	-	88,820	-	-	104,175	
	Special Assessment Debt Service	-	-	-	-	-	-	169	-	-	-	169	
Capital Improvement	-	982,950	-	33,754	718,237	-	-	160,000	-	-	1,894,941		
Electric Fund		-	-	-	-	-	-	-	-	30,000	-	30,000	
Water Fund		-	-	-	-	-	-	-	-	20,000	-	20,000	
Sewer Fund		-	-	-	-	-	-	-	-	5,000	-	5,000	
Other Enterprise Funds	Broadband	-	-	-	-	23,385	-	-	-	-	-	23,385	
Total		\$ 168,084	\$ 4,040,223	\$ 991,677	\$ 33,754	\$ 1,221,582	\$ 238,906	\$ 169	\$ 1,015,189	\$ 110,000	\$ 548,042	\$ 8,367,626	

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 163 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 \$1,380,968 in premiums for coverage in 2019.

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 \$662,733 in 2019, of which \$49,966 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 \$129,000 in 2019 and is based on an estimated sixteen weeks of fund expense.

As of December 31, 2019, the estimated claims reserve has \$2,240,000 set aside for estimated claims liabilities. Settlements have not exceeded available resources for these benefits in the previous three years.

The following is a reconciliation of changes in the aggregate liabilities for healthcare claims for the fiscal years 2017 through 2019:

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
2019	2,369,000	8,076,506	(129,000)	7,947,506	2,240,000
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

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 \$78,852 and \$26,826, 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 2017 through 2019:

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
2019	119,687	430,557	(40,835)	430,557	78,852
2018	130,157	825,286	(10,470)	825,286	119,687
2017	139,313	536,644	(9,156)	536,644	130,157
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
2019	24,418	73,909	2,408	73,909	26,825
2018	21,470	61,167	2,938	61,167	24,418
2017	38,453	103,640	(16,974)	103,640	21,470

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 2019:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$ (33,564,220)
Deferred Outflows of Resources	1,362,921
Deferred Inflows of Resources	(839,638)
OPEB Expenses/Expenditures	252,458

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:

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

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 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 participate in the RHS plan, funded by a 1% of salary contribution from both the City and the employee. Employees that remain in the OPEB plan are 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 four 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.

	2013	2014	2015	2016	2017	2018	2019
Active Participants	293	219	146	131	123	114	105
Retirees & Beneficiaries	91	84	82	86	78	57	62
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 ¹⁻ Contributed to Fund 522 ²⁻ Contributed to employee RHS Plan	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 400-599 Hours	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 600-800 Hours
¹ Existing Emp - OPEB Plan	1% Salary	\$10,000 Annual	20 Hours	40 Hours
² New Employee in RHS	1% Salary	1% Salary	20 Hours	40 Hours
² Existing Employee Opted out of OPEB 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 was used to calculate the total OPEB liability measured as of December 31, 2019.

Changes in the Total OPEB Liability	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2018	\$ 10,859,388
Changes for the year:	
Service Cost	327,477
Interest	394,657
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	185,689
Changes of Assumptions	(394,411)
Benefit Payments	(1,030,936)
Implicit Rate Subsidy Fulfilled	(294,447)
Other Miscellaneous Income/(Expense)	-
Net Changes	<u>(811,971)</u>
Balance as of Report Date December 31, 2019	<u>\$ 10,047,417</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>Dec 31, 2018</u> <u>Measurement</u>	<u>Dec 31, 2019</u> <u>Measurement</u>	
	<u>Date</u>	<u>Date</u>	
Discount Rate	3.75%	2.75%	
Inflation	2.50%	2.50%	
Healthcare Cost Trend Rates	6.50%	6.00%	Trending down to 3.84% over 56 years
Salary Increases	3.00%	3.00%	Additional merit-based increases based on merit salary increase tables

Mortality rates were based on Office of the State Actuary tables.

* Projections of the sharing of benefit-related costs are based on an established pattern of practice

Discount Rate

The discount rate used to measure the total OPEB liability is 2.75%. 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.

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 (1.75%) or one percentage point higher (3.75%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Total OPEB Liability (Asset)	\$ 10,658,175	\$ 10,047,417	\$ 9,460,319

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 (5.00%) or one percentage point higher (7.00%) than current healthcare cost trend rates follows:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	5.00%	6.00%	7.00%
	Decreasing to	Decreasing to	Decreasing to
	2.84%	3.84%	4.84%
Total OPEB Liability (Asset)	\$ 9,117,712	\$ 10,047,417	\$ 11,117,671

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

For the year ended December 31, 2019, the City recognized an OPEB expense of \$840,099. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Actual and Expected Experience	\$ 157,974	\$ (504,095)
Changes of Assumptions	1,204,947	(335,543)
City Contributions Subsequent to the Measurement Date	-	-
Total	\$ 1,362,921	\$ (839,638)

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>
2020	\$ 117,965
2021	117,965
2022	117,965
2023	117,965
2024	117,965
Remaining	(21,804)

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

Plan Description

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 1) plan 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.

Benefits Provided

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 1 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:

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

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 valued as of December 31, 2018, and was used to calculate the total OPEB liability measured as of December 31, 2019.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>Dec 31, 2018</u>	<u>Dec 31, 2019</u>	
	<u>Measurement</u>	<u>Measurement</u>	
	<u>Date</u>	<u>Date</u>	
Discount Rate	3.75%	2.75%	
Inflation	2.50%	2.50%	
Healthcare Cost Trend Rates	6.50%	6.00%	Trending down to 3.84% over 56 years
Salary Increases	3.00%	3.00%	Additional merit-based increases based on merit salary increase tables

Mortality rates were based on SOA tables

* Projections of the sharing of benefit-related costs are based on an established pattern of practice

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75%. 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.

Ad Hoc Changes

There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Experience Studies

There were no experience studies used in the valuation.

Sharing of Benefit-Related Cost with Inactive Employees

Inactive employees do not contribute to benefit-related costs.

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, 2019.

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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The following tables show the changes in total OPEB liability during calendar year 2019:

Changes in the Total OPEB Liability (LEOFF 1 Fire)	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2018	\$ 9,055,358
Changes for the year:	
Service Cost	-
Interest	335,022
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(251,890)
Changes of Assumptions	(75,491)
Benefit Payments	(242,857)
Implicit Rate Subsidy Fulfilled	-
Other Miscellaneous Expenses	-
Net Changes	<u>(235,216)</u>
Balance as of Report Date December 31, 2019	<u>\$ 8,820,142</u>

Changes in the Total OPEB Liability (LEOFF 1 Police)	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2018	\$ 15,533,433
Changes for the year:	
Service Cost	-
Interest	577,975
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(455,025)
Changes of Assumptions	(718,232)
Benefit Payments	(241,490)
Implicit Rate Subsidy Fulfilled	-
Other Miscellaneous Income/(Expenses)	-
Net Changes	<u>(836,772)</u>
Balance as of Report Date December 31, 2019	<u>\$ 14,696,661</u>

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 (1.75%) or one percentage point higher (3.75%) follows:

LEOFF 1 Fire	1% Decrease	Discount Rate	1% Increase
	1.75%	2.75%	3.75%
Total OPEB Liability (Asset)	\$ 9,880,410	\$ 8,820,142	\$ 7,932,988

LEOFF 1 Police	1% Decrease	Discount Rate	1% Increase
	1.75%	2.75%	3.75%
Total OPEB Liability (Asset)	\$ 16,560,241	\$ 14,696,661	\$ 13,138,608

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 (5.00%) or one percentage point higher (7.00%) than current healthcare cost trend rates follows:

LEOFF 1 Fire	1% Decrease	Trend Rate	1% Increase
	5.00%	6.00%	7.00%
	Decreasing to	Decreasing to	Decreasing to
	2.84%	3.84%	4.84%
Total OPEB Liability (Asset)	\$ 7,896,497	\$ 8,820,142	\$ 9,903,168

LEOFF 1 Police	1% Decrease	Trend Rate	1% Increase
	5.00%	6.00%	7.00%
	Decreasing to	Decreasing to	Decreasing to
	2.84%	3.84%	4.84%
Total OPEB Liability (Asset)	\$ 13,082,438	\$ 14,696,661	\$ 16,591,025

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

For the report year ended December 31, 2019, the LEOFF 1 Fire and LEOFF 1 Police recognized OPEB expense of \$7,641 and (\$595,282) respectively. At December 31, 2019, 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 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (15,879,101)
Pension assets	\$ 12,587,750
Deferred outflows of resources	\$ 4,120,835
Deferred inflows of resources	\$ (10,064,683)
Pension expense/expenditures	\$ 1,670,528

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

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

Public Employees’ Retirement System (PERS)

PERS members include elected officials; State employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS 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 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July - December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

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 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.83%	7.41%
July – December 2019:		
PERS Plan 2/3	7.92%	7.90%

PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

The City’s actual PERS plan contributions were \$1,464,462 to PERS Plan 1 and \$2,279,911 to PERS Plan 2/3 for the year ended December 31, 2019.

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 1 had no required employer or employee contributions for fiscal year 2019. 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 2019 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
July – December 2019		
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
July – December 2019		
Ports and Universities	8.59%	
Administrative Fee	0.18%	
Total	8.77%	8.59%

The City’s actual contributions to the plan were \$794,365 for the year ended December 31, 2019.

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, 2019, the State contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$520,203.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, 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.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

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 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, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 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.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$9,993,785	\$7,980,227	\$6,233,200
PERS 2/3	19,957,397	2,602,142	(11,638,991)
LEOFF 1	(2,098,928)	(2,565,760)	(2,968,824)
LEOFF 2	(1,863,511)	(10,021,991)	(16,681,178)

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, 2019, the City reported a total pension liability of \$10,582,369 and a total pension asset of (\$12,587,751) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$7,980,227
PERS 2/3	2,602,142
LEOFF 1	(2,565,760)
LEOFF 2	(10,021,991)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer’s proportionate share	(\$2,565,760)	(\$10,021,991)
State’s proportionate share of the net pension asset associated with the employer	(17,354,734)	(6,563,061)
TOTAL	(19,920,494)	(16,585,052)

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

Plans	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.208701%	0.207529%	-0.001172%
PERS 2/3	0.265600%	0.267892%	0.002292%
LEOFF 1	0.129145%	0.129806%	0.000661%
LEOFF 2	0.442011%	0.432599%	-0.009412%

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 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary. In fiscal year 2019, 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 2019, the State of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$310,692
PERS 2/3	482,694
LEOFF 1	(145,487)
LEOFF 2	144,624
TOTAL	792,523

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Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS PLAN 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(533,146)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	704,903	-
TOTAL	704,903	(533,146)

PERS PLAN 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	745,520	(559,446)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,787,659)
Changes of assumptions	66,633	(1,091,772)
Changes in proportion and differences between contributions and proportionate share of contributions	105,939	(337,863)
Contributions subsequent to the measurement date	1,166,749	-
TOTAL	2,084,841	(5,776,740)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(265,992)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	-	(265,992)

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LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	721,172	(180,222)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,054,821)
Changes of assumptions	16,510	(1,127,795)
Changes in proportion and differences between contributions and proportionate share of contributions	197,818	(125,966)
Contributions subsequent to the measurement date	395,590	-
TOTAL	1,331,090	(3,488,804)

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,466,692	(739,668)
Net difference between projected and actual investment earnings on pension plan investments	-	(6,641,619)
Changes of assumptions	83,143	(2,219,567)
Changes in proportion and differences between contributions and proportionate share of contributions	303,757	(463,828)
Contributions subsequent to the measurement date	2,267,242	-
TOTAL	4,120,834	(10,064,682)

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, 2020. 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
2020	\$ (117,695)	\$ (1,218,823)	\$ (61,782)	\$ (568,242)
2021	(278,786)	(2,004,941)	(136,175)	(1,066,087)
2022	(99,487)	(923,106)	(49,414)	(449,159)
2023	(37,178)	(522,384)	(18,621)	(231,244)
2024		(220,112)		(66,598)
Thereafter		30,718		(171,974)

Firefighter’s Pension Plan

Plan Description

The City administers a single-employer defined-benefit post-employment pension plan for firefighters hired prior to 1970, the Firefighter's Pension Plan (FPP). Dependents are eligible to enroll, and benefits continue to surviving spouses. The FPP 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. The FPP 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 FPP 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:

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

Contributions

The City pays benefits as they come due (pay-as-you-go). The agency does not accumulate assets in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board.

Contribution rate:	Benefits Due
Reporting period contributions: \$	135,147

Net Pension Liability

The City's total pension liability was valued as of December 31, 2018, and was used to calculate the net pension liability measured as of December 31, 2019.

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:

Measurement Date:	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Discount Rate	3.75%	2.75%
Inflation	2.50%	2.50%

Mortality rates were based on SOA tables.

Discount Rate

Fidelity municipal government-obligation AA-rated 20-year bond index rate was used for the discount rate. The selected rate was 2.75%.

Ad Hoc Changes

There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Experience Studies

There were no experience studies used in this valuation.

Sharing of Benefit-Related Cost with Inactive Employees

Inactive employees do not contribute to benefit-related costs.

Changes in the Net Pension Liability (Fire Pension Fund)

Changes in the Net Pension Liability	<i>Increase/Decrease</i> <u>Total/Net Pension Liability</u>
Balance as of Report Date December 31, 2018	\$ 1,664,161
Changes for the year:	
Service Cost	-
Interest	59,872
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(13,348)
Changes of Assumptions	121,000
Benefit Payments	(135,147)
Other Miscellaneous Income/(Expense)	<u>-</u>
Net Changes	<u>32,377</u>
Balance as of Report Date December 31, 2019	<u>\$ 1,696,538</u>

Sensitivity of the net pension liability to changes in the discount rate

The net pension liability of the City, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Net Pension Liability (Asset)	\$ 1,835,847	\$ 1,696,538	\$ 1,575,539

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

For the year ended December 31, 2019, the City recognized pension expense related to fire pension of \$167,524, deferred outflows of resources related to fire pension of \$0, and deferred inflows of resources related to fire pension of \$0.

Police Pension Plan

Plan Description

The City administers a single-employer defined-benefit post-employment pension plan for police officers hired prior to 1970, the Police Pension Plan (PPP). Dependents are eligible to enroll, and benefits continue to surviving spouses. The PPP 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. The PPP 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 PPP 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:

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

Contributions

The City pays benefits as they become due (pay-as-you-go). The agency does not accumulate assets in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board.

Contribution rate:	Benefits Due
Reporting period contributions: \$	240,122

Net Pension Liability

The City's total pension liability was measured as of December 31, 2018 and was used to calculate the net pension liability measured as of December 31, 2019.

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:

Measurement Date:	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Discount Rate	3.75%	2.75%
Inflation	2.50%	2.50%

Mortality rates were based on SOA tables.

Discount Rate

Fidelity municipal government-obligation AA-rated 20-year bond index rate was used for the discount rate. The selected rate was 2.75%.

Ad Hoc Changes

There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Experience Studies

There were no experience studies used in the valuation.

Sharing of Benefit-Related Cost with Inactive Employees

Inactive employees do not contribute to benefit-related costs.

Changes in the Net Pension Liability (Police Pension Fund)

Changes in the Net Pension Liability	<i>Increase/Decrease</i> <u>Total/Net Pension Liability</u>
Balance as of Report Date December 31, 2018	\$ 3,129,835
Changes for the year:	
Service Cost	-
Interest	112,867
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(41,736)
Changes of Assumptions	639,350
Benefit Payments	(240,122)
Other Miscellaneous Income/(Expense)	-
Net Changes	<u>470,359</u>
Balance as of Report Date December 31, 2019	<u>\$ 3,600,194</u>

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 (1.75%) or one percentage point higher (3.75%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Net Pension Liability (Asset)	\$ 3,940,445	\$ 3,600,194	\$ 3,308,110

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

For the year ended December 31, 2019, the City recognized pension expense related to police pension of \$710,481, 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 Project 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 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 is a NIES member. Both NIES and NESC have agreements allowing NEMS to provide all necessary administrative functions required to procure non-Federal resources. Richland elected to meet all of its tier 2 requirements through BPA from 2015-2019, and began using non-federal market purchases supplied by NIES beginning in late 2019. 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 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 four lawsuits, one involving an allegation of civil rights violation, two involving allegations of negligence/personal injury valued at less than \$100,000, and one alleging trespass/inverse condemnation. The City believes it has defensible positions on these matters, and does not have an approximation of potential liability. Insurance coverage is available for any damages awarded, with the exception of punitive damages, which are highly unlikely. In addition, three matters are currently on appeal, with the high likelihood of City's success on the merits.

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 February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The City budgets conservatively and maintains appropriate reserves to help mitigate economic fluctuations and unforeseen events. At this time, there are no known material financial or operational impacts to the City. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

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 \$3,196,150 at year end, and reports a deferred inflow of resources in the amount of \$2,020,100 related to the structures that have been constructed by HRMC.

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.

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 Notes to the Financial Statements
 For the Year Ended December 31, 2019

The following table describes in more detail the purpose of each fund balance classification, except for balances related to non-spendable, debt service, and unassigned fund balances:

Purpose of Restricted, Committed and Assigned Fund Balance, as displayed on the Governmental Funds Balance sheet (Other than debt service)		
<u>Balance Sheet Description</u>	<u>Amount</u>	<u>Purpose</u>
Restricted For:		
Capital Improvements	5,369,673	Real Estate Excise Tax restricted for capital improvements
	3,213,000	Fire Station 75 Construction
	2,140,348	Acquisition and development of public open space (parks)
	30,845	Restricted by franchise agreement for cable broadcast equipment
	<u>10,753,866</u>	
Public Safety	1,816,436	Public Safety Sales/Criminal Justice Tax restricted to Criminal Justice purposes
	26,975	Police confiscations
	<u>1,843,411</u>	
Economic Environment	362,485	Contingency for performance of Hanford Reach Interpretive Center
	1,908,266	Lodging Tax proceeds restricted for tourism promotion
	1,016,482	HUD Program for owner occupies housing rehabilitation
	2,144,836	HUD Program for home down payment assistance
	983,724	Building Permit Proceeds - unspent
	4,506	Restricted for public art
	<u>6,420,299</u>	
Transportation	174,555	Transportation Improvement District tab fees for bridge & street improvements
	<u>174,555</u>	
Other Purposes	32,579	Administration of ICMA deferred compensation plans
	24,961	Police Operations
	<u>57,540</u>	
Committed For:		
Capital Improvements	452,951	Library capital improvements
	2,149,129	Park construction projects
	785,070	Streets construction projects
	195,155	Swift Blvd corridor/City Hall Improvements
	<u>3,582,305</u>	
Public Safety	4,766	Police Operations
	25,000	Police - Narcotics investigations
	60,540	Fire Equipment
	<u>90,306</u>	
Economic Environment	50,482	Commercial Improvement Program
	4,702,788	Industrial Development
	<u>4,753,270</u>	
Assigned To:		
Public Safety	69,630	Police operations and special projects
	6,235	Fire Department operations
	<u>75,865</u>	
Transportation	514,518	Construction of streets infrastructure
	716,055	Maintenance of streets and rail infrastructure
	<u>1,230,573</u>	





REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS POST EMPLOYMENT HEALTHCARE PLAN FOR THE YEAR ENDED DECEMBER 31, 2019 LAST 10 FISCAL YEARS*		
	2019	2018
Total OPEB Liability - Beginning	\$ 10,859,388	\$ 10,218,385
Service Cost	327,477	317,939
Interest	394,657	412,174
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience	185,689	(718,605)
Changes of Assumptions	(394,411)	1,717,693
Benefit Payments	(1,030,936)	(811,722)
Implicit Rate Subsidy Fulfilled	(294,447)	(276,476)
Total OPEB Liability - Ending	\$ 10,047,417	\$ 10,859,388
Covered payroll**	\$ 10,111,177	\$ 9,816,677
City's Total OPEB Liability as a Percentage of Covered Payroll	99.37%	110.62%
Notes to Schedule:		
* Until a full 10 year trend is compiled, only information for those years available is presented		
** Covered 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		

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SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LEOFF 1 FIREFIGHTERS OPEB FOR THE YEAR ENDED DECEMBER 31, 2019 LAST 10 FISCAL YEARS*		
	2019	2018
Total OPEB Liability - Beginning	\$ 9,055,358	\$ 9,668,049
Service Cost	-	-
Interest	335,022	332,039
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(251,890)	(354,610)
Changes of Assumptions	(75,491)	(328,013)
Benefit Payments	(242,857)	(262,107)
Implicit Rate Subsidy Fulfilled	-	-
Total OPEB Liability - Ending	\$ 8,820,142	\$ 9,055,358
Covered payroll**	\$ -	\$ -
City's Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A
Notes to Schedule:		
* Until a full 10 year trend is compiled, only information for those years available is presented		
** Covered 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		

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LEOFF 1 POLICE OPEB FOR THE YEAR ENDED DECEMBER 31, 2019 LAST 10 FISCAL YEARS*		
	2019	2018
Total OPEB Liability - Beginning	\$ 15,533,433	\$ 13,720,278
Service Cost	-	-
Interest	577,975	565,609
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(455,025)	(997,276)
Changes of Assumptions	(718,232)	2,474,999
Benefit Payments	(241,490)	(230,177)
Implicit Rate Subsidy Fulfilled	-	-
Total OPEB Liability - Ending	\$ 14,696,661	\$ 15,533,433
Covered payroll**	\$ -	\$ -
City's Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A
Notes to Schedule:		
* Until a full 10 year trend is compiled, only information for those years available is presented		
** Covered 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		

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PENSION PLANS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE PENSION						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	59,872	63,404	87,993	92,704	98,363	103,590
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(13,348)	112,317	(208,186)	-	(4,485)	-
Changes of assumptions	121,000	173,506	(58,767)	-	-	-
Benefit payments, included refunds of employee contributions	(135,147)	(180,048)	(171,820)	(202,024)	(211,338)	(205,715)
Net change in total pension liability	32,377	169,179	(350,780)	(109,320)	(117,460)	(102,125)
Total pension liability - beginning	1,664,161	1,494,982	1,845,762	1,955,082	2,072,542	2,174,667
Total pension liability - ending	\$ 1,696,538	\$ 1,664,161	\$ 1,494,982	\$ 1,845,762	\$ 1,955,082	\$ 2,072,542
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Notes to Schedule						
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						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	112,867	116,570	133,349	136,198	139,988	143,633
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(41,736)	1,304,898	(658,565)	-	(21,223)	-
Changes of assumptions	639,350	(79,437)	(69,702)	-	-	-
Benefit payments, included refunds of employee contributions	(240,122)	(190,512)	(187,470)	(198,894)	(205,925)	(211,450)
Net change in total pension liability	470,359	1,151,519	(782,388)	(62,696)	(87,160)	(67,817)
Total pension liability - beginning	3,129,835	1,978,316	2,760,704	2,823,401	2,910,561	2,978,378
Total pension liability - ending	\$ 3,600,194	\$ 3,129,835	\$ 1,978,316	\$ 2,760,705	\$ 2,823,401	\$ 2,910,561
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Notes to Schedule						
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.						

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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1						
As of June 30, 2019						
Last 10 Fiscal Years*						
	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.207529%	0.208701%	0.209308%	0.222982%	0.221151%	0.229721%
Employer's proportionate share of the net pension liability	7,980,227	9,320,658	9,931,828	11,975,184	11,568,254	11,572,303
TOTAL	7,980,227	9,320,658	9,931,828	11,975,184	11,568,254	11,572,303
Covered payroll**	29,124,314	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	27.40%	33.80%	38.02%	45.49%	46.51%	46.90%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2/3						
As of June 30, 2019						
Last 10 Fiscal Years*						
	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.267892%	0.265600%	0.264362%	0.277811%	0.275857%	0.282032%
Employer's proportionate share of the net pension liability	2,602,142	4,534,884	9,185,316	13,987,564	9,856,528	5,700,885
TOTAL	2,602,142	4,534,884	9,185,316	13,987,564	9,856,528	5,700,885
Covered payroll**	29,124,314	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	8.93%	16.52%	35.44%	53.79%	40.25%	23.61%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
LEOFF RETIREMENT SYSTEM PLAN 1						
As of June 30, 2019						
Last 10 Fiscal Years*						
	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.129806%	0.129145%	0.128052%	0.126016%	0.125802%	0.125288%
Employer's proportionate share of the net pension liability	(2,565,760)	(2,344,630)	(1,942,831)	(1,298,325)	(1,516,192)	(1,519,482)
TOTAL	(2,565,760)	(2,344,630)	(1,942,831)	(1,298,325)	(1,516,192)	(1,519,482)
Covered 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	N/A	-4125.19%	-2008.99%	-1651.75%
Plan fiduciary net position as a percentage of the total pension liability	148.78%	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

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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LEOFF RETIREMENT SYSTEM PLAN 2						
As of June 30, 2019						
Last 10 Fiscal Years*						
	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.432599%	0.442011%	0.439701%	0.450464%	0.411289%	0.417449%
Employer's proportionate share of the net pension liability	(10,021,991)	(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	(10,021,991)	(8,973,787)	(6,101,625)	(2,620,034)	(4,227,228)	(5,539,728)
TOTAL	-	-	-	-	-	-
Covered payroll**	14,984,568	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	-66.88%	-61.49%	-44.36%	-19.20%	-35.41%	-47.69%
Plan fiduciary net position as a percentage of the total pension liability	119.43%	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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1										
As of December 31, 2019										
Last 10 Fiscal Years										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$ -	\$ -	\$ 35,334	\$ 48,941	\$ 67,823	\$ 78,321	\$ 96,187	\$ 91,766	\$ 61,134	\$ 186,251
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)
Contribution deficiency (excess)	-	-	7,673	23,796	29,320	33,933	49,792	30,875	-	138,218
Covered payroll**	\$ 29,570,482	\$ 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
Contributions as a percentage of covered payroll	0.00%	0.00%	0.13%	0.19%	0.27%	0.31%	0.39%	0.37%	0.24%	0.76%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2 & 3										
As of December 31, 2019										
Last 10 Fiscal Years*										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$ 3,797,492	\$ 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
Contributions in relation to the statutorily or contractually required contributions	(3,797,492)	(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)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll*	\$ 29,570,482	\$ 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
Contributions as a percentage of covered payroll	12.84%	12.74%	11.92%	11.18%	10.15%	9.22%	8.12%	7.19%	6.16%	5.30%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LEOFF RETIREMENT SYSTEM PLAN 1										
As of December 31, 2019										
Last 10 Fiscal Years*										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$ -	\$ -	\$ -	\$ 2	\$ 751	\$ 173	\$ 152	\$ 128	\$ 492	\$ 565
Contributions in relation to the statutorily or contractually required contributions	-	-	-	(2)	(104)	(173)	(152)	(128)	(492)	(565)
Contribution deficiency (excess)	-	-	-	-	647	-	-	-	-	-
Covered payroll*	\$ -	\$ -	\$ -	\$ 1,288	\$ 55,906	\$ 95,945	\$ 91,538	\$ 79,696	\$ 308,879	\$ 353,511
Contributions as a percentage of covered payroll	N/A	N/A	N/A	0.16%	1.34%	0.18%	0.17%	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

City of Richland, Washington
Comprehensive Annual Financial Report
Required Supplementary Information
For the Year Ended December 31, 2019

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LEOFF RETIREMENT SYSTEM PLAN 2										
As of December 31, 2019										
Last 10 Fiscal Years*										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$ 821,637	\$ 801,359	\$ 761,005	\$ 701,584	\$ 664,997	\$ 636,501	\$ 604,541	\$ 588,359	\$ 559,758	\$ 542,273
Contributions in relation to the statutorily or contractually required contributions	(821,637)	(801,359)	(761,005)	(701,584)	(664,997)	(636,501)	(603,710)	(588,359)	(559,452)	(541,547)
Contribution deficiency (excess)	-	-	-	-	-	-	831	-	306	726
Covered payroll*	\$ 15,151,138	\$ 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
Contributions as a percentage of covered payroll	5.42%	5.47%	5.33%	5.23%	5.23%	5.23%	5.24%	5.24%	5.23%	5.24%

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



COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

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

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

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

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2019

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental
ASSETS				
Cash and cash equivalents	\$ 9,950,022	\$ 1,470,761	\$ 8,420,090	\$ 19,840,873
Deposits with third parties	28,600	-	-	28,600
Investments	2,600,843	-	2,772,356	5,373,199
Taxes receivable	-	27,279	-	27,279
Customer accounts (net)	707,427	-	-	707,427
Due from other governments	754,260	-	699,352	1,453,612
Assessments	-	50,952	-	50,952
Notes and contracts	2,166,747	-	-	2,166,747
Inventory	53,446	-	-	53,446
Total assets	<u>\$ 16,261,345</u>	<u>\$ 1,548,992</u>	<u>\$ 11,891,798</u>	<u>\$ 29,702,135</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 462,750	\$ -	\$ 964,965	\$ 1,427,715
Payable to other governments	73,982	-	-	73,982
Interfund loans payable	-	5,527	-	5,527
Deposits payable	6,000	-	-	6,000
Unearned revenue-other	680,915	-	-	680,915
Total liabilities	<u>1,223,647</u>	<u>5,527</u>	<u>964,965</u>	<u>2,194,139</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	18,015	-	18,015
Unavailable revenue-unbilled LID assessments	-	37,513	-	37,513
Total deferred inflow of resources	<u>-</u>	<u>55,528</u>	<u>-</u>	<u>55,528</u>
Total liabilities and deferred inflows of resources	<u>1,223,647</u>	<u>61,055</u>	<u>964,965</u>	<u>2,249,667</u>
FUND BALANCES (DEFICITS)				
Nonspendable				
Contractually maintained deposits	2,000	-	-	2,000
Inventory	53,446	-	-	53,446
Restricted				
Capital Improvements	2,140,348	-	8,582,672	10,723,020
Debt service	-	336,570	-	336,570
Economic environment	5,432,069	-	-	5,432,069
Public safety	1,816,436	-	-	1,816,436
Transportation	174,555	-	-	174,555
Committed				
Capital improvements	-	-	2,344,284	2,344,284
Debt service	-	808,568	-	808,568
Economic environment	4,702,788	-	-	4,702,788
Assigned				
Debt service	-	342,800	-	342,800
Transportation	716,055	-	-	716,055
Unassigned				
Unassigned	-	-	(124)	(124)
Total fund balances (deficits)	<u>\$ 15,037,697</u>	<u>\$ 1,487,938</u>	<u>\$ 10,926,832</u>	<u>\$ 27,452,467</u>
Total liabilities and fund balances (deficits)	<u>\$ 16,261,344</u>	<u>\$ 1,548,993</u>	<u>\$ 11,891,797</u>	<u>\$ 29,702,134</u>

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, 2019

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 5,560,214	\$ 2,627,846	\$ 4,523,038	\$ 12,711,098
Intergovernmental	1,670,722	-	388,158	2,058,880
Charges for goods and services	6,876,803	-	-	6,876,803
Investment earnings	247,305	60,981	127,607	435,893
Rents and leases	1,384,191	-	-	1,384,191
Miscellaneous revenue	619,369	28,683	3,227,787	3,875,839
Total revenues	<u>16,358,604</u>	<u>2,717,510</u>	<u>8,266,590</u>	<u>27,342,704</u>
EXPENDITURES				
Current:				
General government	-	-	383	383
Public safety	7,326,569	-	-	7,326,569
Transportation	3,127,005	11	-	3,127,016
Economic environment	2,748,373	-	-	2,748,373
Culture and recreation	4,655	-	41,430	46,085
Debt service:				
Administrative charges	-	1,280	-	1,280
Interest	4,305	1,608,489	-	1,612,794
Principal retirement	91,950	2,475,000	-	2,566,950
Capital outlay:				
General government	-	-	4,587,314	4,587,314
Public safety	-	-	124	124
Economic environment	98,718	-	-	98,718
Culture and recreation	-	-	450,160	450,160
Total expenditures	<u>13,401,575</u>	<u>4,084,780</u>	<u>5,079,411</u>	<u>22,565,766</u>
Excess (deficiency) of revenues over expenditures	<u>2,957,029</u>	<u>(1,367,270)</u>	<u>3,187,179</u>	<u>4,776,938</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	950,783	1,460,657	2,006,866	4,418,306
Transfers out	(3,424,998)	(169)	(1,894,941)	(5,320,108)
Disposition of land held for sale	4,313,670	-	-	4,313,670
Disposition of capital assets	715,549	-	-	715,549
Total other financing sources (uses)	<u>2,555,004</u>	<u>1,460,488</u>	<u>111,925</u>	<u>4,127,417</u>
Net change in fund balances	5,512,033	93,218	3,299,104	8,904,355
Fund balances - beginning	9,525,663	1,394,721	7,627,728	18,548,112
Fund balances - ending	<u>\$ 15,037,696</u>	<u>\$ 1,487,939</u>	<u>\$ 10,926,832</u>	<u>\$ 27,452,467</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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 Lodging Assessment 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.

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Balance Sheet
 Nonmajor Special revenue funds
 December 31, 2019

	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
ASSETS						
Cash and cash equivalents	\$ 676,456	\$ 166,674	\$ 2,139,274	\$ 2,138,951	\$ 184,350	\$ 362,485
Deposits with third parties	2,000	-	-	26,600	-	-
Investments	-	-	-	2,600,843	-	-
Customer accounts (net)	16,602	-	4,970	685,775	-	-
Due from other governments	91,554	66,924	-	-	19,778	-
Notes and contracts	-	-	-	-	-	-
Inventory	53,446	-	-	-	-	-
Total assets	<u>\$ 840,058</u>	<u>\$ 233,598</u>	<u>\$ 2,144,244</u>	<u>\$ 5,452,169</u>	<u>\$ 204,128</u>	<u>\$ 362,485</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 68,557	\$ -	\$ -	\$ 53,742	\$ -	\$ -
Payable to other governments	-	59,044	3,895	8,724	-	-
Deposits payable	-	-	-	6,000	-	-
Unearned revenue-other	-	-	-	680,915	-	-
Total liabilities	<u>68,557</u>	<u>59,044</u>	<u>3,895</u>	<u>749,381</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>68,557</u>	<u>59,044</u>	<u>3,895</u>	<u>749,381</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable						
Contractually maintained deposits	2,000	-	-	-	-	-
Inventory	53,446	-	-	-	-	-
Restricted						
Capital Improvements	-	-	2,140,348	-	-	-
Economic environment	-	-	-	-	-	362,485
Public safety	-	-	-	-	204,128	-
Transportation	-	174,555	-	-	-	-
Committed						
Economic environment	-	-	-	4,702,788	-	-
Assigned						
Transportation	716,055	-	-	-	-	-
Unassigned						
Total fund balances (deficits)	<u>\$ 771,501</u>	<u>\$ 174,555</u>	<u>\$ 2,140,348</u>	<u>\$ 4,702,788</u>	<u>\$ 204,128</u>	<u>\$ 362,485</u>
Total liabilities and fund balances (deficits)	<u>\$ 840,058</u>	<u>\$ 233,599</u>	<u>\$ 2,144,243</u>	<u>\$ 5,452,169</u>	<u>\$ 204,128</u>	<u>\$ 362,485</u>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/Motel Fund	Special Lodging Assessment Fund	CDBG Fund	Home Fund	Total Nonmajor Special revenue funds
\$ 1,289,236	\$ 175,720	\$ 1,786,124	\$ 53,708	\$ 108,447	\$ 868,597	\$ 9,950,022
-	-	-	-	-	-	28,600
-	-	-	-	-	-	2,600,843
80	-	-	-	-	-	707,427
369,880	-	100,875	41,994	14,115	49,141	754,261
-	-	-	-	901,155	1,265,592	2,166,747
-	-	-	-	-	-	53,446
<u>\$ 1,659,196</u>	<u>\$ 175,720</u>	<u>\$ 1,886,999</u>	<u>\$ 95,702</u>	<u>\$ 1,023,717</u>	<u>\$ 2,183,330</u>	<u>\$ 16,261,346</u>
\$ 46,889	\$ 175,720	\$ 20,874	\$ 53,560	\$ 4,915	\$ 38,493	\$ 462,750
-	-	-	-	2,320	-	73,983
-	-	-	-	-	-	6,000
-	-	-	-	-	-	680,915
<u>46,889</u>	<u>175,720</u>	<u>20,874</u>	<u>53,560</u>	<u>7,235</u>	<u>38,493</u>	<u>1,223,648</u>
-	-	-	-	-	-	-
<u>46,889</u>	<u>175,720</u>	<u>20,874</u>	<u>53,560</u>	<u>7,235</u>	<u>38,493</u>	<u>1,223,648</u>
-	-	-	-	-	-	2,000
-	-	-	-	-	-	53,446
-	-	-	-	-	-	2,140,348
-	-	1,866,125	42,141	1,016,482	2,144,836	5,432,069
1,612,308	-	-	-	-	-	1,816,436
-	-	-	-	-	-	174,555
-	-	-	-	-	-	4,702,788
-	-	-	-	-	-	716,055
<u>\$ 1,612,308</u>	<u>\$ -</u>	<u>\$ 1,866,125</u>	<u>\$ 42,141</u>	<u>\$ 1,016,482</u>	<u>\$ 2,144,836</u>	<u>\$ 15,037,697</u>
<u>\$ 1,659,197</u>	<u>\$ 175,720</u>	<u>\$ 1,886,999</u>	<u>\$ 95,701</u>	<u>\$ 1,023,717</u>	<u>\$ 2,183,329</u>	<u>\$ 16,261,345</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special revenue funds
 For the Year Ended December 31, 2019

	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
REVENUES						
Taxes	\$ 735,663	\$ 1,005,137	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,253,043	-	-	-	77,714	69,509
Charges for goods and services	436,473	-	510,290	-	-	-
Investment earnings	8,212	2,349	31,453	122,803	-	5,865
Rents and leases	35,077	-	167,300	1,181,815	-	-
Miscellaneous revenue	39,617	-	625	579,127	-	-
Total revenues	<u>2,508,085</u>	<u>1,007,486</u>	<u>709,668</u>	<u>1,883,745</u>	<u>77,714</u>	<u>75,374</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Transportation	3,127,005	-	-	-	-	-
Economic environment	-	-	-	1,328,175	-	-
Culture and recreation	-	-	4,655	-	-	-
Debt service:						
Interest	-	-	-	4,305	-	-
Principal retirement	-	-	-	91,950	-	-
Capital outlay:						
Economic environment	-	-	-	98,718	-	-
Total expenditures	<u>3,127,005</u>	<u>-</u>	<u>4,655</u>	<u>1,523,148</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(618,920)</u>	<u>1,007,486</u>	<u>705,013</u>	<u>360,597</u>	<u>77,714</u>	<u>75,374</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	917,029	-	-	33,754	-	-
Transfers out	-	(882,372)	(564,053)	(1,428,871)	(66,073)	-
Disposition of land held for sale	-	-	-	4,313,670	-	-
Disposition of capital assets	-	-	715,549	-	-	-
Total other financing sources (uses)	<u>917,029</u>	<u>(882,372)</u>	<u>151,496</u>	<u>2,918,553</u>	<u>(66,073)</u>	<u>-</u>
Net change in fund balances	298,109	125,114	856,509	3,279,150	11,641	75,374
Fund balances - beginning	473,392	49,442	1,283,840	1,423,639	192,488	287,111
Fund balances - ending	<u>\$ 771,501</u>	<u>\$ 174,556</u>	<u>\$ 2,140,349</u>	<u>\$ 4,702,789</u>	<u>\$ 204,129</u>	<u>\$ 362,485</u>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/Motel Fund	Special Lodging Assessment Fund	CDBG Fund	Home Fund	Total Nonmajor Special revenue funds
\$ 1,951,527	\$ -	\$ 1,289,940	\$ 577,948	\$ -	\$ -	\$ 5,560,215
-	-	-	-	137,119	133,336	1,670,721
-	5,613,251	-	-	(105)	316,894	6,876,803
24,702	-	35,253	1,086	-	15,582	247,305
-	-	-	-	-	-	1,384,192
-	-	-	-	-	-	619,369
<u>1,976,229</u>	<u>5,613,251</u>	<u>1,325,193</u>	<u>579,034</u>	<u>137,014</u>	<u>465,812</u>	<u>16,358,605</u>
1,713,318	5,613,251	-	-	-	-	7,326,569
-	-	-	-	-	-	3,127,005
-	-	498,518	574,309	120,698	226,673	2,748,373
-	-	-	-	-	-	4,655
-	-	-	-	-	-	4,305
-	-	-	-	-	-	91,950
-	-	-	-	-	-	98,718
<u>1,713,318</u>	<u>5,613,251</u>	<u>498,518</u>	<u>574,309</u>	<u>120,698</u>	<u>226,673</u>	<u>13,401,575</u>
<u>262,911</u>	<u>-</u>	<u>826,675</u>	<u>4,725</u>	<u>16,316</u>	<u>239,139</u>	<u>2,957,030</u>
-	-	-	-	-	-	950,783
(10,000)	-	(369,454)	-	(104,175)	-	(3,424,998)
-	-	-	-	-	-	4,313,670
-	-	-	-	-	-	715,549
<u>(10,000)</u>	<u>-</u>	<u>(369,454)</u>	<u>-</u>	<u>(104,175)</u>	<u>-</u>	<u>2,555,004</u>
252,911	-	457,221	4,725	(87,859)	239,139	5,512,034
1,359,396	-	1,408,903	37,416	1,104,340	1,905,697	9,525,664
<u>\$ 1,612,307</u>	<u>\$ -</u>	<u>\$ 1,866,124</u>	<u>\$ 42,141</u>	<u>\$ 1,016,481</u>	<u>\$ 2,144,836</u>	<u>\$ 15,037,698</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Streets Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 706,015	\$ 706,015	\$ 735,663	\$ 29,648
Intergovernmental	1,289,509	1,324,609	1,253,043	(71,566)
Charges for goods and services	560,000	560,000	436,473	(123,527)
Investment earnings	3,000	3,000	8,212	5,212
Rents and leases	35,077	35,077	35,077	-
Miscellaneous revenue	18,000	18,000	39,617	21,617
Total revenues	<u>2,611,601</u>	<u>2,646,701</u>	<u>2,508,085</u>	<u>(138,616)</u>
EXPENDITURES				
Current:				
Transportation	3,468,297	3,680,333	3,127,005	553,328
Total current	<u>3,468,297</u>	<u>3,680,333</u>	<u>3,127,005</u>	<u>553,328</u>
Total expenditures	<u>3,468,297</u>	<u>3,680,333</u>	<u>3,127,005</u>	<u>553,328</u>
Excess (deficiency) of revenues over expenditures	<u>(856,696)</u>	<u>(1,033,632)</u>	<u>(618,920)</u>	<u>414,712</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	807,471	920,929	917,029	(3,900)
Total other financing sources (uses)	<u>807,471</u>	<u>920,929</u>	<u>917,029</u>	<u>(3,900)</u>
Net change in fund balances	(49,225)	(112,703)	298,109	410,812
Fund balances - beginning	473,392	473,392	473,392	-
Fund balances - ending	<u>\$ 424,167</u>	<u>\$ 360,689</u>	<u>\$ 771,501</u>	<u>\$ 410,812</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Transportation Benefit District Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 882,400	\$ 882,400	\$ 1,005,137	\$ 122,737
Investment earnings	1,000	1,000	2,349	1,349
Total revenues	<u>883,400</u>	<u>883,400</u>	<u>1,007,486</u>	<u>124,086</u>
EXPENDITURES				
Current:				
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>883,400</u>	<u>883,400</u>	<u>1,007,486</u>	<u>124,086</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(882,372)	(882,372)	(882,372)	-
Total other financing sources (uses)	<u>(882,372)</u>	<u>(882,372)</u>	<u>(882,372)</u>	<u>-</u>
Net change in fund balances	1,028	1,028	125,114	124,086
Fund balances - beginning	49,442	49,442	49,442	-
Fund balances - ending	<u>\$ 50,470</u>	<u>\$ 50,470</u>	<u>\$ 174,556</u>	<u>\$ 124,086</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Park Reserve Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for goods and services	\$ 350,000	\$ 350,000	\$ 510,290	\$ 160,290
Investment earnings	15,000	15,000	31,453	16,453
Rents and leases	97,935	97,935	167,300	69,365
Miscellaneous revenue	-	-	625	625
Total revenues	<u>462,935</u>	<u>462,935</u>	<u>709,668</u>	<u>246,733</u>
EXPENDITURES				
Current:				
Culture and recreation	20,000	20,000	4,655	15,345
Total current	<u>20,000</u>	<u>20,000</u>	<u>4,655</u>	<u>15,345</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>4,655</u>	<u>15,345</u>
Excess (deficiency) of revenues over expenditures	<u>442,935</u>	<u>442,935</u>	<u>705,013</u>	<u>262,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(564,053)	(564,053)	(564,053)	-
Disposition of capital assets	-	-	715,549	715,549
Total other financing sources (uses)	<u>(564,053)</u>	<u>(564,053)</u>	<u>151,496</u>	<u>715,549</u>
Net change in fund balances	(121,118)	(121,118)	856,509	977,627
Fund balances - beginning	<u>1,283,840</u>	<u>1,283,840</u>	<u>1,283,840</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,162,722</u>	<u>\$ 1,162,722</u>	<u>\$ 2,140,349</u>	<u>\$ 977,627</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Industrial Development Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 10,000	\$ 10,000	\$ 122,803	\$ 112,803
Rents and leases	1,003,468	1,003,468	1,181,815	178,347
Miscellaneous revenue	286,740	286,740	579,127	292,387
Total revenues	1,300,208	1,300,208	1,883,745	583,537
EXPENDITURES				
Current:				
Economic environment	993,588	1,280,938	1,328,175	(47,237)
Total current	993,588	1,280,938	1,328,175	(47,237)
Debt service:				
Interest	4,305	4,305	4,305	-
Principal retirement	91,950	91,950	91,950	-
Total debt service	96,255	96,255	96,255	-
Capital outlay:				
Economic environment	110,220	220,220	98,718	121,502
Total capital outlay	110,220	220,220	98,718	121,502
Total expenditures	1,200,063	1,597,413	1,523,148	74,265
Excess (deficiency) of revenues over expenditures	100,145	(297,205)	360,597	657,802
OTHER FINANCING SOURCES (USES)				
Transfers in	33,754	341,754	33,754	(308,000)
Transfers out	(1,286,725)	(1,428,871)	(1,428,871)	-
Disposition of land held for sale	2,580,660	2,580,660	4,313,670	1,733,010
Total other financing sources (uses)	1,327,689	1,493,543	2,918,553	1,425,010
Net change in fund balances	1,427,834	1,196,338	3,279,150	2,082,812
Fund balances - beginning	1,423,639	1,423,639	1,423,639	-
Fund balances - ending	\$ 2,851,473	\$ 2,619,977	\$ 4,702,789	\$ 2,082,812

City of Richland, Washington
 Comprehensive Annual Financial Report
 Criminal Justice Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 78,555	\$ 78,555	\$ 77,714	\$ (841)
Total revenues	<u>78,555</u>	<u>78,555</u>	<u>77,714</u>	<u>(841)</u>
EXPENDITURES				
Current:				
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>78,555</u>	<u>78,555</u>	<u>77,714</u>	<u>(841)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,073)	(66,073)	(66,073)	-
Total other financing sources (uses)	<u>(66,073)</u>	<u>(66,073)</u>	<u>(66,073)</u>	<u>-</u>
Net change in fund balances	12,482	12,482	11,641	(841)
Fund balances - beginning	192,488	192,488	192,488	-
Fund balances - ending	<u>\$ 204,970</u>	<u>\$ 204,970</u>	<u>\$ 204,129</u>	<u>\$ (841)</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 PFD Facility Contingency Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 69,509	\$ 69,509	\$ 69,509	\$ -
Investment earnings	3,000	3,000	5,865	2,865
Total revenues	<u>72,509</u>	<u>72,509</u>	<u>75,374</u>	<u>2,865</u>
EXPENDITURES				
Current:				
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>72,509</u>	<u>72,509</u>	<u>75,374</u>	<u>2,865</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	72,509	72,509	75,374	2,865
Fund balances - beginning	<u>287,111</u>	<u>287,111</u>	<u>287,111</u>	<u>-</u>
Fund balances - ending	<u>\$ 359,620</u>	<u>\$ 359,620</u>	<u>\$ 362,485</u>	<u>\$ 2,865</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Public Safety Sales Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,951,527	\$ 151,527
Intergovernmental	10,000	10,000	-	(10,000)
Investment earnings	15,000	15,000	24,702	9,702
Total revenues	<u>1,825,000</u>	<u>1,825,000</u>	<u>1,976,229</u>	<u>151,229</u>
EXPENDITURES				
Current:				
Public safety	<u>2,083,053</u>	<u>2,001,038</u>	<u>1,713,318</u>	<u>287,720</u>
Total current	<u>2,083,053</u>	<u>2,001,038</u>	<u>1,713,318</u>	<u>287,720</u>
Total expenditures	<u>2,083,053</u>	<u>2,001,038</u>	<u>1,713,318</u>	<u>287,720</u>
Excess (deficiency) of revenues over expenditures	<u>(258,053)</u>	<u>(176,038)</u>	<u>262,911</u>	<u>438,949</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	(268,053)	(186,038)	252,911	438,949
Fund balances - beginning	1,359,396	1,359,396	1,359,396	-
Fund balances - ending	<u>\$ 1,091,343</u>	<u>\$ 1,173,358</u>	<u>\$ 1,612,307</u>	<u>\$ 438,949</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 BCES Operations Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for goods and services	\$ 6,144,764	\$ 6,152,730	\$ 5,613,251	\$ (539,479)
Total revenues	<u>6,144,764</u>	<u>6,152,730</u>	<u>5,613,251</u>	<u>(539,479)</u>
EXPENDITURES				
Current:				
Public safety	6,144,764	6,152,730	5,613,251	539,479
Total current	<u>6,144,764</u>	<u>6,152,730</u>	<u>5,613,251</u>	<u>539,479</u>
Total expenditures	<u>6,144,764</u>	<u>6,152,730</u>	<u>5,613,251</u>	<u>539,479</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Hotel/Motel Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,289,940	\$ 89,940
Investment earnings	15,000	15,000	35,253	20,253
Total revenues	<u>1,215,000</u>	<u>1,215,000</u>	<u>1,325,193</u>	<u>110,193</u>
EXPENDITURES				
Current:				
Economic environment	<u>1,104,718</u>	<u>1,054,687</u>	<u>498,518</u>	<u>556,169</u>
Total current	<u>1,104,718</u>	<u>1,054,687</u>	<u>498,518</u>	<u>556,169</u>
Total expenditures	<u>1,104,718</u>	<u>1,054,687</u>	<u>498,518</u>	<u>556,169</u>
Excess (deficiency) of revenues over expenditures	<u>110,282</u>	<u>160,313</u>	<u>826,675</u>	<u>666,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,315,282)</u>	<u>(1,565,313)</u>	<u>(369,454)</u>	<u>1,195,859</u>
Total other financing sources (uses)	<u>(1,315,282)</u>	<u>(1,565,313)</u>	<u>(369,454)</u>	<u>1,195,859</u>
Net change in fund balances	(1,205,000)	(1,405,000)	457,221	1,862,221
Fund balances - beginning	1,408,903	1,408,903	1,408,903	-
Fund balances - ending	<u>\$ 203,903</u>	<u>\$ 3,903</u>	<u>\$ 1,866,124</u>	<u>\$ 1,862,221</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Special Lodging Assessment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 575,000	\$ 575,000	\$ 577,948	\$ 2,948
Investment earnings	750	750	1,086	336
Total revenues	<u>575,750</u>	<u>575,750</u>	<u>579,034</u>	<u>3,284</u>
EXPENDITURES				
Current:				
Economic environment	<u>575,750</u>	<u>575,750</u>	<u>574,309</u>	<u>1,441</u>
Total current	<u>575,750</u>	<u>575,750</u>	<u>574,309</u>	<u>1,441</u>
Total expenditures	<u>575,750</u>	<u>575,750</u>	<u>574,309</u>	<u>1,441</u>
Excess (deficiency) of revenues over expenditures	-	-	4,725	4,725
Net change in fund balances	-	-	4,725	4,725
Fund balances - beginning	<u>37,416</u>	<u>37,416</u>	<u>37,416</u>	-
Fund balances - ending	<u>\$ 37,416</u>	<u>\$ 37,416</u>	<u>\$ 42,141</u>	<u>\$ 4,725</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 CDBG Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 307,000	\$ 485,199	\$ 137,119	\$ (348,080)
Charges for goods and services	100,000	100,000	(105)	(100,105)
Total revenues	407,000	585,199	137,014	(448,185)
EXPENDITURES				
Current:				
Economic environment	124,640	291,763	120,698	171,065
Total current	124,640	291,763	120,698	171,065
Total expenditures	124,640	291,763	120,698	171,065
Excess (deficiency) of revenues over expenditures	282,360	293,436	16,316	(277,120)
OTHER FINANCING SOURCES (USES)				
Transfers out	(282,360)	(379,533)	(104,175)	275,358
Total other financing sources (uses)	(282,360)	(379,533)	(104,175)	275,358
Net change in fund balances	-	(86,097)	(87,859)	(1,762)
Fund balances - beginning	1,104,340	1,104,340	1,104,340	-
Fund balances - ending	\$ 1,104,340	\$ 1,018,243	\$ 1,016,481	\$ (1,762)

City of Richland, Washington
 Comprehensive Annual Financial Report
 HOME Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 698,300	\$ 1,726,004	\$ 133,336	\$ (1,592,668)
Charges for goods and services	300,000	300,000	316,894	16,894
Investment earnings	-	-	15,582	15,582
Total revenues	<u>998,300</u>	<u>2,026,004</u>	<u>465,812</u>	<u>(1,560,192)</u>
EXPENDITURES				
Current:				
Economic environment	998,300	2,629,835	226,673	2,403,162
Total current	<u>998,300</u>	<u>2,629,835</u>	<u>226,673</u>	<u>2,403,162</u>
Total expenditures	998,300	2,629,835	226,673	2,403,162
Excess (deficiency) of revenues over expenditures	-	(603,831)	239,139	842,970
Net change in fund balances	-	(603,831)	239,139	842,970
Fund balances - beginning	1,905,697	1,905,697	1,905,697	-
Fund balances - ending	<u>\$ 1,905,697</u>	<u>\$ 1,301,866</u>	<u>\$ 2,144,836</u>	<u>\$ 842,970</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS DEBT SERVICE FUNDS

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.

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

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

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

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

LRF 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.

LID 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.

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

City of Richland, Washington
Comprehensive Annual Financial Report
Combining Balance Sheet
Nonmajor Debt service funds
December 31, 2019

	<u>LTGO Bonds Fund</u>	<u>Fire Station 74 Bond Fund</u>	<u>Police Station Debt Service Fund</u>	<u>Richland Community Ctr Debt Fund</u>
ASSETS				
Cash and cash equivalents	\$ 222,891	\$ 119,909	\$ 28,257	\$ 27,867
Taxes receivable	-	-	3,378	4,305
Assessments	-	-	-	-
Total assets	<u>\$ 222,891</u>	<u>\$ 119,909</u>	<u>\$ 31,635</u>	<u>\$ 32,172</u>
LIABILITIES				
Interfund loans payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	2,232	2,844
Unavailable revenue-unbilled LID assessments	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>2,232</u>	<u>2,844</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,232</u>	<u>2,844</u>
FUND BALANCES (DEFICITS)				
Restricted				
Debt service	-	-	29,404	29,328
Committed				
Debt service	-	-	-	-
Assigned				
Debt service	222,891	119,909	-	-
Total fund balances (deficits)	<u>\$ 222,891</u>	<u>\$ 119,909</u>	<u>\$ 29,404</u>	<u>\$ 29,328</u>
Total liabilities and fund balances (deficits)	<u>\$ 222,891</u>	<u>\$ 119,909</u>	<u>\$ 31,636</u>	<u>\$ 32,172</u>

<u>Library Debt Service Fund</u>	<u>LRF Debt Service Fund</u>	<u>LID Guaranty-Debt Service Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>Total Nonmajor Debt service funds</u>
\$ 113,422	\$ 108,225	\$ 809,121	\$ 41,069	\$ 1,470,761
19,596	-	-	-	27,279
-	-	-	50,952	50,952
<u>\$ 133,018</u>	<u>\$ 108,225</u>	<u>\$ 809,121</u>	<u>\$ 92,021</u>	<u>\$ 1,548,992</u>
\$ -	\$ -	\$ -	\$ 5,527	\$ 5,527
-	-	-	5,527	5,527
12,939	-	-	-	18,015
-	-	-	37,513	37,513
<u>12,939</u>	<u>-</u>	<u>-</u>	<u>37,513</u>	<u>55,528</u>
<u>12,939</u>	<u>-</u>	<u>-</u>	<u>43,040</u>	<u>61,055</u>
120,079	108,225	553	48,981	336,570
-	-	808,568	-	808,568
-	-	-	-	342,800
<u>\$ 120,079</u>	<u>\$ 108,225</u>	<u>\$ 809,121</u>	<u>\$ 48,981</u>	<u>\$ 1,487,938</u>
<u>\$ 133,018</u>	<u>\$ 108,225</u>	<u>\$ 809,121</u>	<u>\$ 92,021</u>	<u>\$ 1,548,993</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Revenues, Expenditures, and Changes
 Nonmajor Debt service funds
 For the Year Ended December 31, 2019

	<u>LTGO Bonds Fund</u>	<u>Fire Station 74 Bond Fund</u>	<u>Police Station Debt Service Fund</u>	<u>Richland Community Ctr Debt Fund</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 240,028	\$ 307,983
Investment earnings	12,975	4,487	2,861	3,476
Miscellaneous revenue	-	-	-	-
Total revenues	<u>12,975</u>	<u>4,487</u>	<u>242,889</u>	<u>311,459</u>
EXPENDITURES				
Current:				
Transportation	-	-	-	-
Debt service:				
Administrative charges	380	300	6	8
Interest	746,190	106,006	9,200	11,800
Principal retirement	475,000	135,000	230,000	295,000
Total expenditures	<u>1,221,570</u>	<u>241,306</u>	<u>239,206</u>	<u>306,808</u>
Excess (deficiency) of revenues over expenditures	<u>(1,208,595)</u>	<u>(236,819)</u>	<u>3,683</u>	<u>4,651</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,221,582	238,906	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,221,582</u>	<u>238,906</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,987	2,087	3,683	4,651
Fund balances - beginning	209,904	117,822	25,721	24,677
Fund balances - ending	<u>\$ 222,891</u>	<u>\$ 119,909</u>	<u>\$ 29,404</u>	<u>\$ 29,328</u>

Library Debt Service Fund	LRF Debt Service Fund	LID Guaranty-Debt Service Fund	Special Assessment Debt Service Fund	Total Nonmajor Debt service funds
\$ 1,424,587	\$ 655,248	\$ -	\$ -	\$ 2,627,846
13,801	5,560	17,822	-	60,982
-	-	-	28,683	28,683
<u>1,438,388</u>	<u>660,808</u>	<u>17,822</u>	<u>28,683</u>	<u>2,717,511</u>
-	-	11	-	11
286	300	-	-	1,280
428,300	306,448	-	545	1,608,489
990,000	350,000	-	-	2,475,000
<u>1,418,586</u>	<u>656,748</u>	<u>11</u>	<u>545</u>	<u>4,084,780</u>
<u>19,802</u>	<u>4,060</u>	<u>17,811</u>	<u>28,138</u>	<u>(1,367,269)</u>
-	-	169	-	1,460,657
-	-	-	(169)	(169)
-	-	169	(169)	1,460,488
19,802	4,060	17,980	27,969	93,219
100,277	104,165	791,142	21,012	1,394,720
<u>\$ 120,079</u>	<u>\$ 108,225</u>	<u>\$ 809,122</u>	<u>\$ 48,981</u>	<u>\$ 1,487,939</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR CAPITAL PROJECTS FUNDS

Capital Improvements Fund – is used to account for revenues from the implementation of the first and second ¼ of 1% Real Estate Excise Tax.

Fire Station 75 Construction Fund - is used to account for a project to construct a fire station to serve the northern portion of the City.

Fire Station 73 Construction Fund - is used to account for a project to replace the fire station on McMurray Street with a new facility at the junction of Jadwin and State Route 240.

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

General Government Construction Fund – is used to account for resources allocated to the purchase or construction of major City facilities or other capital projects that benefit the City as a whole. In 2018-2019 this primarily consists of the construction of a new City Hall facility.

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Balance Sheet
 Nonmajor Capital projects funds
 December 31, 2019

	Capital Improvement	Fire Station 75 Construction Fund	Fire Station 73 Construction	Park Project Construction Fund	General Govt Construction Fund	Total Nonmajor Capital projects
ASSETS						
Cash and cash equivalents	\$ 2,247,964	\$ 3,213,000	\$ -	\$ 2,165,102	\$ 794,024	\$ 8,420,090
Investments	2,772,356	-	-	-	-	2,772,356
Due from other governments	349,352	-	-	-	350,000	699,352
Total assets	<u>\$ 5,369,672</u>	<u>\$ 3,213,000</u>	<u>\$ -</u>	<u>\$ 2,165,102</u>	<u>\$ 1,144,024</u>	<u>\$ 11,891,798</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 124	\$ 15,973	\$ 948,869	\$ 964,966
Total liabilities	<u>-</u>	<u>-</u>	<u>124</u>	<u>15,973</u>	<u>948,869</u>	<u>964,966</u>
Total liabilities	-	-	124	15,973	948,869	964,966
FUND BALANCES (DEFICITS)						
Nonspendable						
Restricted						
Capital Improvements	5,369,673	3,213,000	-	-	-	8,582,673
Committed						
Capital improvements	-	-	-	2,149,129	195,154	2,344,283
Assigned						
Unassigned						
Unassigned	-	-	(124)	-	-	(124)
Total fund balances (deficits)	<u>\$ 5,369,673</u>	<u>\$ 3,213,000</u>	<u>\$ (124)</u>	<u>\$ 2,149,129</u>	<u>\$ 195,154</u>	<u>\$ 10,926,832</u>
Total liabilities and fund balances (deficits)	<u>\$ 5,369,673</u>	<u>\$ 3,213,000</u>	<u>\$ -</u>	<u>\$ 2,165,102</u>	<u>\$ 1,144,023</u>	<u>\$ 11,891,798</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital projects funds
 For the Year Ended December 31, 2019

	Capital Improvement Fund	Fire Station 75 Construction Fund	Fire Station 73 Construction	Park Project Construction Fund	General Govt Construction Fund	Total Nonmajor Capital projects funds
REVENUES						
Taxes	\$ 4,523,038	\$ -	\$ -	\$ -	\$ -	\$ 4,523,038
Intergovernmental	-	-	-	38,158	350,000	388,158
Investment earnings	94,078	13,000	-	-	20,529	127,607
Miscellaneous revenue	-	3,200,000	-	27,787	-	3,227,787
Total revenues	<u>4,617,116</u>	<u>3,213,000</u>	<u>-</u>	<u>65,945</u>	<u>370,529</u>	<u>8,266,590</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	383	383
Culture and recreation	-	-	-	41,430	-	41,430
Capital outlay:						
General government	-	-	-	-	4,587,314	4,587,314
Public safety	-	-	124	-	-	124
Culture and recreation	-	-	-	450,160	-	450,160
Total expenditures	<u>-</u>	<u>-</u>	<u>124</u>	<u>491,590</u>	<u>4,587,697</u>	<u>5,079,411</u>
Excess (deficiency) of revenues over expenditures	<u>4,617,116</u>	<u>3,213,000</u>	<u>(124)</u>	<u>(425,645)</u>	<u>(4,217,168)</u>	<u>3,187,179</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	1,015,189	991,677	2,006,866
Transfers out	(1,894,941)	-	-	-	-	(1,894,941)
Total other financing sources (uses)	<u>(1,894,941)</u>	<u>-</u>	<u>-</u>	<u>1,015,189</u>	<u>991,677</u>	<u>111,925</u>
Net change in fund balances	2,722,175	3,213,000	(124)	589,544	(3,225,491)	3,299,104
Fund balances - beginning	2,647,497	-	-	1,559,585	3,420,646	7,627,728
Fund balances - ending	<u>\$ 5,369,672</u>	<u>\$ 3,213,000</u>	<u>\$ (124)</u>	<u>\$ 2,149,129</u>	<u>\$ 195,155</u>	<u>\$ 10,926,832</u>





COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

Solid Waste Utility 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 Utility 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.

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

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

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

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

City of Richland, Washington
Comprehensive Annual Financial Report
Combining Statement of Net Position
Nonmajor Enterprise funds
December 31, 2019

	Solid Waste Utility Fund	Stormwater Utility Fund	Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total Nonmajor Enterprise funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,276,328	\$ 1,008,137	\$ 11,565	\$ 1,356,885	\$ 179,819	\$ 584,247	\$ 6,416,981
Deposits with third parties	1,050	-	-	-	-	-	1,050
Investments	-	874,990	-	1,357,401	-	-	2,232,391
Customer accounts (net)	862,065	128,334	-	1,107,988	5,055	-	2,103,442
Due from other governments	34,560	29,254	-	-	-	-	63,814
Notes and contracts	-	-	125,000	-	-	-	125,000
Prepaid items	-	-	-	6,169	-	-	6,169
Inventory	-	-	71,766	-	-	-	71,766
Total current assets	<u>4,174,003</u>	<u>2,040,715</u>	<u>208,331</u>	<u>3,828,443</u>	<u>184,874</u>	<u>584,247</u>	<u>11,020,613</u>
Noncurrent assets:							
Cash and cash equivalents	78,273	23,664	22,555	-	-	-	124,492
Restricted investments	4,590,122	89,434	-	-	-	-	4,679,556
Net pension asset	-	-	-	1,873,649	-	-	1,873,649
Land	80,500	8,587	7,891,033	-	-	-	7,980,120
Depreciable assets (net)	2,505,495	7,819	1,092,515	321,201	287,847	-	4,214,877
Infrastructure	-	10,492,800	-	-	3,475,153	-	13,967,953
Construction in progress	5,014,398	722,915	-	-	-	-	5,737,313
Total noncurrent assets	<u>12,268,788</u>	<u>11,345,219</u>	<u>9,006,103</u>	<u>2,194,850</u>	<u>3,763,000</u>	<u>-</u>	<u>38,577,960</u>
Total assets	<u>16,442,791</u>	<u>13,385,934</u>	<u>9,214,434</u>	<u>6,023,293</u>	<u>3,947,874</u>	<u>584,247</u>	<u>49,598,573</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflow on debt refunding	-	53,659	-	-	-	-	53,659
Pension deferred outflows	174,810	14,150	-	208,717	-	-	397,677
OPEB deferred outflows	44,327	7,313	-	3,656	-	-	55,296
Total deferred outflows of resources	<u>219,137</u>	<u>75,122</u>	<u>-</u>	<u>212,373</u>	<u>-</u>	<u>-</u>	<u>506,632</u>
Total assets and deferred outflows of resources	<u>\$ 16,661,928</u>	<u>\$ 13,461,056</u>	<u>\$ 9,214,434</u>	<u>\$ 6,235,666</u>	<u>\$ 3,947,874</u>	<u>\$ 584,247</u>	<u>\$ 50,105,205</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	918,977	158,454	98,156	170,825	16,270	8,193	1,370,875
Payable to other governments	29,484	-	10,423	-	2,045	-	41,952
Due to other funds	-	-	200,000	-	-	-	200,000
Interfund loans payable	-	-	3,890	-	-	-	3,890
Deposits payable	-	-	-	-	-	576,054	576,054
Compensated absences-current	120,901	8,942	-	137,790	-	-	267,633
General obligation bonds payable-current	-	-	115,000	-	80,000	-	195,000
Revenue bonds payable-current	-	25,000	-	-	-	-	25,000
Notes and contracts payable	-	55,048	-	-	30,836	-	85,884
Total OPEB liability	29,170	4,812	-	2,406	-	-	36,388
Total current liabilities	<u>1,098,532</u>	<u>252,256</u>	<u>427,469</u>	<u>311,021</u>	<u>129,151</u>	<u>584,247</u>	<u>2,802,676</u>
Noncurrent liabilities:							
Interfund loans payable (noncurrent)	-	-	15,560	-	-	-	15,560
Compensated absences	120,901	8,942	-	137,790	-	-	267,633
Notes and contracts payable	34,560	36,353	-	-	11,624	-	82,537
General obligation bonds payable	-	-	3,497,598	-	1,753,331	-	5,250,929
Revenue bonds payable	-	820,570	-	-	-	-	820,570
Unearned revenue	-	-	136,825	-	-	-	136,825
Net pension liability	684,676	61,457	-	37,720	-	-	783,853
Total OPEB liability	297,610	49,097	-	24,548	-	-	371,255
Landfill closure liability	6,725,634	-	-	-	-	-	6,725,634
Total noncurrent liabilities	<u>7,863,381</u>	<u>976,419</u>	<u>3,649,983</u>	<u>200,058</u>	<u>1,764,955</u>	<u>-</u>	<u>14,454,796</u>
Total liabilities	<u>8,961,913</u>	<u>1,228,675</u>	<u>4,077,452</u>	<u>511,079</u>	<u>1,894,106</u>	<u>584,247</u>	<u>17,257,472</u>
DEFERRED INFLOWS OF RESOURCES							
Pension deferred inflows	400,476	32,007	-	575,297	-	-	1,007,780
OPEB deferred inflows	27,308	4,505	-	2,253	-	-	34,066
Total deferred inflows of resources	<u>427,784</u>	<u>36,512</u>	<u>-</u>	<u>577,550</u>	<u>-</u>	<u>-</u>	<u>1,041,846</u>
Total liabilities and deferred inflows of resources	<u>9,389,697</u>	<u>1,265,187</u>	<u>4,077,452</u>	<u>1,088,629</u>	<u>1,894,106</u>	<u>584,247</u>	<u>18,299,318</u>
NET POSITION							
Net investment in capital assets	6,901,832	10,235,123	5,370,980	321,201	1,872,386	-	24,701,522
Restricted for:							
Debt Service	-	85,405	-	-	-	-	85,405
Pensions	-	-	-	1,516,988	-	-	1,516,988
Unrestricted	370,399	1,875,342	(233,999)	3,308,848	181,382	-	5,501,972
Total net position	<u>\$ 7,272,231</u>	<u>\$ 12,195,870</u>	<u>\$ 5,136,981</u>	<u>\$ 5,147,037</u>	<u>\$ 2,053,768</u>	<u>\$ -</u>	<u>\$ 31,805,887</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Revenues, Expenditures, and Changes in Net Position
 Nonmajor Enterprise funds
 For the Year Ended December 31, 2019

	Solid Waste Utility Fund	Stormwater Utility Fund	Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total Enterprise funds
OPERATING REVENUES							
Solid waste	\$ 10,912,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,912,683
Stormwater	-	1,929,982	-	-	-	-	1,929,982
Golf course	-	-	1,833,380	-	-	-	1,833,380
Medical services	-	-	-	4,877,143	-	-	4,877,143
Broadband	-	-	-	-	192,430	-	192,430
Total operating revenues	<u>10,912,683</u>	<u>1,929,982</u>	<u>1,833,380</u>	<u>4,877,143</u>	<u>192,430</u>	<u>-</u>	<u>19,745,618</u>
OPERATING EXPENSES							
Maintenance and operations	6,563,586	604,604	1,547,697	3,729,867	-	-	12,445,754
Administrative and general	451,137	349,499	-	781,316	58,473	-	1,640,425
Taxes exp	1,442,756	199,732	56,249	41,591	13,148	-	1,753,476
Depreciation	216,020	234,117	53,898	33,306	132,050	-	669,391
Total operating expenses	<u>8,673,499</u>	<u>1,387,952</u>	<u>1,657,844</u>	<u>4,586,080</u>	<u>203,671</u>	<u>-</u>	<u>16,509,046</u>
Operating income (loss)	<u>2,239,184</u>	<u>542,030</u>	<u>175,536</u>	<u>291,063</u>	<u>(11,241)</u>	<u>-</u>	<u>3,236,572</u>
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	269,194	72,577	377	59,343	11,942	-	413,433
Miscellaneous nonoperating revenues/(expenses)	820,698	107,700	2,830	84,843	-	-	1,016,071
Interest expense	(3,445)	(38,869)	(157,767)	-	(66,558)	-	(266,639)
Total nonoperating revenues (expenses)	<u>1,086,447</u>	<u>141,408</u>	<u>(154,560)</u>	<u>144,186</u>	<u>(54,616)</u>	<u>-</u>	<u>1,162,865</u>
Income (loss) before contributions and transfers	3,325,631	683,438	20,976	435,249	(65,857)	-	4,399,437
Transfers in	-	-	-	550,000	110,000	-	660,000
Transfers out	-	-	-	-	(23,385)	-	(23,385)
Capital contributions	-	785,016	-	-	-	-	785,016
Change in net position	<u>3,325,631</u>	<u>1,468,454</u>	<u>20,976</u>	<u>985,249</u>	<u>20,758</u>	<u>-</u>	<u>5,821,068</u>
Total net position - beginning	3,946,600	10,727,416	5,146,956	4,161,788	2,033,010	-	26,015,770
Prior period adjustment	-	-	(30,950)	-	-	-	(30,950)
Total net position - ending	<u>\$ 7,272,231</u>	<u>\$ 12,195,870</u>	<u>\$ 5,136,982</u>	<u>\$ 5,147,037</u>	<u>\$ 2,053,768</u>	<u>\$ -</u>	<u>\$ 31,805,888</u>



City of Richland, Washington
 Comprehensive Annual Financial Report Statement
 of Cash Flows
 Combining Nonmajor Enterprise Funds
 For the Year Ended December 31, 2019

	Solid Waste Fund	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 10,697,585	\$ 1,919,903	\$ 1,868,515	\$ 5,200,637	\$ 197,814	\$ 6,204,825	\$ 26,089,279
Payments to suppliers	(1,098,405)	(124,946)	(1,538,859)	(481,576)	(44,385)	(6,191,975)	(9,480,146)
Taxes paid	(2,953,682)	(199,732)	(52,665)	(41,591)	(11,103)	-	(3,258,773)
Payments to employees	(1,442,696)	(166,941)	-	(3,294,927)	-	-	(4,904,564)
Payments for interfund services used	(3,394,623)	(653,322)	-	(720,374)	-	-	(4,768,319)
Net cash provided (used) by operating activities	1,808,179	774,962	276,991	662,169	142,326	12,850	3,677,477
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Reimbursements and recoveries	1,132,140	22,159	2,828	-	-	-	1,157,127
Grants and contributions	-	107,503	-	1,266	-	-	108,769
Proceeds from interfund loans	-	-	200,000	-	-	-	200,000
Interfund loan repayments made	-	-	(150,000)	-	-	-	(150,000)
Transfers to other funds	-	-	-	-	(23,385)	-	(23,385)
Transfers from other funds	-	-	-	550,000	-	-	550,000
Net cash provided (used) by noncapital financing activities	1,132,140	129,662	52,828	551,266	(23,385)	-	1,842,511
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES							
Principal paid on debt	(135,000)	(214,524)	(110,000)	-	(109,908)	-	(569,432)
Interest paid on debt	(4,125)	(40,463)	(160,505)	-	(65,077)	-	(270,170)
Transfers from other funds	-	-	-	-	110,000	-	110,000
Bond issuance costs	-	-	(220)	-	-	-	(220)
Interfund loan repayments made	-	-	(3,890)	-	-	-	(3,890)
Payments related to acquisition, construction or improvements of capital assets	(4,355,055)	(1,281,964)	(50,708)	(265,182)	(441,717)	-	(6,394,626)
Net cash provided (used) by capital and related activities	(4,494,180)	(1,536,951)	(325,323)	(265,182)	(506,702)	-	(7,128,338)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipt of interest	206,995	56,905	377	59,343	11,943	-	335,563
Investments sold	6,874,889	2,170,027	-	1,072,895	-	-	10,117,811
Investments purchased	(4,527,923)	(948,752)	-	(1,357,401)	-	-	(6,834,076)
Net cash provided (used) by investing activities	2,553,961	1,278,180	377	(225,163)	11,943	-	3,619,298
Net change in cash and cash equivalents	1,000,100	645,853	4,873	723,090	(375,818)	12,850	2,010,948
Cash and cash equivalents, January 1	2,354,500	385,950	29,247	633,796	555,637	571,397	4,530,527
Cash and cash equivalents, December 31	3,354,600	1,031,803	34,120	1,356,886	179,819	584,247	6,541,475
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income/(loss)	2,239,184	542,025	175,536	291,063	(11,242)	-	3,236,566
Adjustments to reconcile operating income to net cash provided from operating activities:							
Depreciation expense	216,020	234,117	53,898	33,306	132,050	-	669,391
Accrued pension and OPEB expense	(494,267)	(729)	-	(146,205)	-	-	(641,201)
(Increase)/decrease in receivables	(246,845)	(10,039)	(2,585)	435,731	5,385	1,874	183,521
(Increase)/decrease in prepaid items	33,850	-	-	(6,169)	-	-	27,681
(Increase)/decrease in inventories	-	-	(8,092)	-	-	-	(8,092)
Increase/(decrease) in payables	60,236	9,589	51,014	54,443	16,133	10,976	202,391
Increase/(decrease) in unearned revenues	-	-	7,220	-	-	-	7,220
Total adjustments	(431,006)	232,938	101,455	371,106	153,568	12,850	440,911
Net cash provided (used) by operating activities	\$ 1,808,178	\$ 774,963	\$ 276,991	\$ 662,169	\$ 142,326	\$ 12,850	\$ 3,677,477
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Contribution of capital assets		\$ 785,016					\$ 785,016
Net non-cash capital activities		\$ 785,016					\$ 785,016





INDIVIDUAL FUND STATEMENTS INTERNAL SERVICE FUNDS

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

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

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

Public Works Admin & 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 Healthcare Plan Fund – is used to account for payments of post-employment healthcare claims and related administrative costs.

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Net Position
 Nonmajor Internal service funds
 December 31, 2019

	<u>Central Stores Fund</u>	<u>Equipment Maintenance Fund</u>	<u>Equipment Replacement Fund</u>	<u>Public Works Admin & Engineering Fund</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,270	\$ 121,483	\$ 2,479,299	\$ 519,889
Deposits with third parties	-	200	-	-
Investments	-	-	2,523,068	-
Customer accounts (net)	-	-	-	20,000
Due from other funds	-	-	240,000	-
Prepaid items	-	-	-	-
Inventory	99,263	1,481	-	-
Total current assets	<u>101,533</u>	<u>123,164</u>	<u>5,242,367</u>	<u>539,889</u>
Noncurrent assets:				
Depreciable assets (net)	-	43,914	13,198,175	46,202
Total noncurrent assets	-	43,914	13,198,175	46,202
Total assets	<u>101,533</u>	<u>167,078</u>	<u>18,440,542</u>	<u>586,091</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows	-	68,185	-	212,773
OPEB deferred outflows	-	7,313	-	24,608
Total deferred outflows of resources	-	75,498	-	237,381
Total assets and deferred outflows of resources	<u>\$ 101,533</u>	<u>\$ 242,576</u>	<u>\$ 18,440,542</u>	<u>\$ 823,472</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	-	97,843	106,000	78,512
Payable to other governments	-	165	490	36,889
Due to other funds	40,000	-	-	-
Leases payable-current	-	-	229,218	-
Compensated absences-current	-	70,901	-	173,079
Total OPEB liability	-	4,812	-	16,194
Claims and judgments-current	-	-	-	-
Total current liabilities	<u>40,000</u>	<u>173,721</u>	<u>335,708</u>	<u>304,674</u>
Noncurrent liabilities:				
Leases payable	-	-	457,510	-
Compensated absences	-	70,901	-	173,079
Net pension liability	-	252,301	-	863,072
Total OPEB liability	-	49,097	-	165,218
Total noncurrent liabilities	-	372,299	457,510	1,201,369
Total liabilities	<u>40,000</u>	<u>546,020</u>	<u>793,218</u>	<u>1,506,043</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows	-	148,170	-	449,714
OPEB deferred inflows	-	4,505	-	15,160
Total deferred inflows of resources	-	152,675	-	464,874
Total liabilities and deferred inflows of resources	<u>40,000</u>	<u>698,695</u>	<u>793,218</u>	<u>1,970,917</u>
NET POSITION				
Net investment in capital assets	-	43,914	12,511,446	46,202
Restricted for:				
Unrestricted	61,532	(500,033)	5,135,877	(1,193,646)
Total net position	<u>\$ 61,532</u>	<u>\$ (456,119)</u>	<u>\$ 17,647,323</u>	<u>\$ (1,147,444)</u>

<u>Workers Compensation Fund</u>	<u>Health Care/Benefits Plan Fund</u>	<u>Unemployment Fund</u>	<u>Post Emp Healthcare Plan Fund</u>	<u>Total Nonmajor Internal service funds</u>
\$ 2,573,325	\$ 3,815,741	\$ 636,512	\$ 1,347,489	\$ 11,496,008
104,000	360,000	-	-	464,200
-	4,443,995	-	-	6,967,063
15,192	20,572	2,890	-	58,654
-	-	-	-	240,000
-	190,409	-	-	190,409
-	-	-	-	100,744
<u>2,692,517</u>	<u>8,830,717</u>	<u>639,402</u>	<u>1,347,489</u>	<u>19,517,078</u>
-	-	-	-	13,288,291
-	-	-	-	13,288,291
<u>2,692,517</u>	<u>8,830,717</u>	<u>639,402</u>	<u>1,347,489</u>	<u>32,805,369</u>
-	-	-	-	280,958
-	-	-	-	31,921
-	-	-	-	312,879
<u>\$ 2,692,517</u>	<u>\$ 8,830,717</u>	<u>\$ 639,402</u>	<u>\$ 1,347,489</u>	<u>\$ 33,118,248</u>
122,883	120,169	26,826	12,105	564,338
-	-	-	-	37,544
-	-	-	-	40,000
-	-	-	-	229,218
-	-	-	-	243,980
-	-	-	-	21,006
<u>78,852</u>	<u>2,240,000</u>	<u>26,826</u>	<u>411,782</u>	<u>2,757,460</u>
<u>201,735</u>	<u>2,360,169</u>	<u>53,652</u>	<u>423,887</u>	<u>3,893,546</u>
-	-	-	-	457,510
-	-	-	-	243,980
-	-	-	-	1,115,373
-	-	-	-	214,315
-	-	-	-	2,031,178
<u>201,735</u>	<u>2,360,169</u>	<u>53,652</u>	<u>423,887</u>	<u>5,924,724</u>
-	-	-	-	597,884
-	-	-	-	19,665
-	-	-	-	617,549
<u>201,735</u>	<u>2,360,169</u>	<u>53,652</u>	<u>423,887</u>	<u>6,542,273</u>
-	-	-	-	12,601,562
<u>2,490,783</u>	<u>6,470,550</u>	<u>585,751</u>	<u>923,602</u>	<u>13,974,416</u>
<u>\$ 2,490,783</u>	<u>\$ 6,470,550</u>	<u>\$ 585,751</u>	<u>\$ 923,602</u>	<u>\$ 26,575,978</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Revenues, Expenditures, and Changes in Net Position
 Internal service funds
 For the Year Ended December 31, 2019

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Admin & Engineering Fund
OPERATING REVENUES				
Internal service funds	\$ -	\$ 4,071,256	\$ 3,041,679	\$ 3,749,940
Other operating revenues	-	11,166	-	77,155
Total operating revenues	<u>-</u>	<u>4,082,422</u>	<u>3,041,679</u>	<u>3,827,095</u>
OPERATING EXPENSES				
Maintenance and operations	-	3,957,786	30,533	2,877,844
Administrative and general	-	354,321	73,000	800,983
Depreciation	-	10,096	2,256,313	5,727
Total operating expenses	<u>-</u>	<u>4,322,203</u>	<u>2,359,846</u>	<u>3,684,554</u>
Operating income (loss)	<u>-</u>	<u>(239,781)</u>	<u>681,833</u>	<u>142,541</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	-	-	147,787	12,300
Disposition of capital assets	-	-	125,000	-
Miscellaneous nonoperating revenues/(expenses)	-	3,107	231,761	20,125
Interest expense	-	-	(42,102)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>3,107</u>	<u>462,446</u>	<u>32,425</u>
Income (loss) before contributions and transfers	<u>-</u>	<u>(236,674)</u>	<u>1,144,279</u>	<u>174,966</u>
Transfers in	-	-	847,335	-
Change in net position	<u>-</u>	<u>(236,674)</u>	<u>1,991,614</u>	<u>174,966</u>
Total net position - beginning	61,532	(219,446)	15,655,711	(1,322,410)
Total net position - ending	<u>\$ 61,532</u>	<u>\$ (456,120)</u>	<u>\$ 17,647,325</u>	<u>\$ (1,147,444)</u>

Workers Compensation Fund	Health Care/Benefits Plan Fund	Unemployment Fund	Post Emp Healthcare Plan Fund	Total Internal service funds
\$ 859,296	\$ 11,431,940	\$ 92,766	\$ 1,401,663	\$ 24,648,540
-	-	-	-	88,321
<u>859,296</u>	<u>11,431,940</u>	<u>92,766</u>	<u>1,401,663</u>	<u>24,736,861</u>
578,312	10,755,858	76,317	1,363,995	19,640,645
166,669	136,766	232	39,681	1,571,652
-	-	-	-	2,272,136
<u>744,981</u>	<u>10,892,624</u>	<u>76,549</u>	<u>1,403,676</u>	<u>23,484,433</u>
<u>114,315</u>	<u>539,316</u>	<u>16,217</u>	<u>(2,013)</u>	<u>1,252,428</u>
55,380	229,890	13,656	33,424	492,437
-	-	-	-	125,000
-	262,314	-	(211,182)	306,125
-	-	-	-	(42,102)
<u>55,380</u>	<u>492,204</u>	<u>13,656</u>	<u>(177,758)</u>	<u>881,460</u>
<u>169,695</u>	<u>1,031,520</u>	<u>29,873</u>	<u>(179,771)</u>	<u>2,133,888</u>
-	-	-	-	847,335
<u>169,695</u>	<u>1,031,520</u>	<u>29,873</u>	<u>(179,771)</u>	<u>2,981,223</u>
<u>2,321,088</u>	<u>5,439,029</u>	<u>555,879</u>	<u>1,103,373</u>	<u>23,594,756</u>
<u>\$ 2,490,783</u>	<u>\$ 6,470,549</u>	<u>\$ 585,752</u>	<u>\$ 923,602</u>	<u>\$ 26,575,979</u>

City of Richland, Washington
Comprehensive Annual Financial Report Combining
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Admin & Engineering Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 1,161,331
Receipts from interfund services provided	-	4,082,422	3,041,679	2,679,764
Payments to suppliers	8,933	(2,865,162)	(30,533)	(280,443)
Payments to employees	-	(1,147,504)	-	(3,233,038)
Payments for interfund services used	-	(394,805)	(73,000)	(375,861)
Net cash provided (used) by operating activities	<u>8,933</u>	<u>(325,049)</u>	<u>2,938,146</u>	<u>(48,247)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Reimbursements and recoveries	-	3,107	-	20,125
Interfund loan repayments made	-	-	(28,255)	-
Interfund loan repayments received	(20,000)	-	92	-
Net cash provided (used) by noncapital financing activities	<u>(20,000)</u>	<u>3,107</u>	<u>(28,163)</u>	<u>20,125</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES				
Principal paid on debt	-	-	350,420	-
Interest paid on debt	-	-	(42,102)	-
Transfers from other funds	-	-	847,335	-
Proceeds from sale of capital assets	-	-	428,733	-
Payments related to acquisition, construction or improvements of capital assets	-	(19,406)	(4,256,324)	(30,400)
Net cash provided (used) by capital and related activities	<u>-</u>	<u>(19,406)</u>	<u>(2,671,938)</u>	<u>(30,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	-	-	110,033	12,300
Investments sold	-	-	3,843,868	-
Investments purchased	-	-	(2,523,068)	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>1,430,833</u>	<u>12,300</u>
Net change in cash and cash equivalents	(11,067)	(341,348)	1,668,878	(46,222)
Cash and cash equivalents, January 1	13,336	462,830	810,422	566,112
Cash and cash equivalents, December 31	<u>2,269</u>	<u>121,482</u>	<u>2,479,300</u>	<u>519,890</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income/(loss)	-	(239,781)	681,833	142,542
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation expense	-	10,096	2,256,313	5,727
Accrued pension and OPEB expense	-	(62,820)	-	(175,063)
(Increase)/decrease in receivables	-	-	-	(20,000)
(Increase)/decrease in prepaid items	-	-	-	-
(Increase)/decrease in inventories	18,429	(1,481)	-	-
Increase/(decrease) in payables	(9,496)	(31,063)	-	(1,452)
Total adjustments	<u>8,933</u>	<u>(85,268)</u>	<u>2,256,313</u>	<u>(190,789)</u>
Net cash provided (used) by operating activities	<u>\$ 8,933</u>	<u>\$ (325,049)</u>	<u>\$ 2,938,146</u>	<u>\$ (48,247)</u>

<u>Workers'</u> <u>Compensation Fund</u>	<u>Health Care/Benefits</u> <u>Plan Fund</u>	<u>Unemployment</u> <u>Fund</u>	<u>Post Emp Healthcare</u> <u>Plan Fund</u>	<u>Total Internal service funds</u>
\$ 859,296	\$ 11,542,153	\$ 92,766	\$ 1,401,663	\$ 15,057,209
-	-	-	-	9,803,865
(571,772)	(11,209,964)	(72,020)	(1,476,539)	(16,497,500)
-	-	-	-	(4,380,542)
<u>(166,669)</u>	<u>(136,766)</u>	<u>(232)</u>	<u>(39,681)</u>	<u>(1,187,014)</u>
<u>120,855</u>	<u>195,423</u>	<u>20,514</u>	<u>(114,557)</u>	<u>2,796,018</u>
-	304,137	-	35,342	362,711
-	-	-	-	(28,255)
-	-	-	-	(19,908)
-	<u>304,137</u>	-	<u>35,342</u>	<u>314,548</u>
-	-	-	-	350,420
-	-	-	-	(42,102)
-	-	-	-	847,335
-	-	-	-	428,733
-	-	-	-	(4,306,130)
-	-	-	-	(2,721,744)
55,380	167,604	13,656	33,424	392,397
-	5,856,316	-	-	9,700,184
-	(4,443,995)	-	-	(6,967,063)
<u>55,380</u>	<u>1,579,925</u>	<u>13,656</u>	<u>33,424</u>	<u>3,125,518</u>
176,235	2,079,485	34,170	(45,791)	3,514,340
2,397,089	1,736,258	602,342	1,393,280	7,981,669
<u>2,573,324</u>	<u>3,815,743</u>	<u>636,512</u>	<u>1,347,489</u>	<u>11,496,009</u>
114,314	539,316	16,216	(2,013)	1,252,427
-	-	-	-	2,272,136
-	-	-	-	(237,883)
(1,869)	76,212	(518)	-	53,825
-	(100,042)	-	-	(100,042)
-	-	-	-	16,948
<u>8,410</u>	<u>(320,063)</u>	<u>4,816</u>	<u>(112,544)</u>	<u>(461,392)</u>
<u>6,541</u>	<u>(343,893)</u>	<u>4,298</u>	<u>(112,544)</u>	<u>1,543,592</u>
<u>\$ 120,855</u>	<u>\$ 195,423</u>	<u>\$ 20,514</u>	<u>\$ (114,557)</u>	<u>\$ 2,796,018</u>





COMBINING FUND STATEMENTS AGENCY FUNDS

AGENCY FUNDS

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

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

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

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

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

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

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

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2019

Columbia Point Master Association

	Balance		Balance	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 28,893	\$ 9,960	\$ 9,426	\$ 29,427
Receivables:				
Customer accounts (net)	1	10,337	9,512	826
Total assets	<u>\$ 28,894</u>	<u>\$ 20,297</u>	<u>\$ 18,938</u>	<u>\$ 30,253</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 627	\$ 7,894	\$ 8,521	\$
Payable to other agencies	28,267	9,880	7,894	30,253
Total liabilities	<u>\$ 28,894</u>	<u>\$ 17,774</u>	<u>\$ 16,415</u>	<u>\$ 30,253</u>

Uptown Business Improvement District

	January 1		December 31	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ (11,567)	\$ 30,687	\$ 16,057	\$ 3,063
Receivables:				
Customer accounts (net)	807	13,837	11,615	3,029
Total assets	<u>\$ 10,760</u>	<u>\$ 44,524</u>	<u>\$ 27,672</u>	<u>\$ 6,092</u>
LIABILITIES				
Accounts payable and accrued expenses	(10,760)	\$ 46,045	\$ 29,193	6,092
Payable to other agencies				
Total liabilities	<u>\$ (10,760)</u>	<u>\$ 46,045</u>	<u>\$ 29,193</u>	<u>\$ 6,092</u>

Downtown Business Improvement District

	January 1		December 31	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 18,607	\$ 8,954	\$ 24,594	\$ 2,967
Receivables:				
Customer accounts (net)	1,448	11,825	10,085	3,188
Total assets	<u>\$ 20,055</u>	<u>\$ 20,779</u>	<u>\$ 34,679</u>	<u>\$ 6,155</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,686	\$ 13,464	\$ 27,364	\$ 5,786
Payable to other agencies	369			369
Total liabilities	<u>\$ 20,055</u>	<u>\$ 13,464</u>	<u>\$ 27,364</u>	<u>\$ 6,155</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Changes in Assets and Liabilities, continued
 Agency Funds
 For the Year Ended December 31, 2019

Southeast Communications Center				
	Balance			Balance
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 2,490,787	\$ 7,708,490	\$ 6,976,955	\$ 3,222,322
Receivables:				
Customer accounts (net)	727,744	4,925,323	5,143,552	509,515
Due from other governments	154,914	163,371	154,914	163,371
Prepaid items	506		506	
Interfund Loans		7,657		7,657
Capital assets:				
Depreciable assets (net)	1,549,976	47,090	247,446	1,349,620
Construction in progress	216,540	25,950		242,490
Total capital assets (net)	<u>1,766,516</u>	<u>73,040</u>	<u>247,446</u>	<u>1,592,110</u>
Total assets	<u>\$ 5,140,467</u>	<u>\$ 12,877,881</u>	<u>\$ 12,523,373</u>	<u>\$ 5,494,975</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 14,609	814,592	806,098	\$ 23,103
Payable to other agencies	5,125,858	6,912,954	6,554,397	5,471,872
Total liabilities	<u>\$ 5,140,467</u>	<u>\$ 7,727,546</u>	<u>\$ 7,373,038</u>	<u>\$ 5,494,975</u>

800 MHZ Project				
	Balance			Balance
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 114,589	\$ 872,418	\$ 874,588	\$ 112,419
Receivables:				
Customer accounts (net)	110,743	750,644	709,026	152,361
Prepaid items	506		506	
Capital assets:				
Depreciable assets (net)	3,843,882	7,677	886,388	2,965,171
Total capital assets (net)	<u>3,843,882</u>	<u>7,677</u>	<u>886,388</u>	<u>2,965,171</u>
Total assets	<u>\$ 4,069,720</u>	<u>\$ 1,630,739</u>	<u>\$ 2,470,508</u>	<u>\$ 3,229,951</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ (5,774)	752,182	\$ 744,285	\$ 2,123
Payable to other agencies	4,075,494	934,997	1,782,663	3,227,828
Total liabilities	<u>\$ 4,069,720</u>	<u>\$ 1,687,179</u>	<u>\$ 2,526,948</u>	<u>\$ 3,229,951</u>

City of Richland, Washington
 Comprehensive Annual Financial Report
 Combining Statement of Changes in Assets and Liabilities, continued
 Agency Funds
 For the Year Ended December 31, 2019

Benton County Emergency Management

	Benton County Emergency Management			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 21,796	\$ 827,927	\$ 849,287	\$ 436
Receivables:				
Customer accounts (net)	150	91,255	91,255	150
Due from other governments	121,373	152,980	121,373	152,980
Prepaid items	506		506	
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	986,554	135,793	155,929	966,418
Total capital assets (net)	1,001,147	135,793	155,929	981,011
Total assets	<u>\$ 1,144,972</u>	<u>\$ 1,207,955</u>	<u>\$ 1,218,350</u>	<u>\$ 1,134,577</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 7,143	\$ 350,530	\$ 339,084	\$ 18,589
Interfund loans payable		7,657		7,657
Notes and contracts payable	4,997		4,997	
Payable to other agencies	1,132,832	838,879	863,380	1,108,331
Total liabilities	<u>\$ 1,144,972</u>	<u>\$ 1,197,066</u>	<u>\$ 1,207,461</u>	<u>\$ 1,134,577</u>

Microwave Communication

	Microwave Communication			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 118,386	\$ 98,837	\$ 80,998	\$ 136,225
Capital assets:				
Depreciable assets (net)		5,683		5,683
Total capital assets (net)				
Total assets	<u>\$ 118,386</u>	<u>\$ 104,520</u>	<u>\$ 80,998</u>	<u>\$ 141,908</u>
LIABILITIES				
Accounts payable and accrued expenses	\$	68,964	65,603	\$ 3,361
Payable to other agencies	118,386	98,618	78,457	138,547
Total liabilities	<u>\$ 118,386</u>	<u>\$ 167,582</u>	<u>\$ 144,060</u>	<u>\$ 141,908</u>

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, 2019

	Total Agency Funds			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 2,781,492	\$ 9,557,273	\$ 8,831,905	\$ 3,506,860
Receivables:				
Customer accounts (net)	840,892	5,803,220	5,975,045	669,067
Due from other governments	276,287	316,352	276,287	316,352
Prepaid items	1,519		1,519	
Interfund Loans		7,657		7,657
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	6,380,412	196,243	1,289,764	5,286,891
Construction in progress	216,540	25,950		242,490
Total capital assets (net)	6,611,545	222,193	1,289,764	5,543,974
Total assets	<u>\$ 10,511,735</u>	<u>\$ 15,906,695</u>	<u>\$ 16,374,520</u>	<u>\$ 10,043,910</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 25,531	\$ 2,053,672	\$ 2,020,149	\$ 59,054
Interfund loans payable		7,657		7,657
Notes and contracts payable	4,997		4,997	
Payable to other agencies	10,481,207	8,795,327	9,299,335	9,977,199
Total liabilities	<u>\$ 10,511,735</u>	<u>\$ 10,856,656</u>	<u>\$ 11,324,481</u>	<u>\$ 10,043,910</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

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES										
Taxes	\$ 59,102,905	\$ 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
Licenses & permits	3,072,778	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
Intergovernmental	18,350,424	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
Charges for services	15,545,520	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
Fines & forfeits	531,612	564,618	515,624	607,288	818,967	817,764	856,819	916,385	939,720	982,873
Investment earnings	1,395,211	839,390	417,954	262,805	288,682	306,015	69,257	290,597	415,985	202,126
Rents & leases	1,703,300	1,484,560	1,435,088	1,515,781	1,453,179	717,412	722,765	1,973,441	649,786	588,935
Miscellaneous revenues	4,532,259	893,940	1,156,305	876,706	572,642	854,155	548,334	1,101,510	786,136	1,023,644
Total revenues	104,234,009	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
EXPENDITURES										
<i>Current:</i>										
Judicial	599,116	787,356	612,709	736,826	752,070	685,091	618,486	712,698	627,958	615,558
General government	16,597,904	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
Public safety	30,819,018	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
Physical environment	-	-	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807
Transportation	4,657,494	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
Health & human services	15,748	13,806	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811
Economic environment	5,239,599	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
Culture & recreation	7,733,056	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
<i>Debt service:</i>										
Administrative Charges/Other	1,280	1,078	152,929	2,104	149,563	4,856	97,859	601	605	36,591
Interest	1,655,448	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
Principal	2,566,950	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
<i>Capital Outlay:</i>										
General government	5,137,201	13,423,709	3,089,439	683,833	147,702	542,084	718,240	546,014	174,549	1,735,866
Public safety	277,871	324,145	59,164	46,549	2,652,865	764,037	41,719	238,889	114,045	308,558
Physical environment	-	-	-	-	-	-	-	-	-	-
Transportation	18,441,032	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
Economic environment	111,118	262,400	887,594	443,802	962,546	651,117	100,674	482,941	30,937	97,172
Culture & recreation	915,445	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
Total expenditures	94,768,280	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
Excess (deficiency) of revenues over (under) expenditures	9,465,729	(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)
OTHER FINANCING SOURCES (USES)										
Transfers in	8,744,411	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
Transfers out	(9,790,069)	(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)
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 land held for resale	4,313,670	1,290,592	1,617,234	502,203	248,812	3,500,027	172,117	229,790	1,361,408	2,195,654
Disposition of capital assets	715,549	352,114	17,570	6,681	38,710	214,310	304,229	11,321	15,401	-
Insurance recoveries	-	-	10,000	-	-	-	-	-	-	-
Total other financing sources (uses)	3,983,561	72,561	18,551,878	35,949	(257,353)	6,330,162	9,474,746	(1,115,625)	905,248	4,919,098
Net change in fund balances	13,449,290	(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
Prior period adjustments	-	(56,502)	-	(18,633)	-	(786,281)	(1,104,578)	-	241,848	-
Total net change in fund balances	\$ 13,449,290	\$ (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
Debt service as a % of noncapital expenditures	3.67%	3.67%	9.65%	5.83%	9.43%	5.61%	6.21%	5.58%	5.37%	7.79%

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 Table 2 - Net Position
 Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 137,734,724	\$ 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
Restricted	34,155,664	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
Unrestricted	17,847,924	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
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	189,738,312	145,643,175	134,689,737	123,052,909	94,554,186	102,812,035	110,337,794	115,663,777	119,870,042	118,323,955
BUSINESS-TYPE										
Net Investment in Capital Assets	193,750,024	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
Restricted	20,617,643	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
Unrestricted	28,242,454	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
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	242,610,121	220,187,530	204,544,091	190,567,989	181,024,276	180,965,203	174,039,647	163,779,942	156,020,568	151,312,018
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	331,484,748	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
Restricted	54,773,307	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
Unrestricted	46,090,378	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
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 432,348,433	\$ 365,830,705	\$ 339,233,828	\$ 313,620,898	\$ 275,578,462	\$ 283,777,238	\$ 284,377,441	\$ 279,443,719	\$ 275,890,610	\$ 269,635,973

In 2018 the City determined that neither fire nor police pension plans were administered through a trust. For this reason the City reclassified their net position from fiduciary funds to the General Fund for reporting purposes per GASB statement No. 73, paragraph 115.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
<i>Governmental Activities:</i>										
Judicial	\$ 599,116	\$ 787,356	\$ 612,709	\$ 736,826	\$ 752,070	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558
General Government	15,831,173	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
Public Safety	29,194,924	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
Physical Environment	-	-	-	246,912	243,518	239,111	232,690	223,263	229,895	221,807
Transportation	7,135,385	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
Health & human services	15,748	13,806	14,200	14,097	11,954	8,742	11,193	12,756	11,675	11,811
Economic Environment	5,109,855	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
Culture & Recreation	8,613,042	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
Interest on Long-Term Debt	1,427,307	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
Total Governmental Activities	67,926,550	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
<i>Business-Type Activities:</i>										
Electric & Gas	72,855,019	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
Water	12,332,021	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
Sewer	8,596,204	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
Solid Waste	8,952,933	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
Stormwater	1,419,133	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
Golf Course	1,815,612	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
Medical Services	4,571,069	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
Broadband	270,228	231,724	237,998	174,712	180,575	175,358	76,966	-	-	-
Total Business-Type Activities	110,812,219	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
Total Primary Government Expenses	178,738,769	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
Program Revenues										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Judicial	497,053	519,437	472,196	559,077	768,944	769,654	773,448	860,813	878,511	921,729
General Government	8,544,831	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
Public Safety	5,859,765	5,219,306	4,100,340	3,989,347	273,209	259,832	371,450	231,460	190,061	156,206
Physical Environment	-	-	-	49,105	53,203	55,542	51,607	52,396	51,555	53,099
Transportation	1,278,042	1,036,609	962,535	782,394	1,020,948	831,610	772,067	861,952	678,533	525,496
Health & human services	25,512	30,474	26,229	41,360	111,038	68,991	72,420	524,181	120,503	260,734
Economic Environment	4,448,353	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
Culture & Recreation	1,290,908	1,154,397	1,121,617	1,401,316	986,815	895,685	953,049	910,772	1,162,255	905,792
Operating Grants and Contributions	1,604,826	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
Capital Grants and Contributions	18,633,098	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
Total Governmental Activities	\$ 42,182,388	\$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>Business-Type Activities:</i>										
Charges for Services										
Electric	\$ 76,239,732	\$ 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
Water	15,652,694	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
Sewer	9,778,836	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
Solid Waste	12,044,824	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
Stormwater	2,037,682	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
Golf Course	1,836,209	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
Medical Services	4,878,409	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
Broadband	192,430	283,654	158,209	150,025	178,484	240,000	170,811	-	-	-
Operating Grants and Contributions	83,577	71,628	68,893	68,092	63,827	204,324	-	-	-	8,925
Capital Grants and Contributions	7,027,369	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
Total Business-Type Activities	129,771,762	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
Total Primary Government Revenues	171,954,150	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
Net (Expense)/Revenue										
Governmental Activities	(25,744,162)	(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)
Business-type Activities	18,959,543	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
Total Primary Government Net Expense	(6,784,619)	(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)
General Revenues										
<i>Governmental Activities:</i>										
Property Taxes	18,939,382	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
Sales Taxes	17,667,476	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
B&O Taxes	14,068,359	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
Other Taxes	10,247,071	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
Investment Earnings	1,727,561	1,032,320	519,872	331,460	404,278	564,215	190,182	388,599	496,464	285,768
Disposition of Capital Assets	715,549	352,114	17,569	6,681	-	-	-	-	-	-
Disposition of Land Held for Resale	3,377,600	1,056,736	1,557,892	441,158	287,522	3,714,337	476,346	121,733	1,376,809	1,895,208
Insurance Recoveries	-	-	-	10,000	-	-	-	-	-	-
Miscellaneous	3,832,977	4,977,922	2,474,746	5,517,170	650,375	1,232,707	1,157,306	-	-	-
Transfers	(1,129,657)	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
Total Governmental Activities	69,446,318	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
<i>Business-Type Activities:</i>										
Investment Earnings	2,079,732	1,230,805	677,884	342,502	427,386	414,790	(309,414)	935,302	797,471	372,230
Disposition of Capital Assets	125,000	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	28,204	-	-	-	-	-	-	-
Transfers	1,129,657	(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)
Total Business-Type Activities	3,334,389	(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)
Total Primary Government	\$ 72,780,707	\$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Change in Net Position - Current Year										
Governmental Activities	\$ 43,702,156	\$ 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
Business-type Activities	22,293,932	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
Total Change - Current Year	65,996,088	44,576,976	25,353,533	24,115,878	11,506,112	1,262,596	6,938,523	3,423,843	6,021,411	6,495,773
Change in Net Position - Changes in Accounting Principles										
Governmental Activities	-	(17,592,563)	-	-	(8,700,140)	-	-	(170,976)	170,472	-
Business-type Activities	-	(2,568,216)	-	-	(10,978,522)	-	-	(1,277,474)	-	-
Total Change - Accounting Principles	-	(20,160,779)	-	-	(19,678,662)	-	-	(1,448,450)	170,472	-
Change in Net Position - Prior Period Adjustments										
Governmental Activities	392,979	2,180,680	-	13,930,513	-	(786,281)	(1,104,578)	-	241,848	-
Business-type Activities	128,659	-	259,397	(3,955)	(26,226)	(1,076,518)	548,227	(41,206)	(8,622)	9,654,514
Total Change - Prior Period Adjustments	521,638	2,180,680	259,397	13,926,558	(26,226)	(1,862,799)	(556,351)	(41,206)	233,226	9,654,514
Total Change in Net Position	\$ 66,517,726	\$ 26,596,877	\$ 25,612,930	\$ 38,042,436	\$ (8,198,776)	\$ (600,203)	\$ 6,382,172	\$ 1,934,187	\$ 6,425,109	\$ 16,150,287

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.

In 2019 the City started reporting utility taxes from City Utilities as tax revenue in the Statement of Activities instead of reporting in the transfers between governmental and business-type activities.

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Financial Trends Information
 Table 4 - Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Nonspendable	\$ 13,708	\$ 67,994	\$ -	\$ 26,818	\$ 19,425	\$ 2,379,932	\$ 2,294,528	\$ 2,294,515	\$ 2,294,528	\$ -
Restricted (1)	1,103,590	151,394	288,901	472,947	431,324	275,916	221,077	198,913	230,206	2,306,146
Committed	593,739	707,423	756,161	750,998	958,643	1,102,645	1,196,905	1,371,122	1,590,021	-
Assigned (2)	75,865	109,561	103,961	107,808	104,662	236,704	316,066	389,161	409,840	-
Unassigned (3)	28,512,010	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
Total General Fund	30,298,912	25,671,025	23,730,178	19,163,623	12,526,143	10,987,082	9,092,832	10,530,338	12,669,936	9,688,407
All Other Governmental Funds										
Nonspendable	55,446	79,661	61,344	120,042	73,290	69,239	70,566	72,730	69,925	-
Restricted (1)	18,482,651	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
Committed	8,640,710	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)	1,573,373	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
Unassigned (3)	(124)	-	(1,109,274)	(586,056)	(247,311)	(59,858)	(80,207)	(624,707)	(192,340)	10,557,120
Total All Other Governmental Funds	\$ 28,752,056	\$ 19,930,647	\$ 29,311,819	\$ 19,236,773	\$ 19,172,917	\$ 21,036,033	\$ 19,378,573	\$ 10,403,037	\$ 11,577,881	\$ 15,513,527

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

In 2011 implemented GASB 54 which changed: (1) "Reserved For" to "Restricted"; (2) "Unreserved, Designated For" to "Assigned"; (3) "Unreserved, Undesignated" to "Unassigned"

In 2018 the City determined that neither fire nor police pension plans were administered through a trust. For this reason the City reclassified their fund balances from fiduciary funds to the General Fund per GASB statement 73, paragraph 115.

City of Richland, Washington
 Comprehensive Annual Financial Report
 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
2019	\$ 16,718,098	\$ 2,297,846	\$ 14,653,106	\$ 3,014,370	\$ 14,068,359	\$ 1,960,200	\$ 4,523,038	\$ 1,289,940	\$ 577,948	\$ 59,102,905
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
CHANGE 2010-2019	34.40%	16.14%	49.44%	260.85%	35.49%	388.73%	110.35%	54.38%	56.22%	50.03%

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.

City of Richland, Washington
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Table 6 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Original Tax		Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Levy	Adjustments		Amount Collected	Percentage of Original Levy		Amount Collected	Percentage of Adjusted Levy
2019	\$ 18,921,267	\$ (67,642)	\$ 18,853,625	\$ 18,684,797	98.75%	\$ -	\$ 18,684,797	99.10%
2018	\$ 18,379,482	\$ (44,023)	\$ 18,335,459	\$ 18,095,807	98.46%	\$ 165,650	\$ 18,261,457	99.60%
2017	17,695,447	(49,884)	17,645,563	17,398,103	98.32%	233,039	17,631,142	99.92%
2016	17,119,203	(91,801)	17,027,402	16,733,833	97.75%	291,096	17,024,929	99.99%
2015	16,522,897	(63,606)	16,459,291	16,261,792	98.42%	197,499	16,459,291	100.00%
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
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Table 7 - Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

YEAR	REAL	PERSONAL	CORPORATE	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2019	\$ 6,760,794	\$ 164,211	\$ 31,200	6,956,205	\$ 2.7211
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
2019	\$ 2.2110	\$ 0.2851	\$ 0.2250	\$ 2.7212	\$ 1.1708	\$ 4.1840	\$ 0.3736	\$ 2.7391	\$ 11.1887
2018	\$ 2.4408	\$ 0.3179	\$ 0.2250	\$ 2.9837	\$ 1.2788	\$ 5.5538	\$ 0.4008	\$ 2.0403	\$ 12.2574
2017	2.4391	0.3208	0.2250	2.9849	1.2753	4.9925	0.4001	2.1453	11.7981
2016	2.4014	0.3205	0.2250	2.9470	1.2694	4.8731	0.3984	2.1378	11.6256
2015	2.3904	0.3616	0.2250	2.9771	1.2799	4.8919	0.4012	2.3044	11.8544
2014	2.4021	0.3569	0.2250	2.9840	1.2831	4.8247	0.3989	2.3194	11.8101
2013	2.3865	0.3582	0.2250	2.9697	1.2796	4.3825	0.4055	2.3914	11.4287
2012	2.3860	0.3544	0.2250	2.9654	1.2771	4.2985	0.4196	2.3154	11.2760
2011	2.4520	0.3349	0.2250	3.0119	1.3265	4.4235	0.4276	2.1478	11.3372
2010	2.4829	0.4320	0.2250	3.1399	1.3433	4.3251	0.4225	2.0057	11.2365
2009	2.4891	0.4251	0.2250	3.1392	1.3766	4.1694	0.4215	1.9240	11.0307
2008	2.7046	0.4378	0.2250	3.3674	1.4440	4.8215	0.4557	1.9807	12.0693

SOURCE:
 Benton County Assessor's Office

City of Richland, Washington
 Comprehensive Annual Financial Report
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 Table 9 - General Sales Tax Received by Category*
 Last Ten Calendar Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Retail Trade	\$ 6,601,244	\$ 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	2,575,281	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	2,230,989	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	278,710	242,702	195,029	185,430	202,883	191,190	217,383	155,423	181,066	143,814	160,929
Trans/Com/Utilities	388,065	401,462	445,177	460,129	386,733	369,025	369,083	385,068	417,728	400,282	405,197
Government	920	57,038	225,400	196,829	197,601	169,197	156,272	193,403	160,740	146,458	138,054
Wholesaling	837,322	823,995	827,466	691,015	703,143	725,796	726,688	630,853	747,511	693,762	630,131
Financial/Ins/Real Estate	104,310	93,177	71,821	85,092	65,712	62,040	56,777	57,773	27,698	60,242	61,632
Other Business	274,375	205,679	16,037	67,218	26,874	51,083	21,422	16,265	150,595	56,782	12,289
Total	\$ 13,291,216	\$ 12,380,410	\$ 11,496,468	\$ 11,158,964	\$ 10,275,053	\$ 9,504,311	\$ 8,992,605	\$ 8,449,688	\$ 9,268,024	\$ 8,288,021	\$ 7,611,935

Source: Tax Tools

*This revenue is reported on a cash basis.

City of Richland, Washington
 Comprehensive Annual Financial Report
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 Table 10 - Principal Property Taxpayers for 2019
 and Nine Years Ago

PRINCIPAL TAXPAYERS 2019	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL (+)
Conagra Foods	Packaged Food Company	\$ 246,989,020	3.55%
Siemens Nuclear Power Corp.	Nuclear Fuels Production	130,965,580	1.88%
Lex Richland L.P.	Cold Warehouse Distribution Facilities	117,010,180	1.68%
Battelle Memorial Institute	Research & Development	70,663,700	1.02%
Extended Legacy, LLC	Real Estate Development	61,797,700	0.89%
Notus Holding, LLC	Property Management	58,067,160	0.83%
Townfair Investors LLC	Property Management	39,221,060	0.56%
First Richland L.P.	Property Management	38,671,750	0.56%
PC Meadow Springs LLC	Property Management	37,358,110	0.54%
Cowperwood BSF/CSF, LLC	Property Management	37,152,330	0.53%
RPQ DELAWARE LLC	Property Management	29,650,230	0.43%

*Total Assessed Valuation for the City of Richland in 2019 = \$6,928,351,617

PRINCIPAL TAXPAYERS 2009	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL (+)
Siemens Nuclear Power Corp	Nuclear Fuels Production	\$ 99,986,730	2.20%
Battelle Pacific NW National Laboratories	Research & Development	70,140,900	1.55%
Extended Legacy, LLC	Real Estate Development	53,910,510	1.19%
Centurion Properties III LLC	Property Management	38,905,170	0.86%
Cowperwood BSF/CSF, LLC	Research & Development	37,161,540	0.82%
Lamb Weston, Inc	Food Processing	36,763,990	0.81%
VMSI, LLC	Research & Development	36,260,997	0.80%
Oregon Metallurgical Corporation	Manufacturing	30,998,520	0.68%
Kadlec Medical Center	Health Services	27,124,300	0.60%
Riverpointe Apartments, LLC	Real Estate Development	25,662,960	0.57%

*Total Assessed Valuation for the City of Richland in 2010 = \$4,536,131,221

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	2019	2018	*2017	2016	2015	2014	2013	2012	2011	2010
Gross Revenue	\$ 70,132,499	\$ 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
Less Operating Expenses	56,472,042	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
Net Amount Available For Debt Service	13,660,457	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
Principal	2,915,000	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
Interest	2,851,790	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
Total Annual Debt Service	\$ 5,766,790	\$ 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
Electric Debt Coverage	2.37	1.84	1.65	1.35	1.39	1.61	2.21	1.80	2.63	2.27
Revenue derived from Residential/Commercial Electric Sales										
WATER/SEWER **										
Gross Revenue	\$ 26,302,940	\$ 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
Less Operating Expenses	12,547,331	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
Net Amount Available For Debt Service	13,755,609	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
Principal	4,523,535	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
Interest	1,081,869	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
Total Annual Debt Service	\$ 5,605,404	\$ 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
Water/Sewer Debt Coverage	2.45	2.36	2.15	1.85	2.14	1.95	1.73	1.73	1.71	2.03
Revenue derived from Residential/Commercial Water and Sewer charges										
SOLID WASTE										
Gross Revenue	\$ 12,002,576	\$ 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
Less Operating Expenses	7,171,113	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
Net Amount Available For Debt Service	4,831,463	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
Principal	135,000	125,000	125,000	120,000	115,000	115,000	110,000	110,000	105,000	468,000
Interest	3,445	6,367	10,039	13,651	17,114	20,037	22,629	25,012	27,113	89,101
Total Annual Debt Service	\$ 138,445	\$ 131,367	\$ 135,039	\$ 133,651	\$ 132,114	\$ 135,037	\$ 132,629	\$ 135,012	\$ 132,113	\$ 557,101
Solid Waste Debt Coverage	34.90	14.30	21.45	19.60	8.85	6.93	7.94	9.68	10.03	1.54
Revenue derived from Residential/Commercial Garbage Collection and Landfill Charges										

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Debt Capacity Information
 Table 11 - Pledged Revenue Coverage (continued)
 Last Ten Fiscal Years

STORMWATER **	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross Revenue	\$ 2,110,258	\$ 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
Less Operating Expenses	984,932	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
Net Amount Available For Debt Service	1,125,326	952,135	905,051	766,473	633,604	639,992	643,665	768,746	1,029,787	903,832
Principal	214,524	213,158	206,819	199,092	107,623	102,306	102,001	101,710	96,430	96,163
Interest	38,869	44,916	53,420	66,450	67,634	69,466	71,434	74,464	76,994	79,511
Total Annual Debt Service	\$ 253,393	\$ 258,074	\$ 260,239	\$ 265,542	\$ 175,257	\$ 171,772	\$ 173,435	\$ 176,174	\$ 173,424	\$ 175,674
Stormwater Debt Coverage	4.44	3.69	3.48	2.89	3.62	3.73	3.71	4.36	5.94	5.14

Revenue derived from Residential/Commercial Stormwater charge

COLUMBIA POINT GOLF COURSE										
Gross Revenue	\$ 1,836,586	\$ 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
Less Operating Expenses	1,634,896	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
Net Amount Available For Debt Service	201,690	342,447	3,302	271,049	237,592	207,814	300,555	210,656	281,527	249,064
Principal	110,000	105,000	100,000	100,000	95,000	95,000	90,000	90,000	88,890	30,000
Interest	157,767	161,386	165,512	169,475	173,488	178,085	194,496	181,543	186,457	115,536
Total Annual Debt Service	\$ 267,767	\$ 266,386	\$ 265,512	\$ 269,475	\$ 268,488	\$ 273,085	\$ 284,496	\$ 271,543	\$ 275,347	\$ 145,536
Columbia Point Golf Course Coverage	0.75	1.29	0.01	1.01	0.88	0.76	1.06	0.78	1.02	1.71

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

BROADBAND										
Gross Revenue	\$ 204,372	\$ 295,290	\$ 165,626	\$ 155,506	\$ 187,463	\$ 452,209	\$ 43,671	\$ -	\$ -	\$ -
Less Operating Expenses	71,621	38,456	60,278	18,927	26,150	59,723	-	-	-	-
Net Amount Available For Debt Service	132,751	256,834	105,348	136,579	161,313	392,486	43,671	-	-	-
Principal	109,908	104,143	117,011	102,312	104,166	75,000	50,000	-	-	-
Interest	66,558	68,560	73,447	72,132	70,772	68,439	48,298	-	-	-
Total Annual Debt Service	\$ 176,466	\$ 172,703	\$ 190,458	\$ 174,444	\$ 174,938	\$ 143,439	\$ 98,298	\$ -	\$ -	\$ -
Broadband Coverage	0.75	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				
2019	\$ 37,575,000	-	\$ 618,494	\$ 3,560,000	\$ 69,815,000	\$ 26,060,000	\$ 1,860,000	\$ 745,000	\$ 6,714,873	\$ 146,948,367	7.12%	2,585	
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	

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

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

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Debt Capacity Information

Table 13 - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

TAX YEAR	POPULATION (1)	*ASSESSED VALUE (2)	GENERAL OBLIGATION BONDS	MONIES AVAILABLE FOR DEBT SERVICE	NET GO BOND DEBT	RATIO NET BONDED GO DEBT TO ASSESSED VALUE	NET BONDED GO DEBT PER CAPITA
2019	56,850	\$ 6,956,204,813	\$ 42,995,000	\$ 1,470,761	\$ 41,524,239	0.60%	\$ 730.42
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

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, 2019

<u>DIRECT DEBT</u>	AMOUNT
Voted General Obligation Debt	\$ 9,560,000
Councilmanic General Obligation Debt	28,015,000
Councilmanic Loans (includes CERB and WSDOT Loans)	618,494
TOTAL DIRECT DEBT	\$ 38,193,494

<u>OVERLAPPING DEBT</u> (For debt paid with property taxes)	(1) OUTSTANDING DEBT	(2) PERCENT APPLICABLE	AMOUNT OVERLAPPING
<u>Jurisdiction</u>			
Benton County	\$ 7,150,892	34.44%	\$ 2,462,767
Richland School District #400	188,545,000	79.09%	149,120,241
Kennewick School District #17	166,895,000	4.53%	7,560,344
Kiona Benton School District #52	4,220,618	0.01%	422
Port of Benton	2,810,000	59.95%	1,684,595
Port of Kennewick	-	22.14%	-
Fire District No. 1	735,000	9.75%	71,663
		TOTAL OVERLAPPING DEBT	\$ 160,900,032

GOVERNMENTAL ACTIVITIES DEBT RATIOS

Assessed Valuation - 2019 (Established in November 2018 for the 2019 tax year)	\$ 6,956,204,813
Population	56,850
Net Direct Debt to Assessed Valuation	0.55%
Net Direct Debt and Overlapping Debt to Assessed Valuation	2.86%
Per Capita Assessed Value	\$ 122,361
Per Capita Net Direct Debt	\$ 672
Per Capita Total Direct Debt and Overlapping Debt	\$ 3,502

Councilmanic Debt and Other Obligations consists of:

2010 LTGO - IT Facility/1998 Refunding	\$ 1,280,000
2013 LTGO A- LRF	8,710,000
2014 LTGO -Fire Station Construction	2,720,000
2017 LTGO - City Hall	13,255,000
2017 LTGO - 2006 Refunding	2,050,000
	\$ 28,015,000

Voted GO Debt:	2015 UTGO - Refunding Bonds/2005/2007	\$ 9,560,000
		\$ 9,560,000

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

SOURCE: Benton County Assessor's Office

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Debt Capacity Information
 Table 15 - Legal Debt Margin
 Last Ten Fiscal Years

FOR FISCAL YEAR ENDING DECEMBER 31										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 521,715,361	\$ 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
Total net debt applicable to debt limit	38,193,494	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
Legal Debt Margin	\$ 483,521,867	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	7.32%	8.82%	9.72%	7.33%	9.95%	10.91%	11.32%	10.67%	9.42%	10.62%

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

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

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

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section
 Table 16 - Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Richland Population (1)	*Per Capita Income (2)	Total Personal Income	**Median Age (3)	School Enrollment (4)	Annual Unemployment Rate (5)
2019	56,850	\$ 47,465	\$ 2,698,385,250	38.6	14,190	4.9%
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
- (2) Bureau of Economic Analysis, US Dept of Commerce, Metropolitan Statistical Area Kennewick-Richland, www.bea.gov (County - Benton)
- (3) US Census, American Community Survey, www.census.gov/acs
- (4) Richland School District, www.rsd.edu
- (5) Washington State Employment Security Department - Bureau of Labor Statistics, www.fortress.wa.gov/esd/employmentdata

*2014-2018 Per Capita Income is estimated

**2015-2018 Median Age are estimated

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section
 Table 17 - Principal Employers for 2018
 and Nine Years Ago

PRINCIPAL EMPLOYERS 2019	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Battelle/Pacific Northwest National Laboratory	1	Research & Development	4,700	16.5%
Kadlec Regional Medical Center	2	Health Services	3,674	12.9%
Bechtel National	3	Engineering & Construction	1,450	5.1%
Washington River Protection Solutions	4	Environmental Remediation Services	2,971	10.4%
Mission Support Alliance, LLC	5	Support Services, Hanford/DOE Site	2,240	7.9%
CH2M Hill Plateau Remediation Company	6	Environmental Remediation Services	1,688	5.9%
Richland School District	7	K-12 Education	1,900	6.7%
Energy Northwest	8	Power Generation Facility	1,049	3.7%
Lamb Weston	9	Food Processing	750	2.6%
Framatome/Areva	10	Fuel Production Facility	700	2.5%

PRINCIPAL EMPLOYERS 2010	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Battelle Pacific NW National Laboratories	1	Research & Development	4,485	*
URS	2	Radioactive Waste Management	3,900	*
Bechtel National (WTP/VIT)	3	Engineering and Consultation	2,825	*
Kadlec Medical Center	4	Health Services	2,205	*
Washington River Protection Solutions	5	Environmental Remediation Services	1,700	*
Richland School District	6	K-12 Education	1,500	*
CH2M Hill	7	Environmental Remediation Services	3,212	*
Energy Northwest	8	Power Generation Facility	1,163	*
Washington Closure Hanford	9	Radioactive Waste Management	1,350	*
Mission Support Alliance	10	Government	1,511	*

* Data unavailable for 2009

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

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 18 - Operating Indicators by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PUBLIC SAFETY										
<i>POLICE</i>										
Number of Employees	81.80	81.20	79.20	79.20	77.20	71.90	71.90	71.90	70.30	69.80
Ratio of Employees to Population	1/695	1/681	1/684	1/674	1/688	1/724	1/711	1/689	1/698	1/689
Criminal Filings - Non Traffic ¹⁰	1,784	1,747	1,564	1,490	1,413	1,295	1,246	1,395	1,496	1,027
Criminal Filings - Traffic	962	860	937	-	-	-	-	-	-	-
Infraction Filings	2,892	2,467	2,735	-	-	-	-	-	-	-
Calls for Service	33,178	31,979	31,286	29,411	28,066	27,526	26,327	25,964	27,611	29,486
Traffic Accidents	1,057	967	936	931	811	667	712	642	647	642
<i>FIRE:</i>										
Number of Employees	65.40	64.70	63.00	63.00	62.70	57.75	57.75	57.75	57.75	58.00
Ratio of Employees to Population	1/869	1/855	1/860	1/848	1/847	1/902	1/886	1/858	1/850	1/829
Fire Calls	2,014	1,792	1,822	1,683	1,587	1,383	1,490	1,454	1,459	1,256
Ambulance Calls	5,200	4,972	4,820	4,814	4,715	4,408	3,939	4,008	3,921	3,998
CULTURE & RECREATION										
<i>LIBRARY:</i>										
Number of Patron Visits ⁹	250,384	260,941	213,770	587,135	547,885	567,645	532,195	617,041	642,181	798,630
Website Visits (pageviews)	331,794	321,883	330,233							
Annual Circulation	642,371	644,727	666,560	798,336	807,639	726,629	706,527	755,324	774,840	767,453
Reference Requests ¹¹	17,145	31,204	29,902	24,700	30,266	31,507	33,089	33,580	35,736	40,709
<i>PARKS & RECREATION:</i>										
Number of Parks	58	58	58	58	58	58	58	58	62	60
Park Acreage-Undeveloped	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,770	1,770	1593
Park Acreage-Developed	650	650	650	650	650	650	650	500	500 ⁴	683
ECONOMIC DEVELOPMENT										
Building Permits Issued	2,362	2,186	2,331	2,125	2,017	1,979	2,144	2,065	2,089	2,261
Value of Permits in Millions	319.06	175.32	212.62	279.27	237.56	256.39	163.29	151.15	189.74	168.82
Business Licenses Issued	5,563	5,558	5,183	4,949	4,940	4,879	4,730	4,493	4,402	4,346
TRANSPORTATION										
Street Resurfacing (lane miles) Asphalt Overlays	15.23	1.9	8.5	17.1	18.5	7.4	6.0	6.2	9.3	3.4
Slurry Seal/Micro Surfacing	8.39	29.9	-	-	-	-	-	-	-	-
City Streets cleaned (X per year)	5	5	4	4	5	5	5	4	4	4

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 18 - Operating Indicators by Function/Program
 Last Ten Fiscal Years (Continued)

FUNCTION/PROGRAM:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
BUSINESS-TYPE ACTIVITIES										
<i>ELECTRIC</i>										
New Connections	384	463	336	323	289	294	350	494	618	597
Total Consumption (kilowatt hr)millions	911	932	959	880	880	896	852	835	855	858
No. of Customers ⁷	28,996	24,526	24,095	23,867	23,628	23,197	22,618	22,152	21,765	21,416
<i>WATER</i>										
New Connections	367	354	313	303	269	262	277	272	293	345
Daily Ave Consumption(millions/gal)	16.8	16.8	15.4	16.4	16.8	16.4	15.3	13.9	14.4	14.4
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers ⁶	20,127	19,766	18,383	18,052	18,652	17,655	17,393	17,138	17,408	16,698
<i>SEWER</i>										
Daily Average Treatment (millions/gal)	6.558	6.1	6.4	5.8	5.6	5.6	5.5	5.6	6.6	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 ⁵	21,436	20,987	20,589	20,284	19,972	18,077	17,752	17,469	17,981	15,964
<i>GARBAGE & SOLID WASTE</i>										
Residential Landfill Visitors	31,668	29,435	24,306	29,269	29,263	27,679	29,627	28,678	35,529	41,007
Commercial Landfill Visitors	5,717	5,598	5,874	9,338	11,322	11,612	7,945	7,751	7,643	19,797
Household Hazardous Waste Visitors	N/A	N/A	N/A	N/A	N/A	N/A	655	814 ³	1,200 ³	3,288
No. of Customers ⁵ - Refuse	20,373	17,430	17,315	17,747	18,099	17,632	17,403	17,096	17,456	17,853
No. of Customers ⁵ - Recycle	6,243	5,889	5,523	5,324	5,004	4,570	4,054	3,713		
<i>STORM WATER</i>										
Catch Basins Cleaned	1,286	688	232	869	443	539	506	536	827	817
Storm Pipes Jetted (ft) ⁸	12,794	13,677	26,206	20,287	7,140	23,210	36,653	54,115	29,940	43,311
Storm Drains Televised (ft)	7,924	3,592	33,258	20,788	16,925	21,547	23,116	25,923	22,913	15,232
No. of Customers ⁵	20,899	20,504	19,947	19,613	19,529	18,707	18,207	17,936	17,663	17,410

⁵Customer counts are a snap-shot in time (12/31/19) and taken from the Utility Billing System. (UBT-CUST-001)

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

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

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

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

¹⁰Corrected to reflect new reporting standards.

¹¹Reflects the reference assistance moving to tech support, (which is not currently tracked) as patrons move to computers and mobile devices for research and references.

City of Richland, Washington
 Comprehensive Annual Financial Report
 Statistical Section

Table 19 - Top Ten Customers by Utility Sales for 2019 (Selected Utilities Only)

<u>ELECTRIC</u>	<u>TOP TEN CUSTOMERS</u>	<u>NATURE OF BUSINESS</u>	<u>CONSUMPTION</u> <u>(mWh)</u>	<u>UTILITY SALES</u>	<u>% OF TOTAL UTILITY SALES</u>
1	Battelle Pacific NW National Laboratories	Research & Development	79,407	\$ 4,307,189	16.81%
2	Conagra Foods/Lamb Weston/Preferred Freezer	Value Added Agriculture Products	92,459	4,339,235	16.94%
3	Areva NP Richland	Nuclear Fuels Production	36,495	1,579,984	6.17%
4	ATI Richland Operations	Manufacturing	26,255	1,137,432	4.44%
5	City of Richland	Municipality	23,358	1,514,190	5.91%
6	Kadlec Hospital/Regional Medical Center	Health Services	24,888	1,448,649	5.65%
7	Richland School District	K-12 Education	16,818	1,213,289	4.74%
8	Badger Mountain Irrigation District	Special Purpose District	7,811	599,394	2.34%
9	Centurion Properties III	Property Management	8,019	524,317	2.05%
10	WSU Tri-Cities	Education	7,768	479,164	1.87%
<u>WATER</u>			<u>(Cubic Feet)</u>		
1	Conagra Foods/Lamb Weston (Fisher Cnstr)	Value Added Agriculture Products	805,298	\$ 779,093	21.31%
2	City of Richland	Municipality	340,858	365,259	9.99%
3	City of West Richland Intertie	Municipality	472,444	274,018	7.49%
4	Richland School District	K-12 Education	128,203	199,360	5.45%
5	Battelle Pacific NW National Laboratories	Research & Development	82,280	135,472	3.70%
6	Kadlec Hospital/Regional Medical Center	Health Services	89,030	111,480	3.05%
7	Penford Food Ingredients	Food Processing	133,465	100,930	2.76%
8	Mission Support Alliance	DOE Contractor	33,469	58,246	1.59%
9	Bella Vista Apts	Property Management	27,984	56,203	1.54%
10	Liberty Christian School	Property Management	33,245	37,330	1.02%
<u>SEWER</u>					
1	Battelle	Research & Development	N/A	\$ 317,108	11.08%
2	Penford Food Ingredients	Food Processing	N/A	302,670	10.57%
3	Kadlec Hospital/Regional Medical Center	Health Services	N/A	154,527	5.40%
4	Villas At Meadow Springs LLC	Property Management	N/A	72,481	2.53%
5	Bella Vista Apts	Property Management	N/A	69,528	2.43%
6	Timbers Apts	Property Management	N/A	61,374	2.14%
7	Richland School District	K-12 Education	N/A	71,028	2.48%
8	City of Richland	Municipality	N/A	58,863	2.06%
9	Yuksel Inc/Shoreline	Property Management	N/A	52,918	1.85%
10	La Verde Apts	Property Management	N/A	52,510	1.83%
<u>STORMWATER</u>					
1	Richland School District	K-12 Education	N/A	\$ 61,964	8.83%
2	Battelle Pacific NW National Laboratories	Research & Development	N/A	47,920	6.83%
3	City of Richland	Municipality	N/A	37,493	5.34%
4	Port of Benton	Special Purpose District	N/A	30,620	4.36%
5	Preferred Freezer Services Of Richland, LLC	Refrigerated Warehousing	N/A	24,457	3.48%
6	Areva NP Richland	Nuclear Fuels Production	N/A	22,011	3.13%
7	Ferguson Enterprises Inc.	Distribution Facility	N/A	21,123	3.01%
8	Washington Securities	Property Management	N/A	20,435	2.91%
9	Wal-Mart Store	Retail	N/A	15,839	2.26%
10	WSU Tri-Cities	Education	N/A	13,579	1.93%

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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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FUNCTION/PROGRAM											
Judicial	3.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.50	3.50	4.00
General Government	64.10	65.80	64.80	65.30	65.05	64.60	64.60	64.60	65.45	65.85	65.35
Public Safety*	147.20	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	47.60	45.60	46.00	46.00	45.50	46.50	48.00	49.00	24.00
Transportation	20.00	19.00	18.00	17.00	18.00	19.00	19.00	19.00	18.00	19.00	19.00
Economic Environment	18.00	17.55	19.05	19.05	19.05	21.05	21.00	22.05	22.50	22.50	22.50
Culture & Recreation	34.00	34.50	34.00	34.00	34.50	34.10	34.10	34.10	32.85	32.85	56.85
Electric & Gas	60.75	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	23.00	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	22.95	23.45
Garbage & Solid Waste	28.10	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	2.05
TOTAL	470.75	470.20	464.25	459.75	457.70	449.65	451.10	452.95	451.60	453.50	453.50
TOTAL POPULATION	56,850	55,320	54,211	53,410	53,080	52,090	51,150	49,890	49,090	48,058	47,410
PER CAPITA FTE	120.76	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.

City of Richland, Washington
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 Table 21 - Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	27	27	27	26	26	23	23	23	23	23
Fire										
Stations	4	4	4	4	4	3	3	3	3	3
Emergency Response Vehicles	14	14	14	13	13	13	12	12	12	15
Equipment Maintenance										
City Fleet	507	493	493	477	470	441	459	439	434	432
Electric										
Substations	9	9	8	8	8	8	8	8	8	8
Water										
Treatment Plants	3	3	2	2	2	2	1	1	1	1
Water Mains (Miles)	399	391	347	337	289	332	321	321	310	310
Reservoirs	18	18	18	18	18	18	16	16	14	14
Pump Stations	12	12	12	12	11	11	11	11 ³	7	7
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	15	15	14	14	14	14	14	14	16	16
Sanitary Sewers (Miles)	305	283	286	277	279	278	276	266	275	275
Solid Waste										
Collection Vehicles	20	20	20	20	20	20	20	20	17	18
Transportation										
Area of City (Square Miles)	42.7	42.7	42.6	42.6	42.6	42.5	42.5	42.3	42.2	42.2
Miles of Streets-By Jurisdiction										
City	288.1	277.8	272.7	269.4	267.2	263.6	259.2	259.2	254.0	251.4
State	20.4	20.4	20.4	20.4	20.4	20.4	32.6	32.6	32.6	32.5
Private	43	44.5	44.1	41.7	41.5	41.5	57.4	57.4	57.3	57.3
Traffic Signals	54	54	54	54	53	53	53	53	52	51
Parks and Recreation²										
Community Center	1	1	1	1	1	1	1	1	1	1
Regional Parks - Developed	2	2	2	2	2	2	2	2	2	2
Community Parks- Developed	4	4	4	4	4	4	4	4	3	4
Neighborhood Parks - Developed	25	25	25	25	25	25	25	25	19	19
Special Use Parks - Developed	11	11	11	11	11	11	11	11	8	9
Mini Parks - Developed	-	-	-	-	-	-	-	-	11	10
Lineal Parks - Developed	9	9	9	9	9	9	9	9	9	
Natural Open Spaces	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.

¹ Pump stations only. Previously counted irrigation systems.

² Parks redefined and calculated more accurately in 2012

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

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The following employees played important roles in producing the 2019 Comprehensive Annual Financial Report for the City of Richland, Washington. Their significant commitment to this project has been greatly appreciated.

Cathleen Koch, Administrative Services Director

Brandon Allen, Finance Director

Brandon Suchy, Accountant

Jeanne Portch, Accountant

Jeff Kison, Accountant

Ryan Brimacombe, Accountant

Jenny Willis, Accountant

