

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 26, 2026**

**SALE DATE: FEBRUARY 3, 2026**

**S&P Rating: A**

**NEW ISSUE – BOOK-ENTRY ONLY**

See “OTHER BOND INFORMATION—Ratings on the Bonds” herein

*In the opinion of Stradling Yocca Carlson & Rauth LLP, Seattle, Washington (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022. See “LEGAL AND TAX INFORMATION—Tax Matters”*



**CITY OF RICHLAND, WASHINGTON**

**\$20,765,000\***

**Electric Utility Revenue Refunding and Improvement Bonds, 2026**

**Dated:** As of the Delivery Date

**Due:** November 1, as shown on page ii

The City of Richland, Washington (the “City”) Electric Utility Revenue Refunding and Improvement Bonds, 2026 (the “Bonds”) will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds (the “Securities Depository”). Individual purchases of interests in the Bonds will be made in Book-Entry Form (as defined below) only, in the principal amount of \$5,000 or any integral multiple thereof within a maturity. Purchasers of such interests (“Beneficial Owners”) will not receive certificates representing their interests in the Bonds. Principal and interest are payable directly to DTC by the fiscal agent of the state of Washington (the “State”), currently, U.S. Bank Trust Company, National Association, as transfer agent, authenticating agent, paying agent and registrar (the “Bond Registrar”).

Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2026, to the maturity or earlier redemption of the Bonds. The Bonds will mature on the dates and in the amounts and bear interest at the rates set forth on page ii. For so long as the Bonds are held in Book-Entry Form, the principal and interest on the Bonds will be paid by the Bond Registrar to the Securities Depository, which in turn is obligated to remit such payments to its broker-dealer participants for subsequent disbursement to the Beneficial Owners. See “DESCRIPTION OF THE BONDS—Registration and Payment” and APPENDIX D—BOOK-ENTRY TRANSFER SYSTEM.

Proceeds of the Bonds will be used: (i) to carry out the plan of additions and betterments to and extension of the Electric Utility (defined below); (ii) to satisfy the debt service reserve requirement for the Bonds, if necessary; (iii) depending on market conditions, to refund all or a portion of the City’s outstanding Electric Utility Revenue Bonds, 2015; and (iv) to pay the costs of issuance of the Bonds and the administrative costs of the refunding. See “USE OF BOND PROCEEDS—Uses of Bond Proceeds.”

The Bonds are subject to optional redemption prior to their stated dates of maturity. Depending on market conditions on the day of pricing, some of the Bonds may be sold as Term Bonds, subject to mandatory redemption as described herein. See “DESCRIPTION OF THE BONDS—Redemption Provisions.”

The Bonds are special limited obligations of the City payable from and secured solely by the Net Revenue of the Electric Utility and by money in the Principal and Interest Account of the Bond Fund. The Bonds are designated as Common Reserve Bonds and are further secured by money in the Common Reserve Subaccounts. See “SECURITY AND SOURCES OF PAYMENT—The Bond Fund.” The Bonds are issued on parity of lien with the Outstanding Parity Bonds and any Future Parity Bonds (together with the Bonds, the “Parity Bonds”). The pledge of Net Revenue in respect of the Parity Bonds constitutes a lien and charge upon the Net Revenue prior and superior to any other charges whatsoever. **The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or interest on the Bonds. No revenues of the City derived from any source other than the Net Revenue are pledged to the payment of the Bonds.** See “SECURITY AND SOURCES OF PAYMENT.”

The City has NOT designated the Bonds as “qualified tax-exempt obligations” for banks, thrift institutions and other financial institutions under section 265(b)(3) of the Code. See “Legal and Tax Information—Tax Matters.”

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if executed and delivered, and are subject to receipt of the approving legal opinion of Stradling Yocca Carlson & Rauth LLP, Seattle, Washington, Bond Counsel to the City, and certain other conditions. Bond Counsel will also act as Disclosure Counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, on or about February 18, 2026 (the “Delivery Date”).

Dated: \_\_\_\_\_, 2026

\* Preliminary, subject to adjustment by the City as provided in the Official Notice of Bond Sale.

The information within this Official Statement has been compiled from sources considered reliable and, while not guaranteed as to accuracy, is believed to be correct as of its date. The City makes no representation regarding the accuracy or completeness of the information in APPENDIX D—BOOK-ENTRY TRANSFER SYSTEM, which has been obtained from DTC’s website, or regarding the financial advisor. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date hereof.

Information appearing on websites referenced in this Official Statement, including the websites of the City and City departments, is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement. Investors should not rely on any such website in making investment decisions regarding the Bonds.

No dealer, broker, sales representative, or other person has been authorized by the City to give any information or to make any representations other than as contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The presentation of certain information, including tables of receipts from revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue to be repeated in the future. Information relating to statutory and constitutional limitations is based on existing statutes and constitutional provisions. Changes in state law could alter these provisions.

The information set forth in the audited financial statements that are included in Appendix C speaks only as of the date of those statements and is subject to revision or restatement in accordance with applicable accounting principles and procedures. The City specifically disclaims any obligation to update this information except as set forth in the Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE.”

Certain statements contained in this Official Statement reflect not historical facts but instead contain forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The City does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur.

The website of the City or any City department or agency is not part of this Official Statement, and investors should not rely on information presented on the City’s website, any social media account, or any other internet presence referenced herein, in determining whether to purchase the Bonds. Information appearing on any such website, social media account, or any other internet presence is not incorporated by reference in this Official Statement.

The CUSIP data in this Official Statement are provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. The City takes no responsibility for the accuracy of the CUSIP numbers.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

*This Preliminary Official Statement has been “deemed final” as of its date by the City pursuant to Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended, except for the omission of material permitted to be omitted by the Rule.*

**\$20,765,000<sup>(1)</sup>**  
**City of Richland, Washington**  
**Electric Utility Revenue Refunding and Improvement Bonds, 2026**

Maturity Date (November 1)	Principal Amount <sup>(1)</sup>	Interest Rate	Yield	Price	CUSIP No.
2026	\$ 725,000				
2027	605,000				
2028	635,000				
2029	665,000				
2030	695,000				
2031	740,000				
2032	770,000				
2033	815,000				
2034	850,000				
2035	895,000				
2036	935,000 <sup>(2)</sup>				
2037	985,000 <sup>(2)</sup>				
2038	1,030,000 <sup>(2)</sup>				
2039	1,085,000 <sup>(2)</sup>				
2040	1,140,000 <sup>(2)</sup>				
2041	1,195,000 <sup>(2)</sup>				
2042	785,000 <sup>(2)</sup>				
2043	825,000 <sup>(2)</sup>				
2044	865,000 <sup>(2)</sup>				
2045	905,000 <sup>(2)</sup>				
2046	290,000 <sup>(2)</sup>				
2047	305,000 <sup>(2)</sup>				
2048	315,000 <sup>(2)</sup>				
2049	335,000 <sup>(2)</sup>				
2050	350,000 <sup>(2)</sup>				
2051	365,000 <sup>(2)</sup>				
2052	385,000 <sup>(2)</sup>				
2053	405,000 <sup>(2)</sup>				
2054	425,000 <sup>(2)</sup>				
2055	445,000 <sup>(2)</sup>				
Total	\$ 20,765,000				

(1) Preliminary, subject to adjustment by the City as provided in the Official Notice of Sale.

(2) These amounts will constitute principal maturities of the Bonds unless all or a portion of these Bonds are designated as Term Bonds by the successful bidder, in which case these amounts will constitute mandatory sinking fund redemptions of such Bonds.

**CITY OF RICHLAND, WASHINGTON**  
**625 Swift Boulevard**  
**Richland, Washington 99352**  
**(509) 942-7390**  
**www.ci.richland.wa.us**

**Mayor and City Council**

		<b>Term Expires</b>
Theresa Richardson	Mayor	12/31/2027
Pat Holten	Council Member	12/31/2029
Jhoanna Jones	Council Member	12/31/2027
[Vacant] <sup>(1)</sup>	Council Member	12/31/2029
Shayne VanDyke	Council Member	12/31/2027
Kurt Maier	Council Member	12/31/2029
Ryan Whitten	Council Member	12/31/2029

**Certain Appointed Officials**

Jon Amundson	City Manager
Drew Florence	Assistant City Manager
Heather Kintzley	City Attorney
Brandon Allen	Finance Director
Brandon Suchy	Finance Manager
Clint Whitney	Energy Services Director

**Bond Registrar**

Washington State Fiscal Agent  
Currently U.S. Bank Trust Company, National Association

**Bond Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth LLP  
Seattle, Washington

**Municipal Advisor**

PFM Financial Advisors LLC  
Seattle, Washington

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(1) Vacant due to the death of the candidate elected to this position at the November 2025 election. The City Council is currently considering applications to fill the vacancy until a candidate is elected to fill the remainder of the unexpired term at the November 3, 2026 general election. See "THE CITY" herein.



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**OFFICIAL NOTICE OF BOND SALE**  
**\$20,765,000<sup>(1)</sup>**  
**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY REVENUE REFUNDING AND IMPROVEMENT BONDS, 2026**

Electronic bids for the purchase of the City of Richland Electric Utility Revenue Refunding and Improvement Bonds, 2026 (the “Bonds”) will be received by the City of Richland, Washington (the “City”), via the BidCOMP/Parity electronic bid submission system (“Parity”), in the manner described below, on

**TUESDAY, FEBRUARY 3, 2026, AT 8:30 A.M., PACIFIC TIME,**

or such other day or time and under such other terms and conditions as may be established by the City’s Finance Director, acting on behalf of the City, and communicated through MuniOS, a product of Imagemaster LLC (“MuniOS”), as described under “Modification, Cancellation, Postponement.”

Bids must be submitted electronically via Parity in accordance with this Official Notice of Bond Sale. For further information about Parity, potential bidders may contact Parity at (212) 849-5021. Hard copy or faxed bids will not be accepted.

No bid will be received after the cut-off time for receiving bids specified above. All proper bids received with respect to the Bonds will be considered and acted on by the Finance Director by 12:00 p.m. (noon), Pacific Time, on the sale date, pursuant to a delegation of authority by the City Council.

Each bidder (and not the City) is responsible for the timely electronic delivery of its bid. The official time will be determined by the City and not by any bidder or Parity.

Bidders are referred to the Preliminary Official Statement for additional information regarding the City, the City’s Electric Utility, the Bonds, the security for the Bonds, and other matters.

**Modification, Cancellation, Postponement**

*Modification of Terms.* The City may modify the terms of this Official Notice of Bond Sale prior to the cut-off time for receiving bids if the City elects to change the principal amounts or the redemption or other provisions or increase or decrease the total principal amount or the amounts of individual maturities of Bonds. Any such modification will be provided to Parity on or before February 2, 2026, and it is the bidder’s responsibility to check for any modification prior to submitting its bid.

*Cancellation or Postponement.* In addition, the City may cancel or postpone the date and time for receiving bids for the Bonds at any time prior to the cut-off time for receiving bids. Notice of such cancellation or postponement will be provided to Parity as soon as practicable following such cancellation or postponement. As an accommodation to bidders, telephone, facsimile, or electronic notice of any such modification, cancellation, or postponement will be communicated through MuniOS and will be given to any bidder requesting such notice from the City’s Financial Advisor at the email address and phone number provided under “Contact Information” below. Failure of any bidder to receive such notice will not affect the legality of the sale.

**CONTACT INFORMATION**

<u>The City of Richland</u>	<u>Municipal Advisor</u>	<u>Bond Counsel</u>
Brandon Allen Finance Director (509) 942-7302 <a href="mailto:ballen@ci.richland.wa.us">ballen@ci.richland.wa.us</a>	PFM Financial Advisors LLC  Day of Sale Contact: Duncan Brown (206) 858-5367 <a href="mailto:Sea-advisors@pfm.com">Sea-advisors@pfm.com</a>	Stradling Yocca Carlson & Rauth LLP  Alice Ostdiek (206) 829-3002 <a href="mailto:aostdiek@stradlinglaw.com">aostdiek@stradlinglaw.com</a>

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(1) Preliminary, subject to adjustment as provided in this Official Notice of Bond Sale.

## DESCRIPTION OF THE BONDS

### Bond Details

The Bonds will be dated their date of initial delivery. Interest on the Bonds will be payable semiannually on each May 1 and November 1, beginning May 1, 2026.

### Registration and Book-Entry Transfer System

The Bonds will be issued initially as fully registered bonds and registered by the fiscal agent of the State (the “Bond Registrar”), currently U.S. Bank Trust Company, National Association in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate), in the name of Cede & Co. as nominee for DTC, which will act as the initial Securities Depository for the Bonds. The Bonds will be held fully immobilized in book-entry form by the Securities Depository. Individual purchases and sales of the Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof within a maturity of the Bonds (“Authorized Denominations”). Purchasers (“Beneficial Owners”) will not receive certificates representing their interest in the Bonds. So long as the Bonds are held in book-entry form, the Securities Depository will be deemed to be the Registered Owner of the Bonds, and all references herein to the Registered Owners will mean Cede & Co., as nominee of the Securities Depository, or its successor and will not mean the Beneficial Owners of the Bonds.

### Election of Maturities

The successful bidder for the Bonds must designate whether certain of the principal amounts of the Bonds will be retired as shown in the table below as serial bonds maturing in such year or as amortization installments of Term Bonds maturing in the years specified by the bidder. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years. Term Bonds may be specified only for principal amounts maturing on or after November 1, 2036.

November 1	Principal Amount <sup>(1)</sup>	November 1	Principal Amount <sup>(1)</sup>
2026	\$ 725,000	2041	\$ 1,195,000 <sup>(2)</sup>
2027	605,000	2042	785,000 <sup>(2)</sup>
2028	635,000	2043	825,000 <sup>(2)</sup>
2029	665,000	2044	865,000 <sup>(2)</sup>
2030	695,000	2045	905,000 <sup>(2)</sup>
2031	740,000	2046	290,000 <sup>(2)</sup>
2032	770,000	2047	305,000 <sup>(2)</sup>
2033	815,000	2048	315,000 <sup>(2)</sup>
2034	850,000	2049	335,000 <sup>(2)</sup>
2035	895,000	2050	350,000 <sup>(2)</sup>
2036	935,000 <sup>(2)</sup>	2051	365,000 <sup>(2)</sup>
2037	985,000 <sup>(2)</sup>	2052	385,000 <sup>(2)</sup>
2038	1,030,000 <sup>(2)</sup>	2053	405,000 <sup>(2)</sup>
2039	1,085,000 <sup>(2)</sup>	2054	425,000 <sup>(2)</sup>
2040	1,140,000 <sup>(2)</sup>	2055	445,000 <sup>(2)</sup>

(1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.

(2) These amounts will constitute principal maturities of the Bonds unless Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of Term Bonds.

### Redemption

*Optional Redemption.* The City reserves the right and option to redeem the Bonds maturing on and after November 1, 2036, prior to their stated maturity dates at any time on and after November 1, 2035, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption. See “DESCRIPTION OF THE BONDS—Redemption Provisions—*Optional Redemption*” in the Preliminary Official Statement.

*Mandatory Redemption.* Those Bonds that are designated by the successful bidder as Term Bonds (if any) will be subject to mandatory sinking fund redemption. See “DESCRIPTION OF THE BONDS—Redemption Provisions—*Mandatory Redemption*” in the Preliminary Official Statement.

*Selection of Bonds for Redemption.* If fewer than all of the Bonds are to be redeemed prior to maturity, the selection of such Bonds for redemption shall be made as described under “DESCRIPTION OF THE BONDS—Redemption Provisions—*Selection of Bonds for Redemption*” in the Preliminary Official Statement.

### **Purpose**

The Bonds are being issued to finance certain portions of the plan of additions and betterments to and extensions of the City’s electric utility (the “Electric Utility”); to satisfy the debt service reserve requirement, if necessary; depending on market conditions, to refund all or a portion of the City’s outstanding Electric Utility Revenue Bonds, 2015; and to pay the costs of issuing the Bonds and administering the Refunding Plan. See “USE OF BOND PROCEEDS” in the Preliminary Official Statement.

### **Security**

The Bonds are special limited obligations of the City payable from and secured solely by the Net Revenue of the Electric Utility and by money in the Principal and Interest Account within the Bond Fund. The Bonds are designated as Common Reserve Bonds and are further secured by money in the Common Reserve Subaccounts in the Reserve Account within the Bond Fund. The Bonds are issued on parity of lien with the Outstanding Parity Bonds and any Future Parity Bonds (together with the Bonds, the “Parity Bonds”). The pledge of Net Revenue in respect of the Parity Bonds constitutes a lien and charge upon the Net Revenue prior and superior to any other charges whatsoever. See “SECURITY AND SOURCES OF PAYMENT” in the Preliminary Official Statement.

The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or interest on the Bonds. No revenues of the City derived from any source other than the Net Revenue are pledged to the payment of the Bonds.

## **BIDDING INFORMATION AND AWARD**

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate or rates that the Bonds will bear. Interest rates included as part of a bid for the Bonds shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. No more than one rate of interest may be fixed for any one maturity of the Bonds. No interest rate greater than 6.00% may be used for any maturity of the Bonds. For Bonds maturing on and after November 1, 2036, a minimum interest rate of 5.00% must be used. Each maturity must be reoffered at an interest rate and yield that will produce a price of not less than 98.00% of the principal amount for that maturity.

No bid will be considered for the Bonds that is less than an amount equal to 98% of the stated principal amount of the Bonds nor more than an amount equal to 135% of the stated principal amount of the Bonds.

For the purpose of this section, “price” means the lesser of the price at the redemption date, if any, or the price at the maturity date.

Bids for the Bonds must be unconditional. No bid for less than the entire offering of the Bonds will be accepted. Bids may not be withdrawn or revised after the cut-off time for receiving bids. The City strongly encourages the inclusion of women and minority business enterprise firms in bidding syndicates.

### **Bidding Process**

Bids for the Bonds must be submitted electronically via Parity only.

By submitting an electronic bid for the Bonds, each bidder thereby agrees to all terms and conditions of this Official Notice of Bond Sale (including all modifications provided by the City to Parity) and the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or required by Parity, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) shall control.
- (ii) Each bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting a timely bid in compliance with the requirements of this Official Notice of Bond Sale (including any modifications provided by the City to Parity).
- (iii) The City has no duty or obligation to provide or assure access to Parity, and the City shall not be responsible for the proper operation of Parity, or have any liability for any delays or interruptions or any damages caused by use or attempted use of Parity.

- (iv) The City is permitting use of Parity as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. Parity is acting as an independent contractor and is not acting for or on behalf of the City.
- (v) The City is not responsible for ensuring or verifying bidder compliance with Parity's procedures.
- (vi) If the bidder's bid is accepted by the City, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) and the information that is submitted electronically through Parity shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vii) Information provided by Parity to bidders shall form no part of any bid or of any contract between the successful bidder and the City unless that information is included in this Official Notice of Bond Sale (including any modifications provided by the City to Parity).

### **Good Faith Deposit**

To be considered by the City, a bid must be backed by a good faith deposit in the amount of \$207,650. The good faith deposit must be paid by federal funds wire transfer within 90 minutes after wire instructions are provided by the City to the apparent successful bidder for the Bonds. Wiring instructions will be provided to the apparent successful bidder at the time of the verbal notice from the City.

The good faith deposit for the Bonds shall be retained by the City as security for the performance of the apparent successful bidder and shall be applied to the purchase price of the Bonds upon the delivery of the Bonds to that bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the City. If the Bonds are ready for delivery and the successful bidder fails or neglects to complete the purchase within 30 days following the acceptance of its bid, the good faith deposit for the Bonds shall be retained by the City as reasonable liquidated damages and not as a penalty.

### **Award**

The City expects to award the Bonds to the bidder making a bid that conforms to the terms of the offering and is the best bid, based on the City's determination of the lowest true interest cost. The true interest cost will be the rate that, when used to discount to the date of the Bonds all future payments of principal and interest (using semiannual compounding and a 30/360 day basis), produces an amount equal to the bid amount for the Bonds, without regard to the interest accrued to the date of the Bonds. The true interest cost calculations for any bids received for the Bonds will be performed by the City's Municipal Advisor, and the City will base its determination of the best bid for the Bonds solely on such calculations. If there are two or more equal bids for the Bonds and those bids are the best bids received, the Finance Director will determine by random selection which bidder will be awarded the Bonds.

The apparent successful bidder for the Bonds will be notified verbally on behalf of the City and must provide a good faith deposit as described above. The bid shall be considered awarded upon the receipt of the good faith deposit by the City and the execution of the Certificate of Bid Award by the Finance Director, acting on behalf of the City. The form of the Certificate of Bid Award is attached to this Official Notice of Bond Sale as Attachment 1.

The City reserves the right to reject any or all bids submitted and to waive any formality or irregularity in any bid or the bidding process. If all bids for the Bonds are rejected, then the Bonds may be sold in the manner provided by law. Any bid presented after the cut-off time for receiving bids will not be accepted, and any bid not backed by the required good faith deposit supplied within the required time may be rejected.

### **Adjustment of Principal Amounts and Bid Price After Receipt of Bids**

The City reserves the right to decrease the preliminary aggregate principal amount of the Bonds shown on Parity by an amount not to exceed 15% of the principal amount of the Bonds (rounded up to the nearest \$5,000) after the cut-off time for receiving bids. Adjustments of the aggregate principal amount in excess of 15%, rounded up to the nearest \$5,000 may be made with approval of the successful bidder.

If the preliminary principal amount of the Bonds is adjusted by the City, the price bid by the successful bidder for the Bonds will be adjusted by the City on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule. In the event that the City elects to increase or decrease the principal amount of the Bonds after receiving bids, the underwriter's discount, expressed in dollars per thousand, will be held constant. The City will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the winning bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

## Issue Price Information

*Establishment of Issue Price.* By submitting a bid, the winning bidder agrees to assist the City in establishing the issue price of the Bonds and to execute and deliver to the City at closing an “issue price” or similar certificate (“Issue Price Certificate”) setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. **By submitting a bid, the apparent successful bidder agrees to observe the “hold-the-offering-price” rule (defined below) if the Competitive Sale Safe Harbor (defined below) does not apply on the sale date. Bids will not be accepted if they are subject to cancellation in the event that the Competitive Sale Safe Harbor does not apply.**

The City has attached to this Official Notice of Bond Sale (Attachments 2 and 3) two alternatives for the form of Issue Price Certificate. Attachment 2 reflects the form that would be used if the safe harbor described in Treasury Regulations Section 1.148-1(f)(3)(i) (the “Competitive Sale Safe Harbor”) is applicable on the sale date; Attachment 3 reflects the form that would be used if the Competitive Sale Safe Harbor is inapplicable, in which case the City will require that the winning bidder observe the “hold-the-offering-price” rule. The winning bidder agrees to execute the appropriate Issue Price Certificate, substantially in the form attached hereto with only such modifications as may be acceptable to the City, and Bond Counsel.

All communications with the City pursuant to this Official Notice of Bond Sale relating to establishing the issue price of the Bonds may be directed to the City’s Municipal Advisor (identified under “Contact Information”). Any notice, report, pricing wire, or equivalent communication that is to be provided to the City to establish the issue price is to be provided to the City’s Financial Advisor and its Bond Counsel (identified under “Contact Information”).

*Competitive Sale Safe Harbor.* The City intends for the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) to apply to the initial sale of the Bonds (the “competitive sale requirements”), because: (i) the City will disseminate this Official Notice of Bond Sale to potential underwriters in a manner reasonably designed to reach potential underwriters; (ii) all bidders will have an equal opportunity to bid; (iii) the City expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

By submitting a bid for the Bonds, each bidder certifies that it has an established industry reputation for underwriting new issuances of municipal bonds unless otherwise specifically noted in the bid.

Each bid submitted pursuant to this Official Notice of Bond Sale will be considered a firm offer for the purchase of the Bonds, as specified in the bid. The Competitive Sale Safe Harbor will be considered inapplicable if the City and its Bond Counsel determine that the requirements of Treasury Regulations Section 1.148-1(f)(3)(i), including the requirement to receive at least three bids, have not been met.

*Hold-the-Offering-Price Rule Applies if Competitive Sale Safe Harbor Not Met.* If the competitive sale requirements are not satisfied, the City will so advise the winning bidder. The City, in its sole discretion, on a maturity-by-maturity basis, may determine to treat: (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity; and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”).

The winning bidder must advise the City, as soon as practicable following the verbal award, if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City will promptly advise the winning bidder, if practicable, at or before the time of award of the Bonds, which maturities of the Bonds will be subject to the 10% test or subject to the hold-the-offering-price rule. If, at least 60 minutes prior to the scheduled time of the award, the winning bidder has not advised the City that any maturity satisfies the 10% test, the bidder should assume that all maturities will be subject to the hold-the-offering-price rule. Bids will not be accepted if they are subject to cancellation upon as determination by the City to apply the hold-the-offering-price rule to any maturity of the Bonds. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

By submitting a bid, the winning bidder agrees that, in the event that the City determines to apply the hold-the-offering-price rule, it will: (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder; (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule

applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of (a) the close of the fifth business day after the sale date (the “End of the Holding Period”), or (b) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public; and (iii) promptly advise the City when the underwriters have sold 10% of each maturity of the Bonds that is subject to the hold-the-offering-price rule to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the End of the Holding Period.

*Reliance on Agreements with Participating Underwriters, Dealers, and Broker-Dealers.* In making the representations set forth above, the winning bidder agrees to obtain and, if obtained, may rely on: (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) if a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

If appropriate agreements have been obtained, the City acknowledges that each underwriter will be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter will be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

In addition, by submitting a bid, each bidder confirms that any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until either it is notified by the winning bidder that the 10% test has been satisfied as to the Bonds of that maturity or the End of the Holding Period, whichever occurs first, and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires.

Further, each bidder confirms that any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to: (i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until either it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity or the end of the Holding Period, whichever occurs first; and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

*Other Terms.* Sales of any Bonds to any person that is a related party to an underwriter will not constitute sales to the public for purposes of the representations of the bidder pursuant to this Official Notice of Bond Sale, including any representations to be made in an Issue Price Certificate. Further, for purposes of this Official Notice of Bond Sale and the Issue Price Certificate:

- (i) “public” means any person other than an underwriter or a related party;
- (ii) “underwriter” means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as



applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

Questions regarding the form of expected Issue Price Certificate should be directed to the City’s Financial Advisor or its Bond Counsel. See “Contact Information.”

### **Municipal Bond Insurance**

No bid for the Bonds may be conditioned upon obtaining insurance or any other credit enhancement, or upon the City’s acceptance of any of the terms of insurance or other credit enhancement. Any purchase of municipal bond insurance or commitment therefor shall be at the sole option and expense of the bidder for the Bonds, and any increased costs of issuance on the Bonds resulting by reason of such insurance, unless otherwise paid, must be paid by such bidder, and will not, in any event, be paid by the City. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the successful bidder for the Bonds of its contractual obligations arising from the acceptance of its bid.

If the successful bidder for the Bonds purchases insurance for any of the Bonds, the City may require such successful bidder to furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel confirming that the present value (calculated using the same yield as the yield on the insured Bonds) of the insurance premium is less than the present value (calculated using the same yield as the yield on the insured Bonds) of the interest cost savings represented by the comparative differences between interest amounts that would have been payable on the various maturities of the insured Bonds at interest rates on the insured Bonds issued with and without the insurance on the insured Bonds.

### **Ratings**

The Bonds have been rated “A” by S&P Global Ratings. The City will pay the fee for this rating; any other ratings for the Bonds are the responsibility of the successful bidder.

## **DELIVERY**

The City will deliver the Bonds (consisting of one certificate for each maturity of the Bonds) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC, for closing by Fast Automated Securities Transfer, prior to the date of closing. Closing shall occur within 30 days after the sale date. Settlement shall be in immediately available federal funds on the date of delivery.

If, prior to the delivery of the Bonds, the interest receivable by the owners of the Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder for the Bonds, at its option, may be relieved of its obligation to purchase the Bonds and, in that case, the good faith deposit accompanying its bid will be returned without interest.

The City will furnish to the successful bidder for the Bonds one electronic transcript of proceedings. Additional transcripts will be furnished at the successful bidder’s expense.

### **Legal Opinion**

The approving legal opinion of Stradling Yocca Carlson & Rauth LLP, Seattle, Washington, Bond Counsel, with respect to the Bonds will be provided to the successful bidder at the time of the delivery of the Bonds. The form of Bond Counsel’s opinion is attached to the Preliminary Official Statement as APPENDIX B. A no-litigation certificate from the City will be included in the closing documents for the Bonds.

### **CUSIP Numbers**

It is anticipated that a CUSIP identification number will appear on each Bond, but neither the failure to insert such number nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Bond Sale.

The City’s Municipal Advisor is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP Service Bureau shall be paid by the successful bidder.

## CONTINUING DISCLOSURE UNDERTAKING

In order to assist bidders in complying with paragraph (b)(5) of U.S. Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), the City will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking and the City’s compliance with its prior undertakings is set forth in the Preliminary Official Statement under “CONTINUING DISCLOSURE” and also will be set forth in the final Official Statement.

## OFFICIAL STATEMENT

### Preliminary Official Statement

The Preliminary Official Statement is in a form that the City has deemed final for the purpose of paragraph (b)(1) of Rule 15c2-12, but is subject to revision, amendment, and completion in a final Official Statement, which the City will deliver, at the City’s expense, to the successful bidder through its designated representative not later than seven business days after the City’s acceptance of the successful bidder’s bid, in sufficient quantities to permit the successful bidder to comply with Rule 15c2-12.

By submitting the successful bid for the Bonds, the successful bidder’s designated representative agrees:

- (i) to provide to the City, in writing, within 24 hours after the acceptance of the bid, pricing and other related information necessary for completion of the final Official Statement and to cooperate with the City by providing, in a timely manner, the information and certifications necessary to establish the issue price for the Bonds (see “Bidding Information and Award — Issue Price Information”);
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the City;
- (iii) to take any and all actions necessary to comply with applicable rules of the Securities and Exchange Commission and Municipal Securities Rulemaking Board governing the offering, sale, and delivery of the Bonds to ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases the Bonds; and
- (iv) to file the final Official Statement or cause it to be filed with the Municipal Securities Rulemaking Board within one business day following its receipt from the City.

The Preliminary Official Statement may be obtained from MuniOS, a product of Imagemaster, LLC, at <https://www.munios.com>; telephone 1-800-452-5152.

In addition, the Preliminary Official Statement may be obtained upon request to the City’s Municipal Advisor. See “Contact Information” in this Official Notice of Bond Sale.

### Official Statement

At closing, the City will furnish a certificate of an official or officials of the City stating that, to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Bonds, (i) the information (including financial information) regarding the City and the Electric Utility contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in the Official Statement have been obtained from sources that the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect (however, the City will make no representation regarding Bond Counsel’s form of opinion, the information provided by Bond Counsel under “CERTAIN INVESTMENT CONSIDERATIONS—Limitations on Remedies; Bankruptcy” and “LEGAL AND TAX INFORMATION—Tax Matters,” or the information provided by or obtained from DTC or any entity providing bond insurance, reserve insurance, or other credit facility, if any).

DATED January 26, 2026.

/s/

Brandon Allen  
Finance Director

**OFFICIAL NOTICE OF BOND SALE  
ATTACHMENT 1**

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**[FORM OF]  
CERTIFICATE OF BID AWARD**

**City of Richland, Washington  
Electric Utility Revenue Refunding and Improvement Bonds, 2026**

With respect to the above-captioned bonds (the “Bonds”), the Finance Director of the City of Richland certifies, as the Designated Representative authorized to act on behalf of the City pursuant to Ordinance No. 2025-37 (the “Bond Ordinance”), as follows:

In accordance with the Bond Ordinance, an Official Notice of Sale dated January 16, 2026, has been prepared and distributed, and on January 27, 2026, bids for the purchase of the Bonds were received and reviewed in accordance with the Notice of Sale.

The sale of the Bonds is hereby awarded to \_\_\_\_\_ (the “Purchaser”), the Purchaser’s bid being the best responsive bid determined by the method of calculation set forth in the Official Notice of Sale as follows:

<b>Aggregate Principal Amount:</b>	<b>\$</b>
(less Underwriter’s Discount):	
[plus/less] original issue [premium/(discount)]:	
<b>Aggregate Purchase Price:</b>	<b>\$</b>
True Interest Cost:	%
Aggregate Purchase Price as % of Aggregate Principal Amount	%

A copy of the Purchaser’s bid setting forth interest rates and purchase price for the Bonds is attached hereto. [IF RESIZING: A summary reflecting the resizing of the Purchaser’s bid in accordance with the Notice of Sale is as follows:]

**Maturity Dates, Principal Amounts, Interest Rates and Prices [ONLY INCLUDE TABLE IF RESIZED]**

<u>Due</u> <u>November 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Due</u> <u>November 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
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\_\_\_\_\_  
\*Term bonds

\*\*Priced to call date of November 1, 2035.

**Redemption Provisions:**

*Optional Redemption.*

The Bonds maturing on November 1 in the years 2026 through 2035, inclusive, are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after November 1, 2036, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after November 1, 2035, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

*Mandatory Redemption.*

The Bonds maturing in the years 20\_\_, and 20\_\_ are Term Bonds and, if not optionally redeemed or purchased in accordance with the Bond Ordinance, will be called for redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on November 1 in years and amounts as follows:

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>	<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
20__	\$	20__	\$
20__		20__	
20__		20__	
20__*		20__*	

\*Term Bond Maturity

All bids received other than that of the Purchaser are hereby rejected.

CITY OF RICHLAND, WASHINGTON

By: \_\_\_\_\_  
Finance Director

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Acknowledged by:  
[PURCHASER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**OFFICIAL NOTICE OF BOND SALE  
ATTACHMENT 2**

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**FORM OF ISSUE PRICE CERTIFICATE  
[COMPETITIVE SALE SAFE HARBOR]**

§ \_\_\_\_\_  
**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY REVENUE REFUNDING AND IMPROVEMENT BONDS, 2026**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

**Reasonably Expected Initial Offering Price**

- (i) On \_\_\_\_\_, 2026, [SHORT NAME OF UNDERWRITER] won on a competitive basis the right to reoffer the Bonds.
- (ii) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. [SHORT NAME OF UNDERWRITER] has actually offered each of the Maturities of the Bonds at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (iii) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (iv) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**Defined Terms**

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.
- (ii) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds, as evidenced by the award of the bid submitted pursuant to the Official Notice of Bond Sale. The Sale Date of the Bonds is [DATE].
- (iv) *Underwriter* means (a) [SHORT NAME OF UNDERWRITER], as the winning bidder to purchase the Bonds (and any person that agrees pursuant to a written contract with [SHORT NAME OF UNDERWRITER] as the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the City from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

**OFFICIAL NOTICE OF BOND SALE  
ATTACHMENT 3**

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**FORM OF ISSUE PRICE CERTIFICATE  
[HOLD-THE-OFFERING-PRICE RULE]**

\$ \_\_\_\_\_  
**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY REVENUE REFUNDING AND IMPROVEMENT BONDS, 2026**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”])[the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**Sale of the General Rule Maturities**

As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

**Initial Offering Price of the Hold-the-Offering-Price Maturities**

- (i) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (ii) As set forth in the Official Notice of Bond Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

**Defined Terms**

- (i) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (ii) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (iii) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (\_\_\_\_\_, 20\_\_\_), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (iv) *Issuer* means the City of Richland, Washington.
- (v) *Maturity* means Bonds having the same maturity date and credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate maturities
- (vi) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (vii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2026.
- (viii) *Underwriter* means (a) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this

paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM's][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER][REPRESENTATIVE]

By: \_\_\_\_\_

Name: \_\_\_\_\_

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## **OFFICIAL STATEMENT**

### **CITY OF RICHLAND, WASHINGTON**

**\$20,765,000\***

#### **Electric Utility Revenue Refunding and Improvement Bonds, 2026**

The City of Richland (the “City”), a duly organized municipal corporation and a legally existing charter city of the first class under the laws of the state of Washington (the “State”), furnishes this Official Statement in connection with the offering of its Electric Utility Revenue Refunding and Improvement Bonds, 2026 (the “Bonds”). This Official Statement, which includes the cover page, inside cover page, the table of contents and appendices, provides information concerning the City; the municipal electric system of the City as the same may from time to time be added to, bettered, improved and extended (the “Electric Utility”); and the Bonds.

Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Bond Ordinance (as defined below). See APPENDIX A—THE BOND ORDINANCE—Article 1.

All of the summaries of provisions of the Constitution and laws of the State, of ordinances of the City, and of other documents contained herein are subject to the complete provisions thereof and do not purport to be complete statements of such laws or documents, copies of which may be obtained from the City upon request. A full review should be made of the entire Official Statement. The offering of the Bonds to prospective investors is made only by means of the entire Official Statement.

### **DESCRIPTION OF THE BONDS**

#### **General**

The Bonds will be dated as of their initial date of delivery (the “Delivery Date”) and will bear interest from their Delivery Date or the most recent date to which interest has been paid or provided for. Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing May 1, 2026. The Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on page ii of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

#### **Authorization**

The Bonds are issued pursuant to the provisions of the Constitution of the State, the Charter of the City of Richland, chapters 35.41, 35.92, and 39.46 of the Revised Code of Washington (“RCW”) and other applicable laws of the State, and Ordinance No. 2025-37 passed by the City Council (the “City Council”) at a regular meeting on December 16, 2025 providing for the issuance and sale of the Bonds (the “Bond Ordinance”).

#### **Registration and Payment**

##### ***Book-Entry System***

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”). DTC will act as the initial Securities Depository for the Bonds. Individual purchases and sales of the Bonds will be made in Book-Entry Form only in minimum denominations of \$5,000 or integral multiples thereof within a maturity (“Authorized Denominations”). Purchasers (“Beneficial Owners”) will not receive certificates representing their interests in the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see APPENDIX D—BOOK-ENTRY TRANSFER SYSTEM. The City makes no representation as to the accuracy or completeness of the information in Appendix D provided by DTC. Purchasers of the Bonds should confirm this information with DTC or its broker-dealer participants.

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\* Preliminary; subject to change.

### ***Bond Registrar***

The principal of and interest on the Bonds will be payable by the fiscal agent of the State (the “Bond Registrar”), currently U.S. Bank Trust Company, National Association. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds will be payable by wire transfer by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as further described in APPENDIX D—BOOK-ENTRY TRANSFER SYSTEM.

### ***Transfer and Exchange; Record Date***

The Bond Registrar is not obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next interest payment or redemption date. Record Date means, in the case of each interest payment date, the Bond Registrar’s close of business on the 15th day of the month immediately preceding such interest payment date, and, with respect to redemption of a Bond prior to its maturity, the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with the Bond Ordinance. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in Book-Entry Form.

### ***Termination of Book-Entry System***

If the Bonds are no longer held in Book-Entry Form, the City will execute, authenticate and deliver, at no cost to the Beneficial Owners, Bonds in fully registered form, in Authorized Denominations. The principal of the Bonds will then be payable upon due presentment and surrender to the Bond Registrar, and interest on the Bonds will then be payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date, to the Registered Owners, at the address appearing upon the registration books on the Record Date. The City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner.

### ***Redemption Provisions \****

#### ***Optional Redemption***

The Bonds maturing on November 1 in the years 2026 through 2035, inclusive, are not subject to redemption prior to their stated maturity. The Bonds maturing on or after November 1, 2036, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after November 1, 2035, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

#### ***Mandatory Redemption***

The Bonds maturing in the years 20\_\_, 20\_\_, and 20\_\_ are Term Bonds and, if not optionally redeemed or purchased in accordance with the Bond Ordinance, will be called for redemption at a price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on November 1 in years and amounts as follows:

Term Bonds					
Term Bonds Maturing 20__		Term Bonds Maturing 20__		Term Bonds Maturing 20__	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
20__	\$	20__	\$	20__	\$
20__ <sup>(1)</sup>		20__ <sup>(1)</sup>		20__ <sup>(1)</sup>	

(1) Final maturity.

\* Preliminary, subject to change.

If a Term Bond is redeemed pursuant to the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual purchase price) will be credited against one or more scheduled mandatory redemption installments for that Term Bond determined by the City in the manner described below under “—*Selection of Bonds for Redemption.*”

***Selection of Bonds for Redemption.*** If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City will select the maturities to be redeemed. If less than all of the principal amount of a maturity is to be redeemed, the Securities Depository will select Bonds held in Book-Entry Form to be redeemed in accordance with the operational procedures of DTC referred to in the Letter of Representations and, if the Bonds are not held in Book-Entry Form, the Bond Registrar will select the Bonds to be redeemed at random in such manner as the Bond Registrar determines. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there will be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

***Notice of Redemption.*** While the Bonds are held in Book-Entry Form, any notice of redemption will be given to the Securities Depository at the time and in the manner required by the Letter of Representations, and the Bond Registrar will not be required to give any other notice of redemption. If the Bonds cease to be in Book-Entry Form, unless waived by any Registered Owner of the Bond to be redeemed, official notice of any redemption of Bonds will be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class mail, postage prepaid, not less than 20 nor more than 60 days prior to the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at the addresses appearing on the Bond Register at the time the Bond Registrar prepares the notice.

***Effect of Call for Redemption.*** Interest on each Bond called for redemption will cease to accrue on the date fixed for redemption unless money sufficient to effect such redemption is not on deposit in the Bond Fund or delivered to the Bond Registrar for purposes of redeeming Bonds, or in a trust account established to refund or defease the Bonds.

***Rescission of Optional Redemption Notice.*** In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of redemption has been rescinded shall remain outstanding.

## **Purchase**

The City has reserved the right to purchase any or all of the Bonds then available for purchase at any time at any price acceptable to the City plus accrued interest to the date of purchase.

## **Failure to Pay Bonds**

If the principal of any Bond is not paid when properly presented at its maturity or date fixed for redemption, as applicable, the City will be obligated to pay interest on that Bond at the same rate provided in that Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease that Bond, and that Bond has been called for payment by giving notice of that call to the Registered Owner.

## **Defeasance**

The City may use money available from any lawful source, including proceeds of the sale of refunding bonds, to carry out a refunding or defeasance plan, which may include (i) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (ii) redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or government obligations (see definition below) maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased

Bonds in the covenants of the Bond Ordinance and, except as provided below, in the Net Revenue of the Electric Utility, funds and accounts obligated to the payment of the defeased Bonds will cease and become void. Thereafter, the Owners of defeased Bonds will have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account and, if funds in the trust account are not available for such payment, will have the residual right to receive payment of principal and interest on the defeased Bonds from the Net Revenue of the Electric Utility without any priority of lien or charge on that revenue or covenants with respect thereto except to be paid therefrom. After the establishing and full funding of such a trust account, the City may then apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose, subject only to the rights of the owners of any other Parity Bonds then outstanding.

If the refunding or defeasance plan provides that the defeased Bonds or the refunding bonds to be issued be secured by money and/or Government Obligations pending the prior redemption of the defeased Bonds and if such refunding plan also provides that certain money and/or Government Obligations are pledged irrevocably for the prior redemption of the defeased Bonds included in that refunding plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, will be included in the computation of the Coverage Requirement for the issuance of Future Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

The term "Government Obligations" is defined in the Bond Ordinance to have the meaning given in RCW 39.53.010, as it may be amended from time to time. As currently defined in State law the term "Government Obligations" means: (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates, or other obligations issued by the banks for cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, federal land banks, or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

## USE OF BOND PROCEEDS

### Sources and Uses of Funds

The following table shows the estimated sources and uses of the Bond proceeds:

<u>Sources of Funds</u>	<u>Total</u>
Par Amount of Bonds	\$
[Net] Original Issue [Premium/Discount]	
City Contribution to Refunding <sup>(1)</sup>	
<b>Total Sources of Funds</b>	<b>\$</b>
 <u>Uses of Funds</u>	
Deposit to Project Fund	\$
Refunding of Refunded Bonds	
Estimated Costs of Issuance <sup>(2)</sup>	
<b>Total Uses of Funds</b>	<b>\$</b>

(1) Consists of amounts on deposit in the funds and accounts with respect to the Refunded Bonds and a release of excess amounts from the Common Reserve Subaccount within the Reserve Account which, following the issuance of the Bonds and the defeasance of the Refunded Bonds, will no longer be necessary to maintain the Reserve Requirement.

(2) Costs of issuance include legal fees, financial advisor's fees, underwriting fee, rating agency fees, and other costs incurred in connection with the issuance of the Bonds and carrying out the refunding.

## Uses of Bond Proceeds and Plan of Refunding

Proceeds of the Bonds will be used: (i) to carry out the plan of additions and betterments to and extension of the Electric Utility (the “Plan of Additions”); (ii) to satisfy the debt service reserve requirement for the Bonds, if necessary; (iii) depending on market conditions, to refund the all or a portion of the City’s outstanding Electric Utility Revenue Bonds, 2015; and (iv) to pay the costs of issuance of the Bonds and the administrative costs of the refunding.

The Plan of Additions includes projects described in Exhibit C to the Bond Ordinance, which comprise a portion of the projects in the Electric Utility’s Capital Improvement Plan. See “THE ELECTRIC UTILITY—Capital Improvement Plan” and APPENDIX A—THE BOND ORDINANCE — Exhibit C.

### Plan of Refunding

Subject to market conditions, a portion of the proceeds of the Bonds will be used to carry out a current refunding of all or a portion of the City’s Electric Utility Revenue Bonds, 2015 identified in the schedule below (the “Refunding Candidates”) to achieve debt service savings. Those Refunding Candidates selected for refunding will be identified in the final Official Statement as the “Refunded Bonds.”

#### Refunding Candidates Electric Utility Revenue Bonds, 2015

Maturity Date (Nov. 1)	Par Amount	Coupon	Redemption Date	Redemption Price	CUSIP Number
2026	\$ 500,000	5.00%	2/18/2026	100%	764267 AH3
2027	525,000	5.00	2/18/2026	100	764267 AJ9
2028	550,000	5.00	2/18/2026	100	764267 AK6
2029	580,000	5.00	2/18/2026	100	764267 AL4
2030	605,000	5.00	2/18/2026	100	764267 AM2
2031	640,000	5.00	2/18/2026	100	764267 AN0
2032	670,000	5.00	2/18/2026	100	764267 AP5
2033	705,000	5.00	2/18/2026	100	764267 AQ3
2034	740,000	5.00	2/18/2026	100	764267 AR1
2035	775,000	5.00	2/18/2026	100	764267 AS9
2038 <sup>(1)</sup>	2,565,000	5.00	2/18/2026	100	764267 AV2
2041 <sup>(1)</sup>	2,970,000	5.00	2/18/2026	100	764267 AY6
2045 <sup>(1)(2)</sup>	2,670,000	5.00	2/18/2026	100	764267 BC3

(1) Term Bond.

(2) Bifurcated term bond; term bond maturing on 11/1/2045, bearing interest at a rate of 4.00% with the CUSIP 764267BB5 is not identified as a Refunding Candidate.

## SECURITY AND SOURCES OF PAYMENT

### Pledge of Net Revenue

The Bonds are issued as Parity Bonds and constitute special limited obligations of the City payable from and secured solely by the Net Revenue of the Electric Utility and by money in the Principal and Interest Account of the Bond Fund. The Bonds are designated as Common Reserve Bonds and are further secured by money in the Common Reserve Subaccount within the Reserve Account. The City may in the future designate Future Parity Bonds as Common Reserve Bonds, or may alternatively determine that such Future Parity Bonds are to be secured by a standalone reserve subaccount within the Reserve Account or by no reserve. See the caption “—The Bond Fund—Reserve Account” and “—Springing Amendments,” below.

The Net Revenue of the Electric Utility has been pledged to make certain payments into the Bond Fund and the Reserve Account. The pledge constitutes a lien and charge upon the Net Revenue of the Electric Utility prior and superior to any other charges whatsoever, and on parity of lien with the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien.

The principal of and interest on all Parity Bonds is payable solely from the Bond Fund, which is funded from Net Revenue of the Electric Utility in accordance with the flow of funds set forth in the Bond Ordinance. See “—The Bond Fund” and “—Flow of Funds” below. The definitions of Net Revenue and other related terms are provided in APPENDIX A—THE BOND ORDINANCE—Article 1. The Parity Bonds consist of the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds. The Outstanding Parity Bonds (consisting of the outstanding 2015 Bonds, 2018 Bonds, 2019 Bonds, 2021 Bonds, and 2023 Bonds) are described below under the caption “—Outstanding Parity Bonds.” See also “—Future Parity Bonds” below.

The lien on Net Revenue is statutory in nature and no additional act is necessary under State law to perfect such lien against any other party making a claim on Net Revenue. State law provides that the owner of a bond, such as the Parity Bonds, the payment of which is pledged from a special fund has a claim only against that special fund and the amounts of revenue pledged to that special fund. Under State law, any bond owner may bring an action to compel a city to set aside and pay into the special fund (i.e., the Bond Fund) the amount that a city is obligated to set aside and pay therein.

The Bonds are special limited obligations of the City payable solely from the amounts on deposit in certain accounts contained within the Bond Fund, as described above. Neither the full faith and credit nor the taxing power of the City, the State, or any other political subdivision thereof is pledged for the payment of the principal of or interest on the Bonds. No revenues of the City derived from any source other than the Net Revenue are pledged to the payment thereof. The Bonds do not create a lien upon any property owned by or situated within the City or the Electric Utility, except for the lien and charge upon the Net Revenue of the Electric Utility as provided in the Bond Ordinance. The Owners of the Bonds do not have a right to require or compel the City, the State or any political subdivision thereof to levy or use any tax to pay the principal of or interest on the Bonds. ***The Bonds do not constitute general obligations of the City, the State or any political subdivision of the State or a charge upon any general fund or upon any money or other property of the City, the State or any political subdivision of the State not specifically pledged by the Bond Ordinance.***

#### **No Acceleration; Limitations on Remedies; Bankruptcy**

Neither the Bonds nor any of the Outstanding Parity Bonds are subject to acceleration upon the occurrence of a default. The City therefore would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of or interest on Parity Bonds, the Registered Owner of each Parity Bond would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Registered Owners of earlier and later maturing Parity Bonds.

The Bond Ordinance contains springing amendments regarding defaults and remedies that could limit the rights and remedies available to Owners of Parity Bonds in an event of default. These amendments are expected to become effective prior to the final maturity date of the Bonds. See “—Springing Amendments,” below and APPENDIX A—THE BOND ORDINANCE—Section 9.02.

The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion. See “CERTAIN INVESTMENT CONSIDERATIONS.”

#### **The Bond Fund**

Debt service on the Bonds is payable solely out of the Electric Revenue Refunding Bond Fund, 1985 (the “Bond Fund”). The Bond Fund is divided into two accounts, the Principal and Interest Account and the Reserve Account. See APPENDIX A—THE BOND ORDINANCE — Section 5.03.

#### ***Principal and Interest Account***

For so long as the Bonds are outstanding, the City has covenanted in the Bond Ordinance to pay into the Principal and Interest Account, on or before each debt service payment date, an amount sufficient (together with other money then on deposit, including investment earnings retained therein) to pay the principal and interest to become due on the Parity Bonds (including mandatory redemption requirements for Term Bonds) on that debt service payment date.

If there is a deficiency in the Principal and Interest Account to meet payments of either principal of or interest on any Common Reserve Bonds, such deficiency is to be made up from the Common Reserve Subaccounts by the

withdrawal of cash therefrom and, after all cash has been depleted, then by draws on any Reserve Security then on deposit in the Common Reserve Subaccounts. See “*Reserve Account*” below.

### ***Reserve Account***

The Reserve Subaccount has been created and maintained as a subaccount within the Bond Fund. The “Common Reserve Subaccount” is a subaccount established within the Reserve Account and serves as a pooled reserve for the Common Reserve Bonds. The Bonds and all currently Outstanding Parity Bonds have been designated as Common Reserve Bonds, secured by the amounts held in the Common Reserve Subaccount.

The Bond Ordinance provides that the City has the option to designate Parity Bonds as: (i) Common Reserve Bonds; (ii) bonds secured by a standalone Reserve Subaccount apart from the Common Reserve Subaccount; or (iii) bonds not secured by any reserve. The Bonds and all currently Outstanding Parity Bonds have been designated as Common Reserve Bonds, secured by the amounts held in the Common Reserve Subaccount, which serves as a pooled reserve for the Common Reserve Bonds. Currently, all amounts held in the Reserve Account are held in the Common Reserve Subaccount and no funds are held in any standalone subaccount.

From and after the date on which the 2015 Bonds (a portion of which are designated as Refunding Candidates) are no longer outstanding (the “Parity Covenant Date”), any Parity Bonds that are not designated as “Common Reserve Bonds” will no longer be secured by the Common Reserve Subaccount. The Parity Bond Covenant Date is expected to occur while the Bonds are outstanding. See APPENDIX A—THE BOND ORDINANCE—Sections 1.01 and 5.03. Any Future Parity Bonds issued after the Parity Covenant Date that are not designated as Common Reserve Bonds at the time of issuance will not be secured by the Common Reserve Subaccount.

So long as the Bonds remain outstanding, the City has covenanted to maintain a balance in the Common Reserve Subaccount equal to the total Reserve Requirement for all Common Reserve Bonds. The “Reserve Requirement” means:

- (1) With respect to the Common Reserve Bonds collectively, as of any date of calculation, the lesser of:  
(i) Maximum Annual Debt Service on all Common Reserve Bonds then Outstanding; or (ii) 125% of Average Annual Debt Service on all Common Reserve Bonds then Outstanding, but at no time shall the Reserve Requirement exceed the Tax Maximum;
- (2) With respect to any Future Parity Bonds that are not Common Reserve Bonds, the amount established in the ordinance authorizing their issuance (which may be equal to zero), provided that the Reserve Requirement may not exceed the Tax Maximum; and
- (3) With respect to the Bonds, the incremental amount necessary to satisfy the Reserve Requirement for the Common Reserve Bonds, set forth in paragraph (1), above.

All or a portion of the Reserve Requirement may be satisfied by the purchase of a Reserve Security. Reserve Security means a surety bond or policy of insurance, obtained in lieu of cash and policy limit or stated amount equal to part or all of the Reserve Requirement. There is no minimum rating requirement in the Bond Ordinance for the provider of a Reserve Security.

The City may not make withdrawals from the Reserve Account (and the subaccounts therein) of any amounts necessary to satisfy the Reserve Requirement, except to make up a deficiency in the Principal and Interest Account or to make the last scheduled principal payment on then-Outstanding Parity Bonds.

The City must make up any deficiency in the Reserve Account (or any subaccount therein) from the Net Revenue of the Electric Utility first available after making the required payments into the Principal and Interest Account. If the Reserve Account is fully funded to the Reserve Requirement, any money in excess of the Reserve Requirement may be used for any lawful purpose of the Electric Utility.

Upon issuance of the Bonds and the defeasance of the Refunded Bonds, the Reserve Requirement for the Common Reserve Bonds will be \$4,629,684,\* which will be fully funded by the amount currently on deposit in the Reserve Account securing the Outstanding Common Reserve Bonds. No Reserve Security will be used to satisfy any portion of the Reserve Requirement.

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\* Preliminary, subject to change.

### ***Payments into the Bond Fund***

The City may, but is not required to, transfer from any legally available funds or accounts of the City any money that is available to meet the required payments to be made into the Bond Fund. If the City fails to make the required payments, the owner of any of the Outstanding Parity Bonds may bring action against the City and compel payment into the Bond Fund from Net Revenue of the Electric Utility.

### ***Investment of Money in the Bond Fund***

Money in the Bond Fund may be kept in cash or invested in any investment that is a legal investment for the money of the City at the time of such investment. See generally “THE CITY—Authorized Investments and City Investment Policy.” The City has covenanted that money in the Bond Fund will not be invested at a yield which would cause the Bonds to be arbitrage bonds. See “LEGAL AND TAX INFORMATION—Tax Matters.”

### **Flow of Funds**

The City has covenanted in the Bond Ordinance to deposit all Gross Revenue of the Electric Utility into the Electric Fund as collected. The Electric Fund is held separate and apart from all other funds and accounts of the City. Under the Bond Ordinance, money in the Electric Fund may be used only for the following purposes applied in the following order of priority:

- (1) To pay Operation and Maintenance Expenses;
- (2) To meet the debt service requirements with respect to, first, the interest due on and, then, the principal of the Parity Bonds by making the required payments into the Principal and Interest Account;
- (3) To make the required payments into the Reserve Account (or the subaccounts therein), including amounts required to repay any draws upon a Reserve Security, if any, and into any other account or subaccount in the Bond Fund; and
- (4) For any of the following purposes, without priority: to meet the debt service requirements with respect to any Subordinate Bonds; to redeem and retire any then outstanding electric revenue bonds or to purchase any or all of those bonds and obligations in the open market as provided in the ordinance authorizing their issuance; to make necessary betterments and replacements of or repairs, additions or extensions to the Electric Utility; to make a deposit into the Rate Stabilization Account; or for any other lawful Electric Utility purpose.

### **Rate Covenant and Coverage Requirement**

So long as any Parity Bonds are outstanding, the City has covenanted in the Bond Ordinance to establish, maintain and collect rates and charges for electric services sufficient to meet the Coverage Requirement.

### ***Coverage Requirement***

The Coverage Requirement is defined in the Bond Ordinance as an amount of Adjusted Net Revenue, in a given Fiscal Year, at least equal to 1.25 times the Annual Debt Service due in that Fiscal Year on all Parity Bonds then outstanding. For definitions of “Adjusted Net Revenue,” “Net Revenue,” “Gross Revenue,” and other related terms, see APPENDIX A—THE BOND ORDINANCE—Article 1.

In calculating Adjusted Net Revenue, the City may reduce Annual Debt Service, for purposes of calculating the Coverage Requirement and Reserve Requirement, by the amount scheduled to be received in respect of any Tax Credit Subsidy Bonds issued in the future. See Table 12 “Historical Debt Service Coverage” and the notes thereto. For purposes of determining whether the Coverage Requirement is met, the coverage ratio may also be adjusted for deposits to or withdrawals from the Rate Stabilization Account. Amounts collected in respect of City-imposed utility taxes are included in Gross Revenues and the payment of such taxes is not considered an Operation and Maintenance Expense.

### **Rate Stabilization Account**

The City has established an Electric Utility Rate Stabilization Account within the Electric Fund to permit excess revenues from one Fiscal Year (currently a calendar year) to be temporarily set aside and added to the Net Revenue



in a future year for purposes of managing rates and charges, meeting debt service requirements and calculating the Coverage Requirement. See APPENDIX A—THE BOND ORDINANCE—Section 7.03. The City does not have any money currently on deposit in, and has no current plans to make deposits to, the Rate Stabilization Account.

### **Contract Resource Obligations**

The City may at any time enter into one or more contracts or other obligations for the acquisition, from facilities to be constructed or improved, of electric energy supply, transmission or other commodity or service relating to the Electric Utility and, if certain conditions are met, may designate such contract or obligation as a Contract Resource Obligation. A contract or other obligation that is designated as a Contract Resource Obligation may provide that all payments under such contract will be Operation and Maintenance Expenses. The City does not currently have any Contract Resource Obligations.

The conditions for issuance of a Contract Resource Obligation are: (i) no Event of Default, as defined in the Bond Ordinance, may have occurred and be continuing; and (ii) the City must have obtained a certificate from an Independent Utility Consultant concerning: (a) the reasonableness of payments to be made under the contract; (b) the soundness and feasibility of the project; and (c) the sufficiency of Net Revenue with respect to the Coverage Requirement, taking into account the adjustments permitted under the Parity Bond Test. Payments required to be made under a Contract Resource Obligation may not be subject to acceleration. See APPENDIX A—THE BOND ORDINANCE—Section 7.04.

The City has also reserved the right to enter into agreements for supply or service, which would not be Contract Resource Obligations, and nonetheless to treat such payments as either Operation and Maintenance Expenses or as subordinate to the lien on Net Revenue of the Parity Bonds, as appropriate. See “POWER SUPPLY AND TRANSMISSION—Power Supply—*Bonneville Power Supply Contract*” for a description of the City’s supply contracts.

### **Future Parity Bonds**

The City has reserved the right to issue Future Parity Bonds after meeting a Parity Bond Test. See APPENDIX A—THE BOND ORDINANCE—Section 7.05 and Exhibit B. The Parity Bond Test includes:

- (a) There may be no deficiency in the Principal and Interest Account, the Reserve Account (and the subaccounts therein) or any other account in the Bond Fund.
- (b) The ordinance authorizing any Future Parity Bonds must: (1) determine whether such Future Parity Bonds will be designated as Common Reserve Bonds after the Parity Covenant Date; (2) set the Reserve Requirement (which may be zero) for such Future Parity Bonds; and (3) provide for the satisfaction of such Reserve Requirement (if any).
- (c) The City must have on file with the City Clerk either:
  - (1) a certificate of the Finance Director of the City, supported by the Electric Utility financial statements (which may or may not be audited), demonstrating that the Adjusted Net Revenue of the Electric Utility for any 12 consecutive months out of the 24 months preceding the dated date of the proposed bonds will be sufficient to satisfy the Coverage Requirement with respect to the Parity Bonds then outstanding, plus the Future Parity Bonds proposed to be issued; or
  - (2) a certificate from an independent licensed professional engineer or engineering firm showing that in his, her or its professional opinion the Adjusted Net Revenue of the Electric Utility, which will be available in each succeeding year for the payment of principal of and interest on all Parity Bonds then outstanding and the Future Parity Bonds, will be sufficient to satisfy the Coverage Requirement with respect to the Parity Bonds then outstanding, plus the Future Parity Bonds proposed to be issued. Computation of estimated future Adjusted Net Revenue of the Electric Utility is to be based upon income and expense statements of the Electric Utility for any 12 consecutive months out of the 24 months preceding the dated date of the proposed bonds, plus additional adjustments, which may reflect: (i) any current changes in Net Revenue of the Electric Utility for the base period which would have occurred if the schedule of rates and charges in effect at the time of the computation (or approved by the City Council as of the time of such computation and to become effective within 30 days thereof) had been in effect during the portion of the period in which such schedule was not in effect; (ii) a full

12 months of revenue from any customers of the Electric Utility added prior to the computation date; (iii) the loss of customers since that period; (iv) any changes in Net Revenue of the Electric Utility estimated to be received as a result of, and upon completion of, any facilities under construction or to be acquired, constructed or installed as a part of the Electric Utility which are not reflected fully in the base period statement; and (v) annualized net revenue from the improvements to be financed from the proceeds of the proposed Future Parity Bonds.

- (d) If the Future Parity Bonds proposed to be issued are for the sole purpose of refunding any Parity Bonds then outstanding, no certificate will be required, so long as the Maximum Annual Debt Service for the proposed Future Parity Bonds is less than the Maximum Annual Debt Service for the Parity Bonds to be refunded, and the final maturity of the proposed Future Parity Bonds is not extended beyond the final maturity of the Parity Bonds to be refunded.

## **Other Covenants**

### ***Maintenance and Operation***

The City has covenanted in the Bond Ordinance that it will at all times maintain and keep the Electric Utility in good repair, working order and condition, and will at all times operate the Electric Utility, and the business in connection therewith, in an efficient manner and at a reasonable cost.

### ***No Sale or Disposition of Electric Utility***

The City has covenanted in the Bond Ordinance that it will not sell, lease, mortgage, or in any manner encumber or dispose of all, or substantially all, of the property of the Electric Utility unless provision is made for the payment into the Bond Fund of sums sufficient to pay the principal of and interest on the Parity Bonds then outstanding. Furthermore, it will not sell, lease, mortgage, or in any manner encumber or dispose of, in any year, more than 5% of the property of the Electric Utility that is used, useful and material to the operation thereof, unless provision is made for replacement thereof, or for payment into the Bond Fund of the total amount of the proceeds of such sales, leases, mortgages, encumbrances or dispositions. Any such money so paid into the Bond Fund is to be used to retire the Parity Bonds then outstanding at the earliest possible date. In addition, it will not contract with another entity operating an electric utility to surrender any substantial territory which the Electric Utility serves or plans to serve with electricity without replacing the Gross Revenue received, or expected to be received, from that territory with revenue from another source or other equivalent compensation.

### ***Books and Accounts***

The City has covenanted in the Bond Ordinance that it will keep proper and separate accounts and records in which complete and separate entries are to be made of all transactions relating to the Electric Utility, and it will furnish, at the written request of the owners of \$1,000,000 in outstanding principal amount of the Bonds, complete operating and income statements of the Electric Utility in reasonable detail covering any calendar year not more than 90 days after the close of such calendar year. Upon request of any owner or owners of any of the Bonds, it will also furnish to such owner or owners a copy of the most recently completed audit of the City's accounts by the State Auditor, or such other audit as is authorized by law in lieu thereof.

### ***No Free Service***

The City has covenanted in the Bond Ordinance that, except to aid the poor and infirm consistent with the State constitution, it will not furnish municipal electric service to any customer (including the City) whatsoever free of charge and will promptly take legal action to enforce collection of all delinquent accounts.

### ***Insurance***

The City has covenanted in the Bond Ordinance that it will carry the type of insurance on its Electric Utility property in the amounts normally carried by private electric utility companies engaged in the operation of electric utility systems, or in the alternative, it may self-insure or, through an association of other municipalities, insure such property in similar amounts. The cost of such insurance or self-insurance shall be considered part of Operation and Maintenance Expenses of the Electric Utility.

### ***Satisfy Other Electric Utility Obligations***

The City has covenanted in the Bond Ordinance that it will pay, out of Gross Revenue, all Operation and Maintenance Expenses and the debt service requirements of the Parity Bonds, and will otherwise meet the obligations of the City as herein set forth.

### ***Priority of Lien***

The City has covenanted in the Bond Ordinance that it will not permit or enter into any obligation which is to have a prior or equal claim or lien on the Net Revenue of the Electric Utility except as permitted in the Bond Ordinance and in compliance with the Parity Bond Test.

### ***Amendatory and Supplemental Ordinances***

The City has covenanted not to amend or supplement the Bond Ordinance subsequent to the issuance of the Bonds, except as provided in and in accordance with the Bond Ordinance. See APPENDIX A—THE BOND ORDINANCE—Section 9.01.

### ***Springing Amendments***

The Bond Ordinance contains certain covenants that will become effective as of the Parity Covenant Date, which will occur on the date on which the 2015 Bonds (a portion of which are designated as Refunding Candidates) are no longer outstanding. It is expected that the Parity Covenant Date will occur while the Bonds are outstanding. The covenants that will become effective on the Parity Covenant Date include changes to the Reserve Requirement and Reserve Account (described above under “—The Bond Fund—*Reserve Account*”) and provisions regarding defaults and remedies (described below). **The owners of the Bonds by their purchase of such Bonds are deemed to have consented to these springing amendments.**

### ***Defaults and Remedies***

From and after the Parity Covenant Date, Section 9.02 of the Ordinance will go into effect. It defines Events of Default with respect to the Bonds and provides for the appointment of a Bondowners’ Trustee in the Event of a Default. The rights and remedies of Bond owners are limited as provided in that section, including a limitation on suits by individual Bondowners except under certain conditions. See APPENDIX A—THE BOND ORDINANCE—Section 9.02.

### ***Outstanding Parity Bonds***

**Table 1.**  
**Summary of Outstanding Parity Bonds and the Bonds<sup>(1)</sup>**

<b>Bond Issue</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Original Par Amount</b>	<b>Amount Outstanding</b>
Electric Utility Revenue Bonds, 2015 <sup>(2)</sup>	11/10/2015	11/01/2045	\$ 19,435,000	\$ 2,000,000
Electric Revenue Improvement and Refunding Bonds, 2018	4/05/2018	11/01/2047	19,800,000	12,090,000
Electric Revenue Improvement and Refunding Bonds, 2019A	12/19/2019	11/01/2044	12,525,000	10,845,000
Electric Revenue Bonds, 2019T (Taxable – Green Bonds)	12/19/2019	11/01/2033	3,145,000	2,350,000
Electric Revenue Bonds, 2021	11/23/2021	11/01/2046	6,415,000	5,870,000
Electric Revenue Improvement and Refunding Bonds, 2023	5/06/2023	11/01/2053	19,415,000	17,840,000
<b><i>The Bonds<sup>(3)</sup></i></b>	<b><i>2/18/2026</i></b>	<b><i>11/01/2055</i></b>	<b><i>20,765,000</i></b>	<b><i>20,765,000</i></b>
<b>Total Outstanding Parity Bonds and the Bonds<sup>(1)(3)</sup></b>				<b>\$ 71,760,000</b>

(1) As of the Issue Date for the Bonds.

(2) Subject to market conditions, a portion of the proceeds of the Bonds will be used to carry out a refunding of all or a portion of the City’s Electric Utility Revenue Bonds, 2015. Excludes amounts expected to be refunded with proceeds of the Bonds. See the caption “USE OF BOND PROCEEDS—Uses of Bond Proceeds and Plan of Refunding.”

(3) *Preliminary, subject to change.*

*Source: City of Richland*

## Future Financings

The City anticipates issuing approximately \$6.5 million of additional Parity Bonds within the next three years. See “THE ELECTRIC UTILITY—Future Financing Plans” below for a description of the financing needs projected in the City’s long-term capital improvement plan. The City periodically reviews its outstanding bonds for refunding opportunities and may issue Parity Bonds for refunding purposes if market conditions warrant.

## Subordinate Debt

The City has no outstanding subordinate debt of the Electric Utility. The City reserves the right to issue subordinate debt of the Electric Utility under the terms of the Bond Ordinance. See APPENDIX A—THE BOND ORDINANCE—Section 7.05.

## Debt Payment Record

The City has promptly met all debt service payments on outstanding obligations. No refunding bonds have been issued to avoid an impending default.

## Debt Service Requirements

Debt service requirements for the Outstanding Parity Bonds and the Bonds are shown in Table 2.

**Table 2.**  
**Parity Bond Debt Service Requirements**

Year	Outstanding Parity Bonds <sup>(1)</sup>		The Bonds <sup>(2)</sup>		Total Debt Service Requirements <sup>(2)</sup>
	Principal	Interest	Principal	Interest	
2026	\$ 2,630,000	\$ 2,961,730	\$	\$	\$
2027	2,745,000	2,843,940			
2028	2,860,000	2,720,530			
2029	2,995,000	2,591,347			
2030	3,120,000	2,455,637			
2031	3,260,000	2,322,430			
2032	3,405,000	2,181,857			
2033	3,550,000	2,032,167			
2034	3,710,000	1,873,000			
2035	3,870,000	1,714,938			
2036	4,035,000	1,547,925			
2037	2,855,000	1,371,675			
2038	2,995,000	1,235,100			
2039	3,140,000	1,091,775			
2040	2,710,000	941,425			
2041	2,840,000	812,513			
2042	2,975,000	677,388			
2043	2,605,000	540,381			
2044	2,725,000	422,363			
2045	2,250,000	298,475			
2046	1,045,000	198,875			
2047	670,000	154,500			
2048	370,000	125,000			
2049	385,000	106,500			
2050	405,000	87,250			
2051	425,000	67,000			
2052	445,000	45,750			
2053	470,000	23,500			
2054	-	-			
2055	-	-			
<b>Total</b>	<b>\$ 65,490,000</b>	<b>\$ 33,444,971</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Notes on following page.

Notes to Table 2:

Totals may not add due to rounding.

- (1) Includes debt service on the Refunding Candidates. See the captions “USE OF BOND PROCEEDS—Uses of Bond Proceeds and Plan of Refunding” and “—Outstanding Parity Bonds.”
- (2) Subject to pricing of the Bonds on the sale date.

## **THE ELECTRIC UTILITY**

### **Description of the Electric Utility**

The City acquired its electric system (the “Electric Utility”) in 1959 when ownership was transferred to the City by the United States Government. The Electric Utility is currently operated by the City’s Energy Services Department and, as of December 31, 2024, served approximately 28,018 electric utility customer accounts with over 28,972 total active meters. The Electric Utility’s service area encompasses 48 square miles, 42.3 square miles of which are within City limits.

The City is a load-following customer of the Bonneville Power Administration (“Bonneville”) for substantially all of its wholesale power and transmission services. The Electric Utility receives power from Bonneville at ten points of delivery (substations): First Street, Thayer Drive, Stevens Drive, Tapteal, Richland Switch, Snyder, Sandhill Crane, City View, Leslie Road, and Gateway. See “POWER SUPPLY AND TRANSMISSION—Power Supply—*Bonneville Power Administration*,” below. These substations are served from Bonneville’s 115,000 Volt (115 kiloVolts, or “kV”) transmission system. The Electric Utility owns and operates the transformers and distribution facilities at all ten substations. The nameplate capacity of the total transformation facilities serving the Electric Utility’s distribution system is 496 Megavolt-Ampere (“MVA”). The distribution facilities contain eighty-eight 12,470/7,200-Volt feeders which have a nominal 465 ampere capacity each. These feeders are operated as radial lines but have the capability of being looped for maintenance and outage situations. The distribution system contains approximately 144 circuit miles of overhead distribution lines and 497 miles of underground distribution cable.

Planned capital improvement projects will add one new substation at Dallas Road Bank 1, additional substation Bank 3 transformer and switchgear at Sandhill Crane Substation, and replacement Bank 1 transformer and switchgear at Thayer Drive Substation. See “—Capital Improvement Plan,” below. The addition of the substation and transformer replacements will also increase the Electrical Utility capacity rating by 62 MVA.

The Electric Utility has entered into service area agreements with two neighboring utilities: Public Utility District No. 1 of Benton County and Benton Rural Electric Association, which currently extend through 2030. The agreements define the boundaries for electric utility service, encourage the orderly expansion of the Electric Utility’s service into the City’s Urban Growth Area, and establish compensation for the sale and transfer of electric facilities between utilities.

### **Governance and Management**

The City Council has responsibility for, among other things, establishing budgets and rates. See “—Rates and Charges” below.

A Utility Advisory Committee (the “Committee”) was created by the City to make available to the City Council additional expertise relative to the operating and management policies of City-owned utilities, including the Electric Utility. The Committee is composed of seven members appointed by the City Council. The Committee’s role is advisory and does not limit the City Council’s authority over rate setting.

The Electric Utility is managed by an Energy Services Director who is appointed by the City Manager. A brief description of relevant experience of the Energy Services Director follows.

***Clint Whitney, Energy Services Director.*** Mr. Whitney assumed the role of Energy Services Director in 2018. Mr. Whitney joined the City as an Electrical Distribution Engineer in 1997. He has worked in a variety of positions with the City, including Electrical Systems Supervisor, Chief Electrical Engineer, and Engineering & Operations Manager. Mr. Whitney has a Bachelor of Science in Electrical Engineering and a Master of Business Administration, both from Washington State University. He is a registered Professional Engineer in Washington.

## **Electric Utility Employees**

The Electric Utility has 49 full-time equivalent employees (“FTE”), as of December 31, 2025. The International Brotherhood of Electrical Workers Local 77 (the “IBEW 77”) represents 29 employees within the Electric Utility. The current IBEW 77 contract expires on December 31, 2026. See “THE CITY—Employees and Bargaining Groups” for a discussion of the City’s relations with its labor unions.

## **Utility Taxes**

### ***City Utility Tax***

The City is authorized to collect a utility tax on gross revenue from retail electricity sales of the Electric Utility, less certain adjustments. The Electric Utility passes this tax to its customers, collecting it through the customer’s bill as part of the established customer rates and charges, for payment to the City’s General Fund. A tax rate of 8.5% was approved by the voters in 1996, permitting a rate in excess of the otherwise applicable statutory maximum rate. See “—Rates and Charges” below.

### ***State Public Utility Tax***

The Electric Utility also pays a public utility tax to the State at a rate of 3.8734% of gross revenues of the Electric Utility. For purposes of the State public utility tax, “gross revenues” is defined by State law and includes amounts collected for the City utility tax.

## **Rates and Charges**

The ordinances authorizing the issuance of the Outstanding Parity Bonds require the City to establish, maintain, and collect rates and charges for electric power and energy and other services to provide revenues sufficient for the punctual payment of the principal of, premium (if any), and interest on all outstanding debts, to pay for the proper operation and maintenance expenses of the Electric Utility, and to make all necessary repairs, replacements and renewals thereof.

Rates are generally applicable and uniformly applied within each customer class. Under State law, the City Council has the exclusive authority to set rates and charges for electric energy and services and this authority is not subject to review or control by any federal, state, or local agency.

The Electric Utility has adjusted its rates when needed, primarily as a result of increased wholesale power cost from Bonneville. The City’s most recent retail rate adjustment was effective January 1, 2026, representing an average increase of 8.5% across all rate classes. Prior to this, the last retail rate adjustment was effective as of June 2019, representing an average increase of 8.0% across all rate classes. No additional rate increases have since been adopted.

The City has 12 rate classes, the largest of which are residential, commercial/general services, industrial, irrigation, and rental/street lighting. Residential customers make up approximately 88% of total number of customers (measured by meter count), at basic charge rates of \$0.75/day for single-phase service, \$1.06/day for multi-phase service in addition to \$0.080/kWh for the energy consumption charge. These charges generate approximately 49% of Electric Utility power sales revenue. Descriptions of rate schedules for other customer classes are set forth in the Richland Municipal Code (“RMC”), Section 14.24.060 and were last revised by Ordinance No. 2025-39, which adopted rates that went into effect as of January 1, 2026.

Table 3, below, shows the average annual system revenue in dollars per MegaWatt-hour (“MWh”), and corresponding customer class/group average annual unit rate revenue.

**Table 3.**  
**Average Annual Retail Rate Revenue History**  
*(Unaudited) (\$ per MWh)*

Year	Average Annual Electric Utility Rate Revenue per MWh	Average Annual Revenue per MWh by Customer Type <sup>(1)</sup>		
		Residential	Commercial <sup>(2)</sup>	Industrial <sup>(3)</sup>
2015	58.29	69.97	50.12	45.73
2016	61.89	79.74	53.28	46.94
2017	66.44	83.93	56.20	50.08
2018	65.68	84.44	55.82	49.51
2019	74.42	87.53	59.17	55.40
2020	71.99	91.38	61.26	56.55
2021	72.60	91.04	61.54	55.83
2022	72.43	90.34	62.41	56.76
2023	71.02	88.77	60.35	53.71
2024	72.04	89.88	61.57	54.51

(1) \$ per MWh is calculated as rate revenue per customer type divided by MWh sales per customer type.

(2) Commercial includes Small, Medium and Large General Service rate classes.

(3) Industrial includes Small Industrial, Large Industrial and Irrigation rate classes.

Source: City of Richland

### Comparison of Monthly Electric Bills

The following table compares the City's monthly electric rates and charges ("bills") for selected comparable residential, commercial and industrial loads with those of other local and major public and private Pacific Northwest utilities. The representative monthly electric bills shown are based on comparable customer types and usage profiles, and on the specific rate schedules for each utility. Use of different schedules applicable to particular customers would yield different results.

Table 4.  
**Comparative Sample Monthly Electric Bills<sup>(1)</sup>**  
*(As of January 1, 2026)*

	Residential <sup>(2)</sup>	Commercial <sup>(3)</sup>	Industrial <sup>(4)</sup>
Chelan County Public Utility District	\$ 51.60	\$ 4,779.30	\$ 51,647.00
Grant County Public Utility District	80.63	5,242.93	85,371.08
Benton County Public Utility District <sup>(5)</sup>	116.33	9,183.18	125,297.59
<b>The City <sup>(6)</sup></b>	<b>123.27</b>	<b>8,525.25</b>	<b>122,021.24</b>
Franklin County Public Utility District <sup>(7)</sup>	125.50	9,412.26	135,036.70
Pacific Power	141.29	N/A	N/A
<i>Average (excluding the City)</i>	<i>\$ 103.07</i>	<i>\$ 7,154.42</i>	<i>\$ 99,338.09</i>

(1) There are variations in rate schedules and rate classifications used by the various utilities. Some rates include city, state or other local utility tax. All utilities are municipal utilities.

(2) Estimates are based upon 1,250 kWh monthly use, year-round.

(3) Estimated based upon 400 kW demand and 130,000 kWh monthly use.

(4) Estimated based upon 5,000 kW demand and 2,000,000 kWh monthly use.

(5) BPUD residential rates include a demand charge; a middle estimate demand of \$6.00 was included for a 30% load factor.

(6) City rates shown above include the amounts necessary to pay City-imposed utility taxes and State public utility taxes. See "—Utility Taxes" above.

(7) FPUD rates shown are the adopted rates that become effective 5/1/2026.

Source: Compiled by City of Richland, using rate schedules posted on the websites of the utilities listed.

## Historical Information on Customers and Electricity Sales

The tables below show the calendar year-end number of meters and electricity sales by customer class for the Electric Utility for the years 2020 through 2024. The number of active meters shown below may differ from the number of customers in each category because some customers have multiple metered accounts.

**Table 5.**  
**Historical Number of Active Customer Meters**

<b>Category</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential	24,870	25,094	25,421	25,450	25,473
Commercial/General Services	2,790	2,830	2,838	2,844	2,909
Industrial	10	12	12	13	13
Irrigation	107	101	101	100	98
Rental/Street Lighting	401	401	401	401	401
Miscellaneous	57	57	57	57	57
<b>Total</b>	<b>28,235</b>	<b>28,495</b>	<b>28,830</b>	<b>28,865</b>	<b>28,951</b>

Source: City of Richland

**Table 6.**  
**Historical Power Sales (MWh) and Peak Demand (MW)**

<b>Power Sales (MWh)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential	348,079	360,012	389,130	402,668	383,483
Commercial/General Services	377,347	389,856	384,493	403,832	406,732
Industrial	156,363	172,781	180,587	167,529	147,010
Irrigation	18,210	22,327	18,360	18,762	16,877
Rental/Street Lighting	4,722	4,307	4,299	3,365	2,208
Miscellaneous	1,341	1,668	1,660	1,570	1,561
<b>Total</b>	<b>906,062</b>	<b>950,951</b>	<b>978,529</b>	<b>997,726</b>	<b>957,871</b>
<b>Peak Demand (MW)</b>	<b>197.6</b>	<b>211.8</b>	<b>204.0</b>	<b>209.6</b>	<b>238.1</b>

Source: City of Richland

**Table 7.**  
**Historical Power Sale Revenues<sup>(1)</sup>**

<b>Power Sales</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential	\$ 31,806,860	\$ 32,776,694	\$ 35,153,758	\$ 35,745,714	\$ 34,469,308
Commercial/General Services	23,206,572	23,992,496	23,996,857	24,369,587	25,040,840
Industrial	8,619,064	9,442,096	10,030,090	8,997,247	8,012,964
Irrigation	1,253,723	1,451,058	1,263,319	1,235,728	1,164,942
Rental/Street Lighting	486,317	486,212	494,335	417,608	225,007
Miscellaneous	86,584	107,007	106,509	94,137	96,012
<b>Total</b>	<b>\$ 65,459,120</b>	<b>\$ 68,255,563</b>	<b>\$ 71,044,868</b>	<b>\$ 70,860,021</b>	<b>\$ 69,009,073</b>

Totals may not add due to rounding.

(1) Excludes amounts collected in respect of City- and State-imposed utility taxes. See “—Utility Taxes” above.

Source: City of Richland



## Largest Customers

The Electric Utility’s 10 largest customers for the year ending December 31, 2024, used a combined aggregate of 290,209 MWh of power, paid approximately \$17.7 million in revenues, and accounted for approximately 23.5% of total power sales. In 2024, of the Electric Utility’s 10 largest customers, the top four largest customers, Lamb Weston (a frozen food processor), Pacific Northwest National Laboratories (“PNNL”) (a U.S. Department of Energy (“DOE”) national research laboratory managed by Battelle), Areva NP Richland (a nuclear fuel production facility), and ATI Richland Operations (a manufacturing business), when combined, accounted for approximately 15% of total power sales. The Electric Utility has no special output contracts with these or any other customers.

**Table 8.**  
**2024 Top Ten Customers by Power Sales Revenue**

<b>Name<sup>(1)</sup></b>	<b>Total Power Sales</b>	<b>Total MWh</b>	<b>% of Total Power Sales</b>
Lamb Weston	\$ 3,903,817	64,852	5.18%
Battelle/PNNL (R&D)	3,798,585	62,974	5.04
Areva NP Richland	2,056,589	34,438	2.73
ATI Richland Operations	1,575,185	25,675	2.09
Preferred Freezer Services of Richland, LLC	1,313,246	22,348	1.74
Battelle/PNNL (Offices)	1,200,459	20,029	1.59
Richland School District	1,279,033	18,395	1.70
City of Richland	1,046,915	15,580	1.39
Kadlec Hospital	989,032	16,668	1.31
Notus Holdings LLC	569,987	9,250	0.76
<b>Total</b>	<b>\$ 17,732,848</b>	<b>290,209</b>	<b>23.53%</b>
<b>All others</b>	<b>\$ 51,276,225</b>	<b>667,662</b>	<b>76.47%</b>

(1) See “GENERAL AND ECONOMIC INFORMATION — Economic Development” for a discussion of recent business activities of many of these customers.

*Source: City of Richland*

## Financial Policies

A summary of the City’s city-wide Financial Policies and Guidelines is set forth in the City’s 2026 Budget document available on its website. On December 19, 2017, the City Council approved Resolution 225-17, setting forth a Debt Management Policy for the City.

## Capital Improvement Plan

The City’s current capital improvement plan (“CIP”) addresses anticipated capital needs for the Electric Utility for years 2026 through 2031. The City expects to fund the 2026-2031 CIP with approximately \$14.0 million in revenue bonds (including the Bonds) and a combination of facility fees and retail rate revenues.

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**Table 9.**  
**Electric Utility Capital Improvement Plan (2026-2031)**

<b>Project</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Southwest Service Area Infrastructure Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System Improvements	784,000	580,000	473,000	792,000	473,000	473,000
Renewal & Replacement	4,223,000	3,019,000	2,765,000	2,765,000	2,740,000	2,740,000
Adv. Metering Infrastructure	-	-	-	-	-	-
Substation Improvements	2,923,000	5,857,000	4,744,000	5,777,000	4,452,000	-
Dallas Rd Substation	2,735,000	2,373,000	119,000	-	-	-
Leslie Rd Substation	-	-	-	-	-	-
Kingsgate Substation	-	-	-	-	-	-
Gateway Substation	-	-	-	-	-	-
Line Extensions	1,778,000	1,778,000	1,778,000	1,778,000	1,778,000	1,778,000
<b>Total by Years</b>	<b>\$ 12,443,000</b>	<b>\$ 13,607,000</b>	<b>\$ 9,879,000</b>	<b>\$ 11,112,000</b>	<b>\$ 9,443,000</b>	<b>\$ 4,991,000</b>

*Source: City of Richland*

### **Future Financing Plans**

For the 2026 through 2027 period of CIP projects, approximately 34.5% (approximately \$8,977,600 of \$26,050,000) is expected to be financed with proceeds of the Bonds and the remaining is expected to be rate-financed or through facility/developer fees. For the 2026-2031 period of CIP projects, approximately 33.1% (\$20,322,000 of \$61,475,000) is expected to be bond-financed and the remaining rate-financed through facility/developer fees. Future Parity Bonds must be issued in accordance with the Parity Bond Test and must be authorized by the City Council. See “SECURITY AND SOURCES OF PAYMENT—Future Parity Bonds,” above.

## **POWER SUPPLY AND TRANSMISSION**

### **Power Supply**

The Electric Utility is a statutory preference customer of Bonneville and currently purchases almost all of its power under a long-term power supply contract that went into effect in 2011. See “—*Bonneville Power Supply Contract*” below. The City has a power purchase agreement for non-federal renewable energy with Horn Rapids Solar, Storage and Training (“HRSST”), which is described below. See “—Resource Planning—*Integrated Resource Planning and Renewable Portfolio Standards*” below.

### ***Bonneville Power Administration***

Bonneville was created by federal law in 1937 and is a revenue-financed federal agency under the DOE. Bonneville markets power from the Federal Columbia River Power System (the “Federal Base System” or “FBS”), composed of 31 federal hydroelectric projects, one non-federal nuclear project, several non-federal hydroelectric, wind, and thermal projects in the Pacific Northwest, and via various exchange and market contractual arrangements. The FBS has firm nameplate peak generating capacity of approximately 17,400 MW and firm energy capability of approximately 9,871 average MW. The FBS, located primarily in the Columbia and Snake River Basins, are owned and operated by the United States Bureau of Reclamation and the United States Army Corps of Engineers. The FBS currently produces more than one-third of the region’s energy requirements. Bonneville’s transmission system includes over 15,000 circuit miles of high-voltage lines, provides approximately 65% of the Pacific Northwest’s bulk transmission capacity and serves as the region’s main power grid.

Bonneville sells electric power (energy and capacity) at cost-based wholesale rates to more than 125 publicly-owned and cooperatively-owned utilities for resale to consumers in the Pacific Northwest. Bonneville also sells electric power to a small number of federal agencies and has the authority, but not the obligation, to sell to both investor-owned utilities and direct service industry customers. Its service area covers over 300,000 square miles and has a population of about 14 million.

Bonneville is required by law to meet certain energy requirements in the region and is authorized to acquire power resources and take other actions to enable it to carry out these purposes. This includes the requirement for Bonneville to provide power to preference customers, like the City's Electric Utility, so the utility can meet its total customer load and load growth, less its owned or purchased resources from non-federal generators. In doing so, Bonneville must give preference and priority to consumer- and publicly-owned utilities ("preference customers") before offering to serve non-preference entities. Since 1937, Bonneville has always met its power marketing obligations to supply federal power to serve the firm power needs of its regional power customers.

Bonneville has four divisions: Power Services; Transmission Services; Environmental/Fish & Wildlife; and Corporate Services. Power Services and Transmission Services are separate entities managerially and financially.

### ***Bonneville Power Supply Contract***

By virtue of federal legislation, the City and other publicly owned utilities and cooperatives are preference customers of Bonneville, granting them priority access to FBS power. Bonneville restructured its long-term power supply contracts to shift responsibility toward utilities to serve their own load growth and predicated its new long-term power supply agreements on a Tiered Rate Methodology ("TRM"). The TRM establishes Tier 1 and Tier 2 resources, the former equating to the amount of power generated by the FBS and the latter being market-based, as well as related tiered power rate designs. Bonneville developed its post-2028 power contract based upon previous contracts, including tiered rates, as part of Bonneville's Provider of Choice power contract. Bonneville's customers, including the City, signed the new power supply agreements in 2025 for the effective term beginning in October 2028 through September 2044.

The Electric Utility's current long-term power supply agreement with Bonneville reflects a take-or-pay load-following obligation whereby Bonneville supplies the City's hourly requirements in excess of the City's Tier 2 resources. The amount of power that preference customers (including the Electric Utility) may purchase under Bonneville's lowest cost rate (the "Tier 1 Rate") is limited to an amount equal to the generating output of the current FBS, with some limited amounts of augmentation, and was fully allocated among the preference customers on the basis of historical actual net requirements in a defined period prior to Federal Fiscal Year ("FFY") 2011. Preference customer load in excess of Tier 1 allocations constitutes Tier 2 load and can be served from non-federal resources or purchased from Bonneville at a Tier 2 Rate, reflecting the incremental cost to Bonneville of obtaining additional power to meet such incremental load. Under the agreement, Bonneville has broad rights to require that preference customers post collateral in relation to Tier 2 purchases. However, Bonneville has never required the City to post collateral in the past and the City does not expect to be required to post collateral in the future.

The Electric Utility currently purchases greater than 92% the power it receives under the Bonneville contract at the Tier 1 Rate. From FFY 2011 through 2022, the City met its Tier 2 requirements using a mix of non-federal power and firm power purchased through Bonneville at Tier 2 Rates. The City expects to meet its Tier 2 requirements by using a mix of non-federal power and firm power purchased through Bonneville at Tier 2 Rates and power purchase agreements. See "*—Resource Planning—Bonneville Tier 2 Requirements Purchases*" below.

### ***Bonneville Power Supply Rates***

Bonneville is required by federal law to recover all of its net costs through the power and transmission rates it charges its customers and to make various rate filings with the Federal Energy Regulatory Commission ("FERC"). Under the current power supply contracts, Bonneville conducts a rate case every two years, but the rates are subject to a cost recovery adjustment clause that allows power rates to increase during a two-year rate period if certain events occur. Bonneville increased the FFY 2026-2028 Tier 1 rates by an average net cost increase of 8.9%, not including transmission costs.

There are many factors that have impacted and could impact Bonneville's cost of service and rates, including federal legislation, Bonneville's obligations regarding its outstanding federal debt, number of customers, water conditions and climate change, endangered species and other environmental regulations, capital needs of the FBS, outcome of various litigation, regional transmission issues, natural gas prices, and the economy. Any factors that impact Bonneville's cost of service would impact the costs paid by the Electric Utility.

### ***Certain Factors Affecting Bonneville Rates***

The meteorological effects of climate change could affect the generation capability of Bonneville to meet the loads of its power purchasers, including the Electric Utility. Bonneville's generating capacity is reliant on precipitation and snowpack. Climate change could affect the amount, timing and availability of hydroelectric generation, which could result in increased costs to the Electric Utility.

### ***Endangered Species Act***

Since 1991, various salmon species in the Columbia River Basin have been listed as threatened or endangered under the Endangered Species Act ("ESA"). Under the ESA, federal agencies must ensure that their actions are not likely to jeopardize the continued existence of these species or result in the destruction or adverse modification of their critical habitat. In view of these listings, Bonneville, the United States Bureau of Reclamation and the United States Army Corps of Engineers have undertaken measures to protect salmon that have resulted in a reduction in the amount of firm power and energy available for sale by Bonneville. These measures also have resulted in significant increases in expenditures by Bonneville.

### ***Columbia River Treaty Renegotiation***

In 1964, the United States and Canada signed a treaty (the "Treaty") with terms for the operation of storage in upstream Canadian Reservoirs for the benefit of both the Pacific Northwest and Canada. The Treaty's flood risk and hydropower operations provide substantial benefits to Canadians and those living in the Columbia River's drainage basin, including Washington, Oregon, Idaho, Montana, Utah, Wyoming, and British Columbia. The Treaty also includes financial entitlements for Canada that may be renegotiated to better match the benefits provided for each party. The Treaty has also facilitated additional benefits such as supporting the ecosystem of the Columbia River, irrigation, municipal water use, industrial use, navigation, and recreation. The Treaty's computation of energy benefits that result from the Canadian improvements to upstream storage is of particular interest to utilities because it creates an energy return obligation (the "Canadian Entitlement") for U.S. operators of Columbia River dams, including Bonneville. Although the Treaty does not expire by its own terms, either the U.S. or Canada may elect to terminate it by providing not less than ten years' notice. The United States Department of State began negotiating potential modernization of the Treaty in 2018. Talks continued until July 2024 when an Agreement in Principle (AIP) was publicly announced.

### ***Energy Northwest***

Energy Northwest is a municipal corporation and a joint operating agency organized and existing under the laws of the State. It has the authority to acquire, construct, and operate works, plants, and facilities for the generation and transmission of electric power and energy. The membership of Energy Northwest includes 27 member utilities, all located in the State. Energy Northwest's Columbia Generating Station nuclear plant is included with Bonneville's federal facilities for purposes of integrated resource planning and operation. Bonneville markets power from and is responsible for paying the capital costs of certain Energy Northwest nuclear projects and other non-federal projects.

The City is a member of Energy Northwest, a participant in Energy Northwest's Nuclear Projects Nos. 1, 2, and 3 and the Hanford Generating Project. Project No. 2 is operating while the remaining projects have been terminated. The City, Energy Northwest, and Bonneville have entered into separate Net Billing Agreements with respect to the outstanding bonds for Energy Northwest's Project No. 1, Project No. 2, and 70% ownership share of Project No. 3 (collectively, the "Net Billed Projects") under which the City has purchased from Energy Northwest and, in turn, assigned to Bonneville a maximum of 1.83%, 2.78%, and 1.59% of the capability of Projects No. 1, 2, and Energy Northwest's ownership share of Project No. 3, respectively. Under the agreements, the City is unconditionally obligated to pay Energy Northwest its pro rata share of the total costs of the projects, including debt service. Under the Net Billing Agreements, Bonneville is responsible for the City's percentage share of the total annual cost of each project, including debt service on revenue bonds issued to finance the costs of construction. In 2006, Bonneville and Energy Northwest entered into an agreement pursuant to which Bonneville pays directly to Energy Northwest the costs of each project rather than net billing participants such costs. The City's electric revenue requirements are not directly affected by the cost of the Net Billed Projects. In the direct pay agreements, Energy Northwest agrees to promptly bill the City and other participants their share of the costs of the respective project under the Net Billing Agreements if Bonneville fails to make a payment when due under the direct pay agreements. The revenue requirements are affected only to the extent that the costs of the projects result in increases in Bonneville's

wholesale power rates or if Bonneville fails to pay. Bonneville has not failed in the past to make payments under this agreement.

Energy Northwest has for the past several years been actively restructuring the debt payment related to the above-referenced nuclear projects, thereby resulting in substantial Bonneville customer rate relief.

## **Transmission Facilities and Services**

### ***Bonneville Transmission Services***

The Electric Utility owns approximately 8 miles of transmission line with Bonneville providing all protective relaying responsibility from Bonneville substations. Historically, Bonneville provided bundled electric power and transmission services under the power supply contracts. Certain FERC regulatory changes required Bonneville to unbundle its electric power transmission services and now requires the purchase of transmission services separately. To obtain needed transmission services, the City entered into a Network Integration Transmission Services Agreement with Bonneville expiring October 1, 2031. The City's peak transmission demand during calendar year 2024 was 238.1 MW.

### ***Bonneville Transmission Rates***

Bonneville's transmission rates remained largely unchanged for about a decade prior to Bonneville's FFY 2014 rate case, which implemented a 9.3% increase in network transmission ("NT") rates, followed by another 4.4% in its FFY 2016 rate case. Bonneville's FFY 2018 rate case resulted in a decrease of 0.7% in NT rates. Bonneville's FFY 2020 rate case resulted in an increase of 3.6% for NT rates. Bonneville's FFY 2022 rate case resulted in an increase of 9.5%. Bonneville's FFY 2026 rate case resulted in an increase of 19.9% for NT rates. This is in addition to the rate increases mentioned separately for wholesale power supply costs described above.

Bonneville has implemented several policies and strategies over the past several years that currently have and/or will have a positive rate impact for NT customers, including, but not limited to, third party leasing for some new construction builds, as well as affirming and planning for future NT projected load growth. There are several factors that have and could impact Bonneville's NT cost of service and rates, including federal legislation, Bonneville's obligations regarding its outstanding federal debt, number of customer utilities, water conditions, new environmental regulations, outcome of various litigation, and regional transmission issues.

## **Resource Planning**

### ***Bonneville Tier 2 Requirements Purchases***

By contract, Bonneville must deliver at cost the Electric Utility's Tier 1 resource needs with any excess need (Tier 2 power) being the full responsibility of the Electric Utility to secure. The Electric Utility's most recent load forecast submitted to Bonneville in September 2025 indicates that the Electric Utility's Tier 2 resource need currently comprises about 6.5% of its total resource need and is projected to grow to approximately 16% of the total Electric Utility resource need by 2030, 34% by 2035, and 48% by 2040.

To meet Tier 2 resource needs in FFY 2026 through 2028, the Electric Utility will utilize Tier 2 resources from Bonneville with the exception of renewable energy secured through non-federal power purchase agreements. The renewable energy helps to meet a portion of Washington State's Energy Independence Act ("EIA") regulatory requirement for the Electric Utility. The renewable energy was secured through a power purchase agreement with TUCCI Energy for output from 4MW renewable solar as part of the HRSST site. The 4MW solar equates to an average of 0.582 MW.

### ***Integrated Resource Planning and Renewable Portfolio Standards***

Under State law (RCW 19.280), all electric utilities are required to develop or update their resource plans and submit them to the State Department of Commerce every two years. Except for the renewable energy secured through a power purchase agreement, the Electric Utility is a full requirements utility of Bonneville and submits a Resource Plan to Commerce instead of an Integrated Resource Plan ("IRP"). The Electric Utility last submitted its Resource Plan to Commerce in August 2024.

The City's Resource Plan is intended to help it decide how to meet future load growth. The City currently utilizes the HRSST facility as a dedicated 0.582aMW renewable resource to support a portion of the City's future renewable portfolio standard requirement. In addition, the Electric Utility's resource planning and energy conservation activities are expected to be responsive to the conservation targets dictated by the Regional Power Council's Eighth Power Plan and by the State's Energy Independence Act (Initiative 937). See "*Clean Energy Laws and Regulations—Energy Independence Act (Initiative 937) Renewable Portfolio Standards*" below.

### ***Conservation***

As a low cost resource, energy conservation is expected to continue to play a key role in minimizing power purchases. Since 2007, the Electric Utility has maintained an energy conservation program serving all segments of the customer base. Bonneville has identified City energy efficiency projects between 2000 and 2025 have reduced annual utility energy consumption by an annual average 14.2 aMW.

The City has a low-interest revolving loan program which offers residential and small commercial Electric Utility rebates available for the purchase of qualifying equipment, lighting, Energy Star home certification and similar activities. Considerable effort is made to assist larger commercial and industrial customers to obtain cost-sharing funds through Bonneville. The Electric Utility's combined loan and rebate conservation spending was approximately \$1,242,000 in 2024. A Conservation Potential Assessment conducted by the City in September 2025 identified additional conservation measures best suited to be applied in each customer category and has been used to guide the City's current conservation program objectives.

### **Clean Energy Laws and Regulations**

#### ***Energy Independence Act (Initiative 937) Renewable Portfolio Standards***

State Initiative 937, which was approved in 2006 and subsequently passed into law and codified as chapter 19.285 RCW, Energy Independence Act (the "EIA"), required electric utilities that serve more than 25,000 customers ("qualifying utilities") to obtain at least: (i) 3% of their electricity from renewable resources by January 1, 2012, and each year thereafter through December 31, 2015; (ii) 9% of their electricity from renewable resources by January 1, 2016, and each year thereafter through December 31, 2019; and (iii) 15% of their electricity from renewable resources by January 1, 2020, and each year thereafter. For those utilities with fewer than 25,000 customers that later qualify after the date the law was adopted, the same incremental time periods apply for meeting the renewable resource percentage levels. Such utilities have four years from the qualifying date to obtain 3%, another four years to obtain 9%, and another four years to obtain 15% renewable resource targets. The EIA also requires qualifying electric utilities to undertake various cost-effective energy conservation efforts.

The Electric Utility became a qualifying utility under the EIA in January 2021, when its customer base surpassed the 25,000 customer threshold.

The Electric Utility currently obtains most of its power from hydropower, most of which is not defined as an eligible renewable resource under the EIA. A small portion of hydropower production due to efficiency improvements at the federal hydroelectric dams qualifies as eligible due to the EIA amendments enacted in May 2019. Since the Electric Utility became a qualifying utility, it is required to pursue renewable resources such as wind, solar, biomass, or other renewable resources eligible under the EIA. The City's updated Resource Plan was completed and adopted by the City Council in August 2024. To help the City meet its renewable resource requirements, the City approved a 25-year Power Purchase Agreement with Tucci Energy Services for 0.582aMW of solar energy from the HRSST site. The HRSST became operational October 2020.

The EIA also requires qualifying electric utilities to undertake various cost-effective energy conservation efforts. The City obtains 0.582aMW from the HRSST project, which counts toward the EIA requirements. The City's updated Conservation Potential Assessment ("CPA") was completed in October 2025. The CPA plan will be updated biennially as required by the EIA. See "*Resource Planning—Integrated Resource Planning and Renewable Portfolio Standards*" above.

#### ***State Clean Energy Transformation Act (2019)***

The Washington State Clean Energy Transformation ACT ("CETA"), Chapter 19.405 RCW enacted in May 2019 establishes new carbon-free generation requirements for electric utilities. CETA requires electric utilities to

eliminate coal-fired resources from their portfolio by December 31, 2025 and be greenhouse gas neutral by January 1, 2030. It establishes a standard for consumer-owned electric utilities to meet 100% of their retail electrical load using non-emitting electric generation and electricity from renewable resources by January 1, 2045. CETA requires each electric utility to submit a clean energy implementation plan (“CEIP”) to the Washington State Department of Commerce beginning January 1, 2022, and every four years until 2045. The City Council approved its CEIP in October 2025. The City will use its CEIP and Resource Plan to guide its decisions about complying with CETA.

### ***Climate Commitment Act (2021)***

The Climate Commitment Act (CCA) enacted in May 2021 requires Washington State to achieve net zero emissions by 2050. It creates a “cap and invest” program, which sets a statewide cap on greenhouse gas emissions and then auctions or allocates emissions allowances to fuel suppliers, industrial sources, electricity generators, and other large sources of emissions. Each allowance is an authorization to emit up to one metric ton of carbon dioxide equivalent (CO<sub>2</sub>e). The cap decreases over time and causes emitters to increase efficiency, improve processes, switch to non-emitting technologies, or support programs that reduce or capture carbon emissions. The “invest” part of the program refers to proceeds from the auction of emissions allowances, which will support climate resiliency programs, such as flood mitigation, securing water supplies, and clean energy projects.

Allowances will be allocated at no cost to electric utilities subject to CETA to mitigate the cost burden of the program on electric utility customers. The allocations will be consistent with the utility’s supply and demand forecast and the cost burden resulting from the inclusion of the covered entities in each compliance period. Allowances must be consigned to auction for the benefit of ratepayers, deposited for compliance, or a combination of both. Utilities may use allowances for compliance equal to their covered emissions in any calendar year they were not subject to potential penalty under CETA through 2045.

CETA also requires utilities to provide an equitable transition to cleaner energy through consideration of the energy and non-energy impact of resource decisions. The Department is participating in the rulemaking activities relating to CETA implementation by the Washington State Department of Commerce and will be evaluating compliance strategies for CETA requirements in the near future. The City has a wholesale power fuel mix that is approximately 90% carbon free, and is well positioned to meet 2030 carbon neutral requirements. Over the next several years, the City expects to develop strategies to meet the 2045 goal.

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## ELECTRIC UTILITY FINANCIAL INFORMATION

### Historical Revenue and Expenses – Electric Utility

Table 10 shows audited historical revenues, expenses and changes in fund net assets for the Electric Utility for the years 2020-2024. Table 11 provides 2025 and 2026 budget information.

**Table 10.**  
**Historical Statement of Revenues, Expenses and Changes in Fund Net Position <sup>(1)</sup>**

	2020	2021	2022	2023	2024
<b>Operating Revenue</b>					
Charges for services	\$ 71,535,587	\$ 74,589,326	\$ 77,628,965	\$ 77,441,488	\$ 75,412,432
Other operating revenues	2,004,894	1,793,744	2,032,488	2,700,888	4,602,226
<b>Total Operating Revenues</b>	<b>\$ 73,540,481</b>	<b>\$ 76,383,070</b>	<b>\$ 79,661,453</b>	<b>\$ 80,142,376</b>	<b>\$ 80,014,658</b>
<b>Operation and Maintenance Expenses</b>					
Maintenance and operations	\$ 46,920,141	\$ 45,876,603	\$ 47,848,906	\$ 43,064,998	\$ 47,350,858
Administrative and general	5,789,600	3,767,453	4,963,726	5,334,253	4,786,556
Taxes	8,348,663	8,946,719	9,317,027	9,350,442	9,230,149
Depreciation	6,114,666	6,358,130	6,575,440	7,015,016	7,430,498
<b>Total operating expenses</b>	<b>\$ 67,173,070</b>	<b>\$ 64,948,905</b>	<b>\$ 68,705,109</b>	<b>\$ 64,764,709</b>	<b>\$ 68,798,061</b>
<b>Net Operating Income</b>	<b>\$ 6,367,411</b>	<b>\$ 11,434,165</b>	<b>\$ 10,956,352</b>	<b>\$ 15,377,667</b>	<b>\$ 11,216,597</b>
<b>Non-Operating Revenue/(Expenses)</b>					
Investment Earnings	\$ 205,738	\$ (97,140)	\$ (610,853)	\$ 1,233,767	\$ 1,963,342
Interest Expense	(2,810,057)	(2,683,446)	(2,726,700)	(2,975,533)	(2,757,521)
Debt costs	-	(179,888)	-	(480,847)	-
Miscellaneous Non-Operating Revenues/(Expenses)	112,306	(60,717)	(209,048)	(99,147)	47,736
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>\$ (2,492,013)</b>	<b>\$ (3,021,191)</b>	<b>\$ (3,546,601)</b>	<b>\$ (2,321,760)</b>	<b>\$ (746,443)</b>
<b>Net Income Before Contributions and Transfers</b>	<b>\$ 3,855,398</b>	<b>\$ 8,412,974</b>	<b>\$ 7,409,751</b>	<b>\$13,055,907</b>	<b>\$ 10,470,154</b>
Capital contributions	\$ 1,199,067	\$ 1,161,550	\$ 1,003,371	\$ 2,207,346	\$ 4,388,274
Transfers in	-	-	-	-	-
Transfers out	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
<b>Change in net position</b>	<b>\$ 5,044,465</b>	<b>\$ 9,544,524</b>	<b>\$ 8,383,122</b>	<b>\$ 15,233,253</b>	<b>\$ 14,828,428</b>
Net position-beginning	\$ 57,502,561	\$ 62,547,026	\$ 72,091,550	\$ 80,474,672	\$ 95,707,925
Prior period adjustments	-	-	-	-	-
<b>Net Position-Ending</b>	<b>\$ 62,547,026</b>	<b>\$ 72,091,550</b>	<b>\$ 80,474,672</b>	<b>\$ 95,707,925</b>	<b>\$ 110,536,352</b>

(1) Information is based on audited financial statements of the City.

Source: City of Richland

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## Expectations for 2025 Year-End Results

The City's Electric Utility derives the majority of its revenues from retail electric sales. Retail electric loads within the City are highly correlated with ambient temperature, with seasonal demand peaks occurring during winter and summer months. Total degree days for calendar year 2025 were approximately 5,903-degree days, compared with 6,011-degree days in 2024 and a four-year average of approximately 6,294-degree days. As a result, total degree days in 2025 were approximately 6.6% lower than the four-year average, which management believes is indicative of overall electric consumption being approximately 6% lower than average.

Lower electric consumption is expected to result in correspondingly lower wholesale power purchases. Wholesale power costs represent approximately 60% of the Electric Utility's total operating expenses. During the final three months of 2025, wholesale power costs increased by approximately 9.9%. These higher costs were absorbed through available operating cash balances until an 8.5% retail electric rate increase became effective on January 1, 2026.

Other significant operating costs for the Electric Utility include capital expenditures and labor. Capital expenditures for 2025 were budgeted at approximately \$11.9 million, with projected spending and project schedules remaining on track throughout the year. Labor costs are largely fixed, and total labor expenses for 2025 are expected to be below budget. The Electric Utility has reduced full-time equivalent ("FTE") staffing levels over time and experienced periods of underfilling positions as vacancies occurred. Total Electric Utility staffing stands at approximately 49 FTEs, compared with 61 FTEs in 2019. All other operating expenses for the Electric Utility in 2025 are expected to be generally consistent with the adopted budget.

**Table 11.**  
**Electric Utility**  
**Adopted 2025 and 2026 Budgeted Revenues and Expenses**

	<b>Budgeted 2025</b>	<b>Budgeted 2026</b>
<b>Operating Revenue</b>		
Charges for services	\$ 76,543,618	\$ 83,049,826
Other operating revenues	2,202,226	2,235,259
<b>Total Operating Revenues</b>	<b>\$ 78,745,844</b>	<b>\$ 85,285,085</b>
<b>Operation and Maintenance Expenses</b>		
Maintenance and operations	\$ 48,061,121	\$ 54,944,788
Administrative and general	4,858,354	4,931,230
Taxes	9,368,601	10,164,932
Depreciation	7,541,956	7,655,085
<b>Total Operating Expenses</b>	<b>\$ 69,830,032</b>	<b>\$ 77,696,035</b>
<b>Net Operating Income</b>	<b>\$ 8,915,812</b>	<b>\$ 7,589,050</b>
<b>Non-Operating Revenue/(Expenses)</b>		
Investment earnings	\$ 800,000	\$ 1,000,000
Interest Expense	(3,062,247)	(2,961,730)
Debt costs	-	-
Miscellaneous non-operating revenues/(expenses)	50,000	50,000
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>\$ (2,212,247)</b>	<b>\$ (1,911,730)</b>
<b>Net Income Before Contributions and Transfers</b>		
Capital contributions	\$ 1,650,000	\$ 1,650,000
Transfers out	(30,000)	(30,000)
<b>Total</b>	<b>\$ 8,323,565</b>	<b>\$ 7,297,320</b>

Source: City of Richland, adopted Budgets for the Electric Utility.

## Historical Debt Service Coverage Calculations

The following table shows the calculation of Net Revenue available for debt service and debt service coverage for the Electric Utility for the past five years. The debt service coverage calculations set forth below are intended to reflect compliance with the rate covenant contained in the relevant ordinances authorizing the Bonds and outstanding Parity Bonds and for no other purpose. Such calculations may reflect non-recurring or extraordinary transactions permitted under the bond ordinances and generally accepted accounting principles.

**Table 12.**  
**Historical Net Revenue and Debt Service Coverage for the Electric Utility<sup>(1)</sup>**

	2020	2021	2022	2023	2024
<b>Operating Revenues</b>					
Retail Power Sales Revenue <sup>(2)</sup>	\$ 65,459,120	\$ 68,255,563	\$ 71,035,977	\$ 70,860,021	\$ 69,009,073
Other Electric Operating Revenue	2,004,894	1,793,744	2,032,488	2,700,889	4,602,226
<b>Total Operating Revenues</b>	<b>\$ 67,464,014</b>	<b>\$70,049,307</b>	<b>\$ 73,068,465</b>	<b>\$ 73,560,910</b>	<b>\$ 73,611,299</b>
<b>Operating Expenses</b>					
Maintenance and Operations <sup>(3)</sup>	\$ 46,599,089	\$ 45,123,589	\$ 47,460,589	\$ 42,307,850	\$ 46,505,457
Administrative and General	5,789,601	3,767,453	4,963,727	5,334,253	4,786,224
Taxes (Excluding City Occupation Tax)	2,268,138	2,606,626	2,717,809	2,767,916	2,828,205
<b>Total Operating Expenses</b>	<b>\$ 54,656,828</b>	<b>\$ 51,497,668</b>	<b>\$ 55,142,225</b>	<b>\$ 50,410,019</b>	<b>\$ 54,119,886</b>
<b>Net Income from Operations</b>	<b>\$ 12,807,186</b>	<b>\$ 18,551,639</b>	<b>\$ 17,926,240</b>	<b>\$ 23,150,891</b>	<b>\$ 19,491,413</b>
<b>Non-Operating Revenues/(Expenses)</b>					
Miscellaneous Non-Operating Revenues/(Expenses)	\$ 111,358	\$ (60,717)	\$ (209,048)	\$ (99,147)	\$ (82,595)
Interest Income <sup>(4)</sup>	265,409	84,904	354,613	1,237,080	1,430,621
Capital Contributions <sup>(5)</sup>	608,853	928,305	473,058	2,089,758	3,990,377
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>\$ 985,620</b>	<b>\$ 952,492</b>	<b>\$ 618,623</b>	<b>\$ 3,227,691</b>	<b>\$ 5,338,403</b>
<b>Net Revenue Available for Parity Bond Debt Service</b>	<b>\$ 13,792,806</b>	<b>\$ 19,504,131</b>	<b>\$ 18,544,863</b>	<b>\$ 26,378,582</b>	<b>\$ 24,829,816</b>
<b>Aggregate Parity Bond Debt Service</b>	<b>\$ 6,004,366</b>	<b>\$ 6,056,269</b>	<b>\$ 6,281,582</b>	<b>\$ 5,257,141</b>	<b>\$ 5,593,546</b>
<b>Debt Service Coverage Ratio</b>	<b>2.30x</b>	<b>3.22x</b>	<b>2.95x</b>	<b>5.02x</b>	<b>4.44x</b>

(1) The debt service coverage ratios provided above have been calculated in accordance with the definition of “Coverage Requirement” provided in the applicable parity bond authorizing ordinances for the Parity Bonds outstanding in the applicable year. Such calculations are derived from the definitions of Gross Revenue, Maintenance and Operation Expense, Net Revenue and Adjusted Net Revenue, and Annual Debt Service. For the definitions provided in the Bond Ordinance, see APPENDIX A – THE BOND ORDINANCE – Article 1.

(2) Excludes City Utility Tax collections. See “THE ELECTRIC UTILITY—Utility Taxes” above.

(3) Excludes Operating Transfer to the Equipment Replacement Fund.

(4) Excludes Gains and Losses on Fair Market Value adjustments.

(5) Excludes non-cash Capital Contributions.

Source: City of Richland

## THE CITY

The City was incorporated in 1958 as a first-class charter city and operates under the Council-Manager form of government. A seven-member Council is the legislative body of the City and establishes and controls policy for the City. Council members are elected to staggered terms by the qualified electors of the City, as follows. Council elections are held every two years. At each Council election four positions are elected. The three candidates receiving the highest number of votes are elected to serve 4-year terms, and the candidate receiving the fourth highest number of votes is elected to a two-year term. The City Council elects one of its members to serve as Mayor for a two-year term.

The City Council appoints a City Manager, who is the Chief Executive Officer and hires personnel, supervises daily operations and oversees enforcement of laws and preparation of the annual budget. The City Council holds regular meetings twice each month, workshop sessions once each month, and special meetings as needed. All meetings are open to the public as provided by law and agenda items are prepared in advance.

The following are the Mayor and members of the City Council:

Elected Official	Position	Current Term Expires
Theresa Richardson	Mayor	December 31, 2027
Pat Holten	Council Member	December 31, 2029
Jhoanna Jones	Council Member	December 31, 2027
[Vacant] <sup>(1)</sup>	Council Member	December 31, 2029
Shayne VanDyke	Council Member	December 31, 2027
Kurt Maier	Council Member	December 31, 2029
Ryan Whitten	Council Member	December 31, 2029

- (1) Vacant due to the death of the candidate elected to this position at the November 2025 election. The City Council is currently considering applications to fill the vacancy until a candidate is elected to fill the remainder of the unexpired at the November 3, 2026 general election. In accordance with Article II of the Richland City Charter, the appointee will serve until the newly elected Council member takes office at the next meeting of the Council following certification of the November 2026 election results. A majority vote of the City Council is required to fill the vacancy, which is expected to occur following interviews scheduled for late January. Under the Charter, if the seat remains vacant for more than 60 days, the Mayor is required to appoint someone to the seat pending the November 2026 election.

Source: City of Richland

Brief resumes of key City staff follow:

**Jon Amundson, City Manager.** On December 7, 2021, the City Council appointed Jon Amundson as City Manager. As City Manager, he oversees ten departments and an employee base of over 600. Jon came to the City of Richland in 2008 as Assistant City Manager. Jon received his Bachelor of Arts in American Studies from Brigham Young University, Masters in Public Administration from the University of Kansas, and completed the Senior Executive Institute in the Weldon Cooper Center for Public Service at the University of Virginia Darden School of Business. In 2016, Jon became an International City/County Management Association (ICMA) Credentialed Manager. Jon is also a certified Project Management Professional.

**Drew Florence, Assistant City Manager.** Mr. Florence was appointed to the position of Assistant City Manager in September 2021. He holds a Master of Public Administration from American Public University and a Bachelor of Arts in Police Science from Ottawa University. Since 2012, Mr. Florence has been an employee of the Richland Police Department, most recently as a Police Captain. Mr. Florence began his public service career with the Town of Gilbert (Arizona), in 2005. In the role of Assistant City Manager, he oversees Finance/Customer Service, Purchasing/Warehouse, Fleet, Information Technology, and Benton County Emergency Services divisions.

**Brandon Allen, Finance Director.** Mr. Allen joined the City in 2014. Prior to joining the City, Mr. Allen was the Controller for Trios Health, a Public Hospital District. Mr. Allen has a Bachelor of Business Administration in business and accounting from Utah Valley University, and an MBA from the University of Utah. Mr. Allen is also a Certified Public Accountant (CPA).

## **City Funds and Accounting**

Each year the City prepares an Annual Comprehensive Financial Report to communicate the results of the City's operations. 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. Property taxes and the portion of special assessments receivable due within the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. 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 and claims and judgments, are recorded only when payment is due. 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 assets as reported in the government-wide statement of net assets. 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 assets as reported in the government-wide statement of activities.

## **Auditing**

Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with State law. The City complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of cities regularly and on a schedule determined by risk factors and financial activity. The City has been subject to annual financial statement and accountability audits. Financial statement audits are performed for the purpose of forming an opinion on the financial statements taken as a whole. Also considered are the City's internal controls over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. Accountability audits include, among other things, review of the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, the methods and accuracy of the accounts and reports as well as other matters (potential areas of risk related to citizen concerns, payroll, inter-fund transactions). Reports of the auditor's examinations are filed in the office of the State Auditor and in the Finance Department of the City.

The City's 2024 Audited Financial Statements are included as Appendix C.

## **Budgetary Process**

Annual appropriated budgets are adopted by ordinance in accordance with State law for all funds except agency funds. While not required by law, the City also adopts budgets for proprietary funds and debt service funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the Fiscal Year end. Appropriations for other purpose funds that are non-operating in nature are adopted on a "project-length" basis, and therefore, are carried forward from year to year without re-appropriations until authorized amounts are fully expended or the designated purpose of the fund has been accomplished. Annual appropriated budgets are adopted on the same basis of accounting used for financial reporting. The City Council is required to hold public hearings prior to budget adoption.

The City Manager prepares a preliminary budget, which is required by State law to be filed with the City Clerk by November 1. This budget is based on strategic goals established by the City Manager and the City Council and

estimates provided by City department directors during the preceding months, and balanced with revenue estimates and existing fund balance, when necessary. The City Council is then required to set public hearings and make copies of the preliminary budget available to citizens. The City Council must adopt a final budget no later than December 31. The Finance Director is authorized to transfer budgeted amounts between departments within any fund and object classes within departments, and if necessary, the City Council may amend the budget at any time. Any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

## **Authorized Investments and City Investment Policy**

### ***Authorized Investments***

Chapter 35.39 RCW limits the investment of funds of local governments to the following authorized instruments: (i) bonds of the State or any local government in the State; (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency; (iii) registered warrants of a local government in the same county as the local government making the investment; (iv) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution; (v) obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System, (vi) bankers' acceptances purchased on the secondary market; (vii) commercial paper purchased on the secondary market, subject to State Investment Board policies; and (viii) corporate notes purchased on the secondary market, subject to State Investment Board policies.

Money available for investment may be invested on an individual fund basis or may, unless otherwise restricted by law, be commingled within one common investment portfolio. All income derived from such investment may be either apportioned to and used by the various participating funds or for the benefit of the general government in accordance with city ordinances or resolutions. Funds derived from the sale of bonds or other instruments of indebtedness will be reinvested or used in such manner as the authorizing ordinances, resolutions, or bond covenants may lawfully prescribe.

### ***Local Government Investment Pool***

The State Treasurer's Office administers the Local Government Investment Pool (the "LGIP"), an approximately \$28.6 billion dollar fund (as of December 31, 2025) that invests money on behalf of more than 600 local governments. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. Although not regulated by the U.S. Securities and Exchange Commission (the "SEC"), the LGIP is invested in a manner generally consistent with the SEC guidelines for Rule 2a-7 money market funds; for example, currently it has a maximum weighted average maturity of 60 days and a maximum weighted average life of 120 days. The maximum final maturity is 397 days except for floating and variable-rate securities and securities that are used for repurchase agreements. The weighted average maturity of the LGIP generally ranges from 30 to 60 days. Investments permitted under the pool's guidelines include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified State depositories. The City may withdraw funds in their entirety on less than 24-hours' notice.

### ***Authorized Investments for Bond Proceeds***

In addition to the eligible investments discussed above, bond proceeds may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four

years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories of a nationally recognized rating agency. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

The following table shows cash and investments as of July 1, 2025 and December 31, 2025.

**Table 13.**  
**City Cash and Investments**

	<b>Amount as of July 1, 2025</b>	<b>Amount as of December 31, 2025</b>
Banks and Savings and Loan Institutions	\$ 3,239,098	\$ 3,226,306
LGIP Investments	93,149,517	83,523,137
Non-Pool Investments <sup>(1)</sup>	102,028,791	114,597,769
<b>Total Cash and Investments</b>	<b>\$ 198,417,406</b>	<b>\$ 201,347,212</b>

(1) Includes U.S. Treasury and U.S. Agency securities, bank notes and municipal bonds.

Source: City of Richland

### **Employees and Bargaining Groups**

The budgeted number of full-time equivalent (“FTE”) City employees for the years 2021 through 2025 is listed below.

**Table 14.**  
**Budgeted City Employees**

<b>Year</b>	<b>FTEs</b>
2021	542
2022	547
2023	559
2024	580
2025	583

Source: City of Richland

Certain City employees are represented by one of six bargaining groups, and the City enters into written bargaining agreements with each bargaining organization. The City negotiates labor contracts through a management team with support from a consultant. The following provides information on unions and bargaining groups representing City employees as of December 31, 2025. The City considers its relations with all employees and bargaining units to be good. The City is currently in negotiations with the bargaining groups whose contracts expired in December 2025 and the parties will continue to operate under the terms of the expired contracts until new contracts are entered into.

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**Table 15.**  
**City Bargaining Units**

<b>Union or Bargaining Group</b>	<b>Primary Type of Employee Represented</b>	<b>Number of FTEs</b>	<b>Contract Expires</b>
International Brotherhood of Electrical Workers, Local Union No. 77, AFL-CIO ("IBEW")	Electricians-Line Workers	29	12/31/2026
Teamsters	Dispatchers	31	12/19/2025 <sup>(1)</sup>
Richland Police Guild	Police Officers	60	12/31/2025 <sup>(1)</sup>
IAFF, Local Union No. 1052	Firefighters	78	12/31/2028
BC Battalion Chief's Bargaining Unit, Local No. 1052	Battalion Chiefs	5	12/31/2028
Police Command Staff	Commanders/Lieutenants	4	12/31/2029
<b>Total</b>		<b>310</b>	

(1) These contracts are under negotiation. The parties are continuing to operate under the terms of the expired contract until negotiations are completed.

*Source: City of Richland*

## **Pension Plans**

### ***Introduction***

Substantially all City full-time and qualifying part-time employees are eligible for participation in one of the following statewide cost-sharing multiple-employer plans administered by the State's Department of Retirement Systems ("DRS"): Public Employees Retirement System ("PERS") Plans 1, 2 and 3; Public Safety Employees' Retirement System ("PSERS") Plan 2; and the Law Enforcement Officers and Fire Fighters Retirement System ("LEOFF") Plans 1 and 2. The State Legislature establishes, and from time to time amends, laws pertaining to the creation and administration of these public retirement systems; however, employees are contractually entitled to receive plan benefits.

The information in this section has been obtained from the City's financial statements and information on the websites of DRS and of the Office of the State Actuary (the "State Actuary"), a nonpartisan legislative agency charged with advising the Legislature and Governor on pension benefits and funding policy. DRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for each plan. The DRS Annual Comprehensive Financial Report ("DRS ACFR") may be obtained from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

In addition to the 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. LEOFF Plan 1 participants who joined prior to and were active on March 1, 1970 are entitled to the greater of the benefits under LEOFF Plan 1 or under the prior Police Relief Pension Fund or the Fire Relief Pension Fund maintained by the City. These two local plans are described below under "*City Administered Police and Firefighters' Relief and Pension Plans.*"

### ***State Sponsored Plan Descriptions***

All PERS, PSERS and LEOFF plans provide retirement, disability and death benefits. Plans 1 and 2 (PERS, PSERS, and LEOFF) are defined benefit plans. PERS Plan 3 is a hybrid defined benefit/defined contribution plan. Contributions by both employees and employers are based on gross wages. PERS and LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those PERS participants who joined on or after October 1, 1977, are Plan 2 members, unless they exercise an option to transfer to Plan 3. PERS participants joining on or after September 1, 2002, have the irrevocable option of choosing membership in PERS Plan 2 or PERS Plan 3. LEOFF participants who joined on or after October 1, 1977, are Plan 2 members.

Benefits provided by each plan are based on a percentage of the member's average final compensation ("AFC"), multiplied by years of service. The percentages and methods for calculating AFC vary among the plans, as do vesting and retirement eligibility (age and years of service) requirements. Additional detail about each Plan is available in the DRS ACFR and in Note 10 to the City's annual financial statements, attached as Appendix C.

### ***Plan Funding Status and Unfunded Actuarial Liability***

All DRS-administered retirement plans are funded by a combination of funding sources: (i) contributions from the State; (ii) contributions from employers (including the State as employer and the City and other governmental employers); (iii) contributions from employees; and (iv) investment returns. The retirement funds (the “Commingled Trust Fund” or “CTF”) are invested by the Washington State Investment Board (“WSIB”), a 15-member board created by the State Legislature in 1981. For the quarter ended March 31, 2025, WSIB reported the annualized one-, three-, five-, and 10-year rates of return as 5.90%, 4.60%, 10.91%, and 8.93%, respectively. The annualized rate of return for the quarter ended March 31, 2025 was 0.89%. WSIB’s annual report and audited financial statements, along with unaudited quarterly and monthly reports, are available on its website ([www.sib.wa.gov](http://www.sib.wa.gov)).

PERS Plans 2 and 3 are accounted for in the same pension trust fund and may legally be used to pay the defined benefits of any PERS Plan 2 or 3 participant. Assets for other plans may not be used to fund benefits for another plan; however, all employers in PERS Plan 2 and 3 are required to make contributions at rates (percentage of payroll) determined by the State Actuary every two years for the purpose of amortizing within a rolling 10-year period the unfunded actuarial accrued liability in PERS Plan 1.

The most recently completed actuarial valuation report was released in August 2025 for the fiscal year ended June 30, 2024 (the “Valuation Report for FY 2024”). According to the Valuation Report for FY 2024, the total funded ratio across all plans for the year ended June 30, 2024 was 100%, compared to 96% as of June 30, 2023. The funded ratio for each plan was between 96% and 102%, except for the PERS Plan 1 (87%), TRS Plan 1 (91%), and LEOFF Plan 1 (160%). Funded ratios for the plans in which the City participates are shown in Table 18. The total funded ratio across all plans for the year ended June 30, 2024 increased to 100%, compared to 96% as of June 30, 2023.

The funded status depends on numerous assumptions. Two of the most significant assumptions are the mortality rates, which estimate how long members are expected to live, and the interest rate or expected return on plan assets. A sensitivity analysis of the mortality assumption yielded a funded ratio range of 94% (longer-than-assumed lifespans) to 108% (shorter-than-assumed lifespans); a sensitivity analysis of the interest rate assumptions yielded a funded ratio range from 88% (1% lower investment return assumption) to 113% (1% higher investment return assumption).

**Table 16.**  
**Plan Funded Status<sup>(1)</sup>**  
*(\$ in millions)*

<b>Plan</b>		<b>EAN Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Liability (Surplus)</b>	<b>Plan Funded Ratio</b>
PERS	Plan 1	\$ 10,113	\$ 8,833	\$ 1,280	87%
	Plans 2/3	63,150	63,885	(735)	101
PSERS	Plan 2	1,615	1,609	5	100
LEOFF	Plan 1	4,123	6,589	(2,466)	160
	Plan 2	20,738	21,060	(322)	102

(1) As of June 30, 2024, the most recent actuarial valuation date. Liabilities valued using the EAN cost method at an interest rate of 7.25% (7.00% for LEOFF Plan 2). All assets valued under the actuarial asset method.

*Source: Office of the State Actuary (2024 Actuarial Valuation)*

### ***GASB 67/68 Reporting of Liability Information***

State pension funding policies and the methodologies used by the State to represent funded status were not adjusted to match the Governmental Accounting Standards Board (“GASB”) pension accounting standards that were implemented in 2015 in the City’s financial statements. The GASB standards are reflected in Appendix C—CITY’S 2024 AUDITED FINANCIAL STATEMENTS, which includes sensitivity of the net pension liability to changes in the discount rate. GASB-required disclosures also appear annually in the DRS Annual Financial Report available on DRS’s website ([www.drs.wa.gov](http://www.drs.wa.gov)). The GASB standards affect the accounting for pensions but do not change the funding status of the plans calculated by State Actuary or pension contribution rates that are set based on statutory assumptions.



In accordance with GASB standards, an asset sufficiency test is required to determine if plan assets are projected to be sufficient to pay all future benefits for current members. The plan's MVA is projected to earn the assumed long-term rate of investment return (for GASB purposes, this is 7.0% for all DRS-Administered Active Plans), increased each year by expected contributions to be collected for current member benefits, and reduced by expected benefit payments and expenses; the assumed salary inflation is 3.25%; and the assumed economic inflation is 2.75%. If the plan assets reach zero before the last benefit payment is expected to be made, then the plan liabilities must be valued at a lower, blended discount rate which takes into account a municipal bond rate for the years in which the plan is projected to have insufficient assets to make benefit payments. Based on the asset sufficiency test as of June 30, 2024, all of the DRS-Administered Active Plans are projected to have sufficient assets to pay current plan member benefits.

GASB standards also require 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. DRS determines each participating employer's proportionate share of overall plan liability and the State Actuary determines each plan's accounting valuation. As of December 31, 2024, the City reported \$3.1 million for its proportionate share of net pension liability related to PERS Plan 1 and \$7.5 million for its share of net pension assets related to PERS Plans 2 and 3. The City also reported a net pension asset of \$11.7 million for its share of net pension assets related to Law Enforcement Officers and Firefighters (LEOFF) Plans 1 & 2. LEOFF plan assets are not eligible to offset liabilities of the PERS plans. The City began participating in PSERS Plan 2 on July 1, 2024. Since the City joined the plan before fiscal year end, but after the Plan's measurement date, there was no allocation percentage in the DRS PEFI and therefore no asset or liability to report in 2024. However, the City reported deferred outflows for contributions made subsequent to the measurement date.

**Table 17.**  
**Schedule of City's Proportionate Share of Net Pension Liability<sup>(1)</sup>**

	<b>PERS 1</b>	<b>PERS 2/3</b>	<b>PSERS 2</b>	<b>LEOFF 1</b>	<b>LEOFF 2</b>
Proportionate Share of NPL (%) <sup>(2)</sup>	0.175974%	0.228273%	0.000000%	0.123265%	0.437217%
City's Share of Net Liability (Asset)	\$ 3,126,773	\$ (7,525,186)	\$ -	\$ (3,505,520)	\$ (8,187,960)
City's Share of Pension Expense	(41,322)	(330,019)	-	42,920	(119,968)

(1) As of June 30, 2024.

(2) Represents City's proportionate share of State-administered plan.

Source: City of Richland

**Table 18.**  
**City of Richland – Aggregate Pension Amounts – All Plans**

<b>City Share of :</b>	<b>2023</b>	<b>2024</b>
Net Pension Liabilities (NPL)	\$ 4,195,661	\$ 3,126,773
Net Pension Assets	23,542,892	19,218,665
Deferred Outflows of Resources	16,578,239	21,704,695
Deferred Inflows of Resources	9,921,746	6,782,035
Pension Expense/Expenditures/(Income)	(2,059,840)	46,440

Source: City of Richland, Annual Comprehensive Financial Report, 2023 and 2024 information

### **Contribution Rates and Amounts**

Under State statute, contribution rates are adopted during even-numbered years for the next succeeding Biennium according to a statutory rate-setting process. OSA prepares actuarial valuations based on the funding policies in statute. The resulting contribution rates are presented to the Select Committee on Pension Policy ("SCPP"), a 20-member committee of legislators, State agency representatives, and stakeholders. The SCPP may make recommendations to the PFC. The PFC is a six-member group consisting of the Director of DRS, the Director of OFM, the chair and ranking minority member of the House of Representatives Appropriations Committee, and the chair and ranking minority member of the Senate Ways and Means Committee. The PFC reviews recommendations

from OSA, SCPP, and the outside actuarial auditors. LEOFF 2 is the single exception to this process: OSA presents its valuation and the resulting contribution rates directly to the LEOFF 2 Board. The PFC and LEOFF Plan 2 Board are required to adopt contribution rates no later than the end of July in even numbered years. The rates adopted by each are subject to revision by the Legislature. All employers and employees are required to contribute at the level established by the Legislature.

The State Legislature has adopted funding goals for the State retirement systems to provide a dependable and systematic process for funding the benefits provided to members and retirees. The goals set forth in statute are: (1) to fully fund the various Plans 2 and 3, and WSPRS, as provided by law; (2) to fully amortize the total cost of LEOFF Plan 1 no later than June 30, 2024; (3) to fully amortize the UAAL in PERS Plan 1 and TRS Plan 1 within a rolling 10-year period, using methods and assumptions that balance needs for increased benefit security, decreased contribution rate volatility, and affordability of contribution rates, while suspending those rates during the 2025-2027 and 2027-2029 Fiscal Biennia; (4) to amortize the costs of benefit improvements in the PERS Plan 1 and the TRS Plan 1 over a fixed 15-year period; (5) to fund, to the extent feasible, all benefits for Plans 2 and 3 members over the working lives of those members.

Legislation enacted in the 2025 Legislative Session (Engrossed Substitute Senate Bill 5357) reduced short-term pension funding to help address the State's projected budget shortfall by increasing the investment return assumption from 7.00% to 7.25%, resulting in lower short-term funding. The legislation also delayed additional funding to PERS Plan 1 (and Plan 1 of the Teachers' Retirement System) for four years, as both plans are nearing a funded ratio of 100%.

The City's total contribution for the year ended December 31, 2024, was \$4,362,115, which was made up of \$3,235,637 to PERS, \$48,354 to PSERS, and \$1,078,125 to LEOFF 2. (LEOFF 1 is fully funded and there was no required employer or employee contribution (other than the administrative cost) for 2024).

The following table outlines the contribution rates of employees and employers set for the 2023-25 and 2025-27 State fiscal biennia (fiscal years ending June 30). Any unfunded pension benefit obligations within the systems could be reflected in future years as higher contribution rates. While the City's contributions represented its full statutorily required contributions, any unfunded pension benefit obligations within the systems could be reflected in future years as higher contribution rates.

**Table 19.**  
**Employer and Employee Pension Contribution Rates<sup>(1)</sup>**

		2023-25 Biennium		2025-27 Biennium	
		Employer <sup>(2)</sup>	Employee	Employer <sup>(2)</sup>	Employee
PERS	Plan 1	8.62% <sup>(3)</sup>	6.00% <sup>(4)</sup>	5.58%	6.00% <sup>(4)</sup>
	Plans 2/3	8.62 <sup>(3)</sup>	6.36 <sup>(5)</sup>	5.58	5.38 <sup>(5)</sup>
PSERS	Plan 2	9.51	6.73	7.11	6.91
LEOFF	Plan 1	0.20	-.-	-.-	-.-
	Plan 2	8.73	8.53	8.73 <sup>(6)</sup>	8.53

(1) Rates are set by State fiscal biennia, reflecting fiscal years ending June 30; all rate changes to plans listed above are effective July 1. The legislatively adopted pension contribution rates for the 2025-27 Fiscal Biennium took effect on July 1, 2025 and will remain in effect through June 30, 2027.

(2) Includes 0.20% DRS administrative expense rate.

(3) Adopted rate for fiscal year 2025 only; adopted rate for the State fiscal year ending June 30, 2024 was 9.53%.

(4) Employee contribution rates for PERS Plan 1 are set by statute.

(5) Employee contribution rates for Plans 1 and 2 only. Plan 3 members do not contribute to the defined benefit portion of Plan 3.

(6) Includes a contribution by the State of approximately 40% of the LEOFF Plan 2 employer contribution rate. The City pays the remaining employer contribution, plus the 0.20% DRS administrative fee.

*Source: Washington State Department of Retirement Systems and Office of the State Actuary.*

### ***Actuarial Valuation Methods and Assumptions***

State law requires systematic actuarial funding to finance the ongoing cost of the state retirement systems. Actuarial calculations to determine employer and employee contributions are prepared by the State Actuary. To calculate employer and employee contribution rates necessary to prefund the plans' benefits, the State Actuary uses actuarial cost and asset valuation methods selected by the Legislature as well as economic and demographic assumptions.

The State Actuary uses the Entry Age Normal ("EAN") cost method to report each plan's funded status. The annual cost of benefits under EAN is comprised of two components: normal cost plus amortization of the unfunded liability. The normal cost is most commonly determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career. Comparing the EAN liabilities to the actuarial value of assets ("AVA") on the valuation date provides an appropriate measure of a plan's funded status and is acceptable according to current GASB Statements 67 and 68. For purposes of determining the actuarial accrued liability of each plan and certain benefits provided under each plan, the State Actuary uses actuarial cost and asset valuation methods determined by the Legislature, which requirements differ from plan to plan. For purposes of calculating contribution rates the Legislature determines the long-term assumed rate of investment return to be used by the State Actuary, which was 7.25% for all plans (7.0% for LEOFF Plan 2).

### ***City Administered Police and Firefighters' Relief and Pension Plans***

The City administers two single employer defined benefit pension and retiree healthcare plans for certain law enforcement officers ("Police Pension") and firefighters ("Fire Pension") who entered service prior to March 1, 1970. Members of these plans are entitled to the greater of the benefits provided under either the Police Pension or Fire Pension plan (as applicable) or LEOFF Plan 1, and the City is responsible for the cost of the excess of the pension benefit over the LEOFF benefit.

These plans are the predecessors to the LEOFF retirement plans described above and are closed to new entrants. The City has no active employees in these plans; all plan members are retirees. As of December 31, 2024, there were 10 retirees or beneficiaries receiving benefits under the Fire Pension plan and 11 retirees or beneficiaries receiving benefits under the Police Pension plan.

The Police Pension and the Fire Pension (collectively, the "City Plans") are managed by separate boards, each consisting of the Mayor or Mayor Pro-Tem, the City Clerk, the City Finance Director and representatives of plan beneficiaries. The City Plans are required to be funded on a pay-as-you-go basis such that funds are available to make benefit payments due in each year. The City Plans are not governed by investment policies, and their investments consist primarily of long held mutual funds, cash, and short-term interfund loans to other City funds.

Contributions to the Fire Pension are derived from two sources: (1) an annual property tax levy that is capped by State law at \$0.225 per \$1,000 of assessed value, and (2) certain revenues transferred by the State from fire insurance premium taxes. The City annually appropriates its contributions to the Police Pension out of revenues received from the issuance of licenses and from fines and forfeitures collected or received in money for violation of City ordinances.

Additional information about the Police Pension and Fire Pension plans is available in the City's annual financial statements, Note 10, which was prepared in accordance with GASB 68. See Appendix C—"CITY'S 2024 AUDITED FINANCIAL STATEMENTS."

### ***Other Post-Employment Benefits***

In addition to pensions, many State and local governmental employers provide other post-employment benefits ("OPEB") as a part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment health care as well as other forms of post-employment benefits when provided separately from a pension plan. The Governmental Accounting Standards Board ("GASB") standard concerning Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions ("GASB 75") provides for the measurement, recognition and display of OPEB expenses/expenditures, related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports. The City's OPEB plans consist of a post-employment health care plan open to all eligible City retirees who have not opted out of the plan, and two separate plans for LEOFF Plan 1 fire and LEOFF Plan 1 police retirees. The Citywide OPEB plan is closed to entrants as of December 31, 2012.

The City's funding policy is based upon pay-as-you-go financing requirements, with the City paying benefits as they come due. Actuarial assumptions for Fiscal Year 2024 include the following: inflation: 2.75%; salary increases: 3.25%; investment rate of return (discount rate): 4.10%; healthcare cost trend rate: 7.90%. The following table shows the changes in the City's net OPEB obligation during the City's Fiscal Year ended December 31, 2024:

**Table 20.**  
**Changes in Other Post-Employment Benefits Liability**  
*(Calendar Year Ended December 31, 2024)*

<b>Plan</b>	<b>Citywide</b>	<b>LEOFF 1 (Fire)</b>	<b>LEOFF 1 (Police)</b>
Balance as of 12/31/23	\$ 5,488,287	\$ 2,056,599	\$ 3,100,163
<b>Changes for the year</b>			
Service cost	\$ 161,127	\$ -	\$ -
Interest	206,200	75,783	113,610
Changes of benefit terms	-	-	-
Differences between expected and actual experience	20,589	(749,112)	(1,329,531)
Changes of assumptions	601,929	(63,615)	(81,716)
Contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(359,787)	(92,906)	(173,249)
Implicit rate subsidy fulfilled	-	-	-
Administrative expenses	-	-	-
<b>Net Changes</b>	<b>\$ 630,058</b>	<b>\$ (829,850)</b>	<b>\$ (1,470,886)</b>
<b>Balance as of 12/31/2024</b>	<b>\$ 6,118,345</b>	<b>\$ 1,226,749</b>	<b>\$ 1,629,277</b>

*Source: The City of Richland*

The City's annual OPEB expense, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the Citywide OPEB plan for fiscal years ending December 31, 2019 through 2024 were as follows:

**Table 21.**  
**Historical Summary of Other Post-Employment Benefits**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Expense</b>	<b>Employer Contribution</b>	<b>Contribution as a % of Annual OPEB Expense</b>	<b>Net OPEB Obligation</b>
2019	\$ 840,099	\$ 1,325,383	157.77%	\$10,047,417
2020	673,272	880,074	130.72%	9,317,685
2021	540,630	761,924	140.93%	9,009,017
2022	11,663	762,967	6,541.77%	5,527,310
2023	(101,476)	574,543	(566.19)%	5,488,287
2024	(26,062)	359,787	(1,380.50)%	6,118,345

*Source: City of Richland*

## **Risk Management**

The City 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. As of December 31, 2024, WCIA had a total of 168 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, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security and privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal agreement, 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 \$3,118,295 in premiums for coverage in 2025.

## **GENERAL AND ECONOMIC INFORMATION**

### **General**

The City is located in Benton County, in the southeastern portion of the State, approximately 220 miles southeast of Seattle and 150 miles southwest of Spokane. The City and the cities of Kennewick, in the County, and Pasco in neighboring Franklin County make up the urban area known as the Tri-Cities.

### **Population**

The City's population ranks 21<sup>st</sup> in overall population in the State. Historical and current population figures for the City and the County as of April 1 of each year are provided below.

**Table 22.**  
**Population Estimates**  
*(as of April 1)*

<b>Year</b>	<b>City of Richland</b>	<b>Benton County</b>
2016	53,080	190,500
2017	54,150	193,500
2018	55,320	197,420
2020 <sup>(1)</sup>	58,550	205,700
2019	56,850	201,800
2021	59,570	209,300
2022	62,220	212,300
2023	63,320	215,500
2024	64,190	217,850
<b>2025</b>	<b>64,930</b>	<b>219,625</b>

(1) 2020 U.S. Census numbers.

*Source: Washington State Office of Financial Management; U.S. Census Bureau*

### **Economic Development**

The City is adjacent to the site of the Hanford Nuclear Reservation (“Hanford”). Hanford, located on the Columbia River just north of the City, sits on 586 square miles and is one of the largest nuclear industrial centers in the United States. Since its establishment in 1943, U.S. Department of Defense activity on this site has attracted a highly-educated workforce employed in energy and technology sectors. Today, there are various nuclear-related projects located on site, operated by multiple public agencies and private entities, including ongoing energy and environmental research as well as the efforts to clean up the site from its historical role in nuclear weapons production.

The local economy is highly dependent on federal agencies and contractors. Current uncertainties relating to federal policies and funding priorities are described under “CERTAIN INVESTMENT CONSIDERATIONS—Federal Funding Risks.”

### **Energy Sector Research and Technology**

The largest employer in the City is the Pacific Northwest National Laboratory (“PNNL”), operated by Battelle Memorial Institute (“Battelle”). The City has been home to PNNL since 1965. PNNL employs over 5,700 people with a diverse research portfolio including smart grid and energy storage technologies and other worldwide energy, national security, and environmental research.

Approximately 5% of PNNL’s research is Hanford-related environmental research related to cleanup of the Hanford nuclear site. According to the U.S. Environmental Protection Agency, Hanford is now the most contaminated Superfund site in the U.S. and constitutes one of the nation’s largest environmental cleanup projects. A number of other industries supporting this cleanup effort are also present in the City. PNNL and Washington State University (Tri-Cities) are anchor tenants of the Tri-Cities Research District located in north Richland. A private development group has recently made an investment estimated at approximately \$50 million to create the Innovation Center, a private research campus located between PNNL and WSU-Tri-Cities. Outside of the cleanup mission, the U.S. Department of Energy leases some Hanford land to the State, which in turn leases it out for two independent operations: Washington State Department of Ecology, for commercial low-level radioactive waste burial, and Energy Northwest utility consortium for its Columbia Generating Station. Framatome operates a nuclear fuel fabrication facility in Richland that is used in reactors across the US to generate 5% of all electricity in the US.

Energy Northwest has recently announced that its proposed Small Modular Reactor (“SMR”) project in Washington State will be known as the Cascade Advanced Energy Facility. The initial phase of the project is planned to deliver approximately 320 megawatts (MW) of electric generating capacity, with commercial operation targeted for approximately 2031. The facility is being designed for potential expansion to a total capacity of up to 960 MW. Amazon has announced a commitment of \$350 million toward the initial 320 MW phase of the project, in collaboration with X-energy and Energy Northwest, supporting the development and deployment of advanced nuclear generation technology.

### ***Agriculture and Viticulture***

Agriculture and agri-business are major contributors to the local area economy, with farmland comprising the majority of land in the County. The City hosts several industries supportive of agriculture, including a major industrial freezer operation, industrial food research facilities and two major industrial food processors, Conagra Brands, Inc. and Lamb Weston Holdings, Inc. The region is also known for producing wine, with more than 160 wineries within 60 miles of the City and a Viticulture and Enology program offered by WSU Tri-Cities. This industry attracts tourism to the many wine tasting venues.

### ***Transportation***

The area also provides widely accessible barge, rail, trucking and air transportation. The eight dams along the Columbia and Snake rivers make it possible for ocean barges to travel from the Pacific Ocean to the Tri-Cities, and as far east as Idaho. Burlington Northern-Santa Fe and Union Pacific railroads serve the area's rail transportation needs. The Tri-Cities Airport in Pasco currently offers daily flights by five commercial airlines to ten destinations throughout the western United States.

### **Major Economic Indicators for the City and the County**

The following tables present historical information on certain major economic indicators for the City, the County, the region, and the State.

**Table 23.**  
**Tri-Cities Area Major Employers<sup>(1)</sup>**  
*(as of October 2025)*

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
PNNL	Research and Development	6,437
Kadlec Regional Medical Center	Healthcare	4,275
Lamb Weston	Food Processing	3,000
H2C	Environmental Remediation	2,500
First Fruits Farms	Food Processing	2,500
Pasco School District	Education	2,419
Kennewick School District	Education	2,400
Bechtel National	Engineering and Construction	2,000
HMIS	Support Services (DOE Site)	2,000
Amazon	Distribution/Logistics	1,700
CPCCo.	Environmental Remediation	1,560
Richland School District	Education	1,500
Energy Northwest	Utilities	1,100
Trios Health	Healthcare	955
Columbia Basin College	Education	893

(1) The Tri-Cities Area refers to the metropolitan area that includes the Cities of Richland, Kennewick, and Pasco, plus the immediately surrounding unincorporated areas and several smaller cities, such as West Richland.

*Source: Tri-City Development Council 2025 Fact Sheet*

**Table 24.**  
**Civilian Labor Force and Employment**  
*(Not Seasonally Adjusted)*

	Annual Average					Sept. 2025 <sup>(1)</sup>
	2020	2021	2022	2023	2024	
<b>City of Richland</b>						
Civilian Labor Force	29,808	29,974	30,300	30,343	31,182	32,267
Employment	27,507	28,500	29,026	29,092	29,806	31,046
Unemployment	2,301	1,474	1,274	1,251	1,376	1,221
Unemployment Rate	7.7%	4.9%	4.2%	4.1%	4.4%	3.8%
<b>Benton County</b>						
Civilian Labor Force	98,704	98,736	99,426	99,377	102,032	105,196
Employment	90,429	93,243	94,866	94,803	97,131	101,170
Unemployment	8,275	5,493	4,560	4,574	4,901	4,026
Unemployment Rate	8.4%	5.6%	4.6%	4.6%	4.8%	3.8%
<b>Washington State</b>						
Civilian Labor Force	3,903,501	3,882,688	3,969,142	4,032,421	4,060,112	4,070,211
Employment	3,564,374	3,680,971	3,807,293	3,862,949	3,878,215	3,888,264
Unemployment	339,127	201,717	161,849	169,472	181,897	181,947
Unemployment Rate	8.7%	5.2%	4.1%	4.2%	4.5%	4.5%

(1) Preliminary.

Source: Bureau of Labor Statistics (data extracted as of January 6, 2026).

**Table 25.**  
**Nonagricultural Wage and Salary Employment**  
*(Kennewick-Pasco-Richland MSA, Not Seasonally Adjusted) (\$ thousands)*

NAICS INDUSTRY	2025 <sup>(1)</sup>	2024	2023	2022	2021	2020
Total Nonfarm	129.2	127.8	124.9	123.2	117.8	113.1
Total Private	109.2	107.8	105.4	104.3	99.5	94.8
Goods Producing	20.3	20.7	20.5	20.2	19.1	18.4
Mining, Lodging and Construction	11.5	11.4	10.8	10.7	10.6	10.3
Manufacturing	8.8	9.4	9.6	9.5	8.5	8.1
Services Providing	108.9	107.1	104.4	103.0	98.7	94.7
Private Service Providing	88.9	87.1	85.0	84.1	80.4	76.4
Trade, Transportation, and Utilities	22.8	22.3	21.8	21.8	20.7	19.4
Retail Trade	13.7	14.0	14.2	14.4	14.0	13.0
Financial Activities	4.1	4.2	4.4	4.3	4.1	4.0
Professional and Business Services	23.7	23.3	22.5	22.1	21.6	21.1
Administrative and Support Services	12.4	12.0	12.0	12.3	11.9	11.3
Educational and Health Services	21.3	20.6	19.6	19.3	18.8	18.1
Leisure and Hospitality	12.5	12.3	12.4	12.4	11.1	9.6
Food Services	9.4	9.4	9.6	9.7	8.8	7.7
Government	20.1	19.9	19.5	18.9	18.3	18.3

(1) Average through November 2025.

Source: Washington State Employment Security Department (data extracted January 6, 2026)



**Table 26.**  
**Per Capita Personal Income**

<b>Year</b>	<b>Kennewick- Richland MSA</b>	<b>Benton County</b>	<b>State of Washington</b>	<b>United States</b>
2019	\$ 45,185	\$ 47,993	\$ 63,431	\$ 55,567
2020	48,165	50,896	67,665	59,151
2021	52,209	54,638	73,949	64,692
2022	51,822	54,240	76,049	66,298
2023	54,152	56,969	81,087	70,002
2024	(1)	(1)	85,187	73,204

(1) 2024 data not yet available for these areas.

*Source: U.S. Department of Commerce Bureau of Economic Analysis (Last updated February 20, 2025 for Kennewick-Richland MSA and Benton County statistics, September 26, 2025 for State and United States statistics)*

**Table 27.**  
**Taxable Retail Sales for the City of Richland**

<b>Year</b>	<b>City of Richland</b>
2019	\$ 1,522,409,959
2020	1,479,476,283
2021	1,791,272,907
2022	1,895,317,969
2023	1,924,565,407
2024	2,013,659,398
2025 <sup>(1)</sup>	1,041,959,506

(1) Through second quarter 2025. For comparison, the total for 2024 through second quarter was \$967,908,037.

*Source: Department of Revenue*

## LEGAL AND TAX INFORMATION

### **No Litigation Relating to the Bonds**

There is no litigation pending or threatened questioning the validity of the Bonds or the power and authority of the City to issue the Bonds. There is no litigation pending or threatened which would materially affect the City's ability to meet debt service requirements on the Bonds. Because of the nature of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business. Based on the information presently known, the City believes that the ultimate liability for any of such legal actions will not be material to the financial position of the City.

### **Approval of Counsel**

Legal matters incident to the authorization, issuance, and sale of the Bonds by the City are subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, Seattle, Washington. The form of the opinion of Bond Counsel is attached as Appendix B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

## **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with all such requirements.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE

BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Bond Ordinance and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

## CONTINUING DISCLOSURE

### *Undertaking to Provide Annual Financial Information and Notice of Listed Events*

To meet the requirements of paragraph (b)(5) of United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule 15c2-12"), as applicable to a participating underwriter for the Bonds, the City has entered into a Continuing Disclosure Agreement, and will undertake for the benefit of holders of the Bonds to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB accompanied by identifying information as prescribed by the MSRB:

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below ("annual financial information"). If audited financial statements are unavailable, the timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines set forth in subsection (b), and the City agrees to file audited financial statements if and when they are otherwise prepared and available to the City.
- (ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the IRS of proposed final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or the material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (g) modifications to rights of holders of the Bonds, if material; (h) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (i) defeasances; (j) release, substitution, or sale of property securing repayment of the Bonds, if material; (k) rating changes; (l) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation (as such term is defined below) of the City, any of which reflect financial difficulties; and (p) incurrence of a Financial Obligation of the City or agreement to covenants, events of

default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect security holders.

“Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

The City also will provide to the MSRB timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

### ***Annual Financial Information to be Provided***

The annual financial information that the City undertakes to provide will consist of:

- (1) Annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided;
- (2) A statement of outstanding Parity Bonds of the Electric Utility at year-end;
- (3) Debt service coverage ratios for the Outstanding Parity Bonds at year-end;
- (4) Number of Electric Utility customers; and
- (5) Ten largest Electric Utility customers.

The Annual Financial Information shall be provided not later than the last day of the ninth month after the end of each Fiscal Year of the City (currently, a Fiscal Year ending December 31), as such Fiscal Year may be changed as required or permitted by State law, commencing with the City’s Fiscal Year ending December 31, 2025.

The Annual Financial Information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

### ***Amendment of Continuing Disclosure Agreement***

The Continuing Disclosure Agreement is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Ordinance at the time of the amendment.

### ***Termination of Continuing Disclosure Agreement***

The City’s obligations under the Continuing Disclosure Agreement will terminate upon the legal defeasance of all of the Bonds. In addition, the City’s obligations under the Continuing Disclosure Agreement will terminate if those provisions of Rule 15c2-12 which require the City to comply with the Continuing Disclosure Agreement become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

### ***Remedy for Failure to Comply with Continuing Disclosure Agreement***

If the City or any other obligated person fails to comply with the Continuing Disclosure Agreement, the City will proceed with due diligence to cause such noncompliance to be corrected as soon as practicable after the City learns of that failure. No failure by the City or other obligated person to comply with the Continuing Disclosure Agreement will constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond will be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Continuing Disclosure Agreement.

### ***Compliance with Prior Continuing Disclosure Obligations***

The City has entered into certain written agreements for the sole purpose of assisting an underwriter in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for certain of its outstanding bonds (the “Prior Undertakings”). The City’s review of its compliance during the past five years did not reveal any failure to comply, in a material respect, with any Prior Undertakings in effect during this time.

## **CERTAIN INVESTMENT CONSIDERATIONS**

The purchase of the Bonds involves investment risk. Prospective purchasers of the Bonds should consider carefully all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Bonds and confer with their own tax and financial advisors when considering a purchase of the Bonds.

The Bonds are payable from and secured solely by the Net Revenue of the Electric Utility. The City’s ability to derive Net Revenue from the ownership and operation of the Electric Utility sufficient to pay debt service on the Bonds (and Outstanding Parity Bonds and Future Parity Bonds) depends on many factors, some of which are not subject to the control of the City. The following section discusses some of the factors affecting Net Revenue and the Electric Utility. The following discussion cannot, however, describe all of the factors that could affect Net Revenue and the Electric Utility. In addition to these known factors, other factors could affect Net Revenue and the Electric Utility. The order in which the following information is presented is not intended to reflect the relative importance of any such risks.

### **Seismic Risk, Nuclear and Other Hazardous Materials Risk, and Other Considerations**

#### ***Regional Emergency Management and Preparedness***

Benton County Emergency Management (“BCEM”) is responsible for managing and coordinating resources and coordinating resources and responsibilities across Benton and Franklin Counties. BCEM prepares for emergencies, trains local government staff in emergency response, provides education to the community about emergency preparedness, plans for emergency recovery, and works to mitigate known hazards. It has identified and assessed many types of hazards that may have an impact countywide, including geophysical hazards (e.g., earthquakes, landslides, seismic events, and volcanic eruptions), infectious disease outbreaks, intentional hazards (e.g., terrorism, breaches in cybersecurity, and civil disorder), transportation incidents, fires, hazardous materials, and unusual weather conditions (e.g., floods, snow, water shortages, and wind storms). Neither the City nor BCEM can anticipate all potential hazards and their effects, including any potential impact on the economy of the City or the region. BCEM has a federally approved Natural Hazard Mitigation Plan.

The City is adjacent to the Hanford Nuclear Reservation, which is home to one of the nation’s largest Superfund sites and the Columbia Generating Station nuclear power plant, and houses several nuclear research facilities. This poses some inherent risks of radiological disasters. BCEM maintains disaster plans to prepare for emergencies at the Hanford Site, Energy Northwest’s Columbia Generating Station (located on the Hanford site) and the nearby Umatilla Chemical Depot. In addition, the City joins with the nearby cities and counties as part of Hanford Communities to keep citizens apprised of activities related to Hanford cleanup activities, to coordinate local government involvement in U.S. Department of Energy decision-making and to interact with the U.S. Department of Energy, the Environmental Protection Agency and the Washington State Department of Ecology, among others.

BCEM has identified and assessed many types of hazards that may have an impact countywide, including geophysical hazards (e.g., earthquakes, landslides, seismic events, and volcanic eruptions) as well as other hazards: infectious disease outbreaks, intentional hazards (e.g., terrorism, breaches in cybersecurity, and civil disorder),

transportation incidents, fires, hazardous materials (including nuclear), and unusual weather conditions (e.g., floods, snow, water shortages, and wind storms). In addition, the City is located adjacent to the Hanford Nuclear Reservation, which poses some inherent risks of radiological disasters. BCEM maintains disaster plans to prepare for emergencies at the Hanford Site, Energy Northwest's Columbia Generating Station (located on the Hanford site) and the nearby Umatilla Chemical Depot. See "GENERAL AND ECONOMIC INFORMATION — Regional Risk Management."

If a disaster were to damage or destroy a substantial portion of the taxable property within the City, the assessed value of such property could be reduced, which could result in a reduction of property tax revenues. It could also substantially damage utility infrastructure and utility revenues. Other revenue sources, such as sales tax and lodging tax, could also be reduced. In addition, substantial financial and operational resources of the City could be required during any emergency event or disaster and could be diverted to the subsequent repair of damage to City infrastructure.

The City can give no assurance regarding the effect of any hazard or that proceeds of insurance carried by the City would be sufficient, if available, to rebuild and reopen Electric Utility facilities or that the facilities or surrounding infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other natural disaster or hazard.

### **Various Factors Affecting the Electric Utility Industry Generally**

A number of factors could impact the results of operations of the Electric Utility, including a decrease in the number of or other change in customers, changes in regional and local economic conditions, changes in regulatory or permit requirements, changes in population, increase in Operation and Maintenance Expenses, and changes in general market conditions.

The electric utility industry in general has been, or in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities.

In addition to the factors discussed above under "POWER SUPPLY AND TRANSMISSION," such factors include, among others, (1) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements; (2) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (3) changes in national energy policy; (4) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity; (5) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities; (6) increased competition from independent power producers and marketers, brokers, and federal power marketing agencies; (7) "self-generation" or "distributed generation" such as rooftop solar, microturbines and fuel cells; (8) effects of inflation on the operating and maintenance costs of the electric utility and its facilities; (9) changes from projected future load requirements; (10) increases in costs and uncertain availability of capital; (11) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (12) increases or decreases in the price of energy purchased or sold on the open market that may occur in times of high peak demand; (13) issues with transmission capacity and integrating wind power and other renewable energy generation; (14) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity; (15) other legislative changes, voter initiatives, referenda, statewide propositions, sequestration and other failures of Congress to act; (16) effects of the changes in the economy; (17) effects of possible manipulation of the electric markets; (18) natural disasters or other physical calamities including, but not limited to, earthquakes, tsunamis, droughts, floods, wildfires, mudslides, volcanic eruptions, and windstorms; (19) man-made physical and operational disasters, including but not limited to terrorism, security (including cybersecurity) breaches, cyber-attacks, and collateral damage from untargeted computer viruses; (20) variations in the weather and changes in the climate; and (21) failures of or other issues with infrastructure. Any of these factors (as well as other factors not discussed here) could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City is unable to predict what impact such factors will have on the Electric Utility, its business operations and financial condition. This Official Statement includes a brief discussion of some of these factors and does not purport

to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain. Potential purchasers of the Bonds may wish to obtain and review such information.

### **Climate Change Risk and Mitigation Strategies**

There are potential risks to the City associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. In particular, the City is particularly vulnerable to risks from wildfires, extreme winter and summer weather, and drought. The City is preparing for a changing climate and the resulting economic, infrastructure, health, and other community impacts in its planning efforts. The City's electric utility engages in climate planning relating to impacts relating to power supply costs, electric vehicle implementation, energy efficiency projects, and renewable energy (including battery storage and net metering programs). Its solid waste system incorporates greenhouse gas capture technology at its landfills and recycling programs, and its water utility promotes conservation efforts.

City staff also work with Benton County, neighboring cities, and the State to adopt working and effective strategies to mitigate or reduce impacts from various hazards and the City's emergency management plans and Natural Hazard Mitigation Plan, discussed above, also includes mitigation and response strategies relevant to climate risk, including earthquakes, flooding, landslides, fire, and severe weather.

In addition, State law enacted in 2023 requires the City to develop a Climate Element in its required 10-year Comprehensive Plan update. The City's current Comprehensive Plan was adopted in 2017 and is scheduled to be updated by the end of 2026. The City is in the early stages of developing this update. Its Climate Element is due by mid-2026. The Climate Element must address climate resilience (preparedness, response, and recovery), and greenhouse gas ("GHG") emissions reduction (including reducing GHG and vehicle miles traveled ("VMT")). The City applied for and received a climate planning grant from the State Department of Commerce for this planning effort.

There are potential risks to the City and the Electric Utility associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. The Electric Utility's resource mix is currently dependent on hydro-based generation, and climate change may affect the amount, timing, and availability of hydroelectric generation in the future. The Integrated Resource Planning process and Clean Energy Implementation Plan is expected to consider the effects of climate change on the resource mix available to the Electric Utility. See "POWER SUPPLY AND TRANSMISSION—Resource Planning—*Integrated Resource Planning and Renewable Portfolio Standards*." The City cannot predict how or when various climate change risks may occur, nor can it quantify the impact on the City, its population, or its operations. Over time, the costs could be significant and could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change.

### **Cybersecurity Risks**

Cybersecurity risks create potential liability for exposure of nonpublic information and could create various other operational risks. Cybersecurity threats continue to become more sophisticated and are increasingly capable of impacting the confidentiality, integrity, and availability of City systems and applications, including those of critical controls systems. The City has practices in place to address cybersecurity, as well as limited cybersecurity insurance coverage through the Washington Cities Insurance Authority (WCIA), which includes security audits and guidance and access to third-party cyber specialists in the event of a data breach incident. The City has engaged outside parties to provide risk assessment and will continue to do additional assessments in the future.

In October 2021, City Council approved a contract award to a cybersecurity consulting firm to review City risks and develop a five-year roadmap to reduce cyber risks. On May 15, 2024, shortly before a City-wide rollout of multi-factor authentication, which has since been successfully implemented alongside 24/7/365 managed detection and response, the City experienced a data security event. Cybersecurity processes in place at the time allowed the City to detect the attack, shut down access to threat actors, and secure City data servers. On May 17, after a preliminary assessment of the impact, the City notified the public of the event. The City worked with a third-party provider to investigate the event and ensure that City networks remained secure. The unauthorized network access resulted in the exposure of confidential and protected individual information. The City followed up by providing affected individuals with the option to enroll in free credit monitoring and ID theft protection. Financial impacts to

the City resulting from this event were limited to the cost of investigating the attack and the provision of monitoring services to potentially affected parties and were largely mitigated through cybersecurity insurance coverage. Additional measures have since been introduced to further strengthen the City's cybersecurity posture, and the City maintains an ongoing commitment to continuously evaluate our systems for potential risks.

With respect to the Electric Utility, although the Electric Utility is not required to comply with the cybersecurity regulations of the North American Energy Reliability Corporation ("NERC") it considers NERC standards as guidance for best practices and has taken this guidance into account in the measures it has adopted. Nonetheless, the City cannot anticipate the precise nature of any particular cybersecurity breach or the resulting consequences.

### **Electric Utility Physical Security**

During first quarter 2023, the City completed a physical security assessment conducted by the Electricity Information Sharing and Analysis Center ("E-ISAC"), along with local and regional utility and law enforcement participants. The physical security assessment was part of an E-ISAC Vulnerability Infrastructure Security Assessment. Some of the recommendations from the physical security assessment were included in the 2024 budget year with physical security improvements ongoing in future budgets. The City cannot anticipate the precise nature of any particular physical security breach or the resulting consequences.

### **Federal Funding Risks**

#### ***Federal Policy Risk – In General***

Federal policies on the federal debt ceiling, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in future Federal funding. The City currently expects a heightened level of uncertainty in Federal funding and federal employment over the next several years due to the change in federal administration. The City's local economy includes many federal contractors, including those associated with the Hanford Nuclear Reservation, the Bonneville Power Administration and the Columbia Generating Station, and various federal contractors relating to Hanford cleanup efforts and ongoing research located at Hanford. The City cannot predict with certainty any impact on the local economy of recent or future changes in federal employment, federal contracting, or other federal tariffs and economic policy measures, or the potential impact (positive or negative) on any direct federal funding the City may or may not receive in the future.

#### ***Federal Grants and Funding Conditions***

The City receives federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies. Entitlement to this assistance is generally conditioned upon compliance with the terms of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the City. In addition, a risk exists that funding conditions could be imposed on new or existing grants that reflect Federal policy priorities that are inconsistent with State requirements, and that such inconsistencies could put certain Federal grant funding at risk.

#### ***Federal Shutdown and Debt Limit Risks***

Federal government shutdowns have occurred in the past and could occur in the future. A lengthy federal government shutdown poses potential direct risks to the City's receipt of revenues from federal sources and could have indirect impacts due to a shutdown's effect on general economic conditions. The City has not experienced material adverse impacts from the federal government shutdowns that have occurred in the past. However, the City can make no assurances that it would not be materially adversely affected by any future shutdown of the federal government, particularly if it results in a prolonged shutdown. In addition, federal funding received by the City could be at risk in the event that the federal government approaches its statutory debt limit. The City cannot predict whether or to what extent any specific federally funded program could be affected in such an event.

#### ***Federal Tax Law Changes***

From time to time, there are legislative proposals in Congress and IRS rulemaking activities that could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules,



regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest on the Bonds. Risks to the status of federal tax exemption affecting interest on the Bonds are also discussed under “TAX MATTERS” above.

## **Initiative and Referendum**

### ***State Initiative and Referendum***

Under the State Constitution, the voters of the State have the ability to initiate legislation and require the State Legislature to refer legislation to the voters through the power of initiative and referendum, respectively. The initiative power in the State may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of petitions signed by at least eight percent (initiatives) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the State Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the State Legislature. After two years, the law is subject to amendment or repeal by the State Legislature in the same manner as other laws.

In recent years, initiatives and referenda have been filed in the State that affect the powers of local jurisdictions. The City cannot predict whether such measures will be filed in the future, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, and whether such initiatives will be approved by the voters and, if challenged, upheld by the courts.

### ***Local Initiative and Referendum***

The City charter provides for local initiatives and referenda. Initiatives and referenda are submitted to the voters upon receipt of petitions signed by at least 20 percent (initiatives) and 25% (referenda) of the total vote cast at the last preceding regular general election. Referendum petitions must be filed within 30 days after first publication of the ordinance that is the subject of the referendum. The referendum period for the Bond Ordinance expired on January 20, 2026. An initiative ordinance or an ordinance repealed as a result of a referendum petition may not be amended (initiative) or reenacted (referendum) by the City Council for one year. Neither the initiative nor referendum may be used to amend the City charter and may not address any subject that is barred under State law, including administrative or ministerial actions; ordinances necessary for immediate preservation of public peace, health, and safety or for the support of City government and its existing public institutions which contain a statement of urgency and are passed by unanimous vote of the City Council; ordinances providing for local improvement districts; ordinances appropriating money; ordinances providing for or approving collective bargaining; ordinances providing for the compensation of or working conditions of City employees; and ordinances authorizing or repealing the levy of taxes. From time to time voters may submit petitions for initiatives and referenda within the City. The City cannot predict when or if any such measures would be filed, or what the subject or effect of any such potential measure may be.

## **Limitations on Remedies; Bankruptcy**

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Bond Ordinance are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time consuming to obtain. If the City fails to comply with its covenants under the Bond Ordinance or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

In addition to the limitations on remedies contained in State law, the rights and obligations under the Bonds and the Bond Ordinance may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

The legal opinion of Bond Counsel regarding the validity of the Bonds will be qualified by reference to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity.

A municipality such as the City must be specifically authorized under state law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the “Bankruptcy Code”). Chapter 39.64 RCW, entitled the “Taxing District Relief Act,” permits any “taxing district” (defined to include any municipality or political subdivision, including cities) to voluntarily petition for relief under the Bankruptcy Code. A creditor cannot bring an involuntary bankruptcy proceeding against a municipality, including the City. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. The federal bankruptcy courts have some discretionary powers under the Bankruptcy Code.

Should the City become a debtor in a federal bankruptcy proceeding, the owners of the Bonds would continue to have a statutory lien on Net Revenue after the commencement of the bankruptcy case so long as the Net Revenue constitute “special revenues” within the meaning of the Bankruptcy Code. “Special revenues” are defined under the Bankruptcy Code to include, among other things, receipts by local governments from the ownership, operation or disposition of projects or systems that are primarily used to provide utility services. The Bankruptcy Code provides that “special revenues” can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents, such as the Bond Ordinance. It is not clear precisely which expenses would constitute necessary operating expenses and any definition in the Bond Ordinance may not be applicable. If Net Revenue do not constitute “special revenues,” there could be delays or reductions in payments by the City with respect to the Bonds.

### **Changes in State and Federal Laws and Regulation**

The City and the Electric Utility are subject to federal, State, and local laws and regulations. These statutory and regulatory requirements are subject to change and could become more stringent and costly for the City, the Electric Utility or its customers. For example, statutory or regulatory requirements addressing water quality, mitigating flood concerns, limiting emissions, addressing climate change or otherwise affecting the Electric Utility could be implemented or increased. The City cannot predict whether future restrictions or limitations on the Electric Utility will be imposed, whether future legislation or regulations will affect operations, Operation and Maintenance Expenses, funding for capital projects or whether such restrictions or legislation or regulations will adversely affect Net Revenue.

### **No Acceleration**

The Bond Ordinance provides that the remedy of acceleration is not available to the owners of the Parity Bonds under any circumstances, including upon the occurrence and continuance of an event of default. The City is liable for principal and interest payments only as they became due, and the Registered Owner would be required to seek a separate judgment for each payment, if any, not made. Any such action for monetary damages would be subject to any limitations on legal claims and remedies against public bodies under State law. Amounts recovered would be applied to unpaid installments of interest prior to being applied to unpaid principal and premium, if any, which had become due. See “SECURITY AND SOURCES OF PAYMENT.”

### **Federal Tax Law Changes After Issue Date May Affect Marketability of Bonds**

From time to time, there are legislative proposals in Congress and IRS rulemaking activities which could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules, regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest on the Bonds.

## **OTHER BOND INFORMATION**

### **Ratings on the Bonds**

As noted on the cover page of this Official Statement, the Bonds have been assigned an underlying rating of “A” by S&P. No application was made by the City to any other rating agency for the purpose of obtaining any additional underlying rating on the Bonds. In general, rating agencies base their ratings on rating materials furnished to them (which may include additional detail provided by the City that is not presented in this Official Statement) and on the rating agency’s independent investigations, studies and assumptions. The rating reflects only the view of the rating

agency and an explanation of the significance of the rating may be obtained from S&P. There is no assurance that the rating will be retained for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by the rating agency if, in the judgment of the agency, circumstances so warrant. Any such downward revision or withdrawal of the rating would likely have an adverse effect on the market price of the Bonds. The City has no obligation to take any action, other than file a listed event notification, if the rating of the Bonds is changed, suspended or withdrawn.

### **Potential Conflicts of Interest**

Some or all of the fees of the Underwriter, Underwriter's Counsel, the financial advisor, and Bond Counsel are contingent upon the issuance and sale of the Bonds.

### **Financial Advisor**

PFM Financial Advisors LLC has served as financial advisor to the City relative to the preparation of the Bonds for sale, timing of the sale and other factors relating to the Bonds. The financial advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Bonds. PFM Financial Advisors LLC makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The financial advisor is an independent financial advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities. The financial advisor's compensation is contingent on the sale and delivery of the Bonds.

### **Underwriting**

The Bonds are being purchased from the City by \_\_\_\_\_ (the "Underwriter") at an aggregate purchase price of \$ \_\_\_\_\_ (the principal amount of the Bonds, less Underwriter's discount of \$ \_\_\_\_\_, and plus original issue premium of \$ \_\_\_\_\_). The initial purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover hereof, and such initial offering prices may be changed from time to time by the initial purchaser. After the initial public offering, the public offering prices may be varied from time to time.

### **Official Statement**

At the time of delivery of the Bonds, one or more officials of the City will furnish a certificate stating that to the best of his, her or their knowledge this Official Statement, as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

The execution and distribution of this Official Statement have been authorized by the City.

CITY OF RICHLAND, WASHINGTON

By \_\_\_\_\_ /s/  
Brandon Allen, Finance Director

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**APPENDIX A**  
**THE BOND ORDINANCE**

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**CITY OF RICHLAND**

**ORDINANCE NO. 2025-37**

**AN ORDINANCE relating to the electric utility of the City; specifying, adopting and ordering the carrying out of a system or plan of additions and betterments to and extensions of the electric utility; providing for the issuance of one or more series of electric revenue bonds in the aggregate principal amount of not to exceed \$25,000,000 to provide funds: (1) to pay all or a portion of the cost of certain capital improvements included in the plan of additions; (2) to refund all or a portion of the City's outstanding Electric Revenue Bonds, 2015; (3) to make a deposit to satisfy the reserve requirement for the bonds, if necessary, and (4) to pay the costs of issuance and sale of such bonds and the administrative costs of the refunding; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the Bond Sale Terms of the sale of the bonds; and providing for other related matters.**

Passed: December 16, 2025

*This document prepared by*

*STRADLING YOCCA CARLSON & RAUTH LLP  
Seattle, Washington  
(206) 829-3000*

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## ORDINANCE NO. 2025-37

**AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, RELATING TO THE ELECTRIC UTILITY OF THE CITY; SPECIFYING, ADOPTING AND ORDERING THE CARRYING OUT OF A SYSTEM OR PLAN OF ADDITIONS AND BETTERMENTS TO AND EXTENSIONS OF THE ELECTRIC UTILITY; PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF ELECTRIC REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$25,000,000 TO PROVIDE FUNDS: (1) TO PAY ALL OR A PORTION OF THE COST OF CERTAIN CAPITAL IMPROVEMENTS INCLUDED IN THE PLAN OF ADDITIONS; (2) TO REFUND ALL OR A PORTION OF THE CITY'S OUTSTANDING ELECTRIC REVENUE BONDS, 2015; (3) TO MAKE A DEPOSIT TO SATISFY THE RESERVE REQUIREMENT FOR THE BONDS, IF NECESSARY, AND (4) TO PAY THE COSTS OF ISSUANCE AND SALE OF SUCH BONDS AND THE ADMINISTRATIVE COSTS OF THE REFUNDING; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE BONDS; APPOINTING THE CITY'S DESIGNATED REPRESENTATIVE TO APPROVE THE BOND SALE TERMS OF THE SALE OF THE BONDS; AND PROVIDING FOR OTHER RELATED MATTERS.**

**BE IT ORDAINED** by the City of Richland as follows:

### ARTICLE 1 DEFINITIONS

Section 1.01 Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a) “*2015 Bonds*” means the Electric Revenue Bonds, 2015, in the original aggregate principal amount of \$19,435,000, authorized to be issued by Ordinance No. 49-15.

(b) “*2018 Bonds*” means the Electric Revenue Improvement and Refunding Bonds, 2018, in the original aggregate principal amount of \$19,800,000, authorized to be issued by Ordinance No. 08-18.

(c) “*2019A Bonds*” means the Electric Revenue Improvement and Refunding Bonds, 2019A, in the original aggregate principal amount of \$12,525,000, authorized to be issued by Ordinance No. 54-19.

(d) “*2019T Bonds*” means the Electric Revenue Bonds, 2019T (Taxable-Green Bonds), in the original aggregate principal amount of \$3,145,000, authorized to be issued by Ordinance No. 54-19.

(e) “*2021 Bonds*” means the Electric Revenue Improvement Bonds, 2021, in the original aggregate principal amount of \$6,415,000, authorized to be issued by Ordinance No. 30-21.

(f) “*2023 Bonds*” means the Electric Utility Revenue Improvement and Refunding Bonds, 2023, in the original agreement principal amount of \$19,415,000, authorized to be issued by Ordinance No. 2023-06.

(g) “*Acquired Obligations*” means those Government Obligations, as specified in the Refunding Trust Agreement, purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

(h) “*Adjusted Net Revenue*” means Net Revenue, plus withdrawals from the Rate Stabilization Account and less deposits into the Rate Stabilization Account.

(i) “*Annual Debt Service*” means, for any one or more series of Parity Bonds, the total of principal and interest payable during a Fiscal Year (excluding the principal maturity of Term Bonds but including any mandatory redemption due in that year), less all capitalized interest payable that year from such bonds. Annual Debt Service for each Fiscal Year shall be reduced by subtracting the amount scheduled to be received by the City as a Tax Credit Subsidy Bond Payment in each such Fiscal Year in respect of any Parity Bonds issued as Tax Credit Subsidy Bonds.

(j) “*Authorized Denomination*” means, unless otherwise specified in the Bond Purchase Agreement or a related agreement, \$5,000 or any integral multiple thereof within a Series and maturity.

(k) “*Average Annual Debt Service*” means, in reference to any one or more series of Parity Bonds, the sum of the Annual Debt Service due in each year, divided by the number of years that such bonds are scheduled to remain Outstanding.

(l) “*Beneficial Owner*” means, with respect to any Parity Bond at any time Outstanding, the owner of any beneficial interest in that Parity Bond.

(m) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth LLP, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(n) “*Bond Fund*” means the Electric Revenue Refunding Bond Account, 1985, created by Ordinance No. 17-85 and maintained for the purpose of paying and securing the payment of the principal of and interest on the Parity Bonds.

(o) “*Bond Insurer*” means, with respect to any issue of Parity Bonds, a provider of bond insurance guaranteeing the payment of principal of and interest on such Parity Bonds.

(p) “*Bond Purchase Agreement*” means a written offer to purchase the Bonds, or a Series of Bonds, pursuant to certain Bond Sale Terms, which offer is accepted by the Designated Representative on behalf of the City in accordance with this ordinance. In the case of a competitive sale, the Purchaser’s bid for a Series, together with the official notice of sale and a Pricing Certificate confirming the Bond Sale Terms, shall comprise the Bond Purchase Agreement.

(q) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(r) “*Bond Registrar*” means the Fiscal Agent, or any alternate bond registrar selected by the City’s Finance Director to maintain the Bond Register and carry out the other duties of the Bond Registrar set forth in this ordinance.

(s) “*Bond Sale Terms*” means the terms and conditions for the sale of a Series of Bonds including, but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds. The parameters for certain Bond Sale Terms are set forth in Exhibit A.

(t) “*Bonds*” means the electric utility revenue bonds of the City issued pursuant to and for the purposes provided in this ordinance in one or more Series and with such additional series and other designation as the Designated Representative may deem appropriate.

(u) “*Book-Entry Form*” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as Registered Owner, with the physical bond certificates held by and “immobilized” in the custody of the Securities Depository or its designee, where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(v) “*City*” means the City of Richland, Washington, a municipal corporation duly organized and legally existing charter city of the first class under the laws of the State.

(w) “*City Contribution*” means legally available money of the City, in addition to proceeds of the Bonds, that is to be used to carry out the Refunding Plan, as determined by the Designated Representative.

(x) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(y) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(z) “*Common Reserve Bonds*” means, collectively, those Parity Bonds that are designated by the City as common reserve bonds, the payment of which is secured by amounts on deposit in the Common Reserve Subaccounts, without distinction, priority or preference among the amounts drawn from any particular Common Reserve Subaccount. The Outstanding 2015 Bonds, 2018 Bonds, 2019A Bonds, 2019T Bonds, 2021 Bonds, and 2023 Bonds are designated as Common Reserve Bonds. Unless otherwise designated in the Pricing Certificate approving the Bond Sale Terms for a Series of the Bonds authorized by this ordinance, the Bonds authorized by this ordinance are designated as Common Reserve Bonds.

(aa) “*Common Reserve Subaccount*” means a Reserve Subaccount that is established in connection with a series of Common Reserve Bonds. The Common Reserve Subaccounts, collectively, constitute a pooled reserve ratably securing all Common Reserve Bonds.

(bb) “*Continuing Disclosure Agreement*” means the written undertaking to provide continuing disclosure entered into pursuant to Section 8.02 of this ordinance, in substantially the form set forth in Exhibit D.

(cc) “*Contract Resource Obligation*” means an obligation of the City to make payments to another person or entity for electric energy supply, transmission or other commodity or service

relating to the Electric Utility, which obligation is designated as a Contract Resource Obligation for purposes of Section 7.04 of this ordinance.

(dd) “*Coverage Requirement*” means that, in any Fiscal Year, Adjusted Net Revenue must at least equal 1.25 times the Annual Debt Service due in that Fiscal Year on all Parity Bonds then Outstanding.

(ee) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(ff) “*Designated Representative*” means the officer of the City appointed in Section 3.02 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(gg) “*Electric Fund*” means that special fund created by Ordinance No. 53-17 of the City (RMC § 3.24.240) for the deposit of all revenues collected by the City from sale of electric energy or for services rendered by the Electric Utility, and for the payment of the costs and expenses to purchase electric energy, for salaries, materials, supplies, equipment, and repairs relating to sale of electric energy.

(hh) “*Electric Utility*” means the municipal electric system of the City as the same may from time to time be added to, bettered, improved and extended.

(ii) “*Finance Director*” means the person who holds the office or has the official responsibilities of Finance Director of the City or successor office.

(jj) “*First Parity Covenant Date*” means the date in which all of the 2015 Bonds are fully redeemed or defeased.

(kk) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(ll) “*Fiscal Year*” means a year beginning January 1 and ending December 31, or such twelve-month period as may be selected by the City as its fiscal year.

(mm) “*Future Parity Bonds*” means, for purposes of this ordinance, any and all revenue bonds of the City issued after the Issue Date of the Bonds, the payment of the principal of and interest on which constitutes a lien and charge upon the Net Revenue of the Electric Utility on a parity with the lien and charge of the Outstanding Parity Bonds and the Bonds.

(nn) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(oo) “*Gross Revenue of the Electric Utility*” or “*Gross Revenue*” means all of the earnings and revenues of any kind or nature received by the City from the operation and maintenance of the Electric Utility. Gross Revenue excludes: (1) revenues from assessments collected in any local improvement district or utility local improvement district; (2) amounts collected in respect of City-imposed utility taxes; (3) proceeds of grants from the federal, state or local governments; (4) gifts to the Electric Utility for capital purposes; (5) proceeds from the sale of City or Electric Utility property; (6) proceeds of City or Electric Utility obligations; (7) earnings or proceeds from any investments in any trust, defeasance or escrow fund created to defease or refund Electric Utility obligations until commingled with other earnings and revenues of the Electric Utility; and (8) Tax Credit Subsidy Payments.

(pp) “*Issue Date*” means, with respect to any Series of Bonds, the date of initial issuance and delivery of such Series to the Purchaser in exchange for the purchase price of such Series.

(qq) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated May 24, 2023, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(rr) “*MSRB*” means the Municipal Securities Rulemaking Board.

(ss) “*Maximum Annual Debt Service*” means, with respect to any one or more series of Parity Bonds, the maximum amount of Annual Debt Service which shall become due in any Fiscal Year.

(tt) “*Net Revenue of the Electric Utility*” or “*Net Revenue*” means Gross Revenue of the Electric Utility less Operation and Maintenance Expenses.

(uu) “*Official Statement*” means an offering document or other disclosure document required to be provided to purchasers and potential purchasers in connection with the initial offering of the Bonds in conformance with Rule 15c2-12 or other applicable regulation of the SEC.

(vv) “*Operation and Maintenance Expenses*” means all reasonable expenses incurred by the City in causing the Electric Utility to be operated and maintained in good repair, working order and condition and properly treated as maintenance and operation expenses under generally accepted accounting principles applicable to similar municipal utilities, including: payments due under Contract Resource Obligations (to the extent that the requirements in Section 7.04 are met); all payments made to another person or agency for acquisition of electric energy; any deposits, premiums, assessments or other payments for insurance, if any, on the Electric Utility; amounts paid in respect of Electric Utility employee pensions and post-employment benefits (if any); and overhead and administration expenses allocated to the Electric Utility. Operation and Maintenance Expenses excludes: non-cash accounting items (e.g., depreciation, amounts treated as expenses under accounting guidelines with respect to unfunded contributions to pension or other post-employment benefit plans, non-exchange financial guarantees, environmental liabilities, and similar items); payments on contracts for the acquisition of electric energy or capability under which no energy has been furnished to the City (other than payments under Contract Resource Obligations); and any amounts paid in respect of City imposed utility taxes or payments in lieu of taxes.

(ww) “*Outstanding*” when used with reference to any bonds or other obligations means, as of any particular date, the aggregate of all such bonds or other obligations properly authenticated and delivered, except for: (1) those cancelled at or prior to such date or delivered to or held by the Fiscal Agent at or prior to such date for cancellation; (2) those legally defeased or deemed paid in accordance with this ordinance (or a comparable section of another ordinance authorizing the refunding or defeasance of other bonds or obligations); (3) those in lieu of or in exchange or substitution for which other bonds or obligations shall have been authenticated and delivered pursuant to their authorizing ordinances, unless such other bonds or obligations are held by a bona fide holder in due course; and (4) those which have matured or have been duly called for redemption and have not been presented for payment, and the City has sufficient money on hand to pay and redeem the same on such maturity or call dates.



(xx) “*Outstanding Parity Bonds*” means the 2015 Bonds, the 2018 Bonds, the 2019A Bonds, the 2019T Bonds, the 2021 Bonds, the 2023 Bonds, and any other Parity Bonds that are Outstanding as of the Issue Date.

(yy) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(zz) “*Parity Bond Test*” means: (a) with reference to the issuance of Future Parity Bonds, the conditions for issuing Future Parity Bonds set forth in Exhibit B to this Ordinance, which is incorporated herein by this reference; and (b) with reference to the designation of the Bonds as Parity Bonds, those conditions for the issuance of “future parity bonds” as defined and set forth in the ordinances authorizing the Outstanding Parity Bonds.

(aaa) “*Parity Bonds*” means the Outstanding Parity Bonds, the Bonds, and any Future Parity Bonds.

(bbb) “*Permitted Investments*” means any investment that is a legal investment for the money of the City at the time of such investment.

(ccc) “*Plan of Additions*” means the system or plan of additions and betterments to and extensions of the Electric Utility specified, adopted and ordered to be carried out by Section 2.02 of this ordinance.

(ddd) “*Pricing Certificate*” means a certificate executed by the Designated Representative as of the pricing date confirming the Bond Sale Terms for the sale of a Series of the Bonds to the Purchaser in a competitive sale, in accordance with the parameters set forth in this ordinance.

(eee) “*Principal and Interest Account*” means the subaccount of that name created in the Bond Fund by Ordinance No. 17-85 for the payment of the principal of and interest on the Parity Bonds.

(fff) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a direct placement, underwriter in a negotiated sale or awarded as the successful bidder in a competitive sale of a Series of the Bonds.

(ggg) “*RCW*” means the Revised Code of Washington.

(hhh) “*Rate Stabilization Account*” means the Electric Rate Stabilization Account authorized to be created and established pursuant to Ordinance No. 26-03.

(iii) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(jjj) “*Record Date*” means the Bond Registrar’s close of business on the 15<sup>th</sup> day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption.

(kkk) “*Redemption Date*” means such date or dates as may be selected for the call, payment and redemption of the Refunded Bonds, as set forth in the Refunding Plan approved by the Designated Representative.

(lll) “*Refunded Bond Ordinance*” means Ordinance No. 49-15 of the City.

(mmm) “*Refunded Bonds*” means all or a portion of the Refunding Candidates selected by the Designated Representative to be refunded pursuant to the authorization set forth in this ordinance.

(nnn) “*Refunding Candidates*” means any or all of the following presently outstanding \$16,495,000 aggregate principal amount of 2015 Bonds maturing on November 1 in the years and amounts as follows:

Maturity Year	Principal Amount	Interest Rate
2026	\$ 500,000	5.00%
2027	525,000	5.00
2028	550,000	5.00
2029	580,000	5.00
2030	605,000	5.00
2031	640,000	5.00
2032	670,000	5.00
2033	705,000	5.00
2034	740,000	5.00
2035	775,000	5.00
2038 <sup>(1)</sup>	2,565,000	5.00
2041 <sup>(1)</sup>	2,970,000	5.00
2045 <sup>(1)(2)</sup>	2,000,000	4.00
2045 <sup>(1)(2)</sup>	2,670,000	5.00

(1) Term Bond

(2) Bifurcated Term Bond

(ooo) “*Refunding Plan*” means a plan for the refunding of the Refunded Bonds, substantially as follows with such further details to be set forth in a Refunding Trust Agreement approved by the Designated Representative:

(1) On the Issue Date, the deposit with the Refunding Trustee of a City Contribution, if any, together with the proceeds of the sale of the Bonds allocated to the Refunding Plan in an amount sufficient to acquire the Acquired Obligations (if any) and establish a beginning cash balance;

(2) The application by the Refunding Trustee of the amounts so deposited to the purchase of the Acquired Obligations and the establishment of a beginning cash balance;

(3) On the Redemption Date, the application of the maturing principal of and interest on such Acquired Obligations, together with any other cash balance held by it on such Redemption Date, to the call, payment, and redemption of the Refunded Bonds at a price equal to 100% of the principal amount to be redeemed plus accrued interest to that date; and

(4) At the direction of the City’s Designated Representative, the application of remaining funds deposited with the Refunding Trustee for such purpose to the payment of all or a portion of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan (if payment of such costs is specified in the Refunding Trust Agreement).



(ppp) “*Refunding Portion*” means that portion of the Bonds (or a Series of the Bonds) allocated to carrying out the refunding of the Refunded Bonds and paying the administrative costs of carrying out the refunding and a ratable share of the costs of issuance of the Bonds.

(qqq) “*Refunding Trust Agreement*” means a refunding trust agreement between the City and the Refunding Trustee, providing for the carrying out of the Refunding Plan.

(rrr) “*Refunding Trustee*” means the trustee, or any successor or alternate trustee, designated by the Designated Representative to serve as refunding trustee to carry out the Refunding Plan.

(sss) “*Registered Owner*” means, with respect to a Bond or any Parity Bond at any time Outstanding, the person in whose name that Bond or Parity Bond is registered on the Bond Register. For so long as the Bonds are in Book-Entry Form, Registered Owner shall mean the Securities Depository.

(ttt) “*Registration Ordinance*” means the Registration Ordinance for the City’s bonds and other obligations set forth in Ordinance No. 1-87 of the City.

(uuu) “*Reserve Account*” means the account of that name created in the Bond Fund by Ordinance No. 17-85 for the purpose of securing the payment of the principal of and interest on the Parity Bonds.

(vvv) “*Reserve Insurer*” means any provider of a Reserve Security acquired in connection with one or more Series of the Bonds or Future Parity Bonds.

(www) “*Reserve Requirement*” means:

(1) (A) With respect to the Common Reserve Bonds collectively, as of any date of calculation, the lesser of (i) Maximum Annual Debt Service on all Common Reserve Bonds then Outstanding, or (ii) 125% of Average Annual Debt Service on all Common Reserve Bonds then Outstanding, but at no time shall the Reserve Requirement exceed the Tax Maximum; and (B) with respect to a Series of the Bonds or any Future Parity Bonds that are designated as Common Reserve Bonds, the incremental additional amount necessary to fund the amount specified in clause (A), taking into account the amounts on deposit in the Common Reserve Subaccounts as of the Issue Date; and

(2) With respect to any Series of the Bonds or any Future Parity Bonds that are not Common Reserve Bonds, an amount (which may be equal to zero) established in the Bond Sale Terms approved pursuant to the ordinance authorizing the issuance of such Series, provided that the Reserve Requirement for such Series may not exceed the Tax Maximum.

(xxx) “*Reserve Security*” means a surety bond or policy of insurance, obtained in lieu of cash and policy limit or stated amount equal to part or all of the Reserve Requirement.

(yyy) “*Reserve Subaccount*” means a subaccount created within the Reserve Account to secure payment of debt service on a series of Parity Bonds. Each Reserve Subaccount shall include in its name a reference to the series of Parity Bonds with respect to which it was created.

(zzz) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(aaaa) “SEC” means the United States Securities and Exchange Commission.

(bbbb) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City, or the nominee of any of the foregoing. Any Securities Depository must be qualified under applicable laws and regulations to provide the services proposed to be provided by it.

(cccc) “*Series of Bonds*” or “*Series*” means a series of Bonds issued pursuant to this ordinance.

(dddd) “*State*” means the State of Washington.

(eeee) “*Subordinate Bonds*” means any electric revenue bonds or obligations payable from the Electric Fund having a charge and lien on the Net Revenue subordinate to the charge and lien on the Net Revenue of the Parity Bonds.

(ffff) “*Tax Credit Subsidy Bond*” means any bond that is designated by the City as a Tax Credit Subsidy Bond, pursuant to Section 54AA of the Code or any substantially similar taxable tax credit bond program, and which is further designated by the City as a “qualified bond” with respect to which the City is eligible to receive a tax credit payable by the United States Treasury to the City under Section 6431 or a substantially similar provision of the Code.

(gggg) “*Tax Credit Subsidy Bond Payments*” means those amounts which the City is entitled to receive from the United States Treasury in respect of any bonds issued as Tax Credit Subsidy Bonds.

(hhhh) “*Tax-Exempt Bond*” means any Parity Bond, the interest on which is intended, as of the Issue Date, to be excludable from gross income for federal income tax purposes.

(iiii) “*Tax Maximum*” means the maximum dollar amount permitted by the Code to be allocated to a debt service reserve account from bond proceeds of tax-exempt Bonds or Tax Credit Subsidy Bonds without requiring a balance to be invested at a restricted yield.

(jjjj) “*Taxable Bond*” means any Parity Bond, the interest on which is not intended, as of the Issue Date, to be excludable from gross income for federal income tax purposes.

(kkkk) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement, and those Parity Bonds designated as such in the ordinances or bond purchase agreements authorizing their issuance or sale and which are subject to mandatory redemption prior to maturity or for which either mandatory sinking fund payments or mandatory prior redemption requirements are provided.

(llll) “*Undertaking*” means a Continuing Disclosure Agreement.

## ARTICLE 2

### FINDINGS AND DETERMINATIONS; PLAN OF ADDITIONS

Section 2.01 Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Electric Utility; Previously Issued Parity Bonds*. The City now owns and operates the Electric Utility. Pursuant to Ordinance No. 17-85, the City issued and sold its Electric Revenue Refunding Bonds, 1985 (the “1985 Bonds”) all of which have been paid and retired. In Ordinance

No. 17-85, the City reserved the right to issue additional electric revenue bonds having a lien and charge on the Net Revenue of the Electric Utility on a parity with the lien and charge upon such Net Revenue of the 1985 Bonds for the payment of principal thereof and interest thereon, if that certain Parity Bond Test (established in Ordinance No. 17-85 and as subsequently set forth in ordinances authorizing the issuance of additional Parity Bonds) is satisfied.

(b) *Plan of Additions.* The City is in need of funds with which to finance the Plan of Additions, the estimated aggregate cost of which is more than \$12,135,000, and the City does not have available sufficient funds to pay the costs. The Council finds that the life of the improvements comprising the Plan of Additions is greater than the life of the bonds.

(c) *Sufficiency of Gross Revenue.* The City Council finds and determines that, if the conditions set forth in this ordinance for the issuance of the Bonds are satisfied, the Gross Revenue of the Electric Utility will be sufficient, in the judgment of the City Council, to meet all Operation and Maintenance Expenses; to make all necessary repairs, replacements and renewals; and to permit the setting aside from Gross Revenue into the Bond Fund of such amounts as may be required to pay the principal of and interest on the Outstanding Parity Bonds and the Bonds as the same become due. The City Council declares that in fixing the amounts to be paid into the Bond Fund it has exercised due regard for the cost of maintenance and operation of the Electric Utility and the debt service requirements of the Outstanding Parity Bonds, and that it has not obligated the City to set aside and pay into the Bond Fund a greater amount of the Gross Revenue of the Electric Utility than in its judgment will be available for such purpose.

(d) *Refunding.* Chapter 39.53 RCW and other laws of the State authorize the City to adopt and carry out a Refunding Plan. Pursuant to Ordinance No. 49-15, the City previously issued the 2015 Bonds for the purpose of (i) pay all or a portion of the costs of carrying out a plan of additions; (ii) refund a portion of the City's outstanding Electric Revenue Capital Improvement and Refunding Bonds, 2007; (iii) provide for the debt service reserve; and (iv) pay the costs of issuance and sale of the 2015 Bonds. In Ordinance No. 49-15, the City reserved the right to redeem the 2015 Bonds maturing on or after November 1, 2026 prior to their stated maturity at any time on or after November 1, 2025. In order to realize a debt service savings to the City and its ratepayers, the City Council wishes to refund all or a portion of the Refunding Candidates. The Refunding Candidates that are to be refunded shall be selected by the Designated Representative such that a savings equal to or exceeding the savings requirements set forth in Exhibit A will be effected by the difference between the principal and interest cost over the life of the portion of the Bonds allocated to such refunding and the principal and interest cost over the life of the Refunded Bonds to be refunded by such allocated portion of the Bonds.

(e) *Satisfaction of Parity Bond Test.* As a condition of the issuance of the Bonds authorized herein, the City Council directs the Designated Representative to determine that all conditions set forth in the Parity Bond Test (as those conditions are set forth in the ordinances authorizing the Outstanding Parity Bonds) have been met and satisfied before the Bonds may be issued and delivered to the Purchaser.

(f) *Issuance of Bonds.* Based on the foregoing, the City Council finds that it is in the best interest of the City to issue and sell the Bonds in one or more Series to the respective Purchasers of each Series in a competitive or negotiated sale, pursuant to the terms set forth in the Bond Purchase Contract as approved by the City's Designated Representative consistent with this ordinance.

Section 2.02 Adoption of Plan of Additions. The City specifies, adopts and orders the carrying out of the projects described in Exhibit C as a system or plan of additions and betterments to and extensions of the Electric Utility. The Plan of Additions shall be carried out in accordance with the plans and specifications therefor prepared by the City's engineers and consulting engineers. The City Council may modify the details of the Plan of Additions where in its judgment it appears advisable, if such modifications do not substantially alter the purpose of such system or plan. The cost of the Plan of Additions, including the cost of issuance and sale of the Bonds, shall be paid from the proceeds of the Bonds and from other money available to the Electric Utility.

### ARTICLE 3 AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.01 Purpose and Authorization of Bonds. For the purpose of providing funds with which: (a) to pay a portion of the cost of the Plan of Additions; (b) to carry out the Refunding Plan; (c) to satisfy the Reserve Requirement (if necessary); and (d) to pay the costs of issuance of the Bonds, including the administrative costs of the refunding, the City shall issue and sell its electric revenue bonds in one or more Series on a tax-exempt or taxable basis in an aggregate principal amount not to exceed \$25,000,000.

Section 3.02 Designated Representative; Description of the Bonds. The Finance Director is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Bond Sale Terms for the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 3.03 Parity Certificate. At the time of issuance of the Bonds, the Designated Representative shall cause to be executed and have on file a certificate of coverage as required under the Parity Bond Test.

#### Section 3.04 Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal*. Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication*. Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is

one of the fully registered City of Richland, Washington, Electric Revenue Improvement and Refunding Bonds, [Name of Series].” The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

**Section 3.05 Bond Registrar; Registration and Transfer of Bonds.**

(a) *Registration of Bonds; Bond Registrar.* The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Fiscal Agent is appointed to act as Bond Registrar for each Series of the Bonds, unless otherwise determined by the Designated Representative.

(b) *Transfer and Exchange of Bonds.* The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this ordinance and the Registration Ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate, Series and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(c) *Securities Depository; Book-Entry Form.* Unless otherwise determined by the Designated Representative, the Bonds initially shall be issued and registered in Book-Entry Form. The Bonds so registered shall be held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository’s successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form. Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the Finance Director to discontinue utilizing the then-current Securities Depository, the Finance Director may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Finance Director determines not to utilize a Securities Depository, then the Bonds shall no longer be held in Book-



Entry Form and ownership may be transferred only as provided herein. Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the Bonds shall be issued in certificated form without utilizing a Securities Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the names of the Owners thereof, in which case ownership may be transferred only as provided herein. Neither the City nor the Bond Registrar shall have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to the Securities Depository).

(d) *Lost or Stolen Bonds.* In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

#### ARTICLE 4.

##### PAYMENT OF BONDS; REDEMPTION PROVISIONS

Section 4.01 Payment of Bonds; Failure to Pay. *Payment of Bonds.* Principal of and interest on each Bond shall be payable in lawful money of the United States of America on the dates and in the amounts provided in the Bond Purchase Agreement. Principal of and interest on each Bond shall be payable solely out of the Bond Fund. The Bonds shall not be general obligations of the City. No Bonds of any Series shall be subject to acceleration under any circumstances.

(b) *Bonds Held In Book-Entry Form.* Principal of and interest on each Bond held in Book-Entry Form is payable in the manner set forth in the Letter of Representations.

(c) *Bonds Not Held In Book-Entry Form.* Interest on each Bond not held in Book-Entry Form is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not held in Book-Entry Form is payable upon presentation and surrender (unless waived by the City) of the Bond by the Registered Owner to the Bond Registrar.

(d) *Failure To Pay Bonds.* If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay, solely from the sources pledged herein, interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

#### Section 4.02 Redemption and Purchase of Bonds.

(a) *Optional Redemption.* Any of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms set forth in the Bond Purchase Agreement.

(b) *Mandatory Redemption.* Any of the Bonds may be designated as Term Bonds, subject to mandatory redemption on the dates and in the amounts as set forth in the Bond Purchase Agreement. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to one hundred percent of the principal amount to be redeemed, plus accrued interest, on the dates and in the years and amounts set forth in the Bond Purchase Agreement. If the City optionally redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond that is so redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against the remaining mandatory redemption requirements for that Term Bond in the manner as directed by the Finance Director. In the absence of direction by the Finance Director, credit shall be allocated to the remaining mandatory redemption requirements for that Term Bond on a *pro rata* basis.

(c) *Extraordinary Redemption.* Any of the Bonds may be subject to extraordinary optional or extraordinary mandatory redemption prior to maturity upon the occurrence of an extraordinary event at the prices, in the principal amounts, and on the dates, all as set forth in the Bond Purchase Agreement.

(d) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds available for purchase at any time at any price acceptable to the City plus accrued interest to the date of purchase.

(e) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds of any Series are to be redeemed at the option of the City, the Finance Director shall select the Series and maturity or maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Series is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar using such method of random selection as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any applicable Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, seniority, maturity, and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

#### Section 4.01 Notice of Redemption; Rescission of Notice.

(a) *Notice of Redemption.* Unless otherwise set forth in the Bond Purchase Agreement, the City must cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any

Bond. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Continuing Disclosure Agreement), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond. Notwithstanding the foregoing, notice of redemption of any Bond held in Book-Entry Form shall be given in accordance with the Letter of Representations.

(b) *Rescission of Optional Redemption Notice.* In the case of an optional redemption or an extraordinary redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of redemption has been rescinded shall remain outstanding.

(c) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

## ARTICLE 5 SECURITY FOR THE BONDS

Section 5.01 Security for the Bonds. The Bonds shall be designated as Parity Bonds and shall be a special limited obligation of the City payable from and secured solely by the Net Revenue of the Electric Utility and by money in the Principal and Interest Account of the Bond Fund. Each Series of the Bonds that is designated as Common Reserve Bonds is further secured by money in the Common Reserve Subaccounts. The Net Revenue is pledged to make the payments into the Bond Fund and the Reserve Account, if any, required by Section 5.02, which pledge shall constitute a lien and charge upon such Net Revenue prior and superior to all other charges whatsoever. Each Series of the Bonds designated as Parity Bonds shall be issued on parity with the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien. The Bonds shall not constitute general obligations of the City, the State or any political subdivision of the State or a charge upon any general fund or upon any money or other property of the City, the State or any political subdivision of the State not specifically pledged by this ordinance.

Section 5.02 Priority Expenditure of Gross Revenue; Flow of Funds. The City covenants and agrees with the owner of each Bond that it will deposit all Gross Revenue of the Electric Utility into the Electric Fund as collected, and will use, pay out and distribute the Gross Revenue of the Electric Utility in the following order of priority:

- (a) To pay Operation and Maintenance Expenses;
- (b) To meet the debt service requirements with respect to, first, the interest due on and, then, the principal of the Parity Bonds by making the required payments into the Principal and Interest Account;
- (c) To make the required payments, if any, into the Common Reserve Subaccount (including amounts required to repay any draws upon a Reserve Security) and into any other account or subaccount in the Bond Fund; and



(d) For any of the following purposes, without priority: to meet the debt service requirements with respect to any Subordinate Bonds; to redeem and retire any then Outstanding electric revenue bonds or to purchase any or all of those bonds and obligations in the open market as provided in the ordinance authorizing their issuance; to make necessary betterments and replacements of or repairs, additions or extensions to the Electric Utility; to make deposits into the Rate Stabilization Account; or for any other lawful Electric Utility purpose.

#### Section 5.03 The Bond Fund.

(a) *Bond Fund Established.* The Bond Fund was created by the City pursuant to Ordinance No. 17-85 for the purpose of paying and securing the payment of principal of and interest on the Parity Bonds as the same becomes due and payable. The Bond Fund is divided into two subaccounts, the Principal and Interest Account and the Reserve Account. The Finance Director may create sinking fund subaccounts or other accounts or subaccounts in the Bond Fund for paying or securing the payment of Parity Bonds, as long as the maintenance of such subaccounts does not conflict with the rights of the owners of any Parity Bonds then Outstanding.

(b) *Principal and Interest Account.* The Parity Bonds, including the Bonds, are payable (including principal, mandatory redemption requirements, redemption premium, if any, and interest) out of the Principal and Interest Account.

(c) *The Reserve Account.* The Reserve Account has been previously created for the purpose of securing the payment of the principal of and interest on all Parity Bonds. Except for withdrawals authorized in this section, the money held in those subaccounts within the Reserve Account that is necessary to satisfy the respective Reserve Requirements for each series of Parity Bonds shall otherwise be held intact. Any deficiency created by reason of such a withdrawal shall be made up from the Net Revenue first available after making necessary provision for the required payments into the Principal and Interest Account. However, to the extent required under the applicable Reserve Security policy, the Reserve Insurer with respect to a Reserve Security that has been drawn upon shall be reimbursed first, before available cash is used to restore the remaining balance of the respective Reserve Requirements. Amounts on deposit in the Reserve Account (or any subaccount therein) that are determined to be in excess of the Reserve Requirement shall be deposited in the Principal and Interest Account or into a Rebate Account, to the extent required under the Code. The City reserves the right to substitute one or more Reserve Securities for money previously deposited in the Common Reserve Subaccount and to withdraw such excess as described in the preceding sentence.

(d) *Reserve Subaccounts.* The Reserve Requirement for the Bonds are provided for in subsection (e), below.

In the ordinance authorizing the issuance of any series of Future Parity Bonds, the City shall: (1) determine whether such series is to be designated as a series of Common Reserve Bonds or is to be secured by a standalone Reserve Subaccount or no reserve subaccount, ***provided that, until the First Parity Covenant Date, each such Reserve Subaccount shall be designated as a Common Reserve Subaccount and, thereafter, such Reserve Subaccount may either: (i) remain a Common Reserve Subaccount; or (ii) become a standalone reserve for which the applicable Reserve Requirement may then be recalculated, reduced or eliminated, as set forth in the relevant authorizing ordinance;*** (2) establish the Reserve Requirement (if any) for that series of

Future Parity Bonds, and (3) covenant to maintain such subaccounts within the Reserve Account as may be necessary to satisfy that future Reserve Requirement.

The Common Reserve Subaccounts shall ratably secure the Common Reserve Bonds. If the money in the Principal and Interest Account is insufficient to meet required payments of either interest on or principal of any Common Reserve Bonds, such deficiency shall be made up by the withdrawal of money (or proceeds of Reserve Securities, if available) from the Common Reserve Subaccounts. Any withdrawals from the Common Reserve Subaccounts shall be made on a *pro rata* basis, except when the terms of a Reserve Security require all cash and investments in the Common Reserve Subaccount to be withdrawn before any draw or claim is made on the Reserve Security, or unless the City receives an opinion of Bond Counsel to the effect that such *pro rata* withdrawal is not required to maintain the federal tax benefits (if any) of any then-Outstanding Common Reserve Bonds issued as tax-exempt Bonds or Tax Credit Subsidy Bonds. If multiple Reserve Securities are on deposit in the Common Reserve Subaccounts, draws on such Reserve Securities shall be made on a *pro rata* basis.

(e) *The 2026 Reserve Requirement.* On the Issue Date of each Series of the Bonds, the Finance Director shall cause to be deposited into the Reserve Account (or a Reserve Subaccount created therein for this purpose) an amount which will equal the Reserve Requirement for that Series of the Bonds (if any), which may be funded by any combination of the following methods: (1) in cash deposited on the Issue Date; (2) in cash deposited in approximately equal monthly installments which shall be accumulated by no later than five years from the Issue Date; or (3) by the deposit of one or more Reserve Securities, the face amount of which, together with any cash amount deposited therein, is equal to the Reserve Requirement for the Bonds, if any. The Designated Representative shall determine the Reserve Requirement for each Series of Bonds as of its Issue Date, which shall be set forth in the applicable Bond Purchase Agreement or Pricing Certificate and, as to any Series issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds, shall be an amount equal to no greater than the Tax Maximum. For so long as the Series remains designated as Common Reserve Bonds the Reserve Requirement shall not be set at a level that would cause the Common Reserve Requirement to exceed the Tax Maximum.

#### Section 5.04 Required Payments Into the Bond Fund; Investment of Money in the Bond Fund.

(a) *Required Payments Into the Bond Fund.* The City covenants to set aside and pay into the Bond Fund out of the Net Revenue, a fixed amount without regard to any fixed proportion, as follows:

(1) Into the Principal and Interest Account, on or before each debt service payment date, an amount sufficient (together with other money then on deposit, including investment earnings retained therein) to pay the principal and interest to become due on the Parity Bonds (including required amounts for mandatory redemption of Term Bonds) on that debt service payment date.

(2) Into the Reserve Account, such amounts as may be required (if any) to be deposited to the subaccounts therein to satisfy the Reserve Requirements for the Common Reserve Bonds, as set forth in Section 5.03.

When the total amount on deposit in the Bond Fund shall equal the total amount of principal and interest for all Parity Bonds then Outstanding to the last maturity thereof, no further payment

need be made into the Bond Fund and the amounts in the Reserve Account shall be deposited in the Principal and Interest Account to be applied against the last Parity Bonds Outstanding.

(b) *Failure to Make Payments Into the Bond Fund.* If the City fails to set aside and pay into the Bond Fund the amounts set forth above, or fails to pay the principal of and interest on the Bonds when due, in accordance with this ordinance, the owner of any of the Outstanding Parity Bonds may bring action against the City to compel the setting aside and payment of the amounts required.

(c) *Investment of Money in Bond Fund.* Money in the Bond Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Finance Director solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. Earnings on money and investments in the Principal and Interest Account shall be deposited in and used for the purposes of that fund. Earnings on money and investments in the Reserve Account (and the subaccounts therein) shall be retained in such account or subaccount and credited against amounts required to be deposited therein until the applicable Reserve Requirement is met, and thereafter such earnings shall be deposited in the Principal and Interest Account. In no event shall any money in the Bond Fund or any other money reasonably expected to be used to pay principal of and/or interest on the Bonds be invested at a yield or used in any manner which would cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and applicable regulations thereunder. Any earnings that are subject to a federal tax or rebate requirement may be withdrawn from the Bond Fund for deposit in a Rebate Account as described in Section 7.02.

## ARTICLE 6

### USE OF BOND PROCEEDS; REFUNDING PLAN

#### Section 6.01 Disposition and Use of Bond Proceeds.

(a) *Project Fund Deposit.* On the Issue Date, the proceeds of the Bonds that are allocated to the financing of the Plan of Additions shall be deposited in the appropriate accounts of the Electric Utility Fund designated by the Finance Director to pay costs of carrying out the Plan of Additions. If required and as determined by the Designated Representative, proceeds of a Series of the Bonds may be deposited in the Reserve Account (or a Reserve Subaccount for that Series) and/or used to purchase a Reserve Security to satisfy the Reserve Requirement for that Series of the Bonds.

(b) *Refunding Proceeds.* On the Issue Date, the proceeds of the Bonds allocated to the Refunding Plan shall be deposited with the Refunding Trustee to carry out the Refunding Plan as directed by the City's Designated Representative in accordance with a Refunding Trust Agreement.

(c) *Costs of Issuance.* The portion of the Bond proceeds allocable to payment of costs related to the sale, issuance, and delivery of the Bonds, may deposited, as directed by the Designated Representative, either with the Refunding Trustee for payment in accordance with the Refunding Trust Agreement, or in any other fund of the City (as determined by the Designated Representative) pending their expenditure by the City to pay such costs of issuance.

(d) *Remaining Proceeds (if any)*. Any proceeds of the Bonds remaining after the City makes all deposits described in this section shall be deposited into the Bond Fund to pay interest on the next interest payment date.

Section 6.02 Parameters for Approving the Refunding; Minimum Savings. Prior to approving the Bond Sale Terms for the Bonds allocable to the Refunding Plan, the Designated Representative must determine that conditions set forth in item (i)(3) of the parameters set forth in Exhibit A have been (or as of the Issue Date will have been) met or satisfied.

## ARTICLE 7 BOND COVENANTS; FUTURE PARITY BONDS

Section 7.01 Bond Covenants. The City covenants and agrees with the Owner of each Bond at any time Outstanding, as follows:

(a) It will establish, maintain and collect rates and charges sufficient to meet the Coverage Requirement.

(b) It will at all times maintain and keep the Electric Utility in good repair, working order and condition, and also will at all times operate that utility, and the business in connection therewith, in an efficient manner and at a reasonable cost.

(c) It will not sell, lease, mortgage, or in any manner encumber or dispose of all, or substantially all, of the property of the Electric Utility unless provision is made for the payment into the Bond Fund of sums sufficient to pay the principal of and interest on the Parity Bonds then Outstanding. Furthermore, it will not sell, lease, mortgage, or in any manner encumber or dispose of, in any year, more than 5% of the property of the Electric Utility that is used, useful and material to the operation thereof, unless provision is made for replacement thereof, or for payment into the Bond Fund of the total amount of the proceeds of such sales, leases, mortgages, encumbrances or dispositions. Any such money so paid into the Bond Fund shall be used to retire the Parity Bonds then Outstanding at the earliest possible date. In addition, it will not contract with another entity operating an electric utility to surrender any substantial territory which the Electric Utility serves or plans to serve with electricity without replacing the Gross Revenue received, or expected to be received, from that territory with revenue from another source or other equivalent compensation.

(d) It will, while any of the Bonds remain Outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Electric Utility, and it will furnish, at the written request of the owners of \$1,000,000 in Outstanding principal amount of the Bonds, complete operating and income statements of the Electric Utility in reasonable detail covering any calendar year not more than 90 days after the close of such calendar year. Upon request of any owner or owners of any of the Bonds, it will also furnish to such owner or owners a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington, or such other audit as is authorized by law in lieu thereof.

(e) Except to aid the poor and infirm consistent with the state constitution, it will not furnish municipal electric service to any customer (including the City) whatsoever free of charge and will promptly take legal action to enforce collection of all delinquent accounts.

(f) It will carry the type of insurance on its Electric Utility property in the amounts normally carried by private electric utility companies engaged in the operation of electric utility

systems, or in the alternative, it may self-insure or, through an association of other municipalities, insure such property in similar amounts. The cost of such insurance or self-insurance shall be considered part of Operation and Maintenance Expenses of the Electric Utility.

(g) It will pay, out of Gross Revenue, all Operation and Maintenance Expenses and the debt service requirements of the Parity Bonds, and will otherwise meet the obligations of the City as herein set forth.

(h) It will not permit or enter into any obligation which is to have a prior or equal claim or lien on the Net Revenue of the Electric Utility except as permitted in Section 7.05 of this ordinance and in compliance with the Parity Bond Test.

Section 7.02 Rebate Account. The Finance Director is authorized to establish and maintain a special fund or account for the purpose of complying with the covenants set forth in Section 8.01(a) relating to arbitrage rebate requirements. All earnings from the investment of Tax-Exempt Bond proceeds, or money treated as Tax-Exempt Bond proceeds under the Code, including money in the Common Reserve Subaccount and allocated to a Tax-Exempt Series of Bonds, in excess of the earnings invested at the yield on such Bonds determined under the Code, shall be deposited in such fund or account, and any earnings therefrom shall be retained therein until required by the Code to be paid to the United States government or until it shall be determined that such money is not required to be so paid. Such fund or account shall be a trust fund established for the benefit of the United States government.

Section 7.03 Rate Stabilization Account. The Finance Director may, at any time consistent with the flow of funds set forth in Section 5.02 of this ordinance, deposit Net Revenue (and any other available money of the City, excluding principal proceeds of any Future Parity Bonds or other borrowing) into the Rate Stabilization Account. The City may, upon authorization by ordinance, at any time withdraw money from the Rate Stabilization Account for inclusion in the Adjusted Net Revenue for the current Fiscal Year, except that the total amount withdrawn from the Rate Stabilization Account in any Fiscal Year may not exceed an amount equal to the total debt service of the Electric Utility in that year. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the Fiscal Year for which the deposit or withdrawal will be included as Adjusted Net Revenue. Earnings from investments in the Rate Stabilization Account shall be retained in that account and shall not be included as Net Revenue unless and until withdrawn from that account as provided herein. The City may deposit earnings from investments in the Rate Stabilization Account into any Electric Utility fund or account as authorized by ordinance, and such deposits shall be included as Adjusted Net Revenue in the year of deposit. No deposit of Net Revenue shall be made into the Rate Stabilization Account to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant Fiscal Year.

Section 7.04 Contract Resource Obligations. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of electric energy supply, transmission or other commodity or service relating to the Electric Utility. The City may determine that, and may agree under a Contract Resource Obligation to provide that, all payments under that Contract Resource Obligation (including payments prior to the time that electric energy supply or transmission or other commodity or service is being provided, or during a suspension or after termination of supply or service) shall be Operation and Maintenance



Expenses if the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such a Contract Resource Obligation is entered into or is deemed to be a Contract Resource Obligation hereunder:

(a) No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the Electric Utility; and

(b) There shall be on file a certificate of an independent licensed professional engineer or engineering firm stating that in his, her or its professional opinion:

(1) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the supply or transmission rendered;

(2) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from an electric energy or other commodity supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide supply or transmission no later than a date set forth in the independent licensed professional engineer's certification; and

(3) the Net Revenue of the Electric Utility will be sufficient to meet the Coverage Requirement for each of the five Fiscal Years following the year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue: (i) takes into account the adjustments to Gross Revenue permitted under the Parity Bond Test; and (ii) adjusts the Operation of Maintenance Expenses by the independent licensed professional engineer's estimate of the payments to be made in accordance with the Contract Resource Obligation.

Nothing in this section shall prevent the City from entering into other agreements for the acquisition of electric energy supply, transmission or other commodity or service relating to the Electric Utility from existing facilities and from treating those payments as Operation and Maintenance Expenses. Nothing in this section shall prevent the City from entering into other agreements for the acquisition of electric energy supply, transmission or other commodity or service from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a lien and charge on the Net Revenue of the Electric Utility subordinate to that of the Parity Bonds.

**Section 7.05 Future Parity Bonds; Subordinate Bonds.** The City covenants with the owner of each of the Bonds for as long as any of the same are Outstanding that it will not create any special fund or funds for the payment of the principal of and interest on any additional electric revenue bonds or incur any other obligation that will have any priority over the payments that are required by this ordinance to be made into the Bond Fund out of the Net Revenue. With respect to Future Parity Bonds, the City covenants that it will issue Future Parity Bonds only if the Parity Bond Test is met and complied with at the time of issuance of such Future Parity Bonds. If the Parity Bond Test is met and complied with at the time of the issuance of such Future Parity Bonds, then payments into the Bond Fund with respect to such Future Parity Bonds shall rank equally with the payments out of the Net Revenue required to be made into the Bond Fund by the ordinances authorizing the issuance of Outstanding Parity Bonds and this ordinance. Nothing in this ordinance shall prevent the City from issuing Subordinate Bonds.

ARTICLE 8  
FEDERAL TAX AND DISCLOSURE MATTERS.

Section 8.01 Federal Tax Matters. For each Series of the Bonds, the City's Designated Representative shall determine whether such Series is to be issued as Tax-Exempt Bonds, Tax Credit Subsidy Bonds or Taxable Bonds, and may approve such additional terms and covenants relating to federal tax matters as the Designated Representative deems necessary or appropriate, including the following:

(a) *Tax-Exempt Bonds.* For each Series of the Bonds issued as Tax-Exempt Bonds, the City covenants that it will take all actions that are reasonably within its power and necessary to prevent interest on that Series from being included in gross income for federal income tax purposes. The City further covenants that it will neither take any action nor make or permit any use of gross proceeds of that Series (or other funds of the City treated as gross proceeds of that Series) at any time during the term of such Series that will cause interest on such Series to be included in gross income for federal income tax purposes. The City also covenants that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with that Series (including the calculation and payment of any penalties that the City may elect to pay as an alternative to calculating rebatable arbitrage and the payment of any other penalties if required under Section 148 of the Code) to prevent interest on such Series from being included in gross income for federal income tax purposes.

(b) *Taxable Bonds; Tax Credit Subsidy Bonds.* For each Series of the Bonds issued as Taxable bonds or as Tax Credit Subsidy Bonds, if any, the Designated Representative is authorized to make provision in the Bonds and related documents, to execute additional written agreements, and to make additional covenants on behalf of the City, all as he or she may deem necessary or appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit Subsidy Bonds, such additional covenants and agreement may include (without limiting the generality of the foregoing) those necessary in order for the City: (i) to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit Subsidy Bonds; and (ii) to ensure that such Series otherwise become and remain eligible for tax benefits under the Code.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

Section 8.02 Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement.* The Designated Representative and other appropriate City officials are directed to cause the preparation of and review the form of a preliminary Official Statement in connection with each sale of one or more Series to the public. For the sole purpose of an underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by

Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been deemed final in accordance with this subsection.

(b) *Final Official Statement.* The City approves the preparation of a final Official Statement for the Bonds to be sold to the public in the form of the preliminary Official Statement that has been deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser, if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of the Bonds.

(c) *Agreement to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Bonds (the “Continuing Disclosure Agreement”) in substantially the form attached as Exhibit D.

## ARTICLE 9 AMENDMENTS; DEFAULTS AND REMEDIES

Section 9.01 Amendatory Ordinances. This ordinance shall not be modified or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this section. Ordinances authorizing the issuance of Future Parity Bonds shall not be deemed to be supplemental or amendatory ordinances described in this section.

(a) *Amendments Not Requiring Consent.* The City may from time to time and at any time, without the consent of or notice to the Registered Owners of the Parity Bonds at the time Outstanding, pass amendatory ordinances as set forth below. Before the City shall pass any such amendatory ordinance pursuant to this subsection (b), there shall have been delivered to the City an opinion of Bond Counsel, stating that such amendatory ordinance is authorized or permitted by this ordinance and will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on any Parity Bonds issued as tax-exempt bonds.

(1) to cure any formal defect, omission, inconsistency or ambiguity in this ordinance in a manner not adverse to the Owner of any Parity Bond;

(2) to impose upon the Bond Registrar (with its consent) for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(3) to add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this ordinance as theretofore in effect;



(4) to confirm, as further assurance, any pledge under, and to subject to any claim, lien or pledge created or to be created by, this ordinance any other money, securities or funds;

(5) to authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Outstanding Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature; and

(6) to modify, alter, amend or supplement this ordinance in any other respect which is not materially adverse to the Owners of the Parity Bonds at the time Outstanding, and which does not involve a change described in subsection (c) of this section.

(b) *Amendments Requiring Supermajority Consent.* In addition to an amendatory ordinance passed pursuant to subsection (b) above, the Registered Owners of not less than 60% in aggregate principal amount of Parity Bonds then Outstanding shall have the right from time to time to consent to and approve the passage by the City of any amendatory ordinance deemed necessary or desirable by the City Council for the purpose of amending or supplementing, in any particular, any of the terms or provisions contained in this ordinance, as follows:

(1) Prior to passage of the proposed amendatory ordinance, the City shall cause notice of the proposed amendatory ordinance to be given by first class United States mail to all Registered Owners of the Parity Bonds then Outstanding, to any Bond Insurer providing a bond insurance policy then in effect with respect to an issue of Parity Bonds, to the extent required under such policy, and each Rating Agency. Such notice shall briefly set forth the nature of the proposed amendatory ordinance and shall state that a copy thereof is on file at the office of the City Clerk for inspection by all Registered Owners of the Outstanding Bonds.

(2) Within two years after the date of the mailing of such notice, the City may pass such amendatory ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the Bond Registrar (i) the required consents, in writing, of the Registered Owners of the Bonds, and (ii) an opinion of Bond Counsel stating that such amendatory ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exemption from federal income taxation of the interest on the Bonds.

(3) If Registered Owners of not less than 60% of Parity Bonds then Outstanding have consented to the passage of the amendatory ordinance as herein provided, no owner of the Bonds shall have any right to object to the passage of such amendatory ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from passing the same or from taking any action pursuant thereto.

(c) *Amendments Requiring Unanimous Consent.* Nothing contained in this section shall permit, or be construed as permitting, except upon consent of all of the Registered Owners of the Parity Bonds then Outstanding: (i) a change in the times, amounts or currency of payment of the principal of or interest on any Parity Bond then Outstanding, or a reduction in the principal amount or redemption price of any Parity Bond then Outstanding, or a change in the method of redemption or redemption price of any Parity Bond then Outstanding, or a change in the method of determining the rate of interest thereon; (ii) a preference or priority of any bond or bonds over any other bond or bonds; or (iii) a reduction in the aggregate principal amount of Parity Bonds.

(d) *Effect of Amendment.* Upon the passage of any amendatory ordinance pursuant to the provisions of this section, this ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City and all Registered Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this ordinance subject in all respects to such amendments.

**Section 9.02 Defaults and Remedies. *The following Section 9.02 shall go into effect as of the First Parity Covenant Date:***

(a) *Events of Default. The following shall constitute “Events of Default” with respect to the Bonds:*

(1) *If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable; or*

(2) *If the City defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the City set forth in this ordinance or any covenants, conditions or agreements on the part of the City contained in any Parity Bond authorizing ordinance and such default or defaults have continued for a period of six months after they have received from the Bondowners’ Trustee (as defined below) or from the registered owners of not less than 25% in principal amount of the Parity Bonds, a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six months after written notice has been given, it shall not be an Event of Default with respect to the Bonds as long as the City has taken active steps within 90 days after written notice has been given to remedy the default and is diligently pursuing such remedy.*

(3) *If the City files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law.*

(b) *Bondowners’ Trustee. So long as such Event of Default has not been remedied, a bondowners’ trustee (the “Bondowners’ Trustee”) may be appointed by the registered owners of 25% in principal amount of the Parity Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners’ Trustee, notification thereof being given to the City. That appointment shall become effective immediately upon acceptance thereof by the Bondowners’ Trustee. Any Bondowners’ Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust*

*company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. If any Event of Default is, in the sole judgment of the Bondowners' Trustee, cured and the Bondowners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bondowners' Trustee and the registered owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred. The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the registered owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.*

(c) *Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may (and, upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding, must) take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds. Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the owners of the Parity Bonds and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the owners of those Parity Bonds, subject to the provisions of this ordinance. The respective owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.*

(d) *No Acceleration. Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.*

(e) *Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this section shall be applied in the following order of priority:*

(1) *First, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys.*

(2) *Second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference.*

(3) *Third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.*

(f) *Duties and Obligations of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance. The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction. The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.*

(g) *Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:*

(1) *an Event of Default has happened and is continuing; and*



- (2) *a Bondowners' Trustee has been appointed; and*
- (3) *such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and*
- (4) *the registered owners of 25% in principal amount of the then outstanding Parity Bonds have made, after the occurrence of such Event of Default, written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and*
- (5) *there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and*
- (6) *the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.*

*No registered owner or beneficial owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the City to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective owners thereof when due.*

## ARTICLE 10 MISCELLANEOUS

Section 10.01 Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include: (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account") money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and (except as hereinafter provided) in the Net Revenue of the Electric Utility, funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account and, if funds in the trust account are not available for such payment, shall have the residual right to receive payment of the principal of and interest on the defeased Bonds from the Net Revenue of the Electric Utility without any priority of lien or charge against that revenue or covenants with respect thereto except to be paid therefrom. After the establishing and full funding of such a trust account, the City may then apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the owners of any other Parity Bonds then Outstanding.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or

defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

If the refunding or defeasance plan provides that the defeased Bonds or the refunding bonds to be issued be secured by money and/or Government Obligations pending the prior redemption of the defeased Bonds and if such refunding plan also provides that certain money and/or Government Obligations are pledged irrevocably for the prior redemption of the defeased Bonds included in that refunding plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of the Coverage Requirement for the issuance of Future Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

#### Section 10.02 Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of Bonds by negotiated sale, direct placement or competitive sale, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials, staff, municipal advisors, Bond Counsel and other advisors. In determining the method of sale and accepting the Bond Sale Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Direct Placement.* If the Designated Representative determines that a Series of Bonds is to be sold by negotiated sale or direct placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement shall set forth the Bond Sale Terms. The Designated Representative is authorized to execute and deliver the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of Bonds are to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of the Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall accept bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and to accept the winning bidder's offer to purchase the Bonds with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 10.03 General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of Bonds to the Purchaser and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 10.04 Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

*This space intentionally left blank.*

Section 10.05 Effective Date of Ordinance. This ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

**PASSED** by the City Council of the City of Richland, Washington, at a regular meeting on the 16<sup>th</sup> day of December, 2025.



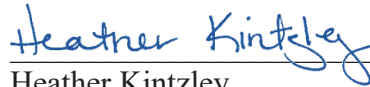
Theresa Richardson  
Mayor

ATTEST:



Jennifer Rogers  
City Clerk

APPROVED AS TO FORM:



Heather Kintzley  
City Attorney

First Reading: December 2, 2025

Second Reading: December 16, 2025

Date Published: December 21, 2025



**Exhibit A - PARAMETERS FOR BOND SALE TERMS**

- |                                   |   |
|-----------------------------------|---|
| (a) Principal Amount.             | The maximum aggregate principal amount of Bonds of all Series authorized by this ordinance shall not exceed \$25,000,000.   |
| (b) Date or Dates.                | Each Bond shall be dated its Issue Date, as determined by the Designated Representative, which date may not be later than one year after the effective date of this ordinance.  |
| (c) Denominations, Name, etc.     | The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.  |
| (d) Interest Rate(s).             | Each Bond shall bear interest from its Issue Date or from the most recent date to which interest has been paid or duly provided, whichever is later, unless otherwise provided in the Bond Purchase Agreement and the Bonds. Each Series of the Bonds shall bear interest at one or more fixed interest rates. The true interest cost for any fixed rate Series may not exceed a rate of 5.50% per annum.   |
| (e) Payment Dates.                | Interest shall be payable on dates acceptable to the Designated Representative, which shall include payment at the maturity of each Bond, on any mandatory redemption date for Term Bonds, and on any other redemption date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity and in mandatory redemption installments for Term Bonds on dates acceptable to the Designated Representative.   |
| (f) Maturities; Final Maturity.   | The final maturity of the Bonds allocated to the Plan of Additions shall mature no later than the next annual principal payment date occurring 31 years after their Issue Date. The final maturity of the Bonds allocated to the Refunding Plan may not be later than twelve months after the date of final maturity of the Refunded Bonds.   |
| (g) Redemption Prior to Maturity. | <p>The Designated Representative may approve in the Bond Purchase Agreement provisions for the optional and mandatory redemption of Bonds, subject to the following:</p> <ol style="list-style-type: none"><li>(1) <u>Optional Redemption.</u> The Designated Representative may designate any Bond as subject to optional redemption prior to its maturity. Any Bond that is subject to optional redemption prior to maturity must be callable on at least one or more date(s) occurring not more than 10½ years after the Issue Date, consistent with Section 4.02(a).</li><li>(2) <u>Mandatory Redemption.</u> The Designated Representative may designate any Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in principal payment amounts set forth in mandatory redemption payments, consistent with Section 4.02(b).</li></ol> |

- (3) Extraordinary Redemption. The Designated Representative may designate any Bond as subject to extraordinary optional redemption or extraordinary mandatory redemption upon the occurrence of an extraordinary event, as such event or events may be set forth in the Bond Purchase Agreement and related documents, consistent with Section 4.02(c).
- (h) Price. The purchase price for any Series of Bonds may not be less than 98.0% or more than 135.0% of the stated principal amount of that Series.
- (i) Other Terms and Conditions.
- (1) Expected Life of Capital Facilities. As of the Issue Date of each Series, the Designated Representative must find to his or her satisfaction that the average expected life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must exceed the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (2) Satisfaction of Parity Bond Test. The Designated Representative must determine that the Parity Bond Test has been met or satisfied by the Issue Date.
- (3) Refunding Conditions. The Designated Representative shall select the Refunded Bonds from among the Refunding Candidates. The Designated Representative must find that:
- (a) The net present value savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bonds allocable to the Refunding Plan and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be not less than 3.00%. In making such determination, the Designated Representative shall give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the Bonds pending redemption of the Refunded Bonds.
- (b) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the City with respect to the Refunded Bonds under the Refunded Bond Ordinance. In making such determination, the Designated Representative may rely upon a certification or verification by a nationally recognized independent certified public accounting firm or a certification provided by the City's municipal advisor.
- (4) Additional Credit Enhancement, Terms, Conditions and Agreements. The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement or for the purchase of a Reserve Security; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

**Exhibit B – PARITY BOND TEST**

The following conditions must be satisfied at the time of issuance of any Future Parity Bonds:

(a) There may be no deficiency in the Principal and Interest Account, in any subaccount within the Reserve Account (or the subaccounts therein), or in any other account required to be funded within the Bond Fund.

(b) The ordinance authorizing any Future Parity Bonds must determine whether such Future Parity Bonds will be designated as Common Reserve Bonds, set the Reserve Requirement (which may be zero) for such Future Parity Bonds, and provide for the satisfaction of that Reserve Requirement.

(c) The City must have on file with the City Clerk either:

(1) a certificate of the Finance Director of the City, supported by the Electric Utility financial statements, demonstrating that the Adjusted Net Revenue of the Electric Utility for any twelve consecutive months out of the 24 months preceding the dated date of the proposed bonds will be sufficient to satisfy the Coverage Requirement with respect to the Parity Bonds then Outstanding, plus the Future Parity Bonds proposed to be issued; or

(2) a certificate from an independent licensed professional engineer or engineering firm showing that in his, her or its professional opinion the Adjusted Net Revenue of the Electric Utility, which will be available in each succeeding year for the payment of principal of and interest on all Parity Bonds then Outstanding and the Future Parity Bonds, will be sufficient to satisfy the Coverage Requirement with respect to the Parity Bonds then Outstanding, plus the Future Parity Bonds proposed to be issued. Computation of estimated future Adjusted Net Revenue of the Electric Utility shall be based upon income and expense statements of the Electric Utility for any twelve consecutive months out of the 24 months preceding the dated date of the proposed bonds, plus additional adjustments, which may reflect:

(i) any current changes in Net Revenue of the Electric Utility for the base period which would have occurred if the schedule of rates and charges in effect at the time of the computation (or approved by the City Council as of the time of such computation and to become effective within 30 days thereof) had been in effect during the portion of the period in which such schedule was not in effect;

(ii) a full twelve months of revenue from any customers of the Electric Utility added prior to the computation date;

(iii) the loss of customers since that period;

(iv) any changes in Net Revenue of the Electric Utility estimated to be received as a result of, and upon completion of, any facilities under construction or to be acquired, constructed or installed as a part of the Electric Utility which are not reflected fully in the base period statement; and

(v) Annualized net revenue from the improvements to be financed from the proceeds of the proposed Future Parity Bonds.

(d) If the Future Parity Bonds proposed to be issued are for the sole purpose of refunding any Parity Bonds then Outstanding, the certificate referred to in paragraph (c), above,

shall not be required, so long as the Maximum Annual Debt Service for the proposed Future Parity Bonds is less than the Maximum Annual Debt Service for the Parity Bonds to be refunded, and the final maturity of the proposed Future Parity Bonds is not extended beyond the final maturity of the Parity Bonds to be refunded.

Prior: Ordinance No. 46-15, Exhibit B  
Ordinance No. 08-18, Exhibit B  
Ordinance No. 54-19, Exhibit B  
Ordinance No. 30-21, Exhibit B  
Ordinance No. 2023-06, Exhibit B

**Exhibit C - DESCRIPTION OF PLAN OF ADDITIONS**

The Plan of Additions consists of those planned additions and betterments to and extensions of the Electric Utility consist of those Electric Utility projects set forth in the City's 2026-2031 Capital Improvement Plan approved November 2025, in conjunction with approval of the 2026 budget, as such plan may be amended from time to time.

A summary of the capital expenditures expected to be financed, in whole or in part, with proceeds of the Bonds is as follows:

- 2026 Dalles Road Substation Construction
- 2026 Thayer Substation Rebuild
- 2026 Sandhill Crane Station Bank 3 and 4 (Design)
- 2027 Sandhill Crane Substation Bank 3 and 4 (Construction)
- 2027 Dallas Road Substation

**Exhibit D**  
**[Form of]**  
**CONTINUING DISCLOSURE AGREEMENT**

**City of Richland, Washington**  
**Electric Revenue Improvement and Refunding Bonds, 2026**

For the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City of Richland, Washington (the “City”), makes the following written undertaking for the benefit of holders of the Owners of the City’s Electric Utility Revenue Refunding and Improvement Bonds, 2026 (the “Bonds”).

Capitalized terms used but not defined below shall have the meanings given in Ordinance No. 2025-37 of the City (the “Bond Ordinance”).

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

- (i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“Annual Financial Information”). If audited financial statements are unavailable, the timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines set forth in subsection (b), and the City agrees to file audited financial statements if and when they are otherwise prepared and available to the City.
- (ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional

trustee or the change of name of a trustee, if material; (15) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation (as such term is defined below) of the City, any of which reflect financial difficulties; and (16) incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect security holders.

“Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the dates specified in paragraph (b) below.

(b) Type of Annual Financial Information Undertaken to be Provided.

(i) The annual financial information that the City undertakes to provide in paragraph (a) shall consist of: (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, however, that if and when audited financial statements are prepared and available they will be provided; (2) a statement of the total amount of outstanding Parity Bonds, (3) debt service coverage ratios, and (4) general customer statistics for the Electric Utility. *[Subject to revision to conform to the information to be provided in the Official Statement.]*

(ii) The Annual Financial Information shall be provided not later than the last day of the ninth month after the end of each Fiscal Year of the City (currently, a fiscal year ending December 31), as such Fiscal Year may be changed as required or permitted by State law, commencing with the City’s Fiscal Year ending December 31, 2025.

(iii) The Annual Financial Information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended, would have complied with the requirements of the rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any



change in circumstances; and (iii) the amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Ordinance at the time of the amendment.

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to this Continuing Disclosure Agreement and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Continuing Disclosure Agreement shall inure to the benefit of the City and the Beneficial Owner of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Continuing Disclosure Agreement. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the City's obligations under this Continuing Disclosure Agreement shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Continuing Disclosure Agreement become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Continuing Disclosure Agreement. As soon as practicable after the City learns of any material failure to comply with this Continuing Disclosure Agreement, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Continuing Disclosure Agreement shall constitute a default in respect of the Bonds. The sole remedy of any Owner of a Bond shall be to take such actions as that Owner deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with this Continuing Disclosure Agreement.

(g) Designation of Official Responsible to Administer Continuing Disclosure Agreement. The Finance Director or his or her designee is the person designated, in accordance with the Bond Ordinance, to carry out the Continuing Disclosure Agreement of the City in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an Continuing Disclosure Agreement to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;



- (iv) Selecting, engaging and compensating designated agents and consultants, including municipal advisors and legal counsel, to assist and advise the City in carrying out this Continuing Disclosure Agreement; and
- (v) Effecting any necessary amendment of this Continuing Disclosure Agreement.

## CERTIFICATION

I, the undersigned, City Clerk of the City of Richland, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. 2025-37 (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on December 16, 2025, as that ordinance appears on the minute book of the City.

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: December 17, 2025.

CITY OF RICHLAND, WASHINGTON



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Jennifer Rogers, City Clerk

**APPENDIX B**  
**FORM OF OPINION OF BOND COUNSEL**

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[Date of Approving Legal Opinion]

City of Richland, Washington

Re: City of Richland, Washington  
\$ \_\_\_\_\_ Electric Utility Revenue Refunding and Improvement Bonds, 2026

We have served as bond counsel to the City of Richland, Washington (the “City”), in connection with the issuance of the above-referenced Electric Utility Revenue Refunding and Improvement Bonds, 2026 (the “Bonds”), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are issued by the City pursuant to Ordinance No. 2025-37 (the “Bond Ordinance”) to provide funds with which (1) to pay the cost of carrying out a portion of the Plan of Additions adopted by the Bond Ordinance, (2) to make a contribution to the reserve fund, if necessary, (3) to refund the City’s outstanding Electric Utility Revenue Bonds, 2015; and (4) to pay the costs of issuance and sale of the Bonds and the administrative costs of the Refunding, all as set forth in the Bond Ordinance.

Reference is made to the Bonds and the Bond Ordinance for the definitions of capitalized terms used and not otherwise defined herein.

We express no opinion herein concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds.

Under the Internal Revenue Code of 1986, as amended (the “Code”), the City is required to comply with certain requirements after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the City’s compliance with such requirements.

Based upon the foregoing, as of the date of initial delivery of the Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The City is a duly organized and legally existing charter city of the first class under the laws of the State of Washington.

2. The Bonds have been duly authorized and executed by the City and are issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the ordinances of the City relating thereto.

3. The Bonds constitute valid obligations of the City payable solely out of the Net Revenue of the Electric Utility to be paid into the Bond Fund, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. The Bonds are not general obligations of the City.

5. Under existing statutes, regulations, rulings and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

**APPENDIX C**  
**2024 AUDITED FINANCIAL STATEMENTS**

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CITY OF RICHLAND, WASHINGTON  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

# CITY OF RICHLAND

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended  
December 31, 2024

Prepared by:  
Finance Department



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Richland, WA 99352  
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[www.ci.richland.wa.us](http://www.ci.richland.wa.us)



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended December 31, 2024

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## INTRODUCTORY SECTION



## CITY OF RICHLAND

625 Swift Boulevard  
Richland, WA 99352  
(509) 942-7390



September 18, 2025

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

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Richland for the year ended December 31, 2024. This report has been prepared and is presented in conformance with Generally Accepted Accounting Principles (GAAP) and the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

Management assumes full responsibility for the completeness and reliability of all information in this report based on a comprehensive internal control framework established for this purpose. These controls provide reasonable assurance that the City's assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from any material misstatements. As Management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects and is presented in conformity with GAAP.

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

## PROFILE OF THE GOVERNMENT

The City of Richland is in southeastern Washington at the confluence of the Yakima and Columbia Rivers. It is a full-service city that provides police and fire protection, water, wastewater, solid waste, and electric utilities, parks and recreation activities, maintenance of public streets and facilities, and library services.



Richland has a Council-Manager form of government. Voters elect seven at-large City Council members who represent the entire community, not individual districts. From among themselves, Council members elect a Mayor and a Mayor Pro Tem. The Council sets policies, adopts ordinances and the annual budget, approves contracts, appoints individuals to boards and commissions, and hires the City Manager. As Chief Executive Officer, the City Manager hires personnel, supervises daily operations, oversees enforcement of laws, and is responsible for the annual budget. The Deputy and Assistant City Managers and the department heads are responsible for the City's day-to-day services and programs within the divisions they supervise.

## BUDGETS AND BUDGETARY ACCOUNTING

The City Manager proposes the operating budget to the City Council in early fall. After this, public hearings are conducted, allowing the public to comment. The preliminary budget is available for public review on the City's website. At least three public meetings and/or hearings are conducted as the law requires. Richland is required to hold two readings before adopting ordinances. First and second readings are given to the budget ordinance, and the final passage occurs upon the second reading, which traditionally happens at the second meeting in November annually. The budget takes effect on January 1 of the ensuing year. The budget appropriates fiscal year expenditures at the fund level. Appropriations in the budget are valid only for the fiscal year. Unspent appropriations that support capital projects, grants, or endowments are specifically reviewed at year-end and can be carried over to the subsequent year by Council action, per 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 budget process. It is a multi-year plan that provides a programmed approach to using the City's financial resources in the most efficient manner to meet capital needs.

## ECONOMIC OUTLOOK AND ENVIRONMENTAL SUSTAINABILITY

The Tri-Cities region's economy is rooted in innovation, contributing to some of the most significant scientific breakthroughs in the last century. Anchored in research and development, technology, manufacturing, agriculture, retail, healthcare, and government, major employers include Battelle/Pacific Northwest National Laboratory, Kadlec Regional Medical Center, Lamb Weston, Washington River Protection Solutions, Central Plateau Cleanup Company, Richland School District, and Bechtel National.

Unique community assets and business conditions include:

- No corporate, inventory, or personal income tax



- Businesses do not pay tax on interest, dividends, or capital gains
- Good schools, a safe place to live and raise a family
- World-class companies with a global perspective
- Affordable and profitable business environment
- The workforce is well-educated, reliable, and available.
- Inexpensive and reliable power
- Facilities, equipment, and world-renowned scientists developing new technologies in energy, chemistry, logistics, biofuels, and fuel efficiency

Richland's population of approximately 64,190 is highly educated and enjoys a per capita income that is on par with the state and higher than the nation as a whole. The median household income was \$97,070 in 2024, with median household expenditures of \$86,332. The median sales price of a home in the area in June 2023 was \$476,700. There were 1,842 building permits issued in 2024, with a total value of more than \$270.85 million. Property tax levied by all taxing districts with a presence in Richland was an average of \$9.26 per \$1,000 of assessed value. Richland's assessed valuation for property of \$11.68 billion in 2024 is an increase of 17.2% over the prior year. Retail sales during 2024 increased, resulting in sales tax revenues of \$19.1 million, a 5.2% increase over 2023.

Three major rivers, the Columbia, Snake, and Yakima Rivers, dominate the region's geography. The rivers provide the Tri-Cities with abundant water for irrigation and energy, barge transportation, and are a coveted recreational resource. Richland has over 2,350 acres of parkland, 58 parks, one 5-acre dog park, and 11 trails covering 26 miles, consisting of biking, running, walking, horseback riding, and dog walking paths. The greater Tri-Cities area has over 335 restaurants, 200 wineries, 14 breweries, three distilleries, and numerous food trucks. The region hosts 24 museums & art galleries, six community & performing arts theaters, ten golf courses, five disc golf courses, and two Pro sports teams.

#### FINANCIAL PLANNING

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

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

The following Strategic Priorities and desired outcomes from the City's 2024-2026 Strategic Leadership Plan relate to financial practices and infrastructure.

#### Strategic Priority: High-Performance Government

- Enhanced Community Engagement
- Improved Operational Performance
- Strengthened Partnerships

#### Strategic Priority: Financial Stability

- Ability to finance infrastructure and capital needs
- A diverse revenue base
- Well-managed resources

#### 2024 MAJOR ACHIEVEMENTS

- Implementation of a robust state and federal lobbying effort.
- The 2024 pavement preservation program was focused on central Richland and fully funded to maintain desired Pavement Condition Index ratings.
- Completion of Fire Station #76, located on Trowbridge Blvd. in the Badger Mountain South area.
- Full funding for Downtown Connectivity Improvements, rebranded as The Downtown Loop, was secured to support the development and redevelopment of central Richland and waterfront areas. Final design plans and right-of-way acquisitions are expected to be completed by the end of 2025, and construction is expected to begin in spring 2026.
- The inaugural IRONMAN 70.3 Triathlon took place in Richland in September 2024. The event brought approximately 3,000 registered triathletes and their supporters to Richland to swim the Columbia River, bike through wine country, and run the Riverfront Trail.

#### 2025 MAJOR INITIATIVES

- The City is working with the Port of Benton to complete a land exchange, which will align redevelopment properties to the strengths of each jurisdiction and advance implementation of the Northwest Advanced Clean Energy Park, development of an inland seaport, among other economic development initiatives.
- Traffic improvements are underway to accommodate new retail developments along Kennedy Road, between Duportail St. and Keene Road, anchored by the recently opened Costco.
- Construction of improvements to the intersection of George Washington Way with Aaron Drive/Columbia Point Drive. For many years, this intersection has been one of the highest-volume, most congested intersections in the Tri-Cities. It also generates a high number of crashes and presents a significant barrier to pedestrians and bicyclists because of its size and traffic volume. Improvements will include an additional southbound lane and left turn lane to southbound from Columbia Point Drive, removal of crosswalk islands, and sidewalk and ADA ramp improvements, along with new traffic and pedestrian signals.
- Updates to the City's Comprehensive plan are completed on a ten-year cycle. The Plan is a long-term policy document mandated by the Growth Management Act (GMA) that serves as a guide for Richland's growth and development. Elements of the Plan include the citywide transportation plan, parks and open space master plan, utilities, land use, housing, and capital facilities plans. The City began working with consultants on the various plan elements to complete the Plan updates in 2026.

For the 11<sup>th</sup> consecutive year, the Government Finance Officers Association awarded the City of Richland the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report, fiscal year ending December 31, 2023. The Certificate of Achievement is a prestigious

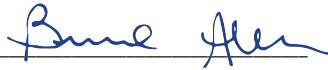
national award recognizing conformance with the highest standards for preparing state and local government financial reports.

We want to thank the entire Finance division staff, City leadership, and other City departments that contributed to the preparation 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 managing the City of Richland's finances.

Respectfully Submitted,



Jon Amundson, ICMA-CM, PMP  
City Manager



Brandon Allen, CPA  
Finance Director







Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Richland  
Washington**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

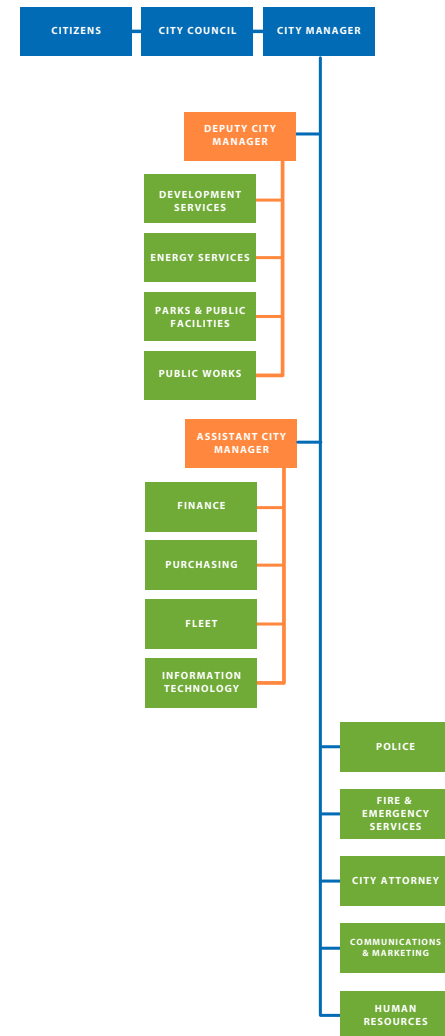
December 31, 2023

*Christopher P. Morill*

Executive Director/CEO



## CITY OF RICHLAND ORGANIZATIONAL CHART





## CITY OF RICHLAND CITY LEADERSHIP TEAM



**Theresa Richardson**  
Mayor



**Sandra Kent**  
Mayor Pro Tem



**Jhoanna Jones**  
Councilmember



**Shayne VanDyke**  
Councilmember



**Ryan Lukson**  
Councilmember



**Kurt Maier**  
Councilmember



**Ryan Whitten**  
Councilmember



**Jon Amundson**  
City Manager



## CITY OF RICHLAND DIRECTORY OF CITY OFFICIALS

(AS OF DECEMBER 31, 2024)

### ELECTED OFFICIALS

#### Mayor

*Theresa Richardson*

12/31/2027

#### Mayor Pro Tem

*Sandra Kent*

12/31/2025

#### Councilmember

*Jhoanna Jones*

12/31/2027

#### Councilmember

*Shayne VanDyke*

12/31/2027

#### Councilmember

*Ryan Lukson*

12/31/2025

#### Councilmember

*Ryan Whitten*

12/31/2025

#### Councilmember

*Kurt Maier*

12/31/2025

### ADMINISTRATIVE OFFICIALS

#### City Manager

*Jon Amundson*

#### Deputy City Manager

*Joe Schiessl*

#### Assistant City Manager

*Drew Florence*

#### City Attorney

*Heather Kintzley*

#### Development Services Director

*Vacant*

#### Energy Services Director

*Clint Whitney*

#### Fire & Emergency Services Director

*Tom Huntington*

#### Parks & Public Facilities Director

*Chris Waite*

#### Police Services Director

*Martin Pilcher*

#### Public Works Director

*Carlo D'Alessandro*

# FINANCIAL SECTION



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

## INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Mayor and City Council  
City of Richland  
Richland, Washington

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Richland as of and for the year then ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Richland, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 as a whole.

### Other Information

The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2025





## MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

The management of the City of Richland is pleased to present this discussion and analysis of the 2024 Annual Comprehensive Financial Report. The intent is to introduce the reader to the City's operations, explain how they are presented in this report, highlight significant financial activities during the period and provide a look at what is anticipated in the future for the City. This discussion and analysis should be considered in conjunction with the Letter of Transmittal as well as the other components of the report.

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

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

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

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



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

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



**Business-type activities** are services such as electric, water, wastewater and solid waste that are provided to Richland's citizens. These services are operated in a manner similar to private-sector businesses, with the exception of having no profit motive. Each user of the service is assessed a charge that is a combination of their share of having the service available to them and their direct use of the service. Collectively, these charges should fully recover the cost of providing the service.

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

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

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

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

The statements and other supporting information contained in this report provide information on all the City's governmental, business-type and other activities, as well as a discreetly presented component unit, the Richland Public Facilities District. This report contains the following components:

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

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

**Government-Wide Financial Statements** present the City's overall financial position as of December 31, 2024, and the activities that resulted in that position. It further provides the financial position and activities of the component unit. The financial position is found in the Statement of Net Position, while the activities resulting in the ending financial position are found in the Statement of Activities. Governmental and business-type activities are aggregated in their own respective columns.

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

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

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

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

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

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

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

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

## FINANCIAL HIGHLIGHTS

This discussion and analysis provides information on the amounts and activities presented in the following summarized Government-Wide Statements, compared to the prior year, as well as significant events and transactions that impacted the City's financial position during 2024.

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

### Condensed Statement of Net Position

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2024	2023	2024	2023	2024	2023
Current & other assets	\$ 154,733,770	\$ 158,721,829	\$ 89,970,956	\$ 91,201,182	\$ 244,704,726	\$ 249,923,011
Restricted cash and investments	1,054,986		21,049,608	23,530,961	22,104,594	23,530,961
Capital assets, net	222,525,561	213,263,324	381,951,003	358,146,512	604,476,564	571,409,836
Total assets	378,314,317	371,985,153	492,971,567	472,878,655	871,285,884	844,863,808
Deferred outflows of resources	15,063,854	11,486,915	7,813,926	6,090,553	22,877,780	17,577,468
Current liabilities	16,830,012	17,208,858	16,849,451	17,662,519	33,679,463	34,871,377
Long-term liabilities outstanding	44,398,315	52,648,604	114,674,301	116,288,273	159,072,616	168,936,877
Total liabilities	61,228,327	69,857,462	131,523,752	133,950,792	192,752,079	203,808,254
Deferred inflows of resources	17,091,256	20,223,792	4,352,600	4,871,175	21,443,856	25,094,967
Net Position:						
Net investment in capital assets	183,802,046	172,504,756	278,910,826	256,105,422	462,712,872	428,610,178
Restricted	50,464,952	58,327,152	18,080,250	31,369,030	68,545,202	89,696,182
Unrestricted	80,791,590	62,558,906	67,918,064	52,672,792	148,709,654	115,231,698
Total net position	\$ 315,058,588	\$ 293,390,814	\$ 364,909,140	\$ 340,147,244	\$ 679,967,228	\$ 633,538,058

Amounts may not foot exactly due to rounding





City of Richland, Washington  
Annual Comprehensive Financial Report  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024

**Condensed Statement of Activities**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2024	2023	2024	2023	2024	2023
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 27,572,322	\$ 25,761,939	\$ 131,568,706	\$ 130,529,743	\$ 159,141,028	\$ 156,291,682
Operating grants & contributions	7,058,596	6,488,847	263,698	834,515	7,322,294	7,323,362
Capital grants & contributions	4,237,400	5,111,623	8,662,715	4,835,632	12,900,115	9,947,255
General Revenues:						
Property taxes	22,483,311	21,638,312			22,483,311	21,638,312
Other taxes	47,502,113	46,229,554			47,502,113	46,229,554
Other	6,360,918	6,440,087	4,744,198	4,978,305	11,105,116	11,418,392
Total revenues	115,214,660	111,670,362	145,239,317	141,178,195	260,453,977	252,848,557
<b>EXPENSES:</b>						
Judicial	1,134,936	775,285			1,134,936	775,285
General government	20,916,219	19,297,418			20,916,219	19,297,418
Public safety	37,154,690	36,626,905			37,154,690	36,626,905
Transportation	12,403,163	12,561,427			12,403,163	12,561,427
Health & human services	9,186	27,310			9,186	27,310
Economic environment	8,560,219	5,960,588			8,560,219	5,960,588
Culture & recreation	10,894,751	10,446,145			10,894,751	10,446,145
Physical Environment	473,252	1,233,360				
Interest on long-term debt	1,129,964	1,229,343			1,129,964	1,229,343
Electric			71,706,850	68,670,617	71,706,850	68,670,617
Water			13,813,867	13,044,728	13,813,867	13,044,728
Wastewater			9,603,063	9,285,780	9,603,063	9,285,780
Solid waste			12,741,697	9,628,268	12,741,697	9,628,268
Stormwater			1,663,174	1,701,907	1,663,174	1,701,907
Golf course			2,334,816	2,171,620	2,334,816	2,171,620
Medical services			9,397,833	7,019,981	9,397,833	7,019,981
Broadband			316,347	304,112	316,347	304,112
Total expenses	92,676,380	88,157,781	121,577,647	111,827,013	214,254,027	199,984,794
Excess/(deficiency) before transfers	22,538,280	23,512,581	23,661,670	29,351,182	46,199,950	52,863,763
Transfers	(1,100,226)	(1,227,498)	1,100,226	1,227,498		
Change in net position	21,438,054	22,285,083	24,761,896	30,578,680	46,199,950	52,863,763
Net position, January 1	293,390,814	270,107,403	340,147,244	309,318,564	633,538,058	579,425,967
Error correction	229,720	998,328		250,000	229,720	1,248,328
<b>Net position, December 31</b>	<b>\$ 315,058,588</b>	<b>\$ 293,390,814</b>	<b>\$ 364,909,140</b>	<b>\$ 340,147,244</b>	<b>\$ 679,967,728</b>	<b>\$ 633,538,058</b>

Amounts may not foot exactly due to rounding

**FINANCIAL RESULTS**

**Government-Wide Activities**

Overall, the City's 2024 activities resulted in a \$46.2 million increase in net position before applying prior period adjustments. Adjustments to beginning net position reflecting prior period activity resulted in an increase of \$229,720 and did not have a significant effect on the total increase in net position. A discussion of these adjustments can be found under the heading "Prior Period Adjustments" in Note 1 to the Financial Statements. By comparison, net position increased \$52.9 million in 2023 before prior period adjustments. The continued growth from one year to the next reflects the City's long-term approach to the economic environment within which the City operates. Of the total net position at December 31, 2024, \$148.7 million is unrestricted and available to finance future activities. Looking deeper into the Government-Wide Statements, governmental activities' total net position increased \$21.7 million, while net position increased \$24.8 million as a result of business-type activities.

City of Richland, Washington  
Annual Comprehensive Financial Report  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024

Total revenues on the Government-Wide Statement of Activities were \$7.6 million higher than the prior year. Governmental revenues were \$3.5 million higher than the prior year, while business-type activity revenues were \$4.1 million higher. In the Business-type activities the largest variances were a \$3.8 million increase in capital grants & contributions, mainly in the Electric Utility Fund; and a \$1.0 million increase in charges for services, primarily in the Solid Waste, Medical Services and Water funds. A more in-depth discussion of major business-type funds occurs later in this discussion and analysis.



Governmental activities' charges for services increased about \$1.8 million over the previous year. This was largely due to increases in the Transportation function for traffic impact fees; increases in General Government for costs allocated to other City departments; increases in Public Safety for personnel fees charged to BCEs; offset by some decreases in Economic Environment due to changes to lease revenues as a result of annual adjustments for interest and present value calculations.

Governmental activities' operating grants and contributions increased \$569,749 over the prior year. This was mainly due to increases to HUD grants in the Economic Environment function and a clean energy grant in General Government that funded utility bill relief to low-income households, offset by a reduction in the recognition in revenues of COVID ARPA revenue replacement funding that was spent in 2024 to support construction of a new fire station in the Badger Mountain South area.

Governmental activities' capital grants and contributions decreased \$874,223 from the prior year, almost entirely due to Transportation projects that are grant-funded. Capital grants typically fluctuate depending upon the projects that are being pursued.

*...the City's 2024 activities resulted in a \$46.2 million increase in net position ...*

In the general revenues section of the Statement of Activities, total tax revenues increased by \$2.1 million over the prior year. New construction remained steady, resulting in an increased tax base and a \$845,000 increase in property tax revenues. Sales tax revenue continued to grow, posting a \$999,862 increase due to increases in sales activity, a slight increase over the prior year growth. Utility taxes collected were down \$279,696 from the prior year, which put that revenue stream nearly equal to 2022 levels. Real Estate Excise Tax (REET) increased \$332,263 from the prior year. REET revenue is highly dependent on the real estate market, and can fluctuate widely if large property transactions take place. Minor increases and decreases in other taxes occurred, rounding out the rest of the change in tax revenues.



Other general revenues in governmental activities include investment earnings and gains on disposition of assets. Investment earnings decreased by only \$306,890, representing a stabilization of this revenue, given the large ups and downs over the past few years. Market conditions can vary widely over the course of a year. Because the City holds its investments until maturity, these gains and losses will reverse in subsequent periods.

Gain on sale of land held for resale in 2024 was \$202,966 lower than the prior year. This revenue is highly variable depending on the interest of potential buyers in acquiring land located primarily in the City's industrial area.

Salaries and benefits are the most significant expense of the City, aside from wholesale power purchases. On the City-wide Statement of Activities, Governmental-type activity expenses were higher than the prior year, showing a \$4.5 million increase, while business-type activity expenses increased \$9.8 million. Looking at the changes in Governmental activities' expenses by functional category, we noted the following variances in comparison with the prior year: General government expenses increased by \$1.6 million, Public safety expenses increased \$0.5 million, and Economic environment expenses increased \$2.6 million.

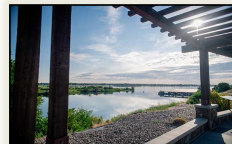
The most significant changes in business-type activities expenses include: electric utility expenses increased \$3.0 million, nearly erasing the prior year decrease. Water utility expenses increased \$769,139. Sewer utility expenses increased \$317,283; solid waste utility expenses increased by \$3.1 million; and medical services utility expenses increased \$2.4 million. 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 \$315.1 million in total net position at year end, a \$21.7 million increase over the prior year. The unrestricted portion of ending net position was \$80.8 million. The primary contributors to governmental activities' total net position are usually capital and debt-financed capital activities, as well as operating activities found in the City's General Fund.

**Capital and Debt-Financed Capital:** Governmental activities' net investment in capital assets increased \$11.3 million in 2024. This balance reflects 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 \$192.8 million in total city liabilities, \$34.6 million or 17.9% is governmental activities' general obligation debt (i.e. payable on the full faith and credit of the City) related to capital activities. \$3.5 million in general obligation debt is voter approved and supported by a special property tax levy, while the remaining \$31.0 million is non-voted or "Councilmanic" debt.



The City maintains strong credit ratings on its general obligation debt with a Standard & Poor's rating of AA+ on Unlimited Tax General Obligation Debt and Limited Tax General Obligation Debt. For more information on long-term debt see Note 4 in the Notes to the Financial Statements.

Improvements to parks, public safety and transportation infrastructure remain a high priority for the City. City facilities have also risen in priority in the last few years, especially as the population increases and the City's borders continue to expand. Following are some of the major governmental capital outlays for fiscal year 2024. For more information on capital assets see Note 3 in the Notes to the Financial Statements.

- The City completed construction of Fire Station #76, located in the Badger Mountain South community. This public safety facility provides initial emergency medical, fire, and law enforcement response capabilities to residents of Southwest Richland, including the Badger Mountain South Development, as well as the Dallas Road, I-82, and Reata corridors. The City's 2024 expenditures for the project totaled \$4.4 million. The station opened in September 2024 and is now fully operational.
- In 2024, the City invested \$2.2 million in Phase I of construction for West Village Park, a 33.70-acre community park also located in the Badger Mountain South neighborhood. Situated adjacent to Fire Station #76, the first phase of development encompasses approximately 4.5 acres and includes parking, landscaping, open grass play areas, and a restroom facility.
- The City invested \$854,456 in the new Sturgeon Cove Playground at Howard Amon Park, replacing the aging play structure that had reached the end of its useful life. The new playground mirrors the original design with waterway and cruise boat-themed elements, while enhancing accessibility, increasing play features, and expanding the overall structure to accommodate more users and maximize enjoyment. Most of the equipment was installed between September and December 2024. Due to delays in receiving some components, the remaining installation is scheduled for February and March 2025, in time for the summer season.
- The City invested \$296,212 in improvements to the Uptown parking lot. The Uptown Shopping Center, known for its eclectic, artistic character, serves as a hub for local small businesses and entrepreneurs. Over the past years, the City implemented ADA upgrades and re-striped the parking lot. The 2024 project included replacing common area lighting, renewing landscaping, and updating informational signage. Sidewalk lights were replaced due to unavailable replacement parts and damage to many of the existing poles.
- The City spent \$219,671 to construct a new parking lot along Keene Road. The site was previously an undeveloped, dusty section of land with no defined purpose, informally used as a connector between two existing parking areas and often used by employees of nearby businesses. Paving and developing this area resolved ongoing dust issues, created a more visually appealing and functional space, and added valuable parking capacity. The new lot is also directly adjacent to the heavily used Keene Road Trail and now serves as an additional access point for trail users.
- The City spent \$3.4 million in 2024 on the ongoing Pavement Preservation program. This program preserves a vital element of the City's infrastructure. Additionally, the City implements its Complete Streets Policy (RMC 12.06) by restriping streets to include bike lanes and on-street parking delineation as part of this program.
- Major infrastructure construction projects in 2024 included \$1.0 million for Phase II of Clubhouse Lane construction, \$0.4 million for intersection improvements on South George Washington Way, \$0.3 million for school walking route improvements along Jadwin Avenue, \$0.3 million for ADA ramp construction, and \$0.3 million for systemic pedestrian crossing safety enhancements. Additional details on these projects are provided in the Streets Capital Construction Fund section below.

## Major Governmental Funds

**General Fund** activity resulted in a fund balance increase of \$1.4 million in 2024. In comparison, 2023 General Fund activities resulted in an \$6.1 million increase. Total revenues increased by \$1.5 million or 2%, while expenditures increased by \$9.3 million or 14%. In addition to revenues and expenditures, the General Fund receives transfers from other funds, and also transfers money out to other funds.

Interfund transfers into the General fund decreased by \$687,908 in 2024 versus the prior year, while transfers out from the General fund to other City funds decreased by \$1.9 million. Transfers out fluctuate year to year, typically based on capital funding requests during the budgeting process.

Tax revenues are the primary revenue source for the General Fund. Property taxes increased by \$643,709, mainly due to new residential and commercial construction in Richland. Sales taxes, which continue to set new annual record highs, posted a \$980,951 increase. Utility taxes decreased by \$242,779, mainly due to a decrease in Electric revenue as milder weather during the year reduced demand for heating and cooling. Intergovernmental revenues decreased \$373,784. This was due to the amount recognized as revenue from COVID monies being less in 2024 than in 2023. The last of the City's COVID funds was used in the construction of Fire Station #76. Not counting the fluctuation in this one revenue source, Intergovernmental revenues would actually show an increase over the prior year due to grants received for utility low-income relief and for cybersecurity upgrades. Charges for services increased by \$351,863 million, mainly related to cost allocation charges to City departments outside the General Fund offset by various other smaller increases and decreases.

General Fund operating expenditures on the 2024 Statement of Revenues, Expenditures and Changes in Net Position were \$9.3 million higher than the prior year. The increases mainly occurred in public safety, general government, economic environment and culture & recreation current expenditures, and in general government capital outlay.



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 Annual Comprehensive Financial Report, to present comparisons between actual revenues and expenditures, and the original and amended final budgets. Overall, revenues and expenditures were 106.9% and 96.7% of their respective adjusted budgets. The largest budget-actual dollar variance in revenue categories was in taxes, at \$3.3 million more than the adjusted budget, a 6.2% variance. The next largest budget-actual dollar variance in revenues was in investment earnings, at \$1.6 million more than the adjusted budget. Intergovernmental revenues decreased \$748,426, an 11.9% decrease. As mentioned previously in the discussion of governmental activities revenues, the remaining amount of COVID funding was recognized as revenue in 2024, which was less than the amount recognized in 2023.

The largest budget-actual dollar variance in expenditures, by function, was in general government operating expenditures, which came in \$5.9 million below the adjusted budget, followed by general government capital outlay, which came in \$3.6 million over budget. The capital outlay variance was due

to reclassification of Information Technology capitalized purchases, leases and SBITAs from accounts originally budgeted as operating expenditures. Other less significant general governmental budget variances occurred throughout the remaining divisions.

Following are the significant adjustments made to the General fund original budget in 2024:

- The costs to construct a regional animal shelter in Pasco is being shared by the cities of Richland, Kennewick and Pasco. Early in 2024 the City was notified that an additional contribution in the amount of \$250,000 was needed for furniture, fixtures and equipment not contemplated in the original project budget.
- \$168,687 was appropriated to authorize spending the proceeds of various grants supporting Police and Library programs.
- \$1,069,400 was appropriated to authorize the use of Climate Commitment Act funding for a low-income utility assistance program.
- Budget carryovers for prior year uncompleted projects and encumbrances totaled \$3,954,385.



**Streets Capital Construction Fund** activities resulted in a fund balance increase of \$3.6 million in 2024. By comparison, 2023 activities resulted in a \$0.8 million increase in fund balance. Revenues decreased by \$1.3 million or 23%, while expenditures decreased by \$3.6 million or 34%. Other financing sources decreased \$493,430 or 9%.

Intergovernmental revenues in the form of grants, charges for services in the form of traffic impact fees, and interfund transfers are the primary revenue sources for the Streets Capital Construction Fund. In 2024 fewer grant-funded projects were under way, resulting in a reduction in intergovernmental revenues from the prior year. Traffic impact fee revenues saw a sharp increase, as new commercial development in the City View area near Kennedy road will necessitate improvements to roadways in that area.

The following were some of the major projects accounted for in the Streets Capital Construction Fund in 2024:

- The largest project was the ongoing Pavement Preservation Program, with expenditures totaling \$3.4 million—representing 49% of all expenditures in the fund. This program focuses on preserving the City's paved streets through resurfacing techniques chosen to minimize life-cycle costs while maintaining roadway conditions at established standards. It also includes necessary drainage improvements to protect pavement integrity, as well as construction of pedestrian access facilities required under federal regulations. The City rotates focus areas each year between north Richland, central Richland, and south Richland. The 2024 Pavement Preservation Program focused most efforts on the southern portion of the City of Richland.
- The next largest project expenditure in Street Capital Construction Fund was for Phase II of the Clubhouse Lane construction, with capital expenditures totaling \$1.0 million—representing 15% of all 2024 expenses in the fund. This phase included the extension of Bushwood Drive and Kingsgate Way from the south leg of the existing roundabout. The two roads now connect at a new intersection, providing improved access to the commercial lots developed during Phase I.

Completion of Phase II also created two additional commercial lots for future development. Construction was completed by the contractor in June 2024.

- The City spent \$0.4 million—6% of all 2024 fund expenditures—on design work for intersection improvements at George Washington Way and Aaron Drive/Columbia Point Drive. This high-volume, congested intersection has long posed safety and accessibility challenges for both drivers and non-motorized users. Despite previous improvement efforts, congestion and crash rates remain high. In response, the City launched a multi-phase project led by engineering consultant H.W. Lochner. Phase 1 (Feasibility and Preliminary Engineering) began in 2021, followed by Phase 2 (Design), completed in 2024. Phase 3 (Construction Management) is scheduled to begin in the Spring of 2025.
- The City continues to invest in improving safety and mobility for pedestrians and other active transportation users. In 2024, \$0.9 million—or 12% of all Streets Capital Construction Fund expenditures—was dedicated to the following three projects (about \$0.3 million each):
  - Citywide ADA Accessibility Program – This program upgrades sidewalk access ramps, installs accessible pedestrian signal systems at signalized intersections, adds pedestrian-activated rapid flashing beacons, and removes barriers to pedestrian mobility. It plays a critical role in the City's efforts to comply with the Americans with Disabilities Act by addressing outdated infrastructure.
  - Systemic Pedestrian Crossing Safety Improvements – This project implements safety enhancements such as rectangular rapid flashing beacons and associated signs and pavement markings at multiple pedestrian crossings throughout the city.
  - Jadwin Avenue School Walking Route Improvements – This project added missing sidewalks near Lewis and Clark Elementary School, enhancing safety and connectivity for students and improving pedestrian access to downtown Richland.

#### Business-Type Activities

Business-type activities resulted in an ending net position of \$365.3 million, for an increase of \$25.2 million. Unrestricted net position increased by \$15.6 million to provide a total of \$68.3 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, Wastewater and Solid Waste funds, which comprise 80% of the total business-type net position.

**Electric Fund** activities increased ending net position by \$14.8 million or 15.5% above the previous year-end balance. Annual debt repayment of \$2.4 million and depreciation of \$7.4 million were offset by the utility's \$15.5 million investment in capital. In response to forecasted growth in customer and consumption base, \$14.6 million in capital outlays was for projects that constructed, renewed and extended existing distribution infrastructure, as well as improved and expanded substation infrastructure. Capital outlay for equipment, machinery and software totaled over \$0.9 million.

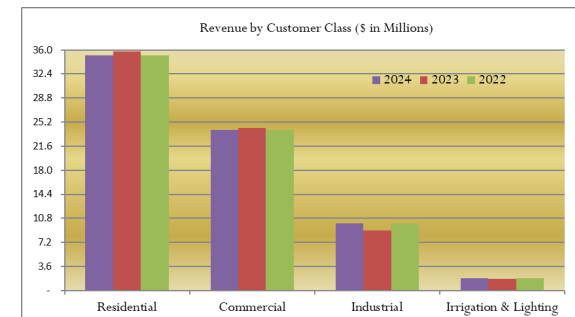
Operating revenue decreased \$0.1 million or 0.0% due to inconsistencies in customer loads and weather patterns. The last system-wide rate increase went into effect on June 1, 2019 and due to a buildup of cash

associated with a BPA rate adjustment and a \$6.7 million billing credit related to a reserve distribution clause in the BPA contract, there is no additional utility rate action planned until 2026.

System-wide energy consumption decreased 4.0% and total customer accounts increased 2.9% in 2024. When looking at energy consumption changes by customer class, residential consumption decreased by 4.9%, commercial consumption increased by 1.0% and industrial consumption decreased 12.5%. The irrigation and lighting class decreased by 12.5%.

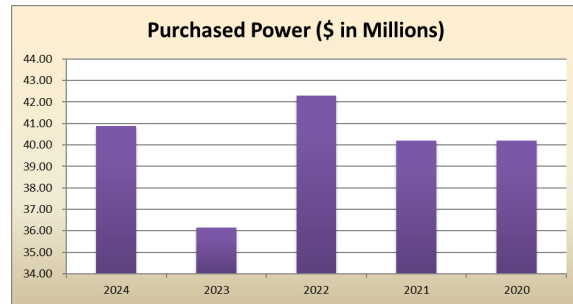
Energy consumption is largely dependent on weather conditions, particularly for residential and commercial customers. The 2024 weather was typical for the area with extended summer periods with highs over 100 and winter low temperatures getting into single digits. January's weather spiked demand again this year with a cold spell and a coincidental peak system demand set at 238.1 MW. Trends of increasing commercial loads from economic development activity and decreasing residential energy consumption because of the City's energy conservation program investment are expected.

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



Operating expenses increased \$4.0 million or 6.2% compared to the prior year. While weather factors impacted customer loads in 2024, wholesale power cost increased by \$4.7 million. The reported wholesale power increase was the result of a \$7.7 million increase in billed power offset by a \$3.0 million credit from BPA. The credit is paid as part of a contract clause related to reserves generated by selling unused power on the open market. Additionally, the pension cost credit was slightly lower at \$882,000 compared to the 2023 credit of \$970,000. The pension cost credit is the result of State retirement plan investment earnings creating a pension asset at the system level. In previous years, the State plans would typically carry plan liabilities. Operating expenses in total are continually being mitigated by cost containment measures taken during the budget development process.

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



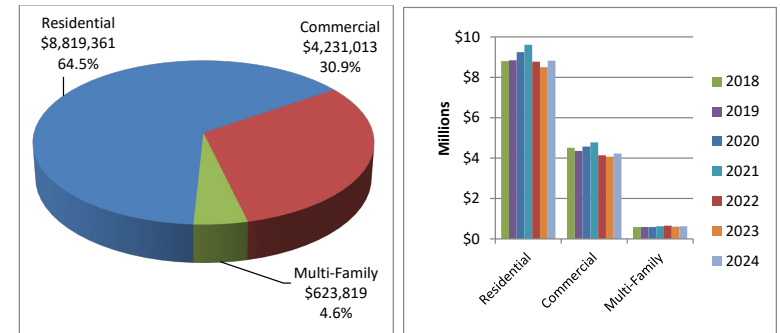
Standard & Poor's (S&P) changed the Electric Utility's credit rating on outstanding bonded debt from A+ to A with a Stable Outlook in 2019. The A rating was reaffirmed on the utility's \$19.4 million 2023 capital improvement and refunding bond issue. The slight downgrade in 2019 reflects S&P's updated "U.S. Municipal Retail Electric and Gas Utilities: Methodology and Assumptions" published Sept. 27, 2018. The main drivers of the rating change were fixed-charge coverage levels and a decline in unrestricted cash. Notwithstanding, maintaining a base "A" rating is a significant reflection of the utility's overall financial strength and stability. The rating also recognizes City management's willingness to maintain adequate reserves, adjust rates and acquire additional capital financing when necessary. Maintaining or improving this credit rating is a key objective in minimizing debt service expense on future revenue bond sales. The next bond issuance is scheduled for the winter of 2025.

**Water Fund** activities generated a net position increase of \$3.86 million in 2024, an increase of 2.0% over the previous year. Operating income was \$1.6 million, a 12.5 % decrease compared to 2023. Operating revenues increased \$363,555 due in part to a 4% increase in each category of residential, commercial, and multi-family water sales. Interest earnings decreased by \$118,369 because of year-end fair value adjustments, while interest expense increased by \$91,350.

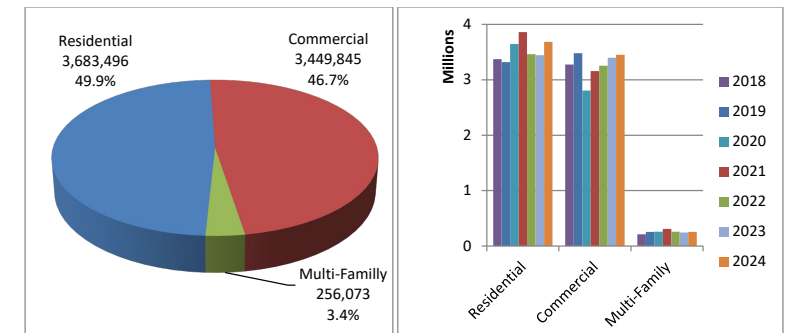
The utility recognized capital contributions of almost \$1.8 million in 2024. Fifty-two percent of these contributions were received from private sources, valued at \$917,116. This addition reflects the fair value

of capital improvements that were built and funded privately, and subsequently gifted to the City after the assets were placed in service. Donated capital is recognized when the development is completed and accepted by the City. The remaining capital contribution revenue is mostly tied to new service requests that result in facilities fees charged to the owner. The facilities fee revenue of \$836,808 increased by \$138,351 or 20% in 2024. The utility transferred out \$20,000 in support of a multi-year cost sharing effort to install a fiber optic cable backbone. The fiber optic network carries the water utility's communication systems.

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



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





In 2024, the water utility operating expenses increased by \$599,374 over 2023. Most of the increase of \$449,629 comes from salaries and related costs and another third or \$179,467 comes from an increase in depreciation. Other service expenditures are driven by events that require outside input for the utility. Examples would include outside consultants, repairs to equipment or payment for a license or permit. In the event of equipment failure, this would necessitate such expenditures. Total costs in this category increased by \$67,077 when compared to 2023, mostly due to increases in expert services and rising insurance premium costs. The water utility uses a significant amount of electrical power at the treatment plant and pumping stations throughout the City. Utilities expense for water operations in 2024 decreased \$65,110 over the previous year. Energy consumption is largely dependent on weather conditions and energy conservation programs have caused decreasing residential consumption in 2022 and 2023 while in 2024 there was a slight increase.

Tax expense in 2024 increased by \$61,001, with increases of \$35,275 in city utility tax and \$25,726 in state and other taxes.

In 2024, the utility made the following significant investments in its capital infrastructure:

- Continued installation of automated meter reading infrastructure. The utility spent \$420,094 on this project in 2024.
- Continued water distribution system improvements to make timely repairs and maintain system reliability and efficiency. One of those projects was the street repairs at Kennedy Road and Truman Road. The capital costs in 2024 were \$936,050.
- The Tapteal Booster Pump Station upgrade will increase capacity and efficiency to meet the increased growth needs in south Richland and the City of West Richland. The capital spending on this specific project was \$5,340,497 in 2024.

The capital related bond debt of the water and wastewater utilities comprise a large portion, \$14.5 million, or 17.5% of all revenue bond debt and 11.8% of all City long-term borrowing. The total Water utility debt equals \$10.8 million, or 8.7% of all the city's debt. The water utility debt is comprised of bonded debt and State Safe Drinking Water Revolving Fund loans. The Safe Drinking Water Revolving Fund loans were issued at coveted, below-market interest rates.

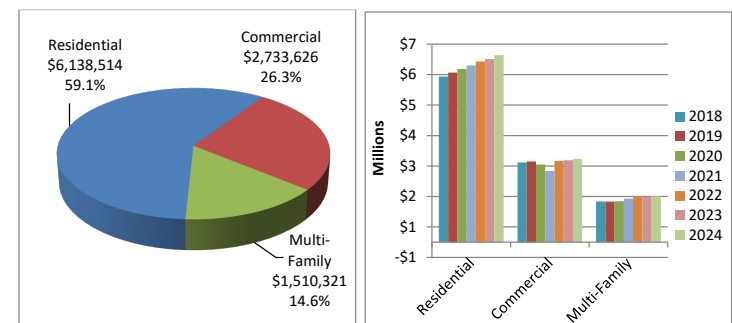
The utility is required by its bond covenants to maintain a bond reserve in lieu of bond insurance and has adhered to this requirement by restricting \$859,642 in cash and investments on the utility's balance sheet. The financial strength of the combined water and wastewater utility was assessed by Standard & Poor's and rated AA in May 2017.

Wastewater Fund activities generated a net position increase of \$2.78 million in 2024. Total operating income was \$849,114 in 2024, a decrease of \$127,559 compared to 2023. This difference was the result of an increase in operating revenues of \$112,515 coupled with a larger increase in operating expenses of \$240,074. Interest earnings decreased by \$494,354 compared to 2023, due to year-end fair value adjustments. Interest expense increased by \$25,357 in 2024.

Additionally, the utility recognized capital contributions of \$1.8 million in 2024. Of this addition, \$792,903 reflects the value of capital improvements that were built and funded by private development and subsequently gifted to the City once placed in service. Donated capital is recognized as the development is completed and accepted by the City. The remaining capital contribution revenue of \$1,007,016, is connected to new utility service requests that result in facilities fees charged to the owner. The utility transferred out \$5,000 in support of a multi-year cost sharing effort to install a fiber optic cable backbone. The fiber optic network supports the utility's communication system. The utility also received a transfer of \$450 for work to be done on the Horn Rapids sewer extension.

The utility's most recent rate change went into effect during 2010. Therefore, any increase in residential revenue is directly tied to customer growth. Residential revenue increased \$131,962 in 2024, or 2.2% above 2023 revenues. For the commercial and multifamily classes of service, water consumption is also a component in the calculation of the bill. Revenue from the commercial class experienced smaller growth of \$43,191 or 1.6%, and for the multifamily class of customers revenue increased \$15,021 over 2023, or a 1.0% increase.

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



The operating expenses of the City's wastewater utility increased \$240,074 when compared to 2023. Total salaries and related costs increased only by \$2,917 or an increase of 0.1%. However, there was a large

offset in the pension expense of \$232,261. This was primarily due to adjustments to annual pension expense accruals for the state PERS plans. If the pension expense is not included, salaries and related costs would have increased by \$235,178 or 9.2%.

Supply costs increased in 2024 by \$57,787 or 12.1%. Most of this increase was due to the repair work needed at the lift station on Dallas Road. The utility also saw an increase of \$38,589 in utility expenses and an increase of \$23,9112 in licenses and permits when compared to 2023.

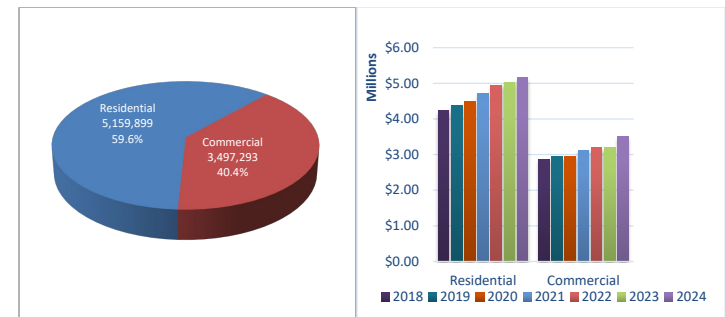
The utility remains focused on improving its Wastewater Treatment Plant. In 2024, Wastewater utility investments in capital infrastructure included planned annual improvements to eliminate downtime and ensure effective wastewater treatment. During 2024, the total spending on these capital improvements was over \$5.1 million. Over \$3.7 million was spent to restore the biological treatment capacity by doing a retrofit of the Aeration Basin #2 to provide the necessary organic material biodegradation.

The utility total capital debt equals \$5.8 million, or 4.7% of all City long-term debt. The debt is comprised of bonded debt and one loan from the Department of Ecology. The utility has complied with bond covenant requirements and restricted \$460,760 in a bond reserve account. The financial strength of the combined water and wastewater utility was assessed by Standard & Poor's and rated AA in May 2017.

**Solid Waste Fund** activities generated a net position decrease of \$870,073 in 2024. The utility reported operating income of \$86,537 in 2024, a decrease of \$969,614 over the previous year. This was mainly due to an increase in operating expenses of \$1.5 million over 2023. Almost all of this expense was for the landfill post-closure operating costs. Operating revenues increased by \$488,681 with residential collection revenue increasing by \$414,576 or 2.9% and commercial collection revenue increasing by \$385,723 or 9.6%. Landfill disposal revenue increased by 20.6%, and drop box revenues decreased by \$377,244, or 18.9% when compared to 2023. There was a \$1.7 million decrease in non-operating revenues due mostly to the landfill's annual change in estimates for closure/post-closure care costs and changes in engineering calculations of the remaining volume.

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



Operating expenses increased \$1.4 million in 2024 when compared to 2023. Salaries and related costs increased \$166,017 or 5.3%. Supplies costs increased \$115,952, with \$80,877 coming from purchasing containers and another \$19,196 in operating supplies and materials. External services costs increased by \$846,889, with \$681,070 coming from a vendor change in recycling processing fees. In the early part of 2023, a vendor change was made, and their billings were not received on a timely basis. As a result, almost \$288,000 of the fees were for 2023. Internal or cost-allocated service expense increased by \$467,543. Among the many types of allocated service expenses for the solid waste utility, the most significant fluctuations were increases in the costs tied to repair, maintenance and fuel costs for the utility's fleet. The replacement vehicle and equipment costs increased \$211,529 in 2024 and as the utility continues to replace its aging fleet, repair costs should level out.

The long-term debt of the solid waste Fund includes a \$3.16 million Washington State Public Works Board loan and the estimated liability for landfill closure/post-closure care, in the amount of \$8.3 million. The combined total of this debt is the equivalent of 2.6% of all City long-term capital debt. In 2025 the utility is planning on acquiring additional long-term debt in the amount of \$8.0 million to start work to open a new landfill cell. The Solid Waste utility is not usually classified as a major fund for financial statement reporting but the liability increased with the closing of the current cell and the opening of a new cell. Once closure activities on the current cell are completed in 2025, the liability should drop to reflect just the amount for post-closure efforts.

## ECONOMIC OUTLOOK

Richland is located in Benton County, Washington, and is part of the Tri-Cities metropolitan area, which also includes the cities of Kennewick and Pasco. The local economy of Richland is influenced by several key sectors:

1. **Energy and Nuclear Industry:** Richland is home to the Pacific Northwest National Laboratory (PNNL), which conducts research in various fields, including energy, environment, and national security. The nearby Hanford Nuclear Reservation, although primarily a decommissioned site, still contributes to the local economy through ongoing cleanup efforts.
2. **Agriculture:** Agriculture plays a significant role in the economy of the Tri-Cities region. The fertile soil and favorable climate support the growth of crops such as grapes, apples, cherries, and other fruits, as well as vegetables. The agricultural sector provides employment opportunities and contributes to the local economy through production, processing, and distribution.
3. **Manufacturing and Technology:** Richland has a diverse manufacturing sector, including industries such as aerospace, defense, food processing, and machinery manufacturing. The region also has a growing technology sector, with companies involved in software development, data analysis, and other high-tech fields.
4. **Healthcare and Education:** Richland is home to Kadlec Regional Medical Center, which is one of the largest employers in the region. The healthcare sector, including medical services and research, provides stable employment opportunities. Additionally, education is an important sector, with Washington State University Tri-Cities, Columbia Basin College and other educational institutions contributing to the local economy.
5. **Tourism and Recreation:** Richland and the surrounding area attract visitors due to its natural beauty, outdoor recreational opportunities, and cultural events. The Columbia River, nearby wineries, and the Hanford Reach National Monument offer attractions for tourists and contribute to the local economy through hospitality, leisure, and tourism-related businesses.

Richland's economy is strong and diverse, with plenty of activity in new construction and retail leading to increased sales and property tax revenues. Assessed property values in Richland continue to steadily increase, and while Richland's population is the lowest of the three major cities in the Tri-City area, the total assessed value is the highest in the region. Richland's population continues to increase as the city is a desirable location to live and raise a family.

The Hanford Nuclear Reservation clean-up continues and is not expected to be complete for several decades. Federal funding for these efforts is a significant driver of the Tri-Cities' economy, particularly in Richland. While this funding has the risk of being volatile due to changes in political priorities and available federal spending, historically, the clean-up project has experienced strong federal support.



Richland continues to enjoy steady new construction activity, including retail centers, office, and multifamily development. The Queensgate/City View area continues to be an area of strong growth with a retail/commercial focus, and significant infrastructure improvements are planned for 2025, headlined by the addition of a newly constructed Costco. The City has ongoing construction of road and infrastructure improvements in the Horn Rapids area, which attracts commercial growth. The Badger Mountain South area is experiencing significant residential growth.

The Horn Rapids Advanced Clean Energy Park, located in the north end of the city, continues to be an area of high potential growth. The City has received strong interest from multiple industrial companies and has been in negotiations to locate their facilities in the park over the next three to five years.

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## BASIC FINANCIAL STATEMENTS

### Government-wide Financial Statements

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Net Position  
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Richland Public Facilities District
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 44,587,663	\$ 36,623,417	\$ 81,211,080	\$ 1,398,147
Deposits with third parties	517,139	11,575	528,714	-
Investments	52,163,664	32,938,079	85,101,743	-
Taxes receivable	5,682,311	-	5,682,311	-
Customer accounts, net	858,851	9,757,060	10,615,911	4,802
Due from other governments	856,186	483	856,669	133,591
Notes and contracts	1,526,061	150,000	1,676,061	-
Internal balances	9,509,910	(9,509,910)	-	-
Prepaid items	209,277	74,533	283,810	7,824
Inventory	151,655	13,034,763	13,186,418	27,137
Special assessments	-	35,256	35,256	-
Total current assets	116,062,718	83,115,256	199,177,974	1,571,501
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 1,054,986	\$ 7,571,814	\$ 8,626,800	\$ 457,887
Restricted investments	-	13,477,794	13,477,794	-
Investment in joint ventures	3,117,184	-	3,117,184	-
Land held for resale	14,476,435	-	14,476,435	-
Special assessments	-	102,968	102,968	-
Leases receivable	7,849,206	762,294	8,611,500	-
Net pension asset	13,228,227	5,990,438	19,218,665	-
Land	10,776,820	8,899,440	19,676,260	-
Depreciable assets (net)	70,800,835	59,610,298	130,411,133	4,215,303
Infrastructure (net)	132,206,834	279,889,447	412,096,281	1,401,496
Construction in progress	8,741,072	33,551,818	42,292,890	-
Total noncurrent assets	262,251,599	409,856,311	672,107,910	6,074,686
Total assets	378,314,317	492,971,567	871,285,883	7,646,187
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - amount on debt refunding	\$ 88,899	\$ 420,174	\$ 509,073	\$ 17,694
Deferred outflow - pension	14,403,418	7,301,276	21,704,694	-
Deferred outflow - OPEB	571,537	92,476	664,013	-
Total deferred outflows of resources	15,063,854	7,813,926	22,877,780	-
Total assets and deferred outflows of resources	393,378,171	500,785,493	894,163,663	7,663,881

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Net Position  
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Richland Public Facilities District
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 6,513,832	\$ 9,545,220	\$ 16,059,052	\$ 25,630
Payable to other governments	385,076	653,058	1,038,133	2,253
Deposits payable	22,011	739,350	761,360	7,722
Claims and judgments	2,799,834	-	2,799,834	-
Leases payable	525,028	66,155	591,183	-
Compensated absences	2,522,096	1,398,641	3,920,737	23,572
Notes and contracts payable	94,600	711,085	805,685	-
General obligation bonds payable	3,025,000	230,000	3,255,000	470,000
Revenue bonds payable	-	3,430,000	3,430,000	-
Total pension liability	238,876	-	238,876	-
Total OPEB liability	703,659	75,943	779,602	-
Total current liabilities	16,830,012	16,849,451	33,679,463	529,177
Noncurrent liabilities:				
Leases payable	\$ 734,659	\$ 97,483	\$ 832,142	\$ -
Compensated absences	2,156,080	1,399,354	3,555,434	-
Notes and contracts payable	56,247	8,037,448	8,093,695	-
General obligation bonds payable	30,006,365	4,175,134	34,181,499	1,724,805
Revenue bonds payable	-	88,420,356	88,420,356	-
Unearned revenue	26,600	1,076,526	1,103,126	2,920
Net pension liability	1,708,861	1,417,909	3,126,770	-
Total pension liability	2,290,884	-	2,290,884	-
Total OPEB liability	7,418,619	776,863	8,195,482	-
Landfill closure liability	-	9,273,228	9,273,228	-
Total noncurrent liabilities	44,398,315	114,674,301	159,072,616	1,727,725
Total liabilities	61,228,327	131,523,752	192,752,079	2,256,902
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - leases	\$ 7,849,206	\$ 762,294	\$ 8,611,500	\$ -
Deferred inflow - transfer of service concession arrangement capital assets	3,131,600	-	3,131,600	-
Deferred inflow - pension	4,534,451	2,247,586	6,782,037	-
Deferred inflow - OPEB	1,573,877	254,658	1,828,535	-
Deferred inflow - amount on debt refunding	2,122	1,088,062	1,090,184	-
Total deferred inflows of resources	17,091,256	4,352,600	21,443,856	-
Total liabilities and deferred inflows of resources	78,319,583	135,876,352	214,195,935	2,256,902
<b>NET POSITION</b>				
Net investment in capital assets	\$ 183,802,046	\$ 278,910,826	\$ 462,712,872	\$ 3,439,688
Restricted for:				
Capital improvements	6,624,814	4,747,903	11,372,717	-
Debt service	1,844,818	7,341,907	9,186,725	792,350
Economic environment	23,096,091	-	23,096,091	-
Other purposes	2,022,253	-	2,022,253	-
Pensions	13,228,227	5,990,440	19,218,667	-
Public safety	3,648,749	-	3,648,749	-
Unrestricted	80,791,590	67,918,064	148,709,654	1,174,942
Total net position	\$ 315,058,588	\$ 364,909,140	\$ 679,967,728	\$ 5,406,980

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Activities  
For the Year Ended December 31, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								Component Unit Richland Public Facilities District
	Program Revenues				Primary Government			Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
Primary government:									
Governmental activities:									
Judicial	\$ 1,134,936	\$ 615,708	\$ -	\$ -	\$ (519,228)	\$ -	\$ (519,228)	\$ -	-
General government	20,916,219	10,528,738	1,110,692	-	(9,276,788)	-	(9,276,788)	-	-
Public safety	37,154,690	7,351,035	3,674,449	97,883	(25,831,322)	-	(25,831,322)	-	-
Transportation	12,403,163	3,369,786	-	3,739,517	(5,293,859)	-	(5,293,859)	-	-
Health and human services	9,186	1,426	478,022	-	470,262	-	470,262	-	-
Economic environment	8,560,219	4,215,327	1,783,359	400,000	(2,161,532)	-	(2,161,532)	-	-
Culture and recreation	10,894,751	1,290,300	12,074	-	(9,592,377)	-	(9,592,377)	-	-
Physical environment	473,252	-	-	-	(473,252)	-	(473,252)	-	-
Interest on long-term debt	1,129,964	-	-	-	(1,129,964)	-	(1,129,964)	-	-
Total governmental activities	92,676,380	27,572,322	7,058,596	4,237,400	(53,808,062)	-	(53,808,062)	-	-
Business-type activities:									
Electric Utility Fund	71,706,851	80,621,801	-	4,388,274	-	13,303,224	13,303,224	-	-
Water Utility Fund	13,813,867	15,306,938	-	1,771,933	-	3,265,004	3,265,004	-	-
Wastewater Utility Fund	9,603,063	10,457,934	-	1,799,919	-	2,654,789	2,654,789	-	-
Solid Waste Utility Fund	12,741,697	12,705,999	-	-	-	(35,699)	(35,699)	-	-
Stormwater Utility Fund	1,663,174	2,087,893	110,444	702,590	-	1,237,753	1,237,753	-	-
Golf Course Fund	2,334,816	2,799,290	-	-	-	464,474	464,474	-	-
Medical Services Fund	9,397,833	7,349,435	153,254	-	-	(1,895,144)	(1,895,144)	-	-
Broadband Fund	316,347	239,416	-	-	-	(76,930)	(76,930)	-	-
Total business-type activities	121,577,648	131,568,706	263,698	8,662,715	-	18,917,471	18,917,471	-	-
Total primary government	\$ 214,254,027	\$ 159,141,027	\$ 7,322,294	\$ 12,900,115	\$ (53,808,062)	\$ 18,917,471	\$ (34,890,591)	\$ -	-
Component unit:									
Richland Public Facilities District	\$ 1,543,202	\$ 261,517	\$ 465,954	\$ -	\$ -	\$ -	\$ -	\$ -	(815,731)
Total component unit	\$ 1,543,202	\$ 261,517	\$ 465,954	\$ -	\$ -	\$ -	\$ -	\$ -	(815,731)
General revenues:									
Property taxes					22,483,311		22,483,311		-
Sales taxes					23,837,097		23,837,097		-
Utility occupation taxes					14,316,120		14,316,120		-
Real estate excise tax					3,333,323		3,333,323		-
Motor fuel & multimodal transportation tax					1,206,710		1,206,710		-
Hotel/motel lodging tax					1,789,847		1,789,847		-
Other taxes					3,019,016		3,019,016		879,855
Investment earnings					4,759,755	4,713,838	9,473,594		46,793
Gain on disposition of capital assets					38,505	30,360	68,865		-
Gain on disposition of land held for sale					1,137,938	-	1,137,938		-
Insurance recoveries					424,720	-	424,720		-
Transfers					(1,100,226)	1,100,226	-		-
Total general revenues and transfers					75,246,117	5,844,425	81,090,541		926,648
Change in net position					21,438,055	24,761,896	46,199,950		110,917
Net position - beginning, as previously reported					293,390,814	340,147,244	633,538,058		5,296,063
Error Correction					229,720	-	229,720		-
Net position - beginning as restated					293,620,533	340,147,244	633,767,777		5,296,063
Net position - ending					\$ 315,058,588	\$ 364,909,140	\$ 679,967,728		\$ 5,406,980

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

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# BASIC FINANCIAL STATEMENTS

## Fund Financial Statements

City of Richland, Washington  
Annual Comprehensive Financial Report  
Balance Sheet  
Governmental Funds  
December 31, 2024

	General Fund	Streets Capital Construction Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,152,206	\$ 3,894,839	\$ 19,854,699	\$ 36,901,744
Deposits with third parties	19,425	-	28,600	48,025
Investments	26,328,433	7,358,466	10,421,038	44,107,937
Taxes receivable	4,763,441	-	918,870	5,682,311
Customer accounts (net)	400,639	-	439,057	839,696
Due from other governments	113,773	52,707	689,705	856,186
Notes and contracts	-	-	1,526,061	1,526,061
Prepaid items	49,933	-	-	49,933
Inventory	-	-	36,979	36,979
Leases receivable	253,293	-	7,595,913	7,849,206
Total assets	<u>\$ 45,081,143</u>	<u>\$ 11,306,012</u>	<u>\$ 41,510,923</u>	<u>\$ 97,898,079</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 3,747,881	\$ 434,746	\$ 1,727,885	\$ 5,910,512
Payable to other governments	369,659	-	15,378	385,037
Interfund loans payable	-	-	95,585	95,585
Deposits payable	1,011	-	21,000	22,011
Unearned revenue-other	-	-	26,600	26,600
Total liabilities	<u>4,118,551</u>	<u>434,746</u>	<u>1,886,448</u>	<u>6,439,745</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - leases	\$ 253,293	\$ -	\$ 7,595,913	\$ 7,849,206
Unavailable revenue-property taxes	212,991	-	16,167	229,158
Total deferred inflows of resources	<u>466,284</u>	<u>-</u>	<u>7,612,080</u>	<u>8,078,364</u>
Total liabilities and deferred inflows of resources	<u>4,584,834</u>	<u>434,746</u>	<u>9,498,528</u>	<u>14,518,109</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable				
Contractually maintained deposits	\$ -	\$ -	\$ 2,000	\$ 2,000
Inventory	-	-	36,979	36,979
Prepaid items	49,933	-	-	49,933
Restricted				
Capital improvements	148,260	3,222,521	3,254,033	6,624,814
Debt service	-	-	1,844,818	1,844,818
Economic environment	2,418,937	-	6,200,719	8,619,656
Other purposes	1,468,536	-	-	1,468,536
Public safety	774,641	-	2,831,540	3,606,180
Committed				
Capital improvements	452,951	-	9,426,064	9,879,015
Economic environment	208,743	-	7,182,140	7,390,883
Public safety	69,099	-	-	69,099
Assigned				
Debt service	-	-	281,819	281,819
Public safety	94,870	-	-	94,870
Transportation	-	7,648,745	952,283	8,601,028
Unassigned	34,810,340	-	-	34,810,340
Total fund balances (deficits)	<u>40,496,309</u>	<u>10,871,266</u>	<u>32,012,395</u>	<u>83,379,970</u>
Total liabilities and fund balances (deficits)	<u>\$ 45,081,143</u>	<u>\$ 11,306,012</u>	<u>\$ 41,510,923</u>	<u>\$ 97,898,079</u>

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

**City of Richland, Washington  
Reconciliation of Balance Sheet  
To the Statement of Net Position  
For the Year Ended December 31, 2024**

Fund balances of governmental funds		\$ 83,379,970
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements. They are reported in the government-wide statements, net of accumulated depreciation:	\$ 222,525,561	
		222,525,561
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	3,117,184	
Land held for sale	14,476,435	
Net pension asset	13,228,227	
Notes, contracts and taxes receivable, offset by deferred inflows of resources	229,158	
		31,051,004
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	14,209,613	
Internal payable representing charges in excess of cost to business-type activities: prior years	7,376,234	
Internal payable representing charges in excess of cost to business-type activities: current year	2,285,070	
		23,870,917
Deferred outflows and inflows of resources related to long-lived assets and liabilities do not relate to the current period and therefore are not reported in fund financial statements:		
Deferred outflow of resources related to pensions	14,403,418	
Deferred outflow of resources related to OPEB	571,537	
Deferred outflow of resources related to debt refunding	88,899	
Deferred inflow of resources related to service concession arrangement (ORV Park assets)	(3,131,600)	
Deferred inflow of resources related to pensions	(4,534,451)	
Deferred inflow of resources related to OPEB	(1,573,877)	
Deferred inflow of resources related to debt refunding	(2,122)	
		5,821,804
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	(29,900,000)	
Net premium/discount	(3,131,365)	
Other general government debt	(150,847)	
Net pension liability	(1,708,861)	
Total pension liability	(2,529,760)	
Total OPEB liability	(8,122,278)	
Compensated absences	(4,678,176)	
Accrued interest payable	(109,694)	
Leases Payable	(1,259,687)	
		(51,590,668)
Net position of governmental activities		\$ 315,058,588

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

**City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2024**

	General Fund	Streets Capital Construction Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 56,306,502	\$ -	\$ 11,777,296	\$ 68,083,797
Licenses and permits	2,799,512	-	-	2,799,512
Intergovernmental	5,519,861	1,262,520	3,436,833	10,219,214
Charges for goods and services	9,780,319	2,945,738	8,510,519	21,236,575
Fines and forfeits	622,697	-	-	622,697
Investment earnings	2,233,987	230,469	1,222,763	3,687,218
Rents and leases	311,282	-	1,688,356	1,999,639
Miscellaneous revenue	1,093,332	-	181,633	1,274,965
Disposition of land held for sale	-	-	1,137,938	1,137,938
Total revenues	78,667,491	4,438,726	27,955,338	111,061,555
<b>EXPENDITURES</b>				
Current:				
Judicial	1,134,936	-	-	1,134,936
General government	20,676,742	-	-	20,676,742
Public safety	32,723,732	-	8,972,337	41,696,069
Physical environment	473,252	-	-	473,252
Transportation	-	3,814,752	3,883,390	7,698,142
Health and human services	9,186	-	-	9,186
Economic environment	4,186,576	-	4,345,208	8,531,784
Culture and recreation	10,536,887	-	335,937	10,872,824
Debt service:				
Administrative charges	-	-	1,493	1,493
Interest	149	-	1,419,236	1,419,385
Principal retirement	552,456	-	2,944,600	3,497,056
Capital outlay:				
General government	3,587,142	-	161,207	3,748,349
Public safety	456,027	-	4,436,242	4,892,269
Transportation	-	3,140,188	116,482	3,256,670
Economic environment	-	-	306	306
Culture and recreation	20,922	-	4,334,228	4,355,150
Total expenditures	74,358,007	6,954,939	30,950,665	112,263,611
Excess (deficiency) of revenues over expenditures	4,309,484	(2,516,213)	(2,995,327)	(1,202,056)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	384,927	6,078,589	6,298,896	12,762,412
Transfers out	(5,417,496)	(8,282)	(8,436,859)	(13,862,638)
Leases and SBITAs	1,699,823	-	-	1,699,823
Disposition of capital assets	-	-	38,505	38,505
Insurance recoveries	411,645	-	13,076	424,720
Total other financing sources (uses)	(2,921,101)	6,070,307	(2,086,384)	1,062,822
Net change in fund balances	1,388,383	3,554,093	(5,081,710)	(139,234)
Fund balances - beginning, as previously reported	39,040,425	7,317,173	37,094,105	83,451,702
Error Correction	67,502	-	-	67,502
Fund balances - beginning as restated	39,107,926	7,317,173	37,094,105	83,519,204
Fund balance - ending	\$ 40,496,309	\$ 10,871,266	\$ 32,012,395	\$ 83,379,970

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

**City of Richland, Washington**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Statement of Activities**  
**For the Year Ended December 31, 2024**

Net change in fund balances - total government funds	\$ (139,234)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Principal repayment	\$ 3,497,056	
Amortization of premiums, discounts and deferred amounts on refunding	280,414	
Lease and SBITA debt issued	(1,699,823)	2,077,647

Current revenues and expenses in the statement of activities do not provide or use current financial resources and are therefore not reported as revenues or expenditures in the governmental funds. The following details those items:

Change in earned revenue reported as deferred inflows in the fund statements	(41,913)	
Change in the City's investment in joint ventures	640,672	
Change in the City's investment in land held for sale	(43,678)	
Change in the City's net pension liability and related deferred inflows/outflows	3,303,869	
Change in accrued interest payable	10,350	
Change in net OPEB obligation	1,992,673	
Change in compensated absences	453,549	6,315,522

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	1,731,727	
Internal payable representing charges in excess of cost to governmental activities-current year	2,285,070	4,016,797

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	16,252,740	
Depreciation	(9,562,415)	
Donated capital assets received	2,476,997	9,167,322

Change in net position of governmental activities	\$ 21,438,054
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The notes to financial statements are an integral part of this statement.

**City of Richland, Washington**  
**Annual Comprehensive Financial Report**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2024**

		Business-Type Activities					
	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 12,739,671	\$ 5,768,933	\$ 1,699,098	\$ 5,387,049	\$ 5,799,112	\$ 31,333,864	\$ 13,643,362
Deposits with third parties	1,900	5,775	2,650	1,050	-	11,375	469,314
Investments	11,137,614	9,169,638	1,699,230	567,274	5,754,539	28,328,295	13,052,607
Customer accounts (net)	6,852,203	204,351	583,958	748,177	1,355,165	9,743,854	32,361
Due from other governments	-	-	-	-	483	483	-
Special assessments (current)	-	18,259	16,997	-	-	35,256	-
Due from other funds	-	-	-	-	-	-	151,394
Notes and contracts	-	-	-	-	150,000	150,000	-
Prepaid items	24,564	-	-	-	45	24,609	209,268
Inventory	12,531,931	417,871	1,040	-	83,920	13,034,763	114,676
Total current assets	43,287,884	15,584,828	4,002,973	6,703,551	13,083,264	82,662,499	27,672,981
Noncurrent assets:							
Restricted cash and cash equivalents	4,626,158	336,465	374,528	2,202,712	31,950	7,571,814	-
Restricted investments	7,155,884	859,642	460,760	4,906,438	95,069	13,477,794	-
Leases receivable	241,835	-	-	-	520,459	762,294	-
Net pension asset	1,338,835	416,723	406,852	488,511	2,641,704	5,292,625	697,813
Special assessments (noncurrent)	-	53,327	49,641	-	-	102,968	-
Land	837,428	5,604	80,590	7,975,907	8,899,440	8,899,440	-
Depreciable assets (net)	6,302,415	6,472,337	11,931,360	7,321,423	1,326,123	33,353,658	26,256,640
Infrastructure	127,318,393	82,859,915	48,319,456	2,586,743	18,794,939	279,889,447	-
Construction in progress	4,792,944	13,128,192	13,951,600	695,526	42,121	32,610,383	941,435
Total noncurrent assets	152,613,892	104,132,206	75,494,197	18,291,854	31,428,273	381,960,423	27,895,888
Total assets	195,901,775	119,717,034	79,497,171	24,995,405	44,511,537	464,622,922	55,568,869
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflow - amount on debt refunding	70,579	136,129	174,053	-	39,413	420,174	-
Deferred outflow - pension	1,929,373	600,531	586,310	703,985	2,475,469	6,295,668	1,005,608
Deferred outflow - OPEB	58,185	34,292	-	-	-	92,476	-
Total deferred outflows of resources	2,058,136	770,952	760,363	703,985	2,514,882	6,808,318	1,005,608
Total assets and deferred outflows of resources	\$ 197,959,912	\$ 120,487,985	\$ 80,257,533	\$ 25,699,390	\$ 47,026,419	\$ 471,431,240	\$ 56,574,477
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued expenses	6,670,543	740,567	464,692	555,902	510,331	8,942,034	1,017,696
Payable to other governments	297,859	-	26,540	68,052	23,982	462,051	2,164
Due to other funds	-	-	-	-	-	-	55,809
Deposits payable	-	74,217	88,930	-	818,901	982,049	25,296
Leases payable-current	1,409	1,409	1,409	1,409	-	5,637	60,518
Compensated absences-current	399,617	155,478	83,135	171,899	365,810	1,175,939	223,415
Claims and judgments-current	-	-	-	-	-	-	2,799,834
General obligation bonds payable-current	-	-	-	-	230,000	-	230,000
Revenue bonds payable-current	2,525,000	542,078	332,923	-	30,000	3,430,000	-
Notes and contracts payable	108,734	306,107	85,718	210,526	-	711,085	-
Total OPEB liability	47,334	27,897	-	-	-	75,231	-
Total current liabilities	10,050,497	1,893,370	1,083,347	1,007,788	1,979,025	16,014,026	4,184,733
Noncurrent liabilities:							
Leases payable	10,395	10,395	10,395	10,395	-	41,581	55,903
Compensated absences	399,617	155,478	83,135	171,899	365,810	1,175,939	223,415
Notes and contracts payable	671,820	3,874,834	518,514	2,972,281	-	8,037,448	-
General obligation bonds payable	-	-	-	-	4,175,134	4,175,134	-
Revenue bonds payable	72,565,803	9,698,596	5,507,087	-	648,870	88,420,356	-
Unearned revenue	615,730	53,327	205,641	-	201,828	1,076,526	-
Net pension liability	556,296	173,151	169,051	202,980	26,485	1,127,963	289,946
Total OPEB liability	488,790	288,072	-	-	-	776,862	-
Landfill closure liability	-	-	-	9,273,228	-	9,273,228	-
Total noncurrent liabilities	75,308,451	14,253,853	6,493,824	12,630,782	5,418,127	114,105,037	569,284
Total liabilities	85,358,947	16,147,223	7,577,171	13,638,571	7,397,152	130,119,063	4,753,997
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflow - leases	241,835	-	-	-	520,459	762,294	-
Deferred inflow - pension	574,490	178,814	174,580	209,620	810,653	1,948,157	299,429
Deferred inflow - OPEB	160,227	94,431	-	-	-	254,657	-
Deferred inflow - amount on debt refunding	1,088,062	-	-	-	-	1,088,062	-
Total deferred inflows of resources	2,064,613	273,245	174,580	209,620	1,331,112	4,053,170	299,429
Total liabilities and deferred inflows of resources	87,423,560	16,420,468	7,751,751	13,848,191	8,728,264	134,172,233	5,053,426
<b>NET POSITION</b>							
Net investment in capital assets	66,007,014	87,839,269	67,702,921	7,495,627	23,078,756	252,123,587	26,787,239
Restricted for:							
Capital improvements	3,694,425	616,552	436,926	-	-	4,747,903	-
Debt service	5,223,498	1,214,367	696,285	142,702	65,056	7,341,907	-
Pensions	1,338,836	416,723	406,853	488,511	2,641,704	5,292,627	697,813
Unrestricted	34,272,579	13,980,608	3,262,797	3,724,360	12,512,639	67,752,983	24,035,998
Total net position	\$ 110,536,352	\$ 104,067,518	\$ 72,505,781	\$ 11,851,199	\$ 38,286,155	337,259,007	\$ 51,521,050
Net position of internal service funds predominantly serving business-type activities							
Internal payable representing charges in excess of cost to governmental activities-prior years						(7,376,234)	
Internal payable representing charges in excess of cost to governmental activities-current year						(2,285,070)	
Net position of business-type activities						\$ 364,909,141	

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2024

	Business-type Activities						
	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>							
Electric	\$ 75,412,432	\$ -	\$ -	\$ -	\$ -	\$ 75,412,432	\$ -
Water	-	15,273,398	-	-	-	15,273,398	-
Sewer	-	-	10,438,514	-	-	10,438,514	-
Solid waste	-	-	-	12,611,478	-	12,611,478	-
Stormwater	-	-	-	-	2,087,893	2,087,893	-
Golf course	-	-	-	-	2,795,772	2,795,772	-
Medical services	-	-	-	-	7,349,385	7,349,385	-
Broadband	-	-	-	-	255,609	255,609	-
Internal service funds	-	-	-	-	-	-	33,205,940
Other operating revenues	4,602,226	-	-	48,000	-	4,650,226	84,694
Total operating revenues	80,014,658	15,273,398	10,438,514	12,659,478	12,488,659	130,874,707	33,290,634
<b>OPERATING EXPENSES</b>							
Maintenance and operations	47,350,858	5,650,337	4,862,752	9,598,249	9,830,783	77,292,978	24,066,508
Administrative and general	4,786,556	2,127,658	1,149,807	974,537	2,681,305	11,719,863	1,953,988
Taxes	9,230,149	2,585,407	1,387,724	1,596,638	384,716	15,184,634	-
Depreciation	7,430,498	3,277,917	2,189,118	403,517	709,948	14,010,997	3,356,735
Total operating expenses	68,798,061	13,641,319	9,589,401	12,572,940	13,606,751	118,208,472	29,377,231
Operating income (loss)	11,216,596	1,632,079	849,114	86,538	(1,118,092)	12,666,235	3,913,403
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment earnings	1,963,342	882,371	355,620	695,272	430,062	4,326,668	1,084,212
Disposition of capital assets	-	-	-	-	-	-	30,360
Miscellaneous nonoperating revenues/(expenses)	47,736	30,507	16,820	(1,320,178)	272,562	(952,554)	1,621,515
Interest expense	(2,757,521)	(434,003)	(235,309)	(15,384)	(212,260)	(3,674,402)	(20,161)
Total nonoperating revenues (expenses)	(746,443)	478,876	137,132	(660,290)	490,439	(300,288)	2,715,926
Income (loss) before contributions and transfers	10,470,153	2,110,955	986,245	(573,752)	(627,453)	12,365,947	6,629,329
Transfers in	-	-	450	588	668,410	669,448	839,307
Transfers out	(30,000)	(20,000)	(5,000)	(296,908)	(56,621)	(408,529)	-
Capital contributions	4,388,274	1,771,933	1,799,919	-	702,590	8,662,715	20,477
Change in net position	14,828,427	3,862,888	2,781,614	(870,072)	686,726	21,289,582	7,489,113
Total net position - beginning	95,707,925	100,204,630	69,724,169	12,721,272	37,611,429	315,969,425	44,031,938
Total net position - ending	\$ 110,536,352	\$ 104,067,518	\$ 72,505,783	\$ 11,851,199	\$ 38,298,155	\$ 337,259,007	\$ 51,521,050
Net change in enterprise funds net position						21,289,582	
Change in net position of business-type activities predominantly serving business-type activities						5,757,386	
Internal payable representing charges in excess of cost to governmental activities - current year						(2,285,070)	
Changes in net position of business-type activities						\$ 24,761,898	

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2024

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash receipts from customers	\$ 84,430,167	\$ 15,717,382	\$ 10,527,079	\$ 12,685,494	\$ 12,743,477	\$ 136,103,599	\$ 16,193,934
Receipts from interfund services provided	-	-	-	-	-	-	17,083,513
Payments to employees	(4,594,392)	(3,095,615)	(3,015,247)	(3,572,092)	(6,845,843)	(21,123,189)	(5,005,956)
Payments to suppliers	(56,113,759)	(2,213,829)	(2,717,293)	(1,635,436)	(3,208,576)	(65,888,893)	(20,187,505)
Taxes paid	(6,401,944)	(2,591,644)	(1,386,231)	(1,593,977)	(379,833)	(12,353,628)	(1,755)
Payments for interfund services used	(4,076,314)	(2,572,868)	(1,876,379)	(5,245,814)	(2,060,297)	(15,831,672)	(1,417,566)
Net cash provided (used) by operating activities	13,243,758	5,243,426	1,531,929	638,175	248,929	20,906,217	6,664,664
Transfers to other funds	(30,000)	(20,000)	(5,000)	(296,908)	(56,621)	(408,529)	-
Grants and contributions	-	-	-	-	110,444	110,444	-
Reimbursements and recoveries	-	5,077	4,906	45,067	3,568	58,618	1,085,729
Transfers from other funds	-	-	450	588	668,410	669,448	861,846
Interfund loan principal payments paid	-	-	-	-	-	(3,890)	-
Interfund loan principal payments received	-	3,890	-	-	-	3,890	(105,297)
Net cash provided (used) by noncapital financing activities	(30,000)	(11,033)	356	(251,253)	721,911	429,981	1,842,278
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Lease interest payments received	-	-	-	-	5,296	5,296	-
Principal paid on debt	(2,435,000)	20,635	(404,792)	(211,935)	(255,530)	(3,286,623)	(318,379)
Interest paid on debt	(3,158,546)	(481,243)	(261,329)	(36,673)	(216,364)	(4,154,155)	(20,161)
Payments related to acquisition, construction or improvements of capital assets	(14,627,519)	(10,280,509)	(5,125,006)	(668,919)	(314,620)	(31,016,573)	(6,944,444)
Bond issuance costs	-	-	-	-	(257)	(257)	-
Proceeds from sale of capital assets	11,616	20,856	7,656	-	-	40,128	602,871
Proceeds from capital grants and contributions	4,041,977	854,817	1,007,016	-	368,127	6,271,936	20,477
Proceeds from debt	-	1,934,387	-	24,912	-	1,959,299	-
Net cash provided (used) by capital and related financing activities	(16,167,472)	(7,931,057)	(4,776,456)	(892,616)	(413,349)	(30,180,950)	(6,659,636)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Receipt of interest	1,430,621	490,794	166,380	502,011	406,539	2,996,345	701,761
Investments sold	21,225,675	13,584,730	4,979,111	7,013,888	5,830,188	52,633,592	15,190,730
Investments purchased	(19,845,183)	(10,331,728)	(2,225,130)	(5,638,786)	(5,908,117)	(42,948,954)	(13,446,238)
Net cash provided (used) by investing activities	3,811,113	3,743,786	2,920,361	1,877,113	326,610	12,680,983	2,446,253
Net increase (decrease) in cash and cash equivalents	857,399	1,045,122	(323,810)	1,371,419	886,102	3,836,231	4,293,559
Balances - beginning of year	16,508,431	5,060,276	2,397,436	6,218,343	4,884,960	35,069,446	9,349,804
Balances - end of the year	\$ 17,365,830	\$ 6,105,398	\$ 2,073,626	\$ 7,589,762	\$ 5,771,062	\$ 38,905,678	\$ 13,643,362
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating Income	\$ 11,216,596	\$ 1,632,079	\$ 849,114	\$ 86,538	\$ (1,118,092)	\$ 12,666,235	\$ 3,913,403
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	7,430,498	3,277,917	2,189,118	403,517	709,948	14,010,997	3,356,735
Accrued pension and OPEB expense	(518,711)	(217,887)	(460,265)	(319,985)	(430,880)	(1,947,728)	(371,058)
Changes in assets and liabilities:							
Accounts Payable - Supplier	(261,336)	(18,965)	(1,174,644)	349,260	(50,272)	(1,155,957)	(152,320)
Customer Receivables	148,844	474,464	112,107	64,941	468,369	1,268,724	(13,187)
Inventory	(4,804,660)	95,582	-	-	(9,372)	(4,718,450)	(16,212)
Salaries & Benefits Payable	36,421	236	16,500	48,083	657,683	758,922	(46,464)
Unearned revenues	(368,022)	-	-	-	21,590	(346,432)	-
Other income and adjustments	316,556	-	-	-	-	316,556	-
Prepaid items	47,571	-	-	5,822	(45)	53,348	(6,234)
Net cash provided (used) by operating activities	\$ 13,243,758	\$ 5,243,426	\$ 1,531,929	\$ 638,175	\$ 248,929	\$ 20,906,217	\$ 6,664,664
<b>Noncash investing, capital and financing activities</b>							
Contribution of capital assets	\$ 397,897	\$ 917,116	\$ 792,903	\$ -	\$ 702,590	\$ 2,810,506	\$ -

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



City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2024

	Custodial Funds
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,541,432
Other current assets	43,673
Receivables:	
Accounts receivable	550,850
Due from other governments	392,135
Leases receivable	74,088
Total receivables	1,017,072
Total current assets	5,602,178
Noncurrent assets:	
Land	14,593
Construction in progress	2,256,000
Depreciable assets (net)	6,793,144
Receivables:	
Accounts receivable	\$ 1,356
Total receivables	1,356
Total noncurrent assets	9,065,093
Total assets	14,667,271
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow - leases	764,781
Total deferred outflows of resources	764,781
Total assets and deferred outflows of resources	15,432,052
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 210,446
Salaries payable	195,273
Leases payable-current	193,867
Total current liabilities	599,586
Noncurrent liabilities:	
Employee leave benefits	195,273
Leases payable	896,388
Total noncurrent liabilities	1,091,661
Total liabilities	1,691,247
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow - leases	\$ 74,088
Total deferred inflows of resources	74,088
Total liabilities and deferred inflows of resources	1,765,335
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,983,119
Restricted for organizations and other governments	10,683,598
Total net position	\$ 13,666,717

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



City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Changes in Fiduciary Net Position  
Custodial Funds  
December 31, 2024

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Collections from participants	\$ 9,676,646
Grant revenues	875,341
Tax revenues	3,057,085
Site and facilities rent	27,003
Interest earnings	164,002
Total additions	<u>13,800,076</u>
<b>DEDUCTIONS</b>	
Supplies	33,082
Charges for goods and services	7,993,989
Repairs and maintenance	1,618,326
Admin services - Richland	606,634
Disposition of capital assets	1,270
Depreciation expense	637,286
Total deductions	<u>\$ 10,890,586</u>
Net increase (decrease) in fiduciary net position	2,909,490
Net Position -- beginning	10,757,227
Net Position -- ending	<u>\$ 13,666,717</u>

The notes to 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 accordance with Generally Accepted Accounting Principles (GAAP) for governmental entities. The Governmental Accounting Standards Board (GASB) establishes these principles which guide the City's financial reporting.

This summary outlines the City's significant accounting policies to help readers interpret the financial statements and related information. It should be considered an integral part of the accompanying financial statements. The City's annual financial report is available online at [www.ci.richland.wa.us](http://www.ci.richland.wa.us).

### THE REPORTING ENTITY

The City of Richland, incorporated as a chartered First-Class City in 1958, operates under a Council-Manager form of government in accordance with Washington State law.

As required by GAAP, the City's financial statements include the primary government (City of Richland) and one component unit: the Richland Public Facilities District (PFD). Established in July 2002, the primary mission of the PFD is to develop and manage a regional center, including related parking facilities, as authorized by state law.

The PFD is included as a component unit due to its financial relationship with the City, specifically the City Council's authority to appoint and remove board members at will. It is presented separately in the component unit column of the government-wide financial statements to reflect its status as a legally distinct entity.

Complete financial statements for the Richland PFD are available from the Finance Department at the City of Richland, 625 Swift Blvd, Richland, Washington 99352.

### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

**1) Governmental Funds Financial Statements** – The City reports two major governmental funds, reported in separate columns: the General Fund and the Streets Capital Construction Fund. All other governmental funds are aggregated in the “Other Governmental Funds” column.

- The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of General Fund revenue is generated by taxes, state and local shared revenues and charges for services.
- The Streets Construction Fund is a capital projects fund that accounts for proceeds of grants and other resources dedicated to capital projects related to the City’s transportation network.

**2) Proprietary Funds Financial Statements** – Includes business-type or “enterprise” activities and governmental-type internal service funds. Proprietary fund statements report in separate columns the City’s four major enterprise funds; the Electric, Water, Wastewater and Solid Waste funds, which account for all activities necessary to provide electric, water, sewer and refuse collection/landfill 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 “Total nonmajor funds” column. The City’s internal service funds are aggregated and reported in the “Internal Service Funds” column.

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

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

**3) Fiduciary Funds Financial Statements** – These statements report, in separate columns, the City’s custodial funds (aggregated into the “Custodial Funds” column). The City reports fiduciary activities as required by GASB Statement No. 84.

Custodial funds account for resources that are legally held in trust or custodial capacity for others, and therefore cannot be used to support the City’s own programs. Custodial 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 7) Emergency Management Fund and 8) VHF 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. 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 leases and SBITAs 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 the revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the 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.

The City uses encumbrance accounting. Purchase orders, contracts and other commitments are recorded as encumbrances. Encumbrances at year-end are included in the restricted, committed, or assigned fund balance.

## 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 May 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 October 1st for public review, with a public hearing taking place in November to provide a forum for public comment. First reading is given to the budget ordinance in November with final adoption occurring two weeks later. The formally adopted budget takes effect on January 1st of the ensuing year.

Annual appropriated budgets are adopted by ordinance in accordance with Revised Code of Washington (RCW) 35.33 for all city funds and all appropriations lapse at year-end. When necessary, a carryover ordinance is adopted in the following year to carry forward capital projects and items outstanding at year-end in accordance with RCW 35.33.151. 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 Finance Department. All adjustments that increase or decrease the fund budget, or that affect the number of authorized employee positions or FTE conditions of employment, require Council approval by Ordinance.

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

Budgetary information reported in Required Supplementary Information includes the original adopted budget and a comparison of final amended budget to expenditures for the General Fund. Budgetary information for all other governmental funds is reported in the combining and individual fund statements section following the notes.

Budgets established for Proprietary Funds are not reported in the Annual Comprehensive Financial Report (ACFR).

## ASSETS, LIABILITIES AND NET POSITION

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

when purchased. The restricted cash and cash equivalents are those resources whose use is limited to capital improvements, debt service or other uses per contractual or legal requirements. The following table details the amount and purpose of the restricted cash and cash equivalents:

PURPOSE	ELECTRIC	WATER	SEWER	SOLID WASTE	STORM WATER	COLUMBIA PT GOLF COURSE	TOTAL
Capital Improvements	\$ 3,694,425		\$ 156,000				\$3,850,425
Landfill Closure/Post Closure				\$ 2,060,011			2,060,011
Debt Service	931,733	\$ 336,465	218,528	142,701	\$ 9,608	\$ 22,342	1,661,377
<b>Total Restricted</b>	<b>\$ 4,626,158</b>	<b>\$ 336,465</b>	<b>\$ 374,528</b>	<b>\$ 2,202,712</b>	<b>\$ 9,608</b>	<b>\$ 22,342</b>	<b>\$7,571,813</b>

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPCC). The City's total deposits as of December 31, 2024, are as follows:

Treasurer's Cash, Net	\$ 6,870,648
Held by Component Unit	59,365
Deposits In Transit	2,597,469
Petty Cash/Change Funds	6,050
Deposits with Fiscal Agent	1,213
Outstanding Checks	(1,740,215)
Retainage Held by 3rd Party	-
Unreconciled Items	79
<b>Total Deposits</b>	<b>\$ 7,794,610</b>

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

**Taxes** - These consist of accrued State shared revenue matched with the period the revenue became measurable and unpaid property taxes as of December 31. The property tax receivable is established when property taxes are levied (January 1<sup>st</sup>) and become an enforceable lien against the properties. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible tax is recorded because delinquent taxes are considered fully collectible.

The City is required to certify their budget with the Clerk of the Board of County Commissioners by 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 City of Richland at 100% of the fair market value of the property listed as of the prior May 31<sup>st</sup> as assessed by the County Assessor. The City's regular property tax levy rate is limited to \$3.60 per \$1,000 assessed value (\$3.375 plus \$0.225 for cities with firefighter'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 2024, the City's regular tax levy was \$1.7804 per \$1,000 on an assessed valuation of \$11,675,343,501 for a total regular levy of \$20,786,904 (after the appeals process). In addition, there were special levies for debt service on general obligation debt issued for capital acquisitions or construction at \$0.1378 per \$1,000 of assessed valuation of \$11,641,220,129 totaling \$1,603,948 (after the appeals process). The composite City of Richland levy was \$1.9182 per \$1,000 of assessed valuation for a total levy of \$22,390,852.

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

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

General Fund	\$ 212,991
Other Governmental Funds	
Library Remodel Bond Fund	16,167
<b>TOTAL</b>	<b>\$229,158</b>

**Leases Receivable** - The City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, in fiscal year 2022. The Statement establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources (See Note 6 - Leases).

**Customer Accounts (Net)** – The City's governmental activities consist primarily of accrued business taxes and receivables in internal service funds primarily serving governmental activities. Also reported in the governmental activities are amounts owed for unpaid leases, damages to City street infrastructure, administrative support provided by City staff and local improvement district assessments due. The City's business-type activities consist primarily of amounts owed for billed utility services. Utility billings become a receivable as of the billing date. No adjustment is made to accrue revenues by service date, as any such adjustment is considered immaterial. All accounts receivable are recorded net of allowance for uncollectible accounts, where applicable.

In the City's Medical Services Fund, these receivables consist of amounts billed for transport services provided as well as a utility charge. The revenue recorded for the receivable associated with transport services provided is recognized on the full-accrual basis in the period in which the services are provided at the City's established transport rate. Certain transport services are reimbursed under Medicare and/or Medicaid programs which have allowed rates for transport services. The difference between the City's

transport rate and the Medicare/Medicaid established rate is written off by the City in accordance with State and Federal laws. The City records the estimated amount of the write-off based on the transports billed and reports this as a reduction to gross transport revenues.

**Due from Other Governments** – In the City's governmental activities, these consist primarily of outstanding requests for grant reimbursement and fees received through State shared revenue distributions. Amounts due from other governments to the City's business-type activities are for outstanding requests for grant reimbursements.

**Assessments** - These consist of assessments receivable from local improvement districts. The receivable is established when the final assessment roll has been adopted. No allowance for uncollectible assessments is recorded because delinquent assessments are considered fully collectible. Assessments are deferred for one year from the date of the adoption of the final assessment roll. Long-term assessments in the Special Assessment Debt Service Fund are offset by deferred inflows, as they are considered unavailable to finance expenditures of the current period. As of December 31, 2024, the City had the following assessment balances:

	Current Assessments	Delinquent Assessments	Long Term Assessments	Deferred Inflows	Fund Total
Water Fund Assessments Receivable	\$18,259	\$ -	\$53,327	\$ -	\$71,586
Sewer Fund Assessments Receivable	16,997	-	49,641	-	66,638
<b>Total</b>	<b>\$35,256</b>	<b>\$ -</b>	<b>\$ 102,968</b>	<b>\$ -</b>	<b>\$ 138,224</b>

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

Other Governmental Funds	
CDBG fund	\$ 858,951
Home fund	\$ 667,110
<b>Total</b>	<b>\$ 1,526,061</b>

The Columbia Point Golf Course also has a \$150,000 working capital advance from the City, which was established as part of a management contract for daily operation of the City's golf course.

**Internal Balances** - The City's activities between funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year. They are referred to as "interfund loans receivable/payable." All other outstanding balances between funds are reported as "due to/from other funds". Loans between funds are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources. The City reports all interfund activity in the fund statements. In the government-wide Statement of Net Position, receivables and payables between like activities are eliminated leaving only

receivables and payables between governmental and business-type activities, which are all reported as "internal balances."

The following table shows a summary of the interfund balances for the year ended December 31, 2024:

OWED TO...	OWED BY...			
	Other Governmental	Other Enterprise	Internal Service	TOTAL
Internal Service	\$ 95,585	-	\$ 55,809	\$ 151,394
<b>Total</b>	<b>\$ 95,585</b>	<b>\$ -</b>	<b>\$ 55,809</b>	<b>\$ 151,394</b>

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

OWED TO...		OWED BY ...		
		Internal Service	Other Governmental	TOTAL
Reported In	Fund	Central Stores	CDBG	
Internal Service	Equipment Replacement	\$ 55,809	\$ 95,585	\$ 151,394
<b>Total</b>		<b>\$ 55,809</b>	<b>\$ 95,585</b>	<b>\$ 151,394</b>

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

**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 LEOFF trust monthly premium, maintenance and warranty support agreements, annual membership, subscription, and service agreement renewals.

**Investment in Joint Ventures** - These consist of the following:

**Benton County Emergency Services (BCES)** - BCES was formed January 1, 1997, through an interlocal agreement entered into by the Cities of Richland, Kennewick, West Richland, Benton City and Prosser as well as Benton County. Since then, a second amended and restated interlocal agreement was made and entered into by and between the following entities: Benton County, Franklin County, the Cities of Kennewick, Richland, West Richland, Prosser, Benton City, and Pasco, Benton County Fire Protection Districts and the Public Utility District #1 of Benton County. A third amended and restated interlocal agreement was ratified in 2024 which, among other provisions, formally withdrew the Public Utility District at their request. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the Cities of Kennewick, Pasco and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City, a Benton County Commissioner, a Franklin County Commissioner and a single representative collectively representing Benton County Fire

Protection Districts. The City of Richland serves as the operating jurisdiction providing all the necessary administrative support services and reporting for BCES. The total amount paid by BCES in 2024 for these services was \$606,633. No distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

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

**SECOMM** - SECOMM provides public safety communications services to the Cities of Kennewick, Richland, Pasco and the Counties of Benton and Franklin. Each owns an equal share of SECOMM's net assets. Financial participation is allocated among the five participants based on equal shares of capital expenses, predetermined fixed costs, direct costs and percentages of use. SECOMM also provides service through contracts to the Cities of West Richland and Prosser, Connell and the Benton and Franklin County Fire Protection Districts, Port of Pasco, Walla Walla Fire District #5 and the North Franklin County Hospital district. Service contract agencies are assessed on a cost per capita or cost per call basis. The City of Richland's equity interest in SECOMM as of December 31, 2024 was \$1,167,204 which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants.

**800 MHz** - 800 MHz Radio Project fund provides communication infrastructure and technology for the dispatching of public safety agencies throughout Benton County. The Cities of Kennewick, Richland and Benton County each owns a share of 800 MHz's net assets. User agencies are Benton County's Sheriff Office, Jail, Juvenile Justice Center, Public Utility District, and Animal Control; the Cities of Richland, Kennewick, Prosser, Pasco and West Richland, as well as PNNL, DEA, and the Areva Corporation. Radios are charged an annual fee per radio to generate the funds to maintain and upgrade the system. The City of Richland's equity interest in 800 MHz as of December 31, 2024 was \$881,785 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 own a share of Microwave's pre-2024 net assets. Under the third amended and restated interlocal agreement, the City of Pasco and Franklin County will participate in constructing a new Microwave system to replace the separate Benton County and Franklin County systems. Equity related to the new system is shared equally among the five participants. The City of Richland's equity interest in Microwave as of December 31, 2024 was \$638,350 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, 2024 was \$28,105, which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected under Public Safety in the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants

**VHF** - The VHF assets and 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. Participants will be the various fire agencies. The City of Richland's equity interest in VHF as of December 31, 2024 was \$0. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants.

Complete and separate financial statements for all operations of Benton County Emergency Services may be obtained at the City of Richland, 625 Swift Blvd, Richland, Washington.

**Bi-County Police Information Network** - The Bi-County Police Information Network (BI-PIN) was established November 24, 1982, when an Interlocal Agreement was entered into by eight participating municipal corporations; the Cities of Kennewick, Pasco, Richland, Connell, West Richland, and Prosser, and Benton and Franklin Counties. BI-PIN was established to assist the participating police and sheriff's departments in the deterrence and solution of criminal incidents. BI-PIN is served by an Executive Committee composed of the City Manager of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. A liaison from the Bi-County Chiefs and Sheriffs is an ex officio, non-voting member.

The allocation of financial participation among the participating jurisdictions is based upon the approved budget for that year and is billed quarterly in advance to each agency. On dissolution of the Interlocal Agreement, the net position will be shared based upon participant contribution.

Effective January 1, 1992, the City of Kennewick assumed responsibility for operation of the BI-PIN system. As the Operating Jurisdiction, Kennewick provides all necessary support services for the operation of BI-PIN such as accounting, legal services, and risk management and information systems.

BI-PIN is currently in the process of implementing a new RMS/JMS system as well as upgrading all supporting infrastructure. The City of Richland's equity interest in BI-PIN was \$303,206 on December 31, 2024, 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 \$98,534 on June 30, 2024, 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 W. 6th Ave., Kennewick, Washington, 99336.

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

**Capital Assets** - Capital assets, which include property, plant, equipment, intangibles and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) with an initial, individual cost and estimated useful life in excess of \$25,000 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 construction work in progress until the projects are completed and the assets are ready to be placed in service. Upon completion, construction in progress assets are reclassified to their appropriate asset category. 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 acquisition value.

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

Depreciation on all capital assets is recorded as an allocated expense in the Government-wide Statement of Activities and in the proprietary fund statements. Capital assets are reported net of depreciation.

The City uses the straight-line method to depreciate assets based on the following estimated useful lives:

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

Depreciation in the utility funds is computed on asset pools to which a composite percentage rate is applied. The rate for the Electric Fund is from 1.5 to 10 percent per year as prescribed by the Federal Energy Regulatory Commission (FERC). Additional information on the City's capital assets is provided in Note 3.

### Liabilities

**Accounts Payable and Accrued Expenses** – These consist primarily of 1) unpaid claims of vendors for products and services provided to the City, which are normally satisfied in the first months of the subsequent fiscal period, 2) accrued interest on long-term debt, as applicable, 3) retainage, and 4) accrued wages and benefits.

**Payable to Other Governments** – In governmental activities, these consist primarily of amounts owed to Washington State for their share of City activities (e.g. gun permits, business licenses, etc.), leasehold, sales and other taxes payable. In business-type activities, these consist primarily of taxes due to Washington State, debt service accrual for principal and interest payments of State loans.

**Deposits Payable** – These consist primarily of amounts due to customers for deposits made for City utility services, vendor security and rental deposits.

**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.

**Leases payable** – Reports the net present value of future payments on leased assets. (See Note 6 – Leases).

**Subscription Based Information Technology Agreements (SBITAs) payable** – GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented as of December 31, 2023. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone, or in combination with tangible underlying IT assets, in an exchange or exchange-like transaction for a period exceeding 12 months. The government is required to recognize a subscription liability and an intangible right-to-use subscription asset. Cash outlays necessary to place the subscription asset in service can be capitalized during the initial project implementation stage. (See Note 16 – SBITAs)

**Unearned Revenue** – These include amounts recorded as receivables or other assets for which the revenue recognition criteria has not yet been met. They consist primarily of federal and Washington state funds received by the City for which recognition of revenues requires meeting certain grant provisions, unredeemed gift certificates at Columbia Point Golf Course and facility fees in Richland Energy Services, Water and Sewer.

**Net and Total Pension Liability and/or Asset** - For purposes of measuring the net pension liability, net pension asset, 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 as well as additions to and 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.

To calculate the restricted net position related to the net pension asset, the City applies the GFOA award program's preferred method, which defines restricted net position as equal to the net pension asset, excluding both deferred inflows and deferred outflows. Prior to 2024, the City followed the Washington State Auditor's preferred method, which included the net pension asset as well as the associated deferred inflows and outflows. This change aligns the City's financial reporting with GASB standards.

The City's financial statements recognize a proportionate share of Net Pension Liability (NPL), Net Pension Asset (NPA), deferred inflows and outflows and pension expense for the state sponsored pension plans LEOFF 1 and 2, PSERS 2, PERS 1, 2 and 3. Allocations to proprietary funds are reported on proprietary fund statements and allocations to governmental funds are reported on the Government Wide Statement of Net Position.

The City's financial statements also include two *city-administered* single-employer defined-benefit post-employment LEOFF pension plans that are reported pursuant to GASB Statement No. 73 requirements. The plans are not administered through a trust and for this reason were reclassified from fiduciary funds to the general fund in 2018. Total Pension Liability (TPL) for pre-LEOFF plans is reported on the Government Wide Statement of Net Position.

Pension plans are discussed in more detail in Note 10.

**Total Other Post-Employment Benefits (OPEB) Liability** - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information of the City's Retiree Health Benefit Plan and City's LEOFF 1 Fire and Police Plans (the Plans) have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. The City's total OPEB liability was valued as of December 31, 2024, and was used to calculate the total OPEB liability measured as of December 31, 2024. The City implemented GASB Statement No. 75 in 2018.

OPEB is discussed in more detail in Note 9.

**Other Long-term Liabilities** - Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other City of Richland long-term debt is reported in the governmental column of the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line interest method since it is not materially different from the effective interest method. Bonds payable are reported net of the premium or discount. Bond issuance costs are reported as costs of the current period. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt is reported as other financing sources when received. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance cost is reported as debt service expenditures. Long-term encompasses bonds, notes, contracts payables, leases and SBITAs. Note 4 elaborates the full extent of the City's long-term liabilities.



### Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Financial Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement component represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources until those periods occur.

In addition to liabilities, the Statements of Financial Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement component represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources until such 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 and Fund Balances

**Restricted Net Position** – In accordance with bond resolutions and 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** – Governmental accounting standards require fund balances to be classified as either; nonspendable, restricted, committed, assigned, or unassigned, based on 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 City Council can commit resources by ordinance during any Council meeting where a quorum is present. Similar action must be taken to change the commitment of resources. Resources are often *assigned* for specific purposes by management-level staff, usually when that resource relates to a specific function, which does not necessarily require Council action. Other than in the General fund, this is the least restrictive classification for fund balance. The City does not have a formal policy governing the assignment of resources. In the General fund, fund balances for which no constraint is made on use are considered *unassigned*.

When expenditures are incurred for which both restricted and unrestricted resources are available, the City will consider restricted resources to be used first until exhausted, and then spend unrestricted resources. When expenditures are incurred for which more than one classification of unrestricted resources are available, the City will consider committed resources to be spent first, followed by assigned and then unassigned resources.

Details on the purpose of constraints on fund balance are presented in Note 15 to the financial statements.

**Minimum Fund Balance** – The City's financial policies, as outlined in the 2024 annual budget document, state that the City will maintain unrestricted reserves in the General Fund at no less than 16.7% and no more than 25% of projected annual operating expenditures. Unrestricted reserves in excess of the minimum may be utilized for one-time expenditures as approved by Council in a budget ordinance. Any proposed reduction of this reserve range requires approval by a majority of the City Council.

**Stewardship, Compliance and Accountability** - There have been no material violations or possible violations of laws or regulations and finance-related legal or contractual provisions whose effects should be considered for disclosure in the financial statement or as a basis for recording loss contingencies, except as disclosed in Note 12. The City has satisfactory title to all owned assets and there is no lien or encumbrance on such assets, nor has any asset been pledged.

**Accounting Changes and Error Corrections** – Occasionally, an adjustment is required to beginning net position or fund balance for corrections of prior year amounts that should not flow through the current year Revenue and Expenditure statements. The following table itemizes all such adjustments made in 2024, including details on the purpose for the adjustments:

	12/31/2023 Ending Net Position/Fund Balance As previously reported	Error Corrections				1/1/2024 Beginning Net Position/Fund Balance As restated/adjusted
	1	2	3	4		
<b>Government-Wide</b>						
Governmental Activities:	\$293,390,814	\$67,502	(\$12,247)	\$174,464		\$293,620,533
Business-Type Activities:	-					
<b>Total Primary Government</b>	<u>\$293,390,814</u>	<u>\$67,502</u>	<u>(\$12,247)</u>	<u>\$174,464</u>		<u>\$293,620,533</u>
<b>Governmental Funds:</b>						
General Fund	\$39,040,425	\$67,502				\$39,107,927
<b>Total Governmental Funds</b>	<u>\$39,040,425</u>	<u>\$67,502</u>				<u>\$39,107,927</u>
<b>Fiduciary Funds:</b>						
Benton Co. Emergency Mgmt (Fund 642)	\$10,757,227	\$10,716				\$10,757,227
Benton Co. Emergency Mgmt (Fund 643)		(10,716)				
<b>Total Fiduciary Funds</b>	<u>\$10,757,227</u>	<u>-</u>	<u>-</u>			<u>10,757,227</u>

Purpose for error corrections:

- 1 Error correction for expenses in BCES to pay for IT security-managed detection and response services in 2022 were reclassified from Benton County Emergency Management Fund to the 800MHz fund in the amount of \$10,716.
- 2 Error correction for 2012-2013 brokered natural gas disputed repayment to the DOR. \$197,502 was accrued in 2012 and \$130,000 was paid in 2015-2016. The remaining balance of \$67,502 was waived by a closing agreement between the City and DOR.
- 3 Error correction for two SBITAs. Subscriptions were retired in 2024.
- 4 Error correction for 2023 expenditures of CIS V4 upgrade. It was initially classified as a SBITA with a corresponding liability, but since it was not subscription-based it was reclassified as a Capital Work-In-Process (CWIP) asset.

## NOTE 2. INVESTMENTS

### Investments Measured at Amortized Cost

As of December 31, 2024, the City held the following investments at amortized cost:

Type of Investment	Maturities	
State Investment Pool (LGIP)	Average 24 days	88,440,736
Total		88,440,736

The City is a voluntary participant in the Local Government Investment Pool (LGIP). The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the Governmental Accounting standards Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with GAAP. The LGIP was formed under and is regulated by the RCW. As mandated by State law, the State Treasurer periodically reports to the Governor, the State Auditor and the Joint Legislative Audit and Review Committee. The State Auditor's Office is responsible for monitoring the pool's compliance with State statutes and policy. The Office of the State Treasurer (OST) prepares a stand-alone financial report for the pool. A copy of the report is available from the OST, PO Box 40200, Olympia, WA 98504-0200, or online at [www.tre.wa.gov](http://www.tre.wa.gov).

The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds daily. Participants must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m. at the sole discretion of OST. All participants are required to file documentation with the State Treasurer containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

### Investments Measured at Fair Value

To receive the best interest rate possible, the City invests large increments of residual pooled cash over various lengths of time. Investments are reviewed daily and made regularly for all available monies not essential to operations. The interest on these investments is prorated to each fund based on the average of its previous two month's ending cash balances. As required by State law and the City's Investment Policy, all investments of the City's funds (except as noted) are obligations of the US Government or Washington State Municipalities.

**Custodial Credit Risk:** The risk that, in event of a failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investments are all insured, registered and held by its agents in the City's name. The City has no formal policy for custodial credit risk.

**Interest Rate Risk:** In order to manage its exposure to fair value losses arising from increasing interest rates, the City portfolio's weighted average maturity was kept as low as possible while taking advantage of opportunities in short- and medium-term securities. The City does not have a formal policy that addresses interest rate risk.

**Concentration of Credit Risk:** The City does not have a formal policy addressing concentration of credit risk. The following represents the allocation and credit rating of City investments by type of security as of December 31, 2024:

Federal Home Loan Mortgage Corporation	AAA	6.8%
Federal National Mortgage Association	AAA	3.7%
Federal Home Loan Bank	AAA	25.6%
U. S. Treasury Securities	AAA	4.7%
Municipal Bonds	A- to AAA	11.6%
Local Governmental Investment Pool	Unrated	47.3%
Pension Mutual Funds	Unrated	0.3%

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

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

At December 31, 2024, the City had the following investments at fair value:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Weighted Average Maturities
<b>GOVERNMENTAL ACTIVITIES</b>				
U. S. Treasury Securities	\$ 4,629,414	\$ 4,629,414	\$ -	0.03
U.S. Government Securities	35,485,263	-	35,485,263	0.75
Municipal Bonds	11,415,551	-	11,415,551	0.13
Bond Mutual Funds	633,436	633,436	-	N/A
Subtotal Governmental Activities	52,163,664	5,262,850	46,900,814	
<b>BUSINESS TYPE ACTIVITIES</b>				
U. S. Treasury Securities	4,169,949	4,169,949	-	0.03
U.S. Government Securities	31,963,363	-	31,963,363	0.75
Municipal Bonds	10,282,561	-	10,282,561	0.13
Subtotal Business Type Activities	46,415,873	4,169,949	42,245,924	
<b>Total Investments by Fair Value Level</b>	<b>\$ 98,579,537</b>	<b>\$ 9,432,799</b>	<b>\$ 89,146,738</b>	

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**NOTE 3. CAPITAL ASSETS**

**Governmental Activities** - A summary of governmental capital assets for the year ended December 31, 2024 is presented in the following table:

Governmental activities	Balance January 1, 2024	Increases	Decreases	Transfers /Reclassifications	Balance December 31, 2024
<b>Capital assets, not being depreciated:</b>					
Land	\$10,768,914	\$7,907			10,776,820
Construction in progress	11,347,669	12,520,578	(15,127,175)		8,741,072
Total capital assets, not being depreciated	22,116,582	12,528,485	(15,127,175)	-	19,517,893
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	104,675,847	10,106,489			114,782,336
Machinery and equipment	10,533,790	1,197,094			11,730,884
Infrastructure	306,181,904	8,571,183			314,753,087
Software	3,302,001				3,302,001
Easements	353,063				353,063
Lease assets:					
Equipment	40,092	211,417			251,509
Subscription assets	355,998	1,488,406	(184,024)		1,660,380
Total capital assets, being depreciated	425,442,695	21,574,589	(184,024)	-	446,833,260
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(46,671,148)	(2,869,995)			(49,541,143)
Machinery and equipment	(8,655,596)	(418,742)			(9,074,338)
Infrastructure	(177,138,445)	(5,407,809)			(182,546,253)
Software	(1,721,972)	(322,365)			(2,044,336)
Lease assets:					
Equipment	(29,711)	(35,047)			(64,758)
Subscription assets	(79,083)	(508,458)	32,778		(554,763)
Total accumulated depreciation	(234,295,953)	(9,562,416)	32,778		(243,825,591)
Total capital assets being depreciated, net	191,146,742	12,012,173	(151,246)	-	203,007,669
<b>Governmental activities capital assets, net</b>	<b>\$213,263,325</b>	<b>\$24,540,658</b>	<b>(\$15,278,421)</b>	<b>-</b>	<b>\$222,525,562</b>

Depreciation expense was charged as follows:

FUNCTION	TOTAL
General government	\$2,063,028
Public safety	542,835
Transportation	5,238,651
Economic environment	182,165
Culture & recreation	1,535,736
<b>Total Depreciation Expense</b>	<b>\$9,562,415</b>

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The following is a list of construction commitments existing as of December 31, 2024 in the City's governmental-type activities.

Fund	Project	Spent as of December 31, 2024	Remaining Committed
<b>Major Funds:</b>			
General Fund	Fire Station 71 Additions and Improvements	68,699	8,785
<b>General Fund Total</b>		<b>68,699</b>	<b>8,785</b>
Streets Capital Construction	Henderson Loop Phase 2	1,798,763	85,216
Streets Capital Construction	Center Parkway South - Leslie to Clearwater	452,821	18,543
Streets Capital Construction	South George Washington Way Intersection Improvements	1,474,768	134,014
Streets Capital Construction	ADA Curbs and Wheelchair Ramps	677,428	414
Streets Capital Construction	Downtown Connectivity Improvements	672,968	1,009,465
Streets Capital Construction	Citywide Pedestrian Safety Improvements	329,350	8,830
Streets Capital Construction	Systemic Stop-Controlled Intersection Safety Improvements	154,916	1,184,849
Streets Capital Construction	Jadwin Avenue School Walking Route Improvements	12,580	21,600
<b>Streets Capital Construction Fund Total</b>		<b>5,573,594</b>	<b>2,462,933</b>
<b>Non-Major Funds:</b>			
Fire Station 76 Construction	Fire Station 76 Construction	8,023,510	6,322
Parks Construction	Howard Amon Park Playground Replacement	854,456	816,898
Parks Construction	Badger Mountain Trail Improvements	548,597	11,188
Parks Construction	Uptown Lighting Replacement	299,722	13,969
Parks Construction	Shoreline Enhancements	185,190	42,354
Parks Construction	Columbia Point Marina Park Enhancements	632,445	15,300
Parks Construction	West Village Park at Badger Mountain South	2,710,681	113,597
Parks Construction	Library Outdoor Children's Area	49,767	17,050
Parks Construction	Badger Mountain Park North Parking Lot	1,035,783	2,063
Parks Construction	South Orchard Park at Badger Mountain South	11,940	18,060
General Government Construction	Richland Community Center Chiller Replacement	130,639	31,108
<b>Non-Major Funds Total</b>		<b>14,482,730</b>	<b>1,087,907</b>

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A summary of other, non-construction related encumbrances for governmental-type activities is presented below.

Fund		Encumbered as of December 31, 2024
<b>Major Funds:</b>		
General Fund		\$689,711
Streets Capital Construction Fund		176,064
<b>Non-Major Funds:</b>		
Total Non-Major Funds		224,896
<b>TOTAL</b>		<b>\$1,090,671</b>

**Business-Type Activities** - A summary of business-type capital assets for the year ended December 31, 2024 is presented in the following table:

Business-type activities	Balance January 1, 2024	Increases	Decreases	Transfers /Reclassifications	Balance December 31, 2024
<b>Capital Assets, not being depreciated:</b>					
Land	\$ 8,899,440	\$ -	\$ -	\$ -	\$ 8,899,440
Construction in progress	23,644,951	19,580,400	(9,673,533)	-	33,551,818
Total capital assets, not being depreciated	32,544,391	19,580,400	(9,673,533)	-	42,451,258
<b>Capital Assets, being depreciated:</b>					
Buildings and improvements	59,781,141	162,886	-	-	59,944,026
Machinery and equipment	60,751,851	8,408,253	(2,057,104)	-	67,103,000
Infrastructure	478,791,147	20,894,312	-	-	499,685,459
Lease assets:					
Capital vehicles	1,468,772				1,468,772
Equipment	-	79,281	-	-	79,281
Subscription Assets	-	1,763,003	-	-	1,763,003
Total capital assets, being depreciated	600,792,910	31,307,735	(2,057,104)	-	630,043,541
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(35,031,112)	(1,064,932)	-	-	(36,096,044)
Machinery and equipment	(31,459,931)	(3,769,598)	2,014,726	-	(33,214,802)
Infrastructure	(207,771,136)	(12,024,877)	-	-	(219,796,012)
Lease assets:					
Capital vehicles	(928,611)	(268,207)	-	-	(1,196,818)
Equipment	-	(9,249)	-	-	(9,249)
Subscription Assets	-	(230,869)	-	-	(230,869)
Total accumulated depreciation	(275,190,790)	(17,367,732)	2,014,726	-	(290,543,796)
Total capital assets being depreciated, net	325,602,120	13,940,003	(42,378)	-	339,499,746
<b>Business-type activities capital assets, net</b>	<b>\$ 358,146,511</b>	<b>\$ 33,520,403</b>	<b>\$ (9,715,911)</b>	<b>\$ -</b>	<b>\$ 381,951,003</b>

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Depreciation expense was charged as follows:

FUNCTION	TOTAL
Electric Utility	\$7,430,498
Water Utility	3,277,917
Wastewater Utility	2,189,118
Solid Waste Utility	403,517
Nonmajor Enterprise Funds	709,948
Internal Service Funds	3,356,735
<b>Total Depreciation Expense</b>	<b>\$17,367,733</b>

Construction commitments existing as of December 31, 2024 in the City's business-type activities were:

Fund	Project	Spent as of December 31, 2024	Remaining Committed
<b>Major Funds:</b>			
Electric	Sandhill Crane Substation	32,852	415,953
Electric	Thayer Substation	4,016	340,000
Electric	Stevens Substation	138,284	195,988
Electric	Boring and Drilling	1,776,315	679,000
Electric	AMI Implementation	6,327,849	250,000
<b>Electric Utility Fund Total</b>		<b>8,279,316</b>	<b>1,880,941</b>
Water	Distribution System Improvements	1,627,429	541,892
Water	Pavement Preservation Program	-	1,305
Water	Water Meter Replacement	316,868	18,696
Water	Irrigation System and Pump Upgrades	545,199	35,556
Water	Tapteal 2 Truman Ave Upgrades	527,891	2,659,420
Water	Intake Pumps Upgrades	113,095	34,421
Water	Automated Meter Reading (AMI) System	420,094	28,749
Water	Tapteal Pump Station Upgrade	5,340,497	246,855
Water	SCADA (Security Control & Data Acquisition) Update	37,621	10,444
<b>Water Utility Fund Total</b>		<b>8,928,694</b>	<b>3,577,338</b>
Wastewater	WWTP Boiler Replacement	761,857	946,312
Wastewater	WWTF Aeration Basin #2 Retrofit	3,740,826	331,694
Wastewater	WWTF Digester Improvements	113,431	41,419
Wastewater	WWTP HVAC Improvements	34,485	44,317
Wastewater	SCADA (Security Control & Data Acquisition) Update	39,742	10,444
Wastewater	Lift Station Improvements	427,192	73,756
<b>Wastewater Utility Fund Total</b>		<b>5,117,533</b>	<b>1,447,942</b>
Solid Waste	Landfill Maintenance Facility	243,205	138,984
Solid Waste	Landfill Expansion	228,835	200,796
<b>Solid Waste Utility Fund Total</b>		<b>472,040</b>	<b>339,780</b>
<b>Non-Major Funds:</b>			
Stormwater	DOT Surplus Regional Facility	16,999	7,118
<b>Non-Major Funds Total:</b>		<b>16,999</b>	<b>7,118</b>

A summary of other, non-construction related encumbrances for business-type activities is presented below.

Fund		Encumbered as of December 31, 2024
<b>Major Funds:</b>		
	Electric Utility Fund	\$ 2,695,978
	Water Utility Fund	176,502
	Wastewater Utility Fund	113,552
	Solid Waste Utility Fund	223,068
<b>Non-Major Funds:</b>		
	Total Non-Major Funds	142,313
<b>TOTAL</b>		<b>\$3,351,414</b>

#### NOTE 4. LONG-TERM DEBT AND LIABILITIES

##### Governmental Activities

Long-term liabilities of the City's governmental activities consist of 1) general obligation bonds, 2) compensated absences, 3) notes, loans payable to state agencies, and Local Program loans through Office of the State Treasurer, 4) total Other Post-Employment Benefits (OPEB) Liability, 5) Net and Total Pension Liability, 6) refunded bonds, and 7) right-to-use leases and subscriptions. 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 2024.

**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, Loans Payable to State Agencies and Local Program Loans through Office of the State Treasurer** – 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. In 2020, the City utilized the State Treasurer's Office Local Program to finance the construction of two new fire stations. Loans and notes are considered obligations of the general government and will be repaid with general governmental revenue sources.

**Total OPEB Liability** – As described in Note 9, the City administers a single-employer defined benefit post-employment healthcare plan, providing healthcare insurance for eligible retirees, their spouses, and their children. The City is also responsible for administering two OPEB Plans for Pre

LEOFF police officers and firefighters. The Total OPEB Liability (TOL) at year end for each plan is included in the long-term debt table presented later in this section. GASB Statement No. 75 was implemented in 2018. A large part of GASB Statement No. 75 was improving the approach to measuring the liability and requiring governments to report the liability on their financial statements. The TOL for all fund types as of December 31, 2024, was \$8,974,371. The TOL as of December 31, 2024, related to governmental activities was \$8,122,278. The current portion of the TOL for governmental activities was \$703,659.

**Net and Total Pension Liability** – GASB Statement No. 68 became effective with the 2015 ACFR. As such, the City is required to report a proportionate share of the State's pension liability from the PERS 1, 2 and 3, RSERS 2, and LEOFF 1 and 2 State Pension Plans. LEOFF Plans, PSERS Plan 2, and PERS Plans 2 and 3 have Net Pension Assets which are not reflected in this section, however PERS Plan 1 has Net Pension Liabilities (NPL) that are reflected in the table on the following page. The City's share of the Net Pension Liability for PERS 1 was \$3,126,773 of which \$1,708,861 was related to governmental activities. This amount has been allocated to Governmental activities and Business type activities based on the 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 Total Pension Liability (TPL) for each of those plans is included in the long-term debt table presented later in this section. These two plans are reported in accordance with GASB 73, which became effective for the City with the 2018 ACFR.

**Refunded Bonds** – In prior years, the City defeased certain general obligation bonds by placing a portion of the proceeds from new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. At December 31, 2024, no bonds outstanding are considered defeased.

**Right-to-Use Leases** – The City implemented GASB Statement No. 87 where a contract conveys control of the right to use another entity's underlying asset for a period of time in an exchange or exchange-like transaction. The City holds several leases such as land, office space, and equipment that fall under these categories.

**Subscription Based Information Technology Agreements (SBITAs)**– The City implemented GASB Statement No. 96 where a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible underlying IT assets, in an exchange or exchange-like transaction for a period exceeding 12 months. The city holds several SBITAs such as information technology hardware and software.

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The following table provides a complete and comprehensive record of all long-term governmental liabilities as of December 31, 2024:

Schedule of Long-Term Liabilities						
<b>Governmental Activities:</b>						
<b>Long-Term Debt:</b>						
<b>Unlimited Tax General Obligation Bonds - Voted</b>						
Purpose	Issuance Amount	Maturity Date	Interest Rate	Current Balance January 1, 2024	Additions	End of Balance December 31, 2024
2015 Refunding UTGO Police Station/Community Center/Library Remodel	14,385,000	12/1/2026	2.00%-5.00%	4,695,000	1,445,000	3,250,000
						1,560,000
						<b>Total Unlimited Tax General Obligation Bond Debt</b>
						<b>3,250,000</b>
						<b>1,560,000</b>
<b>Limited Tax General Obligation Bonds - Nonvoted, Council/Committee</b>						
2010 LTGO Refunding (1998 LTGO Refund, IT Facility)	3,170,000	12/1/2039	2.00%-4.30%	1,032,000	75,000	945,000
						75,000
2013A LTGO IRI to finance infrastructure in RAISE area	10,010,000	12/1/2037	1.12%-4.0%	7,215,000	410,000	6,805,000
						425,000
2014 LTGO Fire Station #74 Construction	3,855,000	12/1/2034	2.0%-4.0%	2,130,000	160,000	1,970,000
						170,000
2017 LTGO & Refunding & 2006 Refunding Bonds (City Hall Portico)	12,235,000	12/1/2045	3.0%-5.0%	12,020,000	335,000	11,680,000
						350,000
2017 LTGO & Refunding & 2006 Refunding Bonds (2006 Refunding Portico)	2,875,000	12/1/2045	2.0%-4.0%	735,000	235,000	500,000
						245,000
Total Fire Stations 73 & 75	3,445,000	6/1/2040	2%	4,935,000	190,000	4,745,000
						200,000
						<b>Total Limited Tax General Obligation Bond Debt</b>
						<b>26,600,000</b>
						<b>1,465,000</b>
						Unamortized Premiums
				3,455,164	323,799	3,131,365
						<b>Total General Obligation Bond Debt Net of Unamortized Premiums</b>
						<b>31,031,365</b>
						<b>8,025,000</b>
<b>Other Governmental Liabilities</b>						
C2003-14B-Community Economic Revitaliz. Ref Loan Rattleville Blvd.	780,000	1/1/2026	1%	105,450	54,602	110,848
						55,148
Ed. WSDOT Ref Loan for Streets	399,982	7/1/2025	0%	79,997	39,998	39,999
						0
Compensated Absences				5,331,726	3,643,256	4,056,806
						4,678,176
Net Pension Liability- State PERS/TEOP Plans				2,246,098	-	557,237
						1,798,861
Total Pension Lab-Pre LTGOFF 1 Plan				876,191	126,996	749,195
						95,541
Total Pension Lab-Pre LTGOFF 1 Plan				2,087,726	307,161	1,780,565
						143,335
Total Pension Liability - LTGOFF 1 Plan				2,056,599	829,850	1,226,749
						102,916
Total OPEB Liability - LTGOFF 1 Plan				3,100,163	1,470,886	1,629,277
						135,747
Total OPEB Liability - City Post-emp Healthcare				4,265,786	1,000,466	5,266,252
						464,906
Right-to-Use Leases				7,110	211,417	29,572
						188,955
						11,833
Information Technology Subscriptions Right to Use (SMTA)				223,314	1,488,406	631,189
						1,070,731
						513,195
						<b>Total Other Governmental Liabilities</b>
						<b>18,445,629</b>
						<b>4,944,807</b>
						<b>Total Governmental Liabilities</b>
						<b>54,793,924</b>
						<b>7,989,809</b>

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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2024 for governmental debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

	Governmental Activities		Totals
General Obligation Bonds	Principal	Interest	
By Fiscal Year:			
2025	\$3,618,803	\$1,352,844	\$4,971,647
2026	3,847,683	1,197,782	5,045,466
2027	1,381,967	1,029,164	2,411,131
2028	1,413,211	975,743	2,388,954
2029	1,494,246	917,213	2,411,460
2030-2034	8,035,000	3,669,195	11,704,195
2035-2039	6,545,000	2,053,300	8,598,300
2040-2044	4,105,000	795,375	4,900,375
2045	855,000	42,750	897,750
Total Debt Service Requirements	\$31,295,910	\$12,033,366	\$43,329,278

### 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) leases 6) total Other Post-Employment Benefits (OPEB) Liability, 7) Total and Net Pension Liability and 8) Local Improvement Districts (LID's) with commitments. The following is a discussion of each type of liability (except compensated absences which is discussed in a separate section of this note). Following the discussion is a table of Long-Term Business Type Liabilities and Debt which includes changes to long-term liability activities for 2024.

**Revenue Bonds and General Obligation Bonds** – Revenue Bonds issued to finance the construction and acquisition of major capital facilities and infrastructure in the City's utilities are backed by the revenues generated from the respective utility. Business-type activities also include certain Councilmanic general obligation bonds issued in 2010 and 2013. The general obligation bonds for business type funds are called out in a separate section of the table of business type liabilities in this section.

**Notes and Loans Payable to State Agencies** – The Water Fund has financed several large capital replacement projects with Public Works Trust Fund and Drinking Water Revolving Loans. In 2024, the water fund had a new loan for a Booster Pump station. 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 governmental agency loan to finance a portion of the fiber network. The Solid Waste fund has financed a new loan in 2024 for a landfill expansion project.

**Landfill Closure and Post-Closure Care Liability** - The City of Richland owns and operates the Horn Rapids Landfill, which includes the 46-acre existing landfill permitted for disposal of MSW, a support facility, a 9-

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acre composting facility, a customer service transfer station that includes a small household hazardous waste receiving area, and the 104-acre landfill Expansion, which began operation in the fall of 2020. State and Federal regulations require that the City place a final cover on its landfill once its capacity is depleted. The City is also required to perform maintenance and environmental monitoring at the site for thirty years following closure. Although closure and post-closure care costs will be paid only near or after the date the landfill site is filled to capacity, the City must recognize the expense related to these activities as the related liability is incurred. The expense and concurrent liability is calculated based upon the landfill capacity used to date. At the end of each year of operation, it has been necessary to measure the capacity used at the landfill. By using the change in capacity during the current year, a percentage of total capacity used is 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 begin the design stages of a new phase in early 2025 and have it ready for operation at the end of the year. Closure of the first phase was completed in 2011 and the second phase was completed at the end of 2021. Monitoring and maintenance activities are now taking place on both phases. As of the end of 2024, the landfill volume used capacity was 93.2%. As of December 31, 2024, the City had sufficient funds set aside to provide approximately 31% of the post-closure care. Cash and investments of \$6,936,621 or, 67.3% of the required reserves, have been accumulated. The post-closure care of the current landfill site is estimated to cost \$8,034,000 in current dollars. The additional portion in reserves necessary to complete the 30 years of post-closure care will be funded through operations.

The City's waste management software tracked 109,153 tons of waste accepted in 2024. The current year expense for the related use of available volume was \$573,643. The estimate of closure cost for 2024 was updated, which resulted in the recognition of additional expense of \$793,056.

**Leased Equipment** – The City leases a pumper truck, a dozer, a compactor and an articulated truck. For more information on leases, see Note 6 to the financial statements.

**Total OPEB Liability** – As noted in the governmental activities section, the City reported an overall TOL of \$8,974,371. The TOL related to business type activities was \$852,093. The current portion of the TOL for business type activities was \$75,231.

**Net Pension Liability** – As per GASB 68 the City is required to report a proportionate share of the State's pension liability from the PERS 1, 2 and 3, and from LEOFF 1 and 2 State Pension Plans. PERS plan 1 has Net Pension Liabilities (NPL) that are reflected in the table on the following page. The City's share of the Net Pension Liability for PERS 1 was \$3,126,773, of which \$1,417,912 was allocated to business-type activities based on contributions of each fund. Governmental Funds are only reported on the Government Wide Statement of Net Position however proprietary funds have recorded their share of the liability in the fund financial statements.

**Special Assessment Debt** – The City has one LID with ongoing commitments. The City issued debt titled "2017 ULID bonds" in the Water and Sewer Funds to finance improvements related to Reata LID 197. The Water and Sewer Funds are fully obligated to repay the bonds. Current and delinquent assessments receivable in the Water and Sewer Funds are disclosed in Note 1 under the heading "Assessments".

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The following tables provide a comprehensive record of all long-term liabilities for business-type activities as of December 31, 2024:

SCHEDULE OF LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES								
REVENUE BONDS								Amounts Due Within One Year
Purpose	Issuance Amount	Maturity Date	Interest Rate	Current Balance January 1, 2024	Additions	Reductions	Ending Balance December 31, 2024	
Electric	2015 Electric Utility Revenue Bonds	19,435,000	Nov 1, 2045	2.00%-4.75%	17,455,000	475,000	16,980,000	485,000
	2018 Electric Revenue Improvement & Refunding	19,800,000	Nov 1, 2047	3.00%-5.00%	13,025,000	455,000	12,570,000	480,000
	2019A Electric Revenue Improvement & Refunding	12,525,000	Nov 1, 2044	4.00%-5.00%	11,430,000	290,000	11,140,000	295,000
	2019T Electric Revenue & Refunding	3,145,000	Nov 1, 2033	2.23%-3.21%	2,885,000	265,000	2,620,000	270,000
	2021 Electric Revenue Improvement Bond	6,415,000	Nov 1, 2046	3.00%-4.00%	6,240,000	180,000	6,060,000	190,000
	2023 Electric Revenue Improvement Bond	19,415,000	Nov 1, 2053	3.00%-4.00%	19,415,000	770,000	18,645,000	805,000
	2012 Water Wastewater Improvement & Refunding	7,540,000	Nov 1, 2034	2.00%-4.00%	4,465,000	365,000	4,100,000	380,000
Water	2017 Wasteworks Utility Revenue & Refunding Bonds	12,455,000	Nov 1, 2042	2.00%-5.00%	11,565,000	510,000	11,055,000	525,000
<b>TOTAL REVENUE BONDED DEBT</b>							<b>83,170,000</b>	<b>3,430,000</b>
GENERAL OBLIGATION DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES								
2010 LTGO Refunding (1998 LTGO Refund, 1996 Golf Course Ref)	4,460,000	Dec 1, 2039	2.00%-4.30%	3,070,000	135,000	2,935,000	140,000	
2013A LTGO - Broadband Portion to construct a fiber optic structure to support communications network	1,200,000	Dec 1, 2037	1.125%-4.00%	1,200,000	-	1,200,000	-	
2013B LTGO - Broadband Portion to construct a fiber optic structure to support communications network	1,165,000	Dec 1, 2027	0.38%-3.50%	335,000	85,000	250,000	90,000	
<b>TOTAL GENERAL OBLIGATION BONDED DEBT FOR BUSINESS-TYPE ACTIVITIES</b>							<b>4,385,000</b>	<b>230,000</b>



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OTHER BUSINESS-TYPE LIABILITIES									
Purpose	Issuance Amount	Maturity Date	Interest Rate	Beginning Balance January 1, 2024	Additions	Reductions	Ending Balance December 31, 2024	Amounts Due Within One Year	
DWSRF Loan #03-65103-045 Badger Mountain Pump Station	\$ 580,000	Oct 1, 2024	1.50%	\$ 36,250	\$ -	\$ 36,250	\$ -	\$ -	
DWSRF Loan #DM09-952-029 Horn Rapids Water Reservoir	3,030,000	Oct 1, 2029	1.50%	963,094		160,516	802,578	160,516	
DWSR Loan #DWL23484	60,993	Oct 1, 2042	1.00%	700,277		36,857	663,420	36,857	
Dept of Ecology Loan #L97000040 for Development of Stormwater Comprehensive Plan	145,776	Mar 1, 2024	4.30%	5,531		5,531	-	-	
Dept. of Ecology Recovery Act Loan L1000013 Aeration Basin Project Wastewater	1,538,338	May 27, 2031	2.90%	687,503		83,271	604,232	85,718	
PC20-96103-049 Solid Waste Public Works Loan	34,560	Jun 1, 2039	1.58%	3,368,422		210,526	3,157,896	210,526	
PC24-96103-048 Tapteal 1 Booster Pump Station Project 2024	1,934,387	Jun,1 2044	1.72%	-	1,934,387	-	1,934,387	-	
PWB 2024 Organic Feasibility	24,912	Jun 1, 2029	0.86%	-	24,912	-	24,912	-	
Liability for Landfill Closure	N/A			7,906,528	1,366,699	-	9,273,227	-	
Compensated Absences	N/A			2,296,317	3,037,355	2,534,964	2,798,708	1,399,354	
Net Pension Liability- State PERS/LEOFF Plans	N/A			1,929,563		511,651	1,417,912	-	
Total OPEB Liability - City Post Emp Healthcare	N/A			1,222,501		370,408	852,093	75,231	
Information Technology Subscriptions Right to Use (SBITA)				-	1,763,003	201,895	1,561,108	217,469	
<b>Right to use Agreements</b>									
Right-to-Use Leases				-	79,281	8,455	70,826	8,455	
Landfill Compactor Lease (Q000106371-7)	312,046	May 17, 2023	4.95%	260,000		260,000	-	-	
Landfill Dozer Lease	229,405	Apr 20, 2026	3.85%	101,481		34,300	67,180	33,811	
Landfill Articulated Truck Lease	137,038	Apr 20, 2025	3.85%	46,892		21,260	25,632	23,889	
TOTAL OTHER BUSINESS-TYPE LIABILITIES							23,254,112	2,251,826	
TOTAL BUSINESS-TYPE LIABILITIES							\$ 110,809,112	\$ 5,911,826	

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, 2024, the amount reported in the Statement of Net Position as bonds payable is as follows:

Bonded Debt	ELECTRIC	WATER	SEWER	STORM-WATER	*GOLF COURSE	*BROADBAND	TOTAL
Current Portion	\$2,525,000	\$542,078	\$332,923	\$30,000	\$140,000	\$90,000	\$3,660,000
Long-Term Portion	65,490,000	8,767,192	4,907,809	575,000	2,795,000	1,360,000	83,895,000
Net unamortized premiums and discounts	7,075,803	931,405	599,279	73,870	39,394	(19,261)	8,700,490
Net Long-Term Portion	72,565,803	9,698,596	5,507,087	648,870	2,834,394	1,340,739	92,595,490
Total Reported Liability	\$75,090,803	\$10,240,674	\$5,840,010	\$678,870	\$ 2,974,394	\$1,430,739	\$96,255,490

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

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The annual debt service requirements to maturity as of the fiscal year ended December 31, 2024 for business-type debt is presented below. The schedule includes all debt issues but excludes all other liabilities.

Business-Type Bonds	Business-Type Activities		Totals
	Principal	Interest	
By Fiscal Year:			
2025	\$ 4,443,746	\$ 4,068,250	\$ 8,511,996
2026	4,610,484	3,883,874	8,494,358
2027	4,745,441	3,686,753	8,432,194
2028	4,933,518	3,495,446	8,428,964
2029	5,435,584	3,310,176	8,745,760
2030-2034	25,391,615	13,378,665	38,770,280
2035-2039	23,126,915	8,004,240	31,131,155
2040-2044	15,355,570	3,537,212	18,892,782
2045-2049	4,720,000	883,350	5,603,350
2050-2053	1,745,000	223,500	1,968,500
Total Debt Service Requirements	\$ 94,507,873	\$ 44,471,466	\$ 138,979,339

The following table presents debt coverage ratios for parity debt in the Water, Sewer, and Stormwater funds. As of December 31, 2024, bonds on parity with 2017 Waterworks Utility and Revenue Bonds include 2012 Water Wastewater Improvement & Refunding Bonds and 2014 Waterworks Revenue & Refunding Bonds.

Table for Waterworks (Water, Sewer, Stormwater) Parity Debt										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross Revenue	30,251,322	28,933,599	29,306,771	30,565,077	30,744,572	30,133,044	29,452,312	28,016,663	27,676,910	26,871,768
Less Operating Expenses	18,786,367	18,786,773	17,884,985	16,276,780	14,297,040	13,442,659	13,746,283	13,344,677	15,268,317	13,517,407
Net Amount Available For Debt Service	11,464,956	10,146,825	11,421,787	14,288,297	16,447,532	16,690,385	15,706,029	14,671,986	12,408,593	13,354,361
Total Annual Debt Service	1,509,375	2,337,325	3,084,275	4,549,675	4,553,150	4,645,100	4,664,300	4,320,347	4,185,638	4,188,047
Water/Sewer Debt Coverage	7.60	4.34	3.70	3.14	3.61	3.59	3.37	3.40	2.96	3.19

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

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



extent applicable to the bonds, the City, to the extent permitted and required by Section 148(f)(7) of the Internal Revenue Code, will pay any penalty that may be necessary to preserve the tax exemption for interest on the bonds.

**Compensated Absences** - City employees are credited on a bi-weekly basis with sick and vacation leave at rates established by City ordinance or union agreement. In compliance with Washington State Initiative 1433, as of January 1, 2018, the City provides paid sick leave to employees. This mandatory State requirement allows employees to request paid sick leave and seek medical diagnosis and treatment for a non-work related injury or illness.

Effective January 1, 2001, Paid Time-Off (PTO) was provided to unaffiliated City employees in lieu of vacation and short-term sick. All accumulated vacation leave balances were converted to PTO. In addition to PTO, an extended sick leave bank was created. Employees were given a one-time, irrevocable opportunity to elect one of three conversion options for their accumulated sick leave. The first was to convert it to cash at twenty-five percent of its value, not to exceed \$5,000. The second was to convert all of their sick leave to PTO at twenty-five percent of its hourly value. The third option was to "grandfather" all accumulated sick leave and keep it in a separate leave account. Employees who retire or terminate their employment with the City that have a balance in their "grandfathered" sick leave account will be paid twenty-five percent of its value, not to exceed \$5,000 for retirees or \$2,000 for terminations. Because of the many variables governing the cash payment of grandfathered sick leave, the City accrues the benefit annually for scheduled retirees. PTO is accrued when incurred in the government-wide and proprietary fund financial statements. PTO, which may be accumulated up to 500 hours for PERS 1 employees and 800 hours for PERS 2 and 3 employees, is payable upon resignation, retirement or death. On December 31, 2024, the City's accrued vacation, PTO and sick leave amounted to \$7,476,884. This amount includes \$446,831 in internal service funds that are allocated within the business-type activities.

Implementation of GASB 101 did not result in a material change to the City's calculation of the liability for compensated absences. As such, no provision for change in accounting principle is reported.

In governmental activities, claims and judgements are liquidated by the Workers Compensation, Healthcare/Benefits Plan, Unemployment and Post Employment Healthcare Plan Funds. Pension and OPEB liabilities are liquidated by the General, Industrial Development, Public Safety Sales Tax, BCES Operations, HOME and City Streets funds. The Electric, Water, Sewer, Solid Waste, Stormwater, Medical Services, Equipment Maintenance and Public Works Administration and Engineering funds liquidate pension and OPEB liabilities for the business-type activities.

#### NOTE 5. FINANCIAL GUARANTEES AND PLEDGED REVENUES

In 2015 the Richland Public Facility District (PFD), a discretely-presented component unit, completed a current refunding of \$5,280,000 of the PFD's outstanding 2004 limited tax general obligation bonds. The City was involved in the refunding because debt service on the 2004 bonds was guaranteed by the City through a "Contingent Loan Agreement" (CLA), 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 CLA with the PFD with the same guarantee for the 2015 bond issue. The obligation of the City to make loans to the PFD for debt service terminates upon payment in full of principal and interest on all outstanding bonds on April 1, 2028. The 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, 2024, the outstanding principal of the PFD's 2015 General Obligation refunding bonds is \$2,085,000.

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 PFD bonds. This amount is transferred annually until the bonds are retired in 2028. In 2024, 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 7.0% and 23.5%, respectively.

#### NOTE 6. LEASES

**Lessee Activities.** The City of Richland has several arrangements where they are lessee for various non-cancelable leases of land, buildings, office equipment, and vehicles.

For leases that meet the capitalization threshold at lease commencement, the City recognizes a lease liability and an intangible right-to-use lease asset on the Statement of Net Position in the government-wide and proprietary and trust fund financial statements.

For governmental fund financial reporting, the initial value of the lease liability is reported as other financing sources with a corresponding capital outlay at lease commencement.

The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the City of Richland is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

The expected payments are discounted using the City of Richland's incremental borrowing rate. It was based on the rate of interest the City would be charged if it were to borrow an amount equal to the lease payments for a similar asset type and under similar terms at the commencement or remeasurement date. The incremental borrowing rate is used as the discount rate for lease contracts where the City is the lessee.

The lease terms include the non-cancelable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease term. Certain payments are evaluated to determine if they should be included in the measurement of the lease liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

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The City monitors changes in circumstances that may require remeasurement of a lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured, and a corresponding adjustment is made to the lease asset. For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, an expense/expenditure is recognized based on the provisions of the lease contract.

The following is a summary of governmental right-to-use lease asset activity for the year ended December 31, 2024.

	Balances December 31, 2023	Additions	Deletions/ Adjustments	Balances December 31, 2024
<b>Governmental Activities</b>				
Office Equipment	\$ 30,429	\$ 211,417	\$ -	\$ 241,846
Accumulated Amortization	(20,046)	-	(35,047)	(55,094)
Net equipment and other lease Assets	10,383			186,752
<b>Total Governmental Activities Lease Assets, Net</b>	<b>\$ 10,383</b>			<b>\$ 186,752</b>

The following is a summary of business-type right-to-use lease asset activity for the year ending on December 31, 2024.

	Balances December 31, 2023	Additions	Deletions/ Adjustments	Balances December 31, 2024
<b>Business-Type Activities</b>				
Vehicle lease Assets	\$ 1,468,772	\$ -	\$ -	\$ 1,468,772
Office Equipment	-	79,281	-	79,281
Accumulated Amortization	(928,611)	-	(277,456)	(1,206,067)
Net equipment and other lease Assets	575,819			341,986
<b>Total Business-Type Activities Lease Assets, Net</b>	<b>\$ 575,819</b>			<b>\$ 341,986</b>

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The following schedule presents future annual lease payments for governmental and business-type activities as of December 31, 2024.

Right-to-Use Lease Agreements	Government-Type Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By fiscal Year:</b>						
2025	\$ 39,894	\$ 6,829	\$ 72,660	\$ 19,994	\$ 112,554	\$ 26,823
2026	\$ 41,519	\$ 5,203	\$ 50,682	\$ 8,693	\$ 92,202	\$ 13,896
2027	\$ 43,211	\$ 3,512	\$ 16,204	\$ 1,317	\$ 59,415	\$ 4,829
2028-3032	\$ 64,246	\$ 1,944	\$ 24,092	\$ 729	\$ 88,338	\$ 2,674
<b>Total</b>	<b>\$ 188,871</b>	<b>\$ 17,488</b>	<b>\$ 163,639</b>	<b>\$ 30,733</b>	<b>\$ 352,510</b>	<b>\$ 48,222</b>

Variable lease payments, other than those that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. During the fiscal year ending December 31, 2024, the City of Richland, recognized \$77,540 for variable and other lease payments not included in the measurement of the lease liability.

**Lessor Activities.** The City of Richland has several arrangements where they are lessor for various noncancelable leases of land, buildings, and other assets such as communication towers.

For leases that meet the capitalization threshold at lease commencement, the city recognizes a lease receivable and a deferred inflow of resources on the Statement of Net Position in the Government-Wide and Proprietary and Trust fund financial statements and on the Governmental Funds Balance Sheet.

The lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, the City's incremental borrowing rate for leases is used as the discount rate for lease receivables. The City of Richland's incremental borrowing rate is used as the discount rate for lease contracts where the contract does not provide an implicit rate.

The lease terms include the non-cancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties agree to extend) are excluded from the lease term.

The City monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflow of resources.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract.

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During the fiscal year ending December 31, 2024, the amount of recognized lease revenue and lease interest was \$1.5 million and \$395,500, respectively.

Variable lease receipts, other than those that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease receivable. During the fiscal year ending December 31, 2024, the City of Richland recognized revenue of \$318,560 for variable lease payments not included in the measurement of the lease receivable. The City of Richland does not use leases to fund its principal ongoing operations.

**NOTE 7. INTERFUND TRANSFERS**

The following table provides a summary of interfund transfers for the year ended December 31, 2024.

Transferred From:	Transferred To:					
	Streets Construction Fund	Other Governmental Funds	Major Enterprise Funds	Other Enterprise Funds	Internal Service Funds	Total
General Fund	\$ 1,230,000	\$ 1,477,647		\$605,000	\$450,679	\$ 3,763,326
Major Governmental Funds				8,282		8,282
Other Governmental Funds	6,502,759	3,154,732	\$ 450	716		9,658,657
Major Enterprise Funds				55,000	344,353	399,353
Other Enterprise Funds		12,347			44,274	56,621
<b>Total</b>	<b>\$ 7,732,759</b>	<b>\$ 4,644,726</b>	<b>\$ 450</b>	<b>\$668,998</b>	<b>\$ 839,307</b>	<b>\$ 13,886,239</b>

In 2024, the City's enterprise operations paid a total of \$10,966,433 in Occupation Taxes to the City's General and Streets Funds. In accordance with GASB Statement No. 34, the expense is reflected as an operating expense in the Fund financial statements, while payments of this nature are to be reported on the City's Government-Wide Statement of Activities as transfers. Therefore, the transfers reported on the General and Street Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance are different by this amount.

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

Purpose: Sharing of resources between funds					
Transferred From:		Transferred To:			
		Other Governmental Funds	Other Enterprise Funds		Total
			Streets	Medical Services	
General Fund		\$ 1,654,170	\$ 550,000		\$ 2,204,170
Streets Construction Fund				\$ 8,282	8,282
Other Governmental Funds	Transportation Benefit District	112,829			112,829
	Hotel/Motel Tax	9,204	128	588	9,920
Total		\$ 1,776,203	\$ 550,128	\$ 8,870	\$ 2,335,202

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Purpose: Debt service and/or contributions toward capital and other improvements												
Transferred From:	Transferred To:										Total	
	Major Governmental Funds	Other Governmental Funds						Major Enterprise Funds	Other Enterprise Funds	Internal Service Funds		
	Street Construction	Industrial Development	General Govt Construction	LTCO Bonds Debt Service	Park Project Construction	Fire Station 74 Debt Service	LID Guaranty Debt Service	Waste/Water	Broadband	Equipment Replacement		
General Fund	\$ 1,230,000	\$ -	\$ -	\$ 645,641	\$ 160,000	\$ 869,000	\$ -	\$ -	\$ 65,000	\$ 450,679	\$ 3,213,326	
Street Construction		\$ -								\$ 47,445	\$ 47,445	
Other Governmental Funds		1,030,131						450			1,030,581	
		Transportation Benefit District									920,095	
		Park Reserve		36,461	664,000						1,020,461	
		Hotel/Motel Tax			120,000						120,000	
		COGO			185,221						410,376	
		Capital Improvement (REET)	2,623,207	33,754	80,000	680,492	1,013,000				4,305,453	
		Special Assessment Debt Service										
Electric Fund								79,770			79,770	
Water Fund										30,000	30,000	
Waste/Water Fund										20,000	20,000	
Solid Waste										5,000	5,000	
Medical Service											296,568	
Other Enterprise Funds											44,274	
											12,347	
<b>Total</b>	<b>\$ 6,076,589</b>	<b>\$ 33,754</b>	<b>\$ 50,000</b>	<b>\$1,277,941</b>	<b>\$2,412,221</b>	<b>\$ 869,000</b>	<b>\$ 79,770</b>	<b>\$ 450</b>	<b>\$ 110,000</b>	<b>\$ 839,307</b>	<b>\$11,551,038</b>	

**NOTE 8. RISK MANAGEMENT**

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

**Washington Cities Insurance Authority (WCIA)**

The City of Richland is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. As of December 31, 2024, WCIA had a total of 168 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, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security and privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

The City of Richland paid \$3,172,158 in premiums for coverage in 2024.

#### **Employee Benefits, Workers' Compensation, and Unemployment**

**Medical, Dental and Vision Insurance Benefits** - The City offers comprehensive medical coverage on a self-insured basis. Reinsurance for medical benefits is provided by QBE Insurance Corporation. Dental benefits are entirely self-insured. Vision coverage is a fully funded program. Both the City and the employee share in the premium cost of medical and dental benefits. Medical and dental benefits are administered by Cigna Health and Life Insurance Company. Stop Loss coverage is provided by QBE Insurance Corporation. The Stop Loss premium was \$794,497 in 2024, of which \$41,593 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 an internal service fund, the Employee Benefits Fund. There has been no significant reduction in insurance coverage from the previous year, nor have there been any claims in excess of the insurance coverage purchased through the commercial carrier.

Medical, dental and vision coverage requires all claims to be submitted and paid within one year of the service date. Due to the short time frame, liabilities for outstanding payments have not been discounted. There have been no outstanding claims liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet. All City healthcare claims are processed through this fund and monthly journal entries are completed to move retiree claims to the Post Employment Healthcare Plan Fund. The City records estimates of incurred but not reported claims as an expense offset by liability for estimated claims payments. The estimation of liabilities for unpaid claims and administrative expense is based on an annual actuarial reserve study plus an additional contingency fund

recommended by WAC 200-040. The reserve for estimated claims outstanding at year end was decreased by \$141,500 in 2024.

As of December 31, 2024, the estimated claims reserve has \$2,251,400 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 2022 through 2024:

EMPLOYEE HEALTHCARE BENEFITS					
Year	Claims Liability January 1	Annual Claims Paid	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Incurred	Incurred But Not Reported Claims Estimate at Year End
2024	\$2,392,900	\$9,564,979	\$(141,500)	\$9,423,479	\$2,251,400
2023	2,173,700	8,091,858	219,200	8,311,058	2,392,900
2022	2,474,400	7,433,242	(300,700)	7,132,542	2,173,700

Beginning February 1, 2012, all City employees that are members of the International Association of Fire Fighters (IAFF) Rank & File and IAFF Battalion Chiefs and dependents participate in the LEOFF Trust for *Medical, Rx and Vision coverage*. The Trust is a self-funded high deductible plan. The LEOFF Trust plan has tiered rates depending upon the family dynamics. The City issues the premium payments directly to the Trust and contributes the equivalent of the budgeted premium for the self-insured plan and Fire employees make a contribution based on Employee, or Employee plus dependent, status. All IAFF Rank & File and IAFF Battalion Chiefs and dependents also participate in a Health Reimbursement Account (HRA) with A.W. Rehn & Associates. The City contributes \$187.50 monthly for employee only and \$375.00 monthly for employee and dependents (\$2,250 and \$4,500 annually). This account is for unreimbursed health expenses as needed by employees and whatever is left over at the end of the claim year is sent to an HRA/ VEBA account for that IAFF member.

Between the LEOFF Trust premium and the HRA plan, the City's contribution does not exceed the amount that would be provided if the IAFF member was still covered under the City's *Medical, Rx & Vision* benefits. The City maintains the self-insured *dental* coverage for all IAFF Rank & File and Battalion Chiefs, and they are included in the EAP program which provides up to five 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 \$500,000; \$750,000 for any Police and Fire injury claims; and \$1,500,000 for any Firefighter injured on a Wildland fire, are transferred to our reinsurer, Midwest Employers Casualty Company.

Unemployment claims are self-insured with the City retaining all risk for claims. Workers' Compensation and Unemployment activities are accounted for in the Workers' Compensation and Unemployment internal service funds, respectively. There has been no significant reduction in insurance coverage from the previous year, nor have there been any claims in excess of the insurance coverage purchased through the commercial carrier. The basis for estimating liabilities for unpaid claims is based on an analysis of the subsequent year's

claims processed for activities incurred in the current year. There are no outstanding claims liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet. The Workers' Compensation Fund and Unemployment Fund have \$301,772 and \$44,530, 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 2022 through 2024:

WORKERS COMPENSATION CLAIMS					
Year	Claims Liability January 1	Annual Claims Paid	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Incurred	Incurred But Not Reported Claims Estimate at Year End
2024	\$392,047	\$1,024,503	\$(90,276)	\$934,227	\$301,772
2023	183,386	1,149,178	208,661	1,357,840	392,047
2022	133,056	724,083	50,330	774,413	183,386

UNEMPLOYMENT CLAIMS					
Year	Claims Liability January 1	Annual Claims Paid	Change in Estimate of Incurred But Not Reported Claims	Annual Claims Incurred	Incurred But Not Reported Claims Estimate at Year End
2024	\$15,155	\$117,638	\$29,375	\$147,014	\$44,530
2023	20,929	49,616	(5,774)	43,843	15,155
2022	40,078	77,580	(19,149)	58,431	20,929

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

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year 2024:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$(8,974,371)
Deferred Outflows of Resources	664,013
Deferred Inflows of Resources	(1,828,534)
OPEB Expenses/Expenditures	(2,060,643)

#### Post-employment City Healthcare Plan

##### Plan Description

The City of Richland administers a single-employer defined benefit post-employment healthcare plan ("the Plan"). The Plan provides healthcare insurance for eligible retirees, their spouses, and eligible children through the City's health insurance plan, which covers retired members. The Plan provides healthcare benefits and prescription coverage. The Plan does not cover dental or vision benefits, although retirees may purchase these benefits through COBRA. The City implemented the Plan on January 1, 2003, in accordance with recommendations from the Benefits and Services Focus Group appointed by the City. The City offered all bargaining units an irrevocable and one time opportunity to participate in the Post-Employment Health Insurance Program. In lieu of participation in this benefit program, the International Association of Fire Fighters (IAFF) Local 1052 and Southeast Washington Tele Communicators Guild (SEWTG) elected to take additional wages. All remaining bargaining units and unaffiliated employees opted to participate in the Plan. Effective December 31, 2012, the City closed the Plan to new participants. The Plan does not issue a stand-alone financial report, and the activity of the Plan is included in the City's financial statements available on the City's website at: <https://www.ci.richland.wa.us/departments/finance/financial-reports>

##### Benefits Provided

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

#### Employees Covered by Benefit Terms

At December 31, 2024 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	44
Total	73

#### Contributions

The Post-Employment Health Insurance Program is funded on a pay-as-you-go basis. The City pays benefits as they come due. There are no assets accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. Contributions for the reporting period were \$359,787 (including implicit subsidy credit).

#### Total OPEB Liability

The City's total OPEB liability was valued as of December 31, 2024, and was used to calculate the total OPEB liability measured as of December 31, 2024. The following is a summary of changes in the Total OPEB liability for fiscal year 2024:

Changes in the Total OPEB Liability	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2023	\$5,488,287
Changes for the year:	
Service Cost	161,127
Interest	206,200
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	20,589
Changes of Assumptions	601,929
Benefit Payments	(359,787)
Implicit Subsidy Credit	-
Other Changes	-
Net Changes	630,058
Balance as of Report Date December 31, 2024	<u><u>\$6,118,345</u></u>

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2023	December 31, 2024
Discount Rate	3.77%	4.10%
Inflation	2.75%	2.75%
Healthcare Cost Trend Rates		
Pre-Medicare	6.80%	7.90% *
Medicare	n/a	n/a
Salary Increases	3.50%	3.25% **
Mortality Rates	Based on SOA tables	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington 2018 study.
- Inactive employees (retirees) pay 50% of the cost of benefits.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

\*Trending down to 4.04% over 50 years. Applies to calendar years.

\*\*Additional merit-based increases based on the State of Washington merit salary increase tables.

#### Discount Rate

The discount rate used to measure the total OPEB liability is 4.10%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

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

The following table presents City's total OPEB liability calculated using the current discount rate (4.10%) as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB Liability (Asset)	\$6,452,025	\$6,118,345	\$5,801,313
Increase (Decrease)	333,680		(317,032)
% Change	5.5%		-5.2%

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

The healthcare cost trend for this valuation started at 7.90% and decreased to 4.04% over 50 years. The following table presents City's total OPEB liability calculated using the current healthcare cost trend rate (7.90%) as well as what the City's total OPEB liability would be if it were calculated using healthcare trend

rates that are one percentage point lower (6.90%) or one percentage point higher (8.90%) than current trend rate.

	1% Decrease	Trend Rate	1% Increase
	6.90%	7.90%	8.90%
Total OPEB Liability (Asset)	\$5,737,027	\$6,118,345	\$6,540,237
Increase (Decrease)	(381,318)		421,892
% Change	-6.2%		6.9%

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

For the report year ended December 31, 2024, the City recognized an OPEB expense of (\$26,062). The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Actual and Expected Experience	\$95,941	\$(1,386,129)
Changes of Assumptions	568,072	(442,405)
<b>Total</b>	<b>\$664,013</b>	<b>\$(1,828,534)</b>

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

<u>Report Year Ending December 31:</u>	<u>Amount</u>
2025	\$(488,420)
2026	(413,121)
2027	(384,155)
2028	94,478
2029	26,697
Remaining	-

#### Current Liability

	<u>Amount</u>
Current OPEB Liability	\$540,187
Non-Current OPEB Liability	5,578,158
<b>Total OPEB Liability</b>	<b>\$6,118,345</b>

#### Expected Average Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB

expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period is 5.2 years. However, for calculation purposes, 1.0 was used when calculating amortizations if the EARSL is less than 1 year.

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

##### Plan Description

The City of Richland provides postemployment health care benefits via two single-employer defined-benefit OPEB plans (the Plans) in accordance with State statute for retired police officers and firefighters who are eligible under the Law Enforcement Officers' and Firefighters (LEOFF 1) plan retirement system. The LEOFF 1 OPEB plans for Police and Fire are administered by the Police and Fire Pension plans discussed in more detail in Note 10. The Plans do not issue stand-alone financial reports, and the activity of the Plans is included in the City's financial statements available on the City's website at <https://www.ci.richland.wa.us/departments/finance/financial-reports>.

##### Benefits Provided

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

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

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

The OPEB plans are administered by the Fire and Police Pension Boards and, as with the pension plans, the Pension Boards have the authority to establish and amend plan policies as set forth by State statutes. The boards are comprised as follows: Firefighters' Pension Plan: Mayor or Mayor Pro Tem, City Clerk, Finance Director (the Treasurer) and two elected firefighters and one alternate; Police Relief and Pension Plan: Mayor, Mayor Pro Tem, City Clerk, Finance Director (the 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.

Employees Covered by Benefit Terms

At December 31, 2024 (the census date), the benefit terms covered the following employees:

Category	Fire Fighters	Police Officers
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	17	24
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	-	-
Total	17	24

Contributions

The City contributes an amount to the fund equal to the benefits paid. Contributions for the reporting period were \$92,906 for LEOFF 1 Fire and \$173,249 for LEOFF 1 Police.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related Benefits.

Funding Policy

The City does not require retiree contributions. Fire and Police pension funds are reported within the General Fund in the City's financial statements. These funds provide for both OPEB and pension benefits to LEOFF 1 employees.

Contributions for the Fire plan are derived from an annual property tax levy of up to \$0.2250 per \$1,000 of assessed property value. In addition, on an annual basis the State contributes 25% of taxes on fire insurance premiums per RCW 41.16.050. For the year ended December 31, 2024 the State contributed \$107,996. Contributions for the Police plan are derived from contributions by the City's General Fund. The City contributes the cost of medical claims paid on behalf of members of both plans through the Employee Benefit Fund. Contributions are recognized when they are earned and become measurable.

Under current law, the LEOFF 1 OPEB plans need only receive enough revenue to fund the benefits on a "pay-as-you-go" basis. Employee contributions are not required. There is no legal level of reserves required and there are no long-term contracts for contributions to the plan.

Total OPEB Liability

The City's total OPEB liability for LEOFF 1 Fire and LEOFF 1 Police was valued as of December 31, 2024, and was used to calculate the total OPEB liability measured as of December 31, 2024.

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2023	December 31, 2024
Discount Rate	3.77%	4.10%
Inflation	2.75%	2.75%
Healthcare Cost Trend Rates		
Pre-Medicare	n/a	n/a
Medicare	4.17%	4.90% *
Salary Increases	n/a	n/a
Mortality Rates	Based on SOA tables	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington 2018 study.
- Inactive employees (retirees) pay 0% of the cost of benefits.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plans.

\*Trending down to 4.04% over 50 years. Applies to calendar years.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10%. The City's OPEB Plans are unfunded plans, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

The following tables show the changes in total OPEB liability during fiscal year 2024:

Changes in the Total OPEB Liability (LEOFF 1 Fire)	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2023	\$2,056,599
Changes for the year:	
Service Cost	-
Interest	75,783
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(749,112)
Changes of Assumptions	(63,615)
Benefit Payments	(92,906)
Implicit Subsidy Credit	-
Other Changes	-
Net Changes	(829,850)
Balance as of Report Date December 31, 2024	\$1,226,749



Changes in the Total OPEB Liability (LEOFF 1 Police)	Total OPEB Liability Increases (Decreases)
Balance as of Report Date December 31, 2023	\$3,100,163
Changes for the year:	
Service Cost	-
Interest	113,610
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(1,329,531)
Changes of Assumptions	(81,716)
Benefit Payments	(173,249)
Implicit Subsidy Credit	-
Other Changes	-
Net Changes	(1,470,886)
<b>Balance as of Report Date December 31, 2024</b>	<b>\$1,629,277</b>

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

The following table presents City's total OPEB liability for LEOFF 1 Fire and LEOFF 1 Police plans calculated using the current discount rate (4.10%) as well as what the City's total OPEB liability for the plans would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

LEOFF 1 Fire	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
<b>Total OPEB Liability (Asset)</b>	<b>\$1,333,120</b>	<b>\$1,226,749</b>	<b>\$1,134,173</b>
Increase (Decrease)	106,371		(92,576)
% Change	8.7%		-7.5%
 LEOFF 1 Police	 1% Decrease 3.10%	 Discount Rate 4.10%	 1% Increase 5.10%
<b>Total OPEB Liability (Asset)</b>	<b>\$1,761,810</b>	<b>\$1,629,277</b>	<b>\$1,512,808</b>
Increase (Decrease)	132,533		(116,469)
% Change	8.1%		-7.1%

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

The healthcare cost trend for this valuation started at 4.90% and decreased to 4.04% over 50 years. The following table presents City's total OPEB liability for LEOFF 1 Fire and LEOFF 1 Police plans calculated using the current healthcare cost trend rate (4.90%) as well as what the City's total OPEB liability for the plans would be if it were calculated using healthcare trend rates that are one percentage point lower (3.90%) or one percentage point higher (5.90%) than current trend rate.

LEOFF 1 Fire	1% Decrease 3.90%	Trend Rate 4.90%	1% Increase 5.90%
<b>Total OPEB Liability (Asset)</b>	<b>\$1,139,375</b>	<b>\$1,226,749</b>	<b>\$1,324,984</b>
Increase (Decrease)	(87,374)		98,235
% Change	-7.1%		8.0%
 LEOFF 1 Police	 1% Decrease 3.90%	 Trend Rate 4.90%	 1% Increase 5.90%
<b>Total OPEB Liability (Asset)</b>	<b>\$1,519,764</b>	<b>\$1,629,277</b>	<b>\$1,751,205</b>
Increase (Decrease)	(109,513)		121,928
% Change	-6.7%		7.5%

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

For the report year ended December 31, 2024, the LEOFF 1 Fire and LEOFF 1 Police recognized OPEB expense of -\$736,944 and -\$1,297,637 respectively. On December 31, 2024, the LEOFF 1 Fire and LEOFF 1 Police reported \$0 deferred outflows of resources related to OPEB and \$0 deferred inflows of resources related to OPEB.

#### Current Liability

	LEOFF 1 Fire	LEOFF 1 Police
Current OPEB Liability	\$102,916	\$135,787
Non-Current OPEB Liability	1,123,833	1,493,490
<b>Total OPEB Liability</b>	<b>\$1,226,749</b>	<b>\$1,629,277</b>

#### Expected Average Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period is 0.0 years. The LEOFF 1 OPEB plans have no active employees, so the EARSL is zero. However, for calculation purposes, 1.0 was used when calculating amortizations if the EARSL is less than 1 year.

**NOTE 10. PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$(5,656,533)
Pension assets	\$19,218,665
Deferred outflows of resources	\$21,704,695
Deferred inflows of resources	\$(6,782,035)
Pension expense/expenditures	\$(130,867)

**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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

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

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

**Contributions – PERS 1**

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 employer rate includes an administrative expense component that is currently set at 0.20 percent. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
<b>January - June 2024:</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>
<b>July - August 2024:</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.03%</b>	<b>6.00%</b>
<b>September - December 2024:</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.11%</b>	<b>6.00%</b>

#### Contributions – PERS 2/3

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 percent.

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer	Employee
<b>January - June 2024:</b>		
PERS Plan 2/3	6.36%	6.36% for PERS 2 varies for PERS 3
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	
<b>July - August 2024:</b>		
PERS Plan 2/3	6.36%	6.36% for PERS 2 varies for PERS 3
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.03%</b>	
<b>September - December 2024:</b>		
PERS Plan 2/3	6.36%	6.36% for PERS 2 varies for PERS 3
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.11%</b>	

The City's actual PERS plans contributions were \$975,592 to PERS Plan 1 and \$2,241,947 to PERS Plan 2/3 for the year ended December 31, 2024.

#### Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Washington State Counties
- Washington State Cities (except for Seattle, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act
- A limited number of state agencies

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member's years of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. PSERS Plan 2 members are vested after completing five years of eligible service.

#### Contributions – PSERS 2

The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 UAAL.

The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
<b>January - June 2024:</b>		
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.90%</b>	<b>6.73%</b>
<b>July - August 2024:</b>		
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.40%</b>	<b>6.73%</b>
<b>September - December 2024:</b>		
PSERS Plan 2	6.76%	6.73%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.51%</b>	<b>6.73%</b>

The City began participating in PSERS Plan 2 on July 1, 2024. Since the City joined the plan before fiscal year end, but after the plan’s measurement date, there was no allocation percentage in the DRS PEFI and therefore no asset or liability to report in 2024. However, the City reported deferred outflows for contributions made subsequent to the measurement date.

The City’s actual PSERS plan contributions were \$48,354 to PSERS Plan 2 and \$18,098 to PERS Plan 1 UAAL for the year ended December 31, 2024.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

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-paid 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 a COLA. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions – LEOFF 1

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2024. Employers paid only the administrative expense of 0.20 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid 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 – 52, the reduction is 3% 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 a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions – LEOFF 2

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and State contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2024.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January - December 2024:		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%

The City’s actual contributions to the plan were \$1,078,125 for the year ended December 31, 2024.

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, 2024, the State contributed \$96,422,231 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$695,154.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project

mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

#### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 7.0% 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 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

#### Estimated Rates of Return by Asset Class

The table below summarizes the 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, 2024. The inflation component used to create the table is 2.5% 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
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

#### Sensitivity of the Net Pension Liability/(Asset)

The following table presents the City's proportionate share of the net pension liability calculated using the current discount rate of 7.0%, 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 one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

Plan	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$4,599,404	\$3,126,773	\$1,835,240
PERS 2/3	13,565,584	(7,525,186)	(24,846,596)
PSERS 2	-	-	-
LEOFF 1	(3,085,123)	(3,505,520)	(3,872,127)
LEOFF 2	5,424,634	(8,187,960)	(19,322,652)

#### 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, 2024, the City reported its proportionate share of the net pension liabilities and assets as follows:

Plan	Liability (Asset)
PERS 1	\$3,126,773
PERS 2/3	(7,525,186)
PSERS 2	-
LEOFF 1	(3,505,520)
LEOFF 2	(8,187,960)

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

Proportionate Share	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$(3,505,520)	\$(8,187,960)
State's proportionate share of the net pension asset associated with the employer	(23,711,249)	(5,313,551)
<b>Total</b>	<b>(27,216,768)</b>	<b>(13,501,510)</b>

At June 30, 2024, the City's proportionate share of the collective net pension liabilities was as follows:

Plans	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.183800%	0.175974%	-0.007826%
PERS 2/3	0.236994%	0.228273%	-0.008721%
PSERS 2	0.000000%	0.000000%	0.000000%
LEOFF 1	0.124444%	0.123265%	-0.001179%
LEOFF 2	0.422569%	0.437217%	0.014648%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 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 2024. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2024, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

#### Pension Expense

For the year ended December 31, 2024, the City recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ (238,561)
PERS 2/3	(314,905)
PSERS 2	-
LEOFF 1	75,592
LEOFF 2	524,315
<b>Total</b>	<b>\$ 46,440</b>

#### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

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	-	(250,196)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	458,305	-
<b>TOTAL</b>	<b>\$458,305</b>	<b>\$(250,196)</b>

PERS PLAN 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$4,275,971	\$(17,423)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,156,504)
Changes of assumptions	4,155,422	(476,794)
Changes in proportion and differences between contributions and proportionate share of contributions	859,259	(328,117)
Contributions subsequent to the measurement date	1,095,465	-
<b>TOTAL</b>	<b>\$10,386,118</b>	<b>\$(2,978,839)</b>

PSERS PLAN 2	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	-	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	48,354	-
<b>TOTAL</b>	<b>\$48,354</b>	<b>\$ -</b>

LEOFF 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	-	(132,499)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	\$ -	\$(132,499)

LEOFF PLAN 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$6,026,184	\$(62,313)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,347,132)
Changes of assumptions	3,370,668	(688,243)
Changes in proportion and differences between contributions and proportionate share of contributions	875,939	(1,322,812)
Contributions subsequent to the measurement date	539,128	-
<b>TOTAL</b>	\$10,811,919	\$(3,420,501)

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$10,302,155	\$(79,736)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,886,331)
Changes of assumptions	7,526,090	(1,165,038)
Changes in proportion and differences between contributions and proportionate share of contributions	1,735,198	(1,650,930)
Contributions subsequent to the measurement date	2,141,253	-
<b>TOTAL</b>	\$21,704,696	\$(6,782,034)

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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2025	\$(414,056)	\$(1,596,225)	-	\$(222,783)	\$(1,069,216)
2026	212,722	3,345,459	-	115,420	2,088,457
2027	(22,523)	1,527,297	-	(11,077)	858,475
2028	(26,339)	1,549,371	-	(14,059)	913,016
2029	-	845,097	-	-	1,104,853
Thereafter	-	640,814	-	-	2,956,705
<b>Total</b>	<b>\$(250,196)</b>	<b>\$6,311,813</b>	<b>-</b>	<b>\$(132,499)</b>	<b>\$6,852,290</b>

#### City-Administered Pension Plans

##### Firefighter's Pension Plan

##### **Plan Description**

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

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#### Benefits Provided

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

All members are retired and drawing benefits. Benefit terms provide for cost-of-living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to the current salary of the rank from which the firefighter retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1969. The latter applies to all other types of monthly benefits.

#### Employees covered by benefit terms

At December 31, 2024 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	0
<b>Total</b>	<b>10</b>

#### Contributions

The City pays benefits as they come due (pay-as-you-go). Therefore, there is no set contribution rate. The City does not accumulate assets in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board. Contributions for the reporting period were \$107,472.

#### Financial Report

The City does not issue a stand-alone financial report for the Firefighter's Pension Plan. The activity of the Plan is included in the City's financial statements available on the City's website at the following link: <https://www.ci.richland.wa.us/departments/finance/financial-reports>

#### Total Pension Liability

The City's total pension liability was valued as of December 31, 2024, and was used to calculate the total pension liability measured as of December 31, 2024.

#### Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	<u>December 31, 2023</u>	<u>December 31, 2024</u>	
Discount Rate	3.77%	4.10%	
Inflation	2.75%	2.75%	Used to project State benefit increases
Salary Increases	3.50%	3.25%	Used to project total benefit increases
Mortality Rates	Based on SOA tables		

- Experience studies come from the State of Washington 2018 study.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

#### Discount Rate

The discount rate used to measure the total pension liability is 4.11%. The City's pension plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

#### Changes in the Total Pension Liability (Firefighter's Pension Plan)

The following table shows the changes in total pension liability for the Firefighter's Pension Plan during fiscal year 2024:

Changes in the Total Pension Liability (Firefighter's Pension)	Total Pension Liability Increase (Decrease)
Balance as of Report Date December 31, 2023	\$876,191
Changes for the year:	
Service Cost	-
Interest	31,006
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(28,275)
Changes of Assumptions	(22,255)
Benefit Payments	(107,472)
Other Miscellaneous Income/(Expense)	-
Net Changes	(126,996)
<b>Balance as of Report Date December 31, 2024</b>	<b>\$749,195</b>



#### Sensitivity of the Total Pension Liability to changes in the discount rate

The following table presents City's total pension liability (TPL) for the Firefighter's Pension Plan calculated using the current discount rate (4.10%) as well as what the TPL would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

	1% Decrease	Current Rate	1% Increase
	3.10%	4.10%	5.10%
<b>Total Pension Liability (Asset)</b>	<b>\$794,204</b>	<b>\$749,195</b>	<b>\$708,648</b>
Increase (Decrease)	45,009		(40,547)
% Change	6.0%		-5.4%

#### Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. This plan has no active employees, so the expected average remaining service lives (EARSL) for the current period is 0.0 years. However, for calculation purposes, 1.0 was used when calculating amortizations if the EARSL is less than 1 year.

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

For the year ended December 31, 2024, the City recognized a pension expense related to firefighter's pension of -\$19,524, deferred outflows of resources related to firefighter's pension of \$0, and deferred inflows of resources related to firefighter's pension of \$0.

#### Current Liability for Firefighter's Pension Plan

	Amount
Current Pension Liability	\$95,541
Non-Current Pension Liability	653,654
<b>Total Pension Liability</b>	<b>\$749,195</b>

#### Police Pension Plan

##### Plan Description

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

#### Benefits Provided

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

All members are retired and drawing benefits. Benefit terms provide for cost-of-living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to the current salary of the rank from which the police officer retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to police officers who retired from service after 1969, their survivors, and to police officers who retired for duty disability (but not their survivors) after 1969. The latter applies to all other types of monthly benefits.

#### Employees covered by benefit terms

At December 31, 2024 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	0
<b>Total</b>	<b>11</b>

#### Contributions

The City pays benefits as they come due (pay-as-you-go). Therefore, there is no set contribution rate. The City does not accumulate assets in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board. Contributions for the reporting period were \$149,378.

#### Financial Report

The City does not issue a stand-alone financial report for the Police Pension Plan. The activity of the Plan is included in the City's financial statements available on the City's website at <https://www.ci.richland.wa.us/departments/finance/financial-reports>

#### Total Pension Liability

The City's total pension liability was valued as of December 31, 2024, and was used to calculate the total pension liability measured as of December 31, 2024.

#### Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2023	December 31, 2024	
Discount Rate	3.77%	4.10%	
Inflation	2.75%	2.75%	Used to project State benefit increases
Salary Increases	3.50%	3.25%	Used to project total benefit increases
Mortality Rates	Based on SOA tables		

- Experience studies come from the State of Washington 2018 study.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

#### Discount Rate

The discount rate used to measure the total pension liability is 4.10%. The City's pension plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

#### Changes in the Total Pension Liability (Police Pension Plan)

The following table shows the changes in total pension liability for the Police Pension Plan during fiscal year 2024:

Changes in the Total Pension Liability (Firefighter's Pension)	Total Pension Liability Increase (Decrease)
Balance as of Report Date December 31, 2023	\$2,087,726
Changes for the year:	
Service Cost	-
Interest	75,891
Changes of Benefit Terms	-
Differences Between Expected & Actual Experience	(246,910)
Changes of Assumptions	13,236
Benefit Payments	(149,378)
Other Miscellaneous Income/(Expense)	-
Net Changes	(307,161)
<b>Balance as of Report Date December 31, 2024</b>	<b>\$1,780,565</b>

#### Sensitivity of the Total Pension Liability to changes in the discount rate

The following table presents City's total pension liability (TPL) for the Police Pension Plan calculated using the current discount rate (4.10%) as well as what the TPL would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

	1% Decrease 3.10%	Current Rate 4.10%	1% Increase 5.10%
<b>Total Pension Liability (Asset)</b>	<b>\$1,922,926</b>	<b>\$1,780,565</b>	<b>\$1,654,897</b>
Increase (Decrease)	142,361		(125,668)
% Change	8.0%		-7.1%

#### Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. This plan has no active employees, so the expected average remaining service lives (EARSL) for the current period is 0.0 years. However, for calculation purposes, 1.0 was used when calculating amortizations if the EARSL is less than 1 year.

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

For the year ended December 31, 2024, the City recognized pension expense related to police pension of -\$157,783, deferred outflows of resources related to police pension of \$0, and deferred inflows of resources related to police pension of \$0.

#### Current Liability for Police Pension Plan

	Amount
Current Pension Liability	\$143,335
Non-Current Pension Liability	1,637,230
<b>Total Pension Liability</b>	<b>\$1,780,565</b>

#### NOTE 11. WHOLESALE POWER SUPPLY CONTRACTS

Since 1958, the City has purchased most of its wholesale electric power (energy and capacity) requirements from the Bonneville Power Administration (BPA) for resale to its retail customers. BPA, one of four, Federal Power Marketing Administrations (PMA), sells power output from the Federal Columbia River Power System (FCRPS), principally consisting of hydroelectric generating facilities owned by the U.S. Corps of Engineers and the U.S. Bureau of Reclamation, and the output from Energy Northwest's Columbia

Generating Station (CGS) nuclear plant. BPA supplements the generation resources with regional contractual and power exchange acquisitions. Regional consumer-owned wholesale utility customers, like the City of Richland, purchase Federal power under the preference clause of the Bonneville Project Act, allowing them priority firm access to FCRPS output. BPA also owns and maintains a regional high voltage transmission system, which delivers wholesale power to the City's ten 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 preference customers load growth automatically by acquiring necessary power resources. With cost and risk mitigation in mind, BPA engaged its customers and stakeholders in a regional dialogue process, which significantly shifted responsibility for securing power to meet post-FY2011 incremental loads. New long-term power supply agreements, for the FY2012-2028 period, provided preference customers with a historical load-based share of FCRPS output (tier 1) and related costs recovered via a new tiered rate methodology (TRM). Arranging power supply to serve load growth (tier 2) exceeding historical FY2010 levels became each utility's responsibility with the option to contract with BPA or non-Federal suppliers. Richland signed a 20-year BPA Regional Dialogue Contract as a load following customer in December 2008 for the FY2012-2028 period. This contract obligates BPA to meet the City's net wholesale requirements exceeding the utility's tier 1 and tier 2 resources delivered on a load following basis. Since tier 2 resources reflect market-based pricing, the TRM has some potential market-based energy and capacity rate exposure. New Large Single Loads (NLSL) above ten average MW are not part of BPA federal power obligations and are to be served with non-federal or market-based resources. The City does not have any NLSL customers as of 2025 but is expected to have at least one customer by 2028.

Since 2002, the City has been a member of Northwest Requirements Utilities (NRU), which represents the power and transmission interests of 57 consumer-owned electric utilities. In anticipation of operating under BPA's Regional Dialogue Contract for wholesale power and desiring more control over tier 2 power resource options, 16 NRU members utilize NRU-Power Services (NRU-PS) to provide administrative and non-Federal power management services. NRU-PS members include municipalities, public utility districts, and rural cooperatives. To accommodate State and organizational legal mandates, the member utilities created two additional entities for the purpose of actual resource acquisition. Northwest Intergovernmental Energy Supply (NIES) represents municipal and public utility district members while Northwest Energy Supply Cooperative (NESC) represents cooperatives. Richland is a NIES member. Both NIES and NESC have agreements allowing NRU-PS to provide the necessary administrative functions required to procure non-Federal resources. Richland elected to meet its tier 2 requirements through BPA from 2015-2019 and began using a blend of non-federal market purchases supplied by NIES beginning in late 2019. The City evaluates generation resources to meet growing loads and regulatory requirements. The resource evaluation includes considering renewable resources necessary to meet State renewable portfolio standards as part of the Washington State's Energy Independence Act and the Clean Energy Transformation Act (CETA). However, energy policy regulations on carbon emitting electrical generation have decreased the available supply of non-federal generation resources and the availability for firm block shaped resources. The weighted average market price in the PNW from 2014-2021 was \$29/MWh and \$83/MWh from 2022-2023. The forecasted market price in the PNW is \$84 from 2024-2030. With the supply volatility affecting market-based resources, the City is expected to utilize BPA for tier 1 and all tier

2 obligations from 2024 through 2028. Power resources to meet a NLSL customer load requirements is the financial responsibility of the actual NLSL customer.

Richland is also a long-standing member of Energy Northwest (EN), a joint operating agency with 28 Washington consumer-owned electric utility members. Richland holds less than 2% interest in each of EN's nuclear generating projects 1, 2, and 3. Only Columbia Generating Station (CGS) Project 2 was completed while projects 1 and 3 were terminated. Richland's pro-rata share of EN costs are included in the BPA wholesale priority firm power billings. BPA acquires the output of CGS and reimburses EN for its operating and debt costs under a Direct Pay Agreement. Through a net billing participant agreement, the City remains obligated to pay its share of the cost to retire the bonds for projects 1, 2 and 3 if the Direct Pay Agreement discontinues. Richland may also be obligated to pay, either as a participant or as a member of EN, the costs of project site restoration.

#### NOTE 12. CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but, where based on available information, management believes it is probable that the City will have to make payment. In the opinion of City management, the City's insurance policies are adequate to pay all known or pending claims.

Based upon current evaluation of the lawsuits, the City's legal counsel indicates that the City's exposure does not exceed the amount of reserves available for payment. The City is currently actively defending two lawsuits. One of the lawsuits alleges the City's roadway design at a prominent intersection is defective and proximately caused the death of three passengers in a racing vehicle. Another alleges the City is responsible for property damaged by fire when a power line energized by the City of Richland's Energy Services Department failed and fell into the plaintiff's yard. The City believes it has defensible positions on these matters, and does not have an approximation of potential liability. Insurance coverage is available for damages awarded, with the exception of punitive damages, which are highly unlikely.

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

#### NOTE 13. TAX ABATEMENTS

In 2023 the City created the Horn Rapids Triangle Targeted Urban Area in accordance with Chapter 84.25 of the Revised Code of Washington (RCW). A Targeted Urban Area (TUA) allows cities and counties to offer certain exemptions from property taxes for the value of new construction of industrial and manufacturing facilities in qualifying designated geographic areas for up to ten years.

To qualify for the exemption, a project must create a minimum of twenty-five new family living wage jobs, include building improvements of at least 10,000 square feet with a minimum value of \$800,000, and have uses categorized as "division D: manufacturing" or "division E: transportation (major groups 40-42, 45 or 47-48)" as defined by the US Department of Labor.

Businesses seeking this exemption must apply and be approved by the City Council prior to December 31, 2030. Once approved, a conditional certificate of acceptance of tax exemption is issued. Construction of the facilities subject to the exemption must be completed within three years of the issuance of the conditional certificate of tax exemption. An extension of two years may be granted by the City.

Upon completion of new construction and filing of the certificate of tax exemption, property taxes on the qualifying facilities shall be abated for ten years. Value of land or nonindustrial/manufacturing-related improvements do not qualify for abatement.

Annual reporting is required, and if a business voluntarily or involuntarily discontinues compliance with the chapter, additional property tax must be imposed in the amount that would have been imposed if an exemption had not been available, plus a penalty equal to 20 percent of the additional value.

For the fiscal year ended December 31, 2024, the City abated property taxes totaling \$0. The City has outstanding agreements in place, and construction is in progress, but no final certificates of tax exemption have been issued by the City.

#### NOTE 14. SERVICE CONCESSION ARRANGEMENTS

The City has identified one Public-Private Partnership agreement that meets the criteria in GASB Statement No. 94 for reporting as a Service Concession Arrangement (SCA); the Horn Rapids ORV Park.

#### 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. In 2010, the agreement was amended, extending the term of the agreement to 2022 and providing the option for HRMC to renew the agreement for three additional ten-year terms. In 2019, upon receiving a request from HRMC, the City authorized an extension of the agreement to 2032.

HRMC is required to operate and maintain the ORV Park in accordance with the agreement. The premises are to be used for conducting the following business: a motorsport complex to include MX track, ATV track, 4x4 relay track, 4x4 obstacle course, sand drags, and campground. The agreement establishes fee schedules that may be increased by the operator at an annual rate of not to exceed 10% per year.

Per the requirements of GASB Statement No. 94, assets constructed, or improvements made by the operator that will not become property of the City until the termination of the agreement, are recorded at acquisition value in the period when the assets were placed into service and are offset by a deferred inflow of resources in the Government-Wide Statement of Net Position, when applicable. 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 operator 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 value of \$4,254,890 at year end and reports a deferred inflow of resources in the amount of \$3,131,600 related to the structures that have been purchased or constructed by HRMC.

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. According to GASB Statement No. 94, paragraph 23, variable payments, including payments related to revenue sharing arrangements, based on future performance of the operator, should not be included in the measurement of the receivable for installment payments. The City recognizes these variable payments as revenue in the period to which the payments relate.

#### NOTE 15. FUND BALANCE CLASSIFICATION

As described in 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:

(Remainder of this page intentionally left blank)

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
<b>Restricted For:</b>		
Capital Improvements	1,296,574 Real Estate Excise Tax restricted for capital improvements	
	1,005,863 Fire Station 76 construction	
	3,222,521 Streets construction projects	
	951,596 Acquisition and development of public open space (parks)	
	148,260 Restricted by franchise agreement for cable broadcast equipment	
	<b>6,624,814</b>	
Public Safety	2,831,540 Public Safety Sales/Criminal Justice Tax restricted to criminal justice purposes	
	64,676 Police confiscations	
	709,965 Opioid settlement	
	<b>3,606,181</b>	
Economic Environment	395,864 Contingency for performance of Hanford Reach Interpretive Center	
	2,907,494 Lodging Tax proceeds restricted for tourism promotion	
	868,651 HUD Program for owner occupied housing rehabilitation	
	2,013,710 HUD Program for home down payment assistance	
	15,000 Future Logan Street extension	
	150,000 Code enforcement abatement	
	2,266,875 Building permit proceeds - unspent	
	2,062 Restricted for public art	
	<b>8,619,656</b>	
Other Purposes	1,344,074 Fire/Police pensions	
	83,473 Police operations and special projects	
	40,989 Vegetation mitigation	
	<b>1,468,536</b>	
<b>Committed For:</b>		
Capital Improvements	452,951 Library capital improvements	
	8,479,164 Park construction projects	
	946,899 General government construction projects	
	<b>9,879,015</b>	
Public Safety	26,164 Police operations and special projects	
	25,000 Police - narcotics investigations	
	17,934 Fire equipment	
	<b>69,099</b>	
Economic Environment	208,743 Commercial improvement program	
	7,182,140 Industrial development	
	<b>7,390,883</b>	
<b>Assigned To:</b>		
Public Safety	88,635 Police operations and special projects	
	6,235 Fire Department operations	
	<b>94,870</b>	
Transportation	7,648,745 Construction of streets infrastructure	
	952,283 Maintenance of streets and rail infrastructure	
	<b>8,601,028</b>	

#### NOTE 16. Subscription Based Information Technology Arrangements (SBITA)

The City of Richland has several non-cancellable agreements for right-to-use information technology hardware and software. For SBITAs that meet the capitalization threshold of \$25,000 or higher (formerly \$5K), the City of Richland recognizes a subscription liability and a right-to-use subscription intangible capital asset on the Statement of Net Position in the government-wide and proprietary and fiduciary fund financial statements.

For governmental fund financial reporting, the initial value of the subscription liability is reported as other financing sources with a corresponding capital outlay at subscription commencement.

The subscription liability is initially measured at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the portion of the subscription payment that would have been principal if the City had incurred debt to purchase a similar asset type and under similar terms at the commencement or remeasurement date. The City of Richland uses the same incremental borrowing rate used for leases as the discount rate for SBITAs.

The subscription term includes the non-cancellable periods of the SBITA plus any additional periods covered by either the City of Richland or vendor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the City of Richland and the vendor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the subscription term.

Certain payments are evaluated to determine if they should be included in the measurement of the subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

The City of Richland monitors changes in circumstances that may require remeasurement of a subscription liability. When certain changes occur that are expected to significantly affect the amount of the subscription, the liability is remeasured, and a corresponding adjustment is made to the subscription asset.

The subscription asset is initially measured as the amount of the subscription liability, plus any subscription payments made at or before the subscription commencement date and capitalizable implementation costs, less any vendor incentives received at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

For SBITAs below the capitalization threshold and with a maximum possible term of 12 months or less at commencement, an expense/expenditure is recognized based on the provisions of the contract, of subscription payments made.

Generally, the City of Richland's incremental borrowing rate is used as the discount rate for SBITAs unless the rate that the vendor charges is known. The incremental borrowing rate for SBITAs is based on the rate of interest the City of Richland would be charged if it issued debt to borrow an amount equal to the payments for a similar asset type and under similar terms at the commencement or remeasurement date.

The City has fifteen qualifying SBITAs under GASB Statement No. 96 in which it is acting as a Lessee. Each subscription varies from two to seven years with options to extend on a yearly basis. Subscriptions range from service platforms to infrastructure as a service. Each subscription has a specific monthly or yearly payment.

- The City makes subscription payments yearly for \$27,242 to Adobe Learning for use of multiple platforms. The contract is for three years and has a cancelable clause after two years. Pricing is subject to change each year of renewal. The contract expires December 31<sup>st</sup>, 2026.
- The City makes subscription payments yearly to Cleargov with a two-year contract starting in 2023 and ending in 2025. Yearly payments are made with a set amount of \$30,793 for 2024. These amounts exclude sales tax. Renewal is based on specific terms and are subject to 3% increases. Cleargov is a local government cloud-based budget cycle management software used for budgeting and capital projects tracking.
- The City makes subscription payments yearly to Equinox Software with a four-year contract starting in 2023 and ending in 2028. Yearly payments are made with a set amount of \$21,264.
- The City makes subscription payments yearly to KnowBe4 with a three-year contract starting in 2024 and ending in 2026. Yearly payments are made with a set amount of \$45,024. KnowBe4 is a security awareness training subscription used by City employees.
- The City makes subscription payments yearly to Xiologix with a three-year contract starting in 2024 and ending in 2027. Yearly payments are made with a set amount of \$12,469 with an increase in future payments of \$16,194 for the last two years.
- The City makes subscription payments yearly to Insight Publications, a Microsoft program, with a three-year contract starting in 2024 and ending in 2026. Yearly payments are made with a set amount of \$335,350.
- The City makes subscription payments yearly to DocuSign, with a three-year contract starting in 2024 and ending in 2026. Yearly payments are set at \$17,471 with an annual increase of six percent.
- The City makes subscription payments yearly to Adobe Learning Manager and GO1 with a three-year contract starting in 2024 and ending in 2026. Yearly payments are made with a set amount of \$65,970 with any additional licenses being variable costs.
- The City makes subscription payments yearly to GovQA Swagit, a video streaming service, with a three-year contract starting in 2024 and ending in 2026. Yearly payments are set at \$29,310 with an annual increase of seven percent.
- The City makes subscription payments yearly to Cerium Networks, a Microsoft program, with a three-year contract starting in 2024 and ending in 2026. Yearly payments are made with a set amount of \$36,862.
- The City makes subscription payments yearly to Meter Data Management System with a seven-year contract starting in 2024 and ending in 2030. Yearly payments start at \$272,415 and increase yearly by three percent.
- BCES makes subscription payments yearly to MFA Cerium with a three-year contract starting in 2023 and ending in 2026. Renewals after 2026 are subject to be on a 12-month cycle and be cancelable. In 2023, the yearly fee for this subscription was \$26,036. BCES uses this subscription to ensure multiple factor authentication processes in their online mailbox.
- BCES makes subscription payments yearly to Absolute Software with a three-year contract starting in 2024 and ending in 2026. Payments start at \$35,521.

- BCES makes subscription payments yearly to Insight Publication with a two-year contract starting in 2024 and ending in 2025. Payments are set at \$84,472.
- BCES makes subscription payments yearly to Onsolve with a three-year contract starting in 2024 and ending in 2026. Payments start at \$25,678.22.

In 2024, the City of Richland paid \$859,043 in subscription payments. The following schedule presents future annual subscription payments due.

Governmental Activities:

Year ended in December 31	Principal	Interest	Total
2025	\$513,195	\$42,829	\$556,024
2026	\$537,090	\$22,301	\$559,391
2027	\$20,448	\$818	\$21,266
Total	\$1,070,732	\$65,949	\$1,136,681

The right-to-use intangible capital asset associated with the SBITAs:

Governmental Activities	Balances December 31, 2023	Increases	Decreases	Balances December 31, 2024
SBITA's in Progress	\$ -	\$ 1,167,934	\$ -	\$ 1,167,934
Total SBITA assets, not being amortized.	\$ -	\$ 1,167,934	\$ -	\$ 1,167,934
SBITAs	\$ 355,999	\$ 1,488,406	\$ (184,024)	\$ 1,660,381
Accumulated Amortization	\$ (79,083)	\$ -	\$ (475,680)	\$ (554,763)
Right-to-use SBITA Software Subscription	\$ 276,916	\$ 1,488,406	\$ (659,704)	\$ 1,105,618
Activities SBITA Assets, Net	\$ 276,916	\$ 2,656,340	\$ (659,704)	\$ 2,273,552

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For the Year Ended December 31, 2024

Business Activities:

Year ended in December 31	Principal	Interest	Total
2025	\$217,469	\$62,444	\$279,913
2026	\$233,665	\$53,746	\$287,411
2027	\$250,509	\$44,399	\$294,908
2028	\$268,027	\$34,379	\$302,406
2029-2034	\$591,438	\$35,866	\$627,304
Total	\$1,561,109	\$230,833	\$1,791,942

The right-to-use intangible capital asset associated with business activities SBITAs:

Business Activities	Balances December 31, 2023	Increases	Decreases	Balances December 31, 2024
SBITAs Assets being Amortized	\$ -	\$ 1,763,003	\$ -	\$ 1,763,003
Accumulated Amortization	\$ -	\$ -	\$ (230,869)	\$ (230,869)
Right-to-use SBITA Software Subscription	\$ 435,046	\$ 1,763,003	\$ (230,869)	\$ 1,532,134
<b>Total Business Activities SBITA Assets, Net</b>	<b>\$ 435,046</b>	<b>\$ 1,763,003</b>	<b>\$ (230,869)</b>	<b>\$ 1,532,134</b>

**NOTE 17. Subsequent Events**

In September 2025 the City issued \$7,825,000 in Limited Tax General Obligation Bonds, maturing in 2046, to finance the expansion of the City's municipal landfill. Proceeds of the bonds are deposited into the Solid Waste utility fund. Annual debt service on the bonds will be paid from available revenues in the Solid Waste fund.

At the same time, \$5,030,000 in Limited Tax General Obligation Bonds were issued to refund existing 2010 and 2014 series bonds to take advantage of lower interest costs, yielding a net present value savings of \$130,209. This saves the city approximately \$10,000 to \$15,000 per year in interest costs over the next fourteen years.





# REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
<b>REVENUES</b>				
Taxes	\$ 53,011,152	\$ 53,011,152	\$ 56,306,502	\$ 3,295,350
Licenses and permits	2,778,500	2,778,500	2,799,512	21,012
Intergovernmental	5,030,200	6,268,287	5,519,861	(748,426)
Charges for goods and services	9,752,694	9,752,694	9,780,319	27,625
Fines and forfeits	420,200	420,200	622,697	202,497
Investment earnings	642,000	642,000	2,233,987	1,591,987
Rents and leases	241,550	241,550	311,282	69,732
Miscellaneous revenue	497,950	497,950	1,093,332	595,382
Total revenues	72,374,246	73,612,333	78,667,491	5,055,158
<b>EXPENDITURES</b>				
Current:				
Judicial	682,500	682,500	1,134,936	(452,436)
General government	23,494,597	26,570,876	20,676,742	5,894,134
Public safety	32,266,206	32,585,590	32,723,732	(138,143)
Health and human services	15,965	15,965	9,186	6,779
Economic environment	3,286,698	4,368,558	4,186,576	181,982
Culture and recreation	10,398,224	10,536,315	10,536,887	(572)
Physical environment	-	915,317	473,252	442,065
Total current	70,144,190	75,675,121	69,741,311	5,933,810
Debt service:				
Interest	-	-	149	(149)
Principal retirement	-	-	552,456	(552,456)
Total debt service	-	-	552,605	(552,605)
Capital outlay:				
General government	-	4,838	3,587,142	(3,582,304)
Public safety	1,075,000	1,176,200	456,027	720,173
Culture and recreation	100,000	129,977	20,922	109,056
Total capital outlay	1,175,000	1,311,015	4,064,091	(2,753,076)
Total expenditures	71,319,190	76,986,136	74,358,007	2,628,129
Excess (deficiency) of revenues over expenditures	1,055,056	(3,373,803)	4,309,484	7,683,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	381,921	381,921	384,927	3,006
Transfers out	(5,417,917)	(5,417,917)	(5,417,496)	421
Leases and SBITAs	-	-	1,699,823	1,699,823
Insurance recoveries	-	-	411,645	411,645
Total other financing sources (uses)	(5,035,996)	(5,035,996)	(2,921,101)	2,114,895
Net change in fund balances	(3,980,940)	(8,409,799)	1,388,383	9,798,182
Fund balances - beginning, as previously reported	39,040,425	39,040,425	39,040,425	-
Error Correction	67,502	67,502	67,502	-
Fund balances - beginning as restated	39,107,926	39,107,926	39,107,926	-
Fund balance - ending	\$ 35,126,986	\$ 30,698,127	\$ 40,496,309	\$ 9,798,182



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OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS								
POST EMPLOYMENT HEALTHCARE PLAN								
FOR THE YEAR ENDED DECEMBER 31, 2024								
LAST 10 FISCAL YEARS*								
	2024	2023	2022	2021	2020	2019	2018	
Total OPEB liability - beginning	\$ 5,488,287	\$ 5,527,310	\$ 9,009,017	\$ 9,317,685	\$ 10,047,417	\$ 10,859,388	\$ 10,218,385	
Service cost	161,127	148,650	342,624	322,534	357,678	327,477	317,939	
Interest	206,200	218,241	165,051	185,186	274,039	394,657	412,174	
Changes in benefit terms	-	-	-	-	-	-	-	
Differences between expected and actual experience	20,589	89,141	(2,500,483)	(132,461)	(324,882)	185,689	(718,605)	
Changes of assumptions	601,929	79,488	(725,932)	77,997	(156,493)	(394,411)	1,717,693	
Benefit payments	(359,787)	(352,333)	(360,887)	(318,227)	(606,428)	(1,090,936)	(811,722)	
Implicit rate subsidy fulfilled	-	(222,210)	(402,080)	(443,697)	(273,646)	(294,447)	(276,476)	
Total OPEB liability - ending	\$ 6,118,345	\$ 5,488,287	\$ 5,527,310	\$ 9,009,017	\$ 9,317,685	\$ 10,047,417	\$ 10,859,388	
Covered-employee payroll**	\$ 5,031,227	\$ 6,755,864	\$ 6,527,405	\$ 8,357,859	\$ 8,075,226	\$ 10,111,177	\$ 9,816,677	
City's total OPEB liability as a percentage of covered-employee payroll	121.61%	81.24%	84.68%	107.79%	115.39%	99.37%	110.62%	
Notes to Schedule:								
* Until a full 10 year trend is compiled, only information for those years available is presented. The City adopted GASB 75 for the fiscal year ending December 31, 2018.								
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan.								
No assets are accumulated in qualifying trust.								

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS								
LEOFF 1 FIREFIGHTERS OPEB								
FOR THE YEAR ENDED DECEMBER 31, 2024								
LAST 10 FISCAL YEARS*								
	2024	2023	2022	2021	2020	2019	2018	
Total OPEB liability - beginning	\$ 2,056,599	\$ 2,089,874	\$ 3,920,705	\$ 4,039,296	\$ 8,820,142	\$ 9,055,358	\$ 9,668,049	
Service cost	-	-	-	-	-	-	-	
Interest	75,783	82,853	71,148	77,889	239,004	335,022	332,039	
Changes in benefit terms	-	-	-	-	-	-	-	
Differences between expected and actual experience	(749,112)	(76,898)	(1,227,706)	31,452	(4,458,187)	(251,890)	(354,610)	
Changes of assumptions	(63,615)	49,033	(566,291)	61,816	(303,484)	(75,491)	(328,013)	
Benefit payments	(92,906)	(88,263)	(107,982)	(289,748)	(258,179)	(242,857)	(262,107)	
Implicit rate subsidy fulfilled	-	-	-	-	-	-	-	
Total OPEB liability - ending	\$ 1,226,749	\$ 2,056,599	\$ 2,089,874	\$ 3,920,705	\$ 4,039,296	\$ 8,820,142	\$ 9,055,358	
Covered-employee payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Notes to Schedule:								
* Until a full 10 year trend is compiled, only information for those years available is presented. The City adopted GASB 75 for the fiscal year ending December 31, 2018.								
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan.								
No assets are accumulated in qualifying trust.								

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS								
LEOFF 1 POLICE OPEB								
FOR THE YEAR ENDED DECEMBER 31, 2024								
LAST 10 FISCAL YEARS*								
	2024	2023	2022	2021	2020	2019	2018	
Total OPEB liability - beginning	\$ 3,100,163	\$ 3,157,713	\$ 4,727,042	\$ 4,850,841	\$ 14,696,661	\$ 15,533,433	\$ 13,720,278	
Service cost	-	-	-	-	-	-	-	
Interest	113,610	125,338	85,802	95,369	400,745	577,975	565,609	
Changes in benefit terms	-	-	-	-	-	-	-	
Differences between expected and actual experience	(1,329,531)	(126,327)	(726,784)	(127,624)	(9,522,508)	(455,025)	(997,276)	
Changes of assumptions	(81,716)	69,396	(800,485)	73,244	(475,804)	(718,232)	2,474,999	
Benefit payments	(173,249)	(125,867)	(127,862)	(164,788)	(248,253)	(241,490)	(230,177)	
Implicit rate subsidy fulfilled	-	-	-	-	-	-	-	
Total OPEB liability - ending	\$ 1,629,277	\$ 3,100,163	\$ 3,157,713	\$ 4,727,042	\$ 4,850,841	\$ 14,696,661	\$ 15,533,433	
Covered-employee payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Notes to Schedule:								
* Until a full 10 year trend is compiled, only information for those years available is presented. The City adopted GASB 75 for the fiscal year ending December 31, 2018.								
** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan.								
No assets are accumulated in qualifying trust.								

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CITY-ADMINISTERED PENSION PLANS

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS												
FIRE PENSION												
FOR THE YEAR ENDED DECEMBER 31, 2024												
LAST 10 FISCAL YEARS												
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015		
Total pension liability - beginning	\$ 876,191	\$ 940,339	\$ 1,492,190	\$ 1,563,083	\$ 1,696,538	\$ 1,664,161	\$ 1,494,982	\$ 1,845,762	\$ 1,955,082	\$ 2,072,542		
Service cost	-	-	-	-	-	-	-	-	-	-		
Interest	31,006	35,879	26,451	30,123	45,033	59,872	63,404	87,993	92,704	98,363		
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-		
Differences between expected and actual experience	(28,275)	(4,000)	(110,773)	(4,119)	(288,009)	(13,348)	112,317	(208,186)	-	(4,485)		
Changes of assumptions	(22,255)	12,886	(158,318)	17,586	228,116	221,000	173,506	(58,767)	-	-		
Benefit payments, included refunds of employee contributions	(107,472)	(108,913)	(109,211)	(115,091)	(117,963)	(135,147)	(180,048)	(172,550)	(202,044)	(211,338)		
Net change in total pension liability	(136,996)	(64,148)	(551,851)	(71,503)	(132,843)	32,377	369,179	(180,763)	(109,320)	(117,460)		
Total pension liability - ending	\$ 749,195	\$ 876,191	\$ 940,339	\$ 1,492,190	\$ 1,563,083	\$ 1,696,538	\$ 1,664,161	\$ 1,494,982	\$ 1,845,762	\$ 1,955,082		
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
City's total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Notes to Schedule												
* Covered-employee payroll is the payroll of employees that are provided with pensions through the pension plan.												
No assets are accumulated in qualifying trust.												

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS												
POLICE PENSION												
FOR THE YEAR ENDED DECEMBER 31, 2024												
LAST 10 FISCAL YEARS												
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015		
Total pension liability - beginning	\$ 2,087,726	\$ 2,161,540	\$ 3,191,920	\$ 3,285,149	\$ 3,600,194	\$ 3,129,835	\$ 1,978,316	\$ 2,760,704	\$ 2,823,401	\$ 2,910,561		
Service cost	-	-	-	-	-	-	-	-	-	-		
Interest	75,891	83,496	56,834	63,836	96,207	112,867	116,570	133,349	136,197	139,988		
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-		
Differences between expected and actual experience	(246,930)	2,974	67,387	(11,580)	(532,265)	(41,736)	1,304,898	(658,565)	-	-		
Changes of assumptions	13,236	39,521	(948,390)	45,188	328,481	639,350	(79,437)	(69,702)	-	(21,223)		
Benefit payments, included refunds of employee contributions	(149,578)	(199,851)	(206,211)	(194,664)	(203,468)	(240,122)	(190,512)	(187,470)	(198,484)	(205,525)		
Net change in total pension liability	(307,551)	(73,814)	(1,038,360)	(91,226)	(311,045)	470,359	1,115,529	(792,386)	(162,097)	(87,340)		
Total pension liability - ending	\$ 1,780,175	\$ 2,087,726	\$ 2,161,540	\$ 3,191,920	\$ 3,289,149	\$ 3,600,194	\$ 3,129,835	\$ 1,978,316	\$ 2,760,704	\$ 2,823,401		
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
City's total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Notes to Schedule												
* Covered-employee payroll is the payroll of employees that are provided with pensions through the pension plan.												
No assets are accumulated in qualifying trust.												

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STATE-SPONSORED PENSION PLANS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1 AS OF JUNE 30, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's proportion of the net pension liability (asset)	0.175974%	0.188800%	0.188149%	0.188313%	0.195590%	0.207529%	0.208702%	0.209308%	0.222862%	0.221151%	
Employer's proportionate share of the net pension liability (asset)	3,126,173	4,195,661	5,517,195	2,299,742	6,917,599	7,980,227	9,320,658	9,931,828	11,975,184	11,568,254	
TOTAL	3,126,173	4,195,661	5,517,195	2,299,742	6,917,599	7,980,227	9,320,658	9,931,828	11,975,184	11,568,254	
Covered payroll*	35,327,501	32,762,598	32,065,116	28,938,107	29,761,630	29,124,934	27,576,242	26,123,426	26,927,222	24,875,108	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.85%	12.81%	17.21%	7.95%	23.23%	27.40%	33.80%	38.02%	45.49%	46.51%	
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.50%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2/3 AS OF JUNE 30, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's proportion of the net pension liability (asset)	0.128273%	0.238994%	0.258001%	0.243333%	0.255752%	0.267892%	0.265600%	0.264902%	0.277811%	0.279857%	
Employer's proportionate share of the net pension liability (asset)	(7,525,186)	(9,713,633)	(9,568,692)	(24,100,420)	3,270,935	2,602,142	4,534,884	9,185,316	13,987,564	9,856,628	
TOTAL	(7,525,186)	(9,713,633)	(9,568,692)	(24,100,420)	3,270,935	2,602,142	4,534,884	9,185,316	13,987,564	9,856,628	
Covered payroll*	35,327,501	32,762,598	32,065,116	28,938,107	29,761,630	29,124,934	27,430,829	25,916,025	26,005,102	24,485,420	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-21.30%	-29.65%	-29.84%	-83.28%	10.98%	8.93%	16.52%	35.44%	53.79%	40.25%	
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM PLAN 2 AS OF JUNE 30, 2024 LAST 10 FISCAL YEARS*											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's proportion of the net pension liability (asset)	0.000000%	-	-	-	-	-	-	-	-	-	
Employer's proportionate share of the net pension liability (asset)	-	-	-	-	-	-	-	-	-	-	
TOTAL	-	-	-	-	-	-	-	-	-	-	
Covered payroll**	-	-	-	-	-	-	-	-	-	-	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	-	-	-	-	-	-	-	-	-	
Plan fiduciary net position as a percentage of the total pension liability	102.62%	-	-	-	-	-	-	-	-	-	

Notes to Schedule:

\* Until a full 10 year trend is compiled, only information for those years available is presented. The City began participating in PSERS Plan 2 on July 1, 2024.

Since the City joined the plan before fiscal year end but after the plan's measurement date, there is no asset or liability to report in 2024.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LEOFF RETIREMENT SYSTEM PLAN 1 AS OF JUNE 30, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's proportion of the net pension liability (asset)	0.112360%	0.134444%	0.126497%	0.133781%	0.127127%	0.129806%	0.125145%	0.128052%	0.126016%	0.122802%	
Employer's proportionate share of the net pension liability (asset)	(3,505,520)	(3,693,528)	(3,628,709)	(4,240,195)	(2,400,805)	(2,565,760)	(2,344,630)	(1,942,831)	(1,298,325)	(1,516,192)	
State's proportionate share of net pension liability (asset) associated with employer	(23,711,349)	(24,982,490)	(24,544,500)	(28,680,579)	(16,238,984)	(17,354,793)	(15,859,019)	(13,141,258)	(8,781,839)	(1,516,192)	
TOTAL	(27,216,769)	(28,676,458)	(28,173,210)	(32,920,789)	(18,639,789)	(19,920,495)	(18,203,649)	(15,084,089)	(10,080,164)	(3,032,384)	
Covered payroll*	-	-	-	-	-	-	-	-	31,473	75,470	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-4125.19%	-2008.99%	
Plan fiduciary net position as a percentage of the total pension liability	168.48%	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.90%	123.74%	127.36%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LEOFF RETIREMENT SYSTEM PLAN 2 AS OF JUNE 30, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's proportion of the net pension liability (asset)	0.127227%	0.442569%	0.442569%	0.402108%	0.410846%	0.421999%	0.440113%	0.439703%	0.430464%	0.412199%	
Employer's proportionate share of the net pension liability (asset)	(8,197,960)	(20,195,725)	(12,073,482)	(23,386,295)	(8,380,648)	(10,021,951)	(8,975,797)	(6,501,625)	(2,620,034)	(4,227,238)	
State's proportionate share of net pension liability (asset) associated with employer	(5,313,551)	(6,472,574)	(7,820,959)	(15,075,101)	(5,758,770)	(6,563,061)	(5,810,358)	(3,958,003)	(1,708,071)	(4,227,238)	
TOTAL	(13,511,511)	(26,668,300)	(19,894,441)	(38,461,396)	(14,139,418)	(16,585,012)	(14,786,155)	(10,459,628)	(4,328,105)	(8,454,476)	
Covered payroll*	20,897,536	18,605,903	17,265,092	16,235,097	15,980,281	14,984,568	14,593,802	13,754,425	13,646,421	11,937,074	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-39.18%	-54.46%	-49.53%	-144.08%	-51.79%	-66.88%	-61.49%	-44.30%	-19.30%	-35.41%	
Plan fiduciary net position as a percentage of the total pension liability	109.27%	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.30%	106.04%	111.67%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1 FOR THE YEAR ENDED DECEMBER 31, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily or contractually required contributions	\$ 993,690	\$ 1,167,844	\$ 1,182,229	\$ 1,314,404	\$ 1,437,901	\$ 1,464,462	\$ 1,431,430	\$ 27,661	\$ 25,145	\$ 38,503	
Contributions in relation to the statutorily or contractually required contributions*	993,690	1,167,844	1,182,229	1,314,404	1,437,901	1,464,462	1,431,430	35,334	48,941	67,823	
Contribution deficiency (excess)	-	-	-	-	-	-	-	(7,673)	(23,796)	(29,320)	
Covered payroll**	\$ 35,966,952	\$ 34,179,651	\$ 31,506,141	\$ 30,401,692	\$ 29,999,312	\$ 29,570,482	\$ 28,284,425	\$ 26,948,293	\$ 25,347,210	\$ 25,380,922	
Contributions as a percentage of covered payroll	2.76%	3.42%	3.75%	4.32%	4.79%	4.95%	5.06%	0.13%	0.19%	0.27%	

Notes to Schedule:

Excess contributions in PERS 1 are due to leave cashouts

\* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund PERS 1 UAL.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF EMPLOYER CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 2/3 FOR THE YEAR ENDED DECEMBER 31, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily or contractually required contributions	\$ 2,241,947	\$ 2,173,827	\$ 2,003,792	\$ 2,184,355	\$ 2,375,815	\$ 2,279,911	\$ 2,121,044	\$ 3,183,939	\$ 2,808,191	\$ 2,536,893	
Contributions in relation to the statutorily or contractually required contributions	2,241,947	2,173,827	2,003,792	2,184,355	2,375,815	2,279,911	2,121,044	3,183,939	2,808,191	2,536,893	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	
Covered payroll*	\$ 35,250,746	\$ 34,179,651	\$ 31,506,141	\$ 30,401,692	\$ 29,999,312	\$ 29,570,482	\$ 28,284,425	\$ 26,717,377	\$ 25,122,302	\$ 24,998,494	
Contributions as a percentage of covered payroll	6.36%	6.36%	6.36%	7.18%	7.92%	7.71%	7.50%	11.92%	11.18%	10.15%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF EMPLOYER CONTRIBUTIONS PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM PLAN 2 FOR THE YEAR ENDED DECEMBER 31, 2024 LAST 10 FISCAL YEARS*											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily or contractually required contributions	\$ 48,354	-	-	-	-	-	-	-	-	-	
Contributions in relation to the statutorily or contractually required contributions	48,354	-	-	-	-	-	-	-	-	-	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	
Covered payroll**	\$ 736,206	-	-	-	-	-	-	-	-	-	
Contributions as a percentage of covered payroll	6.59%	-	-	-	-	-	-	-	-	-	

Notes to Schedule:

\* Until a full 10 year trend is compiled, only information for those years available is presented. The City began participating in PSERS Plan 2 on July 1, 2024.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF EMPLOYER CONTRIBUTIONS LEOFF RETIREMENT SYSTEM PLAN 1 FOR THE YEAR ENDED DECEMBER 31, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily or contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions in relation to the statutorily or contractually required contributions	-	-	-	-	-	-	-	-	-	-	109
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	798
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.34%

Notes to Schedule:

Excess contribution in 2015 is due to corrections for 1980 for time that was not reported for employee.

\*Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULE OF EMPLOYER CONTRIBUTIONS LEOFF RETIREMENT SYSTEM PLAN 2 FOR THE YEAR ENDED DECEMBER 31, 2024 LAST 10 FISCAL YEARS											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily or contractually required contributions	\$ 1,078,125	\$ 1,013,616	\$ 930,560	\$ 853,461	\$ 817,869	\$ 794,365	\$ 774,994	\$ 735,325	\$ 677,438	\$ 642,151	
Contributions in relation to the statutorily or contractually required contributions	1,078,125	1,013,616	930,560	853,461	817,869	794,365	774,994	735,325	677,438	642,151	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	
Covered payroll*	\$ 21,034,049	\$ 18,778,826	\$ 18,154,620	\$ 16,602,956	\$ 15,857,451	\$ 15,351,138	\$ 14,648,349	\$ 14,266,819	\$ 13,414,604	\$ 12,715,703	
Contributions as a percentage of covered payroll	5.13%	5.12%	5.13%	5.14%	5.16%	5.24%	5.29%	5.15%	5.05%	5.05%	

Notes to Schedule:

\*Covered payroll is the payroll on which contributions to a pension plan are based.



# COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

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

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

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

City of Richland, Washington  
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Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2024

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,240,720	\$ 2,120,910	\$ 5,493,069	\$ 19,854,699
Deposits with third parties	28,600	-	-	28,600
Investments	4,046,126	-	6,374,912	10,421,038
Taxes receivable	696,013	21,894	200,964	918,870
Customer accounts (net)	439,057	-	-	439,057
Due from other governments	689,705	-	-	689,705
Notes and contracts	1,526,061	-	-	1,526,061
Inventory	36,979	-	-	36,979
Leases receivable	7,595,913	-	-	7,595,913
Total assets	<u>\$ 27,299,175</u>	<u>\$ 2,142,804</u>	<u>\$ 12,068,944</u>	<u>\$ 41,510,923</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,388,944	\$ -	\$ 338,941	\$ 1,727,885
Payable to other governments	13,876	-	1,502	15,378
Interfund loans payable	95,585	-	-	95,585
Deposits payable	21,000	-	-	21,000
Unearned revenue-other	26,600	-	-	26,600
Total liabilities	<u>1,546,004</u>	<u>-</u>	<u>340,444</u>	<u>1,886,448</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - leases	\$ 7,595,913	\$ -	\$ -	\$ 7,595,913
Unavailable revenue-property taxes	-	16,167	-	16,167
Total deferred inflows of resources	<u>7,595,913</u>	<u>16,167</u>	<u>-</u>	<u>7,612,080</u>
Total liabilities and deferred inflows of resources	<u>9,141,918</u>	<u>16,167</u>	<u>340,444</u>	<u>9,498,528</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable				
Contractually maintained deposits	\$ 2,000	\$ -	\$ -	\$ 2,000
Inventory	36,979	-	-	36,979
Restricted				
Capital improvements	951,596	-	2,302,437	3,254,033
Debt service	-	1,844,818	-	1,844,818
Economic environment	6,200,719	-	-	6,200,719
Public safety	2,831,540	-	-	2,831,540
Committed				
Capital improvements	-	-	9,426,064	9,426,064
Economic environment	7,182,140	-	-	7,182,140
Assigned				
Debt service	-	281,819	-	281,819
Transportation	952,283	-	-	952,283
Total fund balances (deficits)	<u>18,157,257</u>	<u>2,126,637</u>	<u>11,728,501</u>	<u>32,012,395</u>
Total liabilities and fund balances (deficits)	<u>\$ 27,299,175</u>	<u>\$ 2,142,804</u>	<u>\$ 12,068,944</u>	<u>\$ 41,510,923</u>

City of Richland, Washington  
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Nonmajor Governmental Funds  
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	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 6,188,936	\$ 2,255,037	\$ 3,333,323	\$ 11,777,296
Intergovernmental	3,436,833	-	-	3,436,833
Charges for goods and services	8,510,519	-	-	8,510,519
Investment earnings	470,046	104,086	648,630	1,222,763
Rents and leases	1,688,356	-	-	1,688,356
Miscellaneous revenue	173,134	1,500	7,000	181,633
Disposition of land held for sale	1,137,938	-	-	1,137,938
Total revenues	<u>21,605,763</u>	<u>2,360,623</u>	<u>3,988,953</u>	<u>27,955,338</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	8,972,337	-	-	8,972,337
Transportation	3,883,361	29	-	3,883,390
Economic environment	4,345,208	-	-	4,345,208
Culture and recreation	20,430	-	315,506	335,937
Debt service:				
Administrative charges	-	1,493	-	1,493
Interest	1,655	1,417,581	-	1,419,236
Principal retirement	94,600	2,850,000	-	2,944,600
Capital outlay:				
General government	-	-	161,207	161,207
Public safety	-	-	4,436,242	4,436,242
Transportation	116,482	-	-	116,482
Economic environment	306	-	-	306
Culture and recreation	-	-	4,334,228	4,334,228
Total expenditures	<u>17,434,379</u>	<u>4,269,103</u>	<u>9,247,183</u>	<u>30,950,665</u>
Excess (deficiency) of revenues over expenditures	<u>4,171,383</u>	<u>(1,908,480)</u>	<u>(5,258,230)</u>	<u>(2,995,327)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,809,957	2,026,717	2,462,221	6,298,896
Transfers out	(3,956,636)	(79,770)	(4,400,453)	(8,436,859)
Disposition of capital assets	38,505	-	-	38,505
Insurance recoveries	13,076	-	-	13,076
Total other financing sources (uses)	<u>(2,095,099)</u>	<u>1,946,947</u>	<u>(1,938,232)</u>	<u>(2,086,384)</u>
Net change in fund balances	2,076,285	38,467	(7,196,462)	(5,081,710)
Fund balances - beginning	16,080,972	2,088,170	18,924,963	37,094,105
Fund balances - ending	<u>\$ 18,157,257</u>	<u>\$ 2,126,637</u>	<u>\$ 11,728,501</u>	<u>\$ 32,012,395</u>





# COMBINING AND INDIVIDUAL FUND STATEMENTS

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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Annual Comprehensive Financial Report  
Combining Balance Sheet  
Nonmajor Special revenue funds  
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	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,015,973	\$ -	\$ 962,142	\$ 2,785,978	\$ 288,816	\$ 395,864
Deposits with third parties	2,000	-	-	26,600	-	-
Investments	-	-	-	4,046,126	-	-
Taxes receivable	-	-	-	-	-	-
Customer accounts (net)	11,040	-	7,299	420,717	-	-
Due from other governments	88,052	-	-	-	28,222	-
Notes and contracts	-	-	-	-	-	-
Inventory	36,979	-	-	-	-	-
Leases receivable	240,516	-	474,901	6,880,497	-	-
Total assets	<u>\$ 1,394,559</u>	<u>\$ -</u>	<u>\$ 1,444,342</u>	<u>\$ 14,159,918</u>	<u>\$ 317,038</u>	<u>\$ 395,864</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 162,782	\$ -	\$ -	\$ 39,699	\$ -	\$ -
Payable to other governments	-	-	3,045	9,782	-	-
Interfund loans payable	-	-	-	-	-	-
Deposits payable	-	-	14,800	6,200	-	-
Unearned revenue-other	-	-	-	26,600	-	-
Total liabilities	<u>162,782</u>	<u>-</u>	<u>17,845</u>	<u>82,281</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflow - leases	\$ 240,516	\$ -	\$ 474,901	\$ 6,880,497	\$ -	\$ -
Total deferred inflows of resources	<u>240,516</u>	<u>-</u>	<u>474,901</u>	<u>6,880,497</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>403,297</u>	<u>-</u>	<u>492,746</u>	<u>6,962,779</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable						
Contractually maintained deposits	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	36,979	-	-	-	-	-
Restricted						
Capital improvements	-	-	951,596	-	-	-
Economic environment	-	-	-	15,000	-	395,864
Public safety	-	-	-	-	317,038	-
Committed						
Economic environment	-	-	-	7,182,140	-	-
Assigned						
Transportation	952,283	-	-	-	-	-
Total fund balances (deficits)	<u>991,262</u>	<u>-</u>	<u>951,596</u>	<u>7,197,140</u>	<u>317,038</u>	<u>395,864</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,394,559</u>	<u>\$ -</u>	<u>\$ 1,444,342</u>	<u>\$ 14,159,918</u>	<u>\$ 317,038</u>	<u>\$ 395,864</u>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/Motel Fund	Special Lodging Assessment Fund	CDBG Fund	HOME Fund	Total Nonmajor Special revenue funds
\$ 2,135,937	\$ 306,462	\$ 2,891,899	\$ 75,794	\$ -	\$ 1,381,857	\$ 12,240,720
-	-	-	-	-	-	28,600
-	-	-	-	-	-	4,046,126
476,454	-	219,559	-	-	-	696,013
-	-	-	-	-	-	439,057
-	-	-	65,979	146,755	360,699	689,705
-	-	-	-	858,951	667,110	1,526,061
-	-	-	-	-	-	36,979
-	-	-	-	-	-	7,595,913
<u>\$ 2,612,390</u>	<u>\$ 306,462</u>	<u>\$ 3,111,458</u>	<u>\$ 141,772</u>	<u>\$ 1,005,706</u>	<u>\$ 2,409,666</u>	<u>\$ 27,299,175</u>
\$ 97,889	\$ 306,462	\$ 270,120	\$ 75,616	\$ 40,422	\$ 395,955	\$ 1,388,944
-	-	-	-	1,048	-	13,876
-	-	-	-	95,585	-	95,585
-	-	-	-	-	-	21,000
-	-	-	-	-	-	76,600
<u>97,889</u>	<u>306,462</u>	<u>270,120</u>	<u>75,616</u>	<u>137,055</u>	<u>395,955</u>	<u>1,546,004</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,595,913
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,595,913</u>
<u>97,889</u>	<u>306,462</u>	<u>270,120</u>	<u>75,616</u>	<u>137,055</u>	<u>395,955</u>	<u>9,141,918</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
-	-	-	-	-	-	36,979
-	-	-	-	-	-	951,596
-	-	2,841,338	66,156	868,651	2,013,710	6,200,719
2,514,502	-	-	-	-	-	2,831,540
-	-	-	-	-	-	7,182,140
-	-	-	-	-	-	952,283
<u>2,514,502</u>	<u>-</u>	<u>2,841,338</u>	<u>66,156</u>	<u>868,651</u>	<u>2,013,710</u>	<u>18,157,257</u>
<u>\$ 2,612,390</u>	<u>\$ 306,462</u>	<u>\$ 3,111,458</u>	<u>\$ 141,772</u>	<u>\$ 1,005,706</u>	<u>\$ 2,409,666</u>	<u>\$ 27,299,175</u>

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Nonmajor Special revenue funds  
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	Streets Fund	Transportation Benefit District Fund	Park Reserve Fund	Industrial Development Fund	Criminal Justice Fund	PFD Facility Contingency Fund
<b>REVENUES</b>						
Taxes	\$ 749,025	\$ 1,046,797	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,206,710	-	-	400,000	111,041	-
Charges for goods and services	362,822	-	542,980	-	-	-
Investment earnings	22,137	(1,045)	-	234,293	-	11,650
Rents and leases	42,736	-	219,592	1,426,029	-	-
Miscellaneous revenue	41,720	-	-	131,414	-	-
Disposition of land held for sale	-	-	-	1,137,938	-	-
Total revenues	<u>2,425,148</u>	<u>1,045,752</u>	<u>794,775</u>	<u>3,329,674</u>	<u>111,041</u>	<u>11,650</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	-	-	-	-
Transportation	3,883,361	-	-	-	-	-
Economic environment	-	-	-	1,077,608	-	-
Culture and recreation	-	-	20,430	-	-	-
Debt service:						
Interest	-	-	-	1,655	-	-
Principal retirement	-	-	-	94,600	-	-
Capital outlay:						
Transportation	116,482	-	-	-	-	-
Economic environment	-	-	-	306	-	-
Total expenditures	<u>3,999,844</u>	<u>-</u>	<u>20,430</u>	<u>1,174,168</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,574,695)</u>	<u>1,045,752</u>	<u>774,345</u>	<u>2,155,505</u>	<u>111,041</u>	<u>11,650</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,776,203	-	-	33,754	-	-
Transfers out	(47,445)	(1,032,924)	(1,020,461)	(1,030,581)	(81,639)	-
Disposition of capital assets	-	-	38,505	-	-	-
Insurance recoveries	13,076	-	-	-	-	-
Total other financing sources (uses)	<u>1,741,834</u>	<u>(1,032,924)</u>	<u>(981,956)</u>	<u>(996,827)</u>	<u>(81,639)</u>	<u>-</u>
Net change in fund balances	167,138	12,828	(207,611)	1,158,678	29,402	11,650
Fund balances - beginning	824,124	(12,828)	1,159,208	6,038,462	287,635	384,215
Fund balances - ending	<u>\$ 991,262</u>	<u>\$ -</u>	<u>\$ 951,596</u>	<u>\$ 7,197,140</u>	<u>\$ 317,038</u>	<u>\$ 395,864</u>

Public Safety Sales Tax Fund	BCES Operations Fund	Hotel/Motel Fund	Special Lodging Assessment Fund	CDBG Fund	HOME Fund	Total Nonmajor Special revenue funds
\$ 2,603,267	\$ -	\$ 1,789,847	\$ -	\$ -	\$ -	\$ 6,188,936
-	-	-	-	612,667	1,106,415	3,436,833
-	6,669,076	-	830,230	-	105,412	8,510,519
56,220	-	72,699	2,054	-	39,836	470,046
-	-	-	-	-	-	1,088,356
-	-	-	-	-	-	173,134
-	-	-	-	-	-	1,137,938
<u>2,659,487</u>	<u>6,669,076</u>	<u>1,862,546</u>	<u>832,284</u>	<u>612,667</u>	<u>1,251,663</u>	<u>21,605,763</u>
2,303,261	6,669,076	-	-	-	-	8,972,337
-	-	-	-	-	-	3,883,361
-	-	902,644	821,865	167,912	1,375,179	4,345,208
-	-	-	-	-	-	20,430
-	-	-	-	-	-	1,655
-	-	-	-	-	-	94,600
-	-	-	-	-	-	116,482
-	-	-	-	-	-	306
<u>2,303,261</u>	<u>6,669,076</u>	<u>902,644</u>	<u>821,865</u>	<u>167,912</u>	<u>1,375,179</u>	<u>17,434,379</u>
356,226	-	959,901	10,419	444,755	(123,516)	4,171,383
-	-	-	-	-	-	1,800,957
-	-	(333,209)	-	(410,376)	-	(3,956,634)
-	-	-	-	-	-	38,505
-	-	-	-	-	-	13,076
-	-	(333,209)	-	(410,376)	-	(2,095,099)
356,226	-	626,693	10,419	34,379	(123,516)	2,076,285
2,159,276	-	2,214,645	55,737	834,272	2,137,227	16,080,972
<u>\$ 2,514,502</u>	<u>\$ -</u>	<u>\$ 2,841,338</u>	<u>\$ 66,156</u>	<u>\$ 868,651</u>	<u>\$ 2,013,710</u>	<u>\$ 18,157,257</u>

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Streets Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 743,090	\$ 743,090	\$ 749,025	\$ 5,935
Intergovernmental	1,214,533	1,214,533	1,206,710	(7,823)
Charges for goods and services	475,300	475,300	362,822	(112,478)
Investment earnings	7,700	7,700	22,137	14,437
Rents and leases	41,800	41,800	42,736	936
Miscellaneous revenue	13,000	13,000	41,720	28,720
Total revenues	2,495,423	2,495,423	2,425,148	(70,275)
<b>EXPENDITURES</b>				
Current:				
Transportation	4,167,422	4,376,682	3,883,361	493,321
Total current	4,167,422	4,376,682	3,883,361	493,321
Capital outlay:				
Transportation	-	-	116,482	(116,482)
Total capital outlay	-	-	116,482	(116,482)
Total expenditures	4,167,422	4,376,682	3,999,844	376,839
Excess (deficiency) of revenues over expenditures	(1,671,999)	(1,881,259)	(1,574,695)	306,564
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,766,999	1,766,999	1,776,203	9,204
Transfers out	(95,000)	(95,000)	(47,445)	47,555
Insurance recoveries	-	-	13,076	13,076
Total other financing sources (uses)	1,671,999	1,671,999	1,741,834	69,835
Net change in fund balances	-	(209,260)	167,138	376,399
Fund balances - beginning	824,124	824,124	824,124	-
Fund balances - ending	\$ 824,124	\$ 614,863	\$ 991,262	\$ 376,399

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Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Transportation Benefit District Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,030,000	\$ 1,030,000	\$ 1,046,797	\$ 16,797
Investment earnings	2,000	2,000	(1,045)	(3,045)
Total revenues	1,032,000	1,032,000	1,045,752	13,752
Excess (deficiency) of revenues over expenditures	1,032,000	1,032,000	1,045,752	13,752
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,092,829)	(1,092,829)	(1,032,924)	59,905
Total other financing sources (uses)	(1,092,829)	(1,092,829)	(1,032,924)	59,905
Net change in fund balances	(60,829)	(60,829)	12,828	73,657
Fund balances - beginning	(12,828)	(12,828)	(12,828)	-
Fund balances - ending	\$ (73,657)	\$ (73,657)	\$ -	\$ 73,657



City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Park Reserve Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for goods and services	\$ 460,000	\$ 460,000	\$ 542,980	\$ 82,980
Investment earnings	20,000	20,000	32,204	12,204
Rents and leases	164,286	164,286	219,592	55,306
Total revenues	644,286	644,286	794,775	150,489
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	40,000	40,000	20,430	19,570
Total current	40,000	40,000	20,430	19,570
Total expenditures	40,000	40,000	20,430	19,570
Excess (deficiency) of revenues over expenditures	604,286	604,286	774,345	170,059
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,020,461)	(1,020,461)	(1,020,461)	-
Disposition of capital assets	-	-	38,505	38,505
Total other financing sources (uses)	(1,020,461)	(1,020,461)	(981,956)	38,505
Net change in fund balances	(416,175)	(416,175)	(207,611)	208,564
Fund balances - beginning	1,159,208	1,159,208	1,159,208	-
Fund balances - ending	\$ 743,033	\$ 743,033	\$ 951,596	\$ 208,564

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Industrial Development Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 400,000	\$ 400,000
Investment earnings	10,000	10,000	234,293	224,293
Rents and leases	1,160,908	1,160,908	1,426,029	265,121
Miscellaneous revenue	702,611	702,611	131,414	(571,197)
Disposition of land held for sale	3,650,124	3,650,124	1,137,938	(2,512,186)
Total revenues	5,523,643	5,523,643	3,329,674	(2,193,969)
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,126,581	1,300,300	1,077,608	222,693
Total current	1,126,581	1,300,300	1,077,608	222,693
Debt service:				
Interest	1,655	1,655	1,655	1
Principal retirement	94,060	94,060	94,600	(540)
Total debt service	95,715	95,715	96,255	(540)
Capital outlay:				
Economic environment	50,000	1,651,159	306	1,650,853
Total capital outlay	50,000	1,651,159	306	1,650,853
Total expenditures	1,272,296	3,047,175	1,174,168	1,873,006
Excess (deficiency) of revenues over expenditures	4,251,347	2,476,468	2,155,505	(320,963)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	33,754	33,754	33,754	-
Transfers out	(5,610,000)	(10,009,427)	(1,030,581)	8,978,845
Total other financing sources (uses)	(5,576,246)	(9,975,673)	(996,827)	8,978,845
Net change in fund balances	(1,324,899)	(7,499,204)	1,158,678	8,657,882
Fund balances - beginning	6,038,462	6,038,462	6,038,462	-
Fund balances - ending	\$ 4,713,563	\$ (1,460,742)	\$ 7,197,140	\$ 8,657,882

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Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Criminal Justice Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 104,460	\$ 104,460	\$ 111,041	\$ 6,581
Total revenues	104,460	104,460	111,041	6,581
Excess (deficiency) of revenues over expenditures	104,460	104,460	111,041	6,581
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(81,639)	(81,639)	(81,639)	-
Total other financing sources (uses)	(81,639)	(81,639)	(81,639)	-
Net change in fund balances	22,821	22,821	29,402	6,581
Fund balances - beginning	287,635	287,635	287,635	-
Fund balances - ending	\$ 310,456	\$ 310,456	\$ 317,038	\$ 6,581

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
PFD Facility Contingency Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 11,650	\$ 11,650
Total revenues	-	-	11,650	11,650
Excess (deficiency) of revenues over expenditures	-	-	11,650	11,650
Net change in fund balances	-	-	11,650	11,650
Fund balances - beginning	384,215	384,215	384,215	-
Fund balances - ending	\$ 384,215	\$ 384,215	\$ 395,864	\$ 11,650

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Public Safety Sales Tax Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,540,000	\$ 2,540,000	\$ 2,603,267	\$ 63,267
Investment earnings	33,000	33,000	56,220	23,220
Total revenues	2,573,000	2,573,000	2,659,487	86,487
<b>EXPENDITURES</b>				
Current:				
Public safety	3,239,605	3,255,951	2,303,261	952,690
Total current	3,239,605	3,255,951	2,303,261	952,690
Total expenditures	3,239,605	3,255,951	2,303,261	952,690
Excess (deficiency) of revenues over expenditures	(666,605)	(682,951)	356,226	1,039,177
Net change in fund balances	(666,605)	(682,951)	356,226	1,039,177
Fund balances - beginning	2,158,276	2,158,276	2,158,276	-
Fund balances - ending	\$ 1,491,671	\$ 1,475,325	\$ 2,514,502	\$ 1,039,177

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
BCES Operations Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for goods and services	\$ 7,302,211	\$ 7,302,211	\$ 6,669,076	\$ (633,135)
Total revenues	7,302,211	7,302,211	6,669,076	(633,135)
<b>EXPENDITURES</b>				
Current:				
Public safety	7,302,211	7,302,211	6,669,076	633,135
Total current	7,302,211	7,302,211	6,669,076	633,135
Total expenditures	7,302,211	7,302,211	6,669,076	633,135
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Hotel/Motel Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,154,000	\$ 1,154,000	\$ 1,789,847	\$ 635,847
Investment earnings	15,000	15,000	72,699	57,699
Total revenues	1,169,000	1,169,000	1,862,546	693,546
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,025,000	1,025,000	902,644	122,356
Total current	1,025,000	1,025,000	902,644	122,356
Total expenditures	1,025,000	1,025,000	902,644	122,356
Excess (deficiency) of revenues over expenditures	144,000	144,000	959,901	815,901
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(335,282)	(395,282)	(333,209)	62,073
Total other financing sources (uses)	(335,282)	(395,282)	(333,209)	62,073
Net change in fund balances	(191,282)	(251,282)	626,693	877,975
Fund balances - beginning	2,214,645	2,214,645	2,214,645	-
Fund balances - ending	\$ 2,023,363	\$ 1,963,363	\$ 2,841,338	\$ 877,975

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Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Special Lodging Assessment Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for goods and services	\$ 610,600	\$ 810,600	\$ 830,230	\$ 19,630
Investment earnings	650	650	2,054	1,404
Total revenues	611,250	811,250	832,284	21,034
<b>EXPENDITURES</b>				
Current:				
Economic environment	611,250	811,250	821,865	(10,615)
Total current	611,250	811,250	821,865	(10,615)
Total expenditures	611,250	811,250	821,865	(10,615)
Excess (deficiency) of revenues over expenditures	-	-	10,419	10,419
Net change in fund balances	-	-	10,419	10,419
Fund balances - beginning	55,737	55,737	55,737	-
Fund balances - ending	\$ 55,737	\$ 55,737	\$ 66,156	\$ 10,419

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
CDBG Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 334,385	\$ 822,351	\$ 612,667	\$ (209,684)
Total revenues	334,385	822,351	612,667	(209,684)
<b>EXPENDITURES</b>				
Current:				
Economic environment	235,385	854,884	167,912	686,971
Total current	235,385	854,884	167,912	686,971
Total expenditures	235,385	854,884	167,912	686,971
Excess (deficiency) of revenues over expenditures	99,000	(32,532)	444,755	477,287
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(199,000)	(529,221)	(410,376)	118,845
Total other financing sources (uses)	(199,000)	(529,221)	(410,376)	118,845
Net change in fund balances	(100,000)	(561,753)	34,379	596,132
Fund balances - beginning	834,272	834,272	834,272	-
Fund balances - ending	\$ 734,272	\$ 272,519	\$ 868,651	\$ 596,132

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
HOME Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 972,119	\$ 5,530,876	\$ 1,106,415	\$ (4,424,461)
Charges for goods and services	150,000	150,000	105,412	(44,588)
Investment earnings	-	-	39,836	39,836
Total revenues	1,122,119	5,680,876	1,251,663	(4,429,213)
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,122,119	6,986,293	1,375,179	5,611,114
Total current	1,122,119	6,986,293	1,375,179	5,611,114
Total expenditures	1,122,119	6,986,293	1,375,179	5,611,114
Excess (deficiency) of revenues over expenditures	-	(1,305,417)	(123,516)	1,181,901
Net change in fund balances	-	(1,305,417)	(123,516)	1,181,901
Fund balances - beginning	2,137,227	2,137,227	2,137,227	-
Fund balances - ending	\$ 2,137,227	\$ 831,809	\$ 2,013,710	\$ 1,181,901



# COMBINING AND INDIVIDUAL FUND STATEMENTS NONMAJOR DEBT SERVICE FUNDS

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

**Fire Stations Debt Service Fund** – is used to account for principal and interest payments on the 2014 Fire Station #74 Construction bond issue, and the Local Program debt service on Fire Stations #73 and #75.

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

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

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

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



	LTGO Bonds Fund	Fire Stations Debt Service Fund	Library Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 281,819	\$ 744,339	\$ 944
Taxes receivable	-	-	21,894
Total assets	<u>\$ 281,819</u>	<u>\$ 744,339</u>	<u>\$ 22,837</u>
<b>LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	\$ -	\$ -	\$ 16,167
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>16,167</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>16,167</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted			
Debt service	-	744,339	6,670
Assigned			
Debt service	<u>281,819</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>281,819</u>	<u>744,339</u>	<u>6,670</u>
Total liabilities and fund balances (deficits)	<u>\$ 281,819</u>	<u>\$ 744,339</u>	<u>\$ 22,837</u>

LRF Debt Service Fund	LID Guaranty-Debt Service Fund	Special Assessment Debt Service Fund	Total Nonmajor Debt service funds
\$ 117,179	\$ 965,264	\$ 11,365	\$ 2,120,910
<u>\$ 117,179</u>	<u>\$ 965,264</u>	<u>\$ 11,365</u>	<u>\$ 2,142,804</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,167</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,167</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,167</u>
117,179	965,264	11,365	1,844,818
<u>-</u>	<u>-</u>	<u>-</u>	<u>281,819</u>
<u>117,179</u>	<u>965,264</u>	<u>11,365</u>	<u>2,126,637</u>
<u>\$ 117,179</u>	<u>\$ 965,264</u>	<u>\$ 11,365</u>	<u>\$ 2,142,804</u>

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Debt service funds  
For the Year Ended December 31, 2024

	LTGO Bonds Fund	Fire Stations Debt Service Fund	Library Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,602,402
Investment earnings	20,782	24,715	21,223
Miscellaneous revenue	-	-	-
Total revenues	<u>20,782</u>	<u>24,715</u>	<u>1,623,625</u>
<b>EXPENDITURES</b>			
Current:			
Transportation	-	-	-
Debt service:			
Administrative charges	443	350	350
Interest	632,940	319,006	220,300
Principal retirement	645,000	350,000	1,445,000
Total expenditures	<u>1,278,383</u>	<u>669,356</u>	<u>1,665,650</u>
Excess (deficiency) of revenues over expenditures	<u>(1,257,601)</u>	<u>(644,641)</u>	<u>(42,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,277,941	669,006	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>1,277,941</u>	<u>669,006</u>	<u>-</u>
Net change in fund balances	20,340	24,365	(42,025)
Fund balances - beginning	261,479	719,975	48,695
Fund balances - ending	<u>\$ 281,819</u>	<u>\$ 744,339</u>	<u>\$ 6,670</u>

LRF Debt Service Fund	LID Guaranty-Debt Service Fund	Special Assessment Debt Service Fund	Total Nonmajor Debt service funds
\$ 652,635	\$ -	\$ -	\$ 2,255,037
9,512	27,854	-	104,086
-	-	1,500	1,500
<u>662,147</u>	<u>27,854</u>	<u>1,500</u>	<u>2,360,623</u>
-	29	-	29
350	-	-	1,493
245,335	-	-	1,417,581
410,000	-	-	2,850,000
<u>655,685</u>	<u>29</u>	<u>-</u>	<u>4,269,103</u>
6,462	27,826	1,500	(1,908,480)
-	79,770	-	2,026,717
-	-	(79,770)	(79,770)
-	<u>79,770</u>	<u>(79,770)</u>	<u>1,946,947</u>
6,462	107,596	(78,270)	38,467
110,717	857,668	89,635	2,088,170
<u>\$ 117,179</u>	<u>\$ 965,264</u>	<u>\$ 11,365</u>	<u>\$ 2,126,637</u>



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Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
LTGO Bonds Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 11,249	\$ 11,249	\$ 20,782	\$ 9,533
Total revenues	11,249	11,249	20,782	9,533
<b>EXPENDITURES</b>				
Debt service:				
Administrative charges	380	380	443	(63)
Interest	632,940	632,940	632,940	-
Principal retirement	645,000	645,000	645,000	-
Total debt service	1,278,320	1,278,320	1,278,383	(63)
Total expenditures	1,278,320	1,278,320	1,278,383	(63)
Excess (deficiency) of revenues over expenditures	(1,267,071)	(1,267,071)	(1,257,601)	9,470
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,277,941	1,277,941	1,277,941	-
Total other financing sources (uses)	1,277,941	1,277,941	1,277,941	-
Net change in fund balances	10,870	10,870	20,340	9,470
Fund balances - beginning	261,479	261,479	261,479	-
Fund balances - ending	\$ 272,349	\$ 272,349	\$ 281,819	\$ 9,470

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Fire Stations Debt Service Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 2,500	\$ 2,500	\$ 24,715	\$ 22,215
Total revenues	2,500	2,500	24,715	22,215
<b>EXPENDITURES</b>				
Debt service:				
Administrative charges	300	300	350	(50)
Interest	319,006	319,006	319,006	-
Principal retirement	350,000	350,000	350,000	-
Total debt service	669,306	669,306	669,356	(50)
Total expenditures	669,306	669,306	669,356	(50)
Excess (deficiency) of revenues over expenditures	(666,806)	(666,806)	(644,641)	22,165
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	669,006	669,006	669,006	-
Total other financing sources (uses)	669,006	669,006	669,006	-
Net change in fund balances	2,200	2,200	24,365	22,165
Fund balances - beginning	719,975	719,975	719,975	-
Fund balances - ending	\$ 722,175	\$ 722,175	\$ 744,339	\$ 22,165

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Library Debt Service Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,613,000	\$ 1,613,000	\$ 1,602,402	\$ (10,598)
Investment earnings	10,000	10,000	21,223	11,223
Total revenues	1,623,000	1,623,000	1,623,625	625
<b>EXPENDITURES</b>				
Debt service:				
Administrative charges	300	300	350	(50)
Interest	220,300	220,300	220,300	-
Principal retirement	1,445,000	1,445,000	1,445,000	-
Total debt service	1,665,600	1,665,600	1,665,650	(50)
Total expenditures	1,665,600	1,665,600	1,665,650	(50)
Excess (deficiency) of revenues over expenditures	(42,600)	(42,600)	(42,025)	575
Net change in fund balances	(42,600)	(42,600)	(42,025)	575
Fund balances - beginning	48,695	48,695	48,695	-
Fund balances - ending	\$ 6,095	\$ 6,095	\$ 6,670	\$ 575

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
LRF Debt Service Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 652,635	\$ 652,635	\$ 652,635	\$ -
Investment earnings	3,000	3,000	9,512	6,512
Total revenues	655,635	655,635	662,147	6,512
<b>EXPENDITURES</b>				
Debt service:				
Administrative charges	300	300	350	(50)
Interest	245,335	245,335	245,335	-
Principal retirement	410,000	410,000	410,000	-
Total debt service	655,635	655,635	655,685	(50)
Total expenditures	655,635	655,635	655,685	(50)
Excess (deficiency) of revenues over expenditures	-	-	6,462	6,462
Net change in fund balances	-	-	6,462	6,462
Fund balances - beginning	110,717	110,717	110,717	-
Fund balances - ending	\$ 110,717	\$ 110,717	\$ 117,179	\$ 6,462

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
LID Guaranty-Debt Service Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 6,525	\$ 6,525	\$ 27,854	\$ 21,329
Total revenues	6,525	6,525	27,854	21,329
<b>EXPENDITURES</b>				
Current:				
Transportation	25	25	29	(4)
Total current	25	25	29	(4)
Total expenditures	25	25	29	(4)
Excess (deficiency) of revenues over expenditures	6,500	6,500	27,826	21,326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	79,770	79,770
Total other financing sources (uses)	-	-	79,770	79,770
Net change in fund balances	6,500	6,500	107,596	101,096
Fund balances - beginning	857,668	857,668	857,668	-
Fund balances - ending	\$ 864,168	\$ 864,168	\$ 965,264	\$ 101,096

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Special Assessment Debt Service Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous revenue	\$ 6,832	\$ 6,832	\$ 1,500	\$ (5,332)
Total revenues	6,832	6,832	1,500	(5,332)
Excess (deficiency) of revenues over expenditures	6,832	6,832	1,500	(5,332)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(79,770)	(79,770)
Total other financing sources (uses)	-	-	(79,770)	(79,770)
Net change in fund balances	6,832	6,832	(78,270)	(85,102)
Fund balances - beginning	89,635	89,635	89,635	-
Fund balances - ending	\$ 96,467	\$ 96,467	\$ 11,365	\$ (85,102)



# COMBINING AND INDIVIDUAL FUND STATEMENTS

## NONMAJOR CAPITAL PROJECTS FUNDS

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

**Fire Station 76 Construction Fund** - is used to account for a project to construct a fire station to serve the southwest portion of the City.

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

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



City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Balance Sheet  
Nonmajor Capital projects funds  
December 31, 2024

	Capital Improvement Fund	Fire Station 76 Construction	Park Project Construction Fund	General Govt Construction Fund	Total Nonmajor Capital projects funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 688,035	\$ 666,744	\$ 3,086,296	\$ 1,051,994	\$ 5,493,069
Investments	407,574	361,424	5,605,913	-	6,374,912
Taxes receivable	200,964	-	-	-	200,964
Total assets	<u>\$ 1,296,574</u>	<u>\$ 1,028,168</u>	<u>\$ 8,692,209</u>	<u>\$ 1,051,994</u>	<u>\$ 12,068,944</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ -	\$ 22,081	\$ 211,766	\$ 105,095	\$ 338,941
Payable to other governments	-	223	1,279	-	1,502
Total liabilities	<u>-</u>	<u>22,304</u>	<u>213,045</u>	<u>105,095</u>	<u>340,444</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>22,304</u>	<u>213,045</u>	<u>105,095</u>	<u>340,444</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted					
Capital improvements	1,296,574	1,005,863	-	-	2,302,437
Committed					
Capital improvements	-	-	8,479,164	946,899	9,426,064
Total fund balances (deficits)	<u>1,296,574</u>	<u>1,005,863</u>	<u>8,479,164</u>	<u>946,899</u>	<u>11,728,501</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,296,574</u>	<u>\$ 1,028,168</u>	<u>\$ 8,692,209</u>	<u>\$ 1,051,994</u>	<u>\$ 12,068,944</u>

City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital projects funds  
For the Year Ended December 31, 2024

	Capital Improvement Fund	Fire Station 76 Construction	Park Project Construction Fund	General Govt Construction Fund	Total Nonmajor Capital projects funds
<b>REVENUES</b>					
Taxes	\$ 3,333,323	\$ -	\$ -	\$ -	\$ 3,333,323
Investment earnings	95,577	290,721	262,332	-	648,630
Miscellaneous revenue	-	-	7,000	-	7,000
Total revenues	<u>3,428,900</u>	<u>290,721</u>	<u>269,332</u>	<u>-</u>	<u>3,988,953</u>
<b>EXPENDITURES</b>					
Current:					
Culture and recreation	-	-	315,506	-	315,506
Capital outlay:					
General government	-	-	-	161,207	161,207
Public safety	-	4,436,242	-	-	4,436,242
Culture and recreation	-	-	4,334,228	-	4,334,228
Total expenditures	<u>-</u>	<u>4,436,242</u>	<u>4,649,734</u>	<u>161,207</u>	<u>9,247,183</u>
Excess (deficiency) of revenues over expenditures	<u>3,428,900</u>	<u>(4,145,521)</u>	<u>(4,380,402)</u>	<u>(161,207)</u>	<u>(5,258,230)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	2,412,221	50,000	2,462,221
Transfers out	(4,400,453)	-	-	-	(4,400,453)
Total other financing sources (uses)	<u>(4,400,453)</u>	<u>-</u>	<u>2,412,221</u>	<u>50,000</u>	<u>(1,938,232)</u>
Net change in fund balances	(971,553)	(4,145,521)	(1,968,181)	(111,207)	(7,196,462)
Fund balances - beginning	2,268,127	5,151,385	10,447,345	1,058,106	18,924,963
Fund balances - ending	<u>\$ 1,296,574</u>	<u>\$ 1,005,863</u>	<u>\$ 8,479,164</u>	<u>\$ 946,899</u>	<u>\$ 11,728,501</u>

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Capital Improvement Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,020,000	\$ 3,020,000	\$ 3,333,323	\$ 313,323
Investment earnings	4,000	4,000	95,577	91,577
Total revenues	3,024,000	3,024,000	3,428,900	404,900
Excess (deficiency) of revenues over expenditures	3,024,000	3,024,000	3,428,900	404,900
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,400,453)	(4,400,453)	(4,400,453)	-
Total other financing sources (uses)	(4,400,453)	(4,400,453)	(4,400,453)	-
Net change in fund balances	(1,376,453)	(1,376,453)	(971,553)	404,900
Fund balances - beginning	2,268,127	2,268,127	2,268,127	-
Fund balances - ending	\$ 891,674	\$ 891,674	\$ 1,296,574	\$ 404,900

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Fire Station 76 Construction Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 290,721	\$ 290,721
Total revenues	-	-	290,721	290,721
<b>EXPENDITURES</b>				
Capital outlay:				
Public safety	-	5,198,731	4,436,242	762,489
Total capital outlay	-	5,198,731	4,436,242	762,489
Total expenditures	-	5,198,731	4,436,242	762,489
Excess (deficiency) of revenues over expenditures	-	(5,198,731)	(4,145,521)	1,053,210
Net change in fund balances	-	(5,198,731)	(4,145,521)	1,053,210
Fund balances - beginning	5,151,385	5,151,385	5,151,385	-
Fund balances - ending	\$ 5,151,385	\$ (47,347)	\$ 1,005,863	\$ 1,053,210

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Park Project Construction Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 262,332	\$ 262,332
Miscellaneous revenue	175,000	1,675,000	7,000	(1,668,000)
Total revenues	175,000	1,675,000	269,332	(1,405,668)
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	-	315,506	(315,506)
Total current	-	-	315,506	(315,506)
Capital outlay:				
Culture and recreation	2,467,000	15,099,649	4,334,228	10,765,421
Total capital outlay	2,467,000	15,099,649	4,334,228	10,765,421
Total expenditures	2,467,000	15,099,649	4,649,734	10,449,915
Excess (deficiency) of revenues over expenditures	(2,292,000)	(13,424,649)	(4,380,402)	9,044,247
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,292,000	2,487,221	2,412,221	(75,000)
Total other financing sources (uses)	2,292,000	2,487,221	2,412,221	(75,000)
Net change in fund balances	-	(10,937,428)	(1,968,181)	8,969,247
Fund balances - beginning	10,447,345	10,447,345	10,447,345	-
Fund balances - ending	\$ 10,447,345	\$ (490,083)	\$ 8,479,164	\$ 8,969,247

City of Richland, Washington  
Annual Comprehensive Financial Report  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Govt Construction Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Capital outlay:				
General government	\$ 50,000	\$ 1,212,635	\$ 161,207	\$ 1,051,428
Total capital outlay	50,000	1,212,635	161,207	1,051,428
Total expenditures	50,000	1,212,635	161,207	1,051,428
Excess (deficiency) of revenues over expenditures	50,000	1,212,635	161,207	1,051,428
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balances	-	(1,162,635)	(111,207)	1,051,428
Fund balances - beginning	1,058,106	1,058,106	1,058,106	-
Fund balances - ending	\$ 1,058,106	\$ (104,529)	\$ 946,899	\$ 1,051,428

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 4,358,793	\$ 8,945,336	\$ 1,262,520	\$ (7,682,817)
Charges for goods and services	500,000	500,000	2,945,738	2,445,738
Investment earnings	10,000	10,000	230,469	220,469
Total revenues	4,868,793	9,455,336	4,438,726	(5,016,610)
EXPENDITURES				
Current:				
Transportation	4,610,000	5,345,142	3,814,752	1,530,390
Total current	4,610,000	5,345,142	3,814,752	1,530,390
Capital outlay:				
Transportation	10,641,000	25,309,745	3,140,188	22,169,558
Total capital outlay	10,641,000	25,309,745	3,140,188	22,169,558
Total expenditures	15,251,000	30,654,887	6,954,939	23,699,948
Excess (deficiency) of revenues over expenditures	(10,382,207)	(21,199,551)	(2,516,213)	18,683,337
OTHER FINANCING SOURCES (USES)				
Transfers in	10,392,207	14,986,634	6,078,589	(8,908,045)
Transfers out	-	-	(8,282)	(8,282)
Total other financing sources (uses)	10,392,207	14,986,634	6,070,307	(8,916,327)
Net change in fund balances	10,000	(6,212,917)	3,554,093	9,767,010
Fund balances - beginning	7,317,173	7,317,173	7,317,173	-
Fund balances - ending	\$ 7,327,173	\$ 1,104,255	\$ 10,871,266	\$ 9,767,010



# COMBINING FUND STATEMENTS NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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



City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2024

	Stormwater Utility Fund	Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,526,408	\$ 1,094,197	\$ 2,071,834	\$ 230,592	\$ 816,091	\$ 5,739,112
Investments	1,845,017	-	3,909,521	-	-	5,754,539
Customer accounts (net)	91,534	2,611	1,258,764	2,256	-	1,355,165
Due from other governments	483	-	-	-	-	483
Notes and contracts	-	150,000	-	-	-	150,000
Prepaid items	-	-	-	45	-	45
Inventory	-	83,920	-	-	-	83,920
Total current assets	3,463,443	1,330,728	7,240,109	232,893	816,091	13,083,264
Noncurrent assets:						
Restricted cash and cash equivalents	9,608	22,342	-	-	-	31,950
Restricted investments	95,069	-	-	-	-	95,069
Net pension asset	26,997	-	2,614,707	-	-	2,641,704
Land	8,587	7,967,320	-	-	-	7,975,907
Depreciable assets (net)	8,545	913,625	185,922	218,031	-	1,326,123
Infrastructure	15,158,892	-	-	3,636,047	-	18,794,939
Construction in progress	18,609	23,513	-	-	-	42,121
Leases receivable	-	115,615	-	404,844	-	520,459
Total noncurrent assets	15,326,307	9,042,415	2,800,629	4,258,923	-	31,428,273
Total assets	18,789,749	10,373,143	10,040,738	4,491,816	816,091	44,511,537
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflow - amount on debt refunding	39,413	-	-	-	-	39,413
Deferred outflow - pension	38,905	-	2,436,564	-	-	2,475,469
Total deferred outflows of resources	78,318	-	2,436,564	-	-	2,514,882
Total assets and deferred outflows of resources	\$ 18,868,068	\$ 10,373,143	\$ 12,477,302	\$ 4,491,816	\$ 816,091	\$ 47,026,419
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued expenses	34,905	122,399	336,590	16,437	-	510,331
Payable to other governments	3,045	20,847	90	-	-	23,982
Deposits payable	-	2,810	-	-	816,091	818,901
Compensated absences-current	3,854	-	361,957	-	-	365,810
General obligation bonds payable-current	-	140,000	-	90,000	-	230,000
Revenue bonds payable-current	30,000	-	-	-	-	30,000
Total current liabilities	71,803	286,056	698,637	106,437	816,091	1,975,025
Noncurrent liabilities:						
Compensated absences	3,854	-	361,957	-	-	365,810
General obligation bonds payable	-	2,834,394	-	1,340,739	-	4,175,134
Revenue bonds payable	648,870	-	-	-	-	648,870
Unearned revenue	-	201,828	-	-	-	201,828
Net pension liability	11,216	-	15,269	-	-	26,485
Total noncurrent liabilities	663,940	3,036,223	377,226	1,340,739	-	5,418,127
Total liabilities	735,743	3,322,279	1,075,862	1,447,176	816,091	7,397,152
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflow - leases	-	115,615	-	404,844	-	520,459
Deferred inflow - pension	11,585	-	799,068	-	-	810,653
Total deferred inflows of resources	11,585	115,615	799,068	404,844	-	1,331,112
Total liabilities and deferred inflows of resources	747,328	3,437,894	1,874,930	1,852,021	816,091	8,728,264
<b>NET POSITION</b>						
Net investment in capital assets	14,545,421	5,930,063	185,922	2,417,350	-	23,078,756
Restricted for:						
Debt service	65,056	-	-	-	-	65,056
Pensions	26,997	-	2,614,707	-	-	2,641,704
Unrestricted	3,483,265	1,005,185	7,801,743	222,445	-	12,512,639
Total net position	\$ 18,120,740	\$ 6,935,249	\$ 10,602,372	\$ 2,639,795	\$ -	\$ 38,298,155

City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Nonmajor Enterprise funds  
For the Year Ended December 31, 2024

	Stormwater Utility Fund	Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>						
Stormwater	\$ 2,087,893	\$ -	\$ -	\$ -	\$ -	\$ 2,087,893
Golf course	-	2,795,772	-	-	-	2,795,772
Medical services	-	-	7,349,385	-	-	7,349,385
Broadband	-	-	-	255,609	-	255,609
Total operating revenues	2,087,893	2,795,772	7,349,385	255,609	-	12,488,659
<b>OPERATING EXPENSES</b>						
Maintenance and operations	785,005	2,089,895	6,955,883	-	-	9,830,783
Administrative and general	560,862	9,495	2,024,808	86,140	-	2,681,305
Taxes exp	229,531	70,338	81,616	3,231	-	384,716
Depreciation	412,360	33,623	91,511	172,454	-	709,948
Total operating expenses	1,987,758	2,203,351	9,153,818	261,825	-	13,606,751
Operating income (loss)	100,136	592,421	(1,804,433)	(6,216)	-	(1,118,092)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment earnings	110,210	27,642	282,775	9,435	-	430,062
Miscellaneous nonoperating revenues/(expenses)	110,444	8,814	153,304	-	-	272,562
Interest expense	(26,199)	(131,465)	-	(54,522)	-	(212,186)
Total nonoperating revenues (expenses)	194,455	(95,010)	436,079	(45,086)	-	490,439
Income (loss) before contributions and transfers	294,591	497,411	(1,368,354)	(51,302)	-	(627,653)
Transfers in	8,282	-	550,128	110,000	-	668,410
Transfers out	-	-	(44,274)	(12,347)	-	(56,621)
Capital contributions	702,590	-	-	-	-	702,590
Change in net position	1,005,464	497,411	(862,500)	46,351	-	686,726
Total net position - beginning	17,115,276	6,437,837	11,464,872	2,593,444	-	37,611,429
Total net position - ending	\$ 18,120,740	\$ 6,935,249	\$ 10,602,372	\$ 2,639,795	\$ -	\$ 38,298,155

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2024

	Stormwater/Utility Fund	Golf Course Fund	Medical Services Fund	Broadband Fund	Utility Clearing Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash receipts from customers	\$ 2,099,958	\$ 2,817,363	\$ 7,630,253	\$ 266,766	\$ (70,862)	\$ 12,743,477
Payments to employees	(185,126)	-	(6,660,717)	-	-	(6,845,843)
Payments to suppliers	(275,475)	(2,108,818)	(700,578)	(92,254)	(31,451)	(3,208,576)
Taxes paid	(229,507)	(65,429)	(81,666)	(3,231)	-	(379,833)
Payments for interfund services used	(918,516)	-	(1,141,781)	-	-	(2,060,297)
Net cash provided (used) by operating activities	491,334	643,216	(954,489)	173,281	(102,313)	248,929
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers to other funds	-	-	(44,274)	(12,347)	-	(56,621)
Grants and contributions	110,444	-	-	-	-	110,444
Reimbursements and recoveries	-	3,518	50	-	-	3,568
Transfers from other funds	8,282	-	550,128	110,000	-	668,410
Interfund loan principal payments paid	-	(3,890)	-	-	-	(3,890)
Net cash provided (used) by noncapital financing activities	118,726	(372)	505,904	97,653	-	721,911
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Lease interest payments received	-	5,296	-	-	-	5,296
Principal paid on debt	(15,530)	(135,000)	-	(85,000)	-	(255,530)
Interest paid on debt	(28,969)	(134,355)	-	(53,040)	-	(216,364)
Payments related to acquisition, construction or improvements of capital assets	(84,846)	-	(109,215)	(120,560)	-	(314,620)
Bond issuance costs	-	(257)	-	-	-	(257)
Proceeds from capital grants and contributions	368,127	-	-	-	-	368,127
Net cash provided (used) by capital and related financing activities	218,782	(264,317)	(109,215)	(258,600)	-	(413,349)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipt of interest	86,687	27,642	282,775	9,435	-	406,539
Investments sold	1,605,639	-	4,224,549	-	-	5,830,188
Investments purchased	(1,998,595)	-	(3,909,522)	-	-	(5,908,117)
Net cash provided (used) by investing activities	(306,269)	27,642	597,802	9,435	-	328,610
Net increase (decrease) in cash and cash equivalents	322,573	406,065	40,007	19,770	(102,313)	846,102
Balances - beginning of year	1,013,443	710,470	2,031,821	210,822	918,404	4,884,960
Balances - end of year	\$ 1,336,016	\$ 1,116,535	\$ 2,071,828	\$ 230,592	\$ 816,091	\$ 5,771,063
Cash	\$ 1,336,017	\$ 1,116,539	\$ 2,071,824	\$ 230,592	\$ 816,091	\$ 5,771,063
Total Cash	\$ 1,336,017	\$ 1,116,539	\$ 2,071,824	\$ 230,592	\$ 816,091	\$ 5,771,063
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income	\$ 100,136	\$ 592,421	\$ (1,804,433)	\$ (6,216)	\$ -	\$ (1,118,092)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	412,360	33,623	91,511	172,454	-	709,948
Accrued pension and OPEB expense	(49,657)	-	(381,183)	-	-	(430,840)
Changes in assets and liabilities:						
Accounts Payable - Supplier	9,965	4,853	11,885	(6,114)	(70,862)	(50,272)
Customer Receivables	16,291	-	472,327	11,202	(31,451)	468,369
Inventory	-	(9,372)	-	-	-	(9,372)
Salaries & Benefits Payable	2,279	-	655,404	-	-	657,683
Unearned revenues	-	21,590	-	-	-	21,590
Prepaid items	-	-	-	(45)	-	(45)
Net cash provided (used) by operating activities	\$ 491,334	\$ 643,216	\$ (954,489)	\$ 173,281	\$ (102,313)	\$ 248,929
<b>Noncash investing, capital and financing activities</b>						
Contribution of capital assets	\$ 702,590	\$ -	\$ -	\$ -	\$ -	\$ 702,590



# INDIVIDUAL FUND STATEMENTS

## NONMAJOR INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Net Position  
Nonmajor Internal Service Funds  
December 31, 2024

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Admin & Engineering Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,265,003	\$ 3,373,242	\$ 651,308
Deposits with third parties	-	200	-	-
Investments	-	-	4,609,783	-
Customer accounts (net)	-	423	-	12,783
Due from other funds	-	-	151,394	-
Prepaid items	-	-	49,924	-
Inventory	114,676	-	-	-
Total current assets	114,676	1,265,626	8,184,343	664,091
Noncurrent assets:				
Depreciable assets (net)	-	45,845	26,157,945	52,851
Construction in progress	-	26,925	914,510	-
Net pension asset	-	184,738	-	513,075
Total noncurrent assets	-	257,508	27,072,455	565,926
Total assets	114,676	1,523,133	35,256,798	1,230,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - pension	-	266,224	-	739,384
Total deferred outflows of resources	-	266,224	-	739,384
Total assets and deferred outflows of resources	\$ 114,676	\$ 1,789,357	\$ 35,256,798	\$ 1,969,401
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	-	75,849	305,627	142,593
Payable to other governments	-	1,533	592	-
Due to other funds	55,809	-	-	-
Deposits payable	-	-	-	25,296
Leases payable-current	-	1,409	57,700	1,409
Compensated absences-current	-	60,156	-	163,260
Claims and judgments-current	-	-	-	-
Total current liabilities	55,809	138,947	363,919	332,558
Noncurrent liabilities:				
Leases payable	-	10,395	35,113	10,395
Compensated absences	-	60,156	-	163,260
Net pension liability	-	76,760	-	213,186
Total noncurrent liabilities	-	147,311	35,113	386,841
Total liabilities	55,809	286,258	399,032	719,399
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - pension	-	79,270	-	220,159
Total deferred inflows of resources	-	79,270	-	220,159
Total liabilities and deferred inflows of resources	55,809	365,528	399,032	939,558
<b>NET POSITION</b>				
Net investment in capital assets	-	60,965	26,673,423	52,851
Restricted for:				
Pensions	-	184,738	-	513,075
Unrestricted	58,867	1,178,126	8,184,343	463,917
Total net position	\$ 58,867	\$ 1,423,829	\$ 34,857,766	\$ 1,029,843

Workers Compensation Fund	Health Care/Benefits Plan Fund	Unemployment Fund	Post Emp Healthcare Plan Fund	Total Nonmajor Internal service funds
\$ 2,318,552	\$ 3,670,372	\$ 749,430	\$ 1,615,455	\$ 13,643,362
100,000	369,114	-	-	469,314
-	6,025,025	-	2,417,799	13,052,607
5,654	13,501	-	-	32,361
-	-	-	-	151,394
-	159,344	-	-	209,268
-	-	-	-	114,676
2,424,205	10,237,356	749,430	4,033,254	27,672,981
-	-	-	-	26,256,640
-	-	-	-	941,435
-	-	-	-	697,813
-	-	-	-	27,895,888
2,424,205	10,237,356	749,430	4,033,254	55,568,869
-	-	-	-	1,005,608
-	-	-	-	1,005,608
\$ 2,424,205	\$ 10,237,356	\$ 749,430	\$ 4,033,254	\$ 56,574,477
85,978	357,894	44,530	5,224	1,017,696
-	39	-	-	2,164
-	-	-	-	55,809
-	-	-	-	25,296
-	-	-	-	60,518
-	-	-	-	223,415
301,772	2,251,400	44,530	202,132	2,799,834
387,750	2,609,333	89,061	207,356	4,184,733
-	-	-	-	55,903
-	-	-	-	223,415
-	-	-	-	289,946
-	-	-	-	569,264
387,750	2,609,333	89,061	207,356	4,753,997
-	-	-	-	299,429
-	-	-	-	299,429
387,750	2,609,333	89,061	207,356	5,053,426
-	-	-	-	26,787,239
-	-	-	-	697,813
2,036,456	7,628,022	660,370	3,825,898	24,035,998
\$ 2,036,456	\$ 7,628,022	\$ 660,370	\$ 3,825,898	\$ 51,521,049

City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Year Ended December 31, 2024

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Admin & Engineering Fund
<b>OPERATING REVENUES</b>				
Internal service funds	\$ -	\$ 6,066,151	\$ 6,647,378	\$ 4,861,589
Other operating revenues	-	7,806	-	76,888
Total operating revenues	-	6,073,958	6,647,378	4,938,477
<b>OPERATING EXPENSES</b>				
Maintenance and operations	2,665	4,871,984	214,917	3,636,099
Administrative and general	-	325,266	194,625	1,074,599
Depreciation	-	10,785	3,338,644	7,306
Total operating expenses	2,665	5,208,035	3,748,185	4,718,003
Operating income (loss)	(2,665)	865,922	2,899,193	220,474
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	-	-	352,728	18,586
Disposition of capital assets	-	-	30,360	-
Miscellaneous nonoperating revenues/(expenses)	-	298	530,133	70
Interest expense	-	(294)	(15,572)	(294)
Total nonoperating revenues (expenses)	-	4	893,648	18,362
Income (loss) before contributions and transfers	(2,665)	865,926	3,792,841	238,836
Transfers in	-	-	839,307	-
Capital contributions	-	-	-	20,477
Change in net position	(2,665)	865,926	4,632,147	259,313
Total net position - beginning	61,532	557,904	30,225,619	770,530
Total net position - ending	\$ 58,867	\$ 1,423,829	\$ 34,857,766	\$ 1,029,843

Workers Compensation Fund	Health Care/Benefits Plan Fund	Unemployment Fund	Post Emp Healthcare Plan Fund	Total Internal Service Funds
\$ 2,328,890	\$ 12,232,826	\$ 71,495	\$ 997,611	\$ 33,205,840
2,328,890	12,232,826	71,495	997,611	33,290,634
1,206,959	13,437,404	147,014	549,467	24,066,508
203,179	132,585	2,231	21,503	1,953,988
-	-	-	-	3,356,735
1,410,138	13,569,989	149,245	570,970	29,377,231
918,751	(1,337,163)	(77,750)	426,641	3,913,403
57,002	481,018	22,006	152,871	1,084,212
-	-	-	-	30,360
5,654	878,859	-	206,502	1,621,515
-	-	-	-	(20,161)
62,655	3,359,877	22,006	359,374	2,715,926
981,407	22,714	(55,744)	786,015	6,629,329
-	-	-	-	839,307
-	-	-	-	20,477
981,407	22,714	(55,744)	786,015	7,489,113
1,055,049	7,605,308	716,113	3,039,883	44,031,938
\$ 2,036,456	\$ 7,628,022	\$ 660,370	\$ 3,825,898	\$ 51,521,050

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statement of Cash Flows  
Internal service funds  
For the Year Ended December 31, 2024

	Central Stores Fund	Equipment Maintenance Fund	Equipment Replacement Fund	Public Works Admin & Engineering Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers and users	\$ -	\$ 7,383	\$ -	\$ 569,231
Receipts from interfund services provided	-	6,066,151	6,647,378	4,369,984
Payments to employees	-	(1,342,281)	-	(3,663,676)
Payments to suppliers	(22,366)	(3,686,990)	(182,707)	(628,809)
Taxes paid	(174)	436	(2,026)	-
Payments for interfund services used	-	(366,361)	(120,227)	(715,838)
Net cash provided (used) by operating activities	(22,540)	678,318	6,342,419	(69,108)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Reimbursements and recoveries	-	298	-	70
Transfers from other funds	22,540	-	839,307	-
Interfund loan principal payments received	-	-	(105,297)	-
Net cash provided (used) by noncapital financing activities	22,540	298	734,009	70
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on debt	-	(1,409)	(315,561)	(1,409)
Interest paid on debt	-	(294)	(19,572)	(294)
Payments related to acquisition, construction or improvements of capital assets	-	(26,925)	(6,917,519)	-
Proceeds from sale of capital assets	-	-	602,871	-
Proceeds from capital grants and contributions	-	-	-	20,477
Net cash provided (used) by capital and related financing activities	-	(28,628)	(6,649,782)	18,774
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest	-	-	208,254	18,586
Investments sold	-	-	5,548,969	-
Investments purchased	-	-	(4,748,802)	-
Net cash provided (used) by investing activities	-	-	1,008,421	18,586
Net increase (decrease) in cash and cash equivalents	-	649,988	1,435,067	(31,678)
Balances - beginning of year	-	615,015	1,938,174	682,985
Balances - end of the year	\$ -	\$ 1,265,003	\$ 3,373,242	\$ 651,308
Cash	\$ -	\$ 1,265,003	\$ 3,373,242	\$ 651,308
Total Cash	\$ -	\$ 1,265,003	\$ 3,373,242	\$ 651,308
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating Income	\$ (2,665)	\$ 865,922	\$ 2,899,193	\$ 220,474
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	10,785	3,338,644	7,306
Accrued pension and OPEB expense	-	(130,256)	-	(240,802)
Changes in assets and liabilities:				
Accounts Payable - Supplier	(3,663)	(65,285)	89,215	(12,784)
Customer Receivables	-	(423)	-	738
Inventory	(16,212)	-	-	-
Salaries & Benefits Payable	-	(2,425)	-	(44,039)
Prepaid Items	-	-	15,367	-
Net cash provided (used) by operating activities	(22,540)	678,318	6,342,419	(69,108)

Workers Compensation Fund	Health Care/Benefits Plan Fund	Unemployment Fund	Post Emp Healthcare Plan Fund	Total
\$ 2,328,890	\$ 12,219,325	\$ 71,495	\$ 997,611	\$ 16,193,934
-	-	-	-	17,083,313
-	-	-	-	(5,005,956)
(1,514,002)	(13,409,256)	(73,108)	(670,267)	(20,187,505)
(58,801)	8	(2,231)	(21,509)	(1,755)
(132,585)	(1,322,508)	(3,844)	305,841	(6,664,664)
756,086	-	-	-	-
-	878,859	-	206,502	1,085,729
-	-	-	-	861,846
-	-	-	-	(105,297)
-	878,859	-	206,502	1,842,778
-	-	-	-	(318,379)
-	-	-	-	(20,161)
-	-	-	-	(6,944,444)
-	-	-	-	602,871
-	-	-	-	20,477
-	-	-	-	(6,659,636)
57,002	291,414	22,006	104,498	701,761
-	7,267,732	-	2,374,029	15,190,730
-	(6,206,724)	-	(2,490,713)	(13,446,239)
57,002	1,352,422	22,006	(12,186)	2,446,252
815,088	908,773	18,162	500,158	4,291,538
1,505,464	2,761,599	731,269	1,115,298	9,349,804
2,318,552	3,670,372	749,430	1,615,455	13,643,362
2,318,552	3,670,372	749,430	1,615,455	13,643,362
2,318,552	3,670,372	749,430	1,615,455	13,643,362
918,751	(1,337,163)	(77,750)	426,641	3,913,403
-	-	-	-	3,356,735
-	-	-	-	(371,058)
(162,665)	48,757	73,906	(120,801)	(152,320)
-	(13,501)	-	-	(13,187)
-	-	-	-	(16,212)
-	-	-	-	(46,464)
-	-	-	-	(6,234)
(21,601)	-	-	-	-
756,086	(1,322,508)	(3,844)	305,841	6,664,664



# COMBINING FUND STATEMENTS CUSTODIAL FUNDS

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## *CUSTODIAL 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 communications 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 communications system that carries radio transmissions.

**VHF (Very High Frequency) Fund** – is used to account for activities of the VHF communications system that carries radio transmissions.



City of Richland, Washington  
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Combining Statement of Fiduciary Net Position  
Custodial funds  
December 31, 2024

	Columbia Pt Master Assn Fund	Uptown Business Imp District Fund	Downtown Business Imp District Fund	Southeast Communications Ctr Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 42,560	\$ 9,358	\$ 7,010	\$ 3,296,454
Other current assets	-	-	-	22,213
Receivables:				
Accounts Receivable	-	27,329	5,145	359,644
Due from other governments	-	-	-	260,310
Leases receivable	-	-	-	-
Total receivables	-	27,329	5,145	619,954
Total current assets	42,560	36,687	12,154	3,938,622
Noncurrent Assets:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Depreciable assets (net)	-	-	-	2,471,892
Total noncurrent assets	-	-	-	2,471,892
Receivables:				
Accounts Receivable	-	-	-	-
Total receivables	-	-	-	-
Total assets	42,560	36,687	12,154	6,410,514
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - leases	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	42,560	36,687	12,154	6,410,514
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 750	\$ 36,687	\$ 12,154	\$ 28,228
Salaries payable	-	-	-	157,746
Leases payable-current	-	-	-	132,121
Total current liabilities	750	36,687	12,154	318,096
Noncurrent liabilities:				
Employee leave benefits	-	-	-	157,746
Leases payable	-	-	-	96,653
Total noncurrent liabilities	-	-	-	256,400
Total liabilities	750	36,687	12,154	574,495
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - leases	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	750	36,687	12,154	574,495
<b>NET POSITION</b>				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 1,999,974
Unrestricted	41,810	-	-	3,836,045
Total net position	41,810	-	-	5,836,019

City of Richland, Washington  
Annual Comprehensive Financial Report  
Combining Statement of Fiduciary Net Position  
Custodial funds  
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	800 MHz Project Fund	Emergency Management Fund	Microwave Fund	VHF FUND	Total Custodial funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 307,259	\$ (28,023)	\$ 894,160	\$ 12,656	\$ 4,541,432
Other current assets	6,547	14,913	-	-	43,673
Receivables:					
Accounts Receivable	158,731	-	-	-	550,850
Due from other governments	-	131,824	-	-	392,135
Leases receivable	74,088	-	-	-	74,088
Total receivables	232,819	131,824	-	-	1,017,072
Total current assets	546,625	118,714	894,160	12,656	5,602,178
Noncurrent Assets:					
Land	-	14,593	-	-	14,593
Construction in progress	-	-	2,256,000	-	2,256,000
Depreciable assets (net)	3,178,010	965,956	2,747	174,539	6,793,144
Total noncurrent assets	3,178,010	980,549	2,258,747	174,539	9,063,737
Receivables:					
Accounts Receivable	-	1,356	-	-	1,356
Total receivables	-	1,356	-	-	1,356
Total assets	3,724,635	1,100,619	3,152,908	187,194	14,667,271
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow - leases	\$ 764,781	\$ -	\$ -	\$ -	\$ 764,781
Total deferred outflows of resources	764,781	-	-	-	764,781
Total assets and deferred outflows of resources	4,489,416	1,100,619	3,152,908	187,194	15,432,052
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 112,390	\$ 5,063	\$ 3,219	\$ 11,956	\$ 210,446
Salaries payable	-	37,527	-	-	195,273
Leases payable-current	11,015	50,730	-	-	193,867
Total current liabilities	123,405	93,319	3,219	11,956	599,586
Noncurrent liabilities:					
Employee leave benefits	-	37,527	-	-	195,273
Leases payable	764,781	32,954	-	-	896,388
Total noncurrent liabilities	764,781	70,481	-	-	1,091,661
Total liabilities	888,186	163,800	3,219	11,956	1,691,247
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow - leases	\$ 74,088	\$ -	\$ -	\$ -	\$ 74,088
Total deferred inflows of resources	74,088	-	-	-	74,088
Total liabilities and deferred inflows of resources	962,274	163,800	3,219	11,956	1,765,335
<b>NET POSITION</b>					
Net investment in capital assets	\$ 32,882	\$ 943,632	\$ 6,631	\$ -	\$ 2,983,119
Unrestricted	3,494,260	(6,814)	3,143,058	175,239	10,683,598
Total net position	\$ 3,527,142	\$ 936,818	\$ 3,149,689	\$ 175,239	\$ 13,666,717

City of Richland, Washington  
Combining Statement of Changes in Fiduciary Net Position  
Custodial funds  
December 31, 2024

	Columbia Pt Master Assn Fund	Uptown Business Imp District Fund	Downtown Business Imp District Fund	Southeast Communications Ctr Fund
<b>ADDITIONS</b>				
Collections from participants	\$ 12,050	\$ -	\$ -	\$ 5,236,957
Grant revenues	-	-	-	64,311
Tax revenues	-	-	-	3,057,085
Site and facilities rent	-	-	-	-
Interest earnings	1,221	-	-	127,575
Total additions	13,271	-	-	8,485,928
<b>DEDUCTIONS</b>				
Supplies	-	-	-	13,528
Charges for goods and services	2,787	-	-	6,864,300
Repairs and maintenance	8,162	-	-	742,197
Admin services - Richland	-	-	-	531,056
Disposition of capital assets	-	-	-	-
Depreciation expense	-	-	-	513,712
Total deductions	\$ 10,949	\$ -	\$ -	\$ 8,664,793
Net increase (decrease) in fiduciary net position	2,322	-	-	(178,865)
Net Position -- beginning	39,488	-	-	6,014,884
Net Position -- ending	\$ 41,810	\$ -	\$ -	\$ 5,836,019

City of Richland, Washington  
Combining Statement of Changes in Fiduciary Net Position  
Custodial funds  
December 31, 2024

	800 MHz Project Fund	Emergency Management Fund	Microwave Fund	VHF FUND	Total Custodial funds
<b>ADDITIONS</b>					
Collections from participants	\$ 1,212,918	\$ 142,643	\$ 3,084,033	\$ (11,956)	\$ 9,676,646
Grant revenues	-	811,030	-	-	875,341
Tax revenues	-	-	-	-	3,057,085
Site and facilities rent	25,203	1,800	-	-	27,003
Interest earnings	29,694	(496)	6,008	-	164,002
Total additions	1,267,815	954,977	3,090,041	(11,956)	13,800,076
<b>DEDUCTIONS</b>					
Supplies	40	19,514	-	-	33,082
Charges for goods and services	326,137	765,390	35,375	-	7,993,989
Repairs and maintenance	730,608	74,855	62,503	-	1,618,326
Admin services - Richland	13,493	55,233	6,851	-	606,634
Disposition of capital assets	-	1,270	-	-	1,270
Depreciation expense	25,687	94,004	3,884	-	637,286
Total deductions	\$ 1,095,964	\$ 1,010,267	\$ 108,613	\$ -	\$ 10,890,586
Net increase (decrease) in fiduciary net position	171,851	(55,290)	2,981,427	(11,956)	2,909,490
Net Position -- beginning	3,355,291	992,108	168,262	187,194	10,757,227
Net Position -- ending	\$ 3,527,142	\$ 936,818	\$ 3,149,689	\$ 175,238	\$ 13,666,717



## **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 Annual Comprehensive Financial Report. Information is presented in the following five categories: 1) Financial Trends, 2) Revenue Capacity, 3) Debt Capacity, 4) Demographic and Economic Information and 5) Operating Information.

### ***FINANCIAL TRENDS – Tables 1-4***

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

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

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

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

5. Tax Revenues by Source – Governmental Funds, Last Ten Fiscal Years
6. Property Tax Levies & Collections, Last Ten Fiscal Years
7. Assessed & Actual Value of Taxable Property, Last Ten Fiscal Years
8. Direct & Overlapping Property Tax Rates, Last Ten Fiscal Years
9. Sales Tax Received by Category, Last Ten Calendar Years
10. Principal Property Taxpayers for 2024 & 2015

### ***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, 2024
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 2024 & 2015

### ***OPERATING INFORMATION – Tables 18-21***

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

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.



City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 1 - Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years (modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>REVENUES</b>										
Taxes	\$ 68,083,797	\$ 66,151,451	\$ 65,275,841	\$ 63,917,276	\$ 55,656,410	\$ 59,102,905	\$ 53,819,838	\$ 50,437,949	\$ 48,562,310	\$ 45,726,501
Licenses & permits	2,799,512	2,724,436	2,698,804	2,857,982	2,904,936	3,072,778	2,436,923	2,557,508	2,840,787	2,677,317
Intergovernmental	10,219,214	12,550,333	7,330,545	10,477,293	14,610,087	18,350,424	15,061,570	5,518,666	6,440,906	5,948,208
Charges for services	21,236,575	18,293,408	16,803,479	16,726,400	15,716,070	15,545,520	14,047,140	13,083,228	12,137,127	8,128,419
Fines & forfeits	622,697	561,423	343,953	462,109	435,646	531,612	564,618	515,624	607,288	818,967
Investment earnings	3,687,218	4,066,719	(3,378,687)	(200,416)	1,010,093	1,395,211	839,390	417,954	262,805	288,682
Rents & leases	1,999,639	2,971,926	1,985,631	1,566,957	1,284,412	1,703,300	1,484,560	1,435,088	1,515,781	1,453,179
Miscellaneous revenues	1,274,965	1,594,339	1,048,342	540,317	586,646	4,532,259	893,940	1,156,305	876,706	572,642
Disposition of land held for sale	1,137,938	1,494,088	878,370	1,983,576	1,320,538	4,313,670	1,290,592	1,617,234	902,303	248,812
Total revenues	111,061,555	110,408,123	92,986,277	98,331,494	93,524,838	108,547,679	90,438,571	76,739,556	73,745,913	65,862,727
<b>EXPENDITURES</b>										
Current:										
Judicial	1,134,936	775,285	556,123	661,551	675,038	599,116	787,356	612,709	736,826	752,070
General government	20,676,742	19,102,996	17,134,758	16,411,906	15,957,875	16,597,904	15,245,682	14,353,222	14,043,533	13,379,397
Public safety	41,696,069	38,247,125	33,928,214	33,158,191	32,567,083	30,819,018	29,815,564	26,627,012	24,484,789	20,044,753
Physical environment	473,252	1,233,360	101,323	-	-	-	-	-	246,912	243,518
Transportation	7,698,142	8,169,281	7,349,447	6,941,842	4,621,728	4,657,494	4,929,654	4,782,030	4,103,281	3,627,432
Health & human services	9,186	27,310	9,053	17,471	16,285	15,748	13,806	14,200	14,097	11,954
Economic environment	8,531,784	6,244,236	5,591,900	7,560,155	6,797,957	5,239,599	4,717,066	5,714,353	4,792,141	4,919,136
Culture & recreation	10,872,824	9,460,355	9,306,170	8,342,555	7,448,762	7,733,056	7,841,734	6,998,649	6,606,846	6,407,652
Debt service:										
Administrative Charges/Other	1,493	1,493	2,559	-	1,279	1,280	1,078	152,929	2,104	149,563
Interest	1,415,384	1,517,709	1,609,512	1,737,699	1,683,376	1,655,448	1,726,973	1,476,869	1,339,549	1,424,949
Principal	3,497,056	2,824,063	2,658,524	2,737,994	2,447,470	2,566,950	2,476,436	6,488,834	3,486,943	5,306,461
Capital Outlay:										
General government	3,748,349	1,494,391	632,493	524,404	598,646	5,137,201	13,423,709	3,089,439	683,833	147,702
Public safety	4,892,269	3,463,973	2,575,623	7,608,156	1,713,801	277,871	324,145	59,164	46,549	2,652,865
Transportation	3,256,670	6,392,427	5,181,077	7,983,652	12,314,550	18,441,032	14,774,742	6,615,162	4,703,783	3,642,872
Economic environment	306	273,439	284,940	82,132	153,957	111,118	262,400	887,594	443,802	962,546
Culture & recreation	4,355,150	2,536,908	1,280,466	513,118	1,271,619	915,445	1,636,199	1,160,433	824,702	2,007,747
Total expenditures	112,263,611	101,764,350	88,202,180	94,280,826	88,269,426	94,768,280	97,076,544	79,032,599	66,559,690	65,680,617
Excess (deficiency) of revenues over (under) expenditures	(1,202,056)	8,643,774	4,784,097	4,050,668	5,255,412	13,779,399	(7,537,973)	(2,293,043)	7,186,223	182,110
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	12,762,412	16,602,624	28,525,735	13,166,544	12,613,940	8,744,411	13,405,039	10,056,533	4,806,778	5,592,968
Transfers out	(13,862,638)	(17,830,123)	(30,699,490)	(13,788,193)	(14,246,028)	(9,790,069)	(14,975,184)	(11,399,276)	(5,584,031)	(9,007,349)
Leases and SBITAs	1,699,823	234,278	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	5,445,000	-	-	16,130,000	294,318	15,098,361
Premium on general obligation debt	-	-	-	-	1,585,468	-	-	2,129,817	-	1,565,869
Payment to ref. bond escrow agent	-	-	-	-	-	-	-	-	-	(13,794,724)
Disposition of capital assets	38,505	32,427	-	-	-	715,549	352,114	17,570	6,681	38,710
Insurance recoveries	424,720	111	31,523	-	-	-	-	10,000	-	-
Total other financing sources (uses)	1,062,822	(960,683)	(2,142,231)	(621,649)	5,398,380	(330,109)	(1,218,031)	16,934,644	(466,254)	(506,165)
Net change in fund balances	(139,234)	7,683,091	2,641,866	3,429,019	10,653,792	13,449,290	(8,756,004)	14,641,601	6,719,969	(324,055)
Error correction	67,502	-	11,852	-	-	-	(56,502)	-	(18,633)	-
Total net change in fund balances	\$ (71,732)	\$ 7,683,091	\$ 2,653,718	\$ 3,429,019	\$ 10,653,792	\$ 13,449,290	\$ (8,812,506)	\$ 14,641,601	\$ 6,701,336	\$ (324,055)
<b>Debt service as a % of noncapital expenditures</b>	<b>5.12%</b>	<b>4.96%</b>	<b>5.46%</b>	<b>5.77%</b>	<b>5.72%</b>	<b>6.04%</b>	<b>6.22%</b>	<b>12.08%</b>	<b>8.07%</b>	<b>12.23%</b>

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 2 - Net Position  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>GOVERNMENTAL ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 183,802,046	\$ 172,504,756	\$ 163,201,508	\$ 166,048,664	\$ 152,919,749	\$ 137,734,724	\$ 115,682,836	\$ 98,465,338	\$ 92,515,556	\$ 77,921,984
Restricted	50,464,951	58,327,151	57,540,069	47,456,434	39,211,657	36,155,664	26,047,147	38,243,823	27,908,406	12,390,522
Unrestricted	80,791,591	62,558,906	49,365,827	41,544,977	34,034,006	17,847,924	3,913,192	(2,019,224)	2,628,947	4,241,680
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	315,058,588	293,390,813	270,107,404	255,050,075	226,165,412	189,738,312	145,643,175	134,689,737	123,052,909	94,554,186
<b>BUSINESS-TYPE</b>										
Net Investment in Capital Assets	\$278,910,826	\$256,105,422	\$231,842,676	\$209,892,995	203,775,917	193,750,024	178,824,569	167,556,016	158,307,907	150,079,976
Restricted	18,080,250	31,369,027	32,637,350	28,163,288	23,139,958	20,617,643	18,131,696	18,479,222	15,883,919	16,628,777
Unrestricted	67,918,064	52,672,792	44,838,536	48,407,488	35,772,255	28,242,454	23,231,265	18,508,853	16,376,163	14,315,523
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	364,909,140	340,147,242	309,318,562	286,463,771	262,688,130	242,610,121	220,187,530	204,544,091	190,567,989	181,024,276
<b>PRIMARY GOVERNMENT</b>										
Net Investment in Capital Assets	462,712,872	428,610,178	395,044,184	375,941,659	356,695,666	331,484,748	294,507,405	266,021,354	250,823,463	228,001,960
Restricted	68,545,201	89,696,178	90,177,419	75,619,722	62,351,615	54,773,307	44,178,843	56,722,845	43,792,325	29,019,299
Unrestricted	148,709,655	115,231,699	94,204,363	89,952,465	69,806,261	46,090,378	27,144,457	16,489,629	19,005,110	18,557,203
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 679,967,727	\$ 633,538,055	\$ 579,425,966	\$ 541,513,846	\$ 488,853,542	\$ 432,348,433	\$ 365,830,705	\$ 339,233,828	\$ 313,620,898	\$ 275,578,462

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 3 - Changes in Net Position  
Last Ten Years (accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Expenses</b>										
<i>Governmental Activities:</i>										
Judicial	\$ 1,134,936	\$ 775,285	\$ 556,123	\$ 661,551	\$ 675,038	\$ 599,116	\$ 787,356	\$ 612,709	\$ 736,826	\$ 752,070
General Government	20,916,219	19,297,418	17,905,125	13,652,099	16,312,009	15,831,173	14,126,892	14,468,015	15,442,282	14,260,390
Public Safety	37,154,690	36,626,905	29,068,229	29,806,690	16,625,311	29,194,924	31,185,534	27,228,765	26,983,227	21,032,731
Transportation	12,403,163	12,561,427	11,824,546	10,403,708	7,313,605	7,135,385	7,516,617	7,531,674	6,534,382	11,977,801
Health & human services	9,186	27,310	9,053	17,471	16,285	15,748	13,806	14,200	14,097	11,954
Economic Environment	8,560,219	5,960,588	6,103,614	6,459,960	5,940,607	5,109,855	4,717,912	6,645,265	5,594,614	5,456,432
Culture & Recreation	10,894,751	10,446,145	10,221,142	7,238,877	8,305,056	8,613,042	8,332,412	8,002,424	8,005,109	7,821,561
Physical Environment	473,252	1,233,360	101,323	-	-	-	-	-	246,912	243,518
Interest on Long-Term Debt	1,129,964	1,229,343	1,322,491	1,447,430	1,497,678	1,427,307	1,500,043	1,553,294	1,229,272	1,489,579
Total Governmental Activities	92,676,379	88,157,781	77,111,645	69,687,787	56,685,589	67,926,550	68,180,572	66,056,346	64,786,721	63,046,036
<i>Business-Type Activities:</i>										
Electric	71,706,851	68,670,617	72,351,881	68,841,236	70,718,531	72,855,019	65,108,241	62,473,834	59,375,689	54,615,686
Water	13,813,867	13,044,728	12,511,940	12,965,380	12,540,030	12,332,021	10,909,729	10,125,955	10,989,873	9,903,328
Wastewater	9,603,063	9,285,780	9,170,006	9,357,585	8,826,423	8,596,204	7,541,067	7,806,872	8,265,826	6,880,869
Solid Waste	12,741,697	9,628,268	9,246,074	10,343,972	9,743,184	8,952,933	8,246,186	6,811,779	5,812,417	8,675,356
Stormwater	1,663,174	1,701,907	1,638,167	1,756,865	1,719,618	1,419,133	1,301,397	1,271,385	1,306,497	1,532,140
Golf Course	2,334,816	2,171,620	2,097,267	2,014,493	1,709,015	1,815,612	1,789,526	1,965,153	1,717,876	1,612,671
Medical Services	9,397,833	7,019,981	6,608,159	5,206,762	4,715,737	4,571,069	3,967,526	4,163,413	3,602,718	3,036,998
Broadband	316,347	304,112	294,241	265,445	251,078	270,228	231,724	237,998	174,712	180,575
Total Business-Type Activities	121,577,648	111,827,013	113,917,734	110,751,737	110,223,616	110,812,219	99,095,396	94,856,389	91,245,608	86,437,623
Total Primary Government Expenses	214,254,027	199,984,794	191,029,379	180,439,524	166,909,205	178,738,769	167,275,968	160,912,735	156,032,329	149,483,659

**Program Revenues**

<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Judicial	615,708	554,264	336,493	452,849	420,992	497,053	519,437	472,196	559,077	768,944
General Government	10,528,738	9,958,215	8,281,793	9,075,843	9,306,763	8,544,831	8,334,328	8,623,083	7,444,746	7,343,592
Public Safety	7,551,035	7,383,702	6,593,904	6,709,971	5,864,076	5,859,765	5,219,306	4,100,340	3,989,347	273,209
Transportation	3,369,786	1,373,561	1,012,209	1,055,422	967,665	1,278,042	1,036,609	962,535	782,394	1,020,948
Health & human services	1,426	3,824	6,494	8,658	17,112	25,512	30,474	26,229	41,360	111,038
Economic Environment	4,215,327	5,227,314	4,845,849	3,933,683	3,562,126	4,448,353	3,102,156	2,808,648	4,095,516	2,981,634
Culture & Recreation	1,290,300	1,261,058	1,595,767	908,681	771,865	1,290,908	1,154,397	1,121,617	1,401,316	986,815
Physical Environment	-	-	-	-	-	-	-	-	49,105	53,203
Operating Grants and Contributions	7,058,596	6,488,847	2,476,719	2,543,280	4,478,358	1,604,826	1,728,186	1,814,309	1,826,779	2,184,976
Capital Grants and Contributions	4,237,400	5,111,623	4,600,065	7,394,837	8,762,071	18,633,098	11,936,936	2,300,608	3,343,624	2,544,143
Total Governmental Activities	\$ 38,868,318	\$ 37,362,409	\$ 29,749,294	\$ 32,083,223	\$ 34,151,028	\$ 42,182,388	\$ 33,061,829	\$ 22,229,565	\$ 23,533,264	\$ 18,268,502

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 3 - Changes in Net Position (continued)  
Last Ten Years (accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<i>Business-Type Activities:</i>										
<i>Charges for Services</i>										
Electric	\$ 80,621,801	\$ 80,954,339	\$ 80,511,614	\$ 77,478,580	\$ 73,997,549	\$ 76,239,732	\$ 71,214,318	\$ 67,972,784	\$ 63,520,869	\$ 57,994,539
Water	15,306,938	14,918,644	15,437,196	16,906,486	16,166,066	15,652,694	15,600,674	14,600,499	14,691,287	14,407,590
Sewer	10,457,934	10,340,698	10,381,565	9,717,026	9,753,196	9,778,836	9,627,892	9,514,786	9,269,282	9,186,121
Solid Waste	12,705,999	12,189,629	12,124,700	11,488,700	10,598,356	12,044,824	9,706,336	9,537,730	8,628,477	8,346,077
Stormwater	2,087,883	2,025,207	2,031,701	1,980,786	1,947,580	2,037,682	1,955,661	1,870,758	2,448,339	2,103,726
Golf Course	2,799,290	2,529,847	2,230,022	2,218,517	1,689,295	1,836,209	1,910,150	1,707,171	1,743,990	1,605,653
Medical Services	7,349,435	7,249,730	7,075,998	7,330,019	5,759,418	4,878,409	4,527,284	3,723,437	3,857,186	3,401,521
Broadband	239,416	321,649	264,647	230,028	329,883	192,430	283,654	158,209	150,025	178,484
Operating Grants and Contributions	263,698	834,515	1,183,261	1,316,500	1,160,728	83,577	71,628	68,893	68,092	63,827
Capital Grants and Contributions	8,662,715	4,835,632	6,106,815	5,554,974	5,921,686	7,027,369	9,495,661	6,821,950	4,269,608	4,367,793
Total Business-Type Activities	140,495,119	136,199,890	137,347,519	134,221,616	127,323,757	129,771,762	124,393,258	115,976,217	108,647,155	101,655,331
Total Primary Government Revenues	179,363,437	173,562,299	167,096,814	166,304,839	161,474,785	171,954,150	157,455,087	138,205,782	132,180,419	119,923,833
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(53,808,062)	(50,795,372)	(47,362,350)	(37,604,565)	(22,534,561)	(25,744,162)	(35,118,743)	(43,826,781)	(41,253,457)	(44,777,534)
Business-type Activities	18,917,471	24,372,877	23,429,785	23,469,879	17,100,141	18,959,543	25,297,862	21,119,828	17,401,547	15,217,708
Total Primary Government Net Expense	(34,890,591)	(26,422,494)	(23,932,565)	(14,134,685)	(5,434,420)	(6,784,619)	(9,820,881)	(22,706,953)	(23,851,910)	(29,559,826)
<b>General Revenues</b>										
<i>Governmental Activities:</i>										
Property Taxes	22,483,311	21,638,312	20,870,527	20,167,579	19,278,175	18,939,382	18,319,976	17,600,966	16,889,650	16,201,248
Sales Taxes	23,837,097	22,837,235	22,003,755	20,863,564	17,099,573	17,667,476	15,611,345	14,892,805	14,434,778	13,215,616
Utility Occupation Taxes	14,316,120	14,595,817	14,339,356	13,855,423	13,469,212	14,068,359	3,242,019	3,725,839	3,383,237	3,597,958
Other Taxes	9,348,896	8,796,502	10,332,684	10,992,708	7,628,392	10,247,071	8,574,620	6,564,709	6,611,152	6,281,555
Investment Earnings	4,759,755	5,066,645	(3,693,043)	(227,679)	1,215,863	1,727,561	1,032,320	519,872	331,460	404,278
Disposition of Capital Assets	38,505	32,427	-	-	-	715,549	352,114	17,569	6,681	-
Disposition of Land Held for Resale	1,137,938	1,340,904	567,109	1,690,686	1,186,418	3,377,600	1,056,736	1,557,892	441,158	287,522
Insurance Recoveries	424,720	111	31,523	-	-	-	-	-	10,000	-
Miscellaneous	-	-	-	-	1,300,428	3,832,977	4,977,922	2,474,746	5,517,170	650,375
Transfers	(1,100,226)	(1,227,498)	(2,173,755)	(853,048)	(1,632,088)	(1,129,657)	8,317,012	8,196,211	8,196,381	4,581,273
Total Governmental Activities	75,246,117	73,080,454	62,278,156	66,489,232	59,545,973	69,446,318	61,484,064	55,463,609	55,821,667	45,219,825
<i>Business-Type Activities:</i>										
Investment Earnings	4,713,838	4,764,032	(3,161,880)	(522,903)	984,136	2,079,732	1,230,805	677,884	342,502	427,386
Disposition of Capital Assets	30,360	100,000	384,418	(3,702)	331,594	125,000	-	-	-	-
Insurance Recoveries	-	114,273	-	38,720	30,048	-	-	28,204	-	-
Transfers	1,100,226	1,227,498	2,173,755	853,048	1,632,088	1,129,657	(8,317,012)	(8,109,211)	(8,196,381)	(4,581,273)
Total Business-Type Activities	5,844,425	6,205,802	(603,707)	365,163	2,977,866	3,334,389	(7,086,207)	(7,403,123)	(7,853,879)	(4,153,887)
Total Primary Government	81,090,541	\$ 79,286,256	\$ 61,674,450	\$ 66,854,394	\$ 62,523,839	\$ 72,780,707	\$ 54,397,857	\$ 48,060,486	\$ 47,967,788	\$ 41,065,938

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 3 - Changes in Net Position (concluded)  
Last Ten Years (accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Change in Net Position - Current Year</b>										
Governmental Activities	\$ 21,438,055	\$ 22,285,082	\$ 14,915,806	\$ 28,884,667	\$ 37,011,412	\$ 43,702,156	\$ 26,365,321	\$ 11,636,828	\$ 14,568,210	\$ 442,291
Business-type Activities	24,761,896	30,578,680	22,826,079	23,835,042	20,078,007	22,293,932	18,211,655	13,716,705	9,547,668	11,063,821
Total Change - Current Year	46,199,951	52,863,762	37,741,885	52,719,709	57,089,419	65,996,088	44,576,976	25,353,533	24,115,878	11,506,112
<b>Change in Net Position - Changes in Accounting Principles</b>										
Governmental Activities	-	-	-	-	-	-	(17,592,563)	-	-	(8,700,140)
Business-type Activities	-	-	-	-	-	-	(2,568,216)	-	-	(10,978,522)
Total Change - Accounting Principles	-	-	-	-	-	-	(20,160,779)	-	-	(19,678,662)
<b>Change in Net Position - Error Correction</b>										
Governmental Activities	229,720	998,328	141,523	-	(584,308)	392,979	2,180,680	-	13,930,513	-
Business-type Activities	-	250,000	28,714	(59,401)	-	128,659	-	259,397	(3,955)	(26,226)
Total Change - Error Correction	229,720	1,248,328	170,237	(59,401)	(584,308)	521,638	2,180,680	259,397	13,926,558	(26,226)
<b>Total Change in Net Position</b>	<b>\$ 46,429,670</b>	<b>\$ 54,112,090</b>	<b>\$ 37,912,122</b>	<b>\$ 52,660,309</b>	<b>\$ 56,505,111</b>	<b>\$ 66,517,726</b>	<b>\$ 26,596,877</b>	<b>\$ 25,612,930</b>	<b>\$ 38,042,436</b>	<b>\$ (8,198,776)</b>

In 2015, the beginning balance of Net Position was restated by \$19,678,662 to reflect the effects of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions An Amendment of GASB Statement No. 27*.  
In 2016, the City recognized the value of \$8,934,884 land held for resale by governmental activities on the Statement of Net Position for the first time. Also, a depreciation error was corrected, restoring \$9,479,815 in carrying value to transportation infrastructure in governmental activities.  
In 2017, the City recognized insurance recoveries of \$28,204.  
In 2018, the beginning balance of Net Position was restated by (\$20,160,779) to reflect the effects of implementation of (i) GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets, That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and 68* and (ii) GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.  
In 2018 the inventory of Land Held for Resale was reviewed by Community Development staff. During this review, several parcels of land were found to have been omitted and have now been added  
In 2019 the City started reporting utility taxes from City Utilities as tax revenue in the Statement of Activities instead of reporting in the transfers between governmental and business-type activities

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Amounts may not foot exactly due to rounding

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>General Fund</b>										
Nonspendable	\$ 49,933	\$ 40,408	\$ 109,514	\$ 65,454	\$ 25,361	\$ 13,708	\$ 67,994	\$ -	\$ 26,818	\$ 19,425
Restricted	4,810,373	3,992,453	3,662,113	3,161,436	2,811,138	1,103,590	151,394	288,901	472,947	431,324
Committed	730,793	775,762	762,410	668,624	662,129	593,739	707,423	756,161	750,998	958,643
Assigned	94,870	74,718	60,403	57,865	57,865	75,865	109,561	103,961	107,808	104,662
Unassigned	34,810,340	34,157,083	28,379,837	40,812,719	32,682,828	28,512,010	24,634,653	22,581,155	17,805,052	11,012,089
Total General Fund	40,496,309	39,040,425	32,974,277	44,766,097	36,239,321	30,298,912	25,671,025	23,730,178	19,163,623	12,526,143
<b>All Other Governmental Funds</b>										
Nonspendable	38,979	38,578	66,391	71,787	62,001	55,446	79,661	61,344	120,042	73,290
Restricted	17,353,631	19,054,032	21,896,403	14,118,967	21,534,462	18,482,651	12,742,395	10,956,870	13,912,020	11,959,198
Committed	16,608,204	17,528,913	13,479,905	9,764,799	9,059,291	8,640,710	5,384,413	18,975,989	4,603,581	4,536,674
Assigned	8,882,847	7,802,582	7,351,636	4,393,243	2,790,800	1,573,373	1,724,178	426,890	1,187,186	2,851,066
Unassigned	-	(12,828)	-	-	-	(124)	-	(1,109,274)	(586,056)	(247,311)
Total All Other Governmental Funds	\$ 42,883,660	\$ 44,411,277	\$ 42,794,335	\$ 28,348,796	\$ 33,446,554	\$ 28,752,056	\$ 19,930,647	\$ 29,311,819	\$ 19,236,773	\$ 19,172,917

Governmental Funds include General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds  
In 2018 the City determined that neither fire nor police pension plans were administered through a trust. For this reason the City reclassified their fund balances from fiduciary funds to the General Fund per GASB Statement No. 73, paragraph 115.

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Financial Trends Information  
Table 5 - Tax Revenues by Source - Governmental Funds  
Last Ten Fiscal Years

	PROPERTY TAX	PROPERTY TAX FOR DEBT SERVICE	RETAIL SALES AND USE TAX	RETAIL SALES CRIMINAL JUSTICE TAX	UTILITY TAX	OTHER TAXES	REAL ESTATE EXCISE TAX	HOTEL/ MOTEL TAX	TOTAL TAXES
2024	\$ 20,598,762	\$ 1,925,037	\$ 19,482,577	\$ 4,354,520	\$ 14,316,120	\$ 2,283,612	\$ 3,333,323	\$ 1,789,847	\$ 68,083,797
2023	19,955,053	1,868,529	18,519,562	4,317,672	14,595,817	2,272,496	3,001,060	1,621,262	66,151,451
2022	18,786,557	1,795,617	17,907,212	4,096,543	14,339,356	2,090,405	4,706,045	1,554,206	65,275,941
2021	18,348,113	1,837,551	18,152,643	3,960,915	13,855,423	2,031,225	5,070,824	1,197,124	64,453,817
2020	17,488,108	1,777,993	13,892,505	3,207,068	13,469,212	1,490,564	3,260,038	715,356	55,300,844
2019	16,718,098	2,297,846	14,653,106	3,014,370	14,068,359	1,960,200	4,523,038	1,289,940	58,524,957
2018	16,072,438	2,258,873	12,630,602	2,980,743	13,129,176	1,869,946	3,122,214	1,197,994	53,261,986
2017	15,364,256	2,223,821	12,108,165	2,784,640	13,177,794	869,242	2,287,720	1,078,039	49,893,677
2016	14,722,114	2,158,587	11,674,335	2,760,442	12,356,871	851,112	2,604,109	951,284	48,078,854
2015	13,980,379	2,214,160	10,650,322	2,565,294	11,593,613	556,328	2,723,306	958,100	45,241,502
<b>CHANGE 2015-2024</b>	<b>47.34%</b>	<b>-13.06%</b>	<b>82.93%</b>	<b>69.75%</b>	<b>23.48%</b>	<b>310.48%</b>	<b>22.40%</b>	<b>86.81%</b>	<b>50.49%</b>

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

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

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

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

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

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

The Other Tax category includes Admission, Leasehold, gambling and TBD fees.

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Revenue Capacity Information  
Table 6 - Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Original Tax		Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Levy	Adjustments		Amount Collected	Percentage of Original Levy		Amount Collected	Percentage of Adjusted Levy
2024	\$ 22,390,852	\$ 1,809	\$ 22,392,661	\$ 22,159,171	98.97%	\$ -	\$ 22,159,171	98.96%
2023	21,639,483	(75,519)	21,563,964	21,114,582	97.57%	233,490	21,348,072	99.00%
2022	20,750,116	(35,395)	20,714,720	20,315,198	97.90%	238,964	20,554,162	99.22%
2021	20,096,569	(51,547)	20,045,022	19,892,966	98.99%	114,199	20,007,165	99.81%
2020	19,201,466	(1,052)	19,200,414	19,022,719	99.07%	161,975	19,184,693	99.92%
2019	18,921,267	(67,642)	18,853,625	18,684,797	98.75%	167,540	18,852,337	99.99%
2018	18,379,482	(44,023)	18,335,459	18,095,807	98.46%	239,636	18,335,442	100.00%
2017	17,695,447	(49,884)	17,645,563	17,398,103	98.32%	247,457	17,645,560	100.00%
2016	17,119,203	(91,801)	17,027,402	16,733,833	97.75%	293,569	17,027,402	100.00%
2015	16,522,897	(63,606)	16,459,291	16,261,792	98.42%	197,499	16,459,291	100.00%

SOURCE:  
Benton County Treasurer

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Revenue Capacity Information  
Table 7 - Assessed and Actual Value of Taxable Property  
Last Ten Fiscal Years

YEAR	REAL	PERSONAL	FARM	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2024	\$ 11,387,491	\$ 241,825	\$ 46,027	\$ 11,675,344	\$ 1.9182
2023	9,695,779	224,634	39,346	9,959,760	2.1733
2022	8,656,171	210,256	43,891	8,910,318	2.3295
2021	7,987,112	226,052	33,146	8,246,310	2.4377
2020	7,470,633	198,464	43,241	7,712,338	2.4905
2019	6,760,794	164,211	31,200	6,956,205	2.7211
2018	5,970,818	161,340	30,565	6,162,723	2.7212
2017	5,602,545	297,056	31,080	5,930,681	2.9837
2016	5,467,952	307,889	34,746	5,810,587	2.9849
2015	5,173,975	325,312	35,077	5,534,364	2.9470

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

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Revenue Capacity Information  
Table 8 - Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

FISCAL YEAR	CITY GENERAL AND SPECIAL LEVY	DEBT SERVICE FUND	FIRE PENSION FUND	TOTAL CITY DIRECT	BENTON COUNTY	RICHLAND SCHOOL DISTRICT	PORT OF BENTON	WASHINGTON STATE	TOTAL DIRECT AND OVERLAPPING TAX RATES
2024	\$ 1.5554	\$0.1378	\$ 0.2250	\$ 1.9182	\$ 0.8136	\$ 4.0138	\$0.3039	\$ 2.2077	\$ 9.2571
2023	1.7931	0.1552	0.2250	2.1733	0.9370	4.2424	0.3317	2.1741	9.8585
2022	1.9366	0.1679	0.2250	2.3295	1.0114	4.6196	0.3493	2.6301	10.9399
2021	2.0282	0.1845	0.2250	2.4377	1.0228	4.8680	0.3518	2.6783	11.3586
2020	2.0763	0.1893	0.2250	2.4905	1.0830	5.0616	0.3622	3.0680	12.0653
2019	2.2110	0.2851	0.2250	2.7212	1.1708	4.1840	0.3736	2.7391	11.1887
2018	2.4408	0.3179	0.2250	2.9837	1.2788	5.5538	0.4008	2.0403	12.2574
2017	2.4391	0.3208	0.2250	2.9849	1.2753	4.9925	0.4001	2.1453	11.7981
2016	2.4014	0.3205	0.2250	2.9470	1.2694	4.8731	0.3984	2.1378	11.6256
2015	2.3904	0.3616	0.2250	2.9771	1.2799	4.8919	0.4012	2.3044	11.8544

SOURCE:  
Benton County Assessor's Office - tax booklet

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Revenue Capacity Information  
Table 9 - General Sales Tax Received by Category\*  
Last Ten Calendar Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Retail Trade	\$ 9,332,282	\$ 9,223,045	\$ 8,826,285	\$ 8,462,853	\$ 6,998,229	\$ 6,601,244	\$ 6,298,292	\$ 5,780,658	\$ 5,529,111	\$ 5,234,632
Services	3,775,484	3,561,733	3,024,633	2,687,848	2,354,144	2,575,281	2,429,440	2,040,466	1,931,452	1,667,874
Contracting	3,104,963	2,877,853	3,073,313	2,781,924	2,714,281	2,230,989	1,828,625	1,894,414	2,012,688	1,789,601
Manufacturing	467,759	478,218	393,955	347,336	296,711	278,710	242,702	195,029	185,430	202,883
Trans/Com/Utilities	583,208	511,878	474,820	420,366	345,560	388,065	401,462	445,177	460,129	386,733
Government	23,507	5,211	1,042	1,295	(892)	920	57,038	225,400	196,829	197,601
Wholesaling	1,232,945	1,193,951	1,126,095	1,015,190	862,581	837,322	823,995	827,466	691,015	703,143
Financial/Ins/Real Estate	127,750	113,687	96,336	104,329	89,004	104,310	93,177	71,821	85,092	65,712
Other Business	411,669	442,230	486,878	397,861	312,149	274,375	205,679	16,037	67,218	26,874
Total	\$ 19,059,565	\$ 18,407,808	\$ 17,503,357	\$ 16,219,002	\$ 13,971,767	\$ 13,291,216	\$ 12,380,410	\$ 11,496,468	\$ 11,158,964	\$ 10,275,053

Source: Tax Tools

\*This revenue is reported on a cash basis.

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
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Table 10 - Principal Property Taxpayers for 2024  
and Nine Years Ago

PRINCIPAL TAXPAYERS 2024	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Lamb Weston Inc.	Packaged Food Company	\$ 215,495,760	1.85%
Lineage PFS WA Richland RE LLC	Cold Warehouse Distribution Facilities	206,193,700	1.77%
Siemens Nuclear Power Corp.	Nuclear Fuels Production	140,863,270	1.21%
Extended Legacy, LLC	Real Estate Development	70,947,690	0.61%
Oregon Metalurgical Corp	Manufacturing	57,949,990	0.50%
Notus Holding, LLC	Property Management	56,977,590	0.49%
PC Innovation Center LLC	Property Management	53,937,110	0.46%
Townfair Investors LLC	Property Management	44,200,140	0.38%
PC Meadow Springs LLC	Property Management	43,977,990	0.38%
First Richland L.P.	Property Management	42,568,170	0.36%

\*Total Assessed Valuation for the City of Richland in 2024 = \$11,675,343,501

PRINCIPAL TAXPAYERS 2015	NATURE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUE
Framatome	Nuclear Fuels Production	\$ 106,027,530	1.92%
Battelle Pacific NW National Laboratories	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 Metalurgical Corp	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

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Amounts may not foot exactly due to rounding

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

ELECTRIC	2024	2023	2022	2021	2020	2019	2018	*2017	2016	2015
Gross Revenue	\$ 73,611,299	\$ 73,560,910	\$ 73,085,155	\$ 70,049,307	\$ 68,449,634	\$ 70,132,499	\$ 65,798,666	\$ 62,575,971	\$ 58,025,789	\$ 53,729,135
Less Operating Expenses	54,119,886	50,410,019	55,582,957	51,497,668	54,656,828	56,472,042	54,605,107	52,628,638	49,877,764	46,562,053
Net Amount Available For Debt Service	19,491,413	23,150,891	17,502,198	18,551,639	13,792,806	13,660,457	11,193,559	9,947,333	8,148,025	7,167,082
Principal	2,435,000	2,295,000	3,260,000	3,120,000	3,045,000	2,915,000	2,985,000	2,855,000	2,765,000	2,665,000
Interest	3,158,546	2,962,141	3,021,582	2,936,269	2,960,313	2,851,790	3,108,870	3,171,211	3,248,810	2,490,374
Total Annual Debt Service	\$ 5,593,546	\$ 5,257,141	\$ 6,281,582	\$ 6,056,269	\$ 6,005,313	\$ 5,766,790	\$ 6,093,870	\$ 6,026,211	\$ 6,013,810	\$ 5,155,374
Electric Debt Coverage	3.48	4.40	2.88	3.22	2.30	2.37	1.84	1.65	1.35	1.39
Revenue derived from Residential/Commercial Electric Sales										
WATER/WASTEWATER **										
Gross Revenue	\$ 26,997,054	\$ 27,257,077	\$ 24,230,573	\$ 27,173,242	\$ 27,284,985	\$ 26,302,940	\$ 25,671,435	\$ 24,268,385	\$ 24,050,544	\$ 23,758,423
Less Operating Expenses	14,805,291	14,262,982	13,461,839	13,946,450	12,970,693	12,547,331	12,703,718	12,358,394	14,118,828	12,257,270
Net Amount Available For Debt Service	12,191,763	12,994,095	10,768,734	13,226,792	14,314,292	13,755,609	12,967,717	11,909,991	9,931,716	11,501,153
Principal	1,161,893	2,544,844	3,202,534	4,031,661	4,671,978	4,523,535	4,411,479	4,244,480	4,152,539	4,005,653
Interest	633,463	522,605	638,722	774,148	939,996	1,081,869	1,085,971	1,301,814	1,217,410	1,360,957
Total Annual Debt Service	\$ 1,795,356	\$ 3,067,449	\$ 3,841,256	\$ 4,805,809	\$ 5,611,974	\$ 5,605,404	\$ 5,497,450	\$ 5,546,294	\$ 5,369,949	\$ 5,366,610
Water/Sewer Debt Coverage	6.79	4.24	2.80	2.75	2.55	2.45	2.36	2.15	1.85	2.14
Revenue derived from Residential/Commercial Water and Sewer charges										
SOLID WASTE										
Gross Revenue	\$ 12,035,160	\$ 13,376,946	\$ 12,396,848	\$ 10,244,765	\$ 9,667,336	\$ 12,002,576	\$ 9,365,877	\$ 9,203,182	\$ 9,454,184	\$ 8,357,968
Less Operating Expenses	10,787,456	9,333,160	9,031,539	7,659,823	7,499,575	7,171,113	7,487,615	6,307,015	6,834,452	7,188,986
Net Amount Available For Debt Service	1,247,704	4,043,786	3,365,309	2,584,942	2,167,761	4,831,463	1,878,262	2,896,167	2,619,732	1,168,982
Principal	210,526	210,526	210,526	-	-	135,000	125,000	125,000	120,000	115,000
Interest	35,090	37,326	39,600	-	-	3,445	6,367	10,039	13,651	17,114
Total Annual Debt Service	\$ 245,616	\$ 247,852	\$ 250,126	\$ -	\$ -	\$ 138,445	\$ 131,367	\$ 135,039	\$ 133,651	\$ 132,114
Solid Waste Debt Coverage	5.08	16.32	13.45	N/A	N/A	34.90	14.30	21.45	19.60	8.85
Revenue derived from Residential/Commercial Garbage Collection and Landfill Charges										

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Amounts may not foot exactly due to rounding

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

STORMWATER **	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross Revenue	\$ 2,316,830	\$ 3,086,758	\$ 2,751,026	\$ 2,442,774	\$ 2,108,312	\$ 2,110,258	\$ 1,994,701	\$ 1,891,335	\$ 1,915,962	\$ 1,893,741
Less Operating Expenses	1,391,641	1,342,770	1,217,884	1,324,912	1,326,346	984,932	1,042,566	986,284	1,149,489	1,260,137
Net Amount Available For Debt Service	925,189	1,743,988	1,533,142	1,117,862	781,966	1,125,326	952,135	905,051	766,473	633,604
Principal	35,530	40,714	40,268	34,840	80,048	214,524	213,158	206,819	199,092	107,623
Interest	26,199	27,790	29,193	31,652	33,229	38,869	44,916	53,420	66,450	67,634
Total Annual Debt Service	\$ 61,729	\$ 68,504	\$ 69,461	\$ 66,492	\$ 113,277	\$ 253,393	\$ 258,074	\$ 260,239	\$ 265,542	\$ 175,257
Stormwater Debt Coverage	14.99	25.46	22.07	16.81	6.90	4.44	3.69	3.48	2.89	3.62
Revenue derived from Residential/Commercial Stormwater charge										
COLUMBIA POINT GOLF COURSE										
Gross Revenue	\$ 2,832,228	\$ 2,549,217	\$ 2,702,511	\$ 2,353,821	\$ 1,687,764	\$ 1,836,586	\$ 1,911,848	\$ 1,735,452	\$ 1,744,975	\$ 1,606,953
Less Operating Expenses	2,169,728	2,000,273	2,087,949	1,821,760	1,504,188	1,634,896	1,569,401	1,732,150	1,473,926	1,369,361
Net Amount Available For Debt Service	662,500	548,944	614,562	532,061	183,576	201,690	342,447	3,302	271,049	237,592
Principal	135,000	130,000	125,000	120,000	115,000	110,000	105,000	100,000	100,000	95,000
Interest	131,465	137,509	143,512	148,664	153,726	157,767	161,386	165,512	169,475	173,488
Total Annual Debt Service	\$ 266,465	\$ 267,509	\$ 268,512	\$ 268,664	\$ 268,726	\$ 267,767	\$ 266,386	\$ 265,512	\$ 269,475	\$ 268,488
Columbia Point Golf Course Coverage	2.49	2.05	2.29	1.98	0.68	0.75	1.29	0.01	1.01	0.88
Revenue derived from Public Golf Course Fees/Charges including retail sales										
BROADBAND										
Gross Revenue	\$ 265,044	\$ 337,643	\$ 299,181	\$ 231,881	\$ 333,368	\$ 204,372	\$ 295,290	\$ 165,626	\$ 155,506	\$ 187,463
Less Operating Expenses	89,371	78,385	73,465	52,862	40,098	71,621	38,456	60,278	18,927	26,150
Net Amount Available For Debt Service	175,673	259,258	225,716	179,019	293,270	132,751	256,834	105,348	136,579	161,313
Principal	85,000	85,000	80,000	91,640	110,787	109,908	104,143	117,011	102,312	104,166
Interest	54,522	57,497	59,577	61,634	64,206	66,558	68,560	73,447	72,132	70,772
Total Annual Debt Service	\$ 139,522	\$ 142,497	\$ 139,577	\$ 153,274	\$ 174,993	\$ 176,466	\$ 172,703	\$ 190,458	\$ 174,444	\$ 174,938
Broadband Coverage	1.26	1.82	1.62	1.17	1.68	0.75	1.49	0.55	0.78	0.92
Revenue derived from Fiber Optic Leases/Charges including retail sales										

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

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

Gross Revenue (from ACFR Statements) does not include Grants, Capital Contributions and Transfers in, also doesn't include LID for water and sewer

Operating Expense (from ACFR Statements) does not include Transfers out, utility occupation taxes, depreciation or other non operating expenses.

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Amounts may not foot exactly due to rounding



GOVERNMENTAL ACTIVITIES						BUSINESS-TYPE ACTIVITIES										TOTAL DEBT	% OF PERSONAL INCOME	DEBT PER CAPITA
FISCAL YEAR	GENERAL OBLIGATION BONDS	LOCAL PROGRAM STATIONS 73 & 75	CERB LOAN, WSDOT LOAN, LIUD BAN	LEASES/SBITAs	PREMIUMS, DISCOUNTS, AND OTHER ADJUSTMENTS	GOLF COURSE GENERAL OBLIGATION 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, LEASES/SBITAs	PREMIUMS, DISCOUNTS, AND OTHER ADJUSTMENTS						
2024	\$ 25,155,000	\$ 4,745,000	\$ 150,846	\$ 1,367,991	\$ 3,131,365	\$ 2,935,000	\$ 68,015,000	\$ 14,550,000	\$ 1,450,000	\$ 605,000	\$ 8,936,234	\$ 8,700,490	\$ 139,741,926	4.92%	\$ 2,177			
2023	27,815,001	4,935,000	245,446	220,624	3,455,164	3,070,000	72,885,000	15,395,000	1,535,000	635,000	6,021,078	9,137,725	145,350,038	6.19%	2,295			
2022	30,340,000	5,115,000	339,506	8,064	3,778,963	3,200,000	66,805,000	16,945,000	1,620,000	665,000	7,303,268	9,149,643	145,269,444	6.30%	2,335			
2021	27,440,000	5,290,000	433,030	-	4,103,767	3,325,000	63,650,000	20,470,000	1,700,000	695,000	7,758,769	9,725,005	144,590,571	6.36%	2,358			
2020	35,220,000	5,445,000	526,024	-	4,428,583	3,445,000	66,770,000	22,680,000	1,780,000	720,000	9,416,156	9,136,840	159,567,603	6.80%	2,725			
2019	37,575,000	-	618,494	-	3,088,658	3,560,000	69,815,000	26,060,000	1,860,000	745,000	6,714,873	9,695,918	159,732,943	7.01%	2,810			
2018	40,050,000	-	710,444	-	3,364,485	3,670,000	65,725,000	29,295,000	2,075,000	860,000	7,992,709	7,552,149	161,294,787	8.03%	2,916			
2017	43,236,880	-	801,880	-	3,640,315	3,775,000	63,955,000	32,420,000	2,275,000	975,000	9,580,505	7,304,245	167,963,825	8.55%	3,102			
2016	33,233,980	-	1,328,964	-	1,680,512	3,875,000	66,810,000	25,330,000	2,475,000	1,125,000	10,434,188	5,714,168	152,006,812	7.84%	2,846			
2015	35,490,000	-	1,296,607	-	1,870,237	3,975,000	69,575,000	28,200,000	2,670,000	1,230,000	11,930,977	6,076,240	162,314,061	8.71%	3,058			

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

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive 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	PREMIUMS, DISCOUNTS, AND OTHER ADJUSTMENTS	MONIES AVAILABLE FOR DEBT SERVICE	NET GO BOND DEBT	RATIO NET BONDED GO DEBT TO ASSESSED VALUE	NET BONDED GO DEBT PER CAPITA
2024	64,190	\$ 11,675,343,501	\$ 34,285,000	\$ 3,131,365	\$ 2,120,910	\$ 32,164,090	0.28%	\$ 501.08
2023	63,320	9,959,759,806	37,355,000	3,455,164	2,069,275	35,285,725	0.35%	557.26
2022	62,220	8,910,318,246	35,160,000	3,778,963	1,483,491	33,676,509	0.38%	541.25
2021	61,320	8,246,310,077	37,755,000	4,103,767	1,539,428	36,215,572	0.44%	590.60
2020	58,550	7,712,338,099	40,445,000	4,428,583	1,514,441	38,930,559	0.50%	664.91
2019	56,850	6,956,204,813	42,995,000	3,088,658	1,470,761	41,524,239	0.60%	730.42
2018	55,320	6,162,723,033	45,795,000	3,364,485	1,378,580	44,416,420	0.72%	802.90
2017	54,150	5,930,681,465	48,485,000	3,640,315	1,303,261	47,181,739	0.80%	871.32
2016	53,410	5,810,586,971	38,615,000	1,680,512	1,663,620	36,951,380	0.64%	691.84
2015	53,080	5,534,363,683	42,135,000	1,870,237	2,137,687	39,997,313	0.72%	753.53

SOURCES:

- (1) State <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>  
(2) Benton County Assessor's Office (Assessed Valuation) - <https://www.bentoncountywa.gov/pview.aspx?id=692&catid=0>

\*The assessed valuation is completed in November of the previous tax year.

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Annual Comprehensive Financial Report  
Statistical Section - Debt Capacity Information  
Table 14 - Direct and Overlapping Debt- Governmental Activities  
As of December 31, 2024

DIRECT DEBT			AMOUNT
Voted General Obligation Debt			\$ 3,250,000
Councilmanic General Obligation Debt			26,650,000
Councilmanic Loans			150,847
Leases and SBITAs			1,367,991
TOTAL DIRECT DEBT			<u>\$ 31,418,838</u>
OVERLAPPING DEBT			
(For debt paid with property taxes)	(1)	(2)	AMOUNT
Jurisdiction	OUTSTANDING DEBT	PERCENT APPLICABLE	OVERLAPPING
Benton County	\$ 2,878,104	35.60%	\$ 1,024,605
Richland School District #400	140,550,000	79.64%	111,934,020
Kennewick School District #17	152,745,000	5.28%	8,064,936
Kiona Benton School District #52	474,481	0.01%	47
Port of Benton	7,735,000	65.89%	5,096,592
Port of Kennewick	3,321,849	23.92%	794,586
Fire District No. 1	520,000	2.38%	12,376
		TOTAL OVERLAPPING DEBT	<u>\$ 126,927,162</u>
GOVERNMENTAL ACTIVITIES DEBT RATIOS			
Assessed Valuation - 2024 (Established in November 2023 for the 2024 tax year)			\$ 11,675,343,501
Population			64,190
Net Direct Debt to Assessed Valuation			0.27%
Net Direct Debt and Overlapping Debt to Assessed Valuation			1.36%
Per Capita Assessed Value			\$ 181,887
Per Capita Net Direct Debt			\$ 489
Per Capita Total Direct Debt and Overlapping Debt			\$ 2,467
Councilmanic Debt and Other Obligations consists of:			
	2010 LTGO - IT Facility/1998 Refunding		\$ 945,000
	2013 LTGO A- LRF		6,805,000
	2014 LTGO -Fire Station Construction		1,970,000
	2017 LTGO - City Hall		11,685,000
	2017 LTGO - 2006 Refunding		500,000
	2020 Local Program Fire Stations 73 & 75		4,745,000
			<u>\$ 26,650,000</u>
Voted GO Debt:	2015 UTGO - Refunding Bonds/2005/2007		<u>\$ 3,250,000</u>
			<u>\$ 3,250,000</u>

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

SOURCE: Benton County Assessor's Office

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Amounts may not foot exactly due to rounding

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

FOR FISCAL YEAR ENDING DECEMBER 31										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limit	\$ 875,650,763	\$ 746,981,985	\$ 668,273,868	\$ 618,473,256	\$ 578,425,357	\$ 521,715,361	\$ 462,204,227	\$ 444,801,110	\$ 435,794,023	\$ 415,077,276
Total net debt applicable to debt limit	<u>31,418,838</u>	<u>32,995,446</u>	<u>32,995,446</u>	<u>38,453,030</u>	<u>41,191,024</u>	<u>38,193,494</u>	<u>40,760,444</u>	<u>43,236,880</u>	<u>31,930,344</u>	<u>41,293,920</u>
Legal Debt Margin	<u>\$ 844,231,925</u>	<u>\$ 713,986,539</u>	<u>\$ 635,278,422</u>	<u>\$ 580,020,226</u>	<u>\$ 537,234,333</u>	<u>\$ 483,521,867</u>	<u>\$ 421,443,783</u>	<u>\$ 401,564,230</u>	<u>\$ 403,863,679</u>	<u>\$ 373,783,356</u>
Total net debt applicable to the limit as a percentage of debt limit	3.59%	4.42%	4.94%	6.22%	7.12%	7.32%	8.82%	9.72%	7.33%	9.95%

The City's legal debt limit as mandated by RCW 39.36.020 is 7.5% of the value of taxable property in the city limits. The following limits and exceptions apply to the legal debt limit:

2.5% for general purposes - Up to 1.5% can be without a vote of the people  
2.5% for utility purposes with a 3/5 vote of the people  
2.5% for open space, park facilities and capital facilities associated with economic development with a 3/5 vote of the people.

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

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

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

Fiscal Year	Richland Population (1)	*Per Capita Income (2)	Total Personal Income	**Median Age (3)	School Enrollment (4)	Annual Unemployment Rate (5)
2024	64,190	\$ 54,152	\$ 3,476,016,880	36.2	14,508	4.9%
2023	63,320	\$ 54,454	\$ 3,448,027,280	36.3	14,351	4.8%
2022	62,220	\$ 54,598	\$ 3,397,087,560	36.4	14,144	4.2%
2021	61,320	\$ 51,757	\$ 3,173,739,240	37.8	13,292	4.2%
2020	58,550	\$ 49,354	\$ 2,889,676,700	38.1	13,900	6.5%
2019	56,850	\$ 47,465	\$ 2,698,385,250	38.6	14,190	4.9%
2018	55,320	\$ 45,587	\$ 2,521,872,840	37.7	13,905	4.1%
2017	54,150	\$ 42,156	\$ 2,282,747,400	36.4	13,600	5.7%
2016	53,410	\$ 41,752	\$ 2,229,974,320	37.4	13,400	6.9%
2015	53,080	\$ 40,956	\$ 2,173,944,480	37.5	12,690	6.1%

SOURCES:

(1) State of WA, Office of Financial Management, [www.ofm.wa.gov](http://www.ofm.wa.gov)

(2) Bureau of Economic Analysis, US Dept of Commerce, Metropolitan Statistical Area Kennewick-Richland, [www.bea.gov](http://www.bea.gov) (County - Benton)

(3) US Census, American Community Survey, [www.census.gov/acs](http://www.census.gov/acs)

(4) Richland School District, [www.rsd.edu](http://www.rsd.edu)

(5) Washington State Employment Security Department - Bureau of Labor Statistics, [www.fortress.wa.gov/esd/employmentdat](http://www.fortress.wa.gov/esd/employmentdat)

\*2014-2018 Per Capita Income is estimated

\*\*2015-2018 Median Age are estimated

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Amounts may not foot exactly due to rounding

City of Richland, Washington  
Comprehensive Annual Financial Report  
Statistical Section  
Table 17 - Principal Employers for 2024  
and Ten Years Ago

PRINCIPAL EMPLOYERS 2024	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Battelle/Pacific Northwest National Laboratory	1	Research & Development	5,300	16.2%
Kadlec Regional Medical Center	2	Health Services	3,800	11.6%
Washington River Protection Solutions	3	Environmental Remediation Services	2,336	7.1%
Richland School District	4	K-12 Education	2,200	6.7%
Central Plateau Cleanup Company (CPCCo)	5	Environmental Remediation Services	2,100	6.4%
Bechtel National	6	Engineering & Construction	2,000	6.1%
Hanford Mission Integration Solutions (HMIS)	7	Support Services, Hanford/DOE Site	1,884	5.8%
Energy Northwest	8	Power Generation Facility	1,000	3.1%
Lamb Weston	9	Food Processing	1,000	3.1%
Framatome/Areva	10	Fuel Production Facility	700	2.1%
PRINCIPAL EMPLOYERS 2015	RANK	NATURE OF BUSINESS	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYEES
Kadlec Medical Center	1	Medical Services	3,739	*
Battelle Pacific NW National Laboratories	2	Research & Development	2,976	*
Bechtel National	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	*
Framatome/Areva	8	Nuclear Fuels Production	934	*
Washington Closure Hanford LLC	9	DOE Contractor	676	*
City of Richland	10	Municipality	478	*

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

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Amounts may not foot exactly due to rounding

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

FUNCTION/PROGRAM:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PUBLIC SAFETY</b>										
<b>CULTURE &amp; RECREATION</b>										
<b>LIBRARY:</b>										
Number of Patron Visits <sup>9</sup>	207,023	187,175	156,477	90,934	59,243	250,384	260,941	213,770	587,135	547,885
Annual Circulation	880,046	882,865	674,621	530,742	382,256	642,371	644,727	666,560	798,336	807,639
Active Library Cards <sup>10</sup>	29,895	26,334	40,933	37,623	-	-	-	-	-	-
Community Engagement Attendance <sup>10</sup>	52,057	45,302	36,861	37,139	-	-	-	-	-	-
Study & Meeting Room Uses <sup>10</sup>	3,039	2,353	1,743	99	-	-	-	-	-	-
<b>PARKS &amp; RECREATION:</b>										
Number of Developed Parks	60	58	58	58	58	58	58	58	58	58
Park Acreage-Undeveloped	1,595	1,700	1,700	1,700	1,700	1,695	1,695	1,695	1,695	1,695
Park Acreage-Developed	870	650	650	650	650	650	650	650	650	650
<b>ECONOMIC DEVELOPMENT</b>										
Building Permits Issued	1,842	1,965	1,967	2,241	2,275	2,362	2,186	2,331	2,125	2,017
Value of Permits in Millions	270.85	273.34	229.93	246.94	269.21	319.06	175.32	212.62	279.27	237.56
Business Licenses Active	5,396	6,037	5,066	5,992	5,390	5,563	5,558	5,183	4,949	4,940
<b>TRANSPORTATION</b>										
Street Resurfacing (lane miles) Asphalt Overlays	-	-	5.87	10.23	4.66	15.23	1.9	8.5	17.1	18.5
Slurry Seal/Micro Surfacing (Types I & II)	58.83	51.47	20.7	9.57	0.72	8.39	29.9	-	-	-
City Streets cleaned (X per year)	5	5	5	5	5	5	5	4	4	5

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Amounts may not foot exactly due to rounding

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

FUNCTION/PROGRAM:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>BUSINESS-TYPE ACTIVITIES</b>										
<b>ELECTRIC</b>										
New Connections	674	574	661	925	386	384	463	336	323	289
Total Consumption (kilowatt hr)millions	988	998	979	950	906	911	932	959	880	880
No. of Customers <sup>7</sup>	27,563	27,242	26,732	26,658	25,613	24,966	24,526	24,095	23,867	23,628
<b>WATER</b>										
New Connections	293	414	318	427	572	367	354	313	303	269
Daily Ave Consumption(millions/gal)	18.3	18.0	17.7	18.1	16.9	16.8	16.8	15.4	16.4	16.8
Max Daily Plant Capacity(millions/gal)	30	30	30	30	30	30	30	30	30	30
No. of Customers <sup>8</sup>	22,056	21,842	21,506	20,811	20,739	20,127	19,766	18,383	18,052	18,652
<b>SEWER</b>										
Daily Average Treatment (millions/gal)	5.77	6.28	6.41	6.162	6.061	6.558	6.1	6.4	5.8	5.6
Max Daily Plant Capacity(millions/gal)	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
No. of Customers <sup>5</sup>	23,230	23,009	22,777	21,227	21,861	21,436	20,987	20,589	20,284	19,972
<b>GARBAGE &amp; SOLID WASTE</b>										
Residential Landfill Visitors	30,143	34,438	32,301	34,594	36,032	31,668	29,435	24,306	29,269	29,263
Commercial Landfill Visitors	14,725	14,162	12,895	14,071	11,668	11,145	5,598	5,874	9,338	11,322
Household Hazardous Waste Visitors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of Customers <sup>5</sup> - Refuse	24,500	24,497	24,170	22,837	20,732	20,373	17,430	17,315	17,747	18,099
No. of Customers <sup>5</sup> - Recycle	8,300	8,240	7,800	7,303	7,169	6,243	5,889	5,523	5,324	5,004
<b>STORM WATER</b>										
Catch Basins Cleaned	970	1,039	1,056	1,382	1,750	1,286	688	232	869	443
Storm Pipes Jetted (ft) <sup>8</sup>	800	8,287	4,388	14,834	13,326	12,794	13,677	26,206	20,287	7,140
Storm Drains Cleaned (ft)	6,593	1,477	3,927	9,955	7,738	7,924	3,592	33,258	20,788	16,925
No. of Customers <sup>5</sup>	22,874	22,701	22,431	21,439	21,767	20,899	20,504	19,947	19,613	19,529

<sup>5</sup>Customer counts are a snap-shot in time (12/31/24) and taken from the Utility Billing System. (UBT-CUST-001)

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

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

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

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

<sup>10</sup>Started to use new reporting standards in 2024 but only had historical information back to 2021.

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Table 19 - Top Ten Customers by Utility Sales for 2024 (Selected Utilities Only)

ELECTRIC	TOP TEN CUSTOMERS	NATURE OF BUSINESS	CONSUMPTION (mWh)	UTILITY SALES	% OF UTILITY SALES
1	Lamb Weston	Value Added Agriculture Products	64,852	\$ 3,903,817	5.18%
2	Battelle Pacific NW National Laboratories	Research & Development	62,974	3,798,585	5.04%
3	Areva NP Richland	Nuclear Fuels Production	34,438	2,056,589	2.73%
4	ATI Richland Operations	Manufacturing	25,675	1,575,185	2.09%
5	Preferred Freezer Services Of Richland, LLC	Storage and Distribution Facilities	22,348	1,313,246	1.74%
6	Battelle Pacific NW National Laboratories	Business Offices	20,029	1,200,459	1.59%
7	Richland School District	K-12 Education	18,395	1,279,033	1.70%
8	Kadlec Hospital	Health Facility	16,668	989,032	1.31%
9	City of Richland	Municipality	15,580	1,046,915	1.39%
10	Notus Holdings LLC	Storage and Distribution Facilities	9,250	569,987	0.76%
WATER			(Cubic Feet)		
1	Lamb Weston	Value Added Agriculture Products	812,793	\$ 721,022	4.72%
2	City of Richland	Municipality	302,066	331,899	2.17%
3	Battelle Pacific NW National Laboratories	Research & Development	112,511	205,295	1.34%
4	Richland School District	K-12 Education	134,699	200,275	1.31%
5	City of West Richland Intertie	Municipality	549,731	81,075	0.53%
6	Penford Food Ingredients	Food Processing	94,609	76,236	0.50%
7	Bella Vista Apartments	Property Management	37,885	57,328	0.38%
8	Alyson/Richland MHC, LLC	Property Management	56,034	56,740	0.37%
9	Kadlec Regional Medical Center	Health Services	50,620	55,629	0.36%
10	Riverpointe ICG LLC	Property Management	32,607	47,316	0.31%
SEWER					
1	Penford Food Ingredients	Food Processing	N/A	\$ 191,566	1.84%
2	Preferred Freezer Services Of Richland, LLC	Storage and Distribution Facilities	N/A	146,275	1.40%
3	Kadlec Regional Medical Center	Health Services	N/A	82,689	0.79%
4	The Villas At Meadow Springs	Property Management	N/A	79,356	0.76%
5	Bella Vista Apartments	Property Management	N/A	75,590	0.72%
6	Copper Mountain Apartments, LLC	Property Management	N/A	73,303	0.70%
7	Riverpointe ICG LLC	Property Management	N/A	61,200	0.59%
8	Shoreline Village Richland 216 LLC	Property Management	N/A	58,170	0.56%
9	Regency Park ICG LLC	Property Management	N/A	54,796	0.52%
10	La Verde Apartments	Property Management	N/A	52,804	0.51%
STORMWATER					
1	Richland School District	K-12 Education	N/A	\$ 61,626	2.95%
2	Battelle Pacific NW National Laboratories	Research & Development	N/A	52,969	2.54%
3	City of Richland - Municipality	Municipality	N/A	34,122	1.63%
4	Port of Benton	Special Purpose District	N/A	33,956	1.63%
5	Ferguson Enterprises Inc.	Distribution Facility	N/A	20,722	0.99%
6	Washington Securities	Nuclear Fuels Production	N/A	19,975	0.96%
7	Areva NP Richland	Financial & Retail Services	N/A	16,526	0.79%
8	Wal-Mart Store	Retail	N/A	15,799	0.76%
9	WSU Tri-Cities	Education	N/A	14,782	0.71%
10	City of Richland - City Shops	City Shops	N/A	12,193	0.58%

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

Full-Time Equivalent Employees as of December 31										
FUNCTION/PROGRAM	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Judicial	6.00	5.00	5.00	5.00	5.00	3.00	3.00	3.00	2.00	2.00
General Government	67.10	65.20	65.85	62.10	62.10	64.10	65.80	64.80	65.30	65.05
Public Safety*	185.70	183.70	165.70	164.20	159.70	147.20	145.90	142.20	142.20	139.90
Physical Environment	54.30	53.30	51.30	47.30	47.30	47.60	47.60	47.60	45.60	46.00
Transportation	21.30	21.30	20.30	20.30	20.30	20.00	19.00	18.00	17.00	18.00
Economic Environment	20.50	20.50	21.00	20.00	20.00	18.00	17.55	19.05	19.05	19.05
Culture & Recreation	33.80	33.80	34.30	33.50	32.50	34.00	34.50	34.00	34.00	34.50
Electric & Gas	53.00	59.00	60.00	59.75	60.75	60.75	60.75	59.50	58.50	56.50
Water	23.70	22.70	22.70	22.70	22.70	23.00	23.00	23.00	23.00	23.00
Sewer	24.70	22.70	22.70	22.70	22.70	22.95	22.95	22.95	22.95	22.95
Garbage & Solid Waste	32.40	30.10	28.10	28.10	28.10	28.10	28.10	28.10	28.10	28.70
Stormwater	2.30	2.30	2.30	2.30	2.30	2.05	2.05	2.05	2.05	2.05
TOTAL	524.80	519.60	499.25	487.95	483.45	470.75	470.20	464.25	459.75	457.70
TOTAL POPULATION	64,290	63,320	62,220	61,320	58,550	56,850	55,320	54,211	53,410	53,080
PER CAPITA FTE	122.50	121.86	124.63	125.67	121.11	120.76	117.65	116.77	116.17	115.97

SOURCE: City Budget

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

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Amounts may not foot exactly due to rounding

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

FUNCTION/PROGRAM	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	52	49	46	46	35	27	27	27	26	26
Fire										
Stations	5	4	4	4	4	4	4	4	4	4
Emergency Response Vehicles	22	22	20	17	17	14	14	14	13	13
Equipment Maintenance										
City Fleet	642	652	647	548	516	507	493	493	477	470
Electric										
Substations	11	9	9	9	9	9	9	8	8	8
Water										
Treatment Plants	3	3	3	3	3	3	3	2	2	2
Water Mains (Miles)	428	421	419	414	399	399	391	347	337	289
Reservoirs	18	18	18	18	18	18	18	18	18	18
Pump Stations <sup>1</sup>	12	12	12	12	12	12	12	12	12	11
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	22	18	18	15	15	15	15	14	14	14
Sanitary Sewers (Miles)	327.6	321	319	316	301.5	305	283	286	277	279
Solid Waste										
Collection Vehicles	24	23	22	22	20	20	20	20	20	20
Transportation										
Area of City (Square Miles)	46.0	46.0	43.4	42.9	42.7	42.7	42.7	42.6	42.6	42.6
Miles of Streets-By Jurisdiction										
City	309.4	307.3	304.0	299.3	292.3	288.1	277.8	272.7	269.4	267.2
State	19.6	19.6	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Private	46.2	45.9	43	43	43	43	44.5	44.1	41.7	41.5
Traffic Signals	55	55	54	54	54	54	54	54	54	53
Parks and Recreation <sup>2</sup>										
Community Center	1	1	1	1	1	1	1	1	1	1
Regional Parks - Developed	2	2	2	2	2	2	2	2	2	2
Community Parks- Developed	4	4	4	4	4	4	4	4	4	4
Neighborhood Parks - Developed	27	25	25	25	25	25	25	25	25	25
Special Use Parks - Developed	11	11	11	11	11	11	11	11	11	11
Mini Parks - Developed	-	-	-	-	-	-	-	-	-	-
Lineal Parks - Developed	9	9	9	9	9	9	9	9	9	9
Natural Open Spaces	7	7	7	7	7	7	7	7	7	7

(previously categorized as undeveloped and preserves - restated)

\*Table developed to meet GASB Statement No. 34 Statistical requirements. Prior years data not available.

<sup>1</sup> Beginning in 2012, Stormwater pump stations are included in this statistic.

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

## ACKNOWLEDGEMENT

The following employees played important roles in producing the 2024 Annual Comprehensive Financial Report for the City of Richland, Washington. Their significant commitment to this project has been greatly appreciated.

*Brandon Allen, Finance Director*

*Brandon Suchy, Finance Manager*

*Evgeniya Petyuk, Accountant*

*Jeff Kison, Accountant*

*Sheila Navarro, Accountant*

*Brian Nakamura, Accountant*

*Toni Ulam, Accountant*

*Dejie Bi, Accountant*

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**APPENDIX D**  
**BOOK-ENTRY TRANSFER SYSTEM**

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## **BOOK-ENTRY TRANSFER SYSTEM**

The information in this section concerning the Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC’s website at [www.dtcc.com](http://www.dtcc.com) and the City takes no responsibility for the accuracy thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined). For purposes of this section, references to the Issuer mean the City, and references to Agent mean the Bond Registrar. For the purposes of this Official Statement, the term “Beneficial Owner” includes the person for whom the Participant acquires an interest in the Bonds.

1. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the principal amount of such maturity and will be deposited with DTC.
2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing services. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) (which is not incorporated herein by this reference).
3. Purchases of the Bonds under the DTC system, in denominations of \$5,000 or any integral multiple thereof, must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.
4. To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. When notices are given, they will be sent by the Bond Registrar to DTC only. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.
10. Issuer may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



