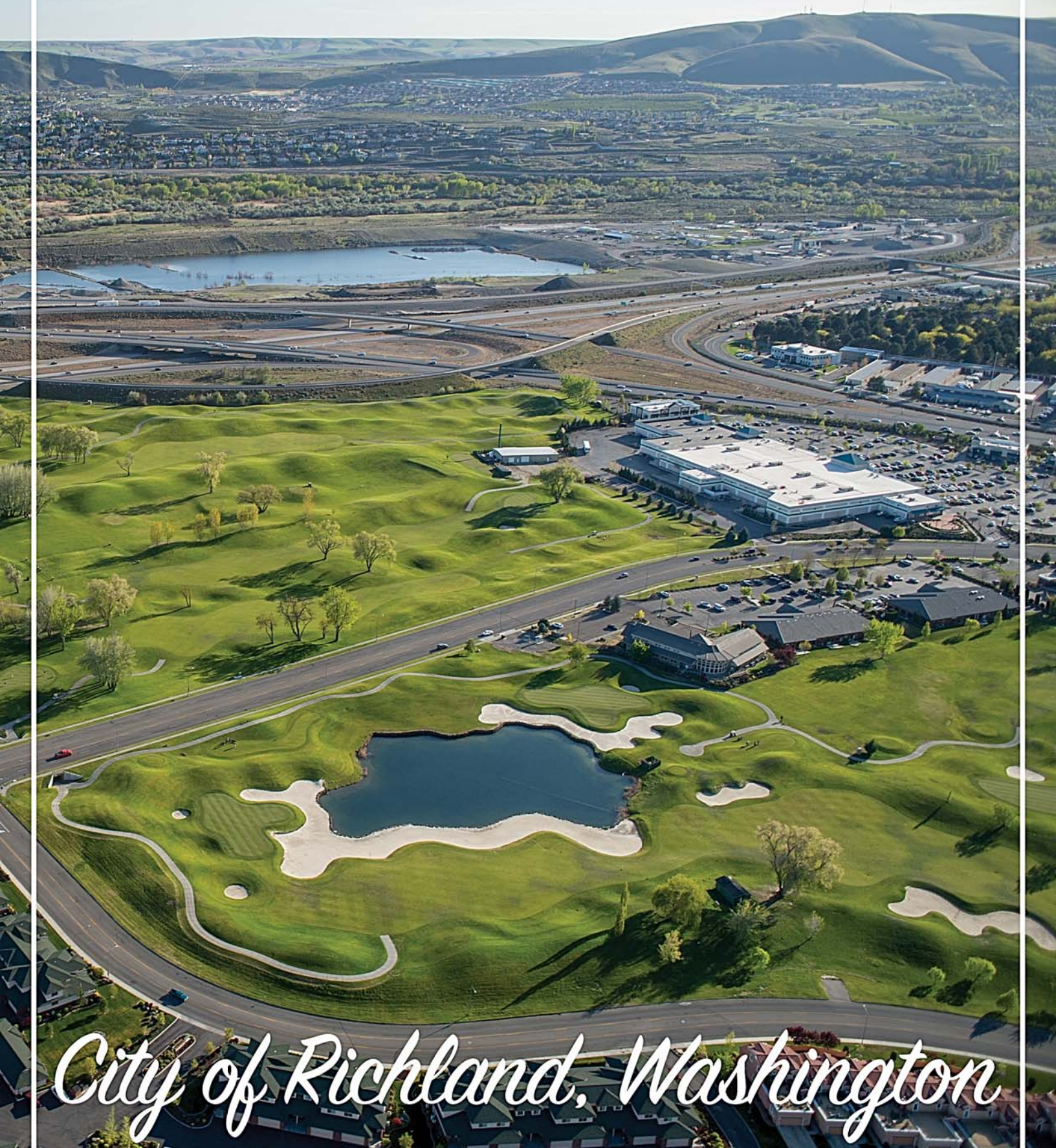




COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015



City of Richland, Washington

CITY OF RICHLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2015

Prepared by:

Administrative Services Department, Finance Division



505 Swift Blvd., PO Box 190
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, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	3
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	13
Organization Chart.....	14
Richland City Council.....	15
Elected and Administrative Officials.....	16

FINANCIAL SECTION

<i>Independent Auditor's Report</i>	19
<i>Management's Discussion and Analysis</i>	25
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	47
Statement of Activities.....	48
Fund Financial Statements:	
Balance Sheet – Governmental Funds	50
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide	
Statement of Net Position.....	51
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds..	52
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds to the Government-wide Statement of Activities	53
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual -	
General Fund	54
Streets Fund	55
Statement of Net Position – Proprietary Funds.....	56
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	57
Statement of Cash Flows – Proprietary Funds	59
Statement of Fiduciary Net Position – Fiduciary Funds	60
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	61
Notes to the Financial Statements	65
Required Supplementary Information:	
Schedule of Funding Progress and Employer Contributions for the Other Post-Employment Benefits	
Plan, the Fire and Police OPEB and Pension Plans, and the City's Proportional Share of State-	
Sponsored Pension Plans.....	125
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds	137
Combining Balance Sheet – Nonmajor Special Revenue Funds	140

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	142
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Park Reserve Fund	144
Industrial Development Fund	145
Criminal Justice Fund	146
PFD Facility Contingency Fund	147
Criminal Justice Sales Tax Fund	148
Hotel/Motel Tax Fund	149
Special Assessment Lodging Tax Fund	150
CDBG Fund	151
HOME Fund	152
Combining Balance Sheet - Debt Service Funds.....	156
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Funds.....	158
Combining Balance Sheet – Capital Projects Funds.....	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds	163
Combining Statement of Net Position – Nonmajor Enterprise Funds	166
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds.....	167
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	169
Combining Statement of Net Position – Internal Service Funds.....	172
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	174
Combining Statement of Cash Flows – Internal Service Funds	176
Combining Statement of Net Position – Pension Trust Funds.....	180
Combining Statement of Changes in Net Position – Pension Trust Funds	181
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	182

STATISTICAL SECTION

Financial Trends Information

Table 1 – Tax Revenues by Source, Governmental Funds	189
Table 2 – Changes in Fund Balances, Governmental Funds.....	190
Table 3 – Net Position	191
Table 4 – Changes in Net Position.....	192
Table 5 – Fund Balances, Governmental Funds	195

Revenue Capacity Information

Table 6 – Property Tax Levies and Collections.....	196
Table 7 – Assessed and Actual Value of Taxable Property.....	197
Table 8 – Direct and Overlapping Property Tax Rates.....	198

Table 9 - General Sales Tax Received by Category.....	199
Table 10 - Principal Property Taxpayers for 2014.....	200
Debt Capacity Information	
Table 11 - Pledged Revenue Coverage.....	201
Table 12 - Ratios of Outstanding Debt by Type.....	203
Table 13 - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	204
Table 14 - Direct and Overlapping Governmental Activities Debt.....	205
Table 15 - Legal Debt Margin	206
Demographic and Economic Information	
Table 16 - Demographic and Economic Statistics	207
Table 17 - Principal Employers for 2014	208
Operating Information	
Table 18 - Operating Indicators by Function/Program.....	209
Table 19 - Full Time Equivalent City Government Employees by Function/Program	211
Table 20 - Capital Asset Statistics by Function/Program.....	212
Acknowledgement	213



INTRODUCTORY SECTION





505 Swift Boulevard, P.O. Box 190 Richland, WA 99352
Telephone 509-942-7390, Fax 509-942-7379
www.ci.richland.wa.us

July 29, 2016

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

Subject: Letter of Transmittal – City of Richland
Comprehensive Annual Financial Report
For the Fiscal year ended December 31, 2015

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Richland, for the year ended December 31, 2015. This report was prepared by the Administrative Services Department, Finance Division in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

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

Washington State law requires an annual independent audit of the City's financial statements by the Washington State Auditor's Office. The City received an unmodified ("clean") opinion from the State Auditor, which means in the Auditor's opinion, the financial statements provide reasonable assurance that the users of the financial statements may rely on the presentations made within and that the statements are presented fairly in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

Specific operations of the City are funded directly and indirectly by federal government programs. As such, the City is subject to the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Guidance), which prescribes an audit (Single Audit) of expenditures of federal funding exceeding \$750,000 in a year. The State Auditor's Office also conducts the Single Audit. Information related to the Single Audit, including the Schedule of Federal Financial Assistance, and the auditor's report on the internal control structure and compliance with applicable laws and regulations, is included in the Single Audit report published under separate cover.

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



PROFILE OF THE CITY OF RICHLAND

In 1910, the small farming village of Richland was incorporated as a Fourth Class City. In 1942, federal officials, looking for an isolated area with access to lots of water, selected Richland as one of the three communities nationwide to help develop the atomic bomb. The United States government took over the town of Richland as part of its Manhattan Project, and almost overnight the small town of 247 people grew into a federally owned town of 11,000 people. Then in 1958, Richland again became a self-governed city when residents voted approval of its charter as a First Class City with a city council-city manager form of government. Voters elect seven at-large City Council members who represent the entire community, not individual districts. From among themselves, Council members elect a Mayor and a Mayor Pro Tempore. 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. An Assistant City Manager, and department directors are responsible for the City's day-to-day services and programs within the departments they supervise. The operating budget is proposed by the City Manager in early fall to the City Council in a workshop format. Following this, a public hearing is conducted, allowing the public to provide comments. In accordance with RCW 36.33.055, the preliminary budget is available for public review in the Office of the City Clerk. Assuming the budget stands as presented, first and second readings are given to the budget ordinance, and final adoption occurs in December. The budget takes effect January 1 of the ensuing year. The budget appropriates fiscal year expenditures at the fund level. Annual appropriations, excluding

capital projects, lapse at year-end unless specifically carried over by Council action, in accordance with Washington State law as prescribed in RCW 35.33.151. The City Council also approves the City's Capital Improvement Plan (CIP). The CIP is proposed by the City Manager and adopted by the City Council during the budgeting process. The CIP is a multiyear plan that provides a programmed approach to using the City's financial resources in the most efficient manner to meet capital needs. These include infrastructure and facilities that will provide services and benefits to the City over a long-term period.



RICHLAND'S ECONOMY

Richland is one of several communities, collectively known as the Tri-Cities, located in Benton County in southeastern Washington, at the confluence of the Columbia and the Yakima Rivers. The Tri-Cities MSA is the 4th Largest Metropolitan Statistical Area in the state of Washington, with a population of 275,740, the major communities are Kennewick, Pasco, Richland and West Richland.

The region's economy is anchored in agriculture, bio- and high-technology, manufacturing, service industry, and government. Major employers include Battelle/Pacific Northwest National Laboratory, URS, CH2M Hill, ConAgra Foods Lamb Weston, Bechtel National, Kadlec Regional Medical Center, Amazon.com, Tyson Fresh Meats, and Lockheed Martin. Much of the region's agricultural product is shipped from the port facilities in the Tri-Cities to the Pacific Rim and by rail to major cities on the east coast. The Tri-Cities is home to five of Washington State's twelve American Viticulture Areas and over 200 wineries within an hour's drive. As one of the largest wine producing states in the nation, Washington boasts an \$8.6 billion dollar wine industry. 99% of the fruit used to produce Washington wines are grown in our region.

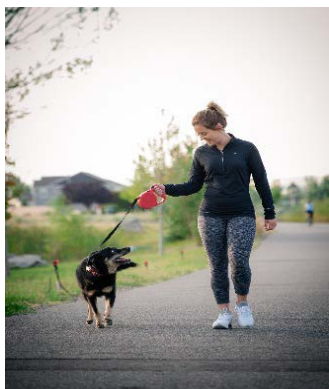
Richland's economy is also grounded in science and technology, dating back to 1942, when the U.S. Government selected the area north of Richland to site its Manhattan Project on what would become known as the Hanford Reservation. Today, most of the work at Hanford involves a massive cleanup effort, currently funded at more than \$2 billion annually, to restore most of the site to a near-original condition. Another legacy of the work at Hanford is the Pacific Northwest National Laboratory (PNNL), operated by Battelle. One of ten multi-national laboratories with a budget of over \$1.1 billion annually, PNNL is unique in that it undertakes private sector research as well as serving a wide range of government clients. The Richland campus includes unique laboratories and specialized equipment as well as the William R Wiley environmental Molecular Sciences Laboratory, a DOE Office of Science national scientific user facility.

Average household income is \$72,733 with a per capita income of \$49,610. The average selling price of a home in the area is \$233,900, and average rent on a 2 bedroom, 2 bath apartment is \$793. There were 233 single family resident permits issued in 2015 at an average building cost of \$325,880. The Benton County average property tax was \$11.75 per \$1,000 of assessed value.

Robust commercial development continued in 2015, with 64 new commercial construction permits issued, at an average value of \$1.3 million. Kadlec Medical Center began construction on an expansion valued at \$35 million, and on a multi-level parking garage valued at \$19.5 million. The City issued permits for the construction of a new movie theater, valued at \$10.3 million; a new boutique hotel with 82 guest rooms, valued at \$8.5 million; a new medical office building valued at \$7 million, and a new lab and testing facility for Lamb Weston, valued at \$6.1 million.

The Richland School District, serving Richland and West Richland, is in the midst of a school rebuilding and expansion campaign, and began construction on a new \$16 million elementary school. The District currently has over 13,000 students enrolled in ten elementary, three middle and three high schools. Also available to students are a technical skills center, a STEM school, and online and in-home education. The region is known for its advances in science and technology, which have carried over to excellent education opportunities in each of our local school districts, as well as opportunities in higher education. Columbia Basin College Health Science Center houses health care training programs, and Washington State University Tri-Cities has seven academic programs offering a total of 20 baccalaureate, 10 masters and 10 doctoral degree programs.

City of Richland citizens enjoy the benefit of outstanding medical facilities. Kadlec Regional Medical Center is a not-for-profit private hospital providing 270 beds and 300 active doctors on staff. Kadlec offers an open heart surgery and interventional cardiology program, a critical care unit, pediatric center, neonatal intensive care unit (NICU), clinical decision unit, birthing center, outpatient imaging center, therapy services center, surgery center, diabetes center, rehabilitative services, and occupational medicine, infection disease center, and plastic surgery center. Kadlec is in the midst of construction on four floors of acute care patient rooms, and a 600 space parking garage. In 2015 Kadlec welcomed its first group of residents to a new family medicine residency training program in conjunction with the University of Washington.



Richland averages over 300 days of sunshine per year, and is located next to the beautiful Columbia River, making it a haven for outdoor enthusiasts. Offering a fabulous combination of natural amenities and City services that contribute to a high quality of life for residents; the City has 58 parks, 12 boat launches on the Columbia River, athletic fields for softball, baseball, little league, soccer, football and lacrosse, a skate park, dog park, off-leash areas at City parks, off-road-motorsports complex, public swimming pool, two marinas, tennis courts, three public golf courses, and a splash and play feature at Badger Mountain Park. Richland's extensive system of biking and hiking trails is available year-around and is frequented by visitors of all ages.

Richland hosts a Farmers Market, The Richland Players (theatre group), the Academy of Children’s Theatre (ACT), Mid-Columbia Ballet, Mid-Columbia Symphony, Richland Light Opera (musical theatre), the ‘Live @ 5’ concert series, Cool Desert Nights (a three-day classic car and street-rod event), Art in the Park, Kite Festival, Wake the Desert wakeboarding competition, Arc’s Charity Golf Tournament, Chalk Art Festival, Tumbleweed Music Festival, Christmas Lighted Boat Parade on the Columbia River, and Christ the King’s annual Sausage Fest are just a few of the exciting and fun activities that occur annually in Richland.

For the technology minded, tour the Laser Interferometer Gravitational-Wave Observatory (LIGO) Hanford Observatory; Experience the B Reactor National Historic Landmark, the world’s first production-scale nuclear reactor; or, visit the REACH to see the Manhattan Project exhibit, or one of its “menu” of experience in science and technology, as well as history, heritage, arts, and culture.

MAJOR ACHIEVEMENTS

PROJECT	DESCRIPTION
Safety of Citizens	<ul style="list-style-type: none"> • Completed construction and placed into active service Fire Station #74 which provides coverage in the SW portion of the city, provides mutual aid to our partners, and improves response time to medical and fire emergencies. • Richland Fire Department’s total calls of 6,302 (fire and ambulance) is the busiest to date! Up 9% from last year • Benton Emergency Services upgraded the Intergraph system, significantly improving services for both Fire and Police Mobile Data Terminals • The Tri-City Regional SWAT Team had a total of 63 activations in 2015 • Each SWAT officer received in excess of 200 hours specific training and education • The team was awarded the <i>Unit Citation for Valor</i> by the Nat’l Tactical Officer Assoc. for a citizen rescue • Headed up the creation of a Regional Internet Crimes Against Children task force • Added 6 new Police officer positions as a result of the new Criminal Justice sales tax collected • Bomb Squad responded to 21 calls for service
Parks and Recreation	<ul style="list-style-type: none"> • Barth Park Playground completed • Completed 5th softball field at Columbia Playfield • Drollinger Park irrigation & turf project completed • Central Howard Amon irrigation system replaced • Trailhead Park parking lot completed • Completed new George Prout Pool parking lot • Completed sport court resurfacing at Badger Mountain and Claybell Parks • Held 1st Annual Bike Festival • Gala Park Playground equipment installed

Partnership projects completed	<ul style="list-style-type: none"> Finalized negotiations for a 1st Quarter 2016 closing on the property to site a new electrical substation in partnership with Benton PUD, which will co-locate facilities on this site and include one interconnection point onto the high voltage transmission grid owned by Bonneville Power Administration (BPA)
Utilities	<ul style="list-style-type: none"> Completed construction of electric utility infrastructure to serve a new cold storage facility owned by Preferred Freezer, considered the largest of this type of facility in North America Issued \$20 million in Electric Revenue Bonds to fund the capital program of the electric utility into year 2018 Successfully implemented over \$1 million in conservation improvements including large projects for the Richland School District and the new Preferred Freezer cold storage facility from BPA program dollars Awarded a contract of approximately \$800,000 to Paramount Construction for an underground boring project; thereby avoiding more expensive costs, damage to customer's yards, and the increased time associated with the open trenching method associated with cable replacement projects throughout the electric utility service area – completed several boring projects under this contract and will complete the remaining projects in 2016
Information Technology	<ul style="list-style-type: none"> Seven physical servers and eleven virtual servers were deployed upgrading services for traffic management, HVAC systems, street light management, irrigation systems, management, and utility billing systems Replaced/implemented eleven network switches supporting the Library, Water Treatment Plant, Waste Water Treatment Plant, vehicle fueling station and more Extended Richland's fiber network from Columbia Point Drive to the Applied Processing and Engineering Lab. Access points are strategically located to enhance broadband access to underserved areas within the Research District.
Public Works	<ul style="list-style-type: none"> Secured successful passage of the State Transportation Bill; including Duportail Bridge Funding Completed construction of Horn Rapids Industrial Park Infrastructure Completed Stevens Drive Extension Completed water and wastewater plant chlorination upgrades

MAJOR INITIATIVES

Some of the City projects planned in Richland for 2016 include:

- Completion of the HAPO Community Stage at John Dam Plaza
- ORV Park Office building replacement & entry improvements
- Completion of sale of 650 George Washington Way property for development
- Complete purchase of land and acquisition of transmission lines right-of-way for City of Richland and Benton PUD joint substation project - to support existing and growing demand for power

- Complete right of way acquisitions for the Duportail Bridge
- Howard Amon Park shoreline stabilization & beach improvements
- Riverfront Trail improvements in Howard Amon Park
- Community Center remodel
- Creation of a Library Makerspace to be used for engineering, technology, math, science, and coding programs
- Finalize construction funding package for the Duportail Bridge
- Complete selection of solid waste disposal alternative
- Adopt updates to 20-year plans for Storm-water, Wastewater, and Water Systems
- Procure large power transformers for the new Leslie Rd substation and the new Bank #2 of the existing Snyder substation
- Design and begin construction of the new Leslie Rd substation
- Complete the underground boring contract with Paramount Construction for various cable replacement projects
- Finalize design and award contract for the 1st and 2nd phase construction of the 115kV electric transmission power line between Reata substation and the City's new Dallas Rd substation
- Finalize implementation plan and complete design of an Automated Meter Infrastructure (AMI) meter retrofit program as the first phase project of the City's Smart Grid plan
- Complete replacement of large substation protection relays on two of the City's eight substations
- Complete Enterprise Resource Planning Consulting and issue a RFP for new system
- Complete Cost Allocation plan to reflect current business practices and implement as part of the 2017 budget process

ECONOMIC OUTLOOK

The average household income for the Tri-Cities region has increased 30.7% since 2000. The Tri-Cities continues to attract the brightest minds in business. We have a highly educated workforce; 82.8% of the population has a high school, college, or graduate education and there are more scientists and engineers per capita residing here, than anywhere else in the nation. Since 2000, no other community in the state of Washington has grown faster than the Tri-Cities. In 2015 Wallet Hub listed Washington State as having the lowest electricity rates in the U.S., and Forbes.com listed Richland as #6 of the ten best cities for STEM jobs, and as #9 for engineers.

With a strong focus on financial stability and operational effectiveness, the City has targeted primary strategic investments to help ensure achievement of the City's goals and a vibrant future. They include;

- Support the development of The Energy Park through collaboration with other participants
- Increase retail sales tax per capita by recruiting new retail development
- Increase the non-residential property tax base by facilitating commercial and industrial development
- Identify and implement collaboration with other public and private entities in order to achieve cost effective services

Through natural resource management the City will work to:

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

To create a community with a rich quality of amenities and programs, the City will:

- Provide and maintain park and recreation facilities to meet the identified needs of the community
- Create streetscapes and public art features to enhance and beautify the City
- Promote enhanced levels of public safety, livability and attractiveness of neighborhoods and commercial areas

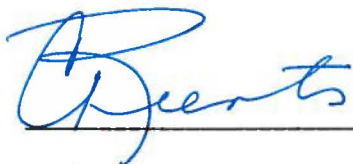
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Richland for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the certificate program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,



Cindy Reents, ICMA-CM
City Manager



Brandon Allen
Finance Director







Government Finance Officers Association

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

Presented to

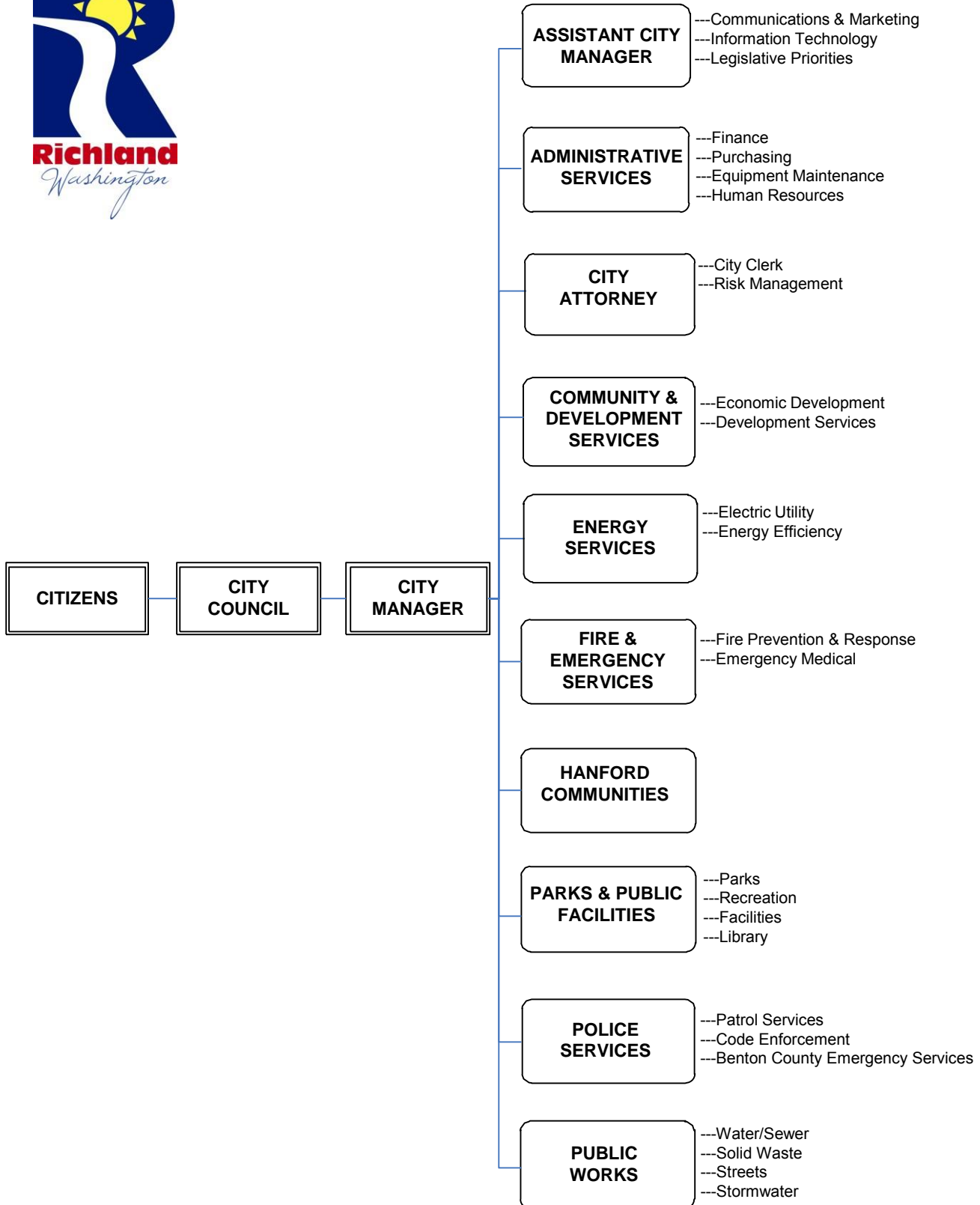
**City of Richland
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF RICHLAND
2015 ORGANIZATION CHART



2015 RICHLAND CITY COUNCIL



MAYOR

Dave Rose

Term: 4 Years - Expires 12/31/17



MAYOR PRO TEM

Phillip Lemley

Term: 4 Years - Expires 12/31/15



COUNCIL MEMBER

Robert J. Thompson

Term: 4 Years - Expires 12/31/17



COUNCIL MEMBER

Greg Jones

Term: 2 Years - Expires 12/31/15

Resigned 8/15/15

Ed Revell Appointed to fill
unexpired term



COUNCIL MEMBER

Brad Anderson

Term: 4 Years - Expires 12/31/15



COUNCIL MEMBER

Terry Christensen

Term: 4 Years - Expires 12/31/15



COUNCIL MEMBER

Sandra Kent

Term: 4 Years - Expires 12/31/17

**2015 City of Richland
Directory of City Officials**



ELECTED OFFICIALS	TERM EXPIRES
Mayor <i>David Rose</i>	12/31/2017
Mayor Pro Tem <i>Phillip Lemley</i>	12/31/2015
Councilmember <i>Brad Anderson</i>	12/31/2015
Councilmember <i>Terry Christensen</i>	12/31/2015
Councilmember <i>Greg Jones*</i>	12/31/2015
Councilmember <i>Sandra Kent</i>	12/31/2017
Councilmember <i>Robert J. Thompson</i>	12/31/2017

* Councilmember Greg Jones resigned 8/15/2015. Ed Revell was appointed to fill the unexpired term.

ADMINISTRATIVE OFFICIALS

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

FINANCIAL SECTION





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 29, 2016

Mayor and City Council
City of Richland
Richland, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Richland, Benton County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Richland, Benton County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Streets funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 through 44, information on postemployment benefits other than pensions on pages 125 through 126, pension trust fund information on pages 127 through 129 and pension plan information on pages 130 through 134 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual financial statements and schedules on pages 136 through 185 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

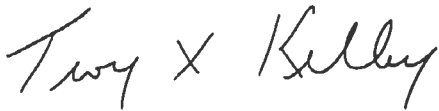
comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 29, 2016, 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,



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA





MANAGEMENT'S DISCUSSION AND ANALYSIS



INTRODUCTION

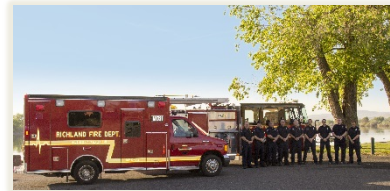
The management of the City of Richland is pleased to present this discussion and analysis of the 2015 Comprehensive Annual Financial Report. The intent is to introduce the reader to the City's operations, explain how they are presented in this report, highlight significant financial activities during the period and provide a look at what is anticipated in the future for the City. This discussion and analysis should be considered in conjunction with the Letter of Transmittal as well as the other components of the report.

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

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

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

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



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

For efficiency in reporting, certain funds are reported individually as "Major Funds" while the remaining activities are reported in aggregate. A fund is considered to be major when its assets, liabilities, revenues, or expenses are at least ten percent of the aggregated total for all governmental funds; and, at least five percent of the aggregated total for the City as a whole. A fund can also be identified as major if it is considered particularly important, even if it does not meet the aforementioned thresholds. The General Fund and Streets Special Revenue Fund are the City's major governmental funds.



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

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

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

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

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

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

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

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

Government-Wide Financial Statements present the City's financial position as a whole as of December 31, 2015, and the activities that resulted in that position. It further provides the financial position and activities of the two component units. The financial position is found in the Statement of Net Position, while the activities resulting in the ending financial position, are found in the Statement of Activities. Governmental and business-type activities are aggregated in their own respective columns.

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

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

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

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

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

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

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

Required Supplementary Information (RSI), (other than this discussion and analysis), presents information on the funding progress for the City's Other Post-Employment Benefits (OPEB), and on anticipated amounts needed to fulfill the City's pension obligations. Pension obligations discussed in RSI include the City's ratable share of State PERS and LEOFF plans, as well as those obligations arising from trust agreements with participating police and firefighters who were hired by the City prior to October 1, 1977.

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 2015. The 2014 comparative information for Net Position, as well as assets, liabilities and deferred inflows/outflows have been restated to include pension related amounts due to the implementation of GASB Statement No. 68. The result was a decrease in the net position used for prior year comparative information of \$8.7 million for governmental activities and \$11 million for business-type activities. For more information on the restated balances please see Note 15—Restatements in the Notes to the Financial Statements. Below are comparative, condensed financial information based on the Government-wide Statements in this report:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
Current & other assets	\$ 56,430,575	\$ 59,039,577	\$ 38,374,316	\$ 32,808,968	\$ 94,804,891	\$ 91,848,545
Restricted assets			39,130,978	19,822,285	39,130,978	19,822,285
Capital assets, net	109,197,138	110,520,319	255,222,396	252,709,228	364,419,534	363,229,547
Total assets	165,627,713	169,559,896	332,727,690	305,340,481	498,355,403	474,900,377
Deferred charge on refunding	531,095		975,000	1,200,609	1,506,095	1,200,609
Deferred irrigation charges				38,900		38,900
Pension	1,996,934	1,960,981	1,364,803	1,364,803	3,361,737	3,325,784
Total deferred outflows of resources	2,528,029	1,960,981	2,339,803	2,604,312	4,867,832	4,565,293
Long-term liabilities outstanding	58,258,220	61,122,224	135,991,954	121,458,565	194,250,174	182,580,789
Other liabilities	11,104,260	12,092,821	16,126,782	14,536,166	27,231,042	26,628,987
Total liabilities	69,362,480	73,215,045	152,118,736	135,994,731	221,481,216	209,209,776
Deferred transfer SCA assets	1,137,000	1,118,800			1,137,000	1,118,800
Deferred charges				38,900		38,900
Pension	3,102,076	3,075,137	1,924,481	1,924,481	5,026,557	4,999,618
Total deferred inflows of resources	4,239,076	4,193,937	1,924,481	1,963,381	6,163,557	6,157,318
Net Position:						
Net investment in capital assets	77,921,984	77,393,420	150,079,976	146,876,162	228,001,960	224,269,582
Restricted	12,390,522	13,984,508	16,628,777	14,693,848	29,019,299	28,678,356
Unrestricted	4,241,680	2,733,967	14,315,523	8,416,671	18,557,203	11,150,638
Total net position	\$ 94,554,186	\$ 94,111,895	\$ 181,024,276	\$ 169,986,681	\$ 275,578,462	\$ 264,098,576



CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Management's Discussion and Analysis
 For the Year Ended December 31, 2015

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
REVENUES:						
Program Revenues:						
Charges for services	\$ 13,539,383	\$ 12,714,182	\$ 97,223,711	\$ 95,299,392	\$ 110,763,094	\$ 108,013,574
Operating grants & contributions	2,184,976	1,440,860	63,827	204,324	2,248,803	1,645,184
Capital grants & contributions	2,544,143	5,296,154	4,367,793	4,882,561	6,911,936	10,178,715
General Revenues:						
Property taxes	16,201,248	15,622,185			16,201,248	15,622,185
Other taxes	23,095,129	19,791,642			23,095,129	19,791,642
Other	1,342,175	5,511,259	427,386	414,790	1,769,561	5,926,049
Total revenues	58,907,054	60,376,282	102,082,717	100,801,067	160,989,771	161,177,349
EXPENSES:						
Judicial	752,070	685,091			752,070	685,091
General government	14,260,390	14,389,809			14,260,390	14,389,809
Public safety	21,032,731	24,966,795			21,032,731	24,966,795
Physical environment	243,518	239,111			243,518	239,111
Transportation	11,977,801	11,719,930			11,977,801	11,719,930
Health & human services	11,954	8,742			11,954	8,742
Economic environment	5,456,432	9,544,697			5,456,432	9,544,697
Culture & recreation	7,821,561	11,051,111			7,821,561	11,051,111
Interest on long-term debt	1,489,579	1,583,907			1,489,579	1,583,907
Electric			54,615,686	54,489,969	54,615,686	54,489,969
Water			9,903,328	10,332,007	9,903,328	10,332,007
Sewer			6,880,869	7,493,696	6,880,869	7,493,696
Solid waste			8,675,356	6,930,515	8,675,356	6,930,515
Stormwater			1,532,140	1,343,853	1,532,140	1,343,853
Golf course			1,612,671	1,596,480	1,612,671	1,596,480
Medical services			3,036,998	3,363,682	3,036,998	3,363,682
Broadband			180,575	175,358	180,575	175,358
Total expenses	63,046,036	74,189,193	86,437,623	85,725,560	149,483,659	159,914,753
Excess/(deficiency) before transfers	(4,138,982)	(13,812,911)	15,645,094	15,075,507	11,506,112	1,262,596
Transfers	4,581,273	7,073,433	(4,581,273)	(7,073,433)		
Change in net position	442,291	(6,739,478)	11,063,821	8,002,074	11,506,112	1,262,596
Net position, January 1	94,111,895	101,637,654	169,986,681	163,061,125	264,098,576	264,698,779
Prior period adjustments		(786,281)	(26,226)	(1,076,518)	(26,226)	(1,862,799)
Net position, December 31	\$ 94,554,186	\$ 94,111,895	\$ 181,024,276	\$ 169,986,681	\$ 275,578,462	\$ 264,098,576

FINANCIAL RESULTS

Government-Wide Activities

Overall, the City's 2015 activities resulted in an \$11.51 million increase in net position. Offsetting that was \$26,226 in reductions due to adjustments to reflect prior period transactions in business-type activities, for a net increase of \$11.48 million in reported ending net position. A discussion of these adjustments can be found under the heading Prior Period Adjustments in Note 1 to the Financial Statements. By comparison, the City experienced an increase in 2014 of \$1.26 million before prior period adjustments. The continued growth from one year to the next is a reflection of the City's long-term approach to the economic environment within which the City operates. Of the total net position at December 31, 2015, \$18.56 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities increased net position by \$442,291, while net position increased as a result of business-type activities by \$11.06 million, before prior period adjustments.

Total revenues on the Government-Wide Statement of Activities were \$187,578 lower than the prior year. Governmental revenues were \$1.47 million lower than the prior year, while business-type activity revenue increased by \$1.28 million. Business-type activities' charges for services increased \$1.92 million and capital grants and contributions decreased by \$655,265. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.

Governmental activities' charges for services increased \$825,201 in comparison to the prior year. This increase was primarily due to increases in the general government and transportation functions, accounting for \$582,252 and \$189,338 of the increase, respectively. Other smaller increases and decreases in various governmental functions make up the balance of the change. The increase in general government was due almost entirely to cost allocation revenues in the General Fund, as well as increases in business licenses and permits, also in the General Fund. The increase in transportation was due mainly to an increase in reimbursements from City utilities for asphalt work performed, and to an increase in traffic impact fees.

Governmental operating grant and contribution revenues increased \$744,116 over the prior year. In the economic environment function, HUD grants for the HOME and CDBG programs accounted for \$477,391 of the increase. Also contributing to the increase was recognition in the public safety function in 2015 of the \$339,733 state contribution toward pension expenses related to the LEOFF plan. This contribution, along with expenses and liability balances related to the City's pro-rata share of state pensions, are being recognized for the first time on the City's financial statements in 2015 as a result of implementing GASB Statement No. 68. Information was not available to restate the 2014 comparative revenues and expenses. Other minor increases and decreases compose the rest of the change in operating grants and contributions.

Capital grant and contributions decreased \$2.75 million. Capital grants typically fluctuate depending upon the projects that are being pursued. The largest portion of the decrease relates to the \$3.51 million received in the prior year from the Commerce Dept. in support of the Wine Science Center, which was reported in the economic environment function. Other increases and decreases occurred in the culture and recreation, and the transportation functions.

In the general revenues section of the Statement of Activities, tax revenues increased \$3.88 million over the prior year. In 2015, for the sixth year in a row, the City chose not to increase the property tax levy on existing property. Nevertheless, new construction remained steady, resulting in an increased tax base and a \$579,063 increase in property tax revenues. Sales tax revenue continued its upward trend, posting a \$2.22 million increase. Of that amount, \$1.54 million was due to the new Criminal Justice Sales Tax which began in 2015 after it was voted in by all Benton County residents, and \$685,893 was due to increases in sales activity, especially as construction contracting and retail trade continue to expand. Utility taxes collected from non-City utilities decreased by \$354,628 from the prior year, mainly related to taxes on



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



natural gas and telephone, with a slight increase in cable utility tax. Other tax revenues increased by \$1.43 million, mainly due to a Real Estate Excise Tax increase of \$1.04 million. Most of that increase related to tax on the sale of one high-value property in the industrial area. The balance of the increases in other taxes included lodging related tax increases of \$204,489, liquor excise tax increase of \$84,034, and other various increases and small decreases. Investment earnings decreased \$159,937 from the prior year, due both to interest earnings, as well as changes in the fair market value of investments. Miscellaneous revenues, consisting entirely of infrastructure assets contributed to the City by developers, decreased \$582,332 from the prior year.

Salaries and benefits are the most significant expense to the City, beyond wholesale power purchases. City-wide, total noncapital expenses decreased by \$10.43 million from the prior year. Governmental-type activity expenses decreased nearly \$11.14 million in total, mainly in the public safety, economic environment, and culture and recreation functions. Public safety expenses decreased \$3.93 million, largely due to the prior year accrual of \$4.69 million in net pension liability on the government-wide statements related to police and fire pensions. Economic environment expenses decreased \$4.09 million, mainly due to the following activities in the Industrial Development Fund: prior year passthrough of \$3.51 million in the aforementioned Commerce grant proceeds for the Wine Science Center, and \$423,171 in building permit fees paid in 2014 in support of the automated cold storage warehouse that was built in the Horn Rapids industrial area. The balance of the change came from various increases and decreases in special revenue funds. Culture and recreation expenses decreased \$3.22 million, mainly due to the prior year contribution of \$2.98 million in land improvements to the Richland Public Facility District.

In business-type funds, electric utility expenses increased \$125,717; water utility expenses decreased \$428,679; sewer utility expenses decreased \$612,827; solid waste utility expenditures increased \$1.74 million; and other business-type fund expenses decreased a combined total of \$116,989. 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 \$94.55 million in total net position at year end, a \$442,291 increase over the prior year. The unrestricted portion of this net position increased \$1.51 million, leaving a total of over \$4.24 million in available resources to finance future activities of the governmental funds. The primary contributors to governmental activities' net position are capital and debt-financed capital activities, as well as activities found in the City's two major governmental funds: the General Fund and the Streets Fund.

Capital and Debt-Financed Capital: Net investment in capital assets increased \$528,564 in 2015. 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 \$221.48 million in total city liabilities, \$36.79 million or 16.61% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$15.14 million in general obligation debt is voter approved and supported by special property tax levies, while the remaining \$21.65 million is non-voted or "Councilmanic" debt. Unlimited Tax General Obligation (UTGO) bonds with a par value of \$14,385,000 were issued in 2015 to refinance the City's outstanding UTGO bonds, taking

advantage of lower interest rates. The City maintains strong credit ratings on its general obligation debt with a Standard & Poor's rating of AA on Unlimited Tax General Obligation Debt and Limited Tax General Obligation Debt. For more information on long-term debt see Note 3 in the Notes to the Financial Statements.

Improvements to the City's parks and streets continue to remain a high priority for the City. The following were some of the major governmental capital outlays for fiscal year 2015. For more information on capital assets see Note 2 in the Notes to the Financial Statements.

- Horn Rapids Rail Siding: With the help of an interest-free WSDOT loan, the City is constructing a rail siding in the Horn Rapids Industrial Park to provide for more rail access for current and potential businesses. The City spent \$744,126 in 2015 towards the project.
- Effective January 1, 2011 the City's Revitalization Area for Industry, Science and Education (RAISE) was approved as part of the State's Local Revitalization Financing (LRF) program. The LRF program utilizes incremental local and state tax revenues originating from a designated geographical area of the City, to fund infrastructure additions that will spur private construction and investment in that area. In 2015, total governmental activities' capital outlay for infrastructure within the RAISE was \$525,675. A portion of this amount will be contributed to the City's utility funds when the project is complete.
- In 2014 the City issued limited tax general obligation bonds to finance construction of the City's fourth fire station, located on Duportail Street, adjacent to the City Shops complex. \$703,453 was spent in 2014, with an additional \$2.64 million spent in 2015 to complete Fire Station #74.
- The City is continuing its efforts to secure a railroad crossing permit in order to extend Center Parkway, connecting Gage Boulevard to Tapteal Drive. Total 2015 outlay was \$282,917.
- Stevens Drive South Extension, and Duportail Street Extension/Reconstruction: These projects are interrelated, in that they will result in a new corridor connecting the south end of Stevens Drive to Duportail Street. Total capital outlay on these projects were \$2.01 million in 2015. Eventually this corridor will connect to the Duportail Bridge, when built, which is considered Richland's #1 priority transportation project.
- The City spent \$555,897 on the Reata Road water & sewer improvements, which are being financed through a local improvement district (LID). Up-front costs are temporarily financed by a bank line of credit, and will be refinanced long-term once the final LID assessments have been calculated.
- Over \$2 million in capital expenditures went toward many different park, recreation and open space projects. Most of this was the \$659,135 in improvements to Columbia Playfield; \$649,717 in improvements to John Dam Plaza; and \$174,389 in improvements at Trailhead Park, with many other smaller improvements throughout the City's parks and recreational facilities.



General Fund fund balance increased \$1.54 million or 14.01% from the prior year. Revenues increased by \$1.55 million or 3.3%, while expenditures decreased \$504,115 or 1.2%. Tax revenues are the primary revenue source for the General Fund, and represent \$1.03 million of the increase in revenues over the prior year. Sales taxes and property taxes were the main reason for the increase in tax revenues, by \$878,885 and \$383,873, respectively, mainly due to new residential and commercial construction and the expansion of retail and restaurant locations in Richland. Utility taxes decreased by \$278,448, due to decreases in brokered natural gas and telephone taxes. Licenses and permits revenue increased \$77,324, due mainly to continued increases in building permit revenues. Charges for services increased \$367,405, mainly related to cost allocation charges to City departments outside the General Fund, while other revenue categories were relatively unchanged in comparison to the prior year.

Non-capital General Fund expenditures on the 2015 Statement of Revenues, Expenditures and Changes in Net Position were \$649,549 higher than the prior year. That increase was mainly due to the increases in public safety expenditures, as a result of adding staffing for the new fire station; and in culture and recreation expenditures, much of which can be attributed to the continuation of an increased focus on catching up on “deferred maintenance” projects to ensure that existing City facilities remain functional and in good repair. Salaries and benefits, the largest expenditure of the General Fund, increased by \$843,983, or 2.91%, due to a combination of increased fire staffing and annual pay increases.



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 102% and 93% of their respective adjusted budgets. The largest variance in revenues was in taxes, at \$1,094,639 more than the adjusted budget, a 3.07% variance, followed by charges for goods and services, at (\$357,306), or 5.02% lower than the adjusted budget. The largest variance in expenditures, by function, was in general government operating and capital expenditures, which came in \$2.25 million below the adjusted budget. This was primarily due to budgeted expenditures for projects in the Information Technology division and the Facilities division, and in non-departmental expenditures. Most of the IT and Facilities division amounts not spent in the current year are carried over to the subsequent year to continue those projects. The unspent amounts in the non-departmental budget were primarily related to services provided by the Public Works Administration and Engineering Fund, which is not carried over to the subsequent year. Other less significant general governmental budget variances occurred throughout the remaining divisions.

The following are the more significant adjustments made to the General fund original budget in 2015.

- General Fund revenue budget was increased by \$398,671, mainly to include grant and donation revenues as a funding source for related expenditures added to appropriations in 2015, the largest of which was a \$200,000 increase to move a Dept. of Ecology grant-funded waterfront study from the Parks Project Construction Fund to the General Fund.
- Transfers out were increased by \$2.4 million as follows: \$2,283,103 to the Golf Course Fund, in order to forgive an interfund loan for the same amount, which had been in existence for many years, \$87,311 to the Parks Projects Construction Fund to support improvements to John Dam Plaza, and \$34,019 to support operations in the Medical Services Fund.
- Budget carryovers for prior year uncompleted projects and encumbrances totaled \$574,804.
- Fire Department expenditures were increased by \$125,000 to cover state mobilization overtime and related benefits costs, over half of this increase was covered by additional revenues.



Streets Fund activity includes maintenance and operation of the City's transportation system. Activity in 2015 resulted in an increase to fund balance of \$280,165. Revenues increased \$1,142,381, and expenditures increased \$66,495 over the prior year. The main increase in revenues was a result of a change in how utility tax and fuel tax revenues are allocated. In prior years these revenues were partially allocated to the Pavement Management/Overlay projects in the Streets Capital Construction Fund. Any budgetary shortfalls in the Streets fund was then covered by a transfer from the General Fund. Beginning in 2015, the utility and fuel taxes are allocated 100% to the Streets fund, which allows the City to account for those revenue streams in one place, and eliminates the need for an infusion of cash from the General Fund for street operations and maintenance. Instead, the General Fund contribution can be dedicated specifically to the Pavement Management projects in the capital project fund, without having to take into account other revenue sources.

Business-Type Activities

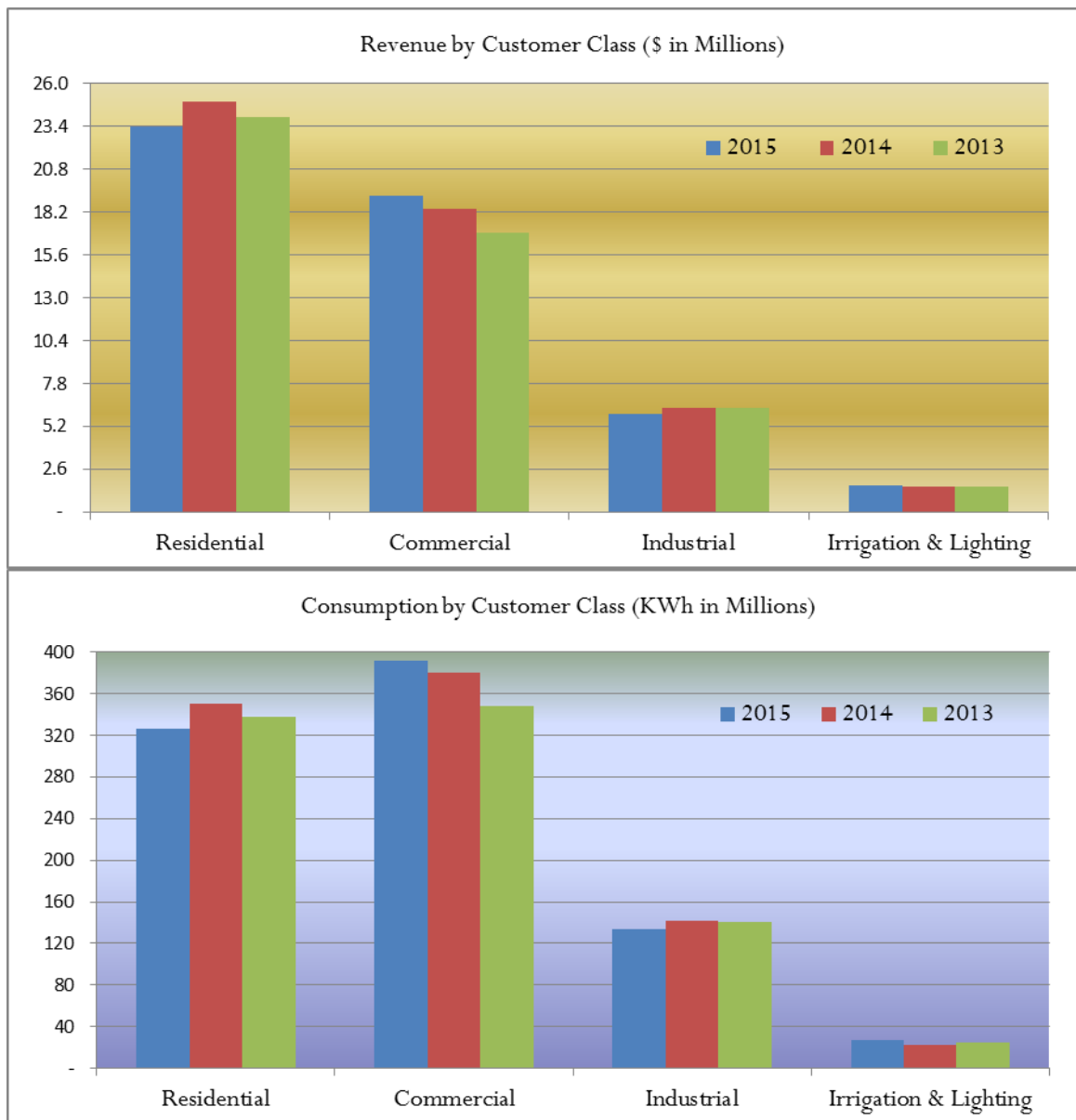
Business-type activities produced an ending net position of \$181.02 million, reflecting an increase of \$11.06 million during the year 2015. Unrestricted net position increased by \$5.90 million to provide a total of \$14.32 million in available resources to finance future activities of the business-type funds. The primary contributors to business-type net position are activities found in the City's four major business-type funds: the Electric, Water, Sewer and Solid Waste Funds, which comprise over 86% of the total business-type net position.

Electric Fund activities decreased ending net position by \$855K or 1.7% below the previous year-end balance. Accumulated weather related factors caused a decrease in customer power consumption, leading to lower power sale revenue. Annual debt repayment of \$2.67 million and depreciation of \$5.28 million were partially offset by the utility's \$6.24 million investment in both new and existing distribution facilities. In response to continued growth in customer and consumption base, the \$6.23 million in capital outlays consisted primarily of projects that constructed, renewed and extended existing distribution infrastructure, as well as improved and expanded substation infrastructure. Capital outlay for equipment, machinery and software totaled over \$27,000.

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

System-wide energy consumption decreased 1.8% and total customer accounts increased 1.8% in 2015. When looking at energy consumption changes by customer class, residential consumption decreased by 6.7%, commercial consumption increased by 3.1% and industrial consumption decreased 5.7%. The irrigation and lighting class increased by 16.4%.

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

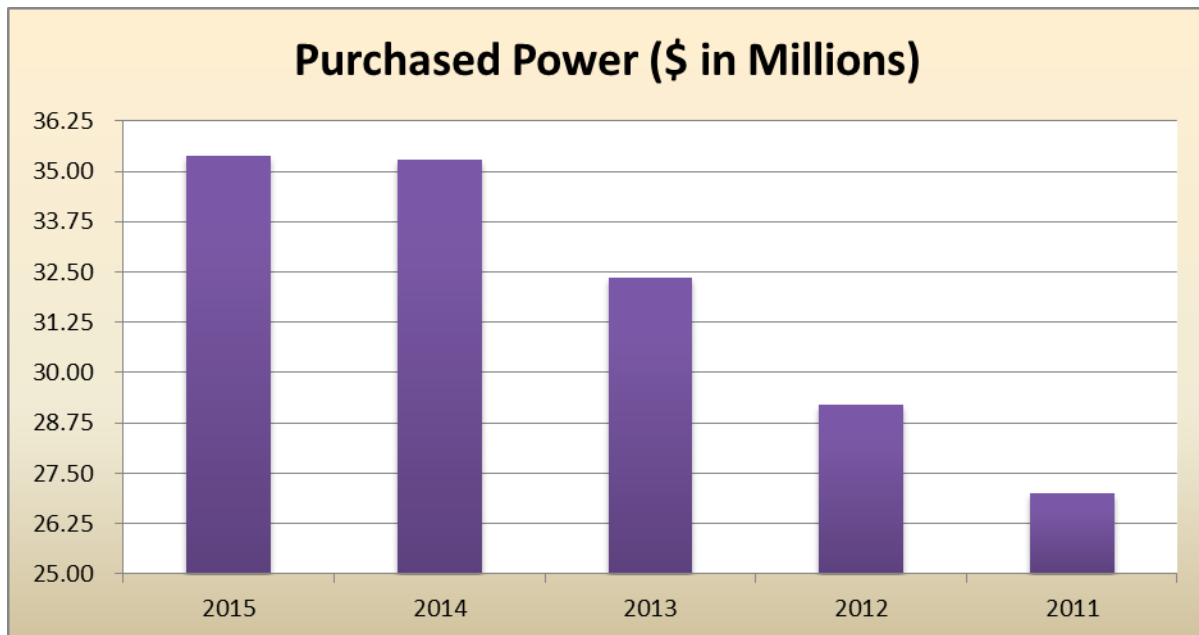


Despite national trends of falling electric consumption during the recession, the local economy managed to remain robust. Without the unpredictable weather related decrease in consumption this year, the utility's load is expected to grow at above average annual rates during the next several years.

Total expenses for fiscal year 2015 were \$59.02 million, an increase of \$304K or 0.5% over the prior year. The increase is due primarily to higher wholesale power costs, but it is partially mitigated by cost containment measures taken during the budget development process.

Purchased power, the largest expense of the electric utility, increased only \$66K from the prior year. The utility has been challenged in recent years by the various issues involved in wholesale power purchases. BPA continues to see an increase to their cost of providing power, which then gets passed on to its customers including public power utilities. Wholesale rates increased in the fourth quarter of 2013 and again by about 7% in the fourth quarter of 2015. Major shifts in responsibility for future regional wholesale power supply are driving the need for new power supply contracts and expanded power resource development. The power supply and transmission challenges are compounded by the imposition of both State-mandated resource portfolio and Federal bulk power system reliability standards.

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



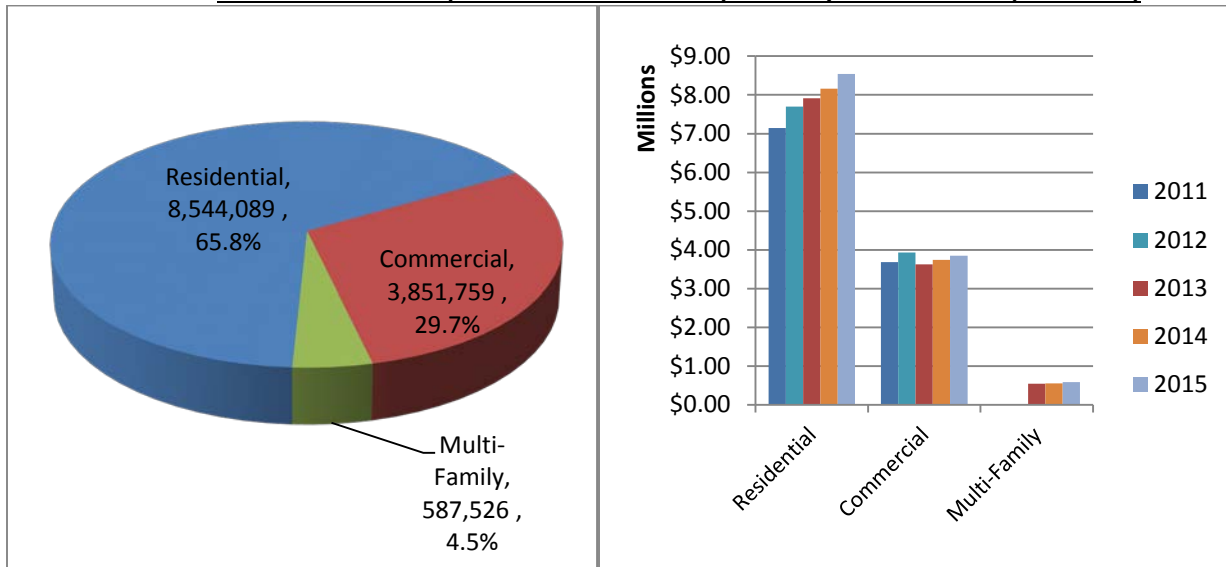
Looking forward, Richland, in tandem with other regional electric utilities, is coming to grips with upcoming changes to its power supply arrangements. While still benefitting from the low-cost Federal base system for most of its requirements, the utility continued its policy of acquiring additional wholesale power from sources that best meet the forward planning goals of the utility. This additional power is currently priced at more costly market-based levels. The utility continues to monitor the impacts of this business environment on rates and its financial position with the goals of meeting its target level reserve, debt service requirements and capital rate-financing objectives.

Water Fund activities generated a net position increase of \$4.18 million in 2015. Operating income was \$3.08 million. When compared to 2014, the water utility experienced an increase in operating income of \$288,012. This improvement was the result of growth in operating revenues of \$511,290 offset by the growth in operating expenses of \$223,278. The net expense as a result of non-operating activity (\$657K) decreased in 2015. Interest expense, the bulk of this category, also was lower in 2015 than 2014. In 2015, the utility recognized capital contributions of \$1.72 million. Sixty percent of these contributions were generated by private sources, valued at \$1.045 million. This addition reflects the fair market value of capital improvements that were built, and funded privately, and subsequently gifted to the City, once placed in service. Donated capital is recognized as the development is completed and accepted by the City. Therefore, the timing in regards to recording the acceptance may vary. As compared to 2014 activity, the private donations of developed capital increased by 12% or \$108K more than recognized in 2014. 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 2015 increased as compared to 2014, by \$22K, or 3.4%. The utility transferred out \$20K in support of a multi-year cost sharing effort to install fiber optic cable backbone. Installation of a fiber optic network will benefit the water utility's communication system. This effort continues in 2016. The utility also recorded a transfer in of \$50K as support toward the installation of a new well. Finally, it was necessary to make prior period adjustments in 2015 of \$57K. The adjustment resulted in a decrease in our net position to offset changes in previously recorded assets.

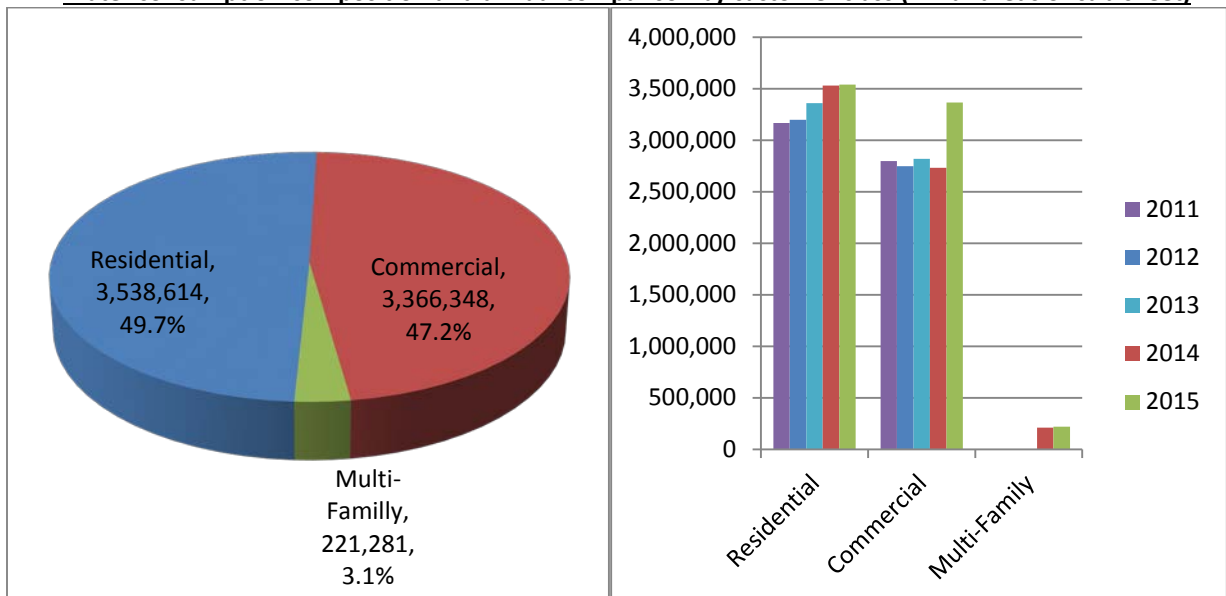
During 2015, in compliance with GASB 68, an amendment related to accounting and financial reporting for pensions, the water fund financial statements reflect the allocation of State of Washington sponsored pension plans for City of Richland water utility employees. Previously, these liabilities were not included in the City's statements. With the inclusion, an adjustment of \$1.38 million was made to the utility's beginning net position.

The water utility's operating revenues increased \$511,290 in 2015. Of this increase, \$530,778 is from potable water sales to metered water services. In 2014, a water rate study was completed. Based upon the results of that analysis, as of April 1, 2015, a six percent rate increase in base fees occurred. When comparing 2015 revenue to 2014, base fee revenue improved eight percent (residential), nine percent (commercial) and seven percent (multifamily). The revenue tied to consumption was nearly unchanged. Consumption driven revenue changed for residential (-.24%), commercial (.05%) and multifamily (3%) between the years of 2014 and 2015. The remaining change in revenue for 2015 was the product of a combination of sales to irrigation district customers (\$18,866); sales of water through intertie agreements (\$-45,557); charges initiated with a service agreement (\$11,129); and late payment penalties (\$-3,926).

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



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



In 2015, the operating expenses of the City's water utility increased \$223,278 when compared to 2014. Salaries and related expenses decreased approximately 4% or \$ 101,000. This savings was the result of the combination of reduced employee requested leave pay (\$-25K), lower health related benefit costs (\$-72K) and retirement savings related benefit contributions (\$-51K) against an increase in actual expense tied to hours work (\$47K). When the effect of labor cost is removed, the remaining maintenance and operations expenses increased \$121,560 or 5% in 2015. Of those increases in maintenance and operations the primary differences were due to the cost of supplies (\$-11,018), utilities (\$30,120), services (\$50,498) and

interfund services (\$51,960) expenses. The cost of supplies, as well as utilities services, are typically outside the control of the utility. As noted in the revenue section, water utility rates increased in 2015. While nominal, any utility facilities that have a water service were affected by this increase. More consequential to the utility was an increase in electric rates that occurred in 2015. The water utility uses a significant amount of electrical power at the treatment plant and pumping stations throughout the City. As implied by the title, other service expenditures are driven by events that require outside input to the utility. For example, repairs to equipment or payment for a license or permit. Often times an event, like the failure of a piece of equipment, necessitates such expenditures. Finally, interfund services consist of work performed by another City department for the benefit of the water utility. Included in this expense is the cost of fleet repairs, maintenance and fuel.

The administrative and general expenses of the City's water utility increased \$196,770. The internal service work the utility supported increased by \$152,140 as compared to 2014. This cost is a function of the administrative, engineering, information systems, warehouse and financial work effort supplied by other City departments in support of the water utility performance. Outside service work for administrative purposes included primarily insurance coverage and consultant agreements. The insurance cost for 2015 decreased by \$-18,400. The cost of consultant services increased by \$74,370. Finally, a decrease (\$-11,340) in the recognition of bad debt expense completes the change in the administrative and general cost category.

Tax expense increased in 2015 by \$86,300. As with most years, an increase in revenue translated into a larger tax expense.

In 2015, the utility made the following investments in its capital infrastructure:

- The utility remains focused on supporting its Distribution System Repair and Replacement program. Based upon a review of system condition, the utility has planned annual improvements to the existing water system. For 2015, the total spending on these improvements was \$176,240.
- The current water treatment capacity of the utility is sufficient. However, in an effort to prepare for future needs, the utility initiated a project in 2014 to identify a future water treatment plant site. The City has planned, in partnership with neighboring cities of West Richland and Kennewick, to jointly develop a water treatment plant. As a first step toward this end, a capital improvement plan project for site acquisition was developed. The City's portion of projected cost of acquisition is \$1.16 million. In 2015, a feasibility study was initiated. Spending of \$49,650 was expended toward this effort.
- The primary capital effort undertaken for 2015 was conversion away from our treatment facilities use of gaseous chlorine to new disinfection technology. The conversion was prudent to support risk management and regulatory requirements. The project cost for 2015 was \$1,202,805.

The capital related debt of the water and sewer utilities comprise a large portion, nearly \$39.2 million or 39.6%, of all revenue debt and 25.4% of all City long-term borrowing. The water utility debt equals \$25.9 million, or 16.8% of all City long-term debt. The debt of the water utility is comprised of bonded debt, Public Works Trust Fund Loans, and State Safe Drinking Water Revolving Fund loans. The Public Works Trust Fund and Safe Drinking Water Revolving Fund loans are issued at a coveted, below-market interest rate.

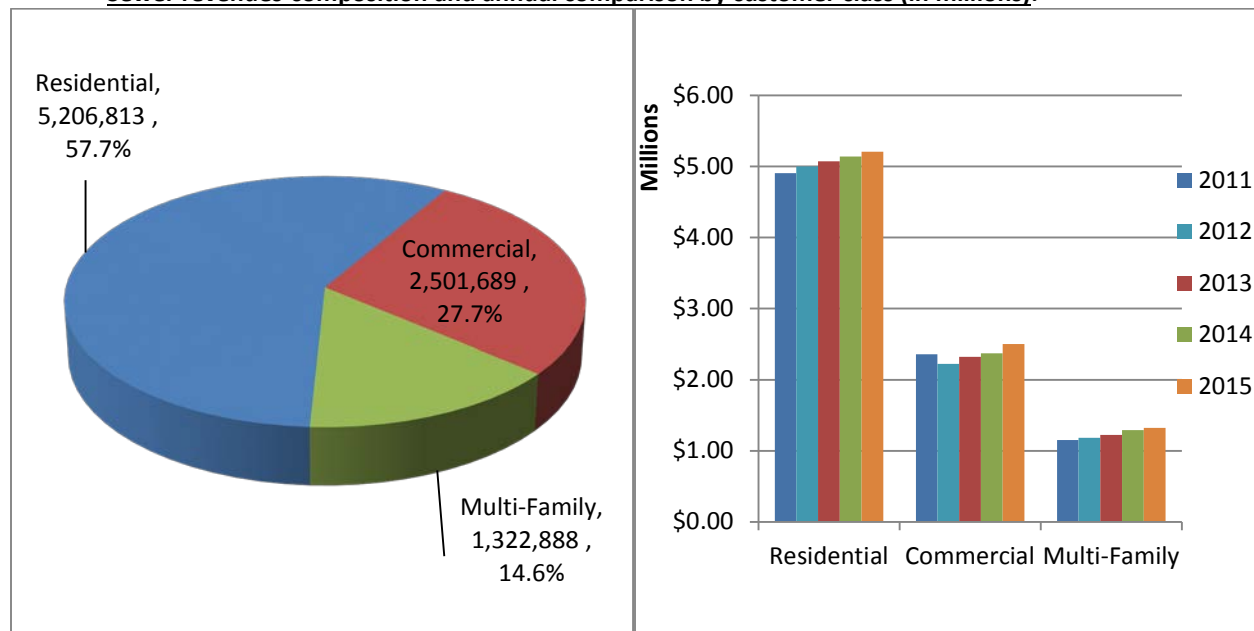
Also, similar to the electric utility, the water utility is required to reserve a portion of its unrestricted net position, related to the downgraded rating of its bond insurers. The water utility has adhered to this requirement and restricted \$1.32 million, as evidenced on the utility's balance sheet. The financial strength of the combined water and sewer utility was assessed by Standard & Poor's and rated AA in July 2014.

Sewer Fund activities generated a net position increase of \$2.09 million in 2015. When compared to 2014, the utility recognized an increase in operating income of \$252K. Total operating income was \$1.51 million. This improvement was the result of growth in operating revenues of \$216,350 plus a reduction in operating expenses of \$35,570. Interest earnings, which contribute to the non-operating activity, improved in 2015 as compared to 2014. As a whole, net non-operating (\$491K) expenses decreased as compared to 2014. This reduction in expenses is primarily due to lower interest expense tied to outstanding capital debt. In 2015, the utility recognized capital contributions of \$1.08 million. Of this addition, \$514K reflects the value of a portion of capital improvements that were built and funded by private development, and subsequently gifted to the City once placed in service. These private donations of developed capital significantly increased by \$238K in 2015, when compared to the prior year. Donated capital is recognized as the development is completed and accepted by the City. Therefore, the timing in regards to recording the acceptance may vary. The remaining capital contribution revenue, \$565K, is tied to new utility service requests that result in facilities fee charges to the owner. As with the water utility, a small prior period adjustment, \$32K, was necessary to correctly report the value of capital assets. For the sewer fund, the adjustment amount represents 0.2% of depreciable assets.

During 2015, in compliance with GASB 68, an amendment related to accounting and financial reporting for pensions, the sewer fund financial statements reflect the allocation of State of Washington sponsored pension plans for City of Richland sewer utility employees. Previously, these liabilities were not included in the City's statements. With the inclusion, an adjustment of \$1.33 million was made to the utility's beginning net position.

The sewer utility's most recent rate change was effective the first billing of 2010. Therefore, any increase in residential revenue is directly tied to customer growth. In 2015, residential revenue increased \$65.7K, or 1.28%, over the 2014 total. For the commercial and multifamily classes of service, water consumption is a component in the calculation of the bill. Revenue from the commercial class of customers was greater in 2015 by \$131K, or 5.5%. This increase was a function of both an increase in customers and a growth in usage charges. Similarly, in the multifamily class of service category, both the base revenue tied to number of units served, and the consumption driven revenue increased over 2014 totals. Sales to the multifamily class of service in 2014 increased \$31.5K, or 2.4%, over the 2014 total.

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



In 2015, the operating expenses of the City's sewer utility decreased \$-35,570 when compared to 2014. The maintenance and operations expenses decreased \$-108,200 or 0.3% in 2015. Salaries and related expenses decreased \$-47.2K, or 2.0% in 2015. This savings was a result of the combination of reduced employee requested leave pay (\$-39K), lower health related benefit costs (\$-48K) and retirement savings related benefit contributions (\$-77K) against an increase in actual expense tied to hours work (\$116.8K). The most notable change in the maintenance and operations expense category is a decrease in the cost of services supplied by other City departments (\$-63.2K). The internal service work included repair and maintenance work on and fuel for fleet vehicles, as well as electrical work undertaken at the sewer treatment plant. Supplies and other than City provided service expenses changed slightly from last year's totals, \$-6.5K and \$8.7K, respectively.

The administrative and general expenses of the City's sewer utility increased \$23,270. The internal service work the utility supported increased by \$60,900 as compared to 2014. This cost is a function of the work effort supplied by other City departments in support of the sewer utility performance. Examples of the internal services included are customer service, information systems, engineering services and City-wide administrative support. Privately supplied service work for administrative purposes included primarily insurance coverage and consultant agreements. The insurance cost for 2015 decreased by \$-29,530. Finally, a decrease (\$-8.1K) in the recognition of bad debt expense completes the change in the administrative and general cost category.

Tax expense increased in 2015 by \$27,840. As with most years, an increase in revenue translated into a larger tax expense.

Depreciation expense increased in 2015, by \$21,520, over the previous year. The addition of assets translates directly to greater depreciation expense.

In 2015, the utility made the following investments in its capital infrastructure:

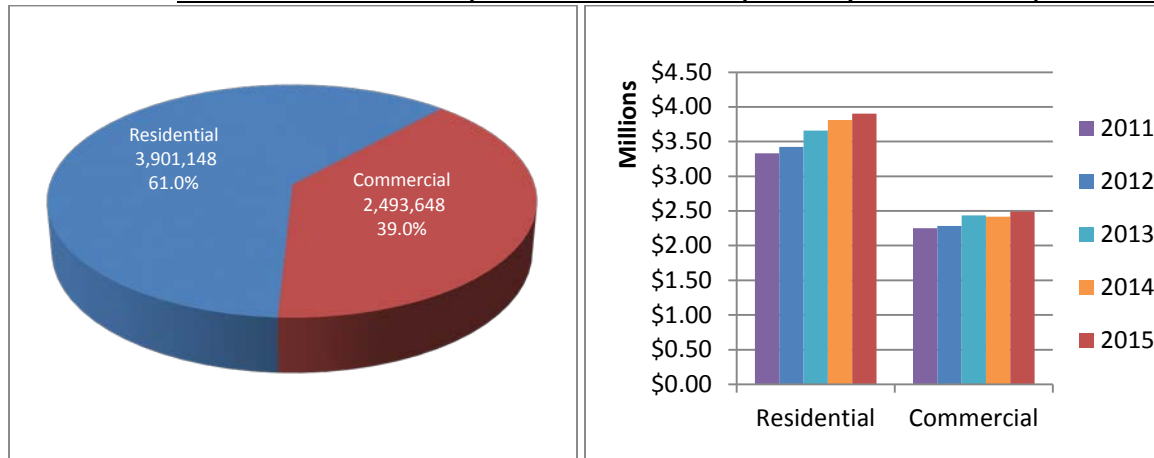
- Construction was undertaken to improve the solids handling and dewatering process equipment at the Wastewater Treatment Facility. Total budgeted cost of the project is \$2.8 million. In 2014, the utility recorded \$204K in construction work in progress toward this project. In 2015, an additional \$590K was invested toward this project. The project funding is half rate revenues and half facility fees.
- As in the water utility, a large capital effort was undertaken for 2015 to transition away from the use of gaseous chlorine in wastewater treatment. New disinfection technology is being installed to limit the risks associated with handling the gas and support regulatory requirements. The project cost for 2015 was \$924,215.

The sewer utility capital debt equals \$13.3 million, or 8.6% 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 \$840K 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 July 2014.

Solid Waste Fund activities generated a net position decrease of \$251K in 2015. The utility reported an operating income of \$505,922 for 2015, an improvement of \$286,355 over the previous year. Included in this income improvement is growth of operating revenue of \$426,660 over the 2014 operating revenue. Residential and commercial collection revenue increased by \$163,865, or almost 2.6%, landfill disposal revenue increased by \$184,750, or 22.6%, and drop box revenues increased by \$79,275, or 10% when compared to 2014. The remaining difference in operating revenue was related to other smaller revenue sources. The change for these small sources between 2015 and 2014 equaled a decrease of \$-1,230. Operating income was also influenced by operating expense. For 2015, operating expenses grew by \$140,300 over the 2014 total. Nonoperating expenses for 2015 totaled \$483,782. Finally, closure related revenues increased \$229,490 over 2015.

During 2015, in compliance with GASB 68, an amendment related to accounting and financial reporting for pensions, the solid waste fund financial statements reflect the allocation of State of Washington sponsored pension plans for City of Richland solid waste utility employees. Previously, these liabilities were not included in the City's statements. With the inclusion, an adjustment of \$1.5 million was made to the utility's beginning net position.

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



Operating expenses increased \$140,300 when compared to 2014. Labor costs decreased \$-150,880. Salaries were slightly lower than recorded in 2014. This salary expense decrease was primarily the result of a lessened need for overtime labor. Benefit related expense savings accounted for the majority of the labor cost decrease. Of those expenses, reductions in the benefit costs tied to retirement and health related insurance savings were prominent. External services costs decreased \$-20,920. Internal service work increased \$259,150. Among the many types of service expenses for the solid waste utility, the items of note were an equipment rental expense increase (\$125K), an increase in the cost tied to repair, maintenance and fuel costs for the utility's fleet (\$96K), and an increase in the internal service support that the solid waste utility receives from other City departments of \$38K. Taxes increased \$56,930 as a result of improvements in revenue. Bad debt expense for the year of 2015 was less by \$-6,890 as compared to 2014. Finally, depreciation expense increased in 2015 by \$3,530.

Net non-operating expenses increased in 2015 as compared to the previous year by \$99K. While the loss/expense generated from interest related activity was reduced by \$228K, that improvement was offset by recognition of a landfill postclosure/closure expense accrual increase of \$327K. The closure/post closure care expense accrual represents the cost to provide care in the coming years for the portion of waste added to the landfill in the current year. In 2015, 55,238 tons of was added to the landfill. This addition equates to an expense accrual of \$233,100. Also during 2015, the estimate of post closure care cost per year was reevaluated. The resulting increase to our annual estimated expense necessitated an additional accrual of \$300,703 expense and associated liability. In the future, when the postclosure care is provided, the liability will be reduced.

In 2015, the utility made the following investment in its capital assets:

- To further improve operations at the compost facility site, additions were made to the irrigation system. The cost of these improvements totaled \$16,744.
- In 2015, a purchase of four drop box containers equaling \$31,446 was made.

The long term debt of the solid waste Fund includes \$505,000 of LTGO bonds and the estimated liability for landfill closure/postclosure care, in the amount of \$6.3 million. The combined total of this debt is the equivalent of 4.4% of all City long-term capital debt. The utility has no plans to issue any additional long-term debt in the coming year.

ECONOMIC OUTLOOK

Richland's economy is strong, with plenty of activity in construction and retail leading to increased sales tax revenues. Unemployment decreased slightly from late 2013 through early 2015. Other economic factors, such as housing prices and population have both increased. Early 2016 revenue indicators are running at or slightly above 2015 levels.

The City expects modest growth through 2015 and unemployment has been in decline since the end of 2012. While contractors working on the Hanford nuclear cleanup north of Richland have recently announced another round of layoffs due to completion of certain aspects of the cleanup effort, many of the displaced workers will find continued employment as different aspects of the cleanup begin. Loosening of commercial financing in the last several years is leading to increased construction, including a boom in Richland's retail centers. The Queensgate area continues to be an area of strong growth. Several new restaurants have been completed in the past year, in both the Queensgate area, and adjacent to City Hall. Richland's new movie theater had a solid opening in December 2015, an amenity that Richland has been without for nearly a decade. Home building remains strong throughout north and south Richland, and construction is under way in the Badger Mountain South area. Central Richland remains buoyed by investments made by Kadlec Regional Medical Center, which has a four-story expansion of its River Pavilion patient tower and a multi-level parking structure, the first in the Tri-Cities, underway. Richland's Local Revitalization Financing efforts continue to pay off, resulting in construction of the world's largest automated cold storage facility, a rail loop large enough to serve "unit trains" that stretch up to a mile long, and eventually a specialty steel manufacturing facility. Richland will continue to recruit primary sector job growth, primarily focused in energy, technology and agricultural processing, which in turn further diversifies the economy from the reliance on federal spending.





BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements



CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Net Position
 December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Richland Public Facilities District	Wine Science Center Public Development Authority
ASSETS					
<i>Current:</i>					
Cash and cash equivalents	\$ 20,255,144	\$ 11,474,940	\$ 31,730,084	\$ 442,699	\$ 709
Deposits with third parties	195,025	11,575	206,600		
Investments	19,178,524	13,785,989	32,964,513		
Receivables:					
Taxes	299,680		299,680		
Customer accounts, net	899,622	8,201,545	9,101,167	1,923	
Due from other governments	4,007,498	54,972	4,062,470	112,518	
Assessments	160,251		160,251		
Notes and contracts	2,701,810	100,000	2,801,810		
Internal balances	435,208	(435,208)			
Prepaid items	108,187	12,405	120,592	18,129	
Inventory	181,110	4,319,980	4,501,090	16,298	
Total current assets	48,422,059	37,526,198	85,948,257	591,567	709
<i>Noncurrent:</i>					
Restricted cash and cash equivalents		26,463,890	26,463,890	501,756	
Restricted investments		12,667,088	12,667,088		
Investment in joint ventures	3,113,214		3,113,214		
Net pension asset	4,895,302	848,118	5,743,420		
Capital:					
Land	6,678,962	8,423,336	15,102,298		
Depreciable assets (net)	42,404,131	32,017,331	74,421,462	8,441,112	
Infrastructure	48,638,907	203,716,376	252,355,283	2,611,546	
Construction in progress	11,475,138	11,065,353	22,540,491		
Total capital assets (net)	109,197,138	255,222,396	364,419,534	11,052,658	
Total noncurrent assets	117,205,654	295,201,492	412,407,146	11,554,414	
Total assets	165,627,713	332,727,690	498,355,403	12,145,981	709
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	531,095	975,000	1,506,095	66,692	
Pension	1,996,934	1,364,803	3,361,737		
Total deferred outflows of resources	2,528,029	2,339,803	4,867,832	66,692	
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued expenses	2,081,083	6,634,998	8,716,081	62,345	709
Payable to other governments	554,360	72,129	626,489		
Leases payable-current		119,210	119,210		
Deposits payable	243,912	811,867	1,055,779		
Compensated absences-current	1,597,282	1,076,946	2,674,228	8,636	
Claims and judgments-current	3,312,199		3,312,199		
Notes and contracts payable-current	90,424	1,376,631	1,467,055		
General obligation bonds payable-current	3,225,000	295,000	3,520,000	215,000	
Revenue bonds payable-current		5,740,001	5,740,001		
Total current liabilities	11,104,260	16,126,782	27,231,042	285,981	709
<i>Noncurrent liabilities:</i>					
Leases payable		200,003	200,003		
Compensated absences	1,597,281	1,076,949	2,674,230		
Notes and contracts payable	1,232,733	10,257,718	11,490,451		
General obligation bonds payable	34,135,237	6,396,461	40,531,698	5,233,881	
Revenue bonds payable		99,294,781	99,294,781		
Unearned revenue	752,915	1,957,500	2,710,415	10,272	
Net pension liability	15,100,868	10,502,851	25,603,719		
Net OPEB obligation	5,439,186		5,439,186		
Landfill closure liability		6,305,691	6,305,691		
Total noncurrent liabilities	58,258,220	135,991,954	194,250,174	5,244,153	
Total liabilities	69,362,480	152,118,736	221,481,216	5,530,134	709
DEFERRED INFLOWS OF RESOURCES					
Deferred transfer of service concession arrangement capital assets	1,137,000		1,137,000		
Pension	3,102,076	1,924,481	5,026,557		
Total deferred inflows of resources	4,239,076	1,924,481	6,163,557		
NET POSITION					
Net investment in capital assets	77,921,984	150,079,976	228,001,960	5,670,469	
Restricted for:					
Pensions		574,051	574,051		
Debt service	291,696	9,056,691	9,348,387	713,561	
Capital improvements	2,723,553	6,998,035	9,721,588	36,962	
Public Safety	1,010,881		1,010,881		
Economic Environment	8,136,409		8,136,409		
Other Purposes	227,983		227,983		
Unrestricted	4,241,680	14,315,523	18,557,203	261,547	
Total net position	\$ 94,554,186	\$ 181,024,276	\$ 275,578,462	\$ 6,682,539	\$

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Activities
 For the Year Ended December 31, 2015

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			COMPONENT UNITS	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Richland Public Facilities District	Wine Science Center Public Development Authority
					Governmental Activities	Business-type Activities			
<i>Primary Government:</i>									
<i>Governmental Activities:</i>									
Judicial	\$ 752,070	\$ 768,944	\$	\$	\$ 16,874	\$	\$ 16,874		
General government	14,260,390	7,343,592			(6,916,798)		(6,916,798)		
Public safety	21,032,731	273,209	390,930		(20,368,592)		(20,368,592)		
Physical environment	243,518	53,203	15,127		(175,188)		(175,188)		
Transportation	11,977,801	1,020,948		2,246,015	(8,710,838)		(8,710,838)		
Health and human services	11,954	111,038	456,428		555,512		555,512		
Economic environment	5,456,432	2,981,634	1,322,491		(1,152,307)		(1,152,307)		
Culture and recreation	7,821,561	986,815		298,128	(6,536,618)		(6,536,618)		
Interest on long-term debt	1,489,579				(1,489,579)		(1,489,579)		
Total governmental activities	63,046,036	13,539,383	2,184,976	2,544,143	(44,777,534)		(44,777,534)		
<i>Business-Type Activities:</i>									
Electric	54,615,686	57,994,539		988,288		4,367,141	4,367,141		
Water	9,903,328	14,407,590		1,717,917		6,222,179	6,222,179		
Sewer	6,880,869	9,186,121		1,078,611		3,383,863	3,383,863		
Solid waste	8,675,356	8,346,077		229,492		(99,787)	(99,787)		
Stormwater	1,532,140	2,103,726		353,485		925,071	925,071		
Golf course	1,612,671	1,605,653				(7,018)	(7,018)		
Medical services	3,036,998	3,401,521	58,859			423,382	423,382		
Broadband	180,575	178,484	4,968			2,877	2,877		
Total business-type activities	86,437,623	97,223,711	63,827	4,367,793		15,217,708	15,217,708		
Total primary government	\$ 149,483,659	\$ 110,763,094	\$ 2,248,803	\$ 6,911,936	\$ (44,777,534)	\$ 15,217,708	\$ (29,559,826)		
<i>Component Unit:</i>									
Richland Public Facilities District	\$ 1,951,498	579,293	\$ 336,519	\$ 5,157				\$ (1,030,529)	\$
Wine Science Center Public Development Authority	98,761								(98,761)
	\$ 2,050,259	\$ 579,293	\$ 336,519	\$ 5,157				(1,030,529)	(98,761)
GENERAL REVENUES:									
Property taxes					16,201,248		16,201,248		
Sales taxes					13,215,616		13,215,616		
Utility Occupation taxes (non-City utilities)					3,597,958		3,597,958		
Other taxes					6,281,555		6,281,555	488,958	
Investment earnings					404,278	427,386	831,664	8,167	851
Disposition of capital assets					287,522		287,522		
Miscellaneous					650,375		650,375		
Transfers					4,581,273	(4,581,273)			
Total general revenues and transfers					45,219,825	(4,153,887)	41,065,938	497,125	851
Change in net position					442,291	11,063,821	11,506,112	(533,404)	(97,910)
Net position-beginning					94,111,895	169,986,681	264,098,576	7,543,061	97,910
Prior period adjustments					(26,226)		(26,226)	(327,118)	
Net position-ending					\$ 94,554,186	\$ 181,024,276	\$ 275,578,462	\$ 6,682,539	\$

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



BASIC FINANCIAL STATEMENTS

Fund Financial Statements

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,482,804	\$ 561,307	\$ 12,021,236	\$ 15,065,347
Deposits with third parties	19,425	2,000	98,600	120,025
Investments	8,585,492	351,418	3,552,076	12,488,986
Receivables:				
Taxes	263,688		35,992	299,680
Customer accounts	758,367	34,096	26,761	819,224
Due from other funds			7,234	7,234
Due from other governments	2,128,165	87,214	1,792,119	4,007,498
Assessments			160,251	160,251
Notes and contracts			2,701,810	2,701,810
Prepaid items	32,131	408	4,500	37,039
Inventory		66,382		66,382
Total assets	<u>\$ 14,270,072</u>	<u>\$ 1,102,825</u>	<u>\$ 20,400,579</u>	<u>\$ 35,773,476</u>
LIABILITIES				
<i>Liabilities:</i>				
Accounts payable and accrued expenses	\$ 1,018,723	\$ 90,423	\$ 790,136	\$ 1,899,282
Payable to other governments	514,320		40,040	554,360
Due to other funds			14,652	14,652
Interfund loans payable			210,510	210,510
Deposits payable	1,000		242,912	243,912
Unearned revenue-other			752,915	752,915
Total liabilities	<u>1,534,043</u>	<u>90,423</u>	<u>2,051,165</u>	<u>3,675,631</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	209,886		28,648	238,534
Unavailable revenue-unbilled LID assessments			160,251	160,251
Total deferred inflows of resources	<u>209,886</u>		<u>188,899</u>	<u>398,785</u>
FUND BALANCES (DEFICITS):				
Nonspendable:				
Inventory, prepaid items and noncurrent receivables		66,790	4,500	71,290
Contractually maintained deposits	19,425	2,000		21,425
Restricted for:				
Debt Service			291,696	291,696
Capital Improvements	120,910		2,602,643	2,723,553
Public Safety	66,001		944,880	1,010,881
Economic Environment	16,430		8,119,979	8,136,409
Other Purposes	227,983			227,983
Committed for:				
Debt Service			506,277	506,277
Capital Improvements	622,951		2,301,139	2,924,090
Public Safety	192,657			192,657
Economic Environment	143,035		1,729,258	1,872,293
Assigned to:				
Debt Service			1,343,164	1,343,164
Public Safety	104,662			104,662
Transportation		943,612	564,290	1,507,902
Unassigned	11,012,089		(247,311)	10,764,778
Total fund balances	<u>12,526,143</u>	<u>1,012,402</u>	<u>18,160,515</u>	<u>31,699,060</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,270,072</u>	<u>\$ 1,102,825</u>	<u>\$ 20,400,579</u>	<u>\$ 35,773,476</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Reconciliation of Governmental Funds Balance to
the Net Position of Governmental Activities
December 31, 2015

Total fund balances - governmental funds		\$ 31,699,060
Amount reported as Net Position for governmental activities in the Statement of Net Position differs because:		
Capital assets used in governmental activities are not financial resources and are not reported in the fund. They are reported in the government-wide statements, net of accumulated depreciation:		109,197,138
The focus of governmental funds is on short-term financing. Long-term assets are deferred or not reported in the funds. They consist of the following:		
Investment in joint venture	\$ 3,113,214	
Net pension asset	4,895,302	
Notes and contracts and taxes receivable offset by deferred inflows of resources	<u>398,785</u>	
		8,407,301
Deferred outflow of resources related to pensions		1,996,934
Deferred outflow of resources related to debt refunding		531,095
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	(35,490,000)	
Net premium/discount	(1,870,237)	
Other general government debt	(1,296,607)	
Net pension liability	(15,100,868)	
Compensated absences	(3,194,563)	
Accrued interest payable	<u>(83,172)</u>	
		(57,035,447)
Deferred inflow of resources (ORV Park assets) related to service concession arrangement		(1,137,000)
Deferred inflow of resources related to pensions		(3,102,076)
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	3,323,014	
Internal payable representing charges in excess of cost to business-type activities: prior years	1,041,678	
Internal payable representing charges in excess of cost to business-type activities: current year	<u>(367,511)</u>	
		<u>3,997,181</u>
Net position of governmental activities		<u>\$ 94,554,186</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 36,805,125	\$ 632,061	\$ 8,289,315	\$ 45,726,501
Licenses and permits	2,677,317			2,677,317
Intergovernmental	1,083,186	1,100,411	3,764,611	5,948,208
Charges for goods and services	6,765,281	706,493	656,645	8,128,419
Fines and forfeits	818,717	250		818,967
Investment earnings	183,804	1,946	102,932	288,682
Rents and leases	204,415	33,420	1,215,344	1,453,179
Miscellaneous	317,220	38,692	216,730	572,642
Total revenues	48,855,065	2,513,273	14,245,577	65,613,915
EXPENDITURES				
<i>Current:</i>				
Judicial	752,070			752,070
General government	13,332,295		47,102	13,379,397
Public safety	19,506,078		538,675	20,044,753
Physical environment	243,518			243,518
Transportation		2,239,449	1,387,983	3,627,432
Health and human services	11,954			11,954
Economic environment	2,550,258		2,368,878	4,919,136
Culture and recreation	6,359,781		47,871	6,407,652
<i>Debt service:</i>				
Principal			5,306,461	5,306,461
Interest			1,424,949	1,424,949
Other			149,563	149,563
<i>Capital Outlay:</i>				
General government	147,702			147,702
Public safety	17,724		2,635,141	2,652,865
Transportation		44,176	3,598,696	3,642,872
Economic environment			962,546	962,546
Culture and recreation	244,466		1,763,281	2,007,747
Total expenditures	43,165,846	2,283,625	20,231,146	65,680,617
Excess (deficiency) of revenues over (under) expenditures	5,689,219	229,648	(5,985,569)	(66,702)
OTHER FINANCING SOURCES (USES)				
Transfers in	351,073	43,325	5,198,570	5,592,968
Transfers out	(4,532,749)		(4,474,600)	(9,007,349)
Debt issued			15,098,361	15,098,361
Premium on general obligation debt			1,565,869	1,565,869
Payments to refunded debt escrow agent			(13,794,724)	(13,794,724)
Disposition of capital assets	31,518	7,192	248,812	287,522
Total other financing sources (uses)	(4,150,158)	50,517	3,842,288	(257,353)
Net change in fund balance	1,539,061	280,165	(2,143,281)	(324,055)
Fund balances-beginning	10,987,082	732,237	20,303,796	32,023,115
Prior period adjustment				
Fund balances-ending	\$ 12,526,143	\$ 1,012,402	\$ 18,160,515	\$ 31,699,060

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Reconciliation of the Change in Governmental Fund Balances to
the Change in Net Position of Governmental Activities
For the Year Ended December 31, 2015

Net changes in fund balances of governmental funds: \$ (324,055)

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

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

Capital outlays	\$	9,413,732	
Depreciation		(11,059,077)	
Disposal of capital assets		(346,410)	
Donated capital assets received		650,374	
Net effect of capital transactions		(1,341,381)	(1,341,381)

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

General obligation debt issued		(15,098,361)	
Premium on general obligation debt		(1,565,869)	
Principal repayment		5,306,461	
Payments to refunded debt escrow agent		13,794,724	
Amortization of premiums/discounts		28,099	
Net effect of long-term debt transactions		2,465,054	2,465,054

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:

<u>Revenues:</u>			
Change in earned revenue reported as deferred in the funds		(104,433)	
		(104,433)	(104,433)
<u>Expenses:</u>			
Change in the City's investment in joint venture		(278,384)	
Change in the City's net pension obligation and related deferred inflows/outflows		1,832,168	
Change in accrued interest payable		56,834	
Change in compensated absences		12,381	
		1,622,999	1,622,999

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		(1,508,382)	
Internal payable representing charges in excess of cost to governmental activities-current year		(367,511)	
		(1,875,893)	(1,875,893)

Change in net position of governmental activities \$ 442,291

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
REVENUES				
Taxes	\$ 35,710,486	\$ 35,710,486	\$ 36,805,125	\$ 1,094,639
Licenses and permits	2,407,275	2,407,275	2,677,317	270,042
Intergovernmental	990,979	1,196,054	1,083,186	(112,868)
Charges for goods and services	7,122,587	7,122,587	6,765,281	(357,306)
Fines and forfeits	915,850	935,850	818,717	(117,133)
Investment earnings	98,000	98,000	183,804	85,804
Rents and leases	141,758	141,758	204,415	62,657
Miscellaneous	152,800	326,486	317,220	(9,266)
Total revenues	<u>47,539,735</u>	<u>47,938,496</u>	<u>48,855,065</u>	<u>916,569</u>
EXPENDITURES				
<i>Current:</i>				
Judicial	741,600	741,600	752,070	10,470
General government	15,448,545	15,628,484	13,332,295	(2,296,189)
Public safety	19,684,020	19,968,356	19,506,078	(462,278)
Physical environment	250,675	246,656	243,518	(3,138)
Health and human services	12,000	12,000	11,954	(46)
Economic environment	2,869,043	3,134,150	2,550,258	(583,892)
Culture and recreation	6,390,139	6,481,224	6,359,781	(121,443)
<i>Capital Outlay:</i>				
General government		100,000	147,702	47,702
Public safety		4,620	17,724	13,104
Culture and recreation		282,572	244,466	(38,106)
Total expenditures	<u>45,396,022</u>	<u>46,599,662</u>	<u>43,165,846</u>	<u>(3,433,816)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,143,713</u>	<u>1,338,834</u>	<u>5,689,219</u>	<u>4,350,385</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	465,573	501,073	351,073	(150,000)
Transfers out	(2,129,333)	(4,533,766)	(4,532,749)	1,017
Disposition of capital assets			31,518	31,518
Total other financing sources (uses)	<u>(1,663,760)</u>	<u>(4,032,693)</u>	<u>(4,150,158)</u>	<u>(117,465)</u>
Net change in fund balance	479,953	(2,693,859)	1,539,061	4,232,920
Fund balances-beginning	10,987,082	10,987,082	10,987,082	
Fund balances-ending	<u>\$ 11,467,035</u>	<u>\$ 8,293,223</u>	<u>\$ 12,526,143</u>	<u>\$ 4,232,920</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual
Streets Fund
For the Year Ended December 31, 2015

	Original Budget	Final Amended Budget	Actual	Variance Over/ (Under)
REVENUES				
Taxes	\$ 650,735	\$ 650,735	\$ 632,061	\$ (18,674)
Intergovernmental	1,046,000	1,046,000	1,100,411	54,411
Charges for goods and services	558,000	558,000	706,493	148,493
Fines and forfeits			250	250
Investment earnings	5,000	5,000	1,946	(3,054)
Rents and leases	33,500	33,500	33,420	(80)
Miscellaneous	3,000	3,000	38,692	35,692
Total revenues	<u>2,296,235</u>	<u>2,296,235</u>	<u>2,513,273</u>	<u>217,038</u>
EXPENDITURES				
<i>Current:</i>				
Transportation	2,378,811	2,378,811	2,239,449	(139,362)
<i>Capital Outlay:</i>				
Transportation	43,325	43,325	44,176	851
Total expenditures	<u>2,422,136</u>	<u>2,422,136</u>	<u>2,283,625</u>	<u>(138,511)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(125,901)</u>	<u>(125,901)</u>	<u>229,648</u>	<u>355,549</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	43,325	43,325	43,325	
Transfers out	(532,397)	(532,397)		532,397
Disposition of capital assets			7,192	7,192
Total other financing sources (uses)	<u>(489,072)</u>	<u>(489,072)</u>	<u>50,517</u>	<u>539,589</u>
Net change in fund balance	(614,973)	(614,973)	280,165	895,138
Fund balances-beginning	732,237	732,237	732,237	
Fund balances-ending	<u>\$ 117,264</u>	<u>\$ 117,264</u>	<u>\$ 1,012,402</u>	<u>\$ 895,138</u>

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Net Position
Proprietary Funds
December 31, 2015

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS							
<i>Current:</i>							
Cash and cash equivalents	\$ 5,880,656	\$	\$	\$ 1,291,620	\$ 2,309,997	\$ 9,482,273	\$ 7,182,464
Deposits with third parties	1,900	5,775	2,650	1,050		11,375	75,200
Investments	292,516	4,100,776	4,466,823		1,711,157	10,571,272	9,904,255
Receivables:							
Customer accounts (net)	5,737,123	690,554	557,191	626,449	386,542	7,997,859	284,084
Due from other funds		41,972				41,972	176,187
Due from other governments				19,131	27,541	46,672	8,300
Interfund loans		3,890				3,890	5,590
Notes and contracts					100,000	100,000	
Prepaid items		1,445	3,155	2,763	1,500	8,863	74,690
Inventory	4,061,933	172,455	1,098		72,814	4,308,300	126,408
Total current assets	15,974,128	5,016,867	5,030,917	1,941,013	4,609,551	32,572,476	17,837,178
<i>Noncurrent:</i>							
Restricted cash and cash equivalents	19,287,588	2,864,588	2,030,310	2,042,951	238,453	26,463,890	
Restricted investments	6,917,472	2,108,447	1,422,877	2,115,293	102,999	12,667,088	
Net pension asset					848,118	848,118	
Receivables:							
Advances to other funds		31,120		57,182		88,302	
Capital:							
Land	449,197	5,604		80,500	7,888,035	8,423,336	
Depreciable assets (net)	3,455,596	3,453,771	11,936,787	3,126,622	1,826,937	23,799,713	8,217,618
Infrastructure	80,745,156	71,734,752	43,076,837		8,159,631	203,716,376	
Construction in progress	7,246,577	1,245,393	1,718,168		855,215	11,065,353	
Total capital assets (net)	91,896,526	76,439,520	56,731,792	3,207,122	18,729,818	247,004,778	8,217,618
Total noncurrent assets	118,101,586	81,443,675	60,184,979	7,422,548	19,919,388	287,072,176	8,217,618
Total assets	134,075,714	86,460,542	65,215,896	9,363,561	24,528,939	319,644,652	26,054,796
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on debt refunding	372,636	314,456	259,090	14,550	14,268	975,000	
Pension	520,466	149,322	144,206	162,514	136,410	1,112,918	251,885
Deferred charges - other							
Total deferred outflows of resources	893,102	463,778	403,296	177,064	150,678	2,087,918	251,885
LIABILITIES							
<i>Current liabilities:</i>							
Accounts payable and accrued expenses	4,407,743	1,104,954	304,269	142,317	369,727	6,329,010	404,617
Payable to other governments		37,948		29,514	4,667	72,129	
Due to other funds					41,972	41,972	47,581
Interfund loans payable					5,096	5,096	15,954
Leases payable-current							119,210
Deposits payable		114,469	6,202		691,196	811,867	
Compensated absences-current	360,962	165,596	99,075	104,208	110,297	840,138	236,808
Claims and judgments-current							3,312,199
Notes and contracts payable-current		1,216,491	66,048		94,092	1,376,631	
General obligation bonds payable-current				120,000	175,000	295,000	
Revenue bonds payable-current	2,765,000	1,606,093	1,263,908		105,000	5,740,001	
Total current liabilities	7,533,705	4,245,551	1,739,502	396,039	1,597,047	15,511,844	4,136,369
<i>Noncurrent liabilities:</i>							
Interfund loans payable					31,120	31,120	5,424
Leases payable							200,003
Compensated absences	360,962	165,596	99,075	104,208	110,299	840,140	236,809
Notes and contracts payable		8,496,591	1,207,499		531,044	10,235,134	
General obligation bonds payable				400,894	5,995,567	6,396,461	
Revenue bonds payable	71,076,413	15,614,119	11,470,922		1,133,327	99,294,781	
Unearned revenue	1,698,402		156,000		103,098	1,957,500	
Net Pension liability	4,371,971	1,254,318	1,211,349	1,365,136	184,212	8,386,986	2,115,865
Net OPEB obligation							5,439,186
Landfill closure liability				6,305,691		6,305,691	
Total noncurrent liabilities	77,507,748	25,530,624	14,144,845	8,175,929	8,088,667	133,447,813	7,997,287
Total liabilities	85,041,453	29,776,175	15,884,347	8,571,968	9,685,714	148,959,657	12,133,656
DEFERRED INFLOWS OF RESOURCES							
Pension	706,630	202,732	195,787	220,643	256,709	1,582,501	341,980
Deferred charges - other							
Total deferred inflows of resources	706,630	202,732	195,787	220,643	256,709	1,582,501	341,980
NET POSITION							
Net investment in capital assets	36,720,779	49,428,002	42,634,745	2,686,228	10,865,372	142,335,126	7,744,850
Restricted for:							
Pensions					574,051	574,051	
Debt service	5,916,202	2,019,601	980,173		140,715	9,056,691	
Capital improvements	1,995,827	2,685,194	2,317,014			6,998,035	
Unrestricted	4,587,925	2,812,616	3,607,126	(1,938,214)	3,157,056	12,226,509	6,086,195
Total net position	\$ 49,220,733	\$ 56,945,413	\$ 49,539,058	\$ 748,014	\$ 14,737,194	\$ 171,190,412	\$ 13,831,045
Enterprise funds total net position						\$ 171,190,412	
Net position of internal service funds predominantly serving business-type activities						10,508,031	
Internal payable representing charges in excess of cost to governmental activities-prior years						(1,041,678)	
Internal payable representing charges in excess of cost to governmental activities-current year						367,511	
Net position of business-type activities on government-wide Statement of Net Position						\$ 181,024,276	

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
<i>Charges for services:</i>							
Electric	\$ 54,167,482					\$ 54,167,482	
Water		\$ 14,365,670				14,365,670	
Sewer			\$ 9,179,298			9,179,298	
Solid waste				\$ 8,318,455		8,318,455	
Stormwater					\$ 1,878,917	1,878,917	
Golf course					1,598,922	1,598,922	
Medical services					3,386,106	3,386,106	
Broadband					178,484	178,484	
Internal Service Funds							\$ 19,770,977
Other operating revenues	2,011,011					2,011,011	63,443
Total operating revenues	56,178,493	14,365,670	9,179,298	8,318,455	7,042,429	95,084,345	19,834,420
OPERATING EXPENSES							
Maintenance and operations	39,481,382	4,635,169	3,477,176	5,596,126	4,852,985	58,042,838	18,094,049
Administrative and general	5,200,453	1,987,898	1,294,716	957,404	1,070,392	10,510,863	1,085,491
Taxes	6,226,030	2,396,191	1,193,101	1,032,028	251,273	11,098,623	
Depreciation	5,281,322	2,258,726	1,699,485	226,975	331,030	9,797,538	1,771,089
Total operating expenses	56,189,187	11,277,984	7,664,478	7,812,533	6,505,680	89,449,862	20,950,629
Operating income/(loss)	(10,694)	3,087,686	1,514,820	505,922	536,749	5,634,483	(1,116,209)
NONOPERATING REVENUES/(EXPENSES)							
Investment earnings	124,086	89,319	75,393	39,513	39,928	368,239	174,743
Interest expense	(2,583,570)	(787,972)	(572,985)	(17,114)	(311,894)	(4,273,535)	(22,838)
Other interest earnings							
Debt costs	(216,200)				(258)	(216,458)	
Miscellaneous nonoperating revenues/(expenses)	873,373	41,920	6,823	(506,181)	306,401	722,336	134,993
Total nonoperating revenues/(expenses)	(1,802,311)	(656,733)	(490,769)	(483,782)	34,177	(3,399,418)	286,898
Net income before contributions and transfers	(1,813,005)	2,430,953	1,024,051	22,140	570,926	2,235,065	(829,311)
Capital contributions	988,288	1,717,917	1,078,611	229,492	353,485	4,367,793	
Transfers in		50,000			3,273,819	3,323,819	174,000
Transfers out	(30,000)	(20,000)	(5,000)		(28,438)	(83,438)	
Change in net position	(854,717)	4,178,870	2,097,662	251,632	4,169,792	9,843,239	(655,311)
Net position-beginning	50,075,450	52,824,316	47,409,524	722,492	10,526,641	161,558,423	14,301,332
Prior period adjustments		(57,773)	31,872	(226,110)	40,761	(211,250)	185,024
Net position-ending	\$ 49,220,733	\$ 56,945,413	\$ 49,539,058	\$ 748,014	\$ 14,737,194	\$ 171,190,412	\$ 13,831,045
Net change in enterprise funds net position:						\$ 9,843,239	
Internal service funds predominantly serving business-type activities-changes to net position:							
Change in net position						853,071	
Internal payable representing charges in excess of cost to governmental activities-current year						367,511	
Total change in net position of business-type activities						\$ 11,063,821	

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



CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 57,952,417	\$ 14,191,486	\$ 9,147,049	\$ 8,298,434	\$ 11,196,961	\$ 100,786,347	\$ 11,388,684
Receipts from interfund services provided	315,846					315,846	8,423,513
Receipts from grants and contributions							
Payments to suppliers	(45,112,963)	(1,855,457)	(957,964)	(697,203)	(6,067,238)	(54,690,825)	(14,162,946)
Taxes paid	(4,170,814)	(2,328,498)	(2,295,374)	(2,606,123)	(267,698)	(11,668,507)	
Payments to employees	(676,634)	(2,395,701)	(1,192,929)	(1,031,568)	(2,821,621)	(8,118,453)	(4,083,914)
Payments for interfund services used	(1,858,808)	(2,380,229)	(1,508,805)	(3,263,049)	(1,220,825)	(10,231,716)	(420,967)
Net cash provided (used) by operating activities	6,449,044	5,231,601	3,191,977	700,491	819,579	16,392,692	1,144,370
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from customers and users		39,998	6,821	20,531	21,325	88,675	42,364
Grants and contributions					512,314	512,314	
Proceeds from interfund loans					41,972	41,972	47,581
Interfund loans made		(41,972)		(57,182)		(99,154)	(181,777)
Interfund loan repayments made					(31,600)	(31,600)	(46,529)
Interfund loan repayments received		3,890				3,890	255,503
Transfers to other funds	(30,000)	(20,000)	(5,000)		(28,438)	(83,438)	
Transfers from other funds					550,000	550,000	
Net cash provided (used) by noncapital financing activities	(30,000)	(18,084)	1,821	(36,651)	1,065,573	982,659	117,142
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES							
Principal paid on debt	(2,665,000)	(2,839,178)	(1,263,225)	(115,000)	(306,789)	(7,189,192)	(113,371)
Interest paid on debt	(2,490,324)	(728,290)	(612,059)	(17,738)	(310,635)	(4,159,046)	(22,838)
Transfers from other funds		50,000			2,723,819	2,773,819	174,000
Proceeds from debt	21,467,424				423,479	21,890,903	
Bond issuance costs	(216,200)					(216,200)	
Interfund loan repayments received							11,952
Interfund loan repayments made					(2,307,242)	(2,307,242)	(15,483)
Proceeds from sale of capital assets	5,265					5,265	77,748
Proceeds from capital grants and contributions	575,026	698,689	565,133	229,492		2,068,340	
Payments related to acquisition, construction or improvements of capital assets	(6,236,254)	(904,819)	(1,706,652)	(49,069)	(1,188,510)	(10,085,304)	(652,183)
Net cash provided (used) by capital and related activities	10,439,937	(3,723,598)	(3,016,803)	47,685	(965,878)	2,781,343	(540,175)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipt of interest	120,436	67,806	83,012	30,570	35,991	337,815	158,080
Investments sold	7,703,920	4,831,327	5,692,912	1,504,588	1,079,161	20,811,908	9,269,764
Investments purchased	(7,120,885)	(6,132,488)	(5,824,556)	(2,089,152)	(1,800,168)	(22,967,249)	(9,781,855)
Net cash provided (used) by investing activities	703,471	(1,233,355)	(48,632)	(553,994)	(685,016)	(1,817,526)	(354,011)
Net change in cash and cash equivalents	17,562,452	256,564	128,363	157,531	234,258	18,339,168	367,326
Cash and cash equivalents, January 1	7,605,792	2,608,024	1,901,947	3,177,040	2,314,192	17,606,995	6,815,138
Cash and cash equivalents, December 31	\$ 25,168,244	\$ 2,864,588	\$ 2,030,310	\$ 3,334,571	\$ 2,548,450	\$ 35,946,163	\$ 7,182,464

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income/(loss)	\$ (10,694)	\$ 3,087,686	\$ 1,514,820	\$ 505,922	\$ 536,749	\$ 5,634,483	\$ (1,116,209)
Adjustments to reconcile operating income to net cash provided from operating activities:							
Depreciation expense	5,281,322	2,258,726	1,699,485	226,975	331,030	9,797,538	1,771,089
Accrued pension expense	(250,799)	(71,954)	(69,489)	(78,311)	(113,320)	(583,873)	(121,379)
(Increase)/decrease in receivables	(28,367)	(191,214)	(25,002)	(8,781)	120,515	(132,849)	(22,949)
(Increase)/decrease in prepaid items	1,816	(1,445)	744	5,929	4,886	11,930	15,789
(Increase)/decrease in inventories	278,445	(53,680)			(1,698)	223,067	(6,300)
Increase/(decrease) in payables	(95,641)	203,482	71,419	48,757	(69,388)	158,629	624,329
Increase/(decrease) in unearned revenues	(7,800)				10,805	3,005	
Other income and adjustments	1,280,762					1,280,762	
Total adjustments	6,459,738	2,143,915	1,677,157	194,569	282,830	10,758,209	2,260,579
Net cash provided (used) by operating activities	\$ 6,449,044	\$ 5,231,601	\$ 3,191,977	\$ 700,491	\$ 819,579	\$ 16,392,692	\$ 1,144,370

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Contribution of capital assets	\$ 402,937	\$ 1,045,614	\$ 513,478	\$	\$ 353,485	\$ 2,315,514	

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, 2015

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 633,242	\$ 3,276,961
Investments	657,422	
Receivables:		
Customer accounts (net)	730	152,004
Due from other governments		237,519
Prepaid items		2,166
Interfund loans	49,134	5,045
Capital assets:		
Land		14,593
Depreciable assets (net)		8,331,273
Construction in progress		363,420
Total capital assets (net)		<u>8,709,286</u>
Total assets	<u>1,340,528</u>	<u>\$ 12,382,981</u>
LIABILITIES		
Accounts payable and accrued expenses	541	\$ 108,713
Interfund loans payable		5,045
Compensated absences		271,392
Payable to other agencies		11,997,831
Total liabilities	<u>541</u>	<u>\$ 12,382,981</u>
NET POSITION		
Held in trust for benefits-pension	599,545	
Held in trust for benefits-OPEB	740,442	
Total net position	<u>\$ 1,339,987</u>	

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	Pension Trust Funds
ADDITIONS:	
Contributions:	
Employer-property taxes	\$ 324,600
State-fire insurance premium tax	57,534
General Fund contributions	441,000
Total contributions	<u>823,134</u>
Investment income:	
Interest and dividends	42,175
Net change in fair market value of investments	(47,085)
Total investment income	<u>(4,910)</u>
Total Additions	<u>818,224</u>
DEDUCTIONS:	
Benefits	745,990
Administrative expenses	39,016
Total deductions	<u>785,006</u>
Change in Net Position	33,218
Net position-Beginning	1,306,769
Net position-Ending	<u>\$ 1,339,987</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 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 two component units; the Richland Public Facilities District (PFD) and the Wine Science Center Public Development Authority (WSCPDA). The PFD was formed in July 2002 with the primary mission of building and operating a regional center (including any related parking facilities) as allowed by Washington State statute. The WSCPDA was formed in July 2011 to coordinate the development and construction of the Wine Science Center research facility at the WSU Tri-Cities Campus. Both the PFD and the WSCPDA are included in the City's reporting entity because of the significance of their financial relationships with the City; namely that the City Council appoints and can remove board members at will. They are discretely presented in the component unit columns in the government-wide financial statements to emphasize that they are legally separate entities.

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

The Statement of Revenues, Expenses and Changes in Net Position distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s various utilities and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Agency funds account for resources that are legally held in trust or agency capacity for others, and therefore cannot be used to support the 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 sources (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the 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 in December. The formally adopted budget takes effect on January 1st of the ensuing year.

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

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

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

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

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

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

ASSETS, LIABILITIES AND NET POSITION

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

PURPOSE	ELECTRIC	WATER	SEWER	SOLID WASTE	STORM WATER	BROADBAND	TOTAL
Capital Improvements	\$20,288,858	\$ 2,953,435	\$ 2,317,014			\$ 200,737	\$25,760,044
Landfill Closure/Post Closure				\$ 4,158,244			4,158,244
Future Development			156,000				156,000
Debt Service	5,916,202	2,019,600	980,173		\$ 140,715		9,056,690
Total Restricted	\$26,205,060	\$ 4,973,035	\$ 3,453,187	\$ 4,158,244	\$ 140,715	\$ 200,737	\$39,130,978

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

The following is a schedule of the City's total deposits as of December 31, 2015:

Treasurer's Cash, Net	\$ 3,899,825
Held by Component Unit	271,316
Deposits in Transit	730,108
Petty Cash/Change Funds	6,500
Outstanding Checks	(735,546)
Unreconciled items	(287,046)
Total Deposits	<u>\$ 3,885,157</u>

In order to receive the best interest rate possible, the City invests large increments of residual pooled cash over various lengths of time. Investments are reviewed and made regularly for all available monies not essential to operations. The interest on these investments is prorated back to each fund based on the average of its previous two-month's ending cash balances. Investments are carried on the Balance Sheet at fair value. Fair value of investments is based on a quoted market price, except in the cases of the Local Government Investment Pool (LGIP) and interest-earning investment contracts.

As required by State law and the City's Investment Policy, all investments of the City's funds (except as noted) are obligations of the US Government, Washington State Municipalities or deposits in the LGIP. The LGIP is a 2a7-like pool and investments in the LGIP are reported as cash equivalents based on the pool's share price. The LGIP was formed under and is regulated by the RCW. As mandated by State law, the State Treasurer periodically reports to the Governor, the State Auditor and the Joint Legislative Audit and Review Committee. The State Auditor's Office is responsible for monitoring the pool's compliance with State statutes and policy. The Pension

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Trust Funds' investments are not subject to State law or the City's investment policy's limitations and can be invested in stocks, bonds and mutual funds. The Pension Trust Funds' investments are carried at fair value.

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

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

As of December 31, 2015 the City had the following investments:

	<u>Book Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<u>GOVERNMENTAL ACTIVITIES</u>			
U.S. Government Securities	\$ 4,578,838	\$ 4,761,635	0.83
Municipal Bonds	7,757,898	7,727,351	0.68
<u>BUSINESS TYPE ACTIVITIES</u>			
U.S. Government Securities	12,151,078	12,636,178	0.83
Municipal Bonds	20,587,503	20,506,437	0.68
<u>FIDUCIARY ACTIVITIES</u>			
Bond Mutual Funds	954,732	657,422	N/A
SUB TOTAL INVESTMENTS	46,030,049	46,289,023	
Local Government Investment Pool	59,164,184	59,164,184	N/A
TOTAL INVESTMENTS	<u>\$ 105,194,233</u>	<u>\$ 105,453,207</u>	

The following represents the allocation of City investments by type of security as of December 31, 2015:

Federal Home Loan Mortgage Corporation	AAA	5%
Federal National Mortgage Association	AAA	8%
Federal Home Loan Bank	AAA	8%
Federal Farm Credit Bank	AAA	2%
Municipal Bonds	A- to AAA	20%
Local Governmental Investment Pool	Unrated	56%
Pension Mutual Funds	Unrated	1%

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

Taxes - These consist of unpaid property taxes as of December 31, 2015. 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 2015, the City's regular tax levy was \$2.6154 per \$1,000 on an assessed valuation of \$5,534,363,683, for a total regular levy of \$14,474,719 (after the appeals process). The City's regular levy included \$0.059 for the Fire Pension Fund which resulted in collections of \$324,600. In addition, there were special levies for debt service for general obligation debt issued for capital acquisitions or construction at \$.3616 per \$1,000 of assessed valuation of \$5,507,425,895 totaling \$1,991,652 (after the appeals process). The composite City of Richland levy was \$2.9770 per \$1,000 of assessed valuation for a total levy of \$16,466,371.

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

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

General Fund	\$	209,886
Other Governmental Funds		
Police Station Bond Fund		3,955
Richland Community Center Bond Fund		4,919
Library Remodel Bond Fund		19,774
TOTAL	\$	<u>238,534</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. All accounts receivable are recorded net of allowance for uncollectible accounts, where applicable.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

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

Assessments - These consist of assessments receivable on local improvement districts. The receivable is established when the final assessment roll has been adopted. No allowance for uncollectible assessments is recorded because delinquent assessments are considered fully collectible. Assessments are deferred for one year from the date of the adoption of the final assessment roll. In the Special Assessment Bond Fund the amount receivable as of December 31, 2015 includes \$3,373 in delinquent assessments and \$21,906 in current assessments. There is \$160,251 in deferred assessments in the Special Assessment Fund which is offset by deferred inflows of \$160,251, which is considered to be unavailable to finance expenditures of the current period.

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

Other Governmental Funds	
CDBG fund	\$1,345,854
HOME fund	<u>1,355,956</u>
TOTAL	<u>\$2,701,810</u>

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

Internal Balances - The City’s activities between funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year. They are referred to as either “interfund loans receivable/payable” (short-term) or “advances to/from other funds” (long-term). All other outstanding balances between funds are reported as “due to/from other funds”. Advances between funds are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City reports all interfund activity in the fund statements. In the government-wide Statement of Net Position, receivables and payables between like activities are eliminated leaving only receivables and payables between governmental and business-type activities, which are all reported as “internal balances.”

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

The following table shows a summary of the interfund activity for the year ended December 31, 2015:

OWED TO...	OWED BY...			
	Other Governmental	Other Enterprise	Internal Service	TOTAL
Other Governmental	\$ 7,234	\$ -	\$ -	\$ 7,234
Water Fund	-	76,982	-	76,982
Solid Waste Fund	57,182	-	-	57,182
Internal Service	134,196	-	47,581	181,777
Fiduciary	26,550	1,206	21,378	49,134
Total	\$ 225,162	\$ 78,188	\$ 68,959	\$ 372,309

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

OWED TO...		OWED BY...				
Reported In	Fund	Other Governmental		Other Enterprise	Internal Service	TOTAL
		Debt Service	Capital Projects			
		Special Assessment Bond Fund	Streets Capital Construction	Columbia Point Golf Course	Equipment Replacement	
Solid Waste Fund		\$ -	\$ 57,182	\$ -	\$ -	\$ 57,182
Internal Service	Equipment Replacement	5,590	-	-	-	5,590
Fiduciary	Firemen's Pension	26,550	-	1,206	21,378	49,134
Total		\$ 32,140	\$ 57,182	\$ 1,206	\$ 21,378	\$ 111,906

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	\$ 35,010	\$ 35,010
Total	\$ 35,010	\$ 35,010

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

OWED TO...		OWED BY ...					
		Other Governmental			Other Enterprise	Internal Service	TOTAL
Reported In	Fund	Special Revenue Fund		Capital Projects Fund			
		CDBG	HOME	Special Assessment Construction			
Other Governmental	Streets Capital Construction	\$ 4,917	\$ -	\$ -	\$ -	\$ -	\$ 4,917
	Park Project Construction	2,317	-	-	-	-	2,317
Water Fund		-	-	-	41,972	-	41,972
Internal Service	Equipment Replacement	-	7,418	121,188	-	47,581	176,187
Total		\$ 7,234	\$ 7,418	\$ 121,188	\$ 41,972	\$ 47,581	\$225,393

Inventories and Prepaid Items - Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed. In the governmental fund statements a portion of fund balance equal to the ending amount of inventory is presented as non-spendable to indicate that it is not available for future expenditures. A comparison to market value is not considered necessary as inventories in proprietary funds are valued at average cost, which approximates market value. Prepaid items include software maintenance agreements, subscription renewals and January 2016 benefits assessments paid in December 2015. The proprietary and internal service funds report prepaid expense that is comprised of insurance premiums.

Investment in Joint Ventures - These consist of the following:

Benton County Emergency Services (BCES) - BCES was formed January 1, 1997 through an interlocal agreement entered into by the cities of Richland, Kennewick, West Richland, Benton City and Prosser, as well as Benton County. Amended and restated January 5, 2012, the Public Utility District #1, a municipal corporation, was approved as a new member with limited participation. These agreements will continue indefinitely unless terminated by a participant. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the cities of Kennewick and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City and a Benton County Commissioner. The City of Richland serves as the operating jurisdiction providing all the necessary administrative support services and reporting for BCES. The total amount paid by BCES in 2015 for these services was \$233,994. No distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

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

SECOMM - SECOMM provides public safety communications services to the Cities of Kennewick, Richland and Benton County. Each owns an equal share of SECOMM's net position. Financial participation is allocated among

the three participants based on equal shares of capital expenses, predetermined fixed costs, direct costs and percentages of use. SECOMM also provides service through contracts to the cities of West Richland and Prosser, and Benton County Fire Protection District Nos. 1, 2, 3, 4, 5 and 6. Service contract agencies are assessed on a cost per capita or cost per call basis. The City of Richland's equity interest in SECOMM as of December 31, 2015 was \$1,297,764 which is reported as an asset in the Government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the Government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

800 MHz - 800 MHz Radio Project fund provides communication infrastructure and technology for the dispatching of public safety agencies throughout Benton County. The Cities of Kennewick, Richland and Benton County each owns a share of 800 MHz's net assets. User agencies are Benton County's Sheriff Office, Jail, Juvenile Justice Center, Public Works, Public Utility District, and Animal Control; the Cities of Richland, Kennewick, Prosser, and West Richland, as well as PNNL and the Areva Corporation. Radios are charged an annual fee per radio to generate the funds to maintain and upgrade the system. The City of Richland's equity interest in 800 MHz as of December 31, 2015 was \$1,716,298 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, 2015 was \$15,886 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, 2015 was \$19,458, which is reported as an asset in the Government-wide Statement of Net Position. The change in equity is reflected under Public Safety in the Government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

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

Bi-County Police Information Network - The Bi-County Police Information Network (BI-PIN) was established November 24, 1982, when an Interlocal Agreement was entered into by 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.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 2015 for these transactions was \$119,000.

The City of Richland's equity interest in BI-PIN was \$61,947 on December 31, 2015, 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 \$1,861 on June 30, 2015, 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.

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

Self-constructed assets are capitalized as work in progress until the projects are completed and ready to be placed in service. Self-constructed assets of proprietary funds are capitalized net of any interest costs; however, most self-constructed assets are completed within one or two months making the interest factor

immaterial. Capital assets purchased or constructed are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of donation.

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

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

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

Depreciation in the utility funds is computed on asset pools to which a composite percentage rate is applied. The rate for the Electric Fund is from 1.5 to 10 percent per year as prescribed by the Federal Energy Regulatory Commission (FERC). Additional information on the City’s capital assets is provided in Note 2.

Liabilities

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

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

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

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

Unearned Revenue – These include amounts recorded as receivables or other assets for which the revenue recognition criteria has not yet been met. They consist of 1) unredeemed gift certificates at Columbia Point Golf Course, 2) contributions received from developers which are subject to refund in the future under certain conditions, 3) prepaid facilities fees that will be applied toward future development, and 4) prepayment of a farm lease in the Industrial Development Fund.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and

deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City's financial statements recognize a proportionate share of Net Pension Liability (NPL), deferred inflows and outflows and pension expense for its four State sponsored plans. The City's financial statements also include two local government plans that are reported pursuant to GASB 68 requirements. Allocations to proprietary funds are reported on proprietary fund statements and allocations to governmental funds are reported as long term liabilities on the Government Wide Statement of Net Position. This is discussed in more detail in Note 9.

Net Other Post-Employment Benefits (OPEB) Obligation –The City funds its post-employment healthcare program on a pay-as-you-go basis and recognizes current expense in the period it was incurred. The City implemented GASB Statement No. 45 in 2008 and although GASB Statement No. 45 does not require advance funding of OPEB, if the Annual OPEB Cost is underfunded, the City is required to report the difference as a liability and expense in the OPEB fund. The cumulative net OPEB obligation is reported as a long term liability in the Internal Service Post Employment Health Care Fund. The City also administers OPEB plans for the Fire and Police Pension Trust Funds. The trust funds are governmental funds and are subject to the requirements of GASB 43. The net OPEB obligation is reported as a long term liability in the Government Wide Statement of Net Position. OPEB is discussed in detail in Note 8.

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

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

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 14 to the financial statements.

Minimum Fund Balance – The City's financial policies, as outlined in the 2015 annual budget document, state that minimum reserves should be maintained in the General Fund equal to approximately 7.5% of projected annual operating expenditures. Any proposed reduction of this reserve level requires approval by a majority of the City Council.

Deficit Fund Equity – Four funds had a deficit fund equity balance at December 31, 2015, as follows:

- The Post-Employment Health Care Plan Fund, an internal service fund, has a deficit net position of \$3,711,145, which is the result of compliance with accounting standards established under GASB Statement No. 45. As mandated by this statement, if the City does not fully fund the Annual OPEB Cost, an underfunding occurs and a liability and expenditure must be recorded for the underfunded amount. The OPEB obligation is a cumulative amount of \$5,439,186 for years 2008-2015. The cumulative liability results in a deficit net position in the fund.
- The Special Assessment Construction Fund, a capital project fund, has a deficit fund balance of \$247,311 as of December 31, 2015. The construction of the Reata ULID project is being funded by a short term note and draws are taken following completion of the work. Subsequent draws will correct the deficit balance and once the work is complete the final assessment roll will be adopted and the loan will be repaid with LID prepayments and permanent financing.
- The Public Works Administration and Engineering Fund is reporting a deficit fund balance for 2015 in the amount of \$1,620,870. The implementation of GASB 68 has resulted in a restatement of beginning net position of (\$1,767,690) for prior year's Net Pension Liability resulting in a deficit fund balance at year end.
- The Equipment Maintenance Fund has a deficit fund balance for 2015 in the amount of \$43,853. Implementing GASB 68 in 2015 has resulted in a restatement of beginning net position of (\$559,649) for prior year's Net Pension Liability, resulting in a deficit fund balance at year end.

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Prior Period Adjustments - The following table itemizes all the prior period adjustments made in 2015, along with the purposes for the adjustments:

Fund	Purpose for Adjustment	Increase/(Decrease) due to Adjustment		
		Assets	Liabilities	Net Position
Enterprise funds:				
Water	1	(60,564)		(60,564)
	2	(60,909)	(38,900)	(22,009)
	3	24,800		24,800
Total Water Fund		(96,673)	(38,900)	(57,773)
Sewer	1	(12,500)		(12,500)
	3	44,372		44,372
Total Sewer Fund		31,872		31,872
Solid Waste	4		226,110	(226,110)
Stormwater	1	(15,205)		(15,205)
	3	33,957		33,957
Total Stormwater Fund		18,752		18,752
Golf Course	2	60,909	38,900	22,009
Internal service fund:				
Equipment Replacement Fund	5	166,188	-	166,188
	6	18,836	-	18,836
Total Equipment Replacement Fund		185,024	-	185,024
Total prior period adjustments - all funds		\$ 199,884	\$ 226,110	\$ (26,226)

Purpose for prior period adjustments:

- 1 Reduce capital assets for prior years' costs, which had been capitalized, but did not meet the requirements for capitalization.
- 2 Capital work completed in a previous year by the Water fund for the Columbia Point Golf Course should have been a golf course asset. The asset, and associated accumulated depreciation, was removed from the water fund and recorded in the golf course fund.
- 3 The value of private development infrastructure completed in 2014 needed to be added as an asset.
- 4 Work undertaken to monitor and maintain first phase of landfill closure was previously treated as post closure care expense. Thereby, reducing the closure liability. After further consideration, the work was deemed normal landfill maintenance. Previous reductions in the liability were reversed.
- 5 Reclass leases from operating to capital leases. Recognize value of asset, associated accumulated depreciate, and outstanding liability.
- 6 Recognize use tax refund for prior year purchases.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

The Richland Public Facility District, which is a Component Unit of the City has a prior period adjustment of \$327,118. The adjustment is a result of a reduction in capital assets for prior year expenditures which did not meet the capitalization criteria.

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

NOTE 2. CAPITAL ASSETS

Governmental Activities - A summary of governmental capital assets for the year ended December 31, 2015 is presented in the following table:

Governmental activities	Balance			Transfers/ Reclassifications	Balance
	January 1, 2015	Increases	Decreases		December 31, 2015
Capital Assets, not being depreciated:					
Land	\$ 6,618,712	\$ 60,250	\$ -	\$ -	\$ 6,678,962
Construction in progress	9,213,687	5,639,321	(3,377,870)	-	11,475,138
Total capital assets, not being depreciated	15,832,399	5,699,571	(3,377,870)	-	18,154,100
Capital Assets, being depreciated:					
Buildings and improvements	64,354,929	3,489,625	-	-	67,844,554
Machinery and equipment	7,870,186	173,020	-	-	8,043,206
Infrastructure	202,901,386	4,011,074	-	(346,410)	206,566,050
Intangibles	741,158	86,886	-	-	828,044
Total capital assets, being depreciated	275,867,659	7,760,605	-	(346,410)	283,281,854
Less accumulated depreciation for:					
Buildings and improvements	(26,951,958)	(2,032,407)	-	-	(28,984,365)
Machinery and equipment	(4,680,002)	(478,830)	-	-	(5,158,832)
Infrastructure	(149,461,988)	(8,465,155)	-	-	(157,927,143)
Intangibles	(85,791)	(82,684)	-	-	(168,475)
Total accumulated depreciation	(181,179,739)	(11,059,077)	-	-	(192,238,816)
Total capital assets being depreciated, net	94,687,920	(3,298,472)	-	(346,410)	91,043,038
Governmental activities capital assets, net	\$110,520,319	\$ 2,401,099	\$(3,377,870)	\$ (346,410)	\$ 109,197,138

Depreciation expense was charged as follows:

FUNCTION	TOTAL
General Government	\$ 702,496
Public Safety	284,130
Transportation	8,398,721
Economic Environment	227,343
Culture & Recreation	1,446,387
TOTAL DEPRECIATION EXPENSE	\$ 11,059,077

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Construction commitments existing as of December 31, 2015 in the City's governmental-type activities:

Fund	Project	Spent as of December 31, 2015	Remaining Committed
Streets	South George Washington Way Improvements	52,116	7,712
Streets	Auxiliary Track Addition	857,556	40,655
Streets	Center Parkway	905,567	37,936
Streets	Duportail Bridge	638,407	391,002
Streets	Duportail Street Extension.	122,615	9,069
Streets	Duportail Street Reconstruction	54,235	1,619
Streets	RAISE Area Infrastructure	3,599,269	11,441
Streets	Stevens Drive South Extension	2,543,309	32,187
Parks Construction	Barth Park Improvements	132,497	2,317
Parks Construction	John Dam Plaza Improvements	649,717	413,925
Parks Construction	Columbia Playfield Improvements	902,434	47,819
Parks Construction	Shelterbelt Trail	51,516	2,711
Parks Construction	Gala Park Improvements	256,596	951
Parks Construction	Howard Amon Park Improvements	100,249	2,862
Parks Construction	Trailhead Park	174,389	8,300
Parks Construction	Columbia Point Marina Park Improvements	58,512	3,827
LID Construction	Reata Road Local Improvement District	560,647	15,976

Business-Type Activities - A summary of business-type capital assets for the year ended December 31, 2015 is presented in the following table:

Business-type activities	Balance			Transfers/ Reclassifications	Balance December 31, 2015
	January 1, 2015	Increases	Decreases		
Capital Assets, not being depreciated:					
Land	\$ 8,422,776	\$ 560	\$	\$	\$ 8,423,336
Construction in progress	8,469,531	7,056,526	(4,460,704)	-	11,065,353
Total capital assets, not being depreciated	16,892,307	7,057,086	(4,460,704)	-	19,488,689
Capital Assets, being depreciated:					
Buildings and improvements	43,345,747	16,744		3,612,834	46,975,325
Machinery and equipment	30,657,271	2,034,425	(1,051,121)	77,801	31,718,376
Infrastructure	325,493,116	10,022,311	(77,801)	(3,626,126)	331,811,500
Total capital assets, being depreciated	399,496,134	12,073,480	(1,128,922)	64,509	410,505,201
Less accumulated depreciation for:					
Buildings and improvements	(24,267,253)	(1,304,637)		(1,263,401)	(26,835,291)
Machinery and equipment	(17,941,682)	(2,802,017)	919,530	(16,910)	(19,841,079)
Infrastructure	(121,470,278)	(7,905,321)	18,448	1,262,027	(128,095,124)
Total accumulated depreciation	(163,679,213)	(12,011,975)	937,978	(18,284)	(174,771,494)
Total capital assets being depreciated, net	235,816,921	61,505	(190,944)	46,225	235,733,707
Business-type activities capital assets, net	\$252,709,228	\$ 7,118,591	\$(4,651,648)	\$ 46,225	\$ 255,222,396

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

The following is a list of construction commitments existing as of the year ended December 31, 2015 in the City's business-type activities:

Fund	Project	Spent as of December 31, 2015	Remaining Committed
Electric	PNNL Future Capacity Improvement	-	1,350,000
Water	Horn Rapids Irrigation Improvements	38,633	27,658
Water	UV Facility Chlorination System Upgrades	1,184,472	411,433
Water	South Richland Water Source	3,955	4,132
Sewer	Solids Upgrade	793,952	2,619,796
Stormwater	Outfall Improvements	170,556	1,387
Stormwater	Adair Storm System	41,413	26,703
Broadband	Fiber Optic Infrastructure	2,198,794	126,247

NOTE 3. LONG-TERM DEBT AND LIABILITIES

Governmental Activities

Long-term liabilities of the City's governmental activities consist of 1) general obligation bonds, 2) compensated absences, 3) notes and loans payable to state agencies, 4) Net Other Post-Employment Benefits (OPEB) Obligation, and 5) Net Pension Liability. The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section of this note). Following the discussion is a table of Long Term Governmental Liabilities and Debt which includes changes to long-term liability activities for 2015.

General Obligation Bonds – General obligation bonds consist of voter approved and non-voted or Councilmanic bonds, issued to pay for the construction and acquisition of major capital assets. Voter approved bonds are repaid from special property tax levies, and Councilmanic bonds are repaid from general revenues of the City. The bonds support governmental activities and are included in the table of governmental liabilities in this section.

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

Net OPEB Obligation -GASB Statement number 45 requires governments to recognize the cost of OPEB in the period it is earned and provide information about actuarial accrued liabilities for promised benefits. Although pay as you go funding is acceptable for OPEB plans, when a government fails to fully fund the annual OPEB cost, the difference between the OPEB cost and actual contribution is reported as a liability and expense in the fund financial statements. The annual OPEB cost is comprised of the Annual Required Contribution (ARC) with adjustments for interest and prior year's under-funding(s). The City reported an increase in Net OPEB Obligation of \$207,161 in 2015, of which \$127,146 is attributed to governmental-type funds. The Net OPEB Obligation (NOO) for all fund types as of December 31, 2015, is \$5,439,186, which is reported in the Government-Wide Statement of Net Position as a governmental liability, as it is accounted for in an internal

service fund that predominantly serves governmental fund types. For the purpose of liability disclosure in the notes, the NOO is split between governmental and business-type liabilities based on contributions to the OPEB fund. The NOO related to governmental funds as of December 31, 2015, is \$2,990,802 and the business type funds report NOO of \$2,448,384. The City is also responsible for administering two OPEB Plans for Pre LEOFF police officers and firefighters and the Net OPEB Obligation at year end for each plan is included in the following table.

Net Pension Liability – GASB 68 became effective with the 2015 CAFR. As such the City is required to report a proportionate share of the State’s pension liability from the PERS 1, PERS 2 and 3, LEOFF 1 and LEOFF 2 State Pension Plans. 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 \$21,424,782. 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 also included in the following table.

Refunded Bonds – In 2015 the City issued \$14,385,000 of Unlimited Tax General Obligation Refunding Bonds. The purpose of the refunding was to complete a current refunding of the City’s outstanding Unlimited Tax General Obligation Refunding Bonds, 2005, and an advance refunding of a portion of the City’s outstanding Unlimited Tax General Obligation Bonds, 2007. Proceeds of the bonds were used to purchase U.S. Government, 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 \$15,310,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This refunding was undertaken to reduce total debt service payments over the next eleven years by \$1,370,081 and resulted in an economic gain of \$1,216,633. The current refunding of \$2,615,000 in 2005 Bonds occurred on September 3, 2015 and at year end there were \$12,695,000 in defeased 2007 bonds outstanding.

Bond Anticipation Note-In 2015, Cashmere Valley Bank issued the City a Waterworks Utility Revenue Bond Anticipation Note, for the purpose of interim financing for construction of a utility local improvement district in Rancho Reata. The note is approved for up to \$700,000 and is backed by the Water Utility. However repayment of this loan will occur through customer prepayments and long term financing in the Local Improvement District Debt Service Fund, which is a governmental fund. As of December 31, 2015, the City had drawn \$313,361 from the note. The note maturity is October 1, 2018 and will bear interest at a quarterly adjustable variable rate equal to 65.01% of the LIBOR 3-month rate, plus 1.75%. Interest is payable semiannually and principal is due at maturity.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

The following table provides a complete and comprehensive record of all long-term governmental liabilities as of December 31, 2015:

SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL FUNDS								
UNLIMITED TAX GENERAL OBLIGATION BONDS-VOTED								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/15	DUE WITHIN ONE YEAR
2005 Refunding -1999 Police Station/2000 Community Center	3.00%-4.25%	12/1/2019	\$ 5,035,000	\$ 2,615,000	\$ -	\$ 2,615,000	\$ -	\$ -
2007 Library Bond Expansion/Remodel	4.00%-5.00%	12/1/2026	17,250,000	14,125,000	-	13,375,000	\$ 750,000	750,000
2015 Refunding UTGO Police Station/Community Center/Library Remodel	2.00%-5.00%	12/1/2026	14,385,000	-	14,385,000	-	\$ 14,385,000	510,000
TOTAL UNLIMITED TAX GENERAL OBLIGATION BOND DEBT							\$ 15,135,000	\$ 1,260,000
LIMITED TAX GENERAL OBLIGATION BONDS-NONVOTED, COUNCILMANIC								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/15	DUE WITHIN ONE YEAR
2005 LTGO Ref. 1996 Cty Shops-1998 Capital Imp.	3.00%-5.00%	12/1/2017	\$ 9,820,000	\$ 2,585,000	\$ -	\$ 975,000	\$ 1,610,000	\$ 1,015,000
2006 Impr/Ref 2002 LTGO Bonds, Parks & Streets Capital Impr.	4.00%-4.25%	12/1/2026	6,315,000	4,375,000	-	425,000	3,950,000	445,000
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	2.00%- 4.30%	12/1/2039	3,170,000	1,555,000	-	50,000	1,505,000	55,000
2013A LTGO LRF Financing for infrastructure in the RAISE area	1.125%-4.00%	12/1/2037	10,050,000	10,050,000	-	-	10,050,000	320,000
2013B LTGO LRF Financing for infrastructure in the RAISE area	.38%-3.50%	12/1/2027	1,065,000	325,000	-	320,000	5,000	5,000
2014 LTGO Fire Station #74 Construction	2.0%-4.0%	12/1/2034	3,355,000	3,355,000	-	120,000	3,235,000	125,000
TOTAL LIMITED TAX GENERAL OBLIGATION BOND DEBT							\$ 20,355,000	\$ 1,965,000
OTHER GOVERNMENTAL LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 1/1/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/15	DUE WITHIN ONE YEAR
C1997-114-Community Economic Revitaliz. Loan-Horn Rapids Railroad Spur	0.00%	7/1/2015	\$ 538,296	\$ 38,296	\$ -	\$ 38,296	\$ -	\$ -
Economic Revitaliz. Bd Loan Battelle Blvd. Ext.	1.00%	1/1/2026	780,000	633,171	-	49,925	583,246	50,424
Reata ULID Construction Fund Bond Anticipation Note	Variable	10/1/2018	-	-	313,361	-	313,361	-
WSDOT Rail Loan for Streets	0.00%	7/1/2025	400,000	-	400,000	-	400,000	40,000
Compensated Absences		N/A		3,206,944	2,865,888	2,878,269	3,194,563	1,597,282
Net Pension Liab-Pre LEOFF 1 Plan Fire		N/A	-	-	1,513,383	-	1,513,383	-
Net Pension Liab-Pre LEOFF 1 Plan Police		N/A	-	-	2,665,555	-	2,665,555	-
Net OPEB Obligation-Pre LEOFF 1 Plan Fire		N/A	-	-	2,154,091	-	2,154,091	-
Net OPEB Obligation-Pre LEOFF 1 Plan Police		N/A	-	-	2,040,387	-	2,040,387	-
Net Pension Liability- State PERS/LEOFF Plans		N/A	-	-	10,921,931	-	10,921,931	-
Net OPEB Obligation- City Post Emp Healthcare		N/A	-	2,863,656	127,146	-	2,990,802	-
TOTAL OTHER GOVERNMENTAL LIABILITIES							26,777,319	1,687,706
TOTAL GOVERNMENTAL LIABILITIES							\$ 62,267,319	\$ 4,912,706

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

In the Statement of Net Position, the general obligation bonds payable are reported net of unamortized premiums and discounts of \$1,870,237.

The annual debt service requirements to maturity as of the fiscal year ended December 31, 2015 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
2016	\$ 3,628,785	\$ 1,411,671	\$ 5,040,456
2017	2,935,928	1,299,017	4,234,945
2018	2,481,438	1,210,739	3,692,177
2019	2,581,952	1,131,536	3,713,488
2020	2,172,470	1,052,054	3,224,524
2021-2025	11,895,334	3,722,982	15,618,316
2026-2030	5,765,700	1,443,104	7,208,804
2031-2035	4,075,000	642,049	4,717,049
2036-2037	1,250,000	65,975	1,315,975
TOTAL	\$ 36,786,607	\$ 11,979,127	\$ 48,765,734

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) Net Other Post-Employment Benefits (OPEB) 6) Capital Leases, and 7) 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 Business Type Liabilities and Debt which includes changes to long-term liability activities for 2015.

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. In 2015 the Electric Utility issued \$19,435,000 in revenue bonds for the purpose of completing capital expansion and improvements to the infrastructure of the Electric Utility.

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 laws and

regulations require that the City place a final cover on its landfill once its capacity is reached. The City is also required to perform maintenance and monitoring functions at the site for thirty years following closure.

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

The City's closure/post-closure operations plan is to proceed in two phases. Closure of the first phase was completed during 2011. 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 2015, the landfill volume used was 90.08%. 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, 2015, the City had sufficient funds set aside to fund the projected \$2,774,800 construction costs of the second phase closure infrastructure and provide approximately one-third of the post-closure care. Cash and investments of \$4,158,244 or 56% of required reserves, have been accumulated as of December 31, 2015. The post-closure care of current landfill site is estimated to cost \$4,500,000 in current dollars. The additional \$3,192,849 of reserves necessary to complete the 30 years of post-closure care will be accumulated over time through the designation of a closure surcharge, which is included in the rates assessed by the Solid Waste Utility.

During 2015, the choice was made to provide interim funding to the City streets fund for one of their projects. By providing the funding, the reserve gains an investment opportunity that provides a rate of return greater than current market rates. Interest will accrue annually, but be paid in 2018 with the loan payoff. As of December 31, 2015, the amount loaned was \$57,182. This amount is reflected in the cash and investments total above.

The City's waste management software tracked 55,238 tons of waste accepted in 2015. The current year expense for the related use of available volume was \$233,100. Also during 2015, the estimate of post-closure care cost anticipated per year was reevaluated. As a result of this estimate change, it was necessary to recognize additional expense, along with the offsetting liability, of \$300,703.

Net OPEB Obligation –Pursuant to GASB Statement number 45, governments are required to recognize the cost of OPEB in the period it is earned and provide information about actuarial accrued liabilities for promised benefits. When a government fails to fully fund the annual OPEB cost, the difference between the OPEB cost and actual contribution is reported as a liability and expense in the fund financial statements. The annual OPEB cost is comprised of the Annual Required Contribution (ARC) with adjustments for interest and prior year's under-funding(s). The City reported an increase in Net OPEB Obligation of \$207,161 in 2015, of which \$80,015 was allocated to business-type activities. As of December 31, 2015, the City's cumulative Net OPEB obligation is \$5,439,186, of which \$2,448,384 is allocated to business-type activities. Net OPEB Obligation at year end is included in the following table.

Net Pension Liability – GASB 68 became effective with the 2015 CAFR. As such the City is required to report a proportionate share of the State's pension liability from the PERS 1, PERS 2 and 3, LEOFF 1 and LEOFF 2

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 \$21,424,782 of which \$10,502,851 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.

Capital Leases – This schedule also includes three capital leases for two pumper trucks and a wildlands brush truck. These leases were previously reported as operating leases but later it was determined that they met the criteria of a capital lease and are now included on Schedule 9 and in this long term debt and liability section.

The following tables provide a comprehensive record of all long-term liabilities for business-type funds as of December 31, 2015.

REVENUE BONDS								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2015	DUE WITHIN ONE YEAR
2007-Electric Refunding & Capital Improvements	4.00%-5.00%	11/1/2036	25,775,000	23,040,000	-	1,875,000	21,165,000	1,955,000
2009-Electric Revenue -Capital Improvements	1.21%-6.37%	11/1/2039	11,200,000	9,995,000	-	255,000	9,740,000	260,000
2013 A Electric Revenue Refunding	.50%-2.50%	11/1/2020	925,000	915,000	-	5,000	910,000	10,000
2013 B Electric Revenue-Capital Improvement and Refunding	2.00%-5.00%	11/1/2042	19,455,000	18,855,000	-	530,000	18,325,000	540,000
2015 Electric Utility Revenue Bonds	2.00%-4.75%	11/1/2045	19,435,000	19,435,000	-	-	19,435,000	-
2009-Water/Sewer Improvement & Refunding	2.50%-5.125%	12/1/2038	21,975,000	15,015,000	-	1,850,000	13,165,000	1,910,000
2012 Water Wastewater Improvement & Refunding	2.00%-4.00%	11/1/2034	7,540,000	7,255,000	-	275,000	6,980,000	275,000
2014 Waterworks Revenue & Refunding	2.00%-4.00%	11/1/2023	9,985,000	9,985,000	-	700,000	9,285,000	790,000
TOTAL REVENUE BONDED DEBT							\$ 99,005,000	\$ 5,740,000
GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2015	DUE WITHIN ONE YEAR
2010 LTGO Refunding (1999 SolidWaste Bond)	2.00% - 2.25%	12/1/2019	\$ 1,205,000	\$ 620,000	\$ -	\$ 115,000	\$ 505,000	\$ 120,000
2010 LTGO Refunding (1998 LTGO Refund, 1996 Golf Course Ref)	2.00%- 4.30%	12/1/2039	4,460,000	4,070,000	-	95,000	3,975,000	100,000
2013A LTGO - Broadband Portion to construct a fiber optic structure to support communications network	1.125%-4.00%	12/1/2037	1,200,000	1,200,000	-	-	1,200,000	-
2013B LTGO - Broadband Portion to construct a fiber optic structure to support communications network	.38%-3.50%	12/1/2027	1,165,000	1,040,000	-	75,000	965,000	75,000
TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES							\$ 6,645,000	\$ 295,000

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

OTHER BUSINESS-TYPE LIABILITIES								
PURPOSE	INTEREST RATE	MATURITY DATE	ORIGINAL AMOUNT	BEGINNING BALANCE 01/01/2015	ADDITIONS	REDUCTIONS	ENDING BALANCE 12/31/2015	DUE WITHIN ONE YEAR
PWTF #PW-00-691-047 Water Leak Program (Replace Aging Water Lines)	1.00%	7/1/2020	\$ 6,432,914	\$ 2,036,382	\$ -	\$ 339,398	\$ 1,696,984	\$ 339,397
PWTF #PW-03-691-020 Water Main Replacement	0.50%	7/1/2023	8,755,000	4,559,953	-	506,661	4,053,292	506,661
DWSRF Loan #02-65102-039 Rchld Wellfield Disinfection	1.00%	10/1/2023	1,984,802	1,045,174	-	116,130	929,044	116,131
DWSRF Loan #02-65102-040 Rchld Wellfield Capacity	1.00%	10/1/2023	978,117	517,827	-	57,536	460,291	57,536
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	1.50%	10/1/2024	580,000	362,500	-	36,250	326,250	36,250
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	1.50%	10/1/2029	3,030,000	2,407,736	-	160,516	2,247,220	160,516
#L1400029 Dept. of Ecology Loan for Decant Facility Retrofit & Relocation	1.10%	6/30/2020	400,258	36,660	363,598	-	400,258	85,467
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	4.30%	3/1/2024	145,776	87,359	-	7,623	79,736	7,955
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	2.90%	5/27/2031	1,538,338	1,337,709	-	64,162	1,273,547	66,048
HAEIF Loan #58-01-01 - Broadband Fund -Fiber Network	3.00%	7/1/2021	150,829	150,829	23,479	29,166	145,142	28,440
Liability for Landfill Closure			N/A	5,545,778	759,913	-	6,305,691	
Compensated Absences			N/A	2,029,518	1,978,842	1,854,464	2,153,896	1,076,948
Net Pension Liability- State PERS/LEOFF Plans			N/A	-	10,502,851	-	10,502,851	-
Net OPEB Obligation- City Post Emp Healthcare			N/A	2,368,369	80,015	-	2,448,384	-
Capital Lease #5520-001 BOA Pumper Truck				85,514	-	41,663	43,851	43,851
Capital Lease #5520-002 BOA Pumper Truck				121,639	-	38,490	83,149	40,511
Capital Lease #001-00539-2363615-9001 Zion Bank, Wildland Brush Truck				225,430	-	33,217	192,213	34,848
TOTAL OTHER BUSINESS-TYPE LIABILITIES							33,341,799	2,600,559
TOTAL BUSINESS-TYPE LIABILITIES							\$138,991,799	\$ 8,635,559

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, 2015, the amount reported in the Statement of Net Position as bonds payable is as follows:

BONDED DEBT	ELECTRIC	WATER	SEWER	*SOLID-WASTE	STORM-WATER	*GOLF COURSE	*BROAD-BAND	TOTAL
Current Portion	\$ 2,765,000	\$ 1,606,093	\$ 1,263,908	\$ 120,000	\$ 105,000	\$ 100,000	\$ 75,000	\$ 6,035,000
Long-Term Portion	66,810,000	14,535,682	10,794,318	385,000	1,125,000	3,875,000	2,090,000	\$ 99,615,000
Net unamortized premiums and discounts	4,266,413	1,078,436	676,603	15,894	8,327	63,162	(32,595)	\$ 6,076,240
Net Long-Term Portion	71,076,413	15,614,118	11,470,921	400,894	1,133,327	3,938,162	2,057,405	105,691,240
Total Reported Liability	\$ 73,841,413	\$ 17,220,211	\$ 12,734,829	\$ 520,894	\$1,238,327	\$ 4,038,162	\$ 2,132,405	\$111,726,240

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

The annual debt service requirements to maturity as of the fiscal year ended December 31, 2015 for business-type debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

SCHEDULE OF DEBT SERVICE FOR BUSINESS TYPE ACTIVITIES			
YEAR ENDING DECEMBER	Principal	Interest	Total
2016	7,558,612	4,866,375	12,289,672
2017	7,699,920	4,658,571	12,269,329
2018	7,963,303	4,373,819	12,292,836
2019	8,054,525	4,078,852	12,089,091
2020	8,030,840	3,781,818	11,768,372
2021-2025	24,368,199	14,996,913	39,365,112
2026-2030	16,349,953	11,236,524	27,586,477
2031-2035	18,155,624	7,208,796	25,364,420
2036-2040	12,555,000	3,176,418	15,731,418
2041-2045	6,845,000	879,850	7,724,850
TOTAL	\$ 117,580,976	\$ 59,257,935	\$176,481,576

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

Arbitrage Compliance - The bonds are subject to the rebate requirement imposed by the Internal Revenue Code of 1986, Section 148(f), and therefore the City, in the manner and to the extent required by that Section, will calculate and rebate to the United States any investment earnings on gross proceeds of the bonds, which are in excess of the amounts that would have been earned if those gross proceeds had been invested at the yield on the bonds, plus any income attributable to such excess earnings. Investment earnings on amounts held in the principal and interest account will not be taken into account for this purpose at any time, even if the amount earned is \$100,000 or more in a bond year, because the bonds bear interest at fixed rates (i.e. rates that do not vary during the term of the bonds) and have an average maturity of at least 5 years. If the City for any reason fails to comply with the rebate requirement to the extent applicable to the bonds, the City, to the extent permitted and required by Section 148(f)(7) of the Internal Revenue Code, will pay any penalty that may be necessary to preserve the tax exemption for interest on the bonds.

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

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

or \$2,000 for terminations. Because of the many variables governing the cash payment of grandfathered sick leave, the City accrues the benefit annually for scheduled retirees.

PTO is accrued when incurred in the government-wide and proprietary fund financial statements. PTO, which may be accumulated up to 500 hours for PERS I employees and 800 hours for PERS II and PERS III employees, is payable upon resignation, retirement or death. On December 31, 2015, the City's accrued vacation, PTO and sick leave amounted to \$5,348,459. This amount includes \$473,617 of internal services funds that are allocated within the business-type activities.

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

NOTE 4. FINANCIAL GUARANTEES AND PLEDGED REVENUES

In 2015 the City worked with the Richland Public Facility District (PFD) to complete the issue of \$5,035,000 in limited sales tax refunding bonds. The bonds were utilized to complete a current refunding of the district's outstanding \$5,280,000 in 2004 limited tax general obligation bonds. The refunding resulted in a reduction in interest and principal payments of \$538,289 over the next fourteen years and an economic gain of \$472,329. 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, 2015, the outstanding principal of the PFD's 2015 General Obligation refunding bonds is \$5,035,000.

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 2015, 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 13% and 31.2%, respectively.

NOTE 5. 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 \$34,712 for year ended December 31, 2015.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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
2016	34,712	34,712
2017	17,357	17,357
TOTAL	\$ 52,069	\$ 52,069

NOTE 6. INTERFUND TRANSFERS

The following table provides a summary of interfund transfers for the year ended December 31, 2015.

Transferred To...	Transferred From...				
	General Fund	Other Governmental Funds	Major Enterprise Funds	Other Enterprise Funds	Total
General Fund	\$ -	\$ 351,073	\$ -	\$ -	\$ 351,073
Streets Fund	43,325	-	-	-	43,325
Other Governmental Funds	1,545,938	3,624,194	-	28,438	5,198,570
Major Enterprise Funds	-	50,000	-	-	50,000
Other Enterprise Funds	2,943,486	275,333	55,000	-	3,273,819
Internal Service Funds	-	174,000	-	-	174,000
Total	\$ 4,532,749	\$ 4,474,600	\$ 55,000	\$ 28,438	\$ 9,090,787

In 2015, the City's enterprise operations paid a total of \$7,995,654 in Occupation Taxes to the City's General and Streets Fund. In accordance with GASB Statement No. 34, the expense is reflected as an operating expense in the Fund Financial Statements, while payments of this nature are to be reported on the City's Government-wide Statement of Activities as transfers. Therefore, the amount of transfers reported on the General and Street Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance are different by this amount.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

Purpose: Reimbursement of expenses accounted for in one fund with revenues accounted for in another fund and/or required contributions.							
Transferred To...		Transferred From...					
		General Fund	Other Governmental Funds				Total
			Industrial Development	Criminal Justice	Hotel/Motel Tax	CDBG	
General Fund		\$ -	\$205,179	\$47,724	\$98,170	\$ -	\$351,073
Other Governmental Funds	HOME Fund	-	-	-	-	3,703	3,703
Other Enterprise Funds	Medical Services	550,000	-	-	-	-	550,000
Total		\$ 550,000	\$ 205,179	\$ 47,724	\$ 98,170	\$ 3,703	\$ 904,776

Purpose: Debt service and/or contributions toward capital and other improvements														
Transferred To...		Transferred From...												
		Major Governmental Funds	Other Governmental Funds							Major Enterprise Funds			Other Enterprise Funds	
		General Fund	Park Reserve	Industrial Development	Criminal Justice Sales Tax	Hotel/Motel Tax	CDBG	LID Debt Service	Capital Improvement	Electric	Water	Sewer	Broadband	Total
Other Governmental Funds	City Streets	\$ 43,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,325
	Industrial Development	-	-	-	-	-	-	33,754	-	-	-	-	-	33,754
	LTGO Bonds Debt Service	392,227	57,975	-	-	-	-	-	672,463	-	-	-	28,438	1,151,103
	Fire Station 74 Debt Service	238,457	-	-	-	-	-	-	-	-	-	-	-	238,457
	Street Construction	827,943	-	1,009,510	-	-	166,061	-	803,245	-	-	-	-	2,806,759
	Fire Station 74 Construction	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
	Parks Project Construction	87,311	241,000	49,355	-	359,183	72,015	-	41,000	-	-	-	-	849,864
	Delaware Avenue LID 195	-	-	-	-	-	-	64,930	-	-	-	-	-	64,930
Enterprise Funds	Water	-	50,000	-	-	-	-	-	-	-	-	-	-	50,000
Other Enterprise Funds	Golf Course	2,338,486	-	-	-	-	-	-	-	-	-	-	-	2,338,486
	Broadband	55,000	-	275,333	-	-	-	-	30,000	20,000	5,000	-	-	385,333
Internal Service Fund	Equipment Replacement	-	-	-	174,000	-	-	-	-	-	-	-	-	174,000
Total		\$ 3,982,749	\$ 348,975	\$ 1,334,198	\$ 224,000	\$ 359,183	\$ 238,076	\$ 64,930	\$ 1,550,462	\$ 30,000	\$ 20,000	\$ 5,000	\$ 28,438	\$8,186,011

NOTE 7. RISK MANAGEMENT

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

Washington Cities Insurance Authority (WCIA)

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 179 Members.

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

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

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

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

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

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

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

The City of Richland paid \$786,694 in premiums for coverage in 2015.

Employee Benefits, Workers' Compensation, and Unemployment

Medical, Dental and Vision Insurance Benefits - The City offers comprehensive medical coverage on a self-insured basis. Reinsurance for medical benefits is provided by Gerber Life Insurance Company. Dental benefits are entirely self-insured. Vision coverage is a fully funded program. Both the City and the employee share in the premium cost of medical and dental benefits. Medical and dental benefits are administered by Zenith Administrators Inc. utilizing the First Choice Health Network for medical benefit providers. Stop Loss coverage is provided by Gerber Life Insurance Company. The Stop Loss premium was \$380,343 in 2015, of which \$35,085 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.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Medical, dental and vision coverage requires all claims to be submitted and paid within one year of the service date. Due to the short time frame, liabilities for outstanding payments have not been discounted. There have been no outstanding claims liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet. All City healthcare claims are processed through this fund and monthly journal entries are completed to move retiree claims to the Post Employment Healthcare Plan Fund. The City records estimates of incurred but not reported claims as an expense offset by liability for estimated claims payments. The basis for estimating liabilities for unpaid claims and administrative expense is based on an average of the prior 24 months of fund expense. The fund maintains a reserve for estimated claims outstanding at year end and the related administrative expense. The reserve was increased by \$655,000 in 2015 and is based on an estimated sixteen weeks of fund expense.

As of December 31, 2015, the estimated claims reserve has \$2,798,377 set aside for estimated claims liabilities. Settlements have not exceeded available resources for these benefits in the previous three years.

The following is a reconciliation of changes in the aggregate liabilities for healthcare claims for the fiscal years 2013 through 2015:

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
2015	2,143,377	7,496,860	655,000	7,496,860	2,798,377
2014	2,092,774	6,970,513	50,603	6,970,513	2,143,377
2013	2,092,774	6,961,439	-	6,961,439	2,092,774

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 employee and whatever is left over at the end of the claim year is sent to an HRA/ VEBA account for that IAFF member.

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 \$112,370 and \$16,371, 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 2013 through 2015:

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
2015	111,049	564,221	1,321	564,221	112,370
2014	95,035	858,900	16,014	858,900	111,049
2013	78,975	632,000	16,060	632,000	95,035

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
2015	16,504	67,283	(133)	67,283	16,371
2014	23,686	83,803	(7,182)	83,803	16,504
2013	53,522	104,791	(29,836)	104,791	23,686

NOTE 8. OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Post-Employment Healthcare Plan- Citywide

The City implemented GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" effective January 1, 2008. GASB No. 45 requires the City to accrue other post-employment benefits (OPEB) expense related to its post-employment healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45 has recorded a liability of \$5,439,186 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. This liability is included in other noncurrent liabilities in the accompanying December 31, 2015 balance sheet for the Post Employment Healthcare Plan Fund. The increase in Net OPEB obligation for 2015 was \$207,161.

Plan Description

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

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

The program allows eligible retirees to purchase the City’s insurance benefits at a reduced rate. As of December 31, 2015, the eligibility criterion for the plan was as follows:

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

As a self-insurer, the City establishes a monthly premium rate for insurance benefits each budget year. Eligible retirees may continue to receive insurance benefits by contributing 50% of the cost of the premium. Through December 31, 2012, the program provided the same level of healthcare benefits to retirees as the active group plan, however effective January 1, 2013 new retirees are no longer eligible for the same PPO plan as current employees, but will be enrolled in a new Comprehensive Plan that offers a tiered rate and 80/20 coverage. Employees will continue to pay 50% of the applicable premium amount. Employees that retired on or before December 31, 2012 are grandfathered under the existing PPO plan but have the option to change to the new plan, which offers single or family coverage and subsequently, reduced premiums for single coverage. Employees who leave the City and do not elect to participate in the plan immediately following termination are not eligible for future benefits.

Changes to the Plan

The OPEB plan was closed to new participants December 31, 2012. In an effort to reduce the size and scope of the plan, the City offered active participants in the OPEB plan an opportunity to opt out of the existing plan and receive a contribution to a Retiree Health Savings (RHS) account equal to 1% of annual salary for each year in the plan since 2003. The City will continue to fund the RHS's with a 1% salary contribution annually and the employee is required to contribute ½% of annual salary to the plan. Effective January 1, 2013, all eligible new employees will participate in the RHS plan, funded by a 1% of salary contribution from both the City and the employee. Existing employees that remain in the OPEB plan will be required to contribute 1% of salary to a Retirement Health Savings plan. The efforts to reduce plan participants has been effective and the number of active participants since 2013 has been reduced by fifty 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
Active Participants	293	219	146
Retirees & Beneficiaries	91	84	82
Opt out Payments	\$ 285,469	\$ 307,660	\$ 274,338

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

Plan Participants	Employee Contribution (deposited to RHS plan)	City Contribution ¹⁻ Contributed to Fund 522 ²⁻ Contributed to employee RHS Plan	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 400-599 Hours	Second Payroll in January Mandatory PTO Buy Out to Transfer to RHS If PTO Balance 600-800 Hours
¹ Existing Emp - OPEB	1% Salary	\$3190 Annual	20 Hours	40 Hours
² New Employee in RHS	1% Salary	1% Salary	20 Hours	40 Hours
² Existing Employee	1/2% Salary	1% Salary	20 Hours	40 Hours

Funding Policy

The Post-Employment Health Insurance Program is funded on a “pay as you go” basis. The contribution requirements of plan members and the City are established by the City. For the year ending December 31, 2015, the City contributed \$265.82 monthly per eligible active employee to the program. The City's total contribution to the plan in 2015 was \$632,652. The retiree required contribution to the plan was \$340(Single) or \$680(with spouse) per month, for Comprehensive Plan coverage or \$696 (single/or married) per month for the PPO plan (currently utilized by active employees –and grandfathered retirees). Retired plan members paid premium payments totaling \$304,230 in 2015.

Annual OPEB Cost and Net OPEB Obligation

The basis for the City’s annual OPEB cost (expense) is the Annual Required Contribution (ARC) as calculated by an actuary. The ARC represents a level of funding that, if paid on an ongoing basis, would be projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed ten years. The following table displays the components of the City’s annual OPEB cost, the amount contributed to the Health Plan, and changes in the City’s net OPEB obligation to the Post Employment Healthcare Plan for the year ended December 31, 2015.

Components of Annual OPEB Cost	
Annual Required Contribution (ARC)	\$ 1,017,218
Interest on net OPEB obligation	130,801
Adjustment to annual required contribution	(243,877)
Annual OPEB cost (expense)	904,142
Employer Contributions	(696,981)
Change in net OPEB obligation	207,161
Net OPEB obligation - Beginning of Year	5,232,025
Net OPEB obligation - End of Year	<u>\$ 5,439,186</u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 1,019,411	\$ 937,782	91.99%	\$ 5,162,171
12/31/2014	899,578	829,724	92.23%	5,232,025
12/31/2015	904,142	696,981	77.09%	5,439,186

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

Funded Status and Funding Progress: the funded status of the Post Employment Healthcare Plan as of December 31, 2015 follows:

Actuarial Accrued Liability (AAL) - Entry Age Normal	\$12,205,948
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>12,205,948</u>
Funded Ratio	0.00%
Covered Payroll	\$ 11,263,200
UAAL as a Percentage of Covered Payroll	108.37%

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

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with expectations and new estimates are made about the future. The most recent actuarial study was performed December 31, 2015 by Healthcare Actuaries. This report includes liabilities for projected taxes due under the Affordable Care Act's excise tax on high cost health benefit plans (Cadillac Tax) which is set to begin in 2020. There were no changes in assumptions from the 2014 study.

The December 2015 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 2.50% investment rate of return (net of administrative expense) and an initial annual healthcare cost trend rate of 8.0% for pre-Medicare expenses, to an ultimate rate of 5.46% after 6 years. The trend for the Excise Tax threshold is 0% until 2020, when a trend rate of 4.24% is used. The trend for all future years after that year is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL is amortized as a level dollar amount on an open basis over 30 years.

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

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The City's contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan and all plan investments are reported at fair market value as of December 31, 2015.

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

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

Plan Description

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

Pension Board, require prior approval. Insurance policies for this benefit are underwritten as part of the City's overall insurance program. The LEOFF I OPEB plans are closed to new entrants.

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

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

As of December 31, 2015, there were 33 retired police officers and 29 retired fire fighters collecting health care benefits from the LEOFF I OPEB plans. The total cost for this post-employment benefit was \$627,096 for Police and \$308,846 for Fire in 2015. Benefits and refunds are recognized when their related liabilities are incurred.

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

GASB Statement 43, Financial Reporting for Postemployment Benefit Plans, mandates separate disclosure for OPEB plans, including those administered by a defined benefit Pension Plan. In 2015 Healthcare Actuaries completed roll forward actuarial evaluations for the Police OPEB Plan, the Fire OPEB Plan and separate evaluations for the Police Pension Plan and the Fire Pension Plan. As of December 31, 2015, there was \$526,181 in the Fire Pension Fund, and \$214,261 in the Police Pension Fund, held in Trust for OPEB benefits.

Basis of Accounting

The fund financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. The City's contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan and all plan investments are reported at fair market value as of December 31, 2015.

Funding Policy

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

paid on behalf of members of both plans through the Employee Benefit Fund. Contributions are recognized when they are earned and become measurable.

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

Annual OPEB Cost and Net OPEB Obligation

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

The following table displays the components of the City’s annual OPEB cost, the amount contributed to the plan, and changes in the City’s net OPEB obligation for year ended December 31, 2015.

Change in Net OPEB Obligation For Fiscal Year Ending 12/31/15		
	Fire	Police
Annual Required Contribution (ARC)	\$ 1,457,127	\$ 1,689,397
Interest on net OPEB obligation	30,234	28,692
Adjustment to annual required contribution	<u>(123,840)</u>	<u>(93,960)</u>
Annual OPEB cost (expense)	1,363,521	1,624,129
Employer Contributions	<u>(308,846)</u>	<u>(627,096)</u>
Change in net OPEB obligation	1,054,675	997,033
Net OPEB obligation - Beginning of Year	<u>1,099,416</u>	<u>1,043,354</u>
Net OPEB obligation - End of Year	<u><u>\$ 2,154,091</u></u>	<u><u>\$ 2,040,387</u></u>

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Notes to the Financial Statements
 For the Year Ended December 31, 2015

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fire OPEB Plan				
12/31/2013	\$ 582,222	\$ 445,653	76.54%	\$ 59,085
12/31/2014	1,455,547	415,216	28.53%	1,099,416
12/31/2015	1,363,521	308,846	22.65%	2,154,091
Police OPEB Plan				
12/31/2013	\$ 740,512	\$ 653,688	88.28%	\$ 35,315
12/31/2014	1,699,553	691,514	40.69%	1,043,354
12/31/2015	1,624,129	627,096	38.61%	2,040,387

Funding Status

The funded status of the Police and Fire OPEB Plans as of December 31, 2015 follows:

Funded Status of the Plan	Fire	Police
Actuarial Accrued Liability (AAL) - Entry Age Normal	\$13,303,084	\$18,828,362
Actuarial Value of Plan Assets	526,181	214,262
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 12,776,903</u>	<u>\$ 18,614,100</u>
Funded Ratio	4.0%	1.1%
Covered Payroll	\$ -	\$ 92,392
UAAL as a Percentage of Covered Payroll	N/A	20147%

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB Statement No. 45 requires employers to calculate an annual accrued cost and to disclose the cumulative difference between the annual accrued costs and amounts actually prefunded for their OPEB plans. The most recent actuarial study was performed by Healthcare Actuaries as of December 31, 2015. Separate evaluations were performed for both the Police and Fire Pension OPEB Plans. A list of changes since the prior valuation follow:

- 1) Updated claim cost assumptions based on recent claims experience and market trends
- 2) Added the impact of change in date of implementation of the "Cadillac" Tax, now set to begin in 2020
- 3) Updated trend assumptions based on experience and future expectations
- 4) Updated discount rate from 2.75% to 2.50%, based on 20 year municipal bonds

Actuarial significant actuarial methods and assumptions used to complete the 2015 actuarial valuation for the Fire and Police OPEB plans are presented in the following table.

ACTUARIAL METHODS AND ASSUMPTIONS	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Amortization Period	FIRE 10 Years-POLICE 13 Years
Inflation Rate based on CPI for Seattle	3% per year
Discount Rate	2.50%
Health Care Cost Trend for 2015	8%
Trending down over 61 years- ultimate rate 3.8%	8.0%-3.8%
Healthy Mortality – RPG-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP- 2014 set-back one year for males and set forward one year for females.	

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

NOTE 9. PENSION PLANS

GASB Statement 68, *Accounting and Financial Reporting for Pensions* became effective for the City for year ended 2015. The statement requires employers that participate in the State sponsored plans to report their proportionate share of Net Pension Liability, Deferred Inflows of Resources, Deferred Outflows of Resources, and Pension Expense for the State plans. In addition to the four State sponsored pension plans that the City participates in, the City also administers two local single employer defined benefit pension plans for Pre-LEOFF fire and police retirees. These two local plans are also subject to GASB Statement 68 requirements and the plans are detailed in the section immediately following the section for State sponsored plans.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68 for year ending December 31, 2015:

Aggregate Pension Amounts - All Plans	
Pension liabilities	25,603,720
Pension assets	(5,743,420)
Deferred outflows of resources	3,361,737
Deferred inflows of resources	(5,026,556)
Pension expense/expenditures	(1,702,602)

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 by writing to:

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

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

Public Employees’ Retirement System (PERS)

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

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The City's contributions to the plan were \$1,131,067 for the year ended December 31, 2015. This amount includes the Plan 1 UAAL portion of \$1,093,252, which is charged to the City on active PERS 2/3 employer contributions.

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

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 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		Varies

The City's actual contributions to the plans were \$1,403,964 for the year ended December 31, 2015. This contribution does not include the Plan 1 UAAL portion.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and Local Governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City’s actual contributions to the plan were \$642,151 for the year ended December 31, 2015.

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, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

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

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

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, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total Allocation	100%	

Sensitivity of NPL

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 14,084,380	\$ 11,568,254	\$ 9,404,617
PERS 2/3	28,820,999	9,856,528	(4,663,856)
LEOFF 1	(969,989)	(1,516,192)	(1,981,729)
LEOFF 2	4,233,295	(4,227,228)	(10,594,093)

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, 2015, the City reported a total pension liability of \$21,424,782 and a total pension asset of \$(5,743,420) for its proportionate share of the net pension liabilities/assets as follows:

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Plan Name	Liability (or Asset)
PERS 1	\$11,568,254
PERS 2/3	9,856,528
LEOFF 1	(1,516,192)
LEOFF 2	(4,227,228)

The amount of the liability/(asset) reported above for LEOFF Plan 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 liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

LEOFF 2 Special Funding Situation	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	\$ 398,592
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(28,882)
TOTAL	\$ 369,710

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

Plans	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.229721%	0.221151%	-0.008570%
PERS 2/3	0.282032%	0.275857%	-0.006175%
LEOFF 1	0.125288%	0.125802%	0.000514%
LEOFF 2	0.417449%	0.411289%	-0.006160%

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 the 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 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, 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.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the City recognized pension expense as follows:

	Pension Expense
PERS 1	(\$932,839)
PERS 2/3	(\$296,199)
LEOFF 1	(\$303,756)
LEOFF 2	(\$392,081)
TOTAL	(\$1,924,875)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to each pension plan 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	-	(632,910)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	657,900	-
TOTAL	\$ 657,900	\$ (632,910)

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

PERS PLAN 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,047,752	-
Net difference between projected and actual investment earnings on pension plan investments	-	(2,631,226)
Changes of assumptions	15,881	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(198,690)
Contributions subsequent to the measurement date	829,002	-
TOTAL	\$ 1,892,635	\$ (2,829,916)

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	-	(255,963)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ -	\$ (255,963)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	370,164	-
Net difference between projected and actual investment earnings on pension plan investments	-	(1,280,828)
Changes of assumptions	11,150	-
Changes in proportion and differences between contributions and proportionate share of contributions	32,285	-
Contributions subsequent to the measurement date	361,649	-
TOTAL	\$ 775,248	\$ (1,280,828)

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, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

Year ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2016	\$ (245,294)	\$ (772,828)	\$ (99,323)	\$ (421,158)
2017	(245,294)	(772,828)	(99,323)	(421,158)
2018	(245,294)	(772,831)	(99,323)	(421,162)
2019	102,972	552,203	42,007	300,799
2020				79,542
Thereafter				15,908

Local Governments Pension Trust Funds

Plan Description

The City of Richland administers two single employer defined benefit relief and pension plans for certain law enforcement officers (Police Relief and Pension Plan) and firefighters (Fire Relief and Pension Plan). These plans administer defined benefit pension and OPEB plans for both the LEOFF I Police and Fire retirees; the OPEB plans are discussed in detail in note 8. These pension and OPEB plans include some participants that were hired prior to the creation of the LEOFF plans. At the time of implementation of the LEOFF plans, the State assumed the major portion of the liabilities for future retirement benefits for members still in active service on March 1, 1970 per RCW 41.26. The City retained the responsibility for all benefits payable to members or their beneficiaries who retired prior to or who were still active on March 1, 1970 under RCW 41.18 and 41.20. Employees still active on March 1, 1970 are entitled to the greater of the benefits under either the prior Police or Fire Pension or the LEOFF plan. The City’s plan must meet the cost of the excess of the pension benefit over the LEOFF benefit. At this time all members of the plan are classified as LEOFF 1 members or LEOFF 1 and prior act participants. As of December 31, 2015, there are only retirees in these plans as the last active LEOFF 1 employee retired in 2015.

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

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

As of December 31, 2015, there was \$441,699 in the Fire Pension Fund, and \$157,846 in the Police Pension Fund, restricted for pension benefits. Membership in the Pension Plan as of December 31, 2015 is comprised of 41 Fire retirees and beneficiaries and 39 Police retirees and beneficiaries, as well as one active police employee who is eligible for pension benefits immediately upon retiring.

Membership Composition:	Firemens Pension	Police Pension
No. of retirees/Beneficiaries	40	38
No. Fully vested	40	38
No. Receiving Full Pension/Medical Benefits	16	16
No. Receiving Medical Benefits Only	13	17
No Receiving Pension Benefits Only	11	5

Benefits Provided

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

Rate of Return

For the year ended December 31, 2015, the annual money weighted rate of return on Fire and Police Pension plan investments, net of pension plan investment expense, was -0.17% and -0.84% respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested. The Police and Fire Relief and Pension Plans do not have an investment policy and their investments consist primarily of long held mutual funds, cash and inter-fund loans receivable. Investments are reported at quoted market price at year end.

The value of investments for both plans as of December 31, 2015 follows:

Investment Composition	Fire Pension	Police Pension
Lord Abbet Mutual Funds	\$ 433,601.19	\$ 223,821.72

The Plans also invest cash assets in short term inter-fund loans that pay higher yields than pooled investments and certificates of deposit. As of December 31, 2015 the Fire Pension Plan had the following loan balances outstanding:

Interfund Loans Receivable			
Outstanding Balance as of 12/31/15	Payable to	Payable From	Interest Rate
\$ 26,550	Fire Pension Fund	Special Assessment Fund	5.25%
\$ 1,206	Fire Pension Fund	Golf Course Fund	5.00%
\$ 21,378	Fire Pension Fund	Equipment Replacement Fund	3.00%

Contributions

Pursuant to RCW 41.16.060, contributions for the fire plan are derived from an annual property tax levy of up to \$.2250 per \$1,000 of the assessed property value. In addition, currently the City receives a contribution from the State for Fire Insurance Premium Tax. The State contributes a fixed amount based on the number of active firefighters per RCW 41.16.050(2). RCW 41.20.13 directs the City to contribute certain general fund revenues to fund annual expenses of the police pension plan. Contributions are recognized when they are earned and become measurable.

Under current law, the pension funds need only receive enough revenue to fund the benefits on a year-to-year basis. The City’s policy is to continue to fund the plans at a level where the funds do not use the

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Notes to the Financial Statements
For the Year Ended December 31, 2015

accumulated plan assets for current expenditures. Employee contributions are not required. There is no legal level of reserves required and there are no long term contracts for contributions to the plan.

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

Net Pension Liability

The components of the net pension liability of both plans as of December 31, 2015 are as follows:

Net Pension Liability	Fire Pension December 31, 2015	Police Pension December 31, 2015
Total Pension Liability	\$ 1,955,082	\$ 2,823,401
Less: Plan Fiduciary Net Position	441,699	157,846
Net Pension Liability	\$ 1,513,383	\$ 2,665,555
Plan Fiduciary Net Position as a percentage of the total Pension Liability	22.59%	5.59%

Pension Expense

For the year ended December 31, 2015, the City recognized pension expense as follows:

Fire Pension \$ 188,127
Police Pension \$ 84,685

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to each pension plan from the following sources:

FIRE PENSION	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	(4,485)
Net difference between projected and actual investment earnings on pension plan investments	22,726	(1,231)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 22,726	\$ (5,716)

POLICE PENSION	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	(21,223)
Net difference between projected and actual investment earnings on pension plan investments	13,227	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 13,227	\$ (21,223)

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

Year ended December 31:	FIRE PENSION	POLICE PENSION
2016	\$ (248)	\$ (18,489)
2017	4,237	2,734
2018	4,237	2,734
2019	4,237	2,734
2020	4,545	2,290

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	5.0%
Entry Age	
Level Dollar Open	
Fire Pension Amortization period	10 Years
Police Pension Amortization period	13 Years

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to the actuarially calculated contribution of a 10 year closed amortization of the unfunded actuarial liability at January 1, 2015 plus assumed administrative expenses. This amount includes revenue received from Fire Insurance premiums. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payment for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

City's Net Pension Liability:	1% Decrease	Current Discount Rate	1% Increase
Fire Net Pension Liability	\$ 2,117,137	\$ 1,955,082	\$ 1,814,887
Police Net Pension Liability	\$ 3,098,379	\$ 2,823,401	\$ 2,589,137

Actuarial Assumptions

The most recent actuarial study for both the Fire and Police Pension plans was performed by Healthcare Actuaries as of January 1, 2015. All actuarial assumptions were consistent with the previous actuarial study.

Financial Statement

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

NOTE 10. WHOLESALE POWER SUPPLY CONTRACTS

Since 1958 the City of Richland has traditionally purchased its wholesale electric power (energy and capacity) requirements from the Bonneville Power Administration (BPA) for resale to its retail customers. BPA, one of four, federal Power Marketing Administrations (PMA), sells the output from the Federal Columbia River Power System (FCRPS), which principally consists of hydroelectric generating facilities owned by the U.S. Corps of Engineers and the Bureau of Reclamation, and the output from Energy Northwest's Columbia Generating Station (CGS) nuclear plant. These resources are supplemented by BPA with numerous regional contractual and power exchange acquisitions. Regional consumer-owned wholesale utility customers like the City of Richland purchase federal power under the preference clause of the Bonneville Power Act, allowing them priority access to FCRPS output. BPA also owns and maintains a regional high voltage transmission system, which delivers wholesale power to Richland’s eight points of delivery. The City has separate agreements with BPA for power and integrated network transmission services, expiring in 2028 and 2031 respectively.

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

Since 2002 Richland has been a member of Northwest Requirement Utilities (NRU), which represents the power and transmission interests of approximately 50 consumer-owned electric utilities. In anticipation of operating under BPA's new Regional Dialogue power sale agreements, and desiring more control over their current and future Tier 2 power resource options, roughly 21 NRU members established an NRU subsidiary organization, Northwest Energy Management Systems (NEMS) to provide administrative and power management services. NEMS members include municipalities, public utility districts, and rural cooperatives. To accommodate state and organizational legal mandates, NEMS members created two subsidiaries for the purpose of actual resource acquisition. Northwest Intergovernmental Energy Supply (NIES) represents municipal and public utility district members, while Northwest Energy Supply Cooperative (NESC) represents cooperatives. Richland belongs to NIES. Both NIES and NESC have agreements with NEMS. NESC and NIES signed take-or-pay power purchase agreements with Shell Energy for delivery of a flat block Tier 2 product for the FY2012-2014 period. Under a tight-pool cost-sharing policy, Richland took 50% of its FY2012-FY2014 Tier 2 power requirements from the Shell pool; the remaining 50% was acquired from BPA as a Tier 2 short-term market-based product. In response to BPA's five-year resource purchase periods, NESC and NIES members committed to an optional mix of Tier 2 resources for FY2015-2019. Richland elected to meet all of its Tier 2 requirements through BPA for this period using a combination of fixed and stepped market-based products. NEMS members have the option to acquire nonfederal power through NESC and NIES resource-specific pools, if loads grow beyond current expectations. NEMS members actively evaluate resource acquisition opportunities, particularly for the post-2019 era. This effort includes considering renewable resources necessary to meet state renewable portfolio standards.

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

NOTE 11. CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City

will have to make payment. In the opinion of the management, the City's insurance policies are adequate to pay all known or pending claims with the exception of refund claims by one tele-communications company and an ongoing obligation to refund approximately \$197,500 to the Washington State Department of Revenue.

Based upon current evaluation of the lawsuits, the City's legal counsel indicates that the City's exposure does not exceed the amount of reserves available for payment. The City is currently actively defending four lawsuits, one involving an allegation of civil rights violation and three involving allegations of negligence/personal injury, for which it believes it has defensible positions and does not have an approximation of potential liability. Insurance coverage is available for any damages awarded, with the exception of punitive damages, which are highly unlikely. The City is also involved in ongoing litigation concerning a lawsuit filed by a telecommunication company seeking a refund of taxes paid. The City is defending with several viable defenses.

The City participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

NOTE 12. SUBSEQUENT EVENTS

Department of Energy Land Transfer

On February 1, 2016, the US Department of Energy transferred 1,341 acres of land to the City of Richland and the Port of Benton. The land is classified as a "mega" site in industrial terms because of its size. The 1,341 acres are positioned for development, with nearby roads, railroads, water and other utility service. Proceeds from selling the land to industry are required by law to be used for the land's economic redevelopment.

NOTE 13. 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 fixed asset balances and are offset by a deferred inflow of resources in the Government-Wide Statement of Net Position, when applicable.

Horn Rapids Off-Road Vehicle (ORV) Park

In 2007 the City entered into an agreement with HRMC, Inc. (HRMC), under which HRMC operates and collects user fees from the Horn Rapids ORV Park for a five-year term, renewable for three additional five-year terms. HRMC pays the City a percentage of gross receipts from the revenues generated by operation of the ORV Park as follows: 2% of the first \$300,000 in annual gross receipts, and 3% of annual gross receipts exceeding \$300,000. HRMC is required to operate and maintain the ORV Park in accordance with the Agreement. At the end of the agreement term HRMC is required to "return the premises to the City in same or better condition, reasonable wear and tear accepted." As a result, assets provided by the transferee are not currently depreciated. In addition, HRMC constructed and will construct certain improvements to the facilities which may be either permanent or removable in nature. Permanent structures constructed by HRMC on the premises become property of the City upon the expiration of the agreement's final term. The City reports the ORV park and related structures as a governmental capital asset with a carrying amount of \$2,267,220 at year end, and reports a deferred inflow of resources in the amount of \$1,137,000 related to the structures that have been constructed by HRMC.

NOTE 14. FUND BALANCE CLASSIFICATION

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

Purpose of Restricted, Committed and Assigned Fund Balance, as displayed on the Governmental Funds Balance Sheet (other than debt service)		
Balance Sheet Description	Amount	Purpose
Restricted For:		
Capital Improvements	\$ 121,583	Construction of Fire Station
	2,108,974	Real Estate Excise Tax restricted for capital improvements
	372,086	Acquisition and development of public open space (parks)
	<u>120,910</u>	Restricted by franchise agreement for cable broadcast equipment
Total	2,723,553	
Public Safety	944,880	Criminal Justice Sales Tax restricted to Criminal Justice purposes
	<u>66,001</u>	Police confiscations
	1,010,881	
Economic Environment	4,810,689	Improvements in RAISE area to spur economic development
	140,152	Contingency for performance of Hanford Reach Interpretive Center
	346,615	Lodging Tax proceeds restricted for tourism promotion
	1,447,232	HUD Program for owner occupied housing rehabilitation
	1,375,291	HUD Program for home downpayment assistance
	<u>16,430</u>	Restricted for public art
Total	8,136,409	
Other Purposes	126,757	Administration of ICMA deferred compensation plans
	<u>101,226</u>	Police operations
Total	227,983	
Committed for:		
Capital Improvements	622,951	Library capital improvements
	529,557	Park construction projects
	614,108	Streets construction projects
	<u>1,157,474</u>	Swift Boulevard corridor improvements
Total	2,924,090	
Public Safety	48,668	Police operations
	25,000	Police - Narcotics investigations
	<u>118,989</u>	Fire Equipment
Total	192,657	
Economic Environment	143,035	Commercial Improvement Program
	<u>1,729,258</u>	Industrial development
Total	1,872,293	
Assigned to:		
Public Safety	104,592	Police operations and special projects
	<u>70</u>	Fire Department operations
Total	104,662	
Transportation	943,612	Maintenance of streets and rail infrastructure
	<u>564,290</u>	Streets construction projects
	1,507,902	

NOTE 15. RESTATEMENTS

GASB Statement 68, *Accounting and Financial Reporting for Pensions* became effective for the City for the year ended 2015. Prior to 2015 the City only recognized the pension contributions paid to the state as an expense in their financial statements. GASB 68 requires the City to report their proportionate share of Net Pension Liability, Net Pension Asset, Deferred Inflows of Resources, Deferred Outflows of Resources, and Pension Expense for the State plans. This change in accounting principal makes it necessary for the City to restate Beginning Net Position, to include Net Pension Liability, Net Pension Assets and the related Deferred Inflows and Outflows. The effects of GASB 68 that impact governmental funds are reported in the government-wide financial statements and not on fund financial statements. Restatements related to Net Pension Liability for governmental funds are presented in the following table.

Government-Wide Statements	Net Position Adjustment Increase (Decrease)	Deferred Outflows	Deferred Inflows	Net Pension Liability
Governmental Activities	\$ (12,013,538)	\$ 1,300,212	\$ 1,765,281	\$ 11,548,469

Restatements related to Net Pension Assets for governmental funds is presented in the following table.

Funds	Net Position Adjustment Increase (Decrease)	Deferred Outflows	Deferred Inflows	Net Pension Asset
Governmental Activities	\$ 3,313,398	\$ 660,769	\$ 1,309,856	\$ 3,962,485

Restatements related to Net Pension Liability in the Proprietary and Internal Service Funds, as well as Deferred Inflows, Deferred Outflows and Pension expense are recorded in the fund financial statements. A summary of these pension components is presented as follows:

Funds	Net Position Adjustment Increase (Decrease)	Deferred Outflows	Deferred Inflows	Net Pension Liability
Electric	\$ (4,808,934)	\$ 520,466	\$ 706,630	\$ 4,622,770
Water	(1,379,682)	149,322	202,732	1,326,272
Wastewater	(1,332,419)	144,206	195,787	1,280,838
Solid Waste	(1,501,576)	162,514	220,643	1,443,447
Stormwater	(123,872)	13,407	18,202	119,077
Medical Services	(78,751)	8,523	11,572	75,702
Equipment Maint.	(559,649)	60,570	82,234	537,985
Public Works Eng.	(1,767,690)	191,315	259,746	1,699,259
	<u>\$ (11,552,573)</u>	<u>\$ 1,250,323</u>	<u>\$ 1,697,546</u>	<u>\$ 11,105,350</u>

Restatements related to Net Pension Assets for proprietary funds is presented in the following table.

Funds	Net Position Adjustment Increase (Decrease)	Deferred Outflows	Deferred Inflows	Net Pension Asset
Medical Services	\$ 574,051	\$ 114,480	\$ 226,935	\$ 686,506



REQUIRED SUPPLEMENTARY INFORMATION



OTHER POST EMPLOYMENT BENEFITS

Schedule of Funding Progress for Post-Employment Healthcare Plan

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

SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT HEALTHCARE PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ -	\$ 11,396,659	\$ 11,396,659	0.00%	\$ 28,016,000	40.68%
1/1/2015	-	12,409,718	12,409,718	0.00%	16,337,048	75.96%
12/31/2015	-	12,205,948	12,205,948	0.00%	16,337,048	74.71%

Notes to Schedule:

The Post Employment Healthcare Plan is an irrevocable plan that is neither a trust, nor equivalent to a trust and the plan assets cannot be included in the Schedule of Funding Progress. Beginning in 2012, the City offers periodic opt-out provisions that transferred a portion of plan assets, based on participants’ years in the plan, to a Health Savings Account for participating employees. Ninety-seven employees opted out of the plan and the plan was closed to new participants effective December 31, 2012. The reduction in plan participants resulted in a decrease in actuarial accrued liability in the 2013 study. The most recent actuarial study was performed as of December 31, 2015 by Healthcare Actuaries.

The 2015 study included one change that resulted in a decrease in plan liability – the inception year for the Affordable Care Act Excise Tax “Cadillac Tax” was moved from 2018 to 2020.

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

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

SCHEDULE OF FUNDING PROGRESS FOR FIRE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 529,994	\$ 5,055,143	\$4,525,149	10.5%	\$ -	n/a
1/1/2015	538,090	13,127,776	12,589,686	4.1%	-	n/a
12/31/2015	526,181	13,303,084	12,776,903	4.0%	-	n/a

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Required Supplementary Information
For the Year Ended December 31, 2015

SCHEDULE OF FUNDING PROGRESS FOR POLICE OPEB PLAN						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 228,524	\$ 6,924,258	\$ 6,695,734	3.3%	\$ 92,392	7247.1%
1/1/2015	228,314	18,485,643	18,257,329	1.2%	92,392	19760.7%
12/31/2015	214,262	18,828,362	18,614,100	1.1%	92,392	20146.9%

Notes to Schedules:

The LEOFF 1 Fire and Police OPEB plans are administered by a pension trust fund that also provides pension benefits through two defined benefit pension plans for LEOFF 1 Police and Fire retirees. There are currently 29 retired firefighters and 36 retired police officers receiving medical benefits through the plans. Membership in this plan closed to new participants 1977. A modest increase in liabilities for both plans occurred since the prior valuation, due in part to the updated assumptions in the 2015 actuarial study. A list of changes since the prior valuation for these plans follow:

- 1) Changes to Affordable Care Act (excise tax date changed from 2018 to 2020)
- 2) Updated discount rate from 2.75% to 2.5%

The 2015 actuarial valuation was prepared using the following assumptions and methods:

Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Fair Market Value
Measurement Date	January 1, 2015 (projected to December 31, 2015)
Discount Rate	2.5%
Cost of Living	2.5%
Salary Increase	3.0%
Mortality Rates	Updated with 2014 mortality study data

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

THREE YEAR TREND FOR FIRE OPEB		
Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2013	\$ 577,237	77.20%
12/31/2014	1,460,577	24.40%
12/31/2015	1,457,127	18.28%

THREE YEAR TREND FOR POLICE OPEB		
Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2013	\$ 738,297	88.54%
12/31/2014	1,701,762	40.64%
12/31/2015	1,689,397	37.12%

LEOFF 1 FIRE PENSION PLAN AND POLICE PENSION PLAN

GASB Statement No. 67 was implemented for the LEOFF 1 Fire Pension and LEOFF 1 Police Pension plans in the 2014 CAFR. As prescribed in GASB Statement No. 67, the following required schedules present data only for the years since implementation, with the exception of the schedule of actuarially determined contributions which have been prepared for ten years. The schedules prepared for 2014-forward will be built prospectively until they contain ten years of data.

The following schedules provide the changes in net pension liability, with related ratios for Fire Pension and Police Pension plans for 2014 and 2015:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE PENSION		
	2015	2014
<u>Total Pension Liability</u>		
Service Cost	\$ -	\$ -
Interest	98,363	103,590
Changes of benefit terms	-	-
Differences between expected and actual experience	(4,485)	
Changes of assumptions	-	
Benefit payments, included refunds of employee contributions	(211,338)	(205,715)
Net change in total pension liability	(117,460)	(102,125)
Total pension liability - beginning	2,072,542	2,174,667
Total pension liability - ending (a)	\$ 1,955,082	\$ 2,072,542
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 273,585	\$ 291,083
Contributions - employee	-	-
Net investment income	(692)	11,123
Benefit payments, including refunds of employee contributions	(211,338)	(205,715)
Administrative expense	(7,896)	(5,978)
Other	-	-
Net change in plan fiduciary net position	53,659	90,513
Plan fiduciary net position - beginning	388,041	297,528
Plan fiduciary net position - ending (b)	441,700	388,041
City's net pension liability - ending (a) - (b)	\$ 1,513,382	\$ 1,684,501
Plan fiduciary net position as a percentage of the total pension liability	22.59%	18.72%
Covered-employee payroll	\$ -	\$ -
City's net pension liability as a percentage of covered-employee payroll	n/a	n/a

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Required Supplementary Information
 For the Year Ended December 31, 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION		
	2015	2014
Total Pension Liability		
Service Cost	\$ -	\$ -
Interest	139,988	143,633
Changes of benefit terms	-	-
Differences between expected and actual experience	(21,223)	
Changes of assumptions	-	
Benefit payments, included refunds of employee contributions	(205,925)	(211,450)
Net change in total pension liability	(87,160)	(67,817)
Total pension liability - beginning	2,910,561	2,978,378
Total pension liability - ending (a)	\$ 2,823,401	\$ 2,910,561
Plan Fiduciary Net Position		
Contributions - employer	\$ 220,822	\$ 291,675
Contributions - employee	-	-
Net investment income	(1,304)	3,321
Benefit payments, including refunds of employee contributions	(205,925)	(211,450)
Administrative expense	(8,071)	(3,837)
Other	-	-
Net change in plan fiduciary net position	5,522	79,709
Plan fiduciary net position - beginning	152,324	72,616
Plan fiduciary net position - ending (b)	157,846	152,325
City's net pension liability - ending (a) - (b)	\$ 2,665,555	\$ 2,758,236
Plan fiduciary net position as a percentage of the total pension liability	5.59%	5.23%
Covered-employee payroll	\$ -	\$ -
City's net pension liability as a percentage of covered-employee payroll	n/a	n/a

Notes to Schedules:

There were no changes to actuarial assumptions for either plan since the prior valuation. The following methods and assumptions were utilized to complete the 2015 valuation with updated actuarial determined information:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	January 1, 2015 (projected to December 31, 2015)
Discount Rate	5.0%
Cost of Living	2.5%
Salary Increase	3.0%
Mortality Rates	Updated with 2014 mortality study data

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Required Supplementary Information
For the Year Ended December 31, 2015

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

SCHEDULE OF INVESTMENT RETURNS			
Annual money-weighted rate of return, net of investment expense	2015	2014	
Fire Pension	-0.17%	3.30%	
Police Pension	-0.84%	3.00%	

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

SCHEDULE OF CONTRIBUTIONS - FIRE PENSION PLAN										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 243,280	\$ 243,098	\$ 109,603	\$ 103,152	\$ 103,152	\$ 103,152	\$ 174,546	\$ 169,162	\$ 182,029	\$ 80,522
Contribution in relation to the actuarially determined contribution	273,585	291,083	168,151	155,434	183,082	215,256	236,881	245,623	238,975	131,376
Contribution deficiency (excess)	(30,305)	(47,985)	(58,548)	(52,282)	(79,930)	(112,104)	(62,335)	(76,461)	(56,946)	(50,854)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 300,554	\$ 289,712	\$ 280,876	\$ 372,039	\$ 343,053	\$ 294,402
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	60.91%	74.30%	84.34%	66.02%	69.66%	44.62%

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 392,031	\$ 388,000	\$ 173,793	\$ 212,257	\$ 212,257	\$ 212,257	\$ 250,382	\$ 250,382	\$ 263,024	\$ 155,048
Contribution in relation to the actuarially determined contribution	220,822	291,675	155,289	279,754	274,329	335,070	261,106	355,215	248,630	179,225
Contribution deficiency (excess)	171,209	96,325	18,504	(67,497)	(62,072)	(122,813)	(10,724)	(104,833)	14,394	(24,177)
Covered payroll	\$ -	\$ 96,445	\$ 91,473	\$ 89,781	\$ 93,902	\$ 85,357	\$ 81,512	\$ 78,928	\$ 66,965	\$ 80,795
Contributions as a percentage of covered payroll	N/A	302.43%	169.76%	311.60%	292.14%	392.55%	320.33%	450.05%	371.28%	221.83%

STATE-SPONSORED PENSION PLANS

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

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

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

CITY OF RICHLAND, WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

	2015	2014
Employer's proportion of the net pension liability (asset) %	0.221151%	0.229721%
Employer's proportionate share of the net pension liability \$	11,568,254	11,572,303
TOTAL \$	11,568,254	11,572,303
Employer's covered employee payroll \$	382,446	479,223
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll %	30.24807163	24.148055
Plan fiduciary net position as a percentage of the total pension liability %	59.10%	61.19%

Public Employees' Retirement System Plan 2/3
As of June 30, 2015
Last 10 Fiscal Years*

	2015	2014
Employer's proportion of the net pension liability (asset) %	0.275857%	0.282032%
Employer's proportionate share of the net pension liability \$	9,856,528	5,700,885
TOTAL \$	9,856,528	5,700,885
Employer's covered employee payroll \$	24,935,293	24,994,860
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll %	0.39528422	0.22808229
Plan fiduciary net position as a percentage of the total pension liability %	90.92%	94.84%

Notes to Schedule:

Presenting information only for those years for which information is available.

CITY OF RICHLAND, WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
LEOFF Retirement System Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

	2015	2014
Employer's proportion of the net pension liability (asset) %	0.125802%	0.125288%
Employer's proportionate share of the net pension liability (asset) \$	(1,516,192)	(1,519,482)
TOTAL \$	(1,516,192)	(1,519,482)
Employer's covered employee payroll \$	57,724	95,945
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll %	26.26623454	15.8370065
Plan fiduciary net position as a percentage of the total pension liability %	127.36%	126.91%

LEOFF Retirement System Plan 2
As of June 30, 2015
Last 10 Fiscal Years*

	2015	2014
Employer's proportion of the net pension liability (asset) %	0.411289%	0.417449%
Employer's proportionate share of the net pension liability (asset) \$	(4,227,228)	(5,539,728)
LEOFF 2 employers only - State's proportionate share of the net pension liability (asset) associated with the employer \$	(4,227,228)	(5,539,728)
TOTAL \$	0	0
Employer's covered employee payroll \$	12,715,003	12,170,133
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll %	0.332459878	0.4551904
Plan fiduciary net position as a percentage of the total pension liability %	111.67%	116.75%

Notes to Schedule:

Presenting information only for those years for which information is available.

CITY OF RICHLAND
Schedule of Employer Contributions
Public Employees' Retirement System Plan 1
As of December 31, 2015
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily or contractually required contributions	\$ 67,823	78,321	96,187	91,766	61,134	186,251	107,375	218,811	277,741	253,049
Contributions in relation to the statutorily or contractually required contributions	\$ (38,503)	(44,388)	(46,395)	(60,891)	(61,134)	(48,033)	(89,088)	(100,877)	(103,302)	(62,892)
Contribution deficiency (excess)	\$ 29,320	33,933	49,792	30,875	-	138,218	18,287	117,934	174,439	190,157
Covered employer payroll	\$ 382,446	479,223	578,760	846,750	987,118	904,575	1,315,609	1,409,999	1,798,700	2,073,234
Contributions as a percentage of covered employee payroll	% 17.73%	16.34%	16.62%	10.84%	6.19%	20.59%	8.16%	15.52%	15.44%	12.21%

Notes to Schedule:

*Contributions include the .018% administrative cost of plan
Excess contributions in PERS 1 are due to leave cashouts*

Public Employees' Retirement System Plan 2
As of December 31, 2015
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily or contractually required contributions	\$ 2,135,836	1,931,558	1,670,843	1,455,163	1,261,726	1,070,734	1,353,861	1,298,760	995,446	513,915
Contributions in relation to the statutorily or contractually required contributions	\$ (2,135,836)	(1,931,558)	(1,670,843)	(1,455,163)	(1,261,726)	(1,070,734)	(1,353,861)	(1,294,211)	(995,446)	(513,915)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	4,549	-	-
Covered employer payroll	\$ 20,985,488	20,974,266	20,536,036	20,231,545	20,407,899	20,164,424	19,622,096	18,061,662	17,308,552	16,944,561
Contributions as a percentage of covered employee payroll	% 10.18%	9.21%	8.14%	7.19%	6.18%	5.31%	6.90%	7.19%	5.75%	3.03%

Notes to Schedule:

*Contributions include the .018% administrative cost of plan
Excess contributions in PERS 2 are due to interruptive military service*

CITY OF RICHLAND
Schedule of Employer Contributions
Public Employees' Retirement System Plan 3
As of December 31, 2015
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Statutorily or contractually required contributions</u>	\$ 401,057	370,481	300,250	253,004	213,901	175,966	219,774	212,132	160,125	72,239
Contributions in relation to the statutorily or contractually required contributions	\$ (401,057)	(370,481)	(300,250)	(253,004)	(213,901)	(175,966)	(219,774)	(212,132)	(160,125)	(72,239)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
<u>Covered employer payroll</u>	\$ 3,949,805	4,020,594	3,677,616	3,516,983	3,470,000	3,313,846	3,195,027	2,947,859	2,785,017	2,352,414
<u>Contributions as a percentage of covered employee payroll</u>	% 10.15%	9.21%	8.16%	7.19%	6.16%	5.31%	6.88%	7.20%	5.75%	3.07%

Notes to Schedule:

Contributions include the .018% administrative cost of plan

CITY OF RICHLAND
Schedule of Employer Contributions
LEOFF Retirement System Plan 1
As of December 31, 2015
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily or contractually required contributions	\$ 751	173	152	128	492	565	570	537	576	576
Contributions in relation to the statutorily or contractually required contributions	\$ (104)	(173)	(152)	(128)	(492)	(565)	(570)	(537)	(576)	(576)
Contribution deficiency (excess)	\$ 647	-	-	-	-	-	-	-	-	-
Covered employer payroll	\$ 57,724	95,945	91,538	79,696	307,424	353,512	356,727	335,479	331,392	308,759
Contributions as a percentage of covered employee payroll	% 1.30%	0.18%	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%	0.17%	0.19%

Notes to Schedule:

Contributions include the .018% administrative cost of plan
FY 2015 \$647 excess contribution is due to corrections for 1980 for time that was not reported for employee.

LEOFF Retirement System Plan 2
As of December 31, 2015
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily or contractually required contributions	\$ 664,997	636,501	604,541	588,359	559,758	542,273	533,210	507,627	457,082	384,198
Contributions in relation to the statutorily or contractually required contributions	\$ (664,997)	(636,501)	(603,710)	(588,359)	(559,452)	(541,547)	(533,210)	(506,883)	(457,082)	(384,198)
Contribution deficiency (excess)	\$ -	-	831	-	306	726	-	745	-	-
Covered employer payroll	\$ 12,715,003	12,170,133	11,538,940	11,228,221	10,684,242	10,348,716	9,961,663	9,391,617	8,887,679	8,274,452
Contributions as a percentage of covered employee payroll	% 5.23%	5.23%	5.24%	5.24%	5.24%	5.24%	5.35%	5.41%	5.14%	4.64%

Notes to Schedule:

Contributions include the .018% administrative cost of plan
Excess contributions in LEOFF II are due to temporary duty disability time buy back



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, 2015 with comparative totals for 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2015 Total	2014 Total
ASSETS					
Cash and cash equivalents	\$ 7,123,712	\$ 1,482,621	\$ 3,414,903	\$ 12,021,236	\$ 15,613,211
Deposits with third parties	98,600			98,600	98,600
Investments	1,673,254	655,066	1,223,756	3,552,076	3,910,008
Receivables:					
Taxes		35,992		35,992	34,760
Customer accounts	1,482	25,279		26,761	48,924
Due from other funds			7,234	7,234	2,278
Due from other governments	532,438	2,967	1,256,714	1,792,119	1,466,325
Assessments		160,251		160,251	271,392
Notes and contracts	2,701,810			2,701,810	2,721,192
Prepaid items	4,500			4,500	1,060
Total assets	12,135,796	2,362,176	5,902,607	20,400,579	24,167,750
LIABILITIES					
<i>Liabilities:</i>					
Accounts payable and accrued expenses	117,743		672,393	790,136	1,475,409
Payable to other governments	40,040			40,040	791,615
Due to other funds	14,652			14,652	69,645
Interfund loans payable		32,140	178,370	210,510	148,260
Deposits payable	39,743		203,169	242,912	270,500
Unearned revenue-other	752,915			752,915	809,640
Total liabilities	965,093	32,140	1,053,932	2,051,165	3,565,069
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes		28,648		28,648	27,493
Unavailable revenue-unbilled LID assessments		160,251		160,251	271,392
Total deferred inflows of resources		188,899		188,899	298,885
FUND BALANCES (DEFICITS):					
Nonspendable:					
Inventory, prepaid items and noncurrent receivables	4,500			4,500	
Restricted for:					
Debt Service		291,696		291,696	202,749
Capital Improvements	372,086		2,230,557	2,602,643	4,281,219
Public Safety	944,880			944,880	129,364
Economic Environment	8,119,979			8,119,979	9,095,260
Committed for:					
Debt Service		506,277		506,277	672,676
Capital Improvements			2,301,139	2,301,139	2,401,648
Economic Environment	1,729,258			1,729,258	1,550,558
Assigned to:					
Debt Service		1,343,164		1,343,164	1,933,738
Transportation			564,290	564,290	
Culture and Recreation					96,442
Unassigned			(247,311)	(247,311)	(59,858)
Total fund balances	11,170,703	2,141,137	4,848,675	18,160,515	20,303,796
Total liabilities, deferred inflows of resources and fund balances	\$ 12,135,796	\$ 2,362,176	\$ 5,902,607	\$ 20,400,579	\$ 24,167,750

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, 2015 with comparative totals for 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	2015 Total	2014 Total
REVENUES					
Taxes	\$ 2,981,743	\$ 2,584,266	\$ 2,723,306	\$ 8,289,315	\$ 6,042,831
Intergovernmental	1,289,977		2,474,634	3,764,611	6,270,237
Charges for goods and services	317,162		339,483	656,645	971,169
Investment earnings	43,079	30,238	29,615	102,932	103,677
Rents and leases	1,215,344			1,215,344	537,504
Miscellaneous	29,667	124,789	62,274	216,730	515,698
Total revenues	5,876,972	2,739,293	5,629,312	14,245,577	14,441,116
EXPENDITURES					
<i>Current:</i>					
General government			47,102	47,102	2,842
Public safety	514,468		24,207	538,675	
Transportation		7	1,387,976	1,387,983	1,127,947
Economic environment	2,363,646		5,232	2,368,878	6,276,208
Culture and recreation	19,249		28,622	47,871	73,708
<i>Debt service:</i>					
Principal	88,220	5,218,241		5,306,461	2,714,431
Interest	6,332	1,418,570	47	1,424,949	1,380,915
Other		144,813	4,750	149,563	4,856
<i>Capital Outlay:</i>					
Public safety			2,635,141	2,635,141	757,906
Transportation	12,324		3,586,372	3,598,696	4,844,750
Economic environment	406,649		555,897	962,546	651,117
Culture and recreation			1,763,281	1,763,281	1,391,949
Total expenditures	3,410,888	6,781,631	10,038,627	20,231,146	19,226,629
Excess (deficiency) of revenues over (under) expenditures	2,466,084	(4,042,338)	(4,409,315)	(5,985,569)	(4,785,513)
OTHER FINANCING SOURCES (USES)					
Transfers in	37,457	1,389,560	3,771,553	5,198,570	5,508,148
Transfers out	(2,859,208)	(64,930)	(1,550,462)	(4,474,600)	(6,469,043)
Debt issued		14,385,000	713,361	15,098,361	3,355,000
Premium on general obligation debt		1,565,869		1,565,869	123,353
Payments to refunded debt escrow agent		(13,794,724)		(13,794,724)	
Disposition of capital assets	248,812			248,812	3,707,289
Total other financing sources (uses)	(2,572,939)	3,480,775	2,934,452	3,842,288	6,224,747
Net change in fund balance	(106,855)	(561,563)	(1,474,863)	(2,143,281)	1,439,234
Fund balances-beginning	11,277,558	2,702,700	6,323,538	20,303,796	18,864,562
Fund balances-ending	\$ 11,170,703	\$ 2,141,137	\$ 4,848,675	\$ 18,160,515	\$ 20,303,796





COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015 with comparative totals for 2014

	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund	Criminal Justice Sales Tax Fund
ASSETS					
Cash and cash equivalents	\$ 370,604	\$ 5,602,601	\$ 130,665	\$ 140,152	\$ 539,686
Deposits with third parties		98,600			
Investments		1,673,254			
Receivables:					
Customer accounts	1,482				
Due from other governments			16,633		268,714
Notes and contracts					
Prepaid items		500			4,000
Total assets	372,086	7,374,955	147,298	140,152	812,400
LIABILITIES					
<i>Liabilities:</i>					
Accounts payable and accrued expenses		41,850			10,818
Payable to other governments					
Due to other funds					
Deposits payable		39,743			
Unearned revenue-other		752,915			
Total liabilities		834,508			10,818
FUND BALANCES (DEFICITS):					
Nonspendable:					
Inventory, prepaid items and noncurrent receivables		500			4,000
Restricted for:					
Capital Improvements	372,086				
Public Safety			147,298		797,582
Economic Environment		4,810,689		140,152	
Committed for:					
Debt Service					
Capital Improvements					
Economic Environment		1,729,258			
Assigned to:					
Culture and Recreation					
Total fund balances	372,086	6,540,447	147,298	140,152	801,582
Total liabilities and fund balances	\$ 372,086	\$ 7,374,955	\$ 147,298	\$ 140,152	\$ 812,400

Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2015 Total	2014 Total
\$ 272,489	\$ 37,899	\$ 29,616	\$	\$ 7,123,712	\$ 7,539,878
				98,600	98,600
				1,673,254	1,702,791
				1,482	20,150
61,768	32,450	85,724	67,149	532,438	997,035
		1,345,854	1,355,956	2,701,810	2,721,192
				4,500	1,060
334,257	70,349	1,461,194	1,423,105	12,135,796	13,080,706
20,092	37,899	5,584	1,500	117,743	84,089
		1,144	38,896	40,040	791,615
		7,234	7,418	14,652	67,804
				39,743	50,000
				752,915	809,640
20,092	37,899	13,962	47,814	965,093	1,803,148
				4,500	
				372,086	283,308
				944,880	129,364
314,165	32,450	1,447,232	1,375,291	8,119,979	9,095,260
					106,257
					16,369
				1,729,258	1,550,558
					96,442
314,165	32,450	1,447,232	1,375,291	11,170,703	11,277,558
\$ 334,257	\$ 70,349	\$ 1,461,194	\$ 1,423,105	\$ 12,135,796	\$ 13,080,706

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, 2015 with comparative totals for 2014

	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund	Criminal Justice Sales Tax Fund
REVENUES					
Taxes	\$	\$	\$	\$	\$ 1,538,644
Intergovernmental			65,658	69,509	
Charges for goods and services	147,262				
Investment earnings	4,213	33,190		891	1,406
Rents and leases	192,716	1,022,628			
Miscellaneous		29,667			
Total revenues	344,191	1,085,485	65,658	70,400	1,540,050
EXPENDITURES					
<i>Current:</i>					
Public safety					514,468
Economic environment		390,836			
Culture and recreation	19,249				
<i>Debt service:</i>					
Principal		88,220			
Interest		6,332			
Other					
<i>Capital Outlay:</i>					
Transportation		12,324			
Economic environment		406,649			
Total expenditures	19,249	904,361			514,468
Excess (deficiency) of revenues over (under) expenditures	324,942	181,124	65,658	70,400	1,025,582
OTHER FINANCING SOURCES (USES)					
Transfers in		33,754			
Transfers out	(348,975)	(1,539,377)	(47,724)		(224,000)
Debt issued					
Disposition of capital assets		248,812			
Total other financing sources (uses)	(348,975)	(1,256,811)	(47,724)		(224,000)
Net change in fund balance	(24,033)	(1,075,687)	17,934	70,400	801,582
Fund balances-beginning	396,119	7,616,134	129,364	69,752	
Fund balances-ending	\$ 372,086	\$ 6,540,447	\$ 147,298	\$ 140,152	\$ 801,582

Hotel/ Motel Tax Fund	Special Assessment Lodging Tax Fund	CDBG Fund	HOME Fund	2015 Total	2014 Total
\$ 958,100	\$ 484,999	\$	\$	\$ 2,981,743	\$ 1,238,611
		249,235	905,575	1,289,977	4,300,767
		6,816	163,084	317,162	546,135
3,347	496		(464)	43,079	54,330
				1,215,344	537,504
				29,667	377,025
961,447	485,495	256,051	1,068,195	5,876,972	7,054,372
				514,468	
417,268	481,655	98,647	975,240	2,363,646	6,276,208
				19,249	15,960
				88,220	99,431
				6,332	6,826
				12,324	
				406,649	612,045
417,268	481,655	98,647	975,240	3,410,888	7,010,470
544,179	3,840	157,404	92,955	2,466,084	43,902
			3,703	37,457	57,245
(457,353)		(241,779)		(2,859,208)	(5,027,293)
				248,812	3,027,948
(457,353)		(241,779)	3,703	(2,572,939)	(1,942,100)
86,826	3,840	(84,375)	96,658	(106,855)	(1,898,198)
227,339	28,610	1,531,607	1,278,633	11,277,558	13,175,756
\$ 314,165	\$ 32,450	\$ 1,447,232	\$ 1,375,291	\$ 11,170,703	\$ 11,277,558

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Park Reserve Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Charges for goods and services	\$ 90,000	\$ 147,262	\$ 57,262
Investment earnings	5,000	4,213	(787)
Rents and leases	185,000	192,716	7,716
Total revenues	280,000	344,191	64,191
EXPENDITURES			
<i>Current:</i>			
Culture and recreation	24,685	19,249	(5,436)
Total expenditures	24,685	19,249	(5,436)
Excess of revenues over expenditures	255,315	324,942	69,627
OTHER FINANCING SOURCES (USES)			
Transfers out	(348,975)	(348,975)	
Total other financing sources (uses)	(348,975)	(348,975)	
Net change in fund balance	(93,660)	(24,033)	69,627
Fund balances-beginning	396,119	396,119	
Fund balances-ending	\$ 302,459	\$ 372,086	\$ 69,627

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Industrial Development Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Investment earnings	\$ 20,000	\$ 33,190	\$ 13,190
Rents and leases	995,935	1,022,628	26,693
Miscellaneous	10,000	29,667	19,667
Total revenues	1,025,935	1,085,485	59,550
EXPENDITURES			
<i>Current:</i>			
Economic environment	837,869	390,836	(447,033)
<i>Debt service:</i>			
Principal	88,221	88,220	(1)
Interest	6,332	6,332	
<i>Capital Outlay:</i>			
Transportation		12,324	12,324
Economic environment	1,769,409	406,649	(1,362,760)
Total expenditures	2,701,831	904,361	(1,797,470)
Excess (deficiency) of revenues over (under) expenditures	(1,675,896)	181,124	1,857,020
OTHER FINANCING SOURCES (USES)			
Transfers in	33,754	33,754	
Transfers out	(5,830,837)	(1,539,377)	4,291,460
Disposition of capital assets	62,000	248,812	186,812
Total other financing sources (uses)	(5,735,083)	(1,256,811)	4,478,272
Net change in fund balance	(7,410,979)	(1,075,687)	6,335,292
Fund balances-beginning	7,616,134	7,616,134	
Fund balances-ending	\$ 205,155	\$ 6,540,447	\$ 6,335,292

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Criminal Justice Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 58,043	\$ 65,658	\$ 7,615
Total revenues	58,043	65,658	7,615
OTHER FINANCING SOURCES (USES)			
Transfers out	(47,724)	(47,724)	
Total other financing sources (uses)	(47,724)	(47,724)	
Net change in fund balance	10,319	17,934	7,615
Fund balances-beginning	129,364	129,364	
Fund balances-ending	\$ 139,683	\$ 147,298	\$ 7,615

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	PFD Facility Contingency Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 69,509	\$ 69,509	\$
Investment earnings		891	891
Total revenues	69,509	70,400	891
OTHER FINANCING SOURCES (USES)			
Total other financing sources (uses)			
Net change in fund balance	69,509	70,400	891
Fund balances-beginning	69,752	69,752	
Fund balances-ending	\$ 139,261	\$ 140,152	\$ 891

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Criminal Justice Sales Tax Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 989,777	\$ 1,538,644	\$ 548,867
Investment earnings		1,406	1,406
Total revenues	989,777	1,540,050	550,273
EXPENDITURES			
<i>Current:</i>			
Public safety	625,904	514,468	(111,436)
Total expenditures	625,904	514,468	(111,436)
Excess of revenues over expenditures	363,873	1,025,582	661,709
OTHER FINANCING SOURCES (USES)			
Transfer out	(224,000)	(224,000)	
Total other financing sources (uses)	(224,000)	(224,000)	
Net change in fund balance	139,873	801,582	661,709
Fund balances-beginning			
Fund balances-ending	\$ 139,873	\$ 801,582	\$ 661,709

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Hotel/Motel Tax Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 775,200	\$ 958,100	\$ 182,900
Investment earnings	10,000	3,347	(6,653)
Total revenues	<u>785,200</u>	<u>961,447</u>	<u>176,247</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	417,887	417,268	(619)
Total expenditures	<u>417,887</u>	<u>417,268</u>	<u>(619)</u>
Excess of revenues over expenditures	<u>367,313</u>	<u>544,179</u>	<u>176,866</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	(457,353)	(457,353)	
Total other financing sources (uses)	<u>(457,353)</u>	<u>(457,353)</u>	
Net change in fund balance	(90,040)	86,826	176,866
Fund balances-beginning	227,339	227,339	
Fund balances-ending	<u>\$ 137,299</u>	<u>\$ 314,165</u>	<u>\$ 176,866</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Special Assessment Lodging Tax Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Taxes	\$ 530,000	\$ 484,999	\$ (45,001)
Investment earnings	450	496	46
Total revenues	<u>530,450</u>	<u>485,495</u>	<u>(44,955)</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	530,450	481,655	(48,795)
Total expenditures	<u>530,450</u>	<u>481,655</u>	<u>(48,795)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>3,840</u>	<u>3,840</u>
Net change in fund balance		3,840	3,840
Fund balances-beginning	28,610	28,610	
Fund balances-ending	<u>\$ 28,610</u>	<u>\$ 32,450</u>	<u>\$ 3,840</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	CDBG Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 508,763	\$ 249,235	\$ (259,528)
Charges for goods and services	80,000	6,816	(73,184)
Total revenues	<u>588,763</u>	<u>256,051</u>	<u>(332,712)</u>
EXPENDITURES			
<i>Current:</i>			
Economic environment	306,740	98,647	(208,093)
Total expenditures	<u>306,740</u>	<u>98,647</u>	<u>(208,093)</u>
Excess of revenues over expenditures	<u>282,023</u>	<u>157,404</u>	<u>(124,619)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(361,845)	(241,779)	120,066
Total other financing sources (uses)	<u>(361,845)</u>	<u>(241,779)</u>	<u>120,066</u>
Net change in fund balance	(79,822)	(84,375)	(4,553)
Fund balances-beginning	1,531,607	1,531,607	
Fund balances-ending	<u>\$ 1,451,785</u>	<u>\$ 1,447,232</u>	<u>\$ (4,553)</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	HOME Fund		
	Budget	Actual	Variance Over/ (Under)
REVENUES			
Intergovernmental	\$ 1,494,459	\$ 905,575	\$ (588,884)
Charges for goods and services	300,000	163,084	(136,916)
Investment earnings		(464)	(464)
Total revenues	1,794,459	1,068,195	(726,264)
EXPENDITURES			
<i>Current:</i>			
Economic environment	1,794,459	975,240	(819,219)
Total expenditures	1,794,459	975,240	(819,219)
Excess of revenues over expenditures		92,955	92,955
OTHER FINANCING SOURCES (USES)			
Transfers in		3,703	3,703
Total other financing sources (uses)		3,703	3,703
Net change in fund balance		96,658	96,658
Fund balances-beginning	1,278,633	1,278,633	
Fund balances-ending	\$ 1,278,633	\$ 1,375,291	\$ 96,658







COMBINING AND INDIVIDUAL FUND STATEMENTS DEBT SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Balance Sheet
Debt Service Funds
December 31, 2015 with comparative totals for 2014

	RAISE Area Debt Service	1998 LTGO Improvement/ Refunding Bond Fund	Police Station Bond Fund	Richland Community Center Bond Fund
ASSETS				
Cash and cash equivalents	\$ 102,604	\$ 614,281	\$ 16,105	\$ 11,957
Investments		655,066		
Receivables:				
Taxes	\$		4,969	6,180
Customer accounts				
Due from other governments			793	994
Assessments				
Total assets	<u>\$ 102,604</u>	<u>\$ 1,269,347</u>	<u>\$ 21,867</u>	<u>\$ 19,131</u>
LIABILITIES				
<i>Liabilities:</i>				
Accounts payable and accrued expenses				
Due to other funds				
Interfund loans payable				
Total liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes			3,955	4,919
Unavailable revenue-unbilled LID assessments				
Total deferred inflows of resources			<u>3,955</u>	<u>4,919</u>
FUND BALANCES (DEFICITS):				
Restricted for:				
Debt Service	102,604		17,912	14,212
Committed for:				
Debt Service				
Assigned to:				
Debt Service		1,269,347		
Unassigned				
Total fund balances/(deficits)	<u>102,604</u>	<u>1,269,347</u>	<u>17,912</u>	<u>14,212</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 102,604</u>	<u>\$ 1,269,347</u>	<u>\$ 21,867</u>	<u>\$ 19,131</u>

Library Remodel Bond Fund	Fire Station #74 Bond Fund	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2015 Total	2014 Total
\$ 60,775	\$ 1,730	\$ 80,678	\$ 594,491	\$ 1,482,621	\$ 1,433,251
				655,066	1,238,864
24,843				35,992	34,760
		25,279		25,279	28,774
1,180				2,967	37,105
		160,251		160,251	271,392
<u>\$ 86,798</u>	<u>\$ 1,730</u>	<u>\$ 266,208</u>	<u>\$ 594,491</u>	<u>\$ 2,362,176</u>	<u>\$ 3,044,146</u>
					2,420
					1,841
		32,140		32,140	38,300
		32,140		32,140	42,561
19,774				28,648	27,493
		160,251		160,251	271,392
<u>19,774</u>		<u>160,251</u>		<u>188,899</u>	<u>298,885</u>
67,024	1,730		88,214	291,696	202,749
			506,277	506,277	566,419
		73,817		1,343,164	1,933,738
					(206)
<u>67,024</u>	<u>1,730</u>	<u>73,817</u>	<u>594,491</u>	<u>2,141,137</u>	<u>2,702,700</u>
<u>\$ 86,798</u>	<u>\$ 1,730</u>	<u>\$ 266,208</u>	<u>\$ 594,491</u>	<u>\$ 2,362,176</u>	<u>\$ 3,044,146</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended December 31, 2015 with comparative totals for 2014

	RAISE Area Debt Service	1998 LTGO Improvement/ Refunding Bond Fund	Police Station Bond Fund	Richland Community Center Bond Fund
REVENUES				
Taxes	\$ 594,110	\$	\$ 268,551	\$ 338,432
Investment earnings	2,622	15,641	486	563
Miscellaneous				
Total revenues	596,732	15,641	269,037	338,995
EXPENDITURES				
<i>Current:</i>				
Transportation				
<i>Debt service:</i>				
Principal	320,000	1,450,000	1,167,170	1,475,386
Interest	336,658	363,948	32,635	41,252
Other	300	1,218	8,453	10,653
Total expenditures	656,958	1,815,166	1,208,258	1,527,291
Excess (deficiency) of revenues over (under) expenditures	(60,226)	(1,799,525)	(939,221)	(1,188,296)
OTHER FINANCING SOURCES (USES)				
Transfers in		1,151,103		
Transfers out				
Debt issued			900,000	1,135,000
Premium on general obligation debt			53,431	67,714
Payments to refunded debt escrow agent				
Disposition of capital assets				
Total other financing sources (uses)		1,151,103	953,431	1,202,714
Net change in fund balance	(60,226)	(648,422)	14,210	14,418
Fund balances-beginning	162,830	1,917,769	3,702	(206)
Fund balances-ending	\$ 102,604	\$ 1,269,347	\$ 17,912	\$ 14,212

Library Remodel Bond Fund	Fire Station #74 Bond Fund	Special Assessment Bond Fund	Special Assessment Guaranty Fund	2015 Total	2014 Total
\$ 1,383,173	\$	\$	\$	\$ 2,584,266	\$ 2,624,063
4,200	692		6,034	30,238	39,250
		124,789		124,789	85,773
<u>1,387,373</u>	<u>692</u>	<u>124,789</u>	<u>6,034</u>	<u>2,739,293</u>	<u>2,749,086</u>
			7	7	6
685,685	120,000			5,218,241	2,615,000
523,510	118,556	2,011		1,418,570	1,373,416
124,134	55			144,813	4,856
<u>1,333,329</u>	<u>238,611</u>	<u>2,011</u>	<u>7</u>	<u>6,781,631</u>	<u>3,993,278</u>
<u>54,044</u>	<u>(237,919)</u>	<u>122,778</u>	<u>6,027</u>	<u>(4,042,338)</u>	<u>(1,244,192)</u>
	238,457			1,389,560	730,933
		(64,930)		(64,930)	(174,694)
12,350,000				14,385,000	
1,444,724				1,565,869	
(13,794,724)				(13,794,724)	
					679,341
	<u>238,457</u>	<u>(64,930)</u>		<u>3,480,775</u>	<u>1,235,580</u>
54,044	538	57,848	6,027	(561,563)	(8,612)
12,980	1,192	15,969	588,464	2,702,700	2,711,312
<u>\$ 67,024</u>	<u>\$ 1,730</u>	<u>\$ 73,817</u>	<u>\$ 594,491</u>	<u>\$ 2,141,137</u>	<u>\$ 2,702,700</u>





COMBINING AND INDIVIDUAL FUND STATEMENTS CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Balance Sheet
 Capital Projects Funds
 December 31, 2015 with comparative totals for 2014

	Capital Improvements Fund	Streets Construction Fund	Fire Station #74 Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2015 Total	2014 Total
ASSETS								
Cash and cash equivalents	\$ 713,493	\$ 681,776	\$ 270,849	\$ 591,311	\$	\$ 1,157,474	\$ 3,414,903	\$ 6,640,082
Investments	1,223,756						1,223,756	968,353
Receivables:								
Due from other funds		4,917		2,317			7,234	2,278
Due from other governments	171,725	856,369		228,620			1,256,714	432,185
Total assets	2,108,974	1,543,062	270,849	822,248		1,157,474	5,902,607	8,042,898
LIABILITIES								
<i>Liabilities:</i>								
Accounts payable and accrued expenses		104,313	149,266	292,691	126,123		672,393	1,388,900
Interfund loans payable		57,182			121,188		178,370	109,960
Deposits payable		203,169					203,169	220,500
Total liabilities		364,664	149,266	292,691	247,311		1,053,932	1,719,360
FUND BALANCES (DEFICITS):								
Restricted for:								
Capital Improvements	2,108,974		121,583				2,230,557	3,997,911
Committed for:								
Capital Improvements		614,108		529,557		1,157,474	2,301,139	2,385,279
Assigned for:								
Transportation		564,290					564,290	
Unassigned					(247,311)		(247,311)	(59,652)
Total fund balances	2,108,974	1,178,398	121,583	529,557	(247,311)	1,157,474	4,848,675	6,323,538
Total liabilities and fund balances	\$ 2,108,974	\$ 1,543,062	\$ 270,849	\$ 822,248	\$	\$ 1,157,474	\$ 5,902,607	\$ 8,042,898

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended December 31, 2015 with comparative totals for 2014

	Capital Improvements Fund	Streets Construction Fund	Fire Station #74 Construction Fund	Parks Project Construction Fund	Special Assessment Construction Fund	General Governmental Construction Fund	2015 Total	2014 Total
REVENUES								
Taxes	\$ 2,723,306						\$ 2,723,306	\$ 2,180,157
Intergovernmental		2,246,015		228,619			2,474,634	1,969,470
Charges for goods and services		339,483					339,483	425,034
Investment earnings	19,515	5,883	4,241			(24)	29,615	10,097
Miscellaneous				62,274			62,274	52,900
Total revenues	2,742,821	2,591,381	4,241	290,893	(24)		5,629,312	4,637,658
EXPENDITURES								
<i>Current:</i>								
General government						47,102	47,102	2,842
Public safety			24,207				24,207	
Transportation		1,387,976					1,387,976	1,127,941
Economic environment					5,232		5,232	
Culture and recreation				28,622			28,622	57,748
<i>Debt service:</i>								
Interest					47		47	673
Other					4,750		4,750	
<i>Capital Outlay:</i>								
Public safety			2,635,141				2,635,141	757,906
Transportation		3,586,372					3,586,372	4,844,750
Economic environment					555,897		555,897	39,072
Culture and recreation				1,763,281			1,763,281	1,391,949
Total expenditures		4,974,348	2,659,348	1,791,903	565,926	47,102	10,038,627	8,222,881
Excess (deficiency) of revenues over (under) expenditures	2,742,821	(2,382,967)	(2,655,107)	(1,501,010)	(565,950)	(47,102)	(4,409,315)	(3,585,223)
OTHER FINANCING SOURCES (USES)								
Transfers in		2,806,759	50,000	849,864	64,930		3,771,553	4,719,970
Transfers out	(1,550,462)						(1,550,462)	(1,267,056)
Debt issued		400,000			313,361		713,361	3,355,000
Premium on general obligation debt								123,353
Total other financing sources (uses)	(1,550,462)	3,206,759	50,000	849,864	378,291		2,934,452	6,931,267
Net change in fund balance	1,192,359	823,792	(2,605,107)	(651,146)	(187,659)	(47,102)	(1,474,863)	3,346,044
Fund balances-beginning	916,615	354,606	2,726,690	1,180,703	(59,652)	1,204,576	6,323,538	2,977,494
Fund balances-ending	\$ 2,108,974	\$ 1,178,398	\$ 121,583	\$ 529,557	\$ (247,311)	\$ 1,157,474	\$ 4,848,675	\$ 6,323,538





COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Net Position
 Nonmajor Enterprise Funds
 December 31, 2015 with comparative totals for 2014

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2015 Total	2014 Total
ASSETS							
<i>Current:</i>							
Cash and cash equivalents	\$ 784,646	\$	\$ 619,033	\$ 286,636	\$ 619,682	\$ 2,309,997	\$ 2,038,979
Investments	1,028,853		682,304			1,711,157	1,003,526
Receivables:							
Customer accounts (net)	115,588	1,749	196,483		72,722	386,542	507,056
Due from other governments	27,541					27,541	345,916
Notes and contracts		100,000				100,000	100,000
Prepaid items	1,500					1,500	6,386
Inventory		72,814				72,814	71,117
Total current assets	1,958,128	174,563	1,497,820	286,636	692,404	4,609,551	4,072,980
<i>Noncurrent:</i>							
Restricted cash and cash equivalents	37,716			200,737		238,453	275,213
Restricted investments	102,999					102,999	85,685
Net pension asset			848,118			848,118	686,506
Capital:							
Land	8,587	7,879,448				7,888,035	7,888,035
Depreciable assets (net)	5,209	1,287,941	190,087	343,700		1,826,937	1,755,535
Infrastructure	6,188,846			1,970,785		8,159,631	7,241,206
Construction in progress	305,258			549,957		855,215	489,085
Total capital assets (net)	6,507,900	9,167,389	190,087	2,864,442		18,729,818	17,373,861
Total noncurrent assets	6,648,615	9,167,389	1,038,205	3,065,179		19,919,388	18,421,265
Total assets	8,606,743	9,341,952	2,536,025	3,351,815	692,404	24,528,939	22,494,245
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on debt refunding	14,268					14,268	17,834
Pension	13,407		123,003			136,410	136,410
Deferred charges - other							38,900
Total deferred outflows of resources	27,675		123,003			150,678	193,144
LIABILITIES							
<i>Current liabilities:</i>							
Accounts payable and accrued expenses	83,231	87,168	72,281	125,839	1,208	369,727	285,145
Payable to other governments		4,667				4,667	5,304
Due to other funds		41,972				41,972	35,490
Interfund loans payable		5,096				5,096	20,249
Deposits payable					691,196	691,196	732,537
Compensated absences-current	13,871		96,426			110,297	130,970
Notes and contracts payable-current	94,092					94,092	36,789
General obligation bonds payable-current		100,000		75,000		175,000	170,000
Revenue bonds payable-current	105,000					105,000	100,000
Total current liabilities	296,194	238,903	168,707	200,839	692,404	1,597,047	1,516,484
<i>Noncurrent liabilities:</i>							
Interfund loans payable		31,120				31,120	2,319,319
Compensated absences	13,872		96,427			110,299	130,970
Notes and contracts payable	385,902			145,142		531,044	238,059
General obligation bonds payable		3,938,162		2,057,405		5,995,567	6,171,726
Revenue bonds payable	1,133,327					1,133,327	1,240,409
Net pension liability	112,617		71,595			184,212	194,779
Unearned revenue		103,098				103,098	92,293
Total noncurrent liabilities	1,645,718	4,072,380	168,022	2,202,547		8,088,667	10,387,555
Total liabilities	1,941,912	4,311,283	336,729	2,403,386	692,404	9,685,714	11,904,039
DEFERRED INFLOWS OF RESOURCES							
Pension	18,202		238,507			256,709	256,709
Total deferred inflows of resources	18,202		238,507			256,709	256,709
NET POSITION							
Net investment in capital assets	4,744,262	5,260,981	190,088	670,041		10,865,372	9,676,218
Restricted for:							
Pensions			574,051			574,051	574,051
Debt service	140,715					140,715	102,889
Capital improvements							245,042
Unrestricted	1,789,327	(230,312)	1,319,653	278,388		3,157,056	(71,559)
Total net position	\$ 6,674,304	\$ 5,030,669	\$ 2,083,792	\$ 948,429	\$	\$ 14,737,194	\$ 10,526,641

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015 with comparative totals for 2014

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2015 Total	2014 Total
OPERATING REVENUES							
<i>Charges for services:</i>							
Stormwater	\$ 1,878,917					\$ 1,878,917	\$ 1,841,345
Golf course		\$ 1,598,922				1,598,922	1,555,413
Medical services			\$ 3,386,106			3,386,106	3,275,576
Broadband				\$ 178,484		178,484	204,324
Total operating revenues	1,878,917	1,598,922	3,386,106	178,484		7,042,429	6,876,658
OPERATING EXPENSES							
Maintenance and operations	705,570	1,360,569	2,786,846			4,852,985	4,426,403
Administrative and general	525,557		537,051	7,784		1,070,392	1,356,236
Taxes	190,016	8,792	34,099	18,366		251,273	281,268
Depreciation	143,783	69,822	33,772	83,653		331,030	283,221
Total operating expenses	1,564,926	1,439,183	3,391,768	109,803		6,505,680	6,347,128
Operating income/(loss)	313,991	159,739	(5,662)	68,681		536,749	529,530
NONOPERATING REVENUES/(EXPENSES)							
Investment earnings	18,685	1,300	15,932	4,011		39,928	(55,205)
Interest expense	(67,634)	(173,488)		(70,772)		(311,894)	(315,990)
Debt costs	(258)					(258)	
Miscellaneous nonoperating revenues/ (expenses)	220,428	6,731	74,274	4,968		306,401	706,426
Total nonoperating revenues/(expenses)	171,221	(165,457)	90,206	(61,793)		34,177	335,231
Income before contributions and transfers	485,212	(5,718)	84,544	6,888		570,926	864,761
Capital contributions	353,485					353,485	387,392
Transfers in		2,338,486	550,000	385,333		3,273,819	946,274
Transfers out				(28,438)		(28,438)	(413,886)
Change in net position	838,697	2,332,768	634,544	363,783		4,169,792	1,784,541
Net position-beginning	5,816,855	2,675,892	1,449,248	584,646		10,526,641	8,754,253
Prior period adjustment	18,752	22,009				40,761	(12,153)
Net position-ending	\$ 6,674,304	\$ 5,030,669	\$ 2,083,792	\$ 948,429		\$ 14,737,194	\$ 10,526,641



CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015 with comparative totals for 2014

	Stormwater Fund	Columbia Point Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	2015 Total	2014 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,871,516	\$ 1,606,344	\$ 3,397,732	\$ 256,930	\$ 4,064,439	\$ 11,196,961	\$ 10,699,270
Receipts from interfund services provided							
Receipts from grants and contributions							
Payments to suppliers	(253,162)	(1,374,139)	(254,110)	(7,575)	(4,178,252)	(6,067,238)	(5,442,608)
Taxes paid	(205,803)	(9,430)	(34,099)	(18,366)		(267,698)	(280,393)
Payments to employees	(189,935)		(2,631,686)			(2,821,621)	(2,632,552)
Payments for interfund services used	(774,892)		(445,724)	(209)		(1,220,825)	(1,104,931)
Net cash provided (used) by operating activities	447,724	222,775	32,113	230,780	(113,813)	819,579	1,238,786
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from customers and users	519	6,732	14,074			21,325	86,624
Grants and contributions	266,005		1,341	244,968		512,314	483,915
Proceeds from interfund loans		41,972				41,972	31,600
Interfund loans made							
Interfund loan repayments made				(31,600)		(31,600)	(48,901)
Interfund loan repayments received							
Transfers to other funds				(28,438)		(28,438)	(196,856)
Transfers from other funds			550,000			550,000	550,000
Net cash provided (used) by noncapital financing activities	266,524	48,704	565,415	184,930		1,065,573	906,382
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES							
Principal paid on debt	(107,623)	(95,000)		(104,166)		(306,789)	(272,306)
Interest paid on debt	(64,938)	(176,407)		(69,290)		(310,635)	(317,746)
Transfers from other funds		2,338,486		385,333		2,723,819	396,274
Proceeds from debt	400,000			23,479		423,479	150,829
Bond issuance costs							
Interfund loan repayments received							
Interfund loan repayments made		(2,307,242)				(2,307,242)	(37,703)
Proceeds from sale of capital assets							
Proceeds from capital grants and contributions							
Payments related to acquisition, construction or improvements of capital assets	(633,696)	(55,383)	(73,717)	(425,714)		(1,188,510)	(2,346,748)
Net cash provided (used) by capital and related activities	(406,257)	(295,546)	(73,717)	(190,358)		(965,878)	(2,427,400)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipt of interest	14,747	1,300	15,932	4,012		35,991	32,049
Investments sold	879,269		199,892			1,079,161	1,301,366
Investments purchased	(1,117,864)		(682,304)			(1,800,168)	(1,076,902)
Net cash provided (used) by investing activities	(223,848)	1,300	(466,480)	4,012		(685,016)	256,513
Net change in cash and cash equivalents	84,143	(22,767)	57,331	229,364	(113,813)	234,258	(25,719)
Cash and cash equivalents, January 1	738,219	22,767	561,702	258,009	733,495	2,314,192	2,339,911
Cash and cash equivalents, December 31	\$ 822,362	\$	\$ 619,033	\$ 487,373	\$ 619,682	\$ 2,548,450	\$ 2,314,192

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income/(loss)	\$ 313,991	\$ 159,739	\$ (5,662)	\$ 68,681	\$	\$ 536,749	\$ 529,530
Adjustments to reconcile operating income to net cash provided from operating activities:							
Depreciation expense	143,783	69,822	33,772	83,653		331,030	283,221
Accrued pension expense	(6,460)		(106,860)			(113,320)	
(Increase)/decrease in receivables	(3,055)	1,498	111,583	78,446	(67,957)	120,515	458,174
(Increase)/decrease in prepaid items	(1,500)		6,386			4,886	(6,386)
(Increase)/decrease in inventories		(1,698)				(1,698)	(1,556)
Increase/(decrease) in payables	965	(17,391)	(7,106)		(45,856)	(69,388)	(32,272)
Increase/(decrease) in unearned revenues		10,805				10,805	8,075
Other income and adjustments							
Total adjustments	133,733	63,036	37,775	162,099	(113,813)	282,830	709,256
Net cash provided (used) by operating activities	\$ 447,724	\$ 222,775	\$ 32,113	\$ 230,780	\$ (113,813)	\$ 819,579	\$ 1,238,786

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Contribution of capital assets	\$ 353,485					\$ 353,485	\$ 387,392

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





INDIVIDUAL FUND STATEMENTS INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statement of Net Position
 Internal Service Funds
 December 31, 2015 with comparative totals for 2014

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
ASSETS					
<i>Current:</i>					
Cash and cash equivalents	\$	\$ 624,529	\$ 936,303	\$ 431,835	\$ 290,427
Deposits with third parties		200			75,000
Investments			3,214,717		
Receivables:					
Customer accounts (net)		2,235	201,451		19,627
Due from other funds			176,187		
Due from other governments		8,300			
Interfund loans			5,590		
Prepaid items				3,542	542
Inventory	114,728	11,680			
Total current assets	114,728	646,944	4,534,248	435,377	385,596
<i>Capital:</i>					
Depreciable assets (net)		40,125	8,132,652	44,841	
Total capital assets (net)		40,125	8,132,652	44,841	
Total noncurrent assets		40,125	8,132,652	44,841	
Total assets	114,728	687,069	12,666,900	480,218	385,596
DEFERRED OUTFLOWS OF RESOURCES					
Pension		60,570		191,315	
Total deferred outflows of resources		60,570		191,315	
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued expenses	3,388	99,226	153,555	53,207	65,325
Payable to other governments					
Due to other funds	47,581				
Interfund loans payable			15,954		
Leases payable-current			119,210		
Compensated absences-current		50,618		186,190	
Claims and judgments-current					112,370
Total current liabilities	50,969	149,844	288,719	239,397	177,695
<i>Noncurrent liabilities:</i>					
Interfund loans payable			5,424		
Leases payable			200,003		
Compensated absences		50,618		186,191	
Net pension liability		508,796		1,607,069	
Net OPEB obligation					
Total noncurrent liabilities		559,414	205,427	1,793,260	
Total liabilities	50,969	709,258	494,146	2,032,657	177,695
DEFERRED INFLOWS OF RESOURCES					
Pension		82,234		259,746	
Total deferred inflows of resources		82,234		259,746	
NET POSITION					
Net investment in capital assets		40,124	7,659,885	44,841	
Unrestricted	63,759	(83,977)	4,512,869	(1,665,711)	207,901
Total net position	\$ 63,759	\$ (43,853)	\$ 12,172,754	\$ (1,620,870)	\$ 207,901

Health Care Benefits Plan Fund	Unemployment Fund	Post- Employment Health Care Plan Fund	2015 Total	2014 Total
\$ 2,167,040	\$ 617,688	\$ 2,114,642	\$ 7,182,464	\$ 6,815,138
			75,200	75,200
6,689,538			9,904,255	9,375,719
59,404	1,367		284,084	89,287
			176,187	146,332
			8,300	4,861
			5,590	121,740
70,606			74,690	90,479
			126,408	119,402
8,986,588	619,055	2,114,642	17,837,178	16,838,158
			8,217,618	8,726,047
			8,217,618	8,726,047
			8,217,618	8,726,047
8,986,588	619,055	2,114,642	26,054,796	25,564,205
			251,885	251,885
			251,885	251,885
12,026	16,370	1,520	404,617	443,266
				87,286
			47,581	46,529
			15,954	15,483
			119,210	
			236,808	230,771
2,798,377	16,371	385,081	3,312,199	2,628,025
2,810,403	32,741	386,601	4,136,369	3,451,360
			5,424	21,378
			200,003	
			236,809	230,771
			2,115,865	2,237,244
		5,439,186	5,439,186	5,232,025
		5,439,186	7,997,287	7,721,418
2,810,403	32,741	5,825,787	12,133,656	11,172,778
			341,980	341,980
			341,980	341,980
			7,744,850	8,726,047
6,176,185	586,314	(3,711,145)	6,086,195	5,575,285
\$ 6,176,185	\$ 586,314	\$ (3,711,145)	\$ 13,831,045	\$ 14,301,332

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2015 with comparative totals for 2014

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
OPERATING REVENUES					
<i>Charges for services:</i>					
Other services	\$ 17,705	\$ 3,640,895	\$ 1,888,219	\$ 3,051,060	\$ 868,705
Other operating revenues		8,443	27,000	28,000	
Total operating revenues	17,705	3,649,338	1,915,219	3,079,060	868,705
OPERATING EXPENSES					
Maintenance and operations	13,844	2,969,531	23,814	2,476,317	689,355
Administrative and general		306,277	64,000	504,621	103,519
Depreciation		6,644	1,752,586	11,859	
Total operating expenses	13,844	3,282,452	1,840,400	2,992,797	792,874
Operating income/(loss)	3,861	366,886	74,819	86,263	75,831
NONOPERATING REVENUES/(EXPENSES)					
Investment earnings			53,890	5,257	2,623
Interest expense			(22,838)		
Other interest earnings					
Miscellaneous nonoperating revenues/ (expenses)		2,660	111,464	670	8,128
Total nonoperating revenues/(expenses)		2,660	142,516	5,927	10,751
Net income (loss) before transfers	3,861	369,546	217,335	92,190	86,582
Transfers in			174,000		
Change in net position	3,861	369,546	391,335	92,190	86,582
Net position-beginning	59,898	(413,399)	11,596,395	(1,713,060)	121,319
Prior period adjustment			185,024		
Net position-ending	\$ 63,759	\$ (43,853)	\$ 12,172,754	\$ (1,620,870)	\$ 207,901

Health Care Benefits Plan Fund	Unemployment Fund	Post- Employment Health Care Plan Fund	2015 Total	2014 Total
\$ 9,195,982	\$ 171,530	\$ 936,881	\$ 19,770,977	\$ 20,320,309
			63,443	58,028
<u>9,195,982</u>	<u>171,530</u>	<u>936,881</u>	<u>19,834,420</u>	<u>20,378,337</u>
10,343,343	67,149	1,510,696	18,094,049	17,774,489
107,074			1,085,491	1,291,496
			1,771,089	1,514,199
<u>10,450,417</u>	<u>67,149</u>	<u>1,510,696</u>	<u>20,950,629</u>	<u>20,580,184</u>
<u>(1,254,435)</u>	<u>104,381</u>	<u>(573,815)</u>	<u>(1,116,209)</u>	<u>(201,847)</u>
83,759	5,480	23,734	174,743	324,239
			(22,838)	(1,351)
				1,965
10,034		2,037	134,993	27,756
<u>93,793</u>	<u>5,480</u>	<u>25,771</u>	<u>286,898</u>	<u>352,609</u>
(1,160,642)	109,861	(548,044)	(829,311)	150,762
			174,000	385,140
<u>(1,160,642)</u>	<u>109,861</u>	<u>(548,044)</u>	<u>(655,311)</u>	<u>535,902</u>
7,336,827	476,453	(3,163,101)	14,301,332	13,198,016
			185,024	567,414
<u>\$ 6,176,185</u>	<u>\$ 586,314</u>	<u>\$ (3,711,145)</u>	<u>\$ 13,831,045</u>	<u>\$ 14,301,332</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Cash Flows
Internal Service Funds

For the Year Ended December 31, 2015 with comparative totals for 2014

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Administration and Engineering Fund	Workers' Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 18,389	\$ 5,004	\$	\$ 185,056	\$ 855,276
Receipts from interfund services provided		3,640,895	1,888,219	2,894,399	
Receipts from grants and contributions					
Payments to suppliers	(19,441)	(2,276,810)	(23,814)	(136,928)	(693,464)
Payments to employees		(884,716)		(2,891,538)	
Payments for interfund services used		(113,738)	(64,000)	(32,636)	(103,519)
Net cash provided (used) by operating activities	(1,052)	370,635	1,800,405	18,353	58,293
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from customers and users		2,660	18,835	670	8,128
Proceeds from interfund loans	47,581				
Interfund loans made			(181,777)		
Interfund loan repayments made	(46,529)				
Interfund loan repayments received			255,503		
Net cash provided (used) by noncapital financing activities	1,052	2,660	92,561	670	8,128
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES					
Principal paid on debt			(113,371)		
Interest paid on debt			(22,838)		
Transfers from other funds			174,000		
Interfund loan repayments received			11,952		
Interfund loan repayments made			(15,483)		
Proceeds from sale of capital assets			77,748		
Payments related to acquisition, construction or improvements of capital assets		(14,922)	(637,261)		
Net cash provided (used) by capital and related activities		(14,922)	(525,253)		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of interest			34,809	5,257	2,623
Investments sold			1,825,487		
Investments purchased			(3,174,988)		
Net cash provided (used) by investing activities			(1,314,692)	5,257	2,623
Net change in cash and cash equivalents		358,373	53,021	24,280	69,044
Cash and cash equivalents, January 1		266,156	883,282	407,555	221,383
Cash and cash equivalents, December 31	\$	\$ 624,529	\$ 936,303	\$ 431,835	\$ 290,427
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income/(loss)	\$ 3,861	\$ 366,886	\$ 74,819	\$ 86,263	\$ 75,831
Adjustments to reconcile operating income to net cash provided from operating activities:					
Depreciation expense		6,644	1,752,586	11,859	
Accrued pension expense		(29,189)		(92,190)	
(Increase)/decrease in receivables	836	(5,674)	(27,000)	395	(12,072)
(Increase)/decrease in prepaid items				(84)	(542)
(Increase)/decrease in inventories	(7,043)	743			
Increase/(decrease) in payables	1,294	31,225		12,110	(4,924)
Total adjustments	(4,913)	3,749	1,725,586	(67,910)	(17,538)
Net cash provided (used) by operating activities	\$ (1,052)	\$ 370,635	\$ 1,800,405	\$ 18,353	\$ 58,293

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

Employee Benefits Fund	Unemployment Fund	Post Employment Benefits Fund	2015 Total	2014 Total
\$ 9,215,685	\$ 172,393	\$ 936,881	\$ 11,388,684	\$ 12,286,000
			8,423,513	8,050,611
				27,000
(9,977,122)	(67,416)	(967,951)	(14,162,946)	(14,247,921)
		(307,660)	(4,083,914)	(4,240,693)
(107,074)			(420,967)	(420,261)
(868,511)	104,977	(338,730)	1,144,370	1,454,736
10,034		2,037	42,364	5,611
			47,581	46,529
			(181,777)	(145,497)
			(46,529)	(41,174)
			255,503	329,885
10,034		2,037	117,142	195,354
			(113,371)	25,756
			(22,838)	1,292
			174,000	168,110
			11,952	
			(15,483)	(16,377)
			77,748	248,641
			(652,183)	(1,644,500)
			(540,175)	(1,217,078)
86,177	5,480	23,734	158,080	164,826
7,444,277			9,269,764	8,688,987
(6,606,867)			(9,781,855)	(9,269,764)
923,587	5,480	23,734	(354,011)	(415,951)
65,110	110,457	(312,959)	367,326	17,061
2,101,930	507,231	2,427,601	6,815,138	6,798,077
\$ 2,167,040	\$ 617,688	\$ 2,114,642	\$ 7,182,464	\$ 6,815,138
\$ (1,254,435)	\$ 104,381	\$ (573,815)	\$ (1,116,209)	\$ (201,847)
			1,771,089	1,514,199
			(121,379)	
19,703	863		(22,949)	(61,781)
16,415			15,789	2,867
			(6,300)	35,360
349,806	(267)	235,085	624,329	165,938
385,924	596	235,085	2,260,579	1,656,583
\$ (868,511)	\$ 104,977	\$ (338,730)	\$ 1,144,370	\$ 1,454,736





COMBINING FUND STATEMENTS TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

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

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

AGENCY FUNDS

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

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

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

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

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

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

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

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Plan Net Position
Pension Trust Funds
December 31, 2015 with comparative totals for 2014

	Fire Pension Trust Fund	Police Pension Trust Fund	2015 Total	2014 Total
ASSETS				
Cash and short term investments	\$ 484,476	\$ 148,766	\$ 633,242	\$ 521,498
Investments:				
Mutual funds	433,601	223,821	657,422	704,509
Accounts receivable	730		730	
Interest and dividends receivable				2,728
Interfund loans receivable	49,134		49,134	84,836
Total Assets	967,941	372,587	1,340,528	1,313,571
LIABILITIES				
Accounts payable and accrued expenses	61	480	541	6,802
Total liabilities	61	480	541	6,802
NET POSITION				
Held in Trust for benefits - Pension	441,699	157,846	599,545	540,366
Held in Trust for benefits - OPEB	526,181	214,261	740,442	766,403
Total net position	\$ 967,880	\$ 372,107	\$ 1,339,987	\$ 1,306,769

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Combining Statement of Changes in Plan Net Position
Pension Trust Funds
For the Year Ended December 31, 2015 with comparative totals for 2014

	Fire Pension Trust Fund	Police Pension Trust Fund	2015 Total	2014 Total
ADDITIONS:				
Contributions:				
Employer-property taxes	\$ 324,600	\$	\$ 324,600	\$ 350,000
State-fire insurance premium tax	57,534		57,534	56,876
General Fund contributions		441,000	441,000	490,000
Total contributions	382,134	441,000	823,134	896,876
Investment income:				
Interest and dividends	29,403	12,772	42,175	64,280
Net change in fair market value of investments	(31,055)	(16,030)	(47,085)	(19,545)
Total investment income	(1,652)	(3,258)	(4,910)	44,735
Total Additions	380,482	437,742	818,224	941,611
DEDUCTIONS:				
Benefits	319,887	426,103	745,990	731,283
Administrative expenses	18,846	20,170	39,016	32,594
Total deductions	338,733	446,273	785,006	763,877
Change in Net Position	41,749	(8,531)	33,218	177,734
Net position Beginning	926,131	380,638	1,306,769	1,129,035
Net position Ending	\$ 967,880	\$ 372,107	\$ 1,339,987	\$ 1,306,769

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2015

Columbia Point Master Association	Balance		Balance	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 16,397	\$ 7,148	\$ 8,642	\$ 14,903
Receivables:				
Customer accounts (net)		7,113	7,011	102
Total assets	\$ 16,397	\$ 14,261	\$ 15,653	\$ 15,005
LIABILITIES				
Accounts payable and accrued expenses	\$ 611	\$ 8,642	\$ 8,650	\$ 603
Payable to other agencies	15,786	5,619	7,003	14,402
Total liabilities	\$ 16,397	\$ 14,261	\$ 15,653	\$ 15,005

Uptown Business Improvement District				
ASSETS				
Cash and cash equivalents	\$ 3,146	\$ 9,946	\$ 9,768	\$ 3,324
Receivables:				
Customer accounts (net)	1,834	11,868	10,232	3,470
Total assets	\$ 4,980	\$ 21,814	\$ 20,000	\$ 6,794
LIABILITIES				
Accounts payable and accrued expenses	\$ 4,980	\$ 18,666	\$ 16,852	\$ 6,794
Payable to other agencies		3,148	3,148	
Total liabilities	\$ 4,980	\$ 21,814	\$ 20,000	\$ 6,794

Downtown Business Improvement District				
ASSETS				
Cash and cash equivalents	\$ 3,538	\$ 8,324	\$ 8,398	\$ 3,464
Receivables:				
Customer accounts (net)	2,734	10,193	8,937	3,990
Total assets	\$ 6,272	\$ 18,517	\$ 17,335	\$ 7,454
LIABILITIES				
Accounts payable and accrued expenses	\$ 6,272	\$ 16,527	\$ 15,345	\$ 7,454
Payable to other agencies		1,990	1,990	
Total liabilities	\$ 6,272	\$ 18,517	\$ 17,335	\$ 7,454

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, continued
Agency Funds
For the Year Ended December 31, 2015

Southeast Communications Center	Balance			Balance
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 3,184,088	\$ 4,179,776	\$ 4,448,450	\$ 2,915,414
Receivables:				
Customer accounts (net)	1,155	1,886,847	1,875,025	12,977
Due from other governments	159,347	143,242	159,347	143,242
Prepaid items	27,711	1,936	27,711	1,936
Interfund Loans		5,045		5,045
Capital assets:				
Depreciable assets (net)	738,786	289,525	283,926	744,385
Construction in progress	28,802	334,618		363,420
Total capital assets (net)	767,588	624,143	283,926	1,107,805
Total assets	<u>\$ 4,139,889</u>	<u>\$ 6,840,989</u>	<u>\$ 6,794,459</u>	<u>\$ 4,186,419</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 44,308	\$ 2,737,536	\$ 2,714,074	\$ 67,770
Deposits payable				
Compensated absences	215,503	175,576	165,724	225,355
Payable to other agencies	3,880,078	3,927,877	3,914,661	3,893,294
Total liabilities	<u>\$ 4,139,889</u>	<u>\$ 6,840,989</u>	<u>\$ 6,794,459</u>	<u>\$ 4,186,419</u>

800 MHz Project

ASSETS

Cash and cash equivalents	\$ 311,521	\$ 732,952	\$ 763,840	\$ 280,634
Receivables:				
Customer accounts (net)	91,429	549,788	543,589	97,627
Capital assets:				
Depreciable assets (net)	7,387,851	5,884	902,585	6,491,150
Total capital assets (net)	7,387,851	5,884	902,585	6,491,150
Total assets	<u>\$ 7,790,801</u>	<u>\$ 1,288,624</u>	<u>\$ 2,210,014</u>	<u>\$ 6,869,411</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 2,863	\$ 704,598	\$ 703,244	\$ 4,217
Payable to other agencies	7,787,938	584,026	1,506,770	6,865,194
Total liabilities	<u>\$ 7,790,801</u>	<u>\$ 1,288,624</u>	<u>\$ 2,210,014</u>	<u>\$ 6,869,411</u>

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, continued
Agency Funds
For the Year Ended December 31, 2015

Benton County Emergency Management	Balance		Balance	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and cash equivalents	\$ 49,971	\$ 756,724	\$ 806,694	\$ 1
Receivables:				
Customer accounts (net)		103,722	69,884	33,838
Due from other governments	79,967	94,277	79,967	94,277
Prepaid items	470	230	470	230
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	1,168,035	150,218	222,515	1,095,738
Total capital assets (net)	1,182,628	150,218	222,515	1,110,331
Total assets	\$ 1,313,036	\$ 1,105,171	\$ 1,179,530	\$ 1,238,677

LIABILITIES

Accounts payable and accrued expenses, restated	\$ 32,444	\$ 560,174	\$ 582,306	\$ 10,312
Interfund loans payable		5,045		5,045
Compensated absences, restated	40,006	24,354	18,323	46,037
Payable to other agencies	1,240,586	515,598	578,901	1,177,283
Total liabilities	\$ 1,313,036	\$ 1,105,171	\$ 1,179,530	\$ 1,238,677

Microwave Communication

ASSETS

Cash and cash equivalents	\$ 27,723	\$ 109,235	\$ 77,737	\$ 59,221
Capital assets:				
Depreciable assets (net)	125,340		125,340	
Total capital assets (net)	125,340		125,340	
Total assets	\$ 153,063	\$ 109,235	\$ 203,077	\$ 59,221

LIABILITIES

Accounts payable and accrued expenses, restated	\$ 1,643	\$ 68,640	\$ 58,720	\$ 11,563
Payable to other agencies	151,420	40,595	144,357	47,658
Total liabilities	\$ 153,063	\$ 109,235	\$ 203,077	\$ 59,221

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statement of Changes in Assets and Liabilities, continued
Agency Funds
For the Year Ended December 31, 2015

TOTAL AGENCY FUNDS	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 3,596,384	\$ 5,804,105	\$ 6,123,529	\$ 3,276,961
Receivables:				
Customer accounts (net)	97,152	2,569,531	2,514,678	152,004
Due from other governments	239,314	237,519	239,314	237,519
Prepaid items	28,181	2,166	28,181	2,166
Interfund Loans		5,045		5,045
Capital assets:				
Land	14,593			14,593
Depreciable assets (net)	9,420,012	445,627	1,534,366	8,331,273
Construction in progress	28,802	334,618		363,420
Total capital assets (net)	9,463,407	780,245	1,534,366	8,709,286
Total assets	<u>\$ 13,424,438</u>	<u>\$ 9,398,611</u>	<u>\$ 10,440,068</u>	<u>\$ 12,382,981</u>
LIABILITIES				
Accounts payable and accrued expenses, restated	\$ 93,121	\$ 4,114,783	\$ 4,099,191	\$ 108,713
Interfund loans payable		5,045		5,045
Compensated absences, restated	255,509	199,930	184,047	271,392
Payable to other agencies	13,075,808	5,078,853	6,156,830	11,997,831
Total liabilities	<u>\$ 13,424,438</u>	<u>\$ 9,398,611</u>	<u>\$ 10,440,068</u>	<u>\$ 12,382,981</u>



STATISTICAL SECTION

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

FINANCIAL TRENDS – Tables 1-5

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

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

REVENUE CAPACITY – Tables 6-10

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

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

DEBT CAPACITY – Tables 11-15

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

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

DEMOGRAPHIC & ECONOMIC INFORMATION – Tables 16-17

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

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

OPERATING INFORMATION – Tables 18-20

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

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

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



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

	PROPERTY TAX	PROPERTY TAX FOR DEBT SERVICE	RETAIL SALES AND USE TAX	RETAIL SALES CRIMINAL JUSTICE TAX	UTILITY TAX	OTHER TAXES	REAL ESTATE EXCISE TAX	HOTEL/MOTEL TAX	SPECIAL LODGING ASSESSMENT	TOTAL TAXES
2015	\$ 13,980,379	\$ 2,214,160	\$ 10,650,322	\$ 2,565,294	\$ 11,593,613	\$ 556,328	\$ 2,723,306	\$ 958,100	\$ 484,999	\$ 45,726,501
2014	13,596,507	2,060,964	10,065,562	925,518	11,888,548	515,103	1,687,157	824,271	414,340	41,977,970
2013	13,092,855	1,908,799	9,361,199	889,801	10,097,332	477,250	1,265,067	780,495	307,241	38,180,039
2012	12,615,011	1,793,364	8,375,646	825,776	10,239,354	401,116	1,382,607	710,818	282,671	36,626,363
2011	12,323,521	1,569,219	9,269,443	887,629	9,511,684	451,337	1,393,880	770,443	335,005	36,512,161
2010	11,958,856	1,944,976	8,452,044	826,032	9,690,045	382,612	1,484,306	775,983	357,084	35,871,937
2009	11,502,106	1,840,157	7,699,891	767,926	9,767,619	339,323	1,155,433	736,423	345,103	34,153,979
2008	10,888,009	1,651,655	7,638,802	742,380	8,897,368	374,302	1,414,080	727,756	319,360	32,653,712
2007	10,602,531	788,821	7,859,062	653,991	8,807,488	271,188	1,536,526	681,169	335,279	31,536,056
2006	9,856,883	780,284	7,196,528	653,991	8,453,747	386,804	1,966,359	588,633	305,732	30,188,961
CHANGE										
2006-2015	41.83%	183.76%	47.99%	292.25%	37.14%	43.83%	38.49%	62.77%	58.64%	51.47%

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

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
REVENUES										
Taxes	\$ 45,726,501	\$ 41,977,970	\$ 38,180,039	\$ 36,626,363	\$ 36,512,161	\$ 35,871,937	\$ 34,153,979	\$ 32,653,712	\$ 31,536,054	\$ 30,188,961
Licenses & permits	2,677,317	2,599,993	2,318,857	2,205,971	2,347,311	2,403,401	1,867,785	2,178,368	2,124,450	2,296,749
Intergovernmental	5,948,208	8,144,118	8,039,627	6,106,051	9,711,729	6,544,817	5,453,003	6,832,807	6,453,927	7,249,443
Charges for services	8,128,419	7,704,122	7,809,058	7,732,806	7,934,217	8,309,594	7,361,912	7,587,492	6,626,824	7,091,336
Fines & forfeits	818,967	817,764	856,819	916,385	939,720	982,873	1,063,761	967,829	994,178	837,078
Investment earnings	288,682	306,015	69,257	290,597	415,985	202,126	412,146	1,092,599	1,802,356	778,996
Rents & leases	1,453,179	717,412	722,765	1,973,441	649,786	588,935	594,814	565,614	460,513	475,831
Miscellaneous revenues	572,642	854,155	548,334	1,101,510	786,136	1,023,644	691,192	746,306	3,356,065	2,399,456
Total revenues	\$ 65,613,915	\$ 63,121,549	\$ 58,544,756	\$ 56,953,124	\$ 59,297,045	\$ 55,927,327	\$ 51,598,592	\$ 52,624,727	\$ 53,354,368	\$ 51,317,850
EXPENDITURES										
<i>Current:</i>										
Judicial	\$ 752,070	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576	\$ 483,003	\$ 493,772	\$ 509,342
General government	13,379,397	13,729,256	12,355,068	12,445,145	12,677,728	11,787,472	13,990,135	11,490,889	11,139,343	10,426,766
Public safety	20,044,753	18,986,726	18,944,406	18,574,463	18,227,258	17,661,244	16,976,083	16,532,144	15,281,860	13,740,441
Physical environment	243,518	239,111	232,690	223,263	229,895	221,807	213,215	208,625	201,609	321,505
Transportation	3,627,432	3,338,151	4,233,541	4,028,906	3,968,762	3,082,685	3,532,324	3,757,189	4,145,193	2,115,929
Health & human services	11,954	8,742	11,193	12,756	11,675	11,811	11,015	10,425	8,053	9,213
Economic environment	4,919,136	8,960,064	7,924,653	5,812,773	6,131,509	6,403,864	5,444,364	4,953,528	4,835,848	5,113,973
Culture & recreation	6,407,652	5,850,173	6,076,924	5,962,775	6,042,759	5,916,801	5,984,501	5,555,287	5,494,349	5,076,163
Debt service:										
Principal	5,306,461	3,179,431	3,448,941	2,913,457	2,810,000	4,005,000	2,450,000	2,385,000	2,180,000	1,810,000
Interest	1,424,949	1,649,496	1,620,922	1,487,880	1,614,032	1,658,375	1,747,312	1,874,739	1,657,901	1,234,536
Other	149,563	4,856	97,859	601	605	36,591	2,309	2,912	2,309	91,142
Capital Outlay:										
General government	147,702	542,084	718,240	546,014	174,549	1,735,866	358,280	144,565	195,306	20,166
Public safety	2,652,865	764,037	41,719	238,889	114,045	308,558	99,199	103,229	82,577	382,578
Physical environment										
Transportation	3,642,872	4,851,676	1,897,292	4,196,697	6,730,723	3,182,461	4,288,074	4,354,447	7,658,724	8,426,933
Economic environment	962,546	651,117	100,674	482,941	30,937	97,172	70,529	506,520	451,487	451,487
Culture & recreation	2,007,747	1,673,709	4,223,887	1,512,683	2,006,123	1,234,803	8,637,860	7,733,014	3,165,151	615,391
Total expenditures	65,680,617	65,113,720	62,546,495	59,151,941	61,398,558	57,960,068	64,355,776	59,597,271	57,048,516	50,345,565
Excess (deficiency) of revenues over (under) expenditures	(66,702)	(1,992,171)	(4,001,739)	(2,198,817)	(2,101,513)	(2,032,741)	(12,757,184)	(6,972,544)	(3,694,148)	972,285
OTHER FINANCING SOURCES (USES)										
Transfers in	5,592,968	8,392,194	6,479,976	6,995,101	7,597,172	11,223,114	7,736,187	11,064,054	10,583,222	6,860,151
Transfers out	(9,007,349)	(9,254,722)	(8,687,825)	(8,351,837)	(8,068,733)	(12,525,831)	(9,107,145)	(12,909,304)	(12,260,834)	(7,841,440)
Debt issued	15,098,361	3,355,000	11,115,000	-	3,920,000	-	-	-	17,250,000	6,337,176
Premium on general obligation debt	1,565,869	123,353	91,249	-	106,161	-	-	-	948,434	131,012
Payment to ref. bond escrow agent	(13,794,724)									(2,283,510)
Disposition of capital assets	287,522	3,714,337	476,346	241,111	1,376,809	2,195,654	154,038	2,519,318	1,400,266	6,210,398
Total other financing sources (uses)	(257,353)	6,330,162	9,474,746	(1,115,625)	905,248	4,919,098	(1,216,920)	674,068	17,921,088	9,413,787
Net change in fund balances	(324,055)	4,337,991	5,473,007	(3,314,442)	(1,196,265)	2,886,357	(13,974,104)	(6,298,476)	14,226,940	10,386,072
Prior period adjustments	-	(786,281)	(1,104,578)	-	241,848	-	(126,842)	(305,497)	-	(2,033)
Total net change in fund balances	\$(324,055)	\$ 3,551,710	\$ 4,368,429	\$(3,314,442)	\$(954,417)	\$ 2,886,357	\$(14,100,946)	\$(6,603,973)	\$ 14,226,940	\$ 10,384,039
Debt service as a % of noncapital expenditures	11.96%	8.53%	9.12%	8.44%	8.45%	11.02%	8.25%	9.01%	8.45%	7.53%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 77,921,984	\$ 77,393,420	\$ 86,339,502	\$ 86,531,857	\$ 87,445,853	\$ 85,596,859	\$ 89,953,344	\$ 90,764,468	\$ 91,539,470	\$ 87,916,066
Restricted	12,390,522	13,984,508	5,164,524	3,483,745	3,356,389	8,210,325	7,646,895	18,720,050	17,812,239	881,954
Unrestricted	4,241,680	11,434,107	18,833,768	25,648,175	29,067,800	24,516,771	20,174,118	14,197,923	13,253,557	32,830,892
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	94,554,186	102,812,035	110,337,794	115,663,777	119,870,042	118,323,955	117,774,357	123,682,441	122,605,266	121,628,912
BUSINESS-TYPE										
Net Investment in Capital Assets	150,079,976	146,876,162	145,327,567	131,225,438	117,579,433	114,712,702	97,683,923	97,252,443	96,287,052	95,032,831
Restricted	16,628,777	14,119,797	13,802,274	19,804,051	22,038,604	15,049,152	15,310,155	11,502,589	10,303,480	5,386,145
Unrestricted	14,315,523	19,969,244	14,909,806	12,750,453	16,402,531	21,550,164	22,717,251	20,560,529	17,682,523	14,278,346
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	181,024,276	180,965,203	174,039,647	163,779,942	156,020,568	151,312,018	135,711,329	129,315,563	124,273,054	114,697,324
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	228,001,960	224,269,582	231,667,069	217,757,295	205,025,286	200,309,561	187,637,267	188,016,911	187,826,522	182,948,897
Restricted	29,019,299	28,104,305	18,966,798	23,287,796	25,394,993	23,259,477	22,957,050	30,222,639	28,115,718	6,268,099
Unrestricted	18,557,203	31,403,351	33,743,574	38,398,628	45,470,331	46,066,935	42,891,369	34,758,452	30,936,080	47,109,238
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 275,578,462	\$ 283,777,238	\$ 284,377,441	\$ 279,443,719	\$ 275,890,610	\$ 269,635,973	\$ 253,485,686	\$ 252,998,004	\$ 246,878,320	\$ 236,326,234

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
Judicial	\$ 752,070	\$ 685,091	\$ 618,486	\$ 712,698	\$ 627,958	\$ 615,558	\$ 550,576	\$ 483,003	\$ 493,772	\$ 509,342
General Government	14,260,390	14,389,809	12,622,646	12,799,300	12,875,968	14,658,005	14,537,462	11,962,826	11,655,690	10,945,651
Public Safety	21,032,731	24,966,795	19,744,479	20,091,515	19,004,418	13,146,635	16,021,859	16,902,855	16,200,197	14,376,684
Physical Environment	243,518	239,111	232,690	223,263	229,895	221,807	215,364	180,774	217,957	636,405
Transportation	11,977,801	11,719,930	12,449,384	12,261,359	11,707,903	11,150,022	10,838,583	10,758,636	11,128,255	7,696,658
Health & human services	11,954	8,742	11,193	12,756	11,675	11,811	11,015	10,425	8,053	9,213
Economic Environment	5,110,022	9,544,697	7,942,776	6,051,751	6,308,358	7,076,630	5,724,997	5,252,015	5,096,107	5,397,891
Culture & Recreation	7,821,561	11,051,111	7,291,514	7,205,154	7,108,146	7,921,404	6,623,574	6,132,878	6,010,067	5,675,839
Interest on Long-Term Debt	1,489,579	1,583,907	1,670,320	1,437,334	1,542,686	1,756,217	1,725,977	1,858,001	1,747,070	1,261,930
Total Governmental Activities	62,699,626	74,189,193	62,583,488	60,795,130	59,417,007	56,558,089	56,249,407	53,541,413	52,557,168	46,509,613
Business-Type Activities:										
Electric & Gas	54,615,686	54,489,969	53,419,986	48,046,928	45,539,459	44,772,564	42,717,311	43,160,460	40,341,785	40,423,756
Water	9,903,328	10,332,007	10,264,897	9,959,311	9,864,232	9,849,914	9,172,943	8,925,632	8,548,813	8,239,068
Sewer	6,880,869	7,493,696	7,501,259	7,611,549	7,984,939	7,224,539	7,202,354	6,780,386	6,301,989	6,321,012
Solid Waste	8,675,356	6,930,515	7,001,150	6,540,027	7,426,222	6,769,877	5,990,169	5,486,939	4,921,240	5,102,954
Stormwater	1,532,140	1,343,853	1,318,630	1,244,857	1,239,561	1,204,054	1,178,828	1,160,303	994,748	965,500
Golf Course	1,612,671	1,596,480	1,590,702	1,519,204	1,542,116	1,475,335	1,341,871	1,390,938	1,477,572	1,432,323
Medical Services	3,036,998	3,363,682	3,032,903	2,856,359	2,976,632	2,805,624	2,615,842	2,441,302	2,226,134	1,604,544
Broadband	180,575	175,358	76,966	-	-	-	-	-	-	-
Total Business-Type Activities	86,437,623	85,725,560	84,206,493	77,778,235	76,573,161	74,101,907	70,219,318	69,345,960	64,812,281	64,089,157
Total Primary Government Expenses	\$ 149,137,249	\$ 159,914,753	\$ 146,789,981	\$ 138,573,365	\$ 135,990,168	\$ 130,659,996	\$ 126,468,725	\$ 122,887,373	\$ 117,369,449	\$ 110,598,770
Program Revenues										
Governmental Activities:										
Charges for Services										
Judicial	\$ 768,944	\$ 769,654	\$ 773,448	\$ 860,813	\$ 878,511	\$ 921,729	\$ 1,012,701	\$ 911,492	\$ 1,015,710	\$ 842,697
General Government	7,343,592	6,761,340	7,042,606	6,821,453	7,090,180	7,156,208	6,955,300	6,622,028	4,333,350	4,943,022
Public Safety	273,209	259,832	371,450	231,460	190,061	156,206	176,441	245,399	174,086	113,291
Physical Environment	53,203	55,542	51,607	52,396	51,555	53,099	54,523	55,951	4,396,473	2,725,541
Transportation	1,020,948	831,610	772,067	861,952	678,533	525,496	364,290	1,080,559	741,640	707,567
Health & human services	111,038	68,991	72,420	524,181	120,503	260,734	285,875	-	-	-
Economic Environment	2,981,634	3,071,528	2,146,768	3,487,891	2,394,814	3,261,318	1,861,782	2,923,981	1,499,358	2,724,775
Culture & Recreation	986,815	895,685	953,049	910,772	1,162,255	905,792	656,997	722,123	888,186	752,359
Operating Grants and Contributions	2,184,976	1,440,860	1,867,067	2,148,431	2,210,676	2,332,638	1,989,004	1,861,943	1,467,234	1,399,823
Capital Grants and Contributions	2,544,143	5,296,154	4,809,008	2,761,967	6,022,409	2,751,068	1,994,008	3,568,605	3,532,959	4,463,607
Total Governmental Activities	18,268,502	19,451,196	18,859,490	18,661,316	20,799,497	18,324,288	15,350,921	17,992,081	18,048,994	18,672,682

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-Type Activities:										
Charges for Services										
Electric	57,994,539	57,340,303	54,945,920	48,213,393	49,368,499	47,533,730	48,356,937	46,221,214	45,346,760	43,936,919
Water	14,407,590	13,902,732	13,254,942	12,502,676	11,481,750	11,379,986	11,548,340	11,492,632	11,336,191	10,504,242
Sewer	9,186,121	8,962,953	8,691,716	8,582,653	8,943,282	9,837,064	7,998,399	7,535,066	7,135,370	7,109,286
Solid Waste	8,346,077	7,712,288	8,237,305	4,982,677	7,244,141	6,925,655	5,943,696	6,237,907	6,364,628	6,071,267
Stormwater	2,103,726	2,303,127	2,280,477	2,830,931	2,082,373	1,987,399	1,687,218	1,399,153	1,179,871	979,013
Golf Course	1,605,653	1,555,413	1,628,586	1,477,589	1,567,050	1,510,461	1,515,478	1,429,944	1,394,317	1,345,734
Medical Services	3,401,521	3,282,576	2,868,451	2,333,394	2,197,763	2,200,642	2,136,403	1,781,878	2,097,152	1,478,776
Broadband	178,484	240,000	170,811	-	-	-	-	-	-	-
Operating Grants and Contributions	63,827	204,324	-	-	-	8,925	4,126	1,644	1,439	1,463
Capital Grants and Contributions	4,367,793	4,882,561	7,954,915	8,838,913	3,256,666	3,016,065	1,693,970	2,562,860	2,743,986	1,402,431
Total Business-Type Activities	101,655,331	100,386,277	100,033,123	89,762,226	86,141,524	84,399,927	80,884,567	78,662,298	77,589,714	72,829,131
Total Primary Government Revenues	\$ 119,923,833	\$ 119,837,473	\$ 118,892,613	\$ 108,423,542	\$ 106,941,021	\$ 102,724,215	\$ 96,235,488	\$ 96,654,379	\$ 95,638,708	\$ 91,501,813
Net (Expense)/Revenue										
Governmental Activities	\$ (44,431,124)	\$ (54,737,997)	\$ (43,723,998)	\$ (42,133,814)	\$ (38,617,510)	\$ (38,233,801)	\$ (40,898,486)	\$ (35,549,332)	\$ (34,508,174)	\$ (27,836,931)
Business-type Activities	15,217,708	14,660,717	15,826,630	11,983,991	9,568,363	10,298,020	10,665,249	9,316,338	12,777,433	8,739,974
Total Primary Government Net Expense	\$ (29,213,416)	\$ (40,077,280)	\$ (27,897,368)	\$ (30,149,823)	\$ (29,049,147)	\$ (27,935,781)	\$ (30,233,237)	\$ (26,232,994)	\$ (21,730,741)	\$ (19,096,957)
General Revenues										
Governmental Activities:										
Property Taxes	\$ 16,201,248	\$ 15,622,185	\$ 15,030,647	\$ 14,439,678	\$ 13,865,439	\$ 13,848,298	\$ 13,396,443	\$ 12,630,335	\$ 11,324,930	\$ 10,633,328
Sales Taxes	13,215,616	10,991,080	10,251,001	9,201,422	10,157,072	9,278,077	8,467,816	8,381,182	8,513,052	7,850,519
B&O Taxes	3,597,958	3,952,587	4,041,508	3,825,359	3,976,461	4,295,754	4,421,720	3,735,671	3,750,303	3,613,865
Other Taxes	6,281,555	4,847,975	3,998,315	4,661,573	4,400,842	4,456,219	4,046,274	4,237,755	4,295,267	4,633,542
Investment Earnings	404,278	564,215	190,182	388,599	496,464	285,768	412,145	1,092,599	1,802,356	778,996
Disposition of Capital Assets	(58,888)	3,714,337	476,346	121,733	1,376,809	1,895,208	154,038	2,519,318	1,400,266	6,210,398
Miscellaneous	650,375	1,232,707	1,157,306	-	-	-	-	-	-	-
Transfers	4,581,273	7,073,433	4,528,264	5,118,713	5,648,662	4,724,075	4,493,295	4,335,447	4,398,354	4,449,389
Total Governmental Activities	44,873,415	47,998,519	39,673,569	37,757,077	39,921,749	38,783,399	35,391,731	36,932,307	35,484,528	38,170,037
Business-Type Activities:										
Investment Earnings	427,386	414,790	(309,414)	935,302	797,471	372,230	401,288	926,134	1,221,154	825,701
Transfers	(4,581,273)	(7,073,433)	(4,528,264)	(5,118,713)	(5,648,662)	(4,724,075)	(4,493,295)	(4,335,447)	(4,398,354)	(4,449,389)
Total Business-Type Activities	(4,153,887)	(6,658,643)	(4,837,678)	(4,183,411)	(4,851,191)	(4,351,845)	(4,092,007)	(3,409,313)	(3,177,200)	(3,623,688)
Total Primary Government	\$ 40,719,528	\$ 41,339,876	\$ 34,835,891	\$ 33,573,666	\$ 35,070,558	\$ 34,431,554	\$ 31,299,724	\$ 33,522,994	\$ 32,307,328	\$ 34,546,349

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Change in Net Position - Current Year										
Governmental Activities	\$ 442,291	\$ (6,739,478)	\$ (4,050,429)	\$ (4,376,737)	\$ 1,304,239	\$ 549,598	\$ (5,506,755)	\$ 1,382,975	\$ 976,354	\$ 10,333,106
Business-type Activities	11,063,821	8,002,074	10,988,952	7,800,580	4,717,172	5,946,175	6,573,242	5,907,025	9,600,233	5,116,286
Total Change - Current Year	11,506,112	1,262,596	6,938,523	3,423,843	6,021,411	6,495,773	1,066,487	7,290,000	10,576,587	15,449,392
Change in Net Position - Changes in Accounting Principles										
Governmental Activities	(8,700,140)	-	-	(170,976)	170,472	-	-	-	-	73,264,283
Business-type Activities	(10,978,522)	-	-	(1,277,474)	-	-	-	(829,843)	-	-
Total Change - Accounting Principles	(19,678,662)	-	-	(1,448,450)	170,472	-	-	(829,843)	-	73,264,283
Change in Net Position - Prior Period Adjustments										
Governmental Activities	-	(786,281)	(1,104,578)	-	241,848	-	(401,329)	(305,497)	-	(384,618)
Business-type Activities	(26,226)	(1,076,518)	548,227	(41,206)	(8,622)	9,654,514	(177,476)	(34,676)	(24,503)	10,275,010
Total Change - Prior Period Adjustments	(26,226)	(1,862,799)	(556,351)	(41,206)	233,226	9,654,514	(578,805)	(340,173)	(24,503)	9,890,392
Total Change in Net Position	\$ (8,198,776)	\$ (600,203)	\$ 6,382,172	\$ 1,934,187	\$ 6,425,109	\$ 16,150,287	\$ 487,682	\$ 6,119,984	\$ 10,552,084	\$ 98,604,067

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

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

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

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

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*.

Concluded

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Financial Trends Information
 Table 5 - Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)

	*2015	*2014	*2013	*2012	*2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 19,425	\$ 2,379,932	\$ 2,294,528	\$ 2,294,515	\$ 2,294,528	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (1)	431,324	275,916	221,077	198,913	230,206	2,306,146	2,306,128	2,311,528	24,849	196,189
Committed	958,643	1,102,645	1,196,905	1,371,122	1,590,021	-	-	-	-	-
Assigned (2)	104,662	236,704	316,066	389,161	409,840	-	-	-	-	-
Unassigned (3)	11,012,089	6,991,885	5,064,256	6,276,627	8,145,341	7,382,261	5,773,994	7,714,403	9,753,280	9,659,492
Total General Fund	\$ 12,526,143	\$ 10,987,082	\$ 9,092,832	\$ 10,530,338	\$ 12,669,936	\$ 9,688,407	\$ 8,080,122	\$ 10,025,931	\$ 9,778,129	\$ 9,855,681
All Other Governmental Funds										
Nonspendable	\$ 73,290	\$ 69,239	\$ 70,566	\$ 72,730	\$ 69,925	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (1)	11,959,198	14,063,433	4,969,548	3,776,661	3,126,183	2,388,660	1,452,508	1,977,996	949,389	665,284
Committed	4,536,674	4,624,882	2,187,418	2,683,255	3,833,411	-	-	-	-	-
Assigned (2)	2,851,066	2,338,337	12,231,248	4,495,098	4,740,702	2,567,747	1,539,974	3,350,888	1,781,521	1,979,287
Unassigned (3)	(247,311)	(59,858)	(80,207)	(624,707)	(192,340)	10,557,120	11,243,273	21,062,007	30,511,751	16,293,606
Total All Other Governmental Funds	\$ 19,172,917	\$ 21,036,033	\$ 19,378,573	\$ 10,403,037	\$ 11,577,881	\$ 15,513,527	\$ 14,235,755	\$ 26,390,891	\$ 33,242,661	\$ 18,938,177

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

(1) Restricted was previously "Reserved For:"

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

(3) Unassigned was previously "Unreserved, Undesignated"

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

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Revenue Capacity Information
 Table 6 - Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Original Tax Levy	Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date		
				Amount Collected	Percentage of Original Levy	Collections in Subsequent Years	Amount Collected	Percentage of Adjusted Levy	Amount Collected
2015	\$ 16,522,897	\$ (44,063)	\$ 16,478,834	\$ 16,261,792	98.42%	\$ -	\$ 16,261,792	98.68%	
2014	16,023,806	(94,916)	15,928,890	15,726,405	98.14%	119,849	15,846,254	99.48%	
2013	15,285,836	(47,704)	15,238,132	14,999,602	98.13%	238,530	15,238,132	100.00%	
2012	14,802,077	(88,585)	14,713,492	14,544,623	98.26%	168,869	14,713,492	100.00%	
2011	14,184,835	(38,655)	14,146,180	13,981,223	98.56%	164,957	14,146,180	100.00%	
2010	14,234,127	(39,251)	14,194,876	13,998,983	98.35%	195,893	14,194,876	100.00%	
2009	13,823,855	(78,328)	13,745,527	13,461,836	97.38%	283,691	13,745,527	100.00%	
2008	12,979,878	(26,813)	12,953,065	12,714,572	97.96%	238,493	12,953,065	100.00%	
2007	11,607,996	(7,565)	11,600,431	11,457,130	98.70%	143,301	11,600,431	100.00%	
2006	10,944,729	(64,402)	10,880,327	10,738,442	98.12%	141,885	10,880,327	100.00%	

SOURCE:
 Benton County Treasurer

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

YEAR	REAL	PERSONAL	CORPORATE	TOTAL TAXABLE **ASSESSED VALUE (in \$1,000)	TOTAL DIRECT TAX RATE
2015	\$ 5,173,975	\$ 325,312	\$ 35,077	\$ 5,534,364	\$ 2.9771
2014	5,023,330	312,302	33,576	5,369,208	2.9840
2013	4,822,508	293,204	31,893	5,147,605	2.9697
2012	4,656,375	301,558	34,339	4,992,272	2.9654
2011	4,393,628	285,918	31,551	4,711,097	3.0119
2010	4,196,011	309,493	30,627	4,536,131	3.1399
2009	4,088,187	287,165	30,204	4,405,556	3.1392
2008	3,595,529	226,651	30,689	3,852,869	3.3674
2007	3,254,056	218,175	28,809	3,501,040	3.3073
2006	3,079,526	199,041	30,952	3,309,521	3.3071

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

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

SOURCE:
Benton County Assessor's Office/Tax Collections

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

FISCAL YEAR	CITY GENERAL AND SPECIAL LEVY					FIRE PENSION FUND	TOTAL CITY DIRECT	BENTON COUNTY	RICHLAND SCHOOL DISTRICT	PORT OF BENTON	MOSQUITO CONTROL	WASHINGTON STATE	TOTAL DIRECT AND OVERLAPPING TAX RATES
2015	\$ 2.3904	\$ 0.3616	\$ 0.2250	\$ 2.9771	\$ 1.2799	\$ 4.8919	\$ 0.4012	\$ 0.0767	\$ 2.3044	\$	\$	\$	11.9311
2014	2.4021	0.3569	0.2250	2.9840	1.2831	4.8247	0.3989	0.0952	2.3194				11.9053
2013	2.3865	0.3582	0.2250	2.9697	1.2796	4.3825	0.4055	0.0965	2.3914				11.5252
2012	2.3860	0.3544	0.2250	2.9654	1.2771	4.2985	0.4196	0.0931	2.3154				11.3691
2011	2.4520	0.3349	0.2250	3.0119	1.3265	4.4235	0.4276	0.1279	2.1478				11.4651
2010	2.4829	0.4320	0.2250	3.1399	1.3433	4.3251	0.4225	0.1536	2.0057				11.3901
2009	2.4891	0.4251	0.2250	3.1392	1.3766	4.1694	0.4215	0.1536	1.9240				11.1843
2008	2.7046	0.4378	0.2250	3.3674	1.4440	4.8215	0.4557	0.1403	1.9807				12.2095
2007	2.8579	0.2244	0.2250	3.3073	1.4865	4.7534	0.4687	0.1529	2.2554				12.4242
2006	2.8436	0.2385	0.2250	3.3071	1.4790	4.7610	0.4814	0.1704	2.5735				12.7724

SOURCE:
Benton County Assessor's Office

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Retail Trade	\$ 5,234,632	\$ 4,815,193	\$ 4,489,485	\$ 4,320,712	\$ 4,210,717	\$ 4,053,235	\$ 3,678,338	\$ 3,949,145	\$ 3,414,483	\$ 3,188,471
Services	1,667,874	1,520,341	1,491,479	1,432,053	1,792,031	1,599,233	1,280,465	2,072,131	1,132,722	1,020,083
Contracting	1,789,601	1,600,446	1,464,016	1,258,138	1,579,938	1,134,213	1,244,900	1,536,329	1,998,800	1,693,304
Manufacturing	202,883	191,190	217,383	155,423	181,066	143,814	160,929	129,090	123,916	112,792
Trans/Com/Utilities	386,733	369,025	369,083	385,068	417,728	400,282	405,197	323,880	448,818	461,746
Government	197,601	169,197	156,272	193,403	160,740	146,458	138,054	166	298	86
Wholesaling	703,143	725,796	726,688	630,853	747,511	693,762	630,131	569,372	526,854	457,681
Financial/Ins/Real Estate	65,712	62,040	56,777	57,773	27,698	60,242	61,632	318,620	63,742	50,655
Other Business	26,874	51,083	21,422	16,265	150,595	56,782	12,289	20,917	46,723	27,302
Total	\$ 10,275,053	\$ 9,504,311	\$ 8,992,605	\$ 8,449,688	\$ 9,268,024	\$ 8,288,021	\$ 7,611,935	\$ 8,919,649	\$ 7,756,356	\$ 7,012,119

Source: Tax Tools

*This revenue is reported on a cash basis.

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section - Revenue Capacity Information
Table 10 - Principal Property Taxpayers for 2015
and Nine Years Ago

PRINCIPAL TAXPAYERS 2015	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Siemens Nuclear Power Corp.	Nuclear Fuels Production	\$ 106,027,530	1.92%
Battelle Memorial Institute	Research & Development	76,852,160	1.39%
Extended Legacy, LLC	Real Estate Development	61,797,700	1.12%
Notus Holding, LLC	Property Management	57,992,140	1.05%
Lamb-Weston Inc.	Value Added Agriculture Products	43,446,260	0.79%
Cowperwood BSF/CSF, LLC	Property Management	37,160,743	0.67%
The Villas at Meadow Springs LLC	Property Management	32,433,340	0.59%
Ferguson Enterprises, LLC	Distribution Facility	31,194,889	0.56%
Alpha Biochemical Corp.	Research & Development	25,885,720	0.47%
RPQ Delaware LLC	Property Management	25,100,500	0.45%
Oregon Metallurgical Corporation	Manufacturing	25,093,040	0.45%
SMI Group XVIII LLC	Real Estate Development	24,190,460	0.44%

*Total Assessed Valuation for the City of Richland in 2015 = \$5,534,363,683

PRINCIPAL TAXPAYERS 2006	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Framatome ANP (Formerly Siemens)	Nuclear Fuels Production	\$ 90,957,980	2.75%
Battelle Pacific NW National Laboratories	Research & Development	49,409,940	1.49%
Lamb-Weston Inc.	Food Processing	35,366,610	1.07%
VMSI LLC	Research & Development	22,250,000	0.67%
Ferguson Enterprises, LLC	Distribution Facility	22,243,959	0.67%
Oregon Metallurgical Corporation	Manufacturing	22,177,630	0.67%
General Telephone of the N.W.	Telephone Utility	18,944,986	0.57%
Bellavista LLC	Property Management	18,708,380	0.57%
Alpha Biochemical Co.	Research & Development	15,110,700	0.46%
Shoreline LLC	Property Management	14,562,990	0.44%

*Total Assessed Valuation for the City of Richland in 2006 = \$3,309,521,098

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ELECTRIC										
Gross Revenue	\$ 57,175,952	\$ 57,725,491	\$ 54,887,343	\$ 48,413,848	\$ 49,519,430	\$ 47,692,113	\$ 48,523,936	\$ 46,594,952	\$ 45,940,361	\$ 44,567,571
Less Operating Expenses	44,681,835	44,692,957	43,749,747	40,718,952	38,305,864	37,988,550	36,835,441	37,136,807	35,001,389	35,363,006
Net Amount Available For Debt Service	12,494,117	13,032,534	11,137,596	7,694,896	11,213,566	9,703,563	11,688,495	9,458,145	10,938,972	9,204,565
Principal	2,665,000	2,560,000	2,055,000	1,890,000	1,820,000	1,760,000	2,115,000	2,055,000	2,120,000	1,965,000
Interest	2,583,570	2,552,067	2,498,330	2,374,403	2,433,531	2,518,932	1,935,945	1,987,914	1,837,829	1,718,449
Total Annual Debt Service	5,248,570	5,112,067	4,553,330	4,264,403	4,253,531	4,278,932	4,050,945	4,042,914	3,957,829	3,683,449
Electric Debt Coverage	2.380	2.549	2.446	1.804	2.636	2.268	2.885	2.339	2.764	2.499
Revenue derived from Residential/Commercial Electric Sales										
WATER/SEWER										
Gross Revenue	23,758,423	23,072,818	22,013,016	21,385,013	20,705,260	21,323,381	19,664,915	19,664,915	19,362,428	18,939,209
Less Operating Expenses	12,257,270	12,094,951	12,142,075	10,675,665	11,086,722	10,241,469	9,941,415	9,305,320	8,946,780	9,231,563
Net Amount Available For Debt Service	11,501,153	10,977,867	9,870,941	10,709,348	9,618,538	11,081,912	9,723,500	10,359,595	10,415,648	9,707,646
Principal	4,005,653	4,053,821	3,972,041	3,974,307	3,696,692	3,470,975	3,295,975	2,930,348	2,730,562	2,357,523
Interest	1,360,957	1,568,069	1,739,106	1,756,490	1,923,703	1,997,150	2,093,897	2,270,577	2,313,075	2,415,302
Total Annual Debt Service	5,366,610	5,621,890	5,711,147	5,730,797	5,620,395	5,468,125	5,389,872	5,200,925	5,043,637	4,772,825
Water/Sewer Debt Coverage	2.143	1.953	1.728	1.869	1.711	2.027	1.804	1.992	2.065	2.034
Revenue derived from Residential/Commercial Water and Sewer charges										
SOLID WASTE										
Gross Revenue	8,357,968	7,706,624	8,037,929	7,583,025	7,311,969	6,964,030	6,021,578	6,383,461	6,643,937	6,306,806
Less Operating Expenses	7,188,986	6,771,135	6,564,223	6,142,491	5,986,898	6,107,917	5,646,436	5,032,426	4,799,783	4,880,770
Net Amount Available For Debt Service	1,168,982	935,489	1,473,706	1,440,534	1,325,071	856,113	375,142	1,351,035	1,844,154	1,426,036
Principal	115,000	115,000	110,000	110,000	105,000	468,000	110,000	105,000	95,000	128,333
Interest	17,114	20,037	22,629	25,012	27,113	89,101	97,478	103,148	108,183	114,757
Total Annual Debt Service	132,114	135,037	132,629	135,012	132,113	557,101	207,478	208,148	203,183	243,090
Solid Waste Debt Coverage	8.848	6.928	11.111	10.670	10.030	1.537	1.808	6.491	9.076	5.866
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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross Revenue	\$ 2,118,030	\$ 2,230,780	\$ 1,845,018	\$ 1,827,355	\$ 2,056,014	\$ 1,915,472	\$ 1,695,289	\$ 1,415,485	\$ 1,183,840	\$ 992,703
Less Operating Expenses	1,260,137	1,129,395	1,103,933	1,027,758	1,026,227	1,011,640	917,055	968,469	827,632	813,776
Net Amount Available For Debt Service	857,893	1,101,385	741,085	799,597	1,029,787	903,832	778,234	447,016	356,208	178,927
Principal Interest	107,623	102,306	102,001	101,710	96,430	96,163	80,712	60,660	55,424	55,198
Total Annual Debt Service	175,257	171,772	173,435	176,174	173,424	175,674	146,115	118,949	116,549	119,123
Stormwater Debt Coverage	4.895	6.412	4.273	4.539	5.938	5.145	5.326	3.758	3.056	1.502
Revenue derived from Residential/Commercial Stormwater charge										
COLUMBIA POINT GOLF COURSE										
Gross Revenue	1,606,953	1,557,942	1,632,229	1,482,508	1,571,551	1,532,382	1,527,929	1,447,757	1,419,840	1,543,304
Less Operating Expenses	1,369,361	1,350,128	1,331,674	1,271,852	1,290,024	1,283,318	1,233,629	1,179,272	1,196,674	1,131,771
Net Amount Available For Debt Service	237,592	207,814	300,555	210,656	281,527	249,064	294,300	268,485	223,166	411,533
Principal Interest	95,000	95,000	90,000	88,890	88,890	30,000	230,000	215,000	203,890	188,890
Total Annual Debt Service	173,488	178,085	194,496	181,543	186,457	115,536	40,786	152,000	230,727	223,082
Columbia Point Golf Course Coverage	0.8849	0.7610	1.0564	0.7758	1.0224	1.7114	1.0868	0.7316	0.5135	0.9989
Revenue derived from Public Golf Course Fees/Charges including retail sales										
BROADBAND										
Gross Revenue	187,463	452,209	43,671	-	-	-	-	-	-	-
Less Operating Expenses	26,150	59,723	-	-	-	-	-	-	-	-
Net Amount Available For Debt Service	161,313	392,486	43,671	-	-	-	-	-	-	-
Principal Interest	75,000	75,000	50,000	-	-	-	-	-	-	-
Total Annual Debt Service	70,772	68,439	48,298	-	-	-	-	-	-	-
Broadband Coverage	1.1066	2.7363	0.4443	-	-	-	-	-	-	-
Revenue derived from Fiber Optic Leases/Charges including retail sales										

CITY OF RICHLAND, WASHINGTON
 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				
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	8.29%	2,911	
2014	38,985,000	-	671,467	4,070,000	52,805,000	30,925,000	2,860,000	1,330,000	12,542,130	144,188,597	7.88%	2,768	
2013	38,710,000	-	770,898	4,165,000	55,365,000	35,015,000	3,050,000	1,425,000	13,640,768	152,141,666	8.04%	2,974	
2012	30,695,000	-	1,369,839	4,255,000	48,120,000	37,710,000	845,000	1,520,000	14,924,810	139,439,649	8.26%	2,795	
2011	33,260,000	-	1,468,296	4,345,000	50,010,000	39,375,000	955,000	1,615,000	16,216,848	147,245,144	8.87%	2,999	
2010	35,390,000	-	1,768,296	4,810,000	51,830,000	41,875,000	1,060,000	1,705,000	17,169,509	155,607,805	8.31%	3,203	
2009	36,555,000	-	1,068,296	5,055,000	53,590,000	44,290,000	-	3,295,000	15,401,398	159,254,694	8.71%	3,359	
2008	38,930,000	25,000	1,118,296	5,285,000	43,855,000	44,685,000	-	2,460,000	15,060,162	151,418,458	9.05%	3,286	
2007	41,190,000	100,000	1,168,296	5,500,000	45,260,000	46,595,000	-	2,620,000	14,109,670	156,542,966	9.69%	3,473	
2006	25,795,000	375,000	1,437,279	5,700,000	36,520,000	48,430,000	-	2,765,000	10,508,988	131,531,267	8.64%	2,974	

* 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
2015	53,030	\$ 5,534,363,683	\$ 42,135,000	\$ 2,137,687	\$ 39,997,313	0.72%	\$ 754.24
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	48,580	4,536,131,221	41,260,000	5,983,493	35,276,507	0.78%	726.15
2009	47,410	4,405,555,654	36,555,000	6,395,104	30,159,896	0.68%	636.15
2008	46,080	3,852,869,332	38,930,000	7,100,164	31,829,836	0.83%	690.75
2007	45,070	3,501,040,508	41,190,000	8,438,899	32,751,101	0.94%	726.67
2006	44,230	3,309,521,098	25,795,000	7,633,145	18,161,855	0.55%	410.62

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, 2015

<u>DIRECT DEBT</u>	AMOUNT
Voted General Obligation Debt	\$ 15,135,000
Councilmanic General Obligation Debt	27,000,000
Councilmanic Loans (includes CERB, PWTF, ULID and WSDOT Loans)	1,296,607
TOTAL DIRECT DEBT	43,431,607

<u>OVERLAPPING DEBT</u>	(1) OUTSTANDING DEBT	(2) PERCENT APPLICABLE	AMOUNT OVERLAPPING
(For debt paid with property taxes)			
Jurisdiction			
Benton County	\$ 15,130,000	33.79%	\$ 5,112,427
Richland School District #400	126,395,000	79.09%	99,965,806
Kennewick School District #17	122,090,000	4.24%	5,176,616
Port of Benton	3,475,000	58.25%	2,024,188
Fire District No. 1	1,473,648	6.43%	94,756
Kiona Benton School District #52	7,520,948	0.01%	752

TOTAL OVERLAPPING DEBT \$ 112,374,545

GOVERNMENTAL ACTIVITIES DEBT RATIOS

Assessed Valuation - 2015 (Established in November 2014 for the 2015 tax year)

Population	\$ 5,534,363,683
Net Direct Debt to Assessed Valuation	53,080
Net Direct Debt and Overlapping Debt to Assessed Valuation	0.78%
Per Capita Assessed Value	2.82%
Per Capita Net Direct Debt	\$ 104,265
Per Capita Total Direct Debt and Overlapping Debt	\$ 818
	\$ 2,935

Councilmanic Debt and Other Obligations consists of:

2005 LTGO - Refunding Bonds	\$ 1,610,000
2006 LTGO - Improvement and Refunding Bonds	3,950,000
2010 LTGO - IT Facility/Golf Refunding/1998 Refunding	5,480,000
2010 LTGO - Solid Waste Refunding/1999	505,000
2013 LTGO A- LRF and Broadband	11,250,000
2013 LTGO B- LRF and Broadband	970,000
2014 LTGO -Fire Station Construction	3,235,000
	\$ 27,000,000

Voted GO Debt:	2015 UTGO - Refunding Bonds/2005/2007	\$ 14,385,000
	2007 UTGO Library Expansion Bonds	750,000
		\$ 15,135,000

(1) Outstanding Debt Represents Total General Obligation Debt.

(2) Applicable Percentage is Determined by Ratio of Assessed Valuation of Property Subject to Taxation in the Overlapping Unit to Valuation of Property Subject to Taxation in the Reporting Unit.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 415,077,276	\$ 402,690,601	\$ 386,070,366	\$ 374,420,406	\$ 353,332,302	\$ 340,209,843	\$ 330,416,674	\$ 288,965,200	\$ 262,578,038	\$ 248,214,082
Total net debt applicable to debt limit	41,293,920	43,914,352	43,714,096	39,967,230	33,279,285	36,119,917	31,440,746	40,048,296	42,358,296	19,380,151
Legal Debt Margin	\$ 373,783,356	\$ 358,776,249	\$ 342,356,270	\$ 334,453,176	\$ 320,053,017	\$ 304,089,926	\$ 298,975,928	\$ 248,916,904	\$ 220,219,742	\$ 228,833,931

Total net debt applicable to the limit as a percentage of debt limit

	9.95%	10.91%	11.32%	10.67%	9.42%	10.62%	9.52%	13.86%	16.13%	7.81%
--	-------	--------	--------	--------	-------	--------	-------	--------	--------	-------

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.

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)
2015	53,080	\$ 40,956	\$ 2,173,944,480	37.5	12,690	6.1%
2014	52,090	\$ 38,926	\$ 2,027,655,340	37.5	12,300	6.7%
2013	51,150	38,163	1,952,037,450	37.5	11,930	8.0%
2012	49,890	38,059	1,898,763,510	39.0	11,700	8.6%
2011	49,090	38,182	1,874,354,380	38.7	11,282	7.1%
2010	48,058	36,673	1,762,431,034	38.6	11,100	6.7%
2009	47,410	35,815	1,697,989,150	38.4	10,729	6.3%
2008	46,080	35,641	1,642,337,280	38.4	10,350	4.7%
2007	45,070	33,565	1,512,774,550	37.9	10,317	4.7%
2006	44,230	31,020	1,372,014,600	38.8	10,127	5.4%
2005	43,520	30,426	1,324,139,520	37.7	10,020	5.3%

SOURCES:

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

*2014 Per Capita Income is estimated

*2014-2015 Median Age are estimated

CITY OF RICHLAND, WASHINGTON
Comprehensive Annual Financial Report
Statistical Section
Table 17 - Principal Employers for 2015
and Nine Years Ago

PRINCIPAL EMPLOYERS 2015	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES
Kadlec Regional Medical Center	1	Health Services	3,739
Battelle Memorial Institute	2	Research & Development	2,976
Bechtel National, Inc.	3	Engineering and Consultation	2,135
Washington River Protection Solutions LLC	4	DOE Contractor	1,847
Mission Support Alliance, LLC	5	DOE Contractor	1,563
Energy Northwest	6	Power Generation Facility	1,536
Richland School District	7	K-12 Education	1,500
Areva Inc.	8	Nuclear Fuels Production	934
Washington Closure Hanford LLC	9	DOE Contractor	676
City of Richland	10	Municipality	478

PRINCIPAL EMPLOYERS 2006	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES
Battelle Pacific NW National Laboratories	1	Research & Development	4,178
Fluor Hanford, Inc.	2	Radioactive Waste Management	3,499
Bechtel Hanford Inc.	3	Engineering and Consultation	1,858
Kadlec Medical Center	4	Medical Services	1,313
Richland School District	5	K-12 Education	1,202
CH2M Hill Hanford Group, Inc.	6	Engineering and Consultation	1,137
Energy Northwest	7	Power Generation Facility	1,072
Lockheed Martin Services	8	Information Technology	650
Framatome ANP Inc.	9	Nuclear Fuels Production	625
City of Richland	10	Municipality	503

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:	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PUBLIC SAFETY										
<i>POLICE</i>										
Number of Employees	77.20	71.90	71.90	71.90	70.30	69.80	69.80	70.50	66.30	66.30
Ratio of Employees to Population	1/688	1/724	1/711	1/689	1/698	1/689	1/679	1/654	1/680	1/667
Part 1 Crimes	1,413	1,295	1,246	1,395	1,496	1,027	1,192	1,156	1,360	1,543
Calls for Service	28,066	27,526	26,327	25,964	27,611	29,486	32,001	32,762	24,310	23,871
Traffic Accidents	811	667	712	642	647	642	578	600	592	698
<i>FIRE:</i>										
Number of Employees	62.70	57.75	57.75	57.75	57.75	58.00	58.00	58.00	58.00	58.00
Ratio of Employees to Population	1/847	1/902	1/886	1/858	1/850	1/829	1/817	1/794	1/763	1/750
Fire Calls	1,587	1,383	1,490	1,454	1,459	1,256	1,282	1,310	1,217	1,128
Ambulance Calls	4,715	4,408	3,939	4,008	3,921	3,998	3,787	3,604	3,292	3,038
CULTURE & RECREATION										
<i>LIBRARY:</i>										
Number of Patron Visits	547,885	567,645	532,195	617,041	642,181	798,630	140,124 ²	N/A ¹	293,463	309,082
Annual Circulation	807,639	726,629	706,527	755,324	774,840	767,453	528,193	514,202	572,366	565,330
Reference Requests	30,266	31,507	33,089	33,580	35,736	40,709	34,856	26,120	27,921	33,091
<i>PARKS & RECREATION:</i>										
Parks	58	58	58	58	62	60	59.35	62	58	58
Park Acreage-Undeveloped	1,695	1,695	1,695	1,770	1,770	1,592.72	1,592.72	2,083	1,750	1,750
Park Acreage-Developed	650	650	650	500	500 ⁴	683.48	683.48	677	649	649
ECONOMIC DEVELOPMENT										
Building Permits Issued	2,017	1,979	2,144	2,065	2,089	2,261	1,740	1,553	1,630	1,993
Value of Permits in Millions	237.56	256.39	163.29	151.15	189.74	168.82	96.28	244.96	176.2	233.2
Business Licenses Issued	4,940	4,879	4,730	4,493	4,402	4,346	4,276	4,228	3,962	3,724
TRANSPORTATION										
Street Resurfacing (in lane miles)	18.5	7.4	6.01	6.16	9.32	3.4	2.07	2.05	2.16	4.21
City Streets cleaned (X per year)	5	5	5	4	4	4	3	4	3	3

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:	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
BUSINESS-TYPE ACTIVITIES										
ELECTRIC										
New Connections	289	294	350	494	618	597	318	309	428	503
Total Consumption (kilowatt hr)/millions	880	896	852	835	855	858.2	856.3	819.6	802.3	782.1
No. of Customers ⁵	26,304	23,067	22,793	22,179	24,635	24,017	23,599	23,451	22,984	22,571
WATER										
New Connections	269	262	277	272	293	345	192	346	391	341
Daily Ave Consumption(millions/gal)	16.8	16.4	15.3	13.9	14.4	14.4	14.3	14.5	14.85	14.45
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers ⁶	18,652	17,655	17,393	17,138	17,408	16,698	16,589	16,759	16,273	15,950
SEWER										
Daily Average Treatment (millions/gal)	5.6	5.6	5.5	5.6	6.6	5.6	5.6	5.4	5.4	5.5
Max Daily Plant Capacity(millions/gal)	11	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
No. of Customers ⁵	19,972	18,077	17,752	17,469	17,981	15,964	16,813	18,658	18,588	16,891
GARBAGE & SOLID WASTE										
Residential Landfill Visitors	29,263	27,679	29,627	28,678	35,529	41,007	56,928	45,068	42,100	34,195
Commercial Landfill Visitors	11,322	11,612	7,945	7,751	7,643	19,797	20,387	7,280	6,575	3,658
Household Hazardous Waste Visitors	N/A	N/A	655	814 ³	1,200 ³	3,288	4,748	4,109	4,601	3,938
No. of Customers ⁵ - Refuse	18,099	17,632	17,403	17,096	17,456	17,853	16,645	16,485	16,258	15,509
No. of Customers ⁵ - Recycle	5,004	4,570	4,054	3,713						
STORM WATER										
Catch Basins Cleaned	443	539	506	536	827	817	793	538	538	805
Storm Drains Jet Cleaned (ft)	7,140	23,210	36,653	54,115	29,940	43,311	54,212	35,710	15,960	7,350
Storm Drains Televised (ft)	16,925	21,547	23,116	25,923	22,913	15,232	21,861	30,639	51,383	43,519
No. of Customers ⁵	19,529	18,707	18,207	17,936	17,663	17,410	17,294	17,080	16,748	15,887

¹Patrons cannot be counted in the Temporary Library Facility

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

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

⁴A more accurate calculation of park areas was performed in 2011

⁵Customer counts are a snap-shot in time (12/31/15) 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.

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 19 - Full Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM	Full-Time Equivalent Employees as of December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Judicial	2.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.00	4.00
General Government	65.05	64.60	64.60	64.60	65.45	65.85	65.35	62.85	63.85	65.85
Public Safety	139.90	128.65	129.65	129.45	128.05	127.55	127.55	127.30	124.30	124.30
Physical Environment	46.00	46.00	45.50	46.50	48.00	49.00	24.00	24.00	24.00	23.80
Transportation	18.00	19.00	19.00	19.00	18.00	19.00	19.00	19.00	19.00	19.00
Economic Environment	19.05	21.05	21.00	22.05	22.50	22.50	22.50	22.70	22.70	23.70
Culture & Recreation	34.50	34.10	34.10	34.10	32.85	32.85	56.85	55.85	52.60	51.60
Electric & Gas	56.50	56.50	57.50	57.50	57.50	57.50	57.50	58.00	57.50	57.50
Water	23.00	23.25	23.25	23.25	23.25	23.25	23.75	23.75	23.50	23.50
Sewer	22.95	22.95	22.95	22.95	22.95	22.95	23.45	23.45	24.45	23.95
Garbage & Solid Waste	28.70	28.50	28.50	28.50	27.50	27.50	27.50	25.50	25.00	27.50
Stormwater	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	4.05	4.05
TOTAL	457.70	449.65	451.10	452.95	451.60	453.50	453.50	448.45	444.95	448.75
TOTAL POPULATION	53,080	52,090	51,150	49,890	49,090	48,058	47,410	46,080	45,070	44,230
PER CAPITA FTE	115.97	115.85	113.39	110.14	108.70	105.97	104.54	102.75	99.40	98.56

SOURCE: City Human Resource Records

*Does not include employees of Benton County Emergency Services

CITY OF RICHLAND, WASHINGTON
 Comprehensive Annual Financial Report
 Statistical Section - Operating Information
 Table 20 - Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	26	23	23	23	23	23	22	23	27	27
Fire										
Stations	4	3	3	3	3	3	3	3	3	3
Emergency Response Vehicles	13	13	12	12	12	15	15	15	13	12
Equipment Maintenance										
City Fleet	470	441	459	439	434	432	434	440	429	446
Electric										
Substations	8	8	8	8	8	8	8	8	8	8
Water										
Treatment Plants	2	2	1	1	1	1	1	1	1	1
Water Mains (Miles)	289	331.97	321	321	310	310	310	316	316	316
Reservoirs	18	18	16	16	14	14	14	14	12	12
Pump Stations	11	11 ⁴	11 ⁴	11 ⁴	7 ²	7 ²	7 ²	17	15	15
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	14	14	14	14	16	16	16	16	16	16
Sanitary Sewers (Miles)	278.9	277.8	276.38	265.85	275	275	265	242	242	230
Solid Waste										
Collection Vehicles	20	20	20	20	17	18	17	16	18	13
Transportation										
Area of City	42.60	42.52	42.52	42.25	42.16	42.16	39.30	39.40	39.37	39.26
Miles of Streets-By Jurisdiction										
City	267.2	263.6	259.15	259.15	253.98	251.35	250.36	250.32	248.60	244.40
State	20.35	20.35	32.59	32.59	32.59	32.45	32.45	43.30	43.30	43.30
Private	41.46	41.46	57.41	57.41	57.33	57.33	57.33	56.90	56.45	55.90
Traffic Signals	53	53	53	53	52	51	50	50	50	44
Parks and Recreation ³										
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	3	4	4	4	4	2
Neighborhood Parks - Developed	25	25	25	25	19	19	19	19	19	19
Special Use Parks - Developed	11	11	11	11	8	9	9	9	9	9
Mini Parks - Developed	-	-	-	-	11	10	10	10	9	9
Lineal Parks - Developed	9	9	9	9	9	9	9	9	9	9
Natural Open Spaces	7	7	7	7	7	7	7	7	7	7

(previously categorized as undeveloped and preserves - restated)

¹Table developed to meet GASB 34 Statistical requirements. Prior years data not available.
²Five new Solid Waste Collection trucks were purchased in 2007. The older vehicles will be used as back ups until retired.
³Pump stations only. Previously counted irrigation systems.
⁴Parks redefined and calculated more accurately in 2012
⁵Beginning in 2012, Stormwater pump stations are included in this statistic.

ACKNOWLEDGEMENT

The following employees played important roles in producing the 2015 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

Darcy Buckley, Accountant

Jeanne Portch, Accountant

Jeff Kison, Accountant

Lynette Kauer, Accountant

Meg Coleman, Accountant

Irma Bottineau, Admin. Ops. Coordinator

Debbie Lord, Printer

