



**CITY OF RICHLAND, WASHINGTON**

**Public Works Utilities Financial Statements**

**For the Quarter Ended  
December 31, 2023**

(Unaudited)

*Prepared by:*  
Finance Department

*Issued on:*  
April 30, 2024

**CITY OF RICHLAND, WASHINGTON**  
**PUBLIC WORKS UTILITIES FINANCIAL STATEMENTS**  
**December 31, 2023**

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**City of Richland~WATER FUND~ For Years Ended December 31, 2023 and December 31, 2022**

**STATEMENT OF NET POSITION**

ASSETS			DEFERRED OUTFLOW OF RESOURCES				
2023	2022	Incr(Decr)	2023	2022	Incr(Decr)		
<b>ASSETS</b>			<b>DEFERRED OUTFLOW OF RESOURCES</b>				
<i>Current:</i>			<i>Current:</i>				
Cash & equivalents			Deferred amount on refunding debt	150,569	157,819	(7,250)	
Unrestricted	4,691,887	1,362,554	3,329,333	Deferred amount pension and OPEB	455,682	543,746	(88,064)
Investments	11,968,646	6,632,567	5,336,079	Total deferred outflow of resources	<b>606,250</b>	<b>701,565</b>	<b>(95,314)</b>
Deposit with Third Party	5,775	5,775	-	<b>LIABILITIES</b>			
<i>Receivables:</i>			<i>Current:</i>				
Customer accounts (net)	660,936	764,014	(103,078)	Accounts payable & accrued expenses	856,455	1,313,983	(457,528)
Due from other funds	-	-	-	Interest on outstanding debt	-	-	-
Due from other governments	-	-	-	Payable to other governments	47,405	28,115	19,290
Special Assessments	13,685	12,120	1,565	Notes payable-current portion	233,622	913,950	(680,328)
Interfund loans	3,890	3,890	-	Deposits payable	56,339	17,043	39,296
Unspent Bond Proceeds	-	-	-	Compensated absences-current portion	165,500	141,477	24,023
Prepaid items	-	-	-	Total OPEB liability - current	21,314	29,360	(8,046)
Inventory	513,454	163,285	350,168	Revenue bonds payable-current portion	524,888	829,578	(304,690)
Total current assets	<b>17,858,273</b>	<b>8,944,206</b>	<b>8,914,067</b>	Total current liabilities	<b>1,905,523</b>	<b>3,273,506</b>	<b>(1,367,983)</b>
<i>Noncurrent:</i>			<i>Noncurrent:</i>				
Restricted Cash & equivalents	368,389	-	368,389	Unearned Revenue	62,978	70,851	(7,873)
Unspent bond proceeds	-	-	-	Compensated absences	165,500	141,477	24,023
Bond Reserve	-	-	-	Net pension and OPEB liability	457,571	610,380	(152,809)
Scheduled debt repayments	-	-	-	Notes & loans payable	1,465,999	1,699,622	(233,622)
Facilities fees	-	-	-	Revenue bonds payable	10,303,305	10,951,091	(647,786)
Net pension asset	510,555	520,105	(9,550)	Total noncurrent liabilities	<b>12,455,354</b>	<b>13,473,421</b>	<b>(1,018,067)</b>
Restricted Investments	922,049	10,026,770	(9,104,721)	Total liabilities	<b>14,360,877</b>	<b>16,746,927</b>	<b>(2,386,049)</b>
Bond Reserve	-	-	-	<b>DEFERRED INFLOW OF RESOURCES</b>			
Receivables				Deferred amount on pension and OPEB	416,058	765,589	(349,531)
Special Assessments - LT	62,978	70,851	(7,872)	Total deferred inflow of resources	<b>416,058</b>	<b>765,589</b>	<b>1,222,883</b>
Interfund Loans	-	3,890	(3,890)	<b>NET POSITION</b>			
Capital assets:				Net investment in capital assets	81,790,566	78,455,665	3,334,901
Land	5,604	5,604	-	Restricted for:			
Depreciable assets (net)	5,726,725	4,943,223	783,502	Pension assets	650,470	488,438	162,032
Infrastructure (net)	81,198,469	81,510,279	(311,809)	Debt service	1,304,123	1,526,739	(222,616)
Construction in progress	7,722,272	7,205,328	516,944	Capital improvements	6,273,430	8,516,759	(2,243,329)
Total capital assets	<b>94,653,070</b>	<b>93,664,434</b>	<b>988,636</b>	Unrestricted	10,186,041	7,431,705	2,754,336
Total noncurrent assets	<b>96,517,042</b>	<b>104,286,050</b>	<b>(7,769,008)</b>	Total net position	<b>100,204,630</b>	<b>96,419,306</b>	<b>3,785,324</b>
Total assets	<b>114,375,315</b>	<b>113,230,256</b>	<b>1,145,059</b>				

**STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION**

OPERATING REVENUES			NONOPERATING REVENUES (EXPENSES)				
2023	2022	Incr(Decr)	2023	2022	Incr(Decr)		
<b>OPERATING REVENUES</b>			<b>NONOPERATING REVENUES (EXPENSES)</b>				
<i>Charges for services:</i>			<i>Interest earnings</i>				
Rate revenues	14,909,843	15,406,541	(496,698)	Interest Recoveries	114,273	-	114,273
All others	-	-	-	Interest expense	(342,653)	(399,084)	56,432
Other operating revenues	(2,849)	-	(2,849)	Debt costs	-	-	-
Total operating revenues	<b>14,906,994</b>	<b>15,406,541</b>	<b>(499,547)</b>	All other nonoperating revenues (expenses)	7,872	26,608	(18,735)
<b>OPERATING EXPENSES</b>			<i>Total nonoperating revenues (expenses)</i>				
Maintenance & Operations	5,876,033	5,258,140	617,894	Total nonoperating revenues (expenses)	<b>780,233</b>	<b>(1,169,895)</b>	<b>1,950,127</b>
Administration & general	1,543,055	1,530,679	12,376	Income before capital contributions and transfers	<b>2,645,283</b>	<b>1,956,092</b>	<b>689,191</b>
Taxes	2,524,406	2,573,336	(48,931)	Capital contributions	1,203,042	2,116,583	(913,541)
Depreciation	3,098,450	2,918,400	180,051	Transfers in	-	-	-
Total operating expenses	<b>13,041,944</b>	<b>12,280,554</b>	<b>761,390</b>	Transfers out	(63,000)	(20,000)	(43,000.00)
Operating income (loss)	<b>1,865,050</b>	<b>3,125,987</b>	<b>(1,260,937)</b>	Change in net position	<b>3,785,325</b>	<b>4,052,675</b>	<b>(267,350)</b>
				Net position-beginning	96,419,305	92,366,630	4,052,675
				Prior period adjustment	-	-	-
				Net position-ending	<b>100,204,630</b>	<b>96,419,306</b>	<b>3,785,324</b>

**City of Richland~WASTEWATER FUND~ For Years Ended December 31, 2023 and December 31, 2022**

STATEMENT OF NET POSITION							
ASSETS			DEFERRED OUTFLOW OF RESOURCES				
	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<b>ASSETS</b>				<b>DEFERRED OUTFLOW OF RESOURCES</b>			
<i>Current:</i>				<i>Current:</i>			
Cash & equivalents				Deferred amount on refunding debt	189,334	205,778	(16,444)
Unrestricted	2,030,017	843,608	1,186,409	Deferred amount pension and OPEB	443,311	512,039	(68,728)
Investments	4,227,018	3,247,589	979,429	Total deferred outflow of resources	<b>632,645</b>	<b>717,816</b>	<b>(85,172)</b>
Deposit with Third Party	2,650	2,650	-	<b>LIABILITIES</b>			
				<i>Current:</i>			
Receivables:				Accounts payable & accrued expenses	1,663,288	1,039,976	623,312
Customer accounts (net)	696,065	839,519	(143,454)	Interest on outstanding debt	-	-	-
Due from other funds	-	-	-	Payable to other governments	25,249	(289)	25,538
Due from other governments	-	-	-	Notes payable-current portion	83,271	80,893	2,377
Special Assessments	12,739	11,282	1,456	Deposits payable	13,868	6,202	7,666
Interfund loans	-	-	-	Compensated absences-current portion	83,642	76,281	7,361
Prepaid items	-	-	-	Total OPEB liability - current	14,010	11,824	2,186
Inventory	1,040	1,040	-	Revenue bonds payable-current portion	320,113	720,423	(400,310)
Total current assets	<b>6,969,528</b>	<b>4,945,688</b>	<b>2,023,840</b>	Total current liabilities	<b>2,203,440</b>	<b>1,935,310</b>	<b>268,130</b>
				<i>Noncurrent:</i>			
Noncurrent:				Unearned Revenue	214,625	221,953	(7,328)
Restricted Cash & equivalent	367,419	156,000	211,419	Compensated absences	83,642	76,281	7,361
Unspent bond proceeds	-	-	-	Net pension and OPEB liability	373,422	418,454	(45,032)
Bond Reserve	-	-	-	Notes & loans payable	604,232	687,502	(83,271)
Scheduled debt repayments	-	-	-	Revenue bonds payable	5,878,975	6,290,845	(411,869)
Facilities fees	-	-	-	Total noncurrent liabilities	<b>7,154,896</b>	<b>7,695,035</b>	<b>(540,139)</b>
Net pension asset	503,786	508,865	(5,079)	Total liabilities	<b>9,358,336</b>	<b>9,630,345</b>	<b>(272,009)</b>
Restricted Investments	497,713	7,953,052	(7,455,339)				
				<b>DEFERRED INFLOW OF RESOURCES</b>			
Receivables				Deferred amount on pension and OPEB	629,364	629,364	-
Special Assessments - LT	58,625	65,953	(7,328)	Total deferred inflow of resources	<b>629,364</b>	<b>629,364</b>	-
Interfund Loans	-	-	-				
Capital assets:				<b>NET POSITION</b>			
Land	-	-	-	Net investment in capital assets	62,275,671	54,591,747	7,683,924
Depreciable assets (net)	12,300,948	10,366,849	1,934,100	Restricted for:			
Infrastructure (net)	49,170,854	49,253,418	(82,564)	Pension assets	641,847	477,883	163,964
Construction in progress	8,951,385	3,355,638	5,595,747	Debt service	721,871	837,367	(115,495)
Total capital assets	<b>70,423,188</b>	<b>62,975,905</b>	<b>7,447,283</b>	Capital improvements	6,168,551	7,126,968	(958,417)
Total noncurrent assets	<b>71,850,731</b>	<b>71,659,775</b>	<b>190,955</b>	Unrestricted	(83,771)	4,029,606	(4,113,377)
Total assets	<b>78,820,259</b>	<b>76,605,464</b>	<b>2,214,795</b>	Total net position	<b>69,724,169</b>	<b>67,063,571</b>	<b>2,660,598</b>
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION							
OPERATING REVENUES			NONOPERATING REVENUES (EXPENSES)				
	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<i>Charges for services:</i>				<i>Interest earnings</i>			
Rate revenues	10,326,000	10,364,476	(38,477)	Adjustment for Fair Market Value	-	-	-
All others	-	-	-	Interest expense	(209,952)	(239,637)	29,685
Other operating revenues	-	-	-	Debt costs	-	-	-
Total operating revenues	<b>10,326,000</b>	<b>10,364,476</b>	<b>(38,477)</b>	All other nonoperating revenues (expenses)	10,971	13,853	(2,882)
				Total nonoperating revenues (expenses)	<b>650,993</b>	<b>(812,223)</b>	<b>1,463,216</b>
<b>OPERATING EXPENSES</b>				Income before capital contributions and transfers			
Maintenance & Operations	4,604,279	4,673,155	(68,876)		<b>1,627,665</b>	<b>439,833</b>	<b>1,187,832</b>
Administration & general	1,250,957	1,035,567	215,390	Capital contributions	1,151,251	2,197,243	(1,045,992)
Taxes	1,384,251	1,367,913	16,337	Transfers in	3,945	(3,945)	7,890
Depreciation	2,109,841	2,035,784	74,057	Transfers out	(122,263)	(5,000)	(117,263)
Total operating expenses	<b>9,349,327</b>	<b>9,112,419</b>	<b>236,908</b>	Change in net position	<b>2,660,598</b>	<b>2,628,131</b>	<b>32,467</b>
Operating income (loss)	<b>976,673</b>	<b>1,252,057</b>	<b>(275,384)</b>	Net position-beginning	67,063,571	64,435,440	2,628,131
				Prior period adjustment	-	-	-
				Net position-ending	<b>69,724,169</b>	<b>67,063,571</b>	<b>2,660,598</b>

**City of Richland~SOLID WASTE FUND~ For Years Ended December 31, 2023 and December 31, 2022**

**STATEMENT OF NET POSITION**

	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<b>ASSETS</b>				<b>DEFERRED OUTFLOW OF RESOURCES</b>			
<i>Current:</i>				Deferred amount on refunding debt	-	-	-
Cash & equivalents				Deferred amount pension and OPEB	541,330	616,900	(75,571)
Unrestricted	4,014,304	1,869,285	2,145,019	Total deferred outflow of resources	<b>541,330</b>	<b>616,900</b>	<b>(75,571)</b>
Investments	1,999,143	4,398,118	(2,398,975)				
Deposit with Third Party	1,050	1,050	-	<b>LIABILITIES</b>			
				<i>Current:</i>			
Receivables:				Accounts payable & accrued expenses	211,381	246,849	(35,467)
Customer accounts (net)	811,664	998,071	(186,407)	Interest on outstanding debt	-	-	-
Due from other funds	-	-	-	Payable to other governments	21,961	346	21,614
Due from other governments	-	-	-	Notes payable-current portion	210,526	210,526	-
Special Assessments	-	-	-	Deposits payable	-	-	-
Interfund loans	-	-	-	Compensated absences-current portion	162,207	166,046	(3,839)
Prepaid items	5,822	-	5,822	Total OPEB liability - current	4,277	3,563	714
Inventory	-	-	-	Revenue bonds payable-current portion	-	-	-
Total current assets	<b>6,831,983</b>	<b>7,266,524</b>	<b>(434,541)</b>	Total current liabilities	<b>610,352</b>	<b>627,330</b>	<b>(16,978)</b>
<i>Noncurrent:</i>				<i>Noncurrent:</i>			
<i>Restricted Cash &amp; equivalents</i>	2,204,039	2,205,365	(1,326)	Unearned Revenue	-	-	-
Unspent bond proceeds	-	-	-	Compensated absences	162,207	166,046	(3,839)
Bond Reserve	-	-	-	Net pension and OPEB liability	319,128	398,601	(79,473)
Cash - debt repayments	-	-	-	Notes & loans payable	3,157,895	3,368,421	(210,526)
Cash - Landfill closure	-	-	-	Landfill Closure liability	7,906,529	8,281,687	(375,158)
Net pension asset	628,719	625,968	2,751	Total noncurrent liabilities	<b>11,545,759</b>	<b>12,214,755</b>	<b>(668,996)</b>
Receivables	-	-	-				
Special Assessments - LT	-	-	-	Total liabilities	<b>12,156,111</b>	<b>12,842,085</b>	<b>(1,334,154)</b>
Restricted Investments	4,656,410	5,219,799	(563,389)				
				<b>DEFERRED INFLOW OF RESOURCES</b>			
Capital assets:				Deferred amount on pension and OPEB	386,733	696,425	(309,693)
Land	80,500	80,500	-	Total deferred inflow of resources	<b>386,733</b>	<b>696,425</b>	<b>(309,693)</b>
Depreciable assets (net)	7,710,957	7,846,400	(135,442)				
Infrastructure (net)	-	-	-	<b>NET POSITION</b>			
Construction in progress	2,610,177	173,352	2,436,825	Net investment in capital assets	7,006,038	4,508,615	2,497,423
Total capital assets	10,401,634	8,100,252	2,301,383	Restricted for:			
Total noncurrent assets	<b>17,890,802</b>	<b>16,151,383</b>	<b>1,739,419</b>	Pension assets	801,018	587,856	213,162
Total assets	<b>24,722,785</b>	<b>23,417,908</b>	<b>1,304,878</b>	Debt service	144,028	145,354	(1,326)
				Capital improvements	-	-	-
				Unrestricted	4,770,189	5,254,473	(484,284)
				Total net position	<b>12,721,272</b>	<b>10,496,298</b>	<b>2,224,974</b>

**STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION**

	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<b>OPERATING REVENUES</b>				<b>NONOPERATING REVENUES (EXPENSES)</b>			
Charges for services:				Interest earnings	812,159	(452,550)	1,264,708
Rate revenues	12,092,585	11,939,902	152,682	Adjustment for Fair Market Value	-	-	-
All others	-	-	-	Interest expense	(37,326)	(39,600)	2,274
Other operating revenues	78,212	76,769	1,443	Debt costs	-	-	-
Total operating revenues	<b>12,170,797</b>	<b>12,016,672</b>	<b>154,125</b>	All other nonoperating revenues (expenses)	393,990	832,727	(438,736)
				Total nonoperating revenues (expenses)	<b>1,168,822</b>	<b>340,577</b>	<b>828,246</b>
				Income before capital contributions and transfers	<b>2,224,974</b>	<b>1,877,609</b>	<b>347,365</b>
<b>OPERATING EXPENSES</b>				Capital contributions	-	-	-
Maintenance & Operations	8,177,786	7,650,354	527,433	Transfers in	-	-	-
Administration & general	947,301	886,862	60,439	Transfers out	-	(295,000)	295,000
Taxes	1,537,123	1,489,361	47,762	Change in net position	<b>2,224,974</b>	<b>1,582,609</b>	<b>642,365</b>
Depreciation	452,435	453,062	(627)	Net position-beginning	10,496,298	8,913,689	1,582,609
Total operating expenses	<b>11,114,645</b>	<b>10,479,639</b>	<b>635,006</b>	Prior period adjustment	-	-	-
Operating income (loss)	<b>1,056,152</b>	<b>1,537,032</b>	<b>(480,881)</b>	Net position-ending	<b>12,721,272</b>	<b>10,496,298</b>	<b>2,224,974</b>

**City of Richland~STORMWATER FUND~ For Years Ended December 31, 2023 and December 31, 2022**

STATEMENT OF NET POSITION							
ASSETS			DEFERRED OUTFLOW OF RESOURCES			LIABILITIES	
	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<b>ASSETS</b>				<b>DEFERRED OUTFLOW OF RESOURCES</b>			
<i>Current:</i>				Deferred amount on refunding debt	42,262	45,111	(2,849)
Cash & equivalents				Deferred amount pension and OPEB	31,834	49,195	(17,361)
Unrestricted	999,868	556,894	442,974	Total deferred outflow of resources	<b>74,096</b>	<b>94,307</b>	<b>(20,210)</b>
Investments	1,429,711	1,533,801	(104,090)				
Deposit with Third Party	-	-	-	<b>LIABILITIES</b>			
				<i>Current:</i>			
Receivables:				Accounts payable & accrued expenses	90,563	53,379	37,184
Customer accounts (net)	107,825	139,610	(31,785)	Interest on outstanding debt	-	-	-
Due from other funds	-	-	-	Payable to other governments	3,021	-	3,021
Due from other governments	368,610	363,150	5,460	Notes payable-current portion	5,530	10,714	(5,184)
Special Assessments	-	-	-	Deposits payable	-	-	-
Interfund loans	-	-	-	Compensated absences-current portion	3,447	3,189	259
Prepaid items	-	-	-	Total OPEB liability - current	2,138	3,563	(1,424)
Inventory	-	-	-	Revenue bonds payable-current portion	30,000	30,000	-
Total current assets	<b>2,906,014</b>	<b>2,593,456</b>	<b>312,558</b>	Total current liabilities	<b>134,701</b>	<b>100,845</b>	<b>33,856</b>
Noncurrent:				<i>Noncurrent:</i>			
Restricted Cash & equivalents	13,575	13,775	-	Unearned Revenue	-	-	-
Unspent bond proceeds	-	-	-	Compensated absences	3,448	3,189	259
Bond Reserve	-	-	-	Net pension and OPEB liability	38,889	64,175	(25,286)
Scheduled debt repayments	-	-	-	Notes & loans payable	-	5,530	(5,530)
Net pension asset	34,982	45,963	(10,981)	Revenue bonds payable	684,210	719,550	(35,340)
				Total noncurrent liabilities	<b>726,546</b>	<b>792,444</b>	<b>(65,898)</b>
Restricted Investments	93,897	60,106	33,791	Total liabilities	<b>861,247</b>	<b>893,289</b>	<b>(32,042)</b>
Unspent bond proceeds	-	-	-				
Receivables				<b>DEFERRED INFLOW OF RESOURCES</b>			
Special Assessments - LT	-	-	-	Deferred amount on pension and OPEB	32,384	74,511	(42,127)
Interfund Loans	-	-	-	Total deferred inflow of resources	<b>32,384</b>	<b>74,511</b>	<b>(42,127)</b>
Capital assets:				<b>NET POSITION</b>			
Land	8,587	8,587	-	Net investment in capital assets	14,139,594	13,050,398	1,089,196
Depreciable assets (net)	10,344	12,144	(1,800)	Restricted for:			
Infrastructure (net)	14,729,096	12,792,665	1,936,431	Pension assets	44,568	43,164	1,404
Construction in progress	138,395	988,289	(849,894)	Debt service	72,894	73,881	(987)
Total capital assets	<b>14,886,422</b>	<b>13,801,684</b>	<b>1,084,738</b>	Capital improvements	-	-	-
Total noncurrent assets	<b>15,028,876</b>	<b>13,921,528</b>	<b>1,107,348</b>	Unrestricted	2,858,220	2,474,047	384,173
<b>Total assets</b>	<b>17,934,890</b>	<b>16,514,984</b>	<b>1,419,906</b>	Total net position	<b>17,115,276</b>	<b>15,641,490</b>	<b>1,473,786</b>

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION							
OPERATING REVENUES			NONOPERATING REVENUES (EXPENSES)			OPERATING EXPENSES	
	2023	2022	Incr(Decr)		2023	2022	Incr(Decr)
<b>OPERATING REVENUES</b>				<b>NONOPERATING REVENUES (EXPENSES)</b>			
Charges for services:				Interest earnings	100,485	(81,803)	182,288
Rate revenues	2,023,723	2,031,701	(7,978)	Insurance Recoveries	-	7,340	(7,340)
All others	-	-	-	Interest expense	(27,790)	(29,193)	1,403
Other operating revenues	-	-	-	Debt costs	-	-	-
Total operating revenues	<b>2,023,723</b>	<b>2,031,701</b>	<b>(7,978)</b>	All other nonoperating revenues (expenses)	709,151	790,173	(81,022)
				Total nonoperating revenues (expenses)	<b>781,846</b>	<b>686,517</b>	<b>95,329</b>
OPERATING EXPENSES				Income before capital contributions and transfers	<b>946,394</b>	<b>1,002,372</b>	<b>(55,978)</b>
Maintenance & Operations	863,835	768,368	95,467	Capital contributions	273,993	789,617	(515,624)
Administration & general	426,786	407,663	19,123	Transfers in	3,399	-	3,399
Taxes	228,972	216,544	12,428	Transfers out	-	-	-
Depreciation	339,582	323,271	16,311	Change in net position	<b>1,223,786</b>	<b>1,791,989</b>	<b>(568,203)</b>
Total operating expenses	<b>1,859,175</b>	<b>1,715,846</b>	<b>143,329</b>	Net position-beginning	15,641,490	13,845,886	1,795,604
Operating income (loss)	<b>164,548</b>	<b>315,855</b>	<b>(151,307)</b>	Prior period adjustment	250,000	(3,616)	246,384
				Net position-ending	<b>17,115,276</b>	<b>15,641,490</b>	<b>1,473,786</b>

**City of Richland, Washington**  
Water Utility  
Notes to the Financial Statements  
December 31, 2023

**Water Fund** activities generated a net position increase of \$3.8 million in 2023. Operating income was \$1.9 million in 2023 and when compared to 2022 the water utility had a \$1.3 million decrease. Operating revenues decreased \$499,547 over the prior year due in part to a decrease in residential water sales of \$267,796. Investment earnings increased by \$1.8 million because of year-end fair market value adjustments, insurance recoveries from the steam boiler increased by \$114,273, and interest expense increased \$56,417. The utility recognized capital contributions of \$1.2 million in 2023. Thirty-eight percent of these contributions were received from private sources, valued at \$453,685. 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. The remaining capital contribution revenue is tied to new service requests that result in facilities fees charged to the owner, capital grants from the State, and payments received from the City of West Richland for work being done on the Tapteal Booster Pump Station. The facilities fee revenue for 2023 decreased by \$178,381 or 20% from 2022. The utility transferred out \$20,000 in support of a multi-year cost sharing effort to install a fiber optic cable backbone. The fiber optic network carries the water utility's communication systems. In addition, the utility transferred out another \$43,000 in support of a transportation road extension project at Comstock Street.

The water utility's operating expenses in 2023 increased by \$761,390 when compared to 2022. A major portion consisting of over half of this increase was the purchase of new software for the automated meters. In addition, the cost for supplies increased by \$238,075 over last year. The cost of supplies is typically outside the control of the utility. Timing and fluctuation of chemical needs and maintenance supplies can have a volatile effect on expenses. Other service expenditures are driven by events that require outside input for the utility. This includes hiring outside consultants, making repairs to equipment, or payments for a license or permit. These types of events, like the failure of a piece of equipment, cannot be predicted but necessitate such expenditures. Total costs in this category increased by \$59,323 when compared to 2022, mostly due to expert services and rising insurance premium costs. In addition, utilities expense in 2023 for water operations decreased \$31,648 over the prior year. Tax expense in 2023 decreased by \$48,931 and there was an increase of \$23,004 in the recognition of bad debt expense. Finally, depreciation expense increased in 2023 by \$316,032 over the previous year with the addition of capital assets.

In 2023, the utility made the following significant investments in its capital infrastructure:

- Continued installation of automated meter reading infrastructure. The Utility spent \$773,887 in 2023 on this project.
- Continued water distribution system improvements to make timely repairs and maintain system reliability and efficiency. One of those projects was the water reservoirs improvement project with 2023 costs of \$240,483.
- The Water Treatment Plant Renewal and Replacement Program made upgrades to the use of ultraviolet technology. The Capital spending on this specific project was \$406,675 in 2023.

**City of Richland, Washington**

Water Utility

Notes to the Financial Statements

December 31, 2023

The capital related debt of the water and sewer utilities comprise a large portion, \$17.8 million, or 19.2% of all revenue debt and 13.7% of all City long-term borrowing. The water utility debt equals \$11.6 million, or 8.9% of all City long-term borrowing. The debt of the water utility is comprised of bonded debt and State Safe Drinking Water Revolving Fund loans. The Safe Drinking Water Revolving Fund loans were issued at coveted, below-market interest rates.

The water utility is required by its bond covenants to maintain a bond reserve in lieu of bond insurance. The water utility has adhered to this requirement and restricted \$922,049 in cash and investments 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.



**City of Richland, Washington**  
Wastewater Utility  
Notes to the Financial Statements  
December 31, 2023

**Wastewater Fund** activities generated a net position increase of \$2.7 million in 2023. Total operating income was \$976,673 in 2023, a decrease of \$275,994 compared to 2022. This difference was the result of a slight reduction in operating revenues of \$38,477 coupled with an increase in operating expenses of \$237,517. Investment earnings were almost \$1.5 million more in 2023 as compared to 2022, due to year-end fair market value adjustments. Interest expense decreased by \$29,685 in 2023.

Additionally, the utility recognized capital contributions of \$1.2 million in 2023. Of this addition, \$268,505 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 of \$ 882,746, is tied to new utility service requests that result in facilities fees charged to the owner. The utility transferred out \$5,000 like last year in support of a multi-year cost sharing effort to install a fiber optic cable backbone. The fiber optic network supports the wastewater utility's communication system. An additional transfer out of \$117,263 was for the replacement of a high-pressure sewer cleaner. The utility also received a transfer of \$3,945 for work to be done on the Horn Rapids sewer extension.

The utility's most recent rate change went into effect during 2010. Therefore, any increase in residential revenue is directly tied to customer growth. Residential revenue increased \$78,363 in 2023, or 1.3% above 2022 revenues. 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 decreased \$21,359 over 2022, a 1.4% decrease, and the commercial class experienced growth of \$28,283, or a 1.1% increase.

The operating expenses of the City's wastewater utility increased \$237,517 when compared to 2022. Total salaries and benefits increased 14.1% or \$317,871. This was primarily due to adjustments to annual pension expense accruals for the state PERS plans.

Other service expenditures are driven by events that require outside input for the utility. This includes hiring outside consultants, making repairs to equipment, or payments for a license or permit. These types of events, like the failure of a piece of equipment, cannot be predicted but necessitate such expenditures. Total costs in this category decreased by \$21,502 over the prior year. The wastewater utility also saw a decrease of insurance premiums of \$46,946 and utility expenses decreased \$38,197 when compared to 2022.

In 2023, the Wastewater utility made several investments in its capital infrastructure:

- The utility remains focused on improving its Wastewater Treatment Plant. The utility has planned annual improvements to eliminate downtime and ensure effective wastewater treatment. During 2023, the total spending on these capital improvements was over \$7.2 million. Over \$7.0 million was spent to restore the biological treatment capacity by doing a retrofit of the Aeration Basin #2 to provide the necessary organic material biodegradation.

**City of Richland, Washington**  
Wastewater Utility  
Notes to the Financial Statements  
December 31, 2023

The wastewater utility capital debt equals \$6.2 million, or 4.8% of all City long-term debt. The debt of the utility is comprised of bonded debt and two loans from the Department of Ecology. The sewer utility has complied with bond covenant requirements and restricted \$497,713 in a bond reserve account. The financial strength of the combined water and sewer utility was assessed by Standard & Poor's and rated AA in May 2017.

**City of Richland, Washington**  
Solid Waste Utility  
Notes to the Financial Statements  
December 31, 2023

**Solid Waste Fund** activities generated a net position increase of \$2.2 million in 2023. Total operating income was \$1,056,152 in 2023, a 31.3% compared to last year. This \$480,881 decrease in operating income was mainly due to an increase in operating expenses of \$635,006. Residential and commercial collection revenue increased by \$72,208, or 1.0%, landfill disposal revenue decreased slightly by \$16,046, and drop box revenues increased by \$96,520, or 5.1%.

The operating expenses were \$11.1 million, a 6.1% increase over 2022. Most of the operating expense increase of \$635,006 was made up of a \$60,439 increase in administration and general expenses, \$527,433 increase in maintenance and operations, and a \$47,762 increase in taxes. The maintenance and operational expenses increase came mostly from fleet vehicle and equipment replacement expense. In addition, there was a large decrease of \$342,024 in recycling processing fees as the utility changed vendors for recycle processing and the vendor has been inconsistent in sending their billing fees to the City for payment.

Nonoperating revenue increased in 2023 by \$828,246, mostly due to interest earnings of \$1.3 million. There was also a decrease in nonoperating revenue of \$438,736 compared to 2022. The landfill closure expense of \$375,158 made up most of this decrease.

Noncurrent assets increased in 2023 by \$1.7 million. Capital assets increased by \$2.3 million, largely made up of a \$2.4 million increase in construction in progress for the landfill closure project and a decrease of \$135,442 in depreciable assets. Noncapital assets had a decrease in restricted investments of \$563,389. Current liabilities decreased in 2023 by \$16,978, due to decrease of \$35,467 in accounts payable and accrued expenses. This was offset by an increase of \$21,614 in payable to other governments. Almost the entire amount was accrued loan interest from the Department of Commerce. The noncurrent liabilities decreased by \$668,996, with a \$375,158 decrease in landfill closure liability and a decrease of \$210,526 in notes & loans payable. There were also smaller decreases in net pension assets and OPEB liability of \$79,473 and compensated absences of \$3,839.

The long-term debt of the utility includes a \$3.2 million Washington State Public Works Board loan and \$8.3 million for the estimated liability of the landfill closure/postclosure care. The combined total of this debt is the equivalent of 8.9% of all City long-term capital debt.

The City of Richland owns and operates the Horn Rapids Landfill, which includes the 46-acre existing landfill permitted for disposal of MSW (municipal solid waste), a support facility, a 9-acre composting facility, a customer service transfer station that includes a small household hazardous waste receiving area, and the 104-acre landfill expansion, which began operation in the fall of 2020. State and Federal regulations require that the City place a final cover on its landfill once its capacity is depleted. The City is also required to perform maintenance and environmental monitoring at the site for thirty years following closure.

Although closure and post-closure care costs will be paid only near or after the date the landfill site is filled to capacity, the City must recognize the expense related to these activities as the related liability is incurred. The expense and concurrent liability is calculated based upon the landfill capacity used to date. At the end of each year of operation, it has been necessary to measure the capacity used at the landfill. By using the change in capacity during the current year, a percentage of total capacity used is

**City of Richland, Washington**  
Solid Waste Utility  
Notes to the Financial Statements  
December 31, 2023

known. This percentage is then applied to the estimated cost to close the landfill and provide post-closure care for thirty years. The estimate of these costs may differ from the actual costs due to inflation, changes in technology, or changes in regulations.

The City's closure/post-closure operations plan is to proceed in two phases. Closure of the first phase was completed in 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 2021, the second phase landfill cell was completely full. A new cell has been opened and is currently in use. As of December 31, 2023, the City had sufficient funds set aside to pay for the second phase construction costs of \$2,206,709 and provide approximately 30% of the post-closure care. Cash and investments of \$6,688,112 or 57.6% of required reserves, have been accumulated. The post-closure care of the current landfill site is estimated to cost \$7,017,000 in current dollars. The additional portion in reserves necessary to complete the 30 years of post-closure care will be funded through operations.

The City's waste management software tracked 93,257 tons of waste accepted in 2023. The current year expense for the related use of available volume was \$461,107. The estimate of closure cost for 2023 was updated, which resulted in the recognition of an expense credit of (\$836,265).

**City of Richland, Washington**  
Stormwater Utility  
Notes to the Financial Statements  
December 31, 2023

**Stormwater Fund** activities generated a net position increase of \$1.2 million in 2023. Total operating income was \$164,548 in 2023, a 47.9% decrease compared to last year. Revenue decreased by \$7,978, or 0.4%, with commercial revenue decreasing by \$21,837 and residential revenue increasing by \$12,553. The operating expenses were \$1,859,175, an 8.4% increase over 2022. There were increases in maintenance and operations expenses of \$95,467, administration and general expenses of \$19,123, depreciation of \$16,312, and taxes of \$12,428. Most of the increase in maintenance and operations expenses was due to personnel costs and vehicle and equipment.

Nonoperating revenue increased in 2023 by \$95,329, mostly due to interest earnings. The utility also received grant proceeds of \$707,667 from the Department of Ecology in 2023 for the Hains, Columbia Park Trail, and north Richland Upbasin stormwater projects. The utility recognized capital contributions of \$273,993 this year. 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. In addition, there was a prior period adjustment of \$250,000 for work done at the Columbia Park Trail storm project. This was to correct a reimbursement payment from the Port of Kennewick for expenses incurred in 2021 to reflect the understated capitalized expense for that project.

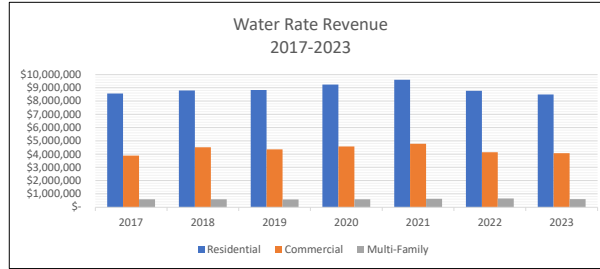
On the balance sheet total assets in 2023 were \$17,934,890 and increased by \$1.4 million from last year. Total current assets in 2023 were \$2,906,014, an increase of \$312,558. This amount consisted of an increase of \$442,974 in unrestricted assets, a \$104,090 decrease in investments, and a \$31,785 decrease in receivables. Noncurrent assets increased in 2023 by \$1,107,348 with almost all of the increase coming from capital assets. Capital assets increased by \$1.1 million, with increases in infrastructure of \$1.9 million and decreases in construction in progress of \$849,894. The reason for the reduction in construction in progress was the completion of several storm outflow retrofit projects including the Columbia Park Trail, Hains Avenue, and North Richland Upbasin areas.

Current liabilities increased in 2023 by \$33,856, with increases of \$37,184 in accounts payable, \$3,021 in payable to other governments, and decreases of \$5,184 in notes and contracts payable and \$1,424 in total OPEB liability. The noncurrent liabilities decreased by \$65,898 due to decreases of \$35,340 in revenue bonds payable, \$25,286 in net pension and OPEB liability, and \$5,530 in notes & loan payable. The long-term debt of the stormwater Fund includes a \$635,000 of revenue bonds and a Department of Ecology loan of \$5,530 that will be paid off in 2024. The combined total of this debt is the equivalent of 0.5% of all City long-term capital debt.

**CITY OF RICHLAND, WASHINGTON  
WATER UTILITY  
COMPARATIVE MONTHLY WATER ACTIVITY  
FOR THE PERIOD ENDED  
Dec-23**

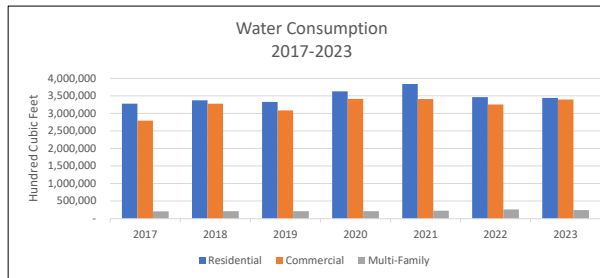
**BILLED REVENUES by class type:**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Residential	588,986	580,991	484,740	479,573	694,161	869,901	968,934	986,050	916,470	771,963	597,817	562,126	8,501,712
Commercial	219,603	213,060	259,780	265,623	335,485	431,641	347,552	511,652	520,123	406,299	344,794	209,653	4,065,264
Multi-family	48,297	50,704	47,697	49,870	50,240	49,617	50,792	50,660	54,254	43,677	54,938	51,115	601,860



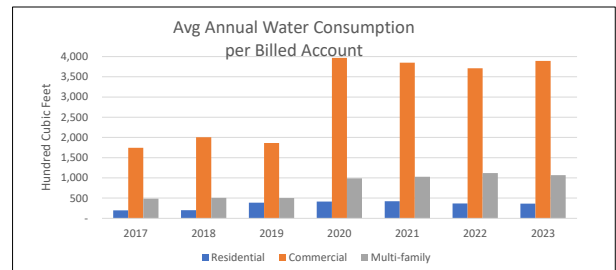
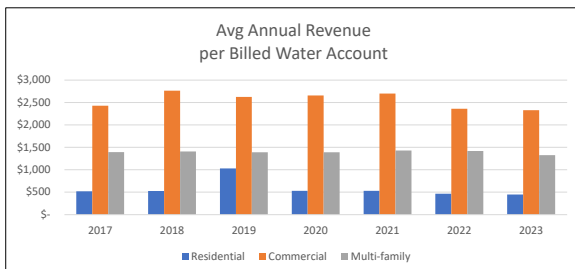
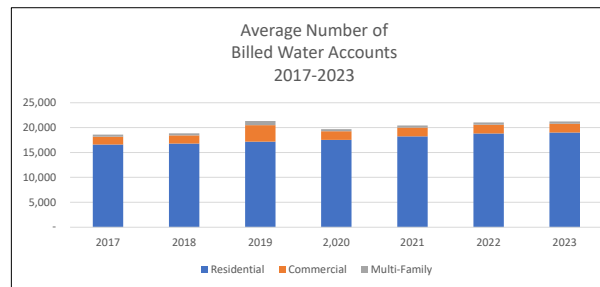
**CONSUMPTION by class type:**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Residential	149,865	119,725	114,740	114,181	269,364	370,661	523,760	613,583	530,958	362,544	156,395	117,356	3,443,132
Commercial	101,952	215,591	231,858	164,243	255,807	375,159	339,505	486,453	494,763	343,611	254,609	133,932	3,397,484
Multi-family	17,475	14,114	33,482	15,731	16,385	18,251	17,672	19,330	21,607	14,258	30,239	24,336	242,880



**BILLED ACCOUNTS by class type:**

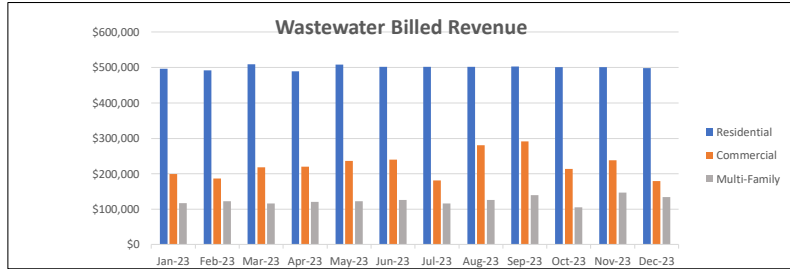
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Residential	18,755	9,847	30,176	18,542	19,221	18,794	18,864	18,830	18,844	18,868	18,820	18,789	19,029
Commercial	640	1,392	2,876	1,930	1,974	1,972	1,005	1,864	2,012	2,021	1,880	1,384	1,746
Multi-family	428	324	670	458	463	462	427	423	464	405	464	465	454



**CITY OF RICHLAND, WASHINGTON  
WASTEWATER AND SOLIDWASTE UTILITIES  
COMPARATIVE BILLED REVENUE MONTHLY ACTIVITY  
FOR THE PERIOD ENDED  
Dec-23**

**WASTEWATER BILLED REVENUE - Comparative Months**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Residential	496,972	492,220	508,984	489,750	508,816	501,950	501,928	502,388	503,328	500,887	501,203	498,101	6,508,453
Commercial	199,137	186,367	218,737	220,458	236,131	240,292	181,438	281,133	291,217	213,515	237,941	179,428	2,236,348
Multi-Family	117,170	122,187	116,736	121,145	122,180	126,426	116,403	126,643	139,726	105,328	147,388	133,969	1,867,169
<b>Total</b>	<b>813,279</b>	<b>800,774</b>	<b>844,457</b>	<b>831,353</b>	<b>867,127</b>	<b>868,668</b>	<b>799,769</b>	<b>910,163</b>	<b>934,271</b>	<b>819,730</b>	<b>886,532</b>	<b>811,498</b>	<b>9,111,779</b>



**SOLID WASTE BILLED REVENUE - Comparative Months**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Residential	414,406	410,714	426,854	411,133	428,680	420,345	419,791	422,054	422,410	420,444	420,978	415,521	5,453,123
Commercial	262,237	245,808	303,954	276,898	275,082	276,239	144,662	263,713	292,934	270,703	293,917	274,878	3,325,686
<b>Total</b>	<b>676,643</b>	<b>656,522</b>	<b>730,808</b>	<b>688,031</b>	<b>703,762</b>	<b>696,584</b>	<b>564,453</b>	<b>685,767</b>	<b>715,344</b>	<b>691,147</b>	<b>714,894</b>	<b>690,399</b>	<b>8,778,808</b>

