



CITY OF RICHLAND, WASHINGTON
Water Fund Financial Statements

For the Quarter Ended
March 31, 2019
(Unaudited)

Prepared by:
Administrative Services Department

CITY OF RICHLAND~Water Fund~As of March 31, 2019

STATEMENT OF NET POSITION

ASSETS

<i>Current:</i>	
Cash & equivalents	
Unrestricted	5,322,846
Investments	(37,879)
Deposit with Third Party	5,775
Receivables:	
Customer accounts (net)	600,517
Due from other funds	-
Due from other governments	-
ULID Assessments - ST	14,900
Interfund loans	316,236
Prepaid items	76,310
Inventory	192,887
Total current assets	<u>6,491,592</u>
<i>Noncurrent:</i>	
Restricted Cash & equivalents	
Unspent bond proceeds	6,160,343
Bond Reserve	1,297,454
Scheduled debt repayments	1,812,073
Facilities fees	4,728,780
Restricted Investments	
Unspent bond proceeds	-
Bond Reserve	-
Receivables	
ULID Assessments - LT	122,558
Interfund Loans	1,413,254
Capital assets:	
Land	5,604
Depreciable assets (net)	2,629,019
Infrastructure (net)	73,796,133
Construction in progress	2,959,231
Total capital assets	<u>79,389,987</u>
Total noncurrent assets	<u>94,924,449</u>
Total assets	<u>101,416,041</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred amount on refunding debt	199,658
Deferred amount pension and OPEB	219,751
Total deferred outflow of resources	<u>419,409</u>

LIABILITIES

<i>Current:</i>	
Accounts payable & accrued expenses	71,082
Interest on outstanding debt	305,241
Payable to other governments	85,051
Notes payable-current portion	1,216,491
Deposits payable	52,513
Compensated absences-current portion	130,963
Revenue bonds payable-current portion	1,825,299
Total current liabilities	<u>3,686,640</u>

Noncurrent:

Unearned Revenue	122,558
Compensated absences	130,963
Net pension and OPEB liability	1,356,722
Notes & loans payable	4,847,117
Revenue bonds payable	17,457,485
Total noncurrent liabilities	<u>23,914,845</u>
Total liabilities	<u>27,601,485</u>

DEFERRED INFLOW OF RESOURCES

Deferred amount on pension and OPEB	338,827
Total deferred inflow of resources	<u>338,827</u>

NET POSITION

Net investment in capital assets	60,397,017
Restricted for:	
Debt service	3,124,427
Capital improvements	4,728,780
Unrestricted	5,644,914
Total net position	<u><u>73,895,138</u></u>

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

OPERATING REVENUES

<i>Charges for services:</i>	
Rate revenues	2,512,989
All others	456,436
Other operating revenues	-
Total operating revenues	<u>2,969,425</u>

OPERATING EXPENSES

Maintenance	467,686
Operation	557,437
Administration & general	453,903
Taxes	499,464
Depreciation	626,289
Total operating expenses	<u>2,604,779</u>
Operating income (loss)	364,646

NONOPERATING REVENUES (EXPENSES)

Interest earnings	112,320
Adjustment for Fair Market Value	-
Interest expense	(166,868)
Debt costs	-
All other nonoperating revenues (expenses)	62,658
Total nonoperating revenues (expenses)	<u>8,110</u>
Income before capital contributions and transfers	372,756
Capital contributions	356,910
Transfers in	-
Transfers out	(5,000)
Change in net position	<u>724,666</u>
Net position-beginning	73,170,472
Prior period adjustment	-
Net position-ending	<u><u>73,895,138</u></u>

CITY OF RICHLAND~Water Fund~As of March 31, 2019

STATEMENT OF CASH FLOWS

CASH FLOWS FROM...		RECONCILIATION TO STATEMENT OF NET POSITION & STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION	
<i>Operating activities:</i>		<i>Operating activities:</i>	
Receipts from...		Operating income (loss)	\$ 364,646
Customers and users	\$ 2,962,588	Adjustments for...	
Interfund services provided	-	Noncash transactions	
Grants & contributions	-	Depreciation	626,289
		Accrued Pension and OPEB liabilities	-
Payments to/for...		Cash transactions	
Suppliers	(591,636)	(Increase)/decrease in receivables	77,772
Employees	(580,446)	(Increase)/decrease in prepaid items	(69,973)
Taxes	(454,425)	(Increase)/decrease in inventory	(14,103)
Interfund services used	(621,833)	Increase/(decrease) in payables	(270,383)
Net cash provided (used)	<u>\$ 714,248</u>	Net cash provided (used)	<u>\$ 714,248</u>
<i>Noncapital activities:</i>		Contribution of capital assets	
Receipts from...			\$ -
Customers and users	\$ 899,181		
Interfund loans received			
Transfers from other funds			
Payments to/for...			
Interfund loans made	-		
Interfund loans repaid	-		
Transfers to other funds	(5,000)		
Net cash provided (used)	<u>\$ 894,181</u>		
<i>Capital activities:</i>			
Receipts from...			
Grants & contributions	\$ 356,910		
Bond proceeds received	-		
Transfers from other funds	-		
Payments to/for...			
Principal paid on debt	-		
Interest paid on debt	-		
Cost of bond issuance	-		
Transfers to other funds	-		
Capital spending	(278,267)		
Net cash provided (used)	<u>\$ 78,643</u>		
<i>Investing activities:</i>			
Receipts from...			
Interest earnings	\$ 112,320		
Sale of investments	10,594,191		
Payments to/for...			
Purchases of investments	-		
Net cash provided (used)	<u>10,706,511</u>		
Net change in cash & equivalents	<u>12,393,583</u>		
Cash & equivalents-beginning	6,927,913		
Cash & equivalents-ending	<u>\$ 19,321,496</u>		

WATER UTILITY

Activity for the Quarter ended March 31, 2019

Revenue and Consumption

The Water Utility has been effectively funding operations with no change to the water rates since April 2015. All water used is assessed a usage charge with a minimum monthly charge based upon the meter size. For first quarter 2019, the class of service revenue was 1.9% higher than the 2018 revenues. Billed consumption was approximately 13% higher for residential users and multifamily accounts. Commercial consumption billed was 2.9% lower when compared to 2018. The overall combined consumption increased 4% for all classes when compared to 2018.

The sales revenue by customer type for the Water Utility is shown below.

WATER

Customer Class	Consumption (Hundred Cubic Feet)	% of Total Consumption	2019 Water Sale Revenue	% of Total Water Sales Revenue
Residential	302,483	39.3%	\$1,698,654	67.6%
Commercial	406,920	52.8%	670,081	26.7%
Multifamily	60,706	7.9%	144,254	5.7%
Total	770,109	100.0%	\$2,512,989	100.0%

Expenses

The salaries and benefits expenses for first quarter 2019 were \$580,445, which represents 21% of the budget. Although the utility has already expended 63% of the estimates for overtime, the budget for intermittent salaries and PTO cash-outs will provide an offset until the summer hiring season commences.

Supplies expenses for first quarter were \$98,967, which expended 23% of the category budget. These types of purchases are driven by the timing of chemical needs, replacement of the ultraviolet light bulbs at the UV facility and periodic exchange of water meter and boxes throughout the city.

The service type expenses for first quarter 2019 totaled \$193,164, which expended 14% of the budget for this category of cost. The largest component in this category is utilities, which accounts for 73% of the service type expenses. At the end of the quarter, only 9% of the utilities budget had been expended. Mild spring weather provides delays in powering irrigation systems so this is a typical spending pattern for the Utility.

First quarter charges for interfund services were \$601,956, which expended 24% of the category budget. Fleet maintenance expenses were \$59,369, which was right on target with budget. Regular maintenance and current fuel costs have a positive impact on these service charges. The remaining cost allocation expenses recorded to date are all budget based. Until the 2018 true up is calculated, these types of service charges are static each month.

Expenses for taxes were \$499,464, which totaled 19% of the category budget. The expense recognized is a direct reflection of the utility's revenue collections, which are typically higher in the summer months.

Capital and Long-Term Debt Activity

The Water Utility has multiple capital projects planned for 2019 with financing from rates, facilities fees, bonds and grants. The total budget for capital is \$4.66 million, with actual expenses of \$54,019 for the quarter. The 2018 capital construction carryover will provide an additional \$6 million of project budget after Council approval in May.

The three most significant projects included in the 2019 budget are the Yakima River Pipeline Replacement, Automatic Meter Reading System (AMI), and the Lorayne J Water Improvements. These projects account for 65% of the capital budget but the majority of the costs will not occur until 2020. Installation of the Yakima River Pipeline is dependent on the Duportail Bridge construction schedule. The AMI project is currently in contract negotiations with the intent to award a contract in June 2019. The target completion date for this project is November 2020. The Lorayne J project is just beginning the design phase. Completion of environmental and cultural studies will also be required before construction can commence. Infrastructure construction will most likely not occur until 2020.

Revenue bonds were issued in June of 2017 to finance several capital projects, including a portion of the Yakima River Pipeline Replacement. At the end of the first quarter, unspent bond proceeds totaled \$6.16 million.

Another capital-financing component utilized by the Water Utility is facilities fees. Only \$137,500 is planned to support capital projects in 2019. At the end of the quarter, the available balance was \$4.7 million.

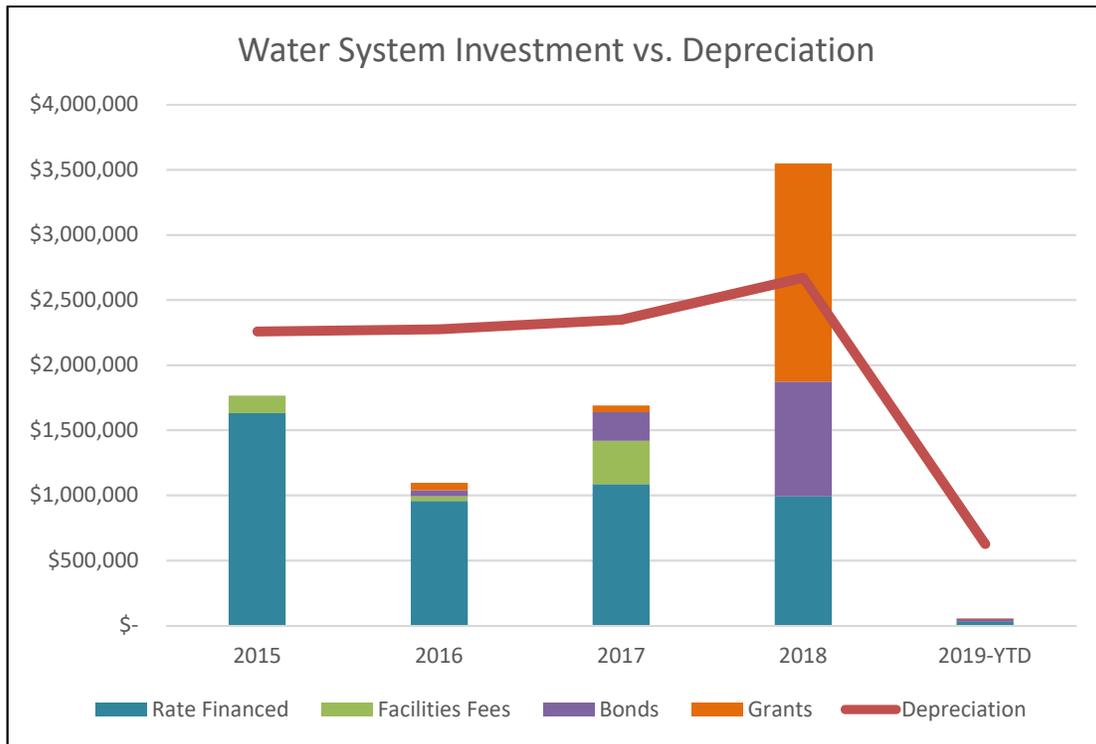
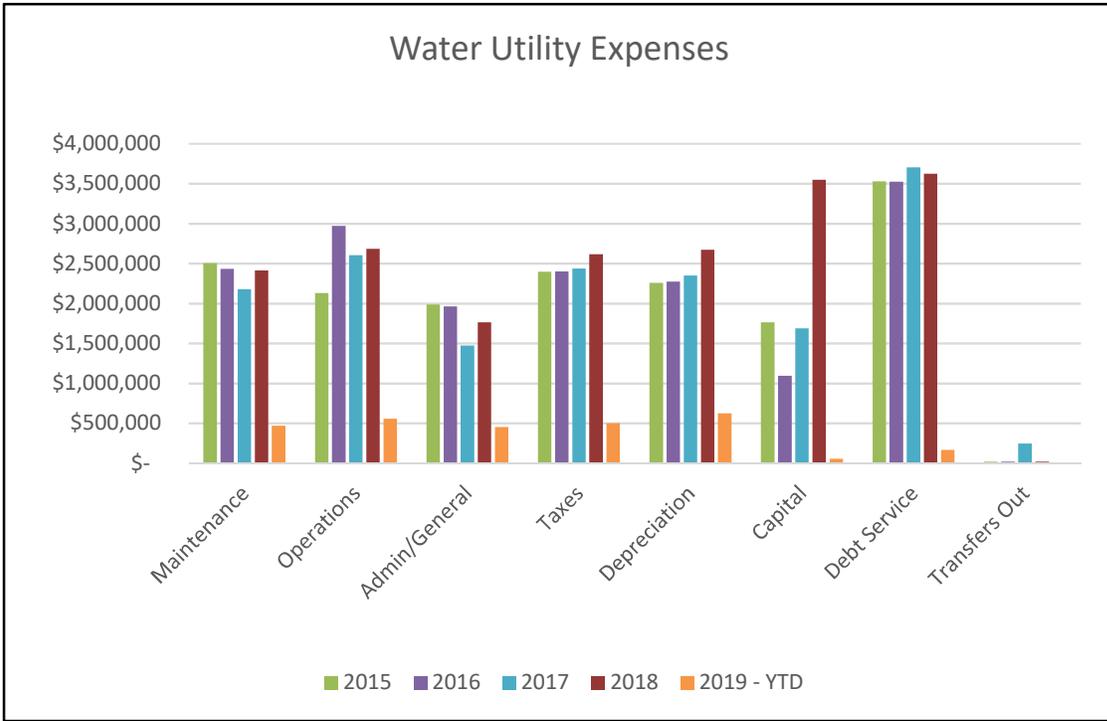
In 2018, the Water Utility issued an interfund loan for \$1,706,150 to the Streets Construction Fund, to provide interim financing of the Duportail Bridge construction. This loan bears an interest rate of 2.5% and a 5-year debt service schedule. Payments will be made from the revenues of the Transportation Benefit District Fund.

Financial Position and Economic Outlook

The utility's operating income for first quarter was \$364,646 as operating revenues outpaced the expense growth. The unreserved fund balance is currently exceeding the Utility Advisory Committee's recommended 45-day operating reserve by \$4.65 million. The available balance will support future payments of the required annual debt service and provide funding for rate supported capital projects.

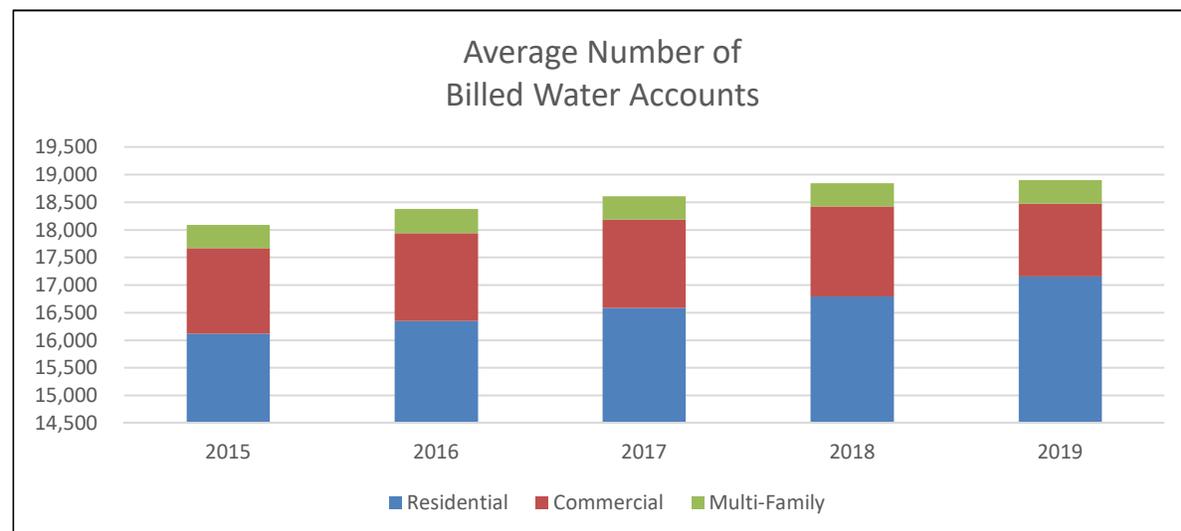
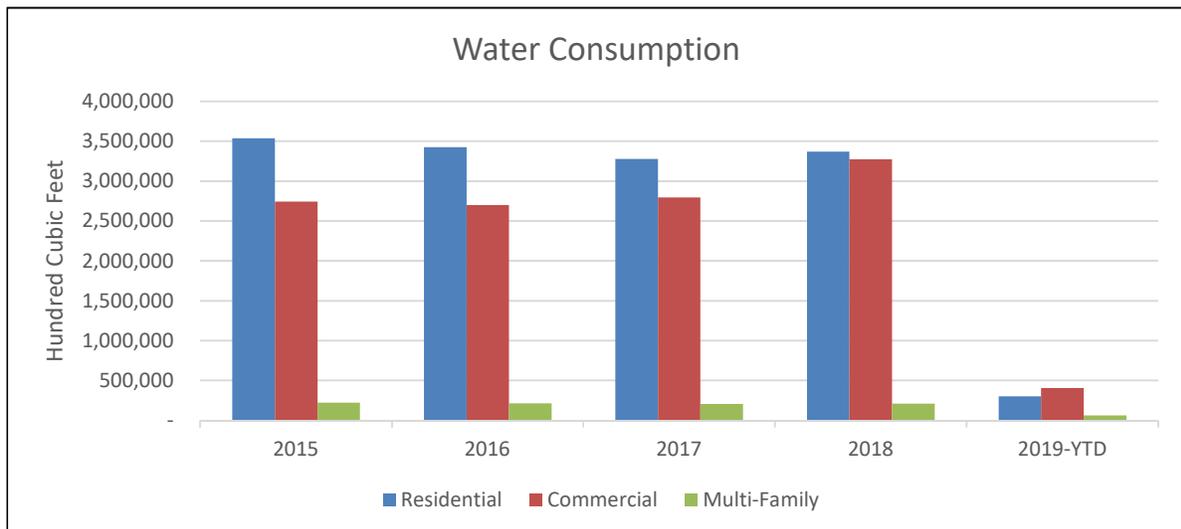
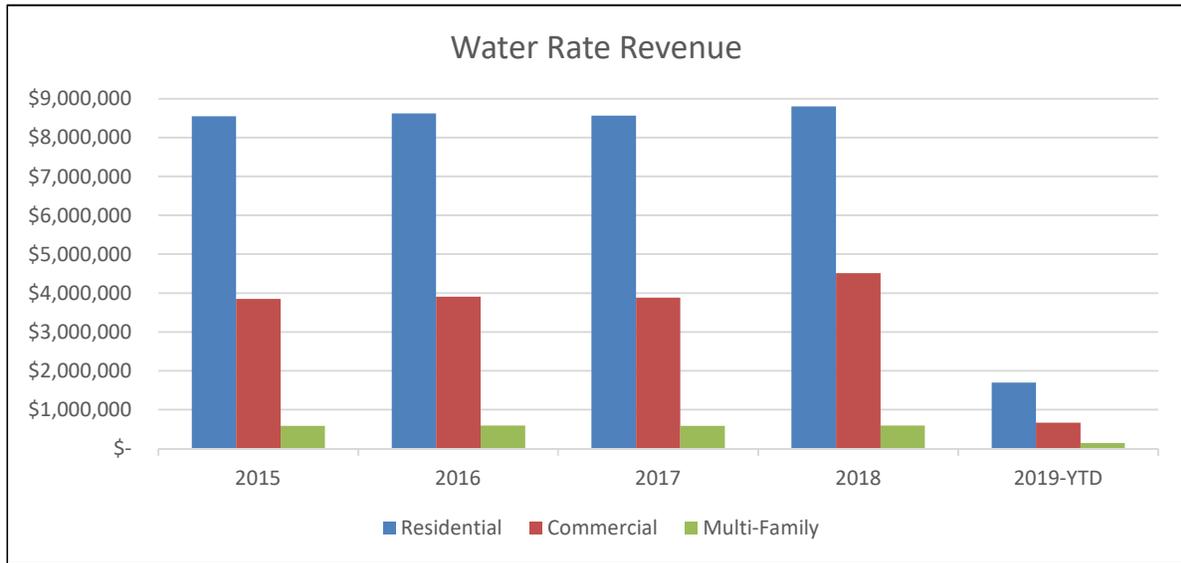
Water Fund Graphs

For the Period Ended March 31, 2019



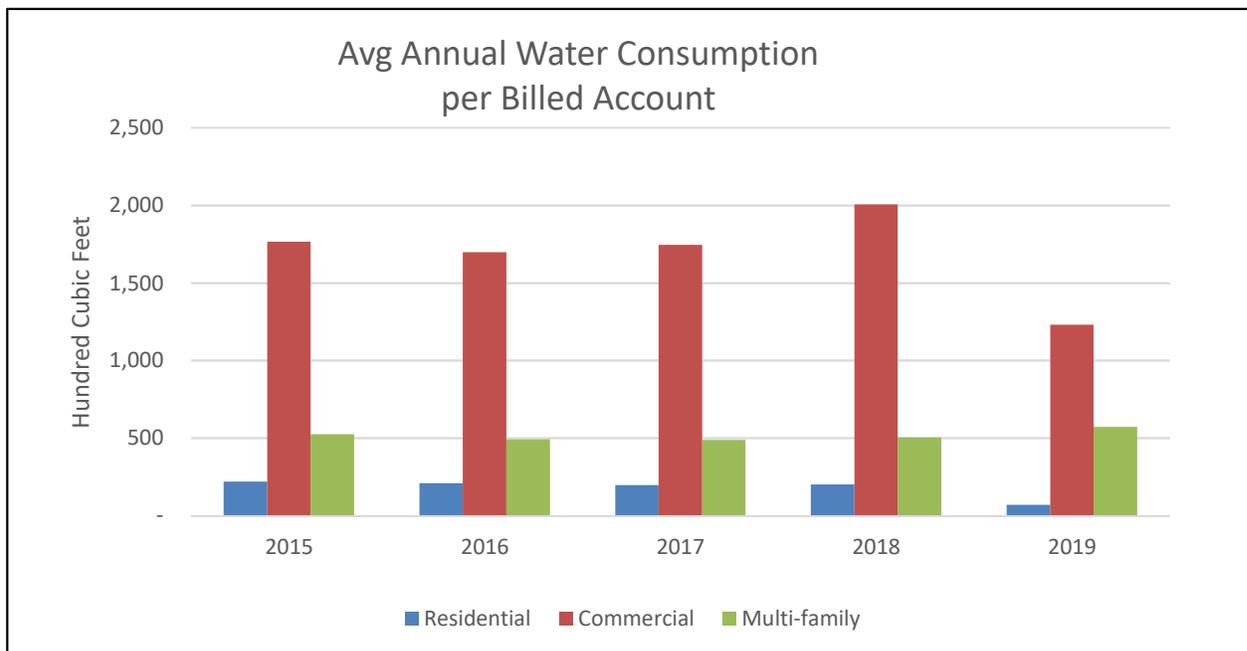
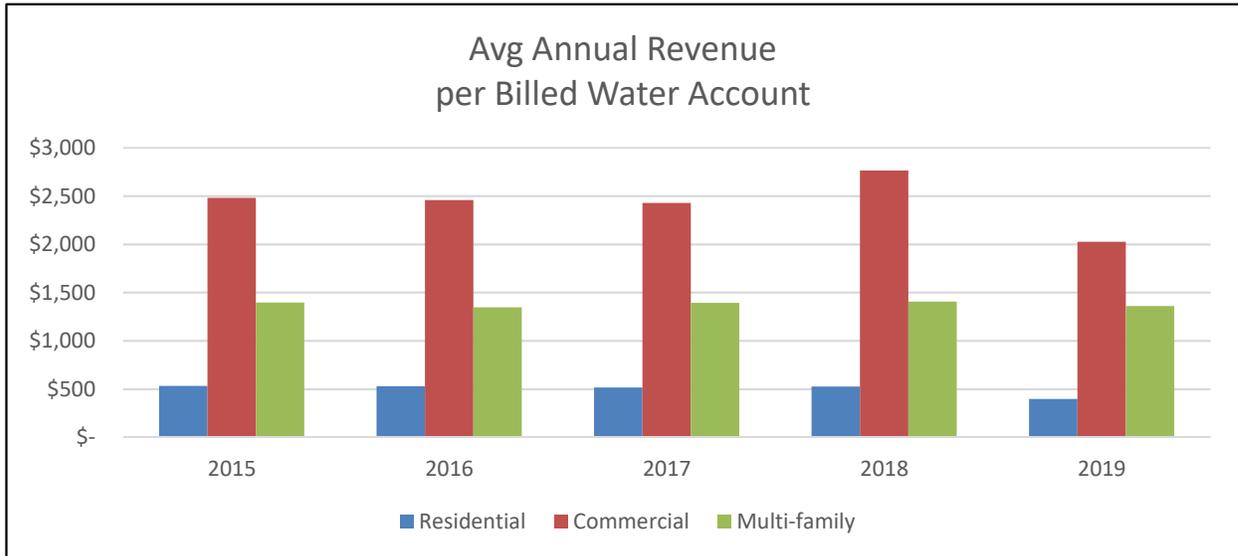
Water Fund Graphs

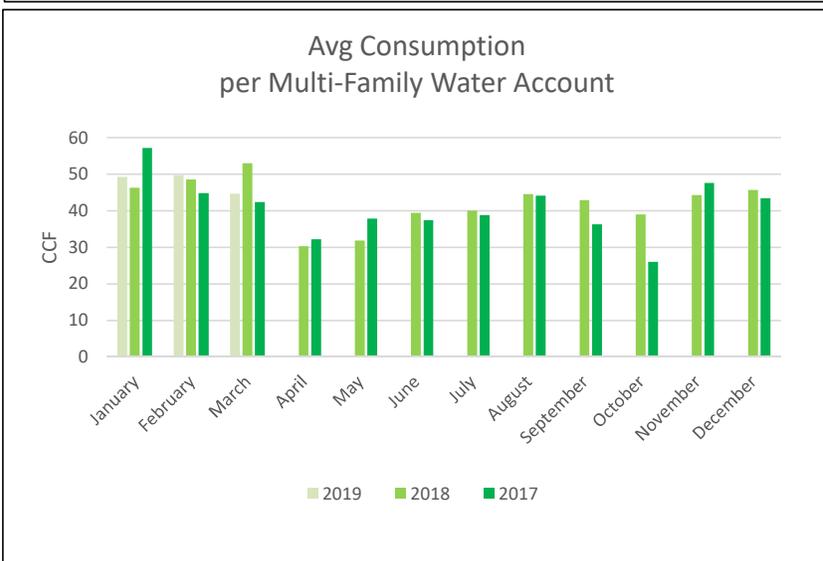
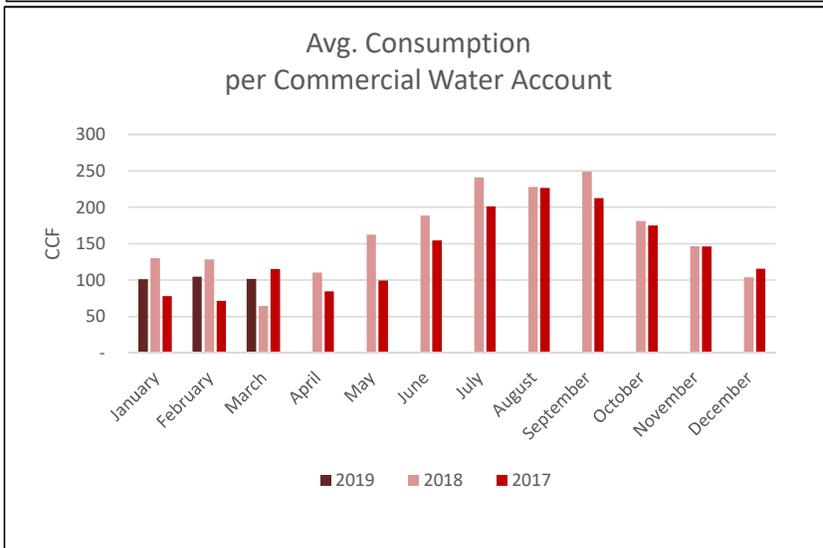
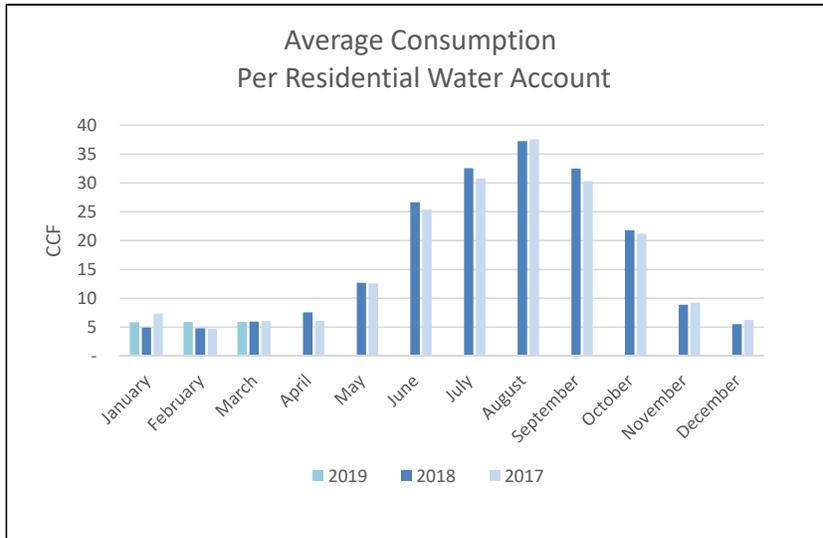
For the Period Ended March 31, 2019



Water Fund Graphs

For the Period Ended March 31, 2019







CITY OF RICHLAND, WASHINGTON
Wastewater Fund Financial Statements

For the Quarter Ended
March 31, 2019

(Unaudited)

Prepared by:
Administrative Services Department

CITY OF RICHLAND~Wastewater Fund~As of March 31, 2019

STATEMENT OF NET POSITION

ASSETS

Current:

Cash & equivalents	
Unrestricted	5,255,965
Management designated	156,000
Investments	(30,531)
Deposits with Third Parties	2,650
Receivables:	
Customer accounts (net)	588,310
Due from other governments	-
ULID Assessments - ST	13,870
Prepaid items	129,692
Inventory	1,098
Total current assets	<u>6,117,054</u>

Noncurrent:

Restricted Cash & equivalents	
Unspent bond proceeds	699,297
Unspent facilities fees	3,399,106
Debt service cash	726,868
Bond reserve covenant	535,389
Investments	
Unspent facilities fees	-
Unspent bond proceeds	-
Bond reserve covenant	281,057
Receivables	
ULID Assessments - LT	114,086
Capital assets:	
Depreciable assets (net)	10,636,955
Infrastructure (net)	46,627,994
Construction in progress	3,861,514
Total capital assets	<u>61,126,463</u>
Total noncurrent assets	<u>66,882,266</u>
Total assets	<u>72,999,320</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred Amount-Refunded Debt	282,395
Deferred Amount-Pension and OPEB	189,788
Total deferred outflow of resources	<u>472,183</u>

LIABILITIES

Current:

Accounts payable & accrued expenses	189,328
Interest on outstanding debt	213,868
Payable to other governments	20,201
Deposits payable	6,202
Compensated absences-current portion	83,687
Notes & loans payable-current portion	72,043
Revenue bonds payable-current portion	1,409,702
Total current liabilities	<u>1,995,031</u>

Noncurrent:

Compensated absences	83,687
Net pension and OPEB liabilities	1,126,931
Notes & loans payable	997,480
Revenue bonds payable	11,455,245
Unearned revenue	270,086
Total noncurrent liabilities	<u>13,933,429</u>
Total liabilities	<u>15,928,460</u>

DEFERRED INFLOW OF RESOURCES

Deferred Amount-Pension and OPEB	355,545
Total deferred inflow of resources	<u>355,545</u>

NET POSITION

Net investment in capital assets	48,043,761
Restricted for:	
Debt service	1,671,270
Capital improvements	3,399,106
Unrestricted	4,073,361
Total net position	<u><u>57,187,498</u></u>

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

OPERATING REVENUES

Charges for services:	
Rate revenues	2,301,806
All others	9,132
Other operating revenues	-
Total operating revenues	<u>2,310,938</u>

OPERATING EXPENSES

Maintenance	369,824
Operation	506,813
Administration & general	332,046
Taxes	307,297
Depreciation	473,097
Total operating expenses	<u>1,989,077</u>
Operating income (loss)	321,861

NONOPERATING REVENUES (EXPENSES)

Interest earnings	58,402
Adjustment for Fair Market Value	-
Interest expense	(109,258)
Debt costs	-
All other nonoperating revenues (expenses)	18,933
Total nonoperating revenues (expenses)	<u>(31,923)</u>
Income before capital contributions and transfers	289,938
Capital contributions	439,268
Transfers in	-
Transfers out	(12,524)
Change in net position	716,682
Net position-beginning	56,470,816
Prior period adjustment	-
Net position-ending	<u><u>57,187,498</u></u>

CITY OF RICHLAND~Wastewater Fund~As of March 31, 2019

STATEMENT OF CASH FLOWS

CASH FLOWS FROM...

Operating activities:

Receipts from...	
Customers and users	\$ 2,444,540
Interfund services provided	-
Grants & contributions	-
Payments to/for...	
Suppliers	(459,580)
Employees	(565,703)
Taxes	(287,096)
Interfund services used	<u>(399,252)</u>
Net cash provided (used)	<u>\$ 732,909</u>

Noncapital activities:

Receipts from...	
Customers and users	\$ 19,896
Interfund loans received	
Transfers from other funds	-
Payments to/for...	
Other interest expense	
Interfund loans repaid	-
Transfers to other funds	<u>(1,250)</u>
Net cash provided (used)	<u>\$ 18,646</u>

Capital activities:

Receipts from...	
Grants & contributions	\$ 439,268
Bond proceeds received	-
Interfund loans repaid	
Payments to/for...	
Principal paid on debt	-
Interest paid on debt	-
Cost of bond issuance	-
Transfers to other funds	(11,274)
Capital spending	<u>(367,256)</u>
Net cash provided (used)	<u>\$ 60,738</u>

Investing activities:

Receipts from...	
Interest earnings	\$ 58,404
Sale of investments	8,816,900
Payments to/for...	
Purchases of investments	-
Net cash provided (used)	<u>\$ 8,875,304</u>
Net change in cash & equivalents	9,687,597
Cash & equivalents-beginning	<u>1,085,028</u>
Cash & equivalents-ending	<u>\$ 10,772,625</u>

RECONCILIATION TO STATEMENT OF NET ASSETS & STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

Operating activities:

Operating income (loss)	\$ 321,861
Adjustments for...	
Noncash transactions	
Depreciation	473,097
Annual Pension & OPEB liabilities	-
Cash transactions	
(Increase)/decrease in receivables	136,296
(Increase)/decrease in prepaid items	(129,692)
(Increase)/decrease in inventory	-
Increase/(decrease) in payables	(68,653)
Net cash provided (used)	<u>\$ 732,909</u>

Contribution of capital assets

\$ -

WASTEWATER UTILITY
Activity for the Quarter Ended March 31, 2019

Revenue and Consumption

The Wastewater Utility has been effectively funding operations with no change to wastewater rates since January 2010. Class of service revenue billed for first quarter 2019 was 4.1% higher when compared to 2018. When comparing the different classes of service, additional revenue in the residential class of service is solely based upon the addition of customers. Growth in this category was 3.9%. For the commercial and multi-family classes of service, consumption is a component of the billed charges. Billed consumption for first quarter 2019 was 11.5% higher when compared to first quarter 2018. Commercial consumption increased by 24,816 units and multifamily consumption increased by 289 units.

WASTEWATER (WW)

Customer Class	2019 WW Sales Revenue	% of Total WW Sales Revenue
Residential	\$1,383,921	60.1%
Commercial	592,226	25.7%
Multi-family	325,659	14.2%
Total	\$2,301,806	100.0%

Expenses

The salaries and benefits expenses for first quarter 2019 were \$565,703, which expended 21% of the budget for this category. Although the utility has already expended 41% of the estimates for overtime, the budget for intermittent salaries and PTO cash-outs will provide an offset until the summer hiring season commences.

Recognition of supplies expenses was \$62,715, which utilized 17% of the budget for this category. There have been no extraordinary supplies purchased and the timing of purchases and chemical needs causes fluctuations in this category.

The service type expenses totaled \$178,318, which represents 22% of the budget for this category. The largest operating component is utilities expense, which was running under budget for the quarter.

The charges for interfund services for the quarter were \$399,250, which expended 24% of the category budget. Fleet maintenance expenses came in at \$38,488, which utilized 18% of the budget. Regular maintenance and current fuel costs have a positive impact on these service charges. The remaining cost allocation expenses recorded to date are all budget based. Until the 2018 true up is calculated, these types of service charges are static each month.

Expenses for taxes in the first quarter came in at \$307,297, which was right on target with the budget. The expenses recognized are a direct reflection of the utility's revenue collections.

Capital and Long-Term Debt Activity:

The Wastewater Utility continues its effort to replace and repair deteriorating sewer lines. The Utility has multiple capital projects planned for 2019 with financing from rates, facilities fees and bonds. The total budget for capital is \$568,000 with actual expenses of \$206,923 for the quarter. The 2018 capital construction carryover will provide an additional \$3.9 million of project budget after Council approval in May.

Revenue bonds were issued in June of 2017 to refund a portion of the 2009 bond issue and finance several capital projects. At the end of the quarter, there was \$699,297 of unspent bond proceeds available.

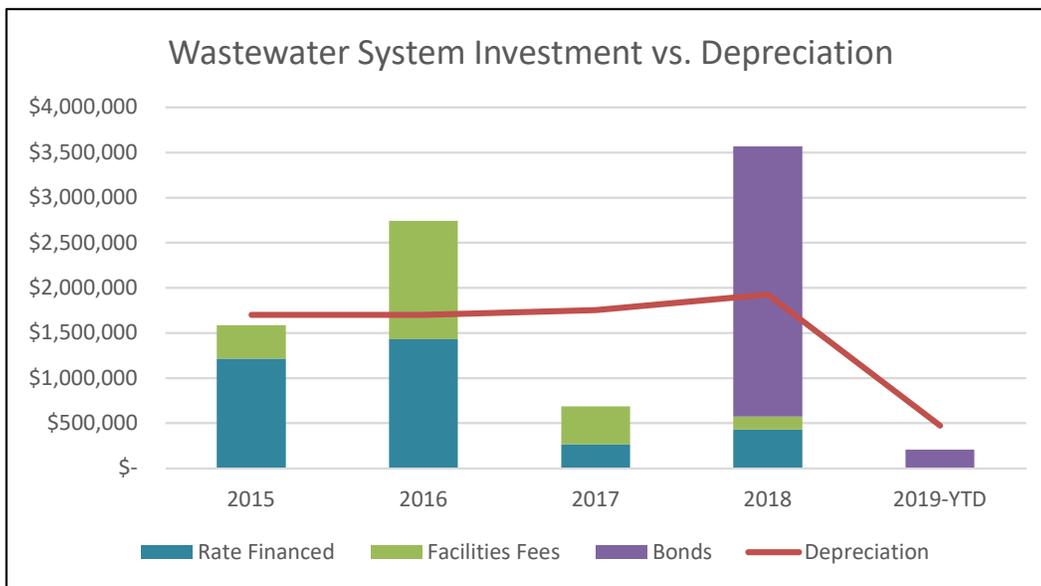
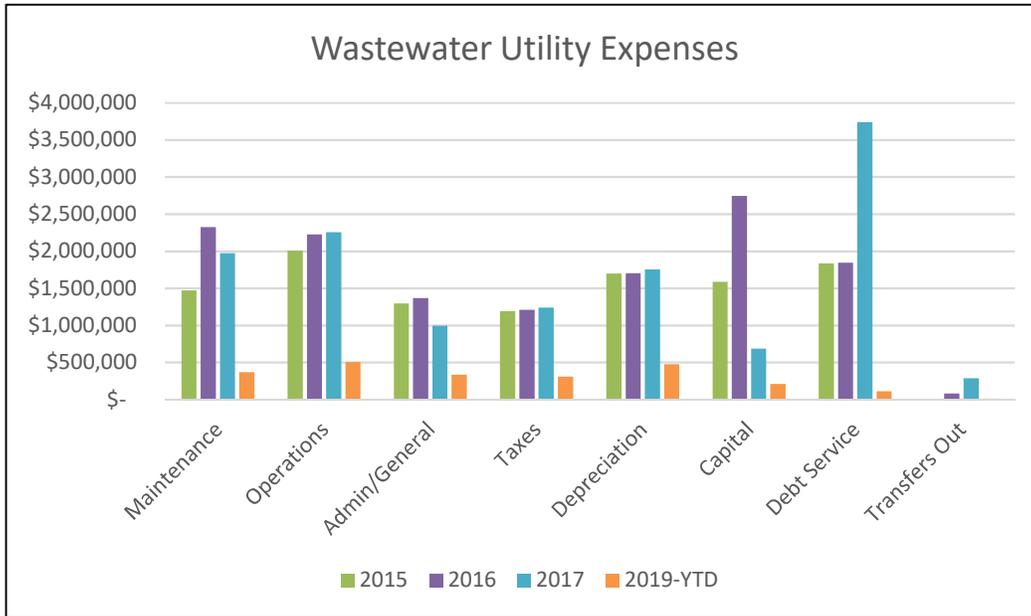
Another capital-financing component utilized by the Wastewater Utility is facilities fees. The 2019 budget earmarks \$1.75 million to spend on capital projects. As of March 31, the utility has an available balance of \$3.4 million.

Financial Position and Economic Outlook

The utility's operating income for first quarter 2019 was \$321,861 as operating revenues outpaced the expense growth. The unreserved fund balance has continued to grow and is currently exceeding the Utility Advisory Committee's recommended reserve level by \$3.4 million. The available balance will support future payments of the utility's required annual debt service and provide funding for rate supported capital projects.

Wastewater Fund Graphs

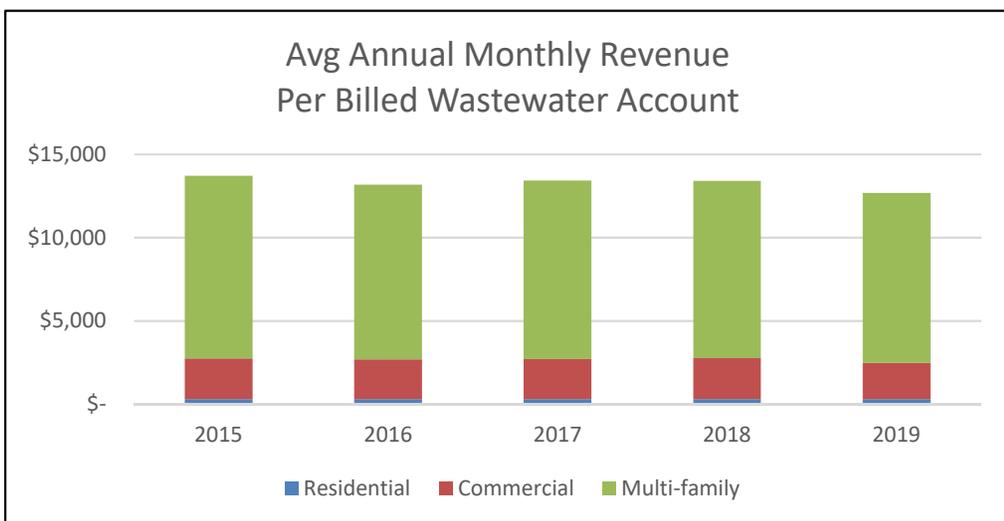
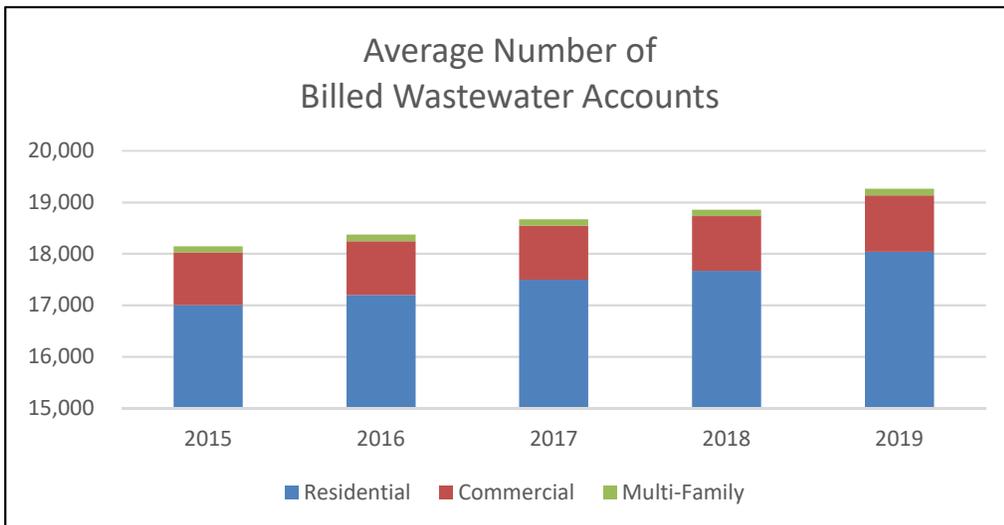
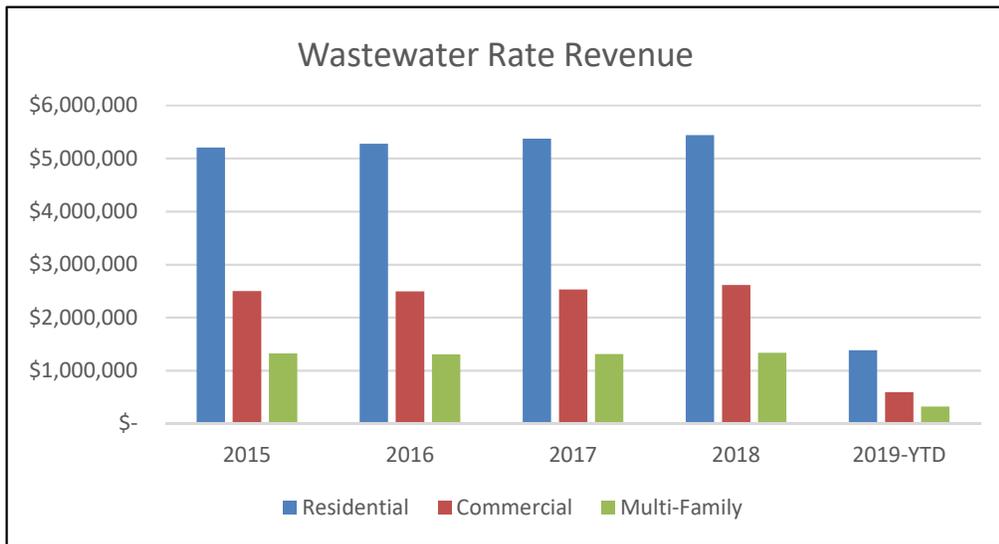
For the Period Ended March 31, 2019



CITY OF RICHLAND, WASHINGTON

Wastewater Fund Graphs

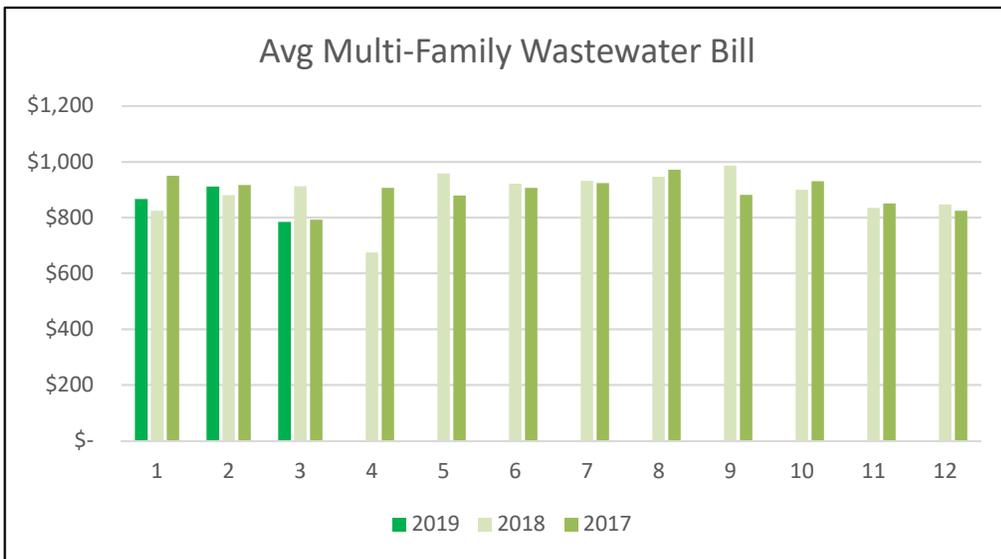
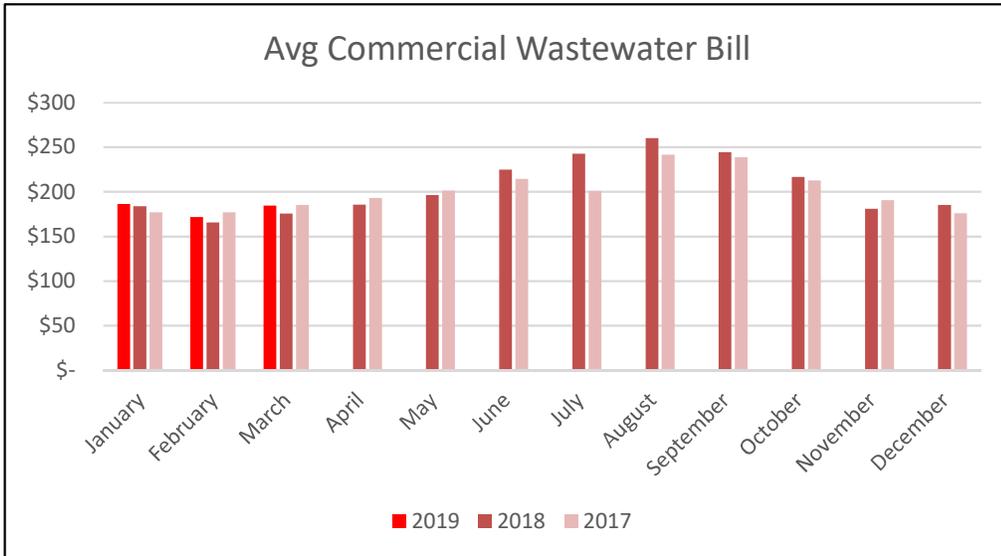
For the Period Ended March 31, 2019



CITY OF RICHLAND, WASHINGTON

Wastewater Fund Graphs

For the Period Ended March 31, 2019





CITY OF RICHLAND, WASHINGTON
Solid Waste Fund Financial Statements

For the Quarter Ended
March 31, 2019

(Unaudited)

Prepared by:
Administrative Services Department

CITY OF RICHLAND~Solid Waste Fund~As of March 31, 2019

STATEMENT OF NET POSITION

ASSETS

Current:

Cash & equivalents	
Unrestricted	4,738,532
Management designated	139,903
Investments	(24,669)
Deposits with Third Party	1,050
Receivables:	
Customer accounts (net)	654,373
Due from other funds	-
Due from other governments	-
Notes & contracts	-
Prepaid items	92,846
Total current assets	5,602,035

Noncurrent:

Restricted cash & equivalents	
Landfill closure/postclosure care	4,458,505
Scheduled debt repayments	46,375
Investments, restricted	-
Capital assets:	
Land	80,500
Depreciable assets (net)	641,006
Infrastructure (net)	1,955,909
Construction in progress	70,844
Total capital assets	2,748,259
Total noncurrent assets	7,253,139
Total assets	12,855,174

DEFERRED OUTFLOW OF RESOURCES

Deferred Amount-Refunded Debt	2,728
Deferred Amount-Pension and OPEB	246,888
Total deferred outflow of resources	249,616

LIABILITIES

Current:

Accounts payable & accrued expenses	108,820
Interest on outstanding debt	1,375
Payable to other governments	66,046
Due to other funds	-
Compensated absences-current portion	115,068
GO bonds payable-current portion	137,980
Landfill closure/postclosure care-current portion	255,000
Total current liabilities	684,289

Noncurrent:

Compensated absences	115,068
Net pension and OPEB liabilities	1,561,358
GO bonds payable	-
Landfill closure/postclosure care	6,159,192
Total noncurrent liabilities	7,835,618
Total liabilities	8,519,907

DEFERRED INFLOW OF RESOURCES

Deferred Amount-Pension and OPEB	399,900
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NET POSITION

Net investment in capital assets	2,613,007
Restricted for:	
Debt service	46,375
Capital improvements	(1,844,984)
Unrestricted	3,370,585
Total Net Position	4,184,983

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

OPERATING REVENUES

Charges for services:	
Rate revenues	1,790,768
Landfill operations	233,928
Drop Box operations	365,448
All other operating revenues	23,429
Total operating revenues	2,413,573

OPERATING EXPENSES

Collection	1,018,465
Disposal	560,310
Administration & general	306,435
Taxes	292,288
Depreciation	54,006
Total operating expenses	2,231,504
Operating income (loss)	182,069

NONOPERATING REVENUES (EXPENSES)

Interest earnings	50,921
Net change in FMV interest	-
Interest Expense	(947)
Debt costs	-
All other nonoperating revenues (expenses)	6,340
Total nonoperating revenues (expenses)	56,314
Income before capital contributions and transfers	238,383
Capital contributions	-
Transfers In	-
Transfers out	-
Change in net position	238,383
Net position-beginning	3,946,600
Prior period adjustment	-
Net position-ending	4,184,983

CITY OF RICHLAND~Solid Waste Fund~As of March 31, 2019

STATEMENT OF CASH FLOWS

CASH FLOWS FROM...

Operating activities:

Receipts from...		
Customers and users	\$	2,404,228
Interfund services provided	\$	-
Grants & contributions	\$	-
Payments to/for...		
Suppliers	\$	(445,549)
Employees	\$	(682,918)
Taxes	\$	(255,665)
Interfund services used	\$	(908,632)
Net cash provided (used)	\$	111,464

Noncapital activities:

Receipts from...		
Customers and users	\$	6,340
Interfund loans received	\$	-
Interfund loans repaid	\$	-
Transfers from other funds	\$	-
Payments to/for...		
Other interest expense	\$	-
Transfers to other funds	\$	-
Interfund loans made	\$	-
Net cash provided (used)	\$	6,340

Capital activities:

Receipts from...		
Grants & contributions	\$	-
Transfers from other funds	\$	-
Payments to/for...		
Principal paid on debt	\$	-
Interest paid on debt	\$	-
Transfers to other funds	\$	-
Capital spending	\$	(39,468)
Net cash provided (used)	\$	(39,468)

Investing activities:

Receipts from...		
Interest earnings	\$	50,922
Sale of investments	\$	6,899,557
Payments to/for...		
Purchases of investments	\$	-
Net cash provided (used)	\$	6,950,479
Net change in cash & equivalents	\$	7,028,815
Cash & equivalents-beginning	\$	2,354,500
Cash & equivalents-ending	\$	9,383,315

RECONCILIATION TO STATEMENT OF NET POSITION & STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

Operating activities:

Operating income (loss)	182,069
Adjustments for...	
Noncash transactions	
Depreciation	54,006
Annual pension and OPEB liabilities	-
Cash transactions	
(Increase)/decrease in receivables	(4,593)
(Increase)/decrease in prepaid expenses	(92,846)
(Increase)/decrease in deferred charges	-
(Increase)/decrease in claims & judgements	-
Increase/(decrease) in payables	(27,172)
Increase/(decrease) in unearned revenues	-
Net cash provided (used)	111,464

SOLID WASTE UTILITY
Activity for the Quarter Ended March 31, 2019

Revenue

Collection service revenues are typically level from month to month and represent collection containers at fixed locations. When comparing revenue collections of first quarter 2019 to 2018, there was an increase of \$40,797 or 2.3% in this category. The revenue earned by the landfill decreased \$20,414 or 8.4%. Drop box revenues increased \$72,094, or 24.6% more than 2018. This revenue typically fluctuates with the construction cycle.

The breakdown of utility billing charges by customer type for the Solid Waste Utility is shown below.

SOLID WASTE		
Customer Class	2019 Collection Revenue	% of Total Solid Waste Revenue
Residential	\$1,067,995	59.6%
Commercial	722,773	40.4%
Total	\$1,790,768	100.0%

Expenses

The salaries and benefits expenses for first quarter 2019 totaled \$682,918, which was 22% of the category budget. Although overtime and PTO cash outs were higher than anticipated, the budget for intermittent salaries will provide an offset until the summer hiring season commences.

Recognition of supplies expenses totaled \$87,341, which was 34% of the category budget. The largest supplies component is the purchase of new containers, which comprises 59% of the supplies budget. Expenses for containers were \$61,505, which is 40% of the line-item budget. There was also \$21,572 spent on software licensing and upgrades for the Routeware system.

The service type expenditures for the quarter totaled \$201,566, which was only 19% of the budget for this category. The largest components in this category are expert services and recycling processing fees. Processing fees have been escalating for the recycling industry but first quarter expenses of \$85,808 only utilized 19% of the line-item budget. Likewise, the expert services costs were only \$28,033, which is only 8% of the allocation. Expert services are comprised mainly of contamination remediation efforts, groundwater and gas monitoring, and the related lab work.

Expenses for interfund services totaled \$908,630, which is 26% of the budget for this category. Charges for fleet maintenance were \$425,150, which exceeded the line-item budget by 3.5% for the quarter. This is the largest component of this expense category for the Solid Waste Utility. While replacement of the aging fleet and level fuel costs are having a positive impact on these service charges, there were several costly repairs required during the quarter, which drove expenses over the budget. The remaining cost allocation expenses recorded to date are all budget based. Until the 2018 true up is calculated, these types of service charges are static each month.

Expenses for first quarter taxes were \$292,288, which is right on target with the category budget. The expenses recognized are a direct reflection of our revenue collections.

Capital and Long-Term Debt Activity

For 2019, the Solid Waste Utility has four planned projects. The 2019 capital budget set aside is \$7.7 million and the 2018 capital construction carryover will provide an additional \$1.3 million of project budget after Council approval in May. The most significant project is the design and beginning of construction of the next disposal cell. There is \$247,000 budgeted for compost processing improvements, \$225,000 for planning closure of the retired cell and a modest \$20,000 to rehab the concrete floor in the maintenance building. Total capital spending for the quarter was \$19,685. The 2018 capital construction carryover will provide an additional \$1.3 million of project budget after Council approval in May.

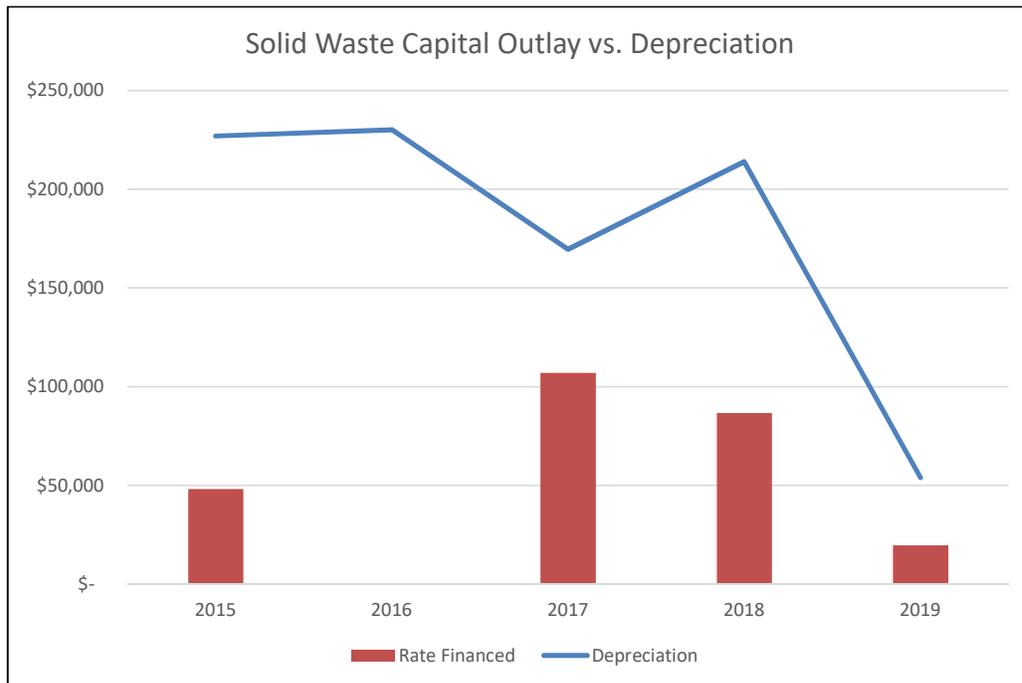
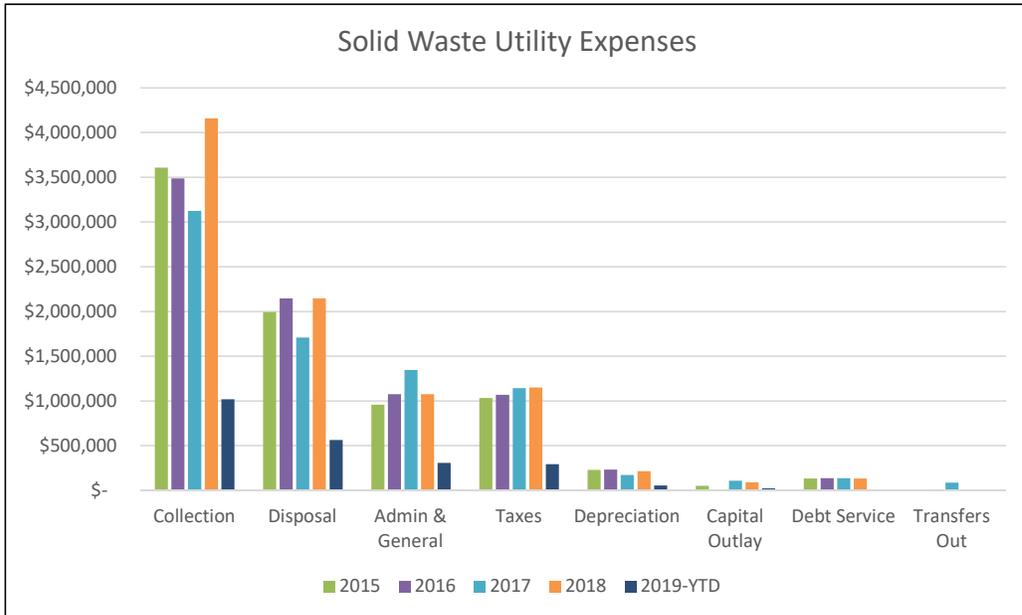
Financial Position and Economic Outlook

For first quarter 2019, the results of operations for the Solid Waste Utility reflected a net income of \$182,069. The unreserved fund balance is currently exceeding the UAC recommended level by \$568,200 after covering the \$1.96 million unfunded portion of the estimated liability for post-closure care recognized through 2018. We will continue to monitor our operations closely and will maintain our financial position through on-going collection of rate revenues and continued efforts toward cost containment.

Landfill Closure and Post-Closure Care Liability

The City's closure/post-closure operations plan is divided into two phases. First phase construction was completed in 2011 and the remaining landfill area is anticipated to reach full capacity and require closure in 2020.

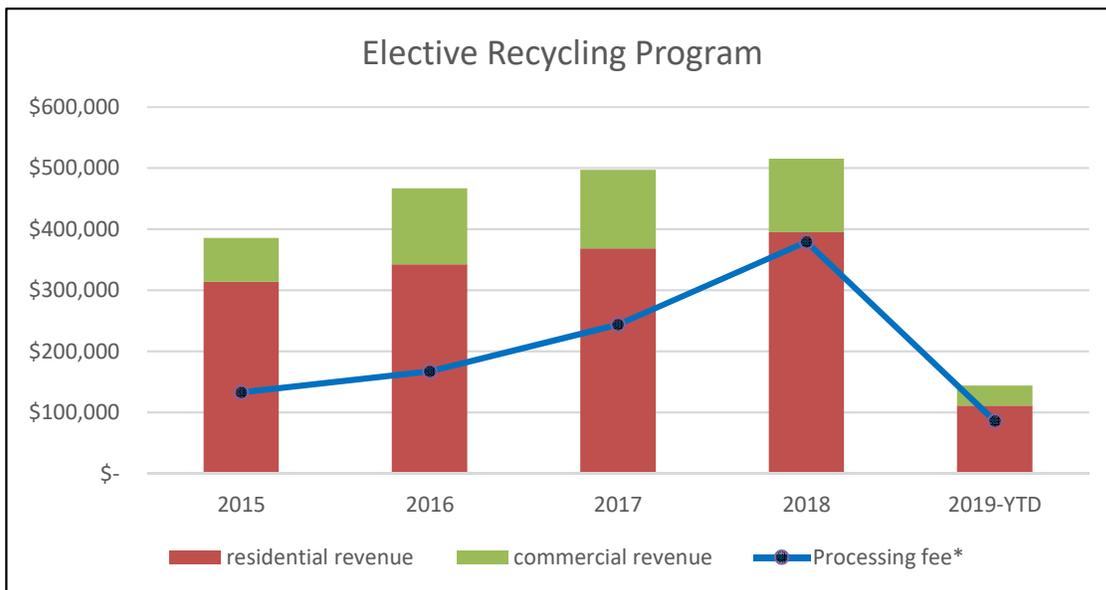
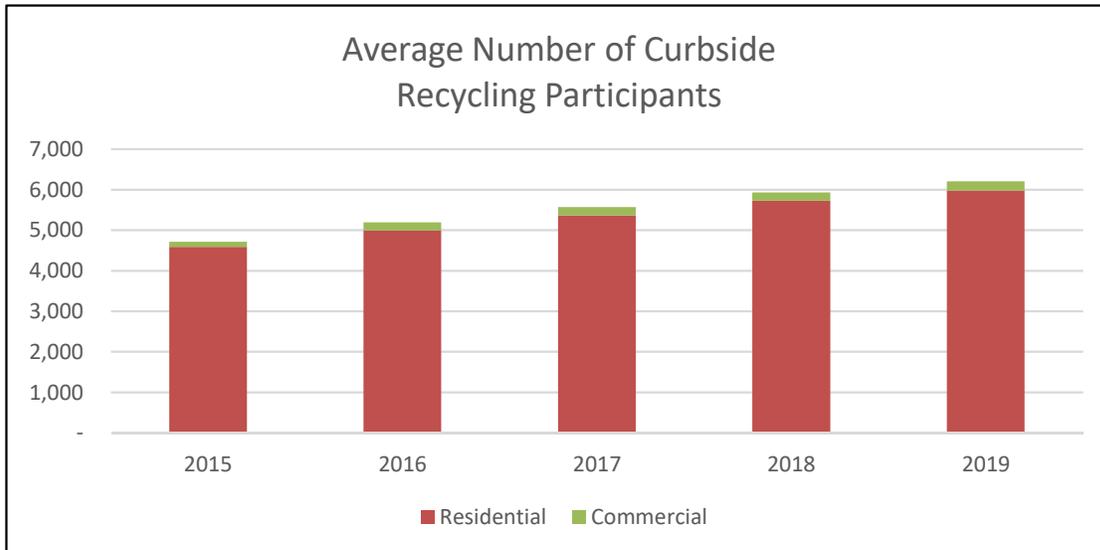
At the end of the quarter, the City had sufficient funds set aside to fund the projected \$3,780,000 construction costs of the second phase closure infrastructure and provide 20% of the estimated \$3.45 million post-closure monitoring expenses. Post-closure care is required for 30 years after the cell stops accepting waste. Cash and investments designated for landfill closure totaled \$4,458,505 as of March 31. The additional reserves necessary to fund post-closure care will be provided annually with rate revenue. The estimate of the cost to close and provide post closure care may differ from the actual cost due to inflation, changes in technology, or changes in regulations.



CITY OF RICHLAND, WASHINGTON

Solid Waste Fund Graphs

For the Period Ended March 31, 2019

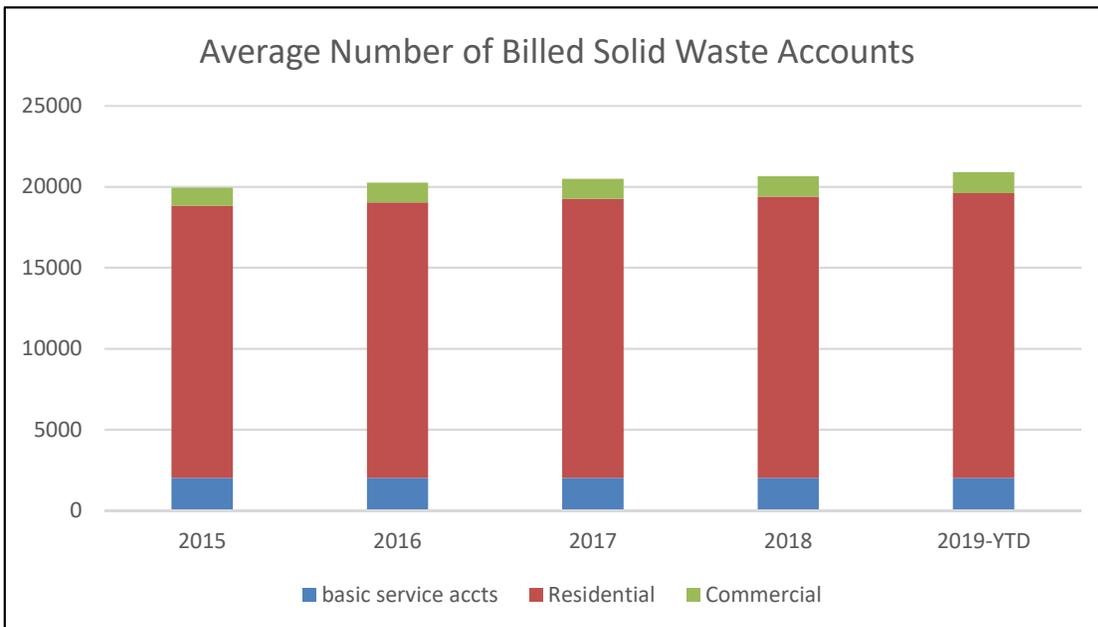
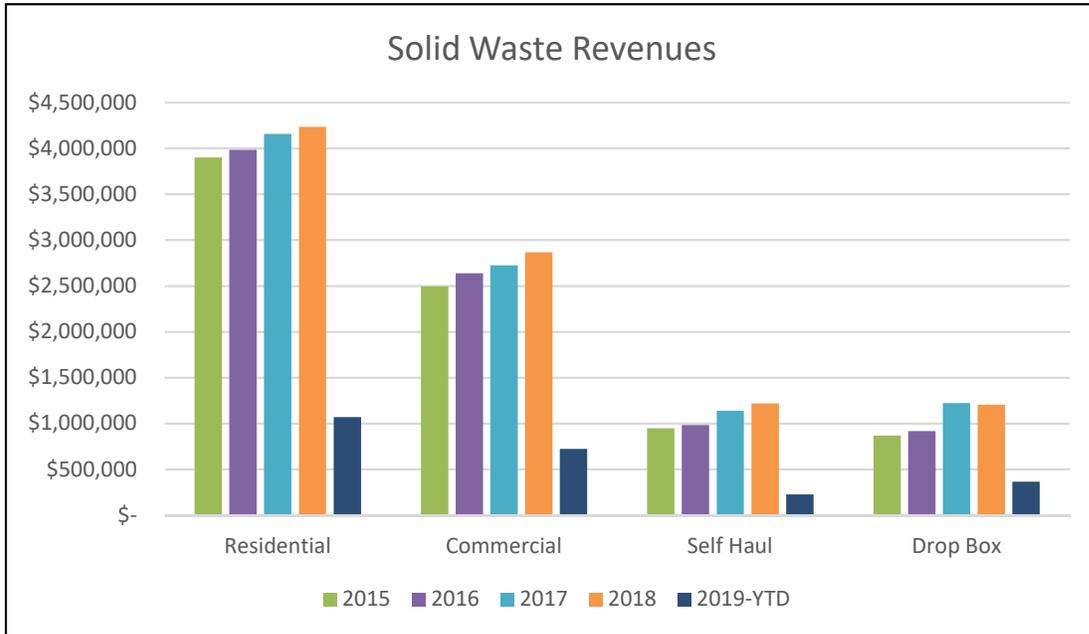


* The processing fee is the direct material handling fee assessed by an outside agency. This does not reflect the total cost of the recycling collection services provided by the City.

CITY OF RICHLAND, WASHINGTON

Solid Waste Fund Graphs

For the Period Ended March 31, 2019





CITY OF RICHLAND, WASHINGTON

**Stormwater Fund Financial
Statements**

**For the Quarter Ended
March 31, 2019**
(Unaudited)

Prepared by:
Administrative Services Department

CITY OF RICHLAND~Stormwater Fund~As of March 31, 2019

STATEMENT OF NET POSITION

ASSETS		LIABILITIES	
<i>Current:</i>		<i>Current:</i>	
Cash & equivalents		Accounts payable & accrued expenses	\$ 5,780
Unrestricted	\$ 2,581,410	Interest on outstanding debt	15,865
Management designated	-	Payable to other governments	2,309
Investments	(7,787)	Compensated absences-current portion	10,100
		Claims & judgements-current portion	-
Receivables:		Notes & loans payable-current portion	95,054
Customer accounts (net)	103,238	Revenue bonds payable-current portion	115,000
Due from other funds	-	Total current liabilities	244,108
Due from other governments	50,000		
Prepaid Items	1,597	<i>Noncurrent:</i>	
Total current assets	2,728,458	Due to other funds	-
		Compensated absences	10,101
<i>Noncurrent:</i>		Claims & judgements	-
Restricted cash & equivalents		Net pension and OPEB liabilities	117,927
Unspent bond proceeds	-	Notes & loans payable	91,401
Scheduled debt repayments	89,720	Revenue bonds payable	851,136
Bond reserve covenant	67,084	Unearned revenue	-
Restricted Investments	-	Total noncurrent liabilities	1,070,565
		Total liabilities	1,314,673
Capital assets:		DEFERRED INFLOW OF RESOURCES	
Land	8,587	Deferred amount-pension & OPEB	32,477
Depreciable assets (net)	10,294		
Infrastructure (net)	9,174,411	NET POSITION	
Construction in progress	67,088	Net investment in capital assets	8,166,260
Total capital assets	9,260,380	Restricted for:	
Total noncurrent assets	9,417,184	Debt service	156,804
Total assets	12,145,642	Capital improvements	-
		Unrestricted	2,553,158
DEFERRED OUTFLOW OF RESOURCES		Total net position	\$ 10,876,222
Deferred amount-Refunded Debt	\$ 58,471		
Deferred amount-Pension & OPEB	19,259		
Total deferred outflow of resources	77,730		

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

OPERATING REVENUES		NONOPERATING REVENUES (EXPENSES)	
Charges for services:		Interest earnings	\$ 13,425
Rate revenues	\$ 469,619	Net change in FMV interest	-
All others	4,566	Interest expense	(9,934)
Other operating revenues	-	Debt costs	-
Total operating revenues	474,185	All other nonoperating revenues (expenses)	(1,136)
		Total nonoperating revenues (expenses)	2,355
OPERATING EXPENSES		Income before capital contributions and transfers	148,806
Maintenance & Operation	111,289	Capital contributions	-
Administration & general	108,261	Transfers in	-
Taxes	49,729	Transfers out	-
Depreciation	58,455	Change in net position	148,806
Total operating expenses	327,734	Net position-beginning	10,727,416
Operating income (loss)	\$ 146,451	Prior period adjustment	-
		Net position-ending	\$ 10,876,222

CITY OF RICHLAND~Stormwater Fund~As of March 31, 2019

STATEMENT OF CASH FLOWS

CASH FLOWS FROM...

Operating activities:

Receipts from...	
Customers and users	\$ 488,708
Interfund services provided	-
Grants & contributions	-
Payments to/for...	
Suppliers	(56,427)
Employees	(39,915)
Taxes	(47,419)
Interfund services used	<u>(145,084)</u>
Net cash provided (used)	<u>\$ 199,863</u>

Noncapital activities:

Receipts from...	
Customers and users	\$ 75
Grants & contributions	-
Transfers from other funds	-
Payments to/for...	
Other interest expense	-
Interfund loans repaid	-
Transfers to other funds	-
Net cash provided (used)	<u>\$ 75</u>

Capital activities:

Receipts from...	
Bond proceeds	\$ -
Transfers from other funds	-
Payments to/for...	
Principal paid on debt	(4,471)
Interest paid on debt	(1,178)
Debt Issuance Costs	-
Transfers to other funds	-
Capital spending	<u>(33,263)</u>
Net cash provided (used)	<u>\$ (38,912)</u>

Investing activities:

Receipts from...	
Interest earnings	\$ 13,424
Sale of investments	2,177,814
Payments to/for...	
Purchases of investments	-
Net cash provided (used)	<u>\$ 2,191,238</u>
Net change in cash & equivalents	2,352,264
Cash & equivalents-beginning	385,950
Cash & equivalents-ending	<u><u>\$ 2,738,214</u></u>

RECONCILIATION TO STATEMENT OF NET POSITION & STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

Operating activities:

Operating income (loss)	\$ 146,451
Adjustments for...	
Noncash transactions	
Depreciation	58,455
Annual pension liability	-
Cash transactions	
(Increase)/decrease in receivables	15,057
(Increase)/decrease in prepaid items	(1,597)
(Increase)/decrease in inventory	-
Increase/(decrease) in payables	(18,503)
Increase/(decrease) in unearned revenues	-
Net cash provided (used)	<u>\$ 199,863</u>

Contribution of capital assets

\$ -

STORMWATER UTILITY
Activity for the Quarter Ended March 31, 2019

Revenue

The Stormwater Utility has been effectively funding operations with no change to the utility rates since 2009. For first quarter 2019, revenues for both residential and commercial classes increased an overall 1.2% when compared with 2018. The breakdown of utility billing charges by customer type for the Stormwater Utility is shown below.

STORMWATER

Customer Class	2019 Stormwater Revenue	% of Total Stormwater Revenue
Residential	\$215,937	46%
Commercial	253,682	54%
Total	\$469,619	100%

Expenses

The salaries and benefits expenses totaled \$39,915 for the first quarter 2019. These expenses represent 16% of the available category budget due to a vacant position.

Recognition of supplies expenses totaled \$1,469, which is only 4.6% of the category budget. The majority of supplies are for repairs completed in the summer months, so purchases have not been completed yet. Additionally, 17% of the supplies budget is dedicated to software upgrades which have not occurred yet.

The service type expenses totaled \$32,548 for the quarter, which expended 34% of the budget for this category. Utilities charges were ahead of schedule due to charges for disposal of street sweeping and pond debris. The majority of the expenses this quarter were due to payment of the first half of the Stormwater operating permit.

For interfund services, the quarterly expenses of \$145,084 only consumed 18% of the budget for this category. Fleet maintenance expenses of \$15,184 only consumed 10% of the line-item budget. Regular maintenance and current fuel costs have a positive impact on these service charges. There were also no charges for Street Sweeping services recognized during the quarter, which normally accounts for 17% of the category budget allocation. The staff resources available for all necessary street maintenance tasks limits the amount of street sweeping that can be performed during the year. The remaining cost allocation expenses recorded to date are all budget based. Until the 2018 true up is calculated, these types of service charges are static each month.

Expenses for taxes were \$49,729 for first quarter 2019, which was right on budget. The expenses recognized are a direct reflection of our revenue collections.

Capital and Long-Term Debt Activity

For 2019, the Stormwater Utility has several planned capital projects. The utility plans to replace an existing undersized pipeline along Leslie Rd. and complete Stormwater improvements in the Columbia Park Trail area. The 2019 budget sets aside \$1 million for these projects and the 2018 capital construction carryover will provide an additional \$1.7 million of project budget after Council approval in May.

Construction projects of this nature typically occur in the summer months but work force constraints and grant applications are contributing to delays in project scheduling. Capital outlay of only \$33,263 occurred during the first quarter. These projects will be funded with a combination of rate revenue and grants.

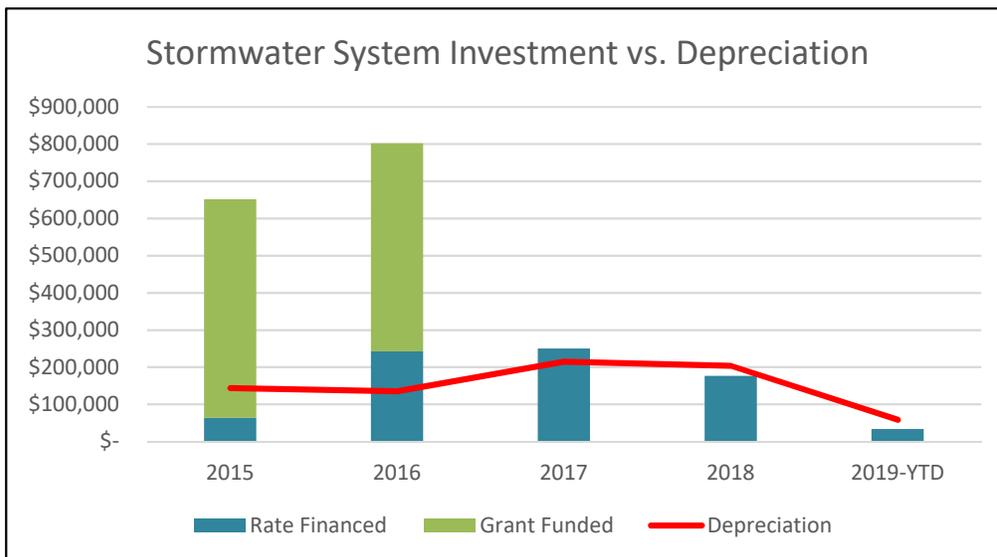
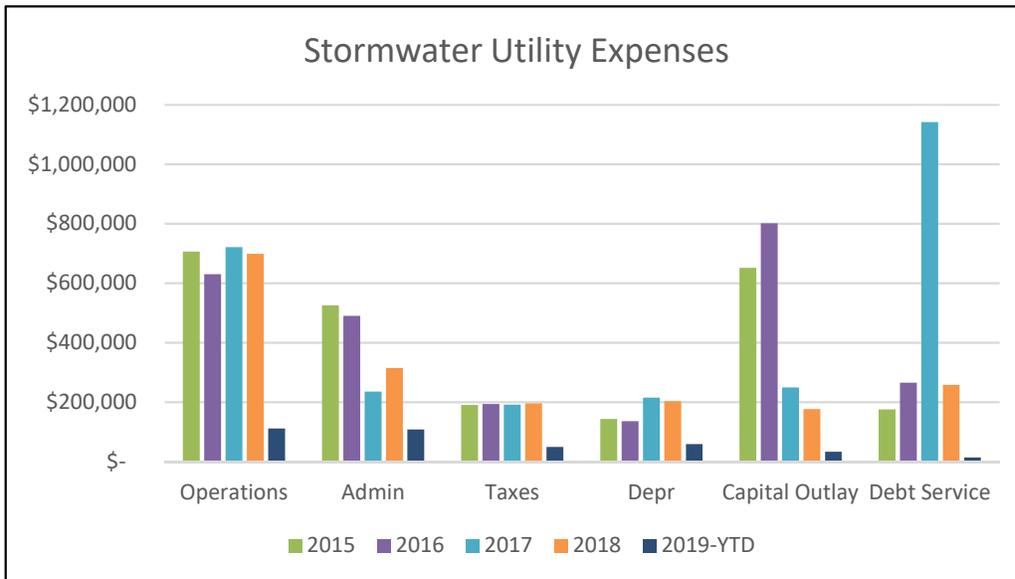
Financial Position and Economic Outlook

The utility's operating income for first quarter 2019 is \$146,451. Operating revenues outpaced operating expenses, contributing towards an unreserved fund balance, which is exceeding the UAC recommended level by \$2.4 million. The available balance will support payments of the utility's annual debt service and provide funding for rate supported capital projects.

CITY OF RICHLAND, WASHINGTON

Stormwater Fund Graphs

For the Period Ended March 31, 2019



CITY OF RICHLAND, WASHINGTON

Stormwater Fund Graphs

For the Period Ended March 31, 2019

