City of Walla Walla
Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2011

CITY OF WALLA WALLA

WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

December 31, 2011

Prepared by:

Support Services Department

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“Sometimes the questions are complicated and the answers are simple.”

Dr. Seuss

CITY OF
WALLA WALLA

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July 27, 2012

To the Honorable Mayor, Members of the Council, and Citizens of the City of Walla Walla:

State law requires that within 150 days of the close of each fiscal year all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Pursuant to that requirement, we filed initial statements with the State Auditor's Office and are hereby issuing a finalized and audited comprehensive annual financial report of the City of Walla Walla for the fiscal year ended December 31, 2011.

This report consists of management's representations concerning the finances of the City of Walla Walla. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Walla Walla has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Walla Walla financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Walla Walla's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Walla Walla financial statements have been audited by the Washington State Auditor's Office. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Walla Walla for the fiscal year ended December 31, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Walla Walla financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in

conjunction with it. The City of Walla Walla's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1862, is located in the southeastern section of the State, six miles north of the Washington-Oregon border, 271 miles southeast of the City of Seattle and 158 miles south of the City of Spokane. The City encompasses an area of approximately 10.9 square miles and is the largest city and the county seat of Walla Walla County. The City's 2011 population is 31,670.

The City operates under the council-manager form of government. A seven-member City Council is the legislative body of the City and establishes and controls policy for the City. Council members are elected on a non-partisan at-large basis to staggered four-year terms by the qualified electors of the City. The City Council elects one of its members to serve as Mayor for a two-year term. The City Manager is appointed by the City Council to act as the City's chief executive officer. The City Manager is responsible for carrying out the policies and ordinances of the governing council; for overseeing the day-to-day operations of the government; and for appointing the heads of the various departments.

The City of Walla Walla is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing advisory boards and commissions.

The City of Walla Walla provides a full range of services, including police and fire protection; ambulance services; the construction and maintenance of streets and other infrastructure; recreational and library services; parks; water, wastewater, sanitation, storm water, and landfill utilities; a golf course; and a cemetery.

The 2011-12 biennial budget served as the foundation for the City of Walla Walla's financial planning and control in 2011. All departments of the City of Walla Walla are required to submit requests for appropriation to the City Manager in early July of the year preceding the biennium. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to October 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Walla Walla's fiscal year. The appropriated budget is adopted by fund. The City Manager may authorize the transfer of appropriations within a fund. Transfers of appropriations between funds and amendments to appropriations, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated biennial budget has been adopted. For the general fund, this comparison is presented on page 36 as part of the basic financial statements for the governmental funds.

Local economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Walla Walla operates.

The economy of the City is based on a mix of agriculture and related agri-business, various manufacturing firms, higher education, health care, trade, tourism and government. It serves as a regional hub for health care and higher education. Its economic base continues to diversify from its historical dependence on agriculture to other major employers.

Agriculture

The City is located in one of the primary agriculture-producing regions of the state and lies on the eastern edge of the Columbia and Snake River basins in southeastern Washington. As a regional center, the City serves as the marketing, trading and educational hub for over 50,000 people in southeastern Washington and northeastern Oregon. The County has approximately two-thirds of its acreage classified as suitable for the growing of grain, green peas and other specialty crops. Approximately 16 percent of the 587,600 acres of tillable land in the County is irrigated.

The County's most important commercial crop is wheat, and it ranks among the top in the state in the crop's production. Other significant local crops include asparagus, spinach, potatoes, peas, alfalfa hay, barley, corn, wine grapes, and Walla Walla sweet onions. Over the last few years, the total value of fruits in the County has increased due to the expansion of apple orchards and vineyards. Grape vineyards and wineries comprise an important and growing industry in the County. There are over 140 wineries and over 1,500 acres of planted vineyards in the area. The wineries employ over 200 permanent, year round employees, and the economic impact of the wine industry in the area is estimated at more than $100 million annually.

Food Processing and Manufacturing

The primary livestock farming activity in the County is beef cattle production. Headquartered in Springdale, Arkansas, Tyson Foods, Inc. (formerly Iowa Beef Packing (IBP)) operates a large beef packing plant in Wallula, 35 miles from the City, which employs over 1,200 workers. Simplot Feeders operates large beef cattle feed lots in the County. Broetje Orchards is among the larger orchards in the County, with between 1,164 and 2,798 (seasonal) people employed in the growing, packing, and shipping of apples. Cliffstar produces fruit juices sold by grocery chains under store labels. Key Technology produces automated optical sorting and quality management equipment for the food processing industry, serving major domestic and international customers and employs approximately 467 full-time employees. Nelson Irrigation Corporation manufactures agricultural and turf irrigation equipment and currently employs approximately 170 people. Boise Inc., formerly Boise Cascade, has a labor force of over 600 in its Wallula location.

Health Care

The City serves as a health care center for southeastern Washington and northeastern Oregon. Facilities include a U.S. Veterans Administration Medical Center, Providence St. Mary Medical Center and Walla Walla General Hospital. Complete diagnostic and treatment services, as well as emergency and trauma care, are provided at these facilities. At the VA Campus three significant medical facilities are under construction including a 70,000 square foot clinic; a residential rehabilitation center; and a specialty care services facilities. Also, funding for the Walla Walla Veterans Home has been approved at the State and Federal level. The Home will add 100 health care jobs to the community.

Government

The City is the location of several major government installations including the Walla Walla County seat; the U.S. Army Corps of Engineers' district headquarters which administers programs in portions of six states; the Washington State Penitentiary, the largest non-manufacturing employer in the City; the Walla Walla Veterans Administration Medical Center; and the Bonneville Power Administration, another local federal government employer.

Higher Education

The City is home to two institutions of higher learning, Whitman College, the oldest institution of higher learning in the state, and Walla Walla Community College, a two-year state college. Walla Walla University is located next door in College Place.

Retail

The City in partnership with the business community developed a revision of the 1989 Downtown Master Plan. That previous plan led to over $50 million in reinvestment in the downtown. The revised plan was adopted in late 2004 and serves to further enhance and improve the Walla Walla downtown, which was recognized in 2001 as a Great American Main Street Award winner and in 2011 as the "Friendliest Town in America. The continuing development of downtown envisions premium more wine shops, fine dining and lodging, and an artists' quarter coupled all in an active retail core which is supported by a solid employment base and downtown residences.

Blue Mountain Mall, a regional retail center opened in 1989 to serve southeast Washington, northeast Oregon and southwest Idaho. Home Depot, a national home improvement chain, recently opened an 110,000 square foot store in College Place, adjacent to the Blue Mountain Mall. The Mall itself is undergoing a major renovation which has been delayed due to the credit market.

Tourism

Tourism, largely spawned by the growing wine industry and enhanced by the interest in heritage and recreational tourism, has become a significant industry for Walla Walla. The lodging and other related industries have grown significantly in the last several years adding further diversity to the local economy.

Long-term financial planning

The City of Walla Walla has endeavored to strategically plan for its financial future with flexible responsiveness in mind, thereby positioning itself to react in an effective way to the sometimes unpredictable and dynamic demands and limitations that present themselves to public agencies. In general, government evidences itself in the utilization of diverse funding sources in the form of taxes and fees to fund public safety, community programs and streets. In the enterprise funds, planning looks five, ten, twenty or more years to anticipate growth trends; infrastructure renewal and expansion; and unfunded mandates. For example, the City raised Storm water fee rates in 2010 as part of its plan for implementation of the Eastern Washington Stormwater Management Plan, an unfunded mandate. Additionally, the Water and Wastewater enterprises began a program of major infrastructure repair and replacement in 2010 that successfully continued through 2011.

In 2007 the City carried out a feasibility study for a new police station. In 2008 the City selected a site; and in 2009 the voters approved funding in the form of an associated bond issuance. Construction began in 2010 and was completed in early 2012.

The landfill operation continues to grow and diversify with the addition of a temporary composting facility in 2007 followed by planning for a permanent facility in 2008 and construction of that facility that accepts green waste and sells compost products. The closure of Area 6 of the Landfill was completed in 2011. Remediation for Area 5 continued in 2011 and will be an ongoing project for several years. As part of the remediation effort, the City applied for and was awarded a Model Toxics Control Act grant through the State of Washington Department of Ecology. The total amount of the award is $3,912,000 of which 75% will be provided by the grant and 25% will be matched by the City.

The City is also actively participating in community efforts aimed at economic development, cooperating with the Port of Walla Walla and Walla Walla County as well as community groups such as the Walla Walla Valley Chamber of Commerce, the Downtown Walla Walla Foundation, and Tourism Walla Walla. As part of this effort, the County and the City signed an interlocal agreement to provide permitting and code enforcement operations through a new agency. The resulting Walla Walla Joint Community Development Agency was formed in 2011 to improve efficiency and reduce costs of operations.

The City continues to fund minor street overlay and repair projects, scheduling such work on an annual basis. In 2011 the City formed the City of Walla Walla Transportation District in order to better provide the funding for repair of its streets. The City is partnering with the City of College Place to improve the access from State Route 125 to Myra Road, primarily with grant funding. In 2009 the City initiated plans for a major infrastructure renewal plan aimed at replacing and repairing aging utility infrastructure including water and wastewater pipes; stormwater features; and street paving. This multi-year, ongoing program of renewal is being funded with bond proceeds with future funding from rate revenues and other funds. The bonds for the infrastructure program will be paid off over a 5 and a half year period.

The City successfully seeks public and private partnerships to leverage available resources; to acquire public and private funds, both grants and loans; to support legislation that provides more flexibility and effectiveness to municipal governments; and to maximize the productive use of all its resources. In 2008 the City along with its partners initiated the Innovative Partnership Zone (IPZ) program funded in large part with a $750,000 state grant from the State's Center for Trade and Economic Development. This zone includes public and private partners such as Walla Walla Community College, Port of Walla Walla, City of Walla Walla, Nelson Irrigation, Unibest and others who are working together using public and private money to develop new marketable technologies and other products, enhancing the local economy through innovation. The State Department of Commerce redesignated the Walla Walla IPZ in 2011 expanding the Zone to include all of Walla Walla County, from the western most edge adjacent to Benton County, all of Columbia County, and the Walla Walla Valley American Viticulture Area in Washington State. The redesignation also added alternative energy to the Zone's previously established programs in water conservation and management and the wine and hospitality cluster. The IPZ also completed the extension of high-speed internet access to zone partners in the vicinity of the Port's Walla Walla Regional Airport Business Park.

Cash management policies and practices

The City invests its available funds pursuant to an investment policy that emphasizes preserving principal, maintaining necessary liquidity, matching investment maturities to estimated cash flow requirements and achieving maximum yield. Eligible investments include U.S. Treasury bonds, notes, bills or other government obligations of the U.S. Government or agencies of the U.S. Government; interest bearing demand or time deposits issued by certain banks, trust companies or savings and loan associations; fully-secured repurchase agreements; bankers' acceptances having a term of 180 days or less; and the State Investment Pool. The City investment policy also establishes guidelines for diversification of the portfolio relating to maturity, default risk and liquidity risk, as well as performance benchmarks that are reviewed by the City's Investment Committee.

Local Government Investment Pool. The State Treasurer's Office administers the Washington State Local Government Investment Pool (LGIP), which invests money on behalf of more than 350 cities, counties, and special taxing districts. In managing the LGIP, the State Treasurer is required to adhere, at all times, to principles appropriate for the prudent investment of public funds, including, in priority order (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) the attainment of 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. The pool is restricted to investments with maturities of one year or less, and the average life typically is less than 90 days. Investments permitted under the pool's guideline 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.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division and Support Services Department. We would like to express our appreciation to all those who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Walla Walla finances.

Respectfully submitted,

Nabiel Shawa	Tim McCarty	Jean Teasdale, CPA
City Manager	Support Services Director	Finance Manager

“Along with success comes a reputation for wisdom.”
Euripides

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Walla Walla Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

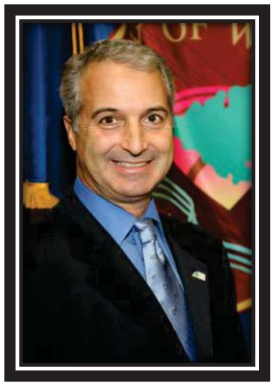
President

Executive Director

2012 Walla Walla City Council

Seated (l-r):	Length of Service	Term Expires
Mary Lou Jenkins *Council Member*	4 months	12/31/15
Jim Barrow *Mayor*	4 years	12/31/13
Barbara Clark *Council Member*	14 years	12/31/15
Shane Laib *Council Member*	6 years	12/31/13
Jerry Cummins *Council Member*	20 years	12/31/15
Conrado V. Cavazos *Mayor Pro-Tem*	3 years	12/31/13
Chris Plucker *Council Member*	4 months	12/31/15

WALLA WALLA SENIOR MANAGEMENT
Appointed Officials

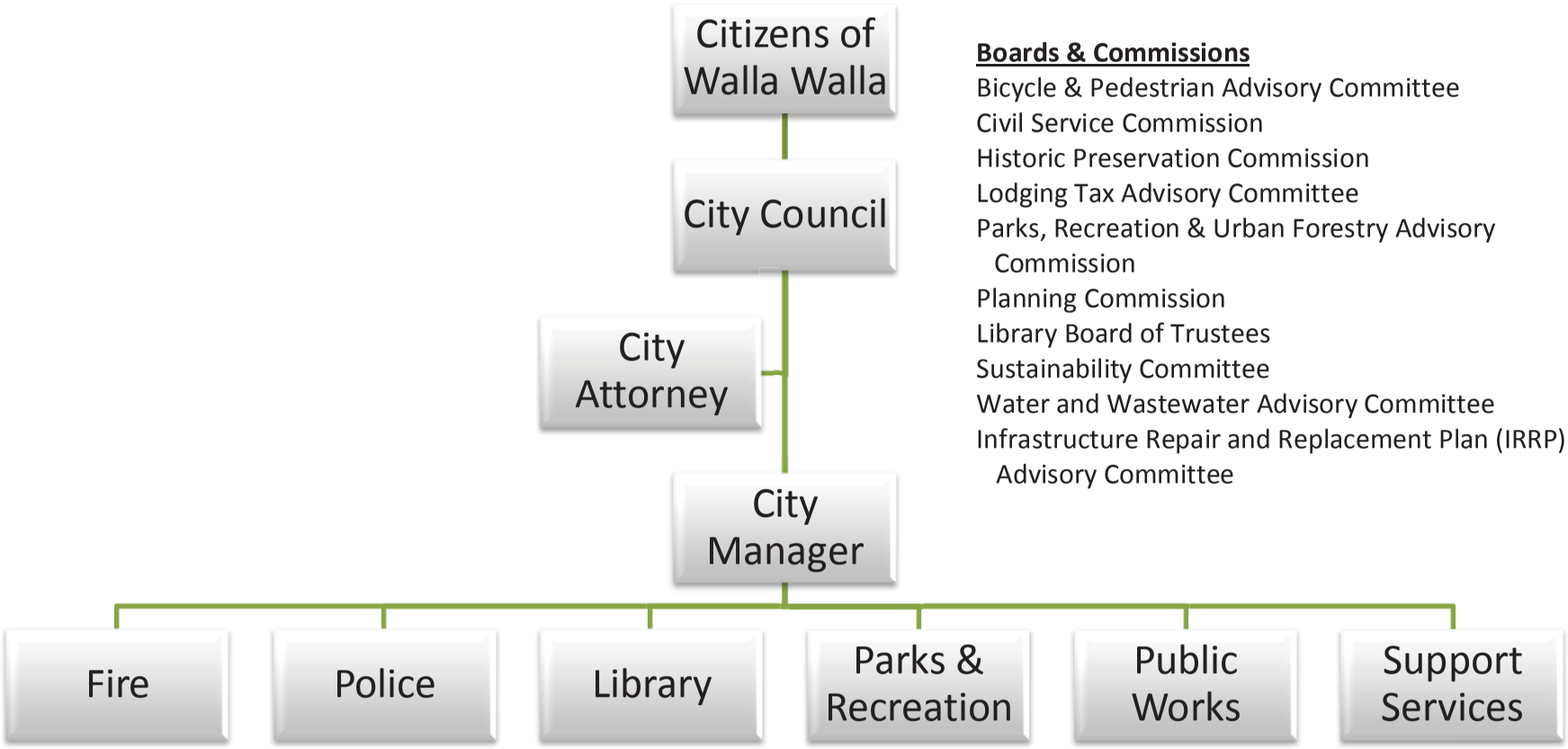


City Manager
Nabiel Shawa
Appointed October, 2009

	Length in Position	Length of Employment
CITY ATTORNEY		
Tim Donaldson	16 years	16 years
CITY CLERK		
Kammy Hill	17 years	17 years
FIRE CHIEF		
Bob Yancey	2 months	26 years
LIBRARY DIRECTOR		
Beth Hudson	1 year	21 years
PARKS & RECREATION DIRECTOR		
Jim Dumont	11 years	11 years
POLICE CHIEF		
Scott Bieber	2 months	2 months
PUBLIC WORKS DIRECTOR		
Ki Bealey	1 year	1 year
SUPPORT SERVICES DIRECTOR		
Tim McCarty	11 years	11 years

City of Walla Walla

Organizational Chart



Boards & Commissions

Bicycle & Pedestrian Advisory Committee
Civil Service Commission
Historic Preservation Commission
Lodging Tax Advisory Committee
Parks, Recreation & Urban Forestry Advisory Commission
Planning Commission
Library Board of Trustees
Sustainability Committee
Water and Wastewater Advisory Committee
Infrastructure Repair and Replacement Plan (IRRP) Advisory Committee

“Nothing great was ever achieved without enthusiasm.”
Ralph Waldo Emerson

Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

July 27, 2012

Mayor and City Council
City of Walla Walla
Walla Walla, Washington

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 Walla Walla, Walla Walla County, Washington, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Walla Walla, Walla Walla County, Washington, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated July 27, 2012, 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

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FAX (360) 753-0646 • http://www.sao.wa.gov

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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements on pages 85 through 126 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion and Analysis

As management of the City of Walla Walla, we offer readers of the City of Walla Walla's financial statements this narrative overview and analysis of the financial activities of the City of Walla Walla for the fiscal year ended December 31, 2011. This discussion and analysis should be considered in conjunction with the Letter of Transmittal as well as other components of the report. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The assets of the City of Walla Walla exceeded liabilities at the close of the most recent fiscal year by $136,931. Of this amount, $35,206 may be used to meet the government's ongoing obligations to citizens and creditors.
- The city's total net assets increased by $11,429. Business-type activities contributed an increase of $9,342 while governmental-type activities contributed an increase of $2,087. The overall financial position of the city has improved over the prior year.
- As of the close of the current fiscal year, the City of Walla Walla's governmental funds reported combined ending fund balances of $7,449, a decrease of $7,587 in comparison with the prior year. The main contributing factor for the decrease in fund balance is the increase in expenses associated with the construction of a new police station.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was $3,040, which also represents 13.24% of total general fund expenditures.
- Spending on governmental activities included in construction-in-progress (CIP) during 2011 totaled $10,031. The largest project was the construction of the new police station which was 95% complete in 2011. Total spending in 2011 for this project was $7,468 out of a total estimated project cost of $11,747. The project is funded by bonds supported by a voted property tax increase.
- Spending on business activities included in CIP during 2011 totaled $2,290. The largest project was for a sewer replacement on Birch and Poplar which was 90% complete in 2011. Total spending in 2011 for this project was $340 out of a total estimated project cost of $377. Funding for this project was provided by reserves from the Wastewater Fund.
- In 2010, the City implemented a new Infrastructure Replacement and Renewal Plan (IRRP) for updating water and sewer lines in the city. A major portion of funding for the IRRP is supported by bonds that will be paid by rate revenue from the Water and Wastewater Funds. The largest IRRP construction project was for the Bonsella/Estrella/Figueroa project and was 95% complete in 2011. Total spending for this project in 2011 was $1,295 out of a total estimated project budget of $1,365.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Walla Walla's basic financial statements. Those financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Walla Walla's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the City of Walla Walla's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Walla Walla is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the *timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City of Walla Walla that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from activities that are supported by business revenues. The governmental activities of the City of Walla Walla include general government, public safety, utilities and environment, transportation, economic environment, and culture and recreation. The business-type activities of the City of Walla Walla include water/wastewater, stormwater, sanitation, landfill, golf course, ambulance, and equipment maintenance and replacement services.

The government-wide financial statements can be found in this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Walla Walla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Walla Walla can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds*.* Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on

balances of *spendable* resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Walla Walla maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is a major fund as defined by the Governmental Accounting Standards Board. In 2011, the street construction fund and the general construction fund were also major governmental funds. There are two construction funds that are currently not in use and therefore are not reported. Data from the other seventeen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found in this report.

Proprietary funds. The City of Walla Walla maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Walla Walla uses enterprise funds to account for water/wastewater, stormwater, sanitation, landfill, golf course and ambulance services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally to the City of Walla Walla's various functions. The City of Walla Walla uses internal service funds to account for its equipment maintenance and replacement, health and industrial insurance, emergency communication and service center functions. As the insurance, emergency communication and service center services predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the sanitation, water/wastewater, landfill and ambulance operations which are considered major funds. Data from the other two enterprise funds, stormwater and golf course, and the internal service funds are combined into a single, aggregated presentation in the basic proprietary fund financial statements starting on page 37. Individual fund data for

the non-major enterprise funds and the internal service funds are provided in the form of *combining statements* starting on page 116.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Walla Walla's own programs. The accounting used for the fiduciary funds is much like that used for enterprise funds except for agency funds which only show assets and liabilities. The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the City of Walla Walla's progress in funding its obligation to provide pension benefits to certain firefighting employees and their beneficiaries. Supplemental information can be found in Note 7 starting on page 60. The combining statements referred to earlier in connection with nonmajor governmental, proprietary and internal services can be found starting on page 86 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Walla Walla, assets exceed liabilities by $136,931 at the close of the most recent fiscal year.

The largest portion of the City of Walla Walla's net assets (75%) reflects its investment in capital assets (e.g. buildings, machinery, equipment, infrastructure, construction in progress) less any related outstanding debt used to acquire those assets. The City of Walla Walla uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Walla Walla's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Walla Walla's net assets (0.14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (25.71%) totaling $35,206, may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the City of Walla Walla is able to report positive balances in all three categories of net assets for the governmental and business-type activities and the government as a whole.

City of Walla Walla's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current & other assets	24,421	17,369	30,948	32,986	55,368	50,355
Capital assets	48,992	57,395	103,712	102,809	152,703	160,204
Total assets	73,412	74,764	134,660	135,795	208,071	210,559
Other liabilities	1,888	2,244	831	1,269	2,719	3,514
Non-current liabilities	20,907	19,815	58,944	50,300	79,851	70,115
Total liabilities	22,795	22,059	59,775	51,569	82,570	73,629
Net assets:						
Invested in capital, net of related debt	41,988	42,963	58,806	58,576	100,794	101,539
Restricted	221	186	-	-	221	186
Unrestricted	8,408	9,556	16,078	25,650	24,486	35,206
Total net assets	50,617	52,705	74,884	84,226	125,501	136,931

The city's current and other assets for governmental activities decreased by $7,052, primarily due to increased expenses for construction of the new police station. Capital assets in turn increased in governmental activities in view of those same activities. Increases in current and other assets in business-type are due to a receivable from a State of Washington grant for closure and remediation costs associated with the City's landfill. Non-current liabilities decreased in governmental and business activities due primarily to reductions in outstanding debt.

The city's net assets increased by $11,429 during the 2011 fiscal year. This increase represents the degree to which ongoing revenues have exceeded increases in ongoing expenses mostly through rate increases.

Property tax revenue has increased due to a statutory allowable tax levy increase, property tax levies associated with construction projects for public safety, and additional construction; other taxes have increased slightly due to increased volume of taxable events as the tax rates have not changed. Sales tax revenues have increased due to a strengthening of the economy in the region, increased construction activity in the city and a state initiated tax amnesty program.

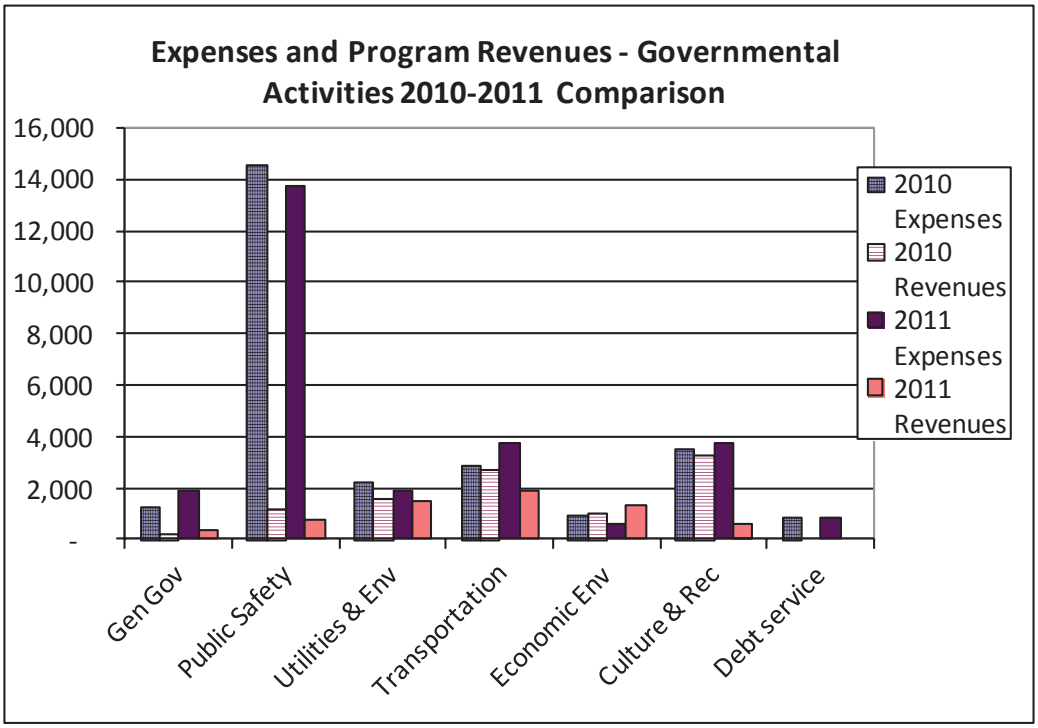
Other sales-related taxes also increased due to a modest improvement in the economy and the sales tax amnesty program. Taxes related to the tourism industry, such as lodging taxes, increased in part because of the establishment of a tax associated with a Tourism Promotion Area (TPA). The tax on natural gas continued to decrease because of the moderate temperatures during the winter months. Payment-in-lieu-of-taxes were higher in 2011 due to the increase of water, wastewater, and storm water rates to support the IRRP. This

program is designed to replace the aging water, wastewater, and storm water infrastructure over a number of years.

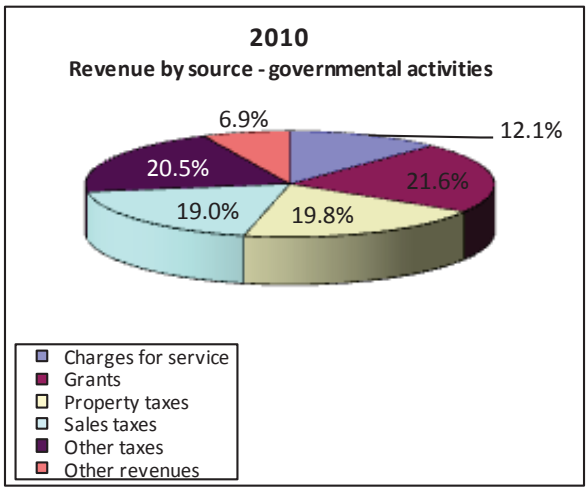
City of Walla Walla's Changes in Net Assets

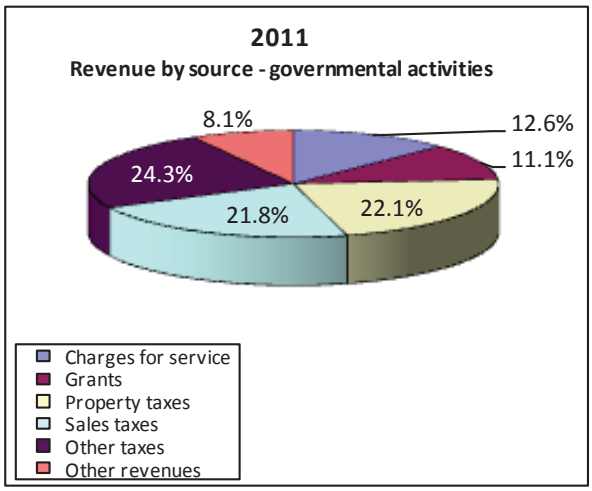
	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program revenues:						
Charges for service	3,636	3,403	27,157	28,957	30,793	32,360
Operating grants/contributions	799	634	303	2,126	1,102	2,760
Capital grants/contributions	5,679	2,362	736	951	6,416	3,313
General revenues:						
Property taxes	5,926	5,965	-	-	5,926	5,965
Sales taxes	5,687	5,882	-	-	5,687	5,882
Other taxes	6,120	6,559	-	-	6,120	6,559
Other revenues	2,061	2,190	1,567	1,616	3,628	3,805
Total revenues	29,909	26,994	29,763	33,651	59,672	60,645
Expenses:						
General government	1,272	1,877	-	-	1,272	1,877
Public safety	14,548	13,723	-	-	14,548	13,723
Utilities and environment	2,253	1,850	-	-	2,253	1,850
Transportation	2,903	3,735	-	-	2,903	3,735
Economic environment	925	557	-	-	925	557
Culture and recreation	3,530	3,746	-	-	3,530	3,746
Interest on long -term debt	833	795	-	-	833	795
Ambulance	-	-	3,390	3,530	3,390	3,530
Golf course	-	-	122	121	122	121
Landfill	-	-	2,868	866	2,868	866
Sanitation	-	-	4,297	4,240	4,297	4,240
Storm water	-	-	714	992	714	992
Water/Wastewater	-	-	13,815	13,185	13,815	13,185
Total expenses	26,263	26,282	25,208	22,934	51,471	49,216
Increase in net assets before Transfers	3,646	712	4,555	10,717	8,200	11,428
Transfers	1,493	1,375	(1,493)	(1,375)	-	-
Increase in net assets	5,140	2,087	3,062	9,342	8,201	11,429
Net assets – beginning	45,478	50,617	71,822	74,884	117,300	125,501
Net assets – ending	50,617	52,705	74,884	84,226	125,501	136,931

Governmental activities. Governmental activities increased the City of Walla Walla's net assets by $2,087. This increase is partly due to an increase in tax revenues of $673 and a relatively level outlay for governmental function costs. Property taxes increased by $39 over the previous fiscal year. Sales taxes showed an increase of $195 because of a slight recovery in the economy.

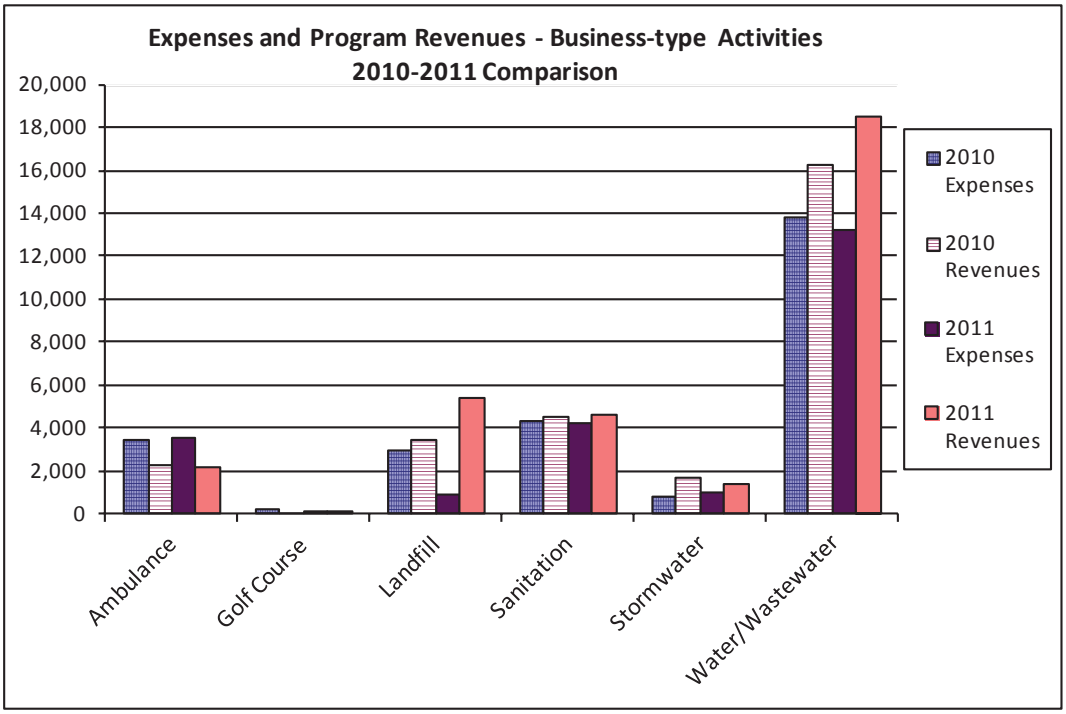


Revenues by Source-Governmental Activities



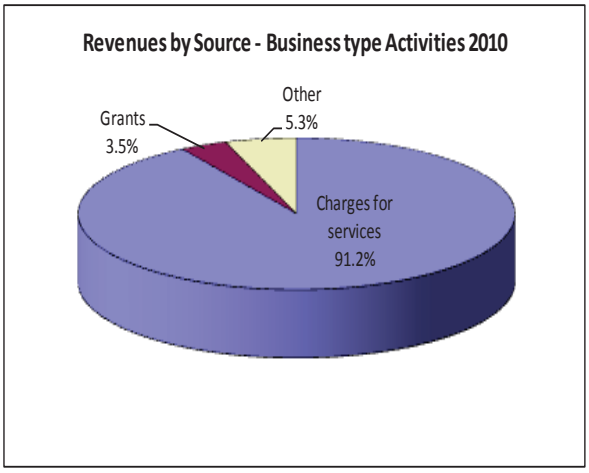


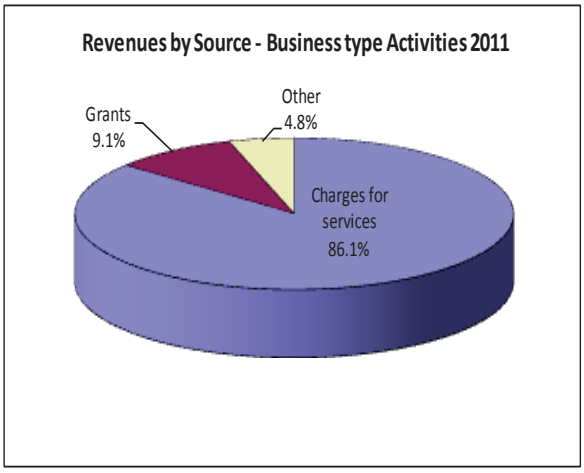
Business-type activities. Business-type activities increased the City of Walla Walla's net assets by $9,342. This increase is due to increases in utility rates for water, wastewater, and storm water and the receipt of a grant for the costs associated with remediation and closure at the landfill. Expenses, in turn, decreased by $2,274 due to an updated projection for future closure, post-closure and remediation expenses for the City's landfill.



The landfill expenses increased from 2010 to 2011 due to the recognition of reserve requirement for pollution remediation and landfill closure/post-closure. The increase in net assets in the water/wastewater functions is useful as replacement costs of infrastructure assets are expected to be higher than the depreciation costs reflected in operating expenses. The revenue increase in water/wastewater is due to rate adjustments for replacing aging infrastructure in the city. The City Council approved the issuance of bonds to be paid back over five years to initially fund the city's IRRP. The increases in rates will be used for bond principal and interest payments. The city plans to maintain the rate increases after the bonds are paid to fund the IRRP in ensuing years.

Revenues by Source-Business Type Activities





Financial Analysis of the Government's Funds

As noted earlier, the City of Walla Walla uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City of Walla Walla's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City of Walla Walla's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2011, the City of Walla Walla's governmental funds reported combined ending fund balances of $7,449 a decrease of $7,587 in comparison with the prior year. The decrease in fund balances is due to expenses associated with construction of a new police station as well as several large street construction projects. Taxes for the City increased by $780 due to increases for payment-in-lieu-of-taxes ($165), tourism promotion tax ($197), property taxes ($39), sales tax ($194), and other miscellaneous taxes ($171). The City instituted a new tourism promotion tax on lodging and also experienced an increase in sales-related taxes due to increased tourism and the implementation of a tax amnesty program in the state. The tax amnesty program allowed businesses to pay back taxes without a penalty, thereby encouraging the businesses to start reporting their sales. Approximately $2,551 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Walla Walla. At the end of the current fiscal year, unassigned and committed fund balances of the general fund were $3,040 and $7,377 respectively. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Accordingly, the unassigned fund balance represents 13.24% of the total expenditures.

The General Construction Fund had a restricted fund balance of $1,487 which is restricted for the construction of a new police station by a vote of the citizens of the City. General Construction also has a committed fund balance of $17 that was committed by Council for specific projects. The Street Construction Fund has a committed fund balance of $1,093 that has been committed by City Council for specific street projects. Street Construction has an assigned fund balance of $4 which is assigned to the purpose of the fund.

Other non-major governmental funds include $600 in restricted balance from lodging taxes, forfeitures and fines, and debt payment reserves. These funds also have a deficit unassigned balance of $488 primarily due to the Bond LID Fund. The committed fund balance for other non-major governmental funds is $1,337 which is due to residual payments for LIDs, a city-established cemetery endowment fund, and funding for housing development. The assigned fund balance for other governmental funds is $126.

The fund balance of the City of Walla Walla's general fund increased by $926 during the 2011 fiscal year. Key factors in this increase are a reduction in expenses of $1,492 and an increase in revenue of $103. During the budget process for the 2011-12 biennial budget, the City reduced its overall budget by eliminating positions in the general fund and establishing a joint agency with the County for planning and development activities. The Joint Community Development Agency is included in the City's financial statements as a component unit, but the collaboration with the County has resulted in reduced expenses and increased efficiencies. Overall revenues increased by 0.42% while total expenditures decreased by 6.1%.

The general construction fund had an ending balance of $1,504, all of which is dedicated to general construction projects. In 2009 the citizens of the City of Walla Walla voted for a property tax increase to support the construction of a new police station. In December 2009 bonds were issued to finance the project. The decrease of $7,754 in fund balance is due to the construction of the new police station. Expenditures in this fund are almost exclusively for the construction of the police station which was completed in early 2012. However, there are expected to be additional expenses related to the occupancy of the building.

The street construction fund had an ending balance of $1,098, all of which is dedicated to street construction projects. The main revenue in 2011 for this fund was intergovernmental revenues and grants of $752. Expenditures are almost exclusively capital outlay (98%) related to several construction projects. The two largest projects were Rose Street – Second to Palouse and Bonsella/Estrella/Figueroa (one of the IRRP projects) with expenses in 2011 of $795 and $630 respectively.

Proprietary funds. The City of Walla Walla's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.
Unrestricted net assets of the major enterprise funds are as follows:

Sanitation	$1,337	Ambulance	$602
Water/Wastewater	$13,849	Landfill	$814

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Walla Walla's business-type activities.

General Fund Budgetary Highlights

Due to uncertainties with the economy, the city encouraged its departments and divisions to be conservative in spending in 2011. The City Manager also instituted a reduction in travel expenses and limited other expenses to mission critical items. In addition, he eliminated positions and held vacant positions open to conserve spending. As a result, actual expenses for 2011 were less than the final adjusted budget. The city is required to perform a mid-biennial budget review and if necessary, a budget modification during the first year of the biennial budget. Revenue and expenses were adjusted for both 2011 and 2012 to reflect the

upturn in the economy and to adjust salaries and benefits for increases in expenses. For 2012, the city provided cost of living and cost of labor increases to comply with employment contracts. Actual revenues for 2011 were higher than the original budget because of increases in sales taxes, business and operation taxes, and building permits.

Change in timing of work on various construction projects as well as changes in funding sources for these projects also caused modifications to the original budget. The economy created a favorable bidding environment for construction projects resulting in bids coming in significantly lower than originally estimated.

As required by state and municipal code, the city performed a mid-biennium budget review and budget modification for the 2011-2012 biennium. As a result of the review, the city revised the expenditure and revenue budgets to more accurately reflect the upturn of the economy and the resulting changes in general fund revenues such as sales tax, hotel/motel tax, building permits and investment interest income.

The following are highlight some of the adjustments to the 2011 budget as a result of the mid-biennium budget review and the change in the economy:

- An increase of $333,250 in sales tax revenue;
- An increase of $103,400 in Telephone B&O taxes;
- A reduction of $47,000 in TV Cable B&O;
- A decrease of $158,000 for a Gas B&O;
- An increase of $39,900 in Criminal Justice Sales Tax;
- An increase of $63,450 in Law & Justice Tax;

The City's general fund balance at the close of 2011 was $3,240,200 which was higher than the original 2011-2012 estimated fund balance for 2011 of $2,289,800. The City is required to maintain a minimum 5 percent of annual operating expenses.

Capital Asset and Debt Administration

Capital assets. The City of Walla Walla's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to $101,539 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and bridges, etc. The total change in City of Walla Walla's investment (net related debt) in capital assets for the current year was an increase of $975 for governmental activities and a decrease of $230 for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Spending on governmental activities included in the CIP during 2011 totaled $10,031. The largest project was the construction of the new police station which was 95% complete at the end of 2011. Total spending in 2011 for the police station was $7,468. This project was started in 2009. A significant portion of the city's expense was supported by $8,105 in voted debt.
- Spending on business activities included in the CIP during 2011 totaled $2,290. The largest project was for sewer replacement on Birch & Poplar which was 90% complete in 2011. Total 2011 spending was $340 out of a total project budget of $377. Funding for this project was provided by wastewater reserves.
- Spending on the City's IRRP program included in the CIP during 2011 totaled $2,488. The largest IRRP project was the Bonsella/Estrella/Figueroa project which was 95% complete in 2011. Total spending for 2011 was $1,295 out of a total project budget of $1,365. A major portion of funding for the IRRP is supported by bonds that will be paid by rate revenue from the Water and Wastewater Funds.

The table below displays assets net of accumulated depreciation. Additional information on the City of Walla Walla's capital assets can be found in Note 6 starting on page 58 of this report.

City of Walla Walla's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	3,679	3,679	1,222	1,222	4,901	4,901
Construction in progress	9,584	15,347	6,160	4,385	15,743	19,732
Buildings	9,151	9,135	17,982	17,980	27,133	27,115
Improvements	3,850	3,855	6,620	6,508	10,470	10,363
Equipment	1,341	1,627	4,679	4,568	6,020	6,195
Infrastructure	21,387	23,752	67,049	68,146	88,436	91,898
Total capital assets	48,992	57,395	103,712	102,809	152,703	160,204

Long-term debt. At the end of the current fiscal year, the City of Walla Walla had total bonded debt outstanding of $41,671. Of this amount $25,408 comprises debt backed by the full faith and credit of the government. Of this general obligation bonded debt, $6,755 represents debt for the water and wastewater funds associated with the IRRP. The IRRP debt will be repaid by rate revenue from the water and wastewater funds. The remainder of the City of Walla Walla's bonded debt represents bonds secured primarily by specified revenue sources (i.e. revenue bonds). Landfill and golf course debt of $4,948 from general obligation bonds is expected to be repaid from enterprise revenues and, therefore, is presented as revenue debt rather than as general obligation debt. Additionally the water/wastewater utility has outstanding loans used for capital construction of $20,038.

Additional information on the City of Walla Walla's long term liabilities can be found in Note 10 starting on page 74 of this report.

City of Walla Walla's Outstanding Debt
General Obligation and Revenue Bonds

	Government-type Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds	16,814	15,953	10,910	9,455	27,724	25,408
Revenue Bonds	-	-	18,850	16,263	18,850	16,263
Construction Loans	-	-	21,849	20,038	21,849	20,038
Total	16,814	15,953	51,609	45,756	68,422	61,709

Economic Factors and Next Year's Budgets and Rates (amounts not in thousands**)**
In 2010, the city adopted a biennial budget for 2011-12. After a mid-biennial review in 2011, the city adjusted the 2011 and 2012 budgets to more accurately reflect the projected revenues and to adjust salaries and benefits in 2012 to include increases in medical expenses and cost-of-labor/cost-of-living increases. Sales taxes on 2012 are projected to continue at levels experienced in the last six months of 2011 as well as revenue derived from areas such as utility taxes and real estate excise tax.

The local economy experienced a slight upturn in 2011 and the city was not impacted as severely as other cities in the State of Washington. When the City of Walla Walla adopted its 2011-2012 biennial budget, city administrators and City Council used a conservative approach for estimating revenue and expenses because of the economic outlook for 2011.

With the downturn in the economy, it was necessary for the city to review its practices and streamline processes as necessary. A result of this review was to eliminate the department of development and planning. The city and county combined their planning, community development, and permitting functions into one joint agency. The new Walla Walla Joint Community Development Agency (WWJCDA) is a separate entity from both the city and the county and improves the efficiency of operation by combining the services of both the city and the county. This change resulted in the reduction of 9 positions for the city. The WWJCDA is included as a component unit of the city.

During 2012, the city will continue to monitor its budgets to be sure the revenue is trending as estimated. It is anticipated that there will be adjustments to revenue after the state budget is adopted because early drafts of the State budget indicate that the liquor excise tax will be retained at the state level instead of being shared with local governments. If this reduction occurs, the impact on the city's general fund budget will be between $0 and $40,000 for 2012. In 2013, the impact will be approximately $159,000.

Based on current information from the County Assessor's Office, the 2012 property tax levy of $4,769,722 includes increases of $20,130 from new construction and $11,950 from additional state assessed property improvements in 2011. Property taxes for 2013 are difficult to estimate without valuation figures and will not be available until later in 2012.

On the expense side health insurance premiums will continue to rise for all city departments, increasing by approximately 10% from 2011 to 2012. To reduce the impact of the health insurance increases, the city switched to a different medical plan, but even with this change, premiums for health care continue to rise.

During the budget process for the 2011-12 biennial budget, labor negotiations resulted in concessions by some of the unions. In particular, the Police Guild and Fire Department uniformed personnel accepted salary and benefit concessions. Non-represented personnel also agreed to a temporary reduction in some benefits. Contract negotiations for the 2013-14 budget cycle will begin in 2012.

The proposed budget assumes a number of increases in fees for services. Ambulance rates are proposed to increase 0% in 2012. Water rates will increase 7% in 2012; 3% for operations and management and 4% for the IRRP. Wastewater rates will increase 5% in 2012; 2% for operations and management and 3% for the IRRP. Stormwater rates will rise 4% in 2012; 2% for operations and management and 2% for the IRRP. Operations and management rate increases are due to the cost of inflation and costs of meeting federal and state requirements. Landfill and Sanitation are not currently budgeted for a rate increase in 2012.

Following citizen input, the Council approved five years of utility rates for Water, Wastewater and Stormwater dedicated to funding the IRRP that began in 2010. The IRRP is a long-term plan to replace the aging infrastructure in water, wastewater, and storm water. Funding generated by a special rate increase has been committed by Council for support of the IRRP projects. Proceeds from bonds issued in 2010 will be used to fund the first three years of IRRP projects with the special rate increases being used to meet the payments of principal and interest for the bonds. At the end of five years, the bonds will be paid in full and the special rate revenue will be used to fund future IRRP projects.

In 2011, the City Council established a transportation benefit district. Citizens of the city voted for a ten-year sales tax increase of 2/10th of a percent to support transportation projects in the city.

Requests for Information

This financial report is designed to provide a general overview of the City of Walla Walla's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 15 N. 3rd Street, Walla Walla, WA 99362.

City of Walla Walla
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business Activities	Total	Component Units WWJCDA
ASSETS				
Cash and equivalents	$ 8,889,603	$ 20,976,409	$ 29,866,012	$ 206,756
Other receivables (net of allowance)	1,360,082	4,137,306	5,497,388	14,258
Prepaids	34,638	475,791	510,429	-
Taxes receivables	6,343,461	-	6,343,461	-
Special assessment receivable	499,702	-	499,702	-
Notes receivable	29,843	15,577	45,420	-
Inventories	-	685,060	685,060	-
Unrestricted investments	-	192,649	192,649	-
Temporarily restricted investments	-	3,036,338	3,036,338	-
Restricted cash				
Temporarily restricted	855,136	2,713,260	3,568,396	-
Permanently restricted	16,545	-	16,545	-
Deferred charges	10,521	83,573	94,094	-
Interfund loans receivable (payable)	(955,673)	955,673	-	-
Internal balances receivable (payable)	285,600	(285,600)	-	-
Capital assets not depreciated:				
Land	3,679,246	1,221,574	4,900,820	-
Construction in progress	15,346,646	4,385,313	19,731,959	-
Capital assets net of accumulated depreciation:				
Buildings and structures	9,134,816	17,980,132	27,114,948	-
Other improvements	3,854,999	6,507,566	10,362,565	-
Machinery and equipment	1,627,031	4,568,208	6,195,239	2,710
Infrastructure	23,751,860	68,146,367	91,898,227	-
Total assets	74,764,056	135,795,196	210,559,252	223,724
LIABILITIES				
Accounts payable	227,654	434,439	662,093	68,762
Other accrued liabilities	1,308,145	834,915	2,143,060	29,647
Internal balances	-	-	-	-
Unearned revenue	708,636	-	708,636	-
Noncurrent Liabilities:				
Due within one year	2,325,552	7,638,707	9,964,259	-
Due in more than one year	17,489,496	42,661,155	60,150,651	-
Total liabilities	22,059,483	51,569,216	73,628,699	98,409
NET ASSETS				
Invested in capital assets, net of related debt	42,963,049	58,575,755	101,538,804	2,710
Restricted for:				
Permanent Funds				
Expendable	10,832	-	10,832	-
Nonexpendable	16,545	-	16,545	-
Library Donations	6,115	-	6,115	-
Parks Donations	152,124	-	152,124	-
Unrestricted	9,555,908	25,650,225	35,206,133	122,605
Total net assets	$ 52,704,573	$ 84,225,980	$ 136,930,553	$ 125,315

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

City of Walla Walla
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Assets – Primary Government: Governmental Activities	Business-type Activities	Total	Component Units WWJCDA
Primary government:								
Governmental activities:								
General government	$ 1,876,701	$ 337,511	$ -	$ -	$ (1,539,190)		$ (1,539,190)	
Public safety	13,722,774	392,982	338,596	13,913	(12,977,283)		(12,977,283)	
Utilities and environment	1,850,115	1,271,038	900	204,723	(373,454)		(373,454)	
Transportation	3,735,187	372,657	14,379	1,526,759	(1,821,392)		(1,821,392)	
Economic environment	556,503	706,241	38,974	572,500	761,212		761,212	
Culture and recreation	3,746,226	322,203	241,198	44,475	(3,138,350)		(3,138,350)	
Interest expense	794,708	-	-	-	(794,708)		(794,708)	
Total governmental activities	26,282,214	3,402,632	634,047	2,362,370	(19,883,165)		(19,883,165)	
Business-type Activities:								
Ambulance	3,530,191	2,097,681	1,738	3,049		(1,427,723)	(1,427,723)	
Golf Course	120,667	73,510	-	5,000		(42,157)	(42,157)	
Landfill	865,685	3,225,809	2,123,914	5,195		4,489,233	4,489,233	
Sanitation	4,239,822	4,636,330	-	-		396,508	396,508	
Stormwater Management	992,083	1,316,701	-	8,479		333,097	333,097	
Water/Wastewater	13,185,068	17,607,350	752	929,335		5,352,369	5,352,369	
Total business-type activities	22,933,516	28,957,381	2,126,404	951,058	-	9,101,327	9,101,327	
Total primary government	$ 49,215,730	$ 32,360,013	$ 2,760,451	$ 3,313,428	(19,883,165)	9,101,327	(10,781,838)	
Component Units:								
WWJCDA	$ 3,096,093	$ 1,967,252	$ 7,719	$ -				$ (1,121,122)
Total component units	$ 3,096,093	$ 1,967,252	$ 7,719	$ -				$ (1,121,122)

	Governmental Activities	Business-type Activities	Total	Component Units WWJCDA
General revenues:				
Taxes:				
Property taxes	5,964,834	-	5,964,834	-
Sales taxes	5,881,627	-	5,881,627	-
Business and occupation taxes	3,163,232	-	3,163,232	-
Payment in lieu of taxes	2,461,493	-	2,461,493	-
Gambling taxes	88,872	-	88,872	-
Real estate excise taxes	181,063	-	181,063	-
Leasehold taxes	31,009	-	31,009	-
Tourism Promotion tax	215,571	-	215,571	-
E911 access taxes	417,874	-	417,874	-
Intergovernmental	2,121,393	1,251,569	3,372,962	1,246,374
Miscellaneous general revenues	34,755	353,819	388,574	63
Gain on sale of capital assets	33,521	10,352	43,873	-
Transfers	1,375,181	(1,375,181)	-	-
Total general revenues & transfers	21,970,425	240,559	22,210,984	1,246,437
Change in net assets	2,087,260	9,341,886	11,429,146	125,315
Net assets - beginning	50,617,313	74,884,094	125,501,407	-
Net assets - ending	$ 52,704,573	$ 84,225,980	$ 136,930,553	$ 125,315

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

City of Walla Walla
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	General CIP's	Street CIP's	Other Governmental	Total Governmental
ASSETS					
Cash and equivalents	$ 3,917,740	$ 1,518,255	$ 659,527	$ 1,723,690	$ 7,819,212
Restricted cash & cash equivalents	-	-	-	871,681	871,681
Taxes receivables (net)	5,113,862	-	-	1,229,599	6,343,461
Other receivables (net)	596,786	2,913	647,616	51,337	1,298,652
Prepaids	34,638	-	-	-	34,638
Special assessments receivable	-	-	-	499,702	499,702
Notes receivable	-	-	-	29,843	29,843
Total assets	$ 9,663,026	$ 1,521,168	$ 1,307,143	$ 4,405,852	$ 16,897,189
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 133,352	$ 7,533	$ 1,941	$ 68,264	$ 211,090
Other accrued liabilities	966,682	9,162	207,315	45,457	1,228,616
Interfund loans payable	-	-	-	955,673	955,673
Deferred revenues	5,322,796	-	-	1,729,301	7,052,097
Total liabilities	6,422,830	16,695	209,256	2,798,695	9,447,476
Fund balances:					
Nonspendable	34,638	-	-	32,146	66,784
Restricted	158,239	1,487,209	-	600,816	2,246,264
Committed	7,377	17,264	1,093,201	1,336,739	2,454,581
Assigned	-	-	4,686	125,748	130,434
Unassigned	3,039,942	-	-	(488,292)	2,551,650
Total fund balances	3,240,196	1,504,473	1,097,887	1,607,157	7,449,713
Total liabilities and fund balances	$ 9,663,026	$ 1,521,168	$ 1,307,143	$ 4,405,852	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital outlays are expenditures for fund reporting but are additions to assets for government wide reporting.	57,394,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Proceeds received from new and repayments of existing debts are recorded as resources and expenditures for fund reporting but are additions and reductions of liabilities for government wide reporting.	(19,815,049)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,343,461
Internal service funds are used by management to charge the costs of health and industrial insurance and emergency communication services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement net assets.	1,321,329
Certain transactions related to debt issuance are reported as expenditures and other financing sources/uses in the governmental funds. For the statement of net assets, the net amount of these transactions is capitalized as deferred charges and will be amortized as an adjustment to interest expense over the remaining life of the debt.	10,521
Net assets of governmental activities (see page 30)	$ 52,704,573

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

City of Walla Walla
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	General CIP's	Street CIP's	Other Governmental	Total Governmental
REVENUES					
Taxes	$ 15,741,363	$ -	$ -	$ 2,220,086	$ 17,961,449
Licenses and permits	555,533	-	-	277,668	833,201
Intergovernmental revenues	1,629,024	75,413	752,981	839,569	3,296,987
Charges for goods and services	5,654,421	-	-	395,259	6,049,680
Fines and forfeitures	282,105	-	-	250	282,355
Miscellaneous revenues	283,459	13,229	2,233	251,968	550,889
Total revenues	24,145,905	88,642	755,214	3,984,800	28,974,561
EXPENDITURES					
Current:					
General government	5,606,512	-	-	-	5,606,512
Public safety	12,152,777	250,505	-	307,303	12,710,585
Utilities and environment	1,867,422	-	-	1,423	1,868,845
Transportation	-	-	60,080	1,932,371	1,992,451
Economic environment	512,984	-	-	43,519	556,503
Culture and recreation	2,665,964	-	-	883,360	3,549,324
Debt service:					
Principal Retirement	-	-	-	752,973	752,973
Interest	369	-	-	650,284	650,653
Administrative charges	-	-	-	1,381	1,381
Capital outlay:					
General government	109,424	-	-	-	109,424
Public safety	18,864	7,638,363	-	15,622	7,672,849
Transportation	-	-	2,432,470	-	2,432,470
Economic environment	-	16,936	-	-	16,936
Culture and recreation	24,320	-	-	-	24,320
Total expenditures	22,958,636	7,905,804	2,492,550	4,588,236	37,945,226
Excess (deficiency) of revenues over expenditures	1,187,269	(7,817,162)	(1,737,336)	(603,436)	(8,970,665)

	General Fund	General CIP's	Street CIP's	Other Governmental	Total Governmental
OTHER FINANCING SOURCES (USES)					
Transfers in	315,417	65,354	2,098,247	674,645	3,153,663
Transfers out	(628,268)	(2,123)	(320,165)	(904,256)	(1,854,812)
Insurance Recoveries	29,526	-	-	21,302	50,828
Proceeds from sale of capital assets	22,048	-	-	11,473	33,521
Total other financing sources and uses	(261,277)	63,231	1,778,082	(196,836)	1,383,200
Net Change in fund balances	925,992	(7,753,931)	40,746	(800,272)	(7,587,465)
Fund balances -- beginning	2,314,204	9,258,404	1,057,141	2,407,429	15,037,178
Fund balances -- ending	$ 3,240,196	$ 1,504,473	$ 1,097,887	$ 1,607,157	$ 7,449,713

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

Net change in fund balances - total governmental funds (above)	(7,587,465)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,403,009
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets.	876,399
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,252
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	215,619
Internal service funds are used by management to charge the costs of emergency communications, vehicle maintenance and replacement to individual funds. The net revenue (loss) of certain activities of internal service funds is reported in the governmental activities.	154,546
Bond issuance costs are reported as expenditures in governmental funds. In the statement of net assets, they are reported as assets and amortized over the life of the bonds.	(1,100)
Change in net assets of governmental activities (see page 31)	$ 2,087,260

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

City of Walla Walla
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011/2012 Biennial Budgeted Amounts		Actuals	Variance with Final Budget
	Original	Final	2011	Over (Under)
REVENUES				
Taxes	$ 30,932,730	$ 31,795,950	$ 15,741,360	$ (16,054,590)
Licenses and permits	912,940	1,013,440	555,530	(457,910)
Intergovernmental revenues	1,698,650	2,744,650	1,629,020	(1,115,630)
Charges for goods and services	11,669,950	11,708,970	5,654,420	(6,054,550)
Fines and forfeits	590,580	583,380	282,110	(301,270)
Miscellaneous revenues	409,120	454,190	283,470	(170,720)
Total revenues	46,213,970	48,300,580	24,145,910	(24,154,670)
EXPENDITURES				
Current:				
General government	11,361,640	11,743,120	5,606,510	(6,136,610)
Public safety	24,677,180	25,299,700	12,152,780	(13,146,920)
Utilities and environment	3,974,850	4,112,200	1,867,420	(2,244,780)
Economic environment	-	518,000	512,980	(5,020)
Culture and recreation	5,081,800	5,624,580	2,665,970	(2,958,610)
Debt service:				
Principal Retirement	34,720	34,720	34,720	-
Interest	370	370	370	-
Capital Outlay:				
General government	88,000	158,380	109,430	(48,950)
Public safety	-	29,080	18,860	(10,220)
Culture and recreation	-	24,580	24,320	(260)
Total expenditures	45,218,560	47,544,730	22,993,360	(24,551,370)
Excess (deficiency) of revenues over (under) expenditures	995,410	755,850	1,152,550	396,700
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	29,530	29,530
Transfers in	268,330	656,830	315,420	(341,410)
Transfers out	(1,288,140)	(1,264,130)	(628,270)	635,860
Proceeds from disposal of capital assets	-	11,470	22,050	10,580
Total other financing sources and uses and special items	(1,019,810)	(595,830)	(261,270)	334,560
Net change in fund balances	(24,400)	160,020	891,280	731,260
Fund balances -- beginning	2,314,200	2,314,200	2,314,200	-
Fund balances -- ending	$ 2,289,800	$ 2,474,220	3,205,480	$ 731,260
		Interfund Loan Adjustment	34,720	
		Ending Fund Balance	$ 3,240,200	

Figures are rounded to the nearest ten dollars.
The notes to the financial statements are an integral part of this statement.

City of Walla Walla
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Major Enterprise Funds						Total Internal Service
	Sanitation	Water/Wastewater	Landfill	Ambulance	Other Enterprise	Total Enterprise	
ASSETS							
Current assets:							
Cash and equivalents	$ 1,179,843	$ 11,572,972	$ 980,359	$ 635,502	$ 1,308,078	$ 15,676,754	$ 6,370,046
Other receivables (net)	288,686	1,271,406	2,119,176	360,398	89,362	4,129,028	69,708
Interfund loans receivable	-	-	-	-	-	-	284,727
Inventories	-	600,631	-	-	-	600,631	84,429
Restricted cash and cash equivalents	-	-	836,256	-	-	836,256	-
Prepaids	-	-	-	-	-	-	468,684
Total current assets	1,468,529	13,445,009	3,935,791	995,900	1,397,440	21,242,669	7,277,594
Noncurrent assets:							
Restricted cash and cash equivalents	-	-	1,877,004	-	-	1,877,004	-
Restricted Investments	-	3,036,338	-	-	-	3,036,338	-
Unrestricted Investments	-	192,649	-	-	-	192,649	-
Long term receivable	-	-	15,577	-	-	15,577	-
Interfund loans receivable	-	-	-	-	-	-	2,506,990
Deferred charges	-	55,555	28,018	-	-	83,573	-
Other debits	-	7,107	-	-	-	7,107	-
Land	-	572,495	593,664	-	55,415	1,221,574	135,600
Buildings and structures (net)	-	17,380,592	599,540	-	-	17,980,132	2,798,609
Improvements other than buildings (net)	-	1,517,508	3,881,159	-	1,108,899	6,507,566	-
Machinery and equipment (net)	17,958	282,831	100,405	63,563	57,811	522,568	4,295,110
Infrastructure (net)	-	66,638,741	677,669	-	829,957	68,146,367	13,689
Construction in progress	-	4,110,066	-	-	275,247	4,385,313	-
Total noncurrent assets	17,958	93,793,882	7,773,036	63,563	2,327,329	103,975,768	9,749,998
Total Assets	1,486,487	107,238,891	11,708,827	1,059,463	3,724,769	125,218,437	17,027,592
LIABILITIES							
Current liabilities:							
Accounts payable	358	388,979	29,507	989	14,181	434,014	16,989
Other accrued liabilities	73,607	498,481	69,932	143,055	29,414	814,489	99,955
Industrial insurance claims	-	-	-	-	-	-	24,106
Compensated absences	57,361	84,263	76,840	168,166	22,553	409,183	135,543
Pollution remediation payable from restricted assests	-	-	836,256	-	-	836,256	-
Current portion long term debt	-	6,030,887	318,804	-	17,854	6,367,545	99,992
Interfund loans payable	-	-	142,736	-	32,102	174,838	20,893
Total current liabilities	131,326	7,002,610	1,474,075	312,210	116,104	9,036,325	397,478
Noncurrent liabilities:							
Industrial insurance claims	-	-	-	-	-	-	160,709
Compensated absences	-	8,554	9,713	80,871	5,070	104,208	13,635
Landfill closure payable from restricted assets	-	-	1,491,190	-	-	1,491,190	-
Pollution remediation payable from restricted assets			385,814			385,814	-
Pollution remediation payable from unrestricted assets	-	-	701,417	-	-	701,417	-
Long term debt	-	35,344,762	4,373,888	-	259,876	39,978,526	255,965
Interfund loans payable	-	-	1,093,236	-	527,078	1,620,314	20,000
Total noncurrent liabilities	-	35,353,316	8,055,258	80,871	792,024	44,281,469	450,309
Total Liabilities	131,326	42,355,926	9,529,333	393,081	908,128	53,317,794	847,787
NET ASSETS							
Invested in capital assets, net of related debt	17,958	51,033,471	1,365,524	63,563	2,049,599	54,530,115	6,887,051
Unrestricted	1,337,203	13,849,494	813,970	602,819	767,042	17,370,528	9,292,754
Total Net Assets	$ 1,355,161	$ 64,882,965	$ 2,179,494	$ 666,382	$ 2,816,641	71,900,643	$ 16,179,805
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						12,325,337	
Net assets of business-type activities (see page 30)						$ 84,225,980	

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

City of Walla Walla
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Major Enterprise Funds						Total
	Sanitation	Water/Wastewater	Landfill	Ambulance	Other Enterprise	Total Enterprise	Internal Service
Operating revenues:							
Licenses and permits	$ 1,467	$ -	$ -	$ -	$ -	$ 1,467	$ -
Intergovernmental revenues	-	53,118	2,110,195	1,250,807	8,479	3,422,599	1,603,899
Charges for goods and services	4,538,542	17,592,692	3,195,438	3,474,430	1,338,945	30,140,047	11,188
Discounts & allowances	-	-	-	(1,384,970)	-	(1,384,970)	-
Miscellaneous revenues	96,322	-	-	-	51,129	147,451	20,280
Interfund Charges	-	-	-	-	-	-	7,086,573
Total operating revenues	4,636,331	17,645,810	5,305,633	3,340,267	1,398,553	32,326,594	8,721,940
Operating expenses:							
Depreciation	2,367	2,380,476	474,141	19,933	64,908	2,941,825	834,561
Bad debt expense	-	-	175	237,949	-	238,124	-
Salaries and wages	598,517	974,573	575,691	1,621,334	197,268	3,967,383	1,199,078
Personnel benefits	259,729	435,458	221,450	632,812	76,605	1,626,054	4,447,315
Supplies	44,211	53,998	49,229	133,162	17,437	298,037	1,188,846
Services and charges	1,568,402	2,680,107	253,530	75,759	191,416	4,769,214	682,957
Intergovernmental services	538,747	2,321,844	392,628	33,740	163,205	3,450,164	-
Interfund service payments	1,247,933	2,567,330	1,002,047	752,746	372,151	5,942,207	454,615
Total operating expenses	4,259,906	11,413,786	2,968,891	3,507,435	1,082,990	23,233,008	8,807,372
Operating income (loss)	376,425	6,232,024	2,336,742	(167,168)	315,563	9,093,586	(85,432)
Nonoperating revenues (expenses):							
Taxes	-	-	-	-	-	-	417,874
Miscellaneous revenues	2,165	214,429	37,708	9,278	2,375	265,955	148,794
Gain (loss) on sale of capital assets	-	(221,528)	-	-	(3,923)	(225,451)	(29,728)
Insurance recoveries	-	3,771	21,414	3,049	-	28,234	-
Adjustment to landfill closure liability	-	-	631,491	-	-	631,491	-
Adjustment to pollution remediation liability	-	-	1,669,997	-	-	1,669,997	-
Debt service - interest	-	(1,255,269)	(211,984)	-	(37,804)	(1,505,057)	(158,604)
Total non-operating revenue (expenses)	2,165	(1,258,597)	2,148,626	12,327	(39,352)	865,169	378,336
Income (loss) before contributions, transfers, special items, and extraordinary items	378,590	4,973,427	4,485,368	(154,841)	276,211	9,958,755	292,904
Capital contributions	-	873,199	-	-	5,000	878,199	-
Transfers in	-	415,910	-	-	103,220	519,130	81,750
Transfers out	(43,380)	(1,613,461)	-	(12,000)	(18,537)	(1,687,378)	(212,354)
Extraordinary item	-	(337,672)	-	-	-	(337,672)	-
Change in net assets	335,210	4,311,403	4,485,368	(166,841)	365,894	9,331,034	162,300
Total net assets -- beginning	1,019,951	60,571,562	(2,305,874)	833,223	2,450,747	62,569,609	16,017,505
Total net assets -- ending	$ 1,355,161	$ 64,882,965	$ 2,179,494	$ 666,382	$ 2,816,641	$ 71,900,643	$ 16,179,805

Net change in net assets - total proprietary funds	$ 9,331,034
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	10,852
Change in net assets of business-type activities (see page 31)	$ 9,341,886

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

City of Walla Walla
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Major Enterprise Funds						Total
	Sanitation	Water/ Wastewater	Landfill	Ambulance	Other Enterprise	Total Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash from customers	$ 4,521,172	$ 17,403,363	$ 1,220,533	$ 1,989,904	$ 1,326,490	$ 26,461,462	$ 1,657,533
Cash from grants	-	53,118	2,110,195	1,250,807	8,479	3,422,599	-
Cash from interfund services	-	-	-	-	-	-	7,086,573
Payments to suppliers	(2,128,892)	(5,044,450)	(660,521)	(239,631)	(356,363)	(8,429,857)	(1,810,713)
Payments to employees	(875,689)	(1,409,887)	(798,865)	(2,191,040)	(267,456)	(5,542,937)	(5,653,144)
Interfund service payments	(1,247,933)	(2,567,330)	(1,002,047)	(752,746)	(372,151)	(5,942,207)	(454,615)
Miscellaneous Revenues	96,322	-	-	-	51,129	147,451	-
Payments for landfill closure	-	-	(2,677,410)	-	-	(2,677,410)	-
Extraordinary Item	-	(337,672)	-	-	-	(337,672)	-
Net cash provided by operating activities	364,980	8,097,142	(1,808,115)	57,294	390,128	7,101,429	825,634
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash from taxes	-	-	-	-	-	-	417,874
Proceeds (repayments) from interfund loan	-	(73,276)	(168,713)	-	(56,768)	(298,757)	580,214
Transfers in	-	415,910	-	-	103,220	519,130	81,750
Transfers out	(43,380)	(1,613,461)	-	(12,000)	(18,537)	(1,687,378)	(212,354)
Total cash flows from noncapital financing	(43,380)	(1,270,827)	(168,713)	(12,000)	27,915	(1,467,005)	867,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Unamortized bond issuance costs	-	14,184	1,564	-	-	15,748	-
Purchase of capital assets	-	(2,180,082)	(10,085)	(6,511)	(68,892)	(2,265,570)	(1,216,325)
Capital contributions and purchases	-	876,970	21,414	3,050	5,000	906,434	-
Principal and interest payments	-	(6,974,224)	(491,083)	-	(27,670)	(7,492,977)	(265,000)
Landfill Closure and Post-Closure Care	-	-	631,491	-	-	631,491	-
Pollution Remediation	-	-	1,669,997	-	-	1,669,997	-
Total cash flows from capital and related financing	-	(8,263,152)	1,823,298	(3,461)	(91,562)	(6,534,877)	(1,481,325)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	2,165	214,427	35,845	9,278	2,375	264,090	18,833
Total cash flows from investing	2,165	214,427	35,845	9,278	2,375	264,090	18,833
Net increase (decrease) in cash and cash equivalents	323,765	(1,222,410)	(117,685)	51,111	328,856	(636,363)	230,626
Beginning cash and cash equivalents	856,078	12,795,382	3,811,304	584,391	979,222	19,026,377	6,139,420
Ending cash and cash equivalents	$ 1,179,843	$ 11,572,972	$ 3,693,619	$ 635,502	$ 1,308,078	$ 18,390,014	$ 6,370,046
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 376,425	$ 6,232,024	$ 2,336,742	$ (167,168)	$ 315,563	$ 9,093,586	$ (85,432)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,367	2,380,476	474,141	19,933	64,908	2,941,825	834,561
Extraordinary Item	-	(337,672)	-	-	-	(337,672)	-
Landfill closure and post-closure care	-	-	(2,677,410)	-	-	(2,677,410)	-
(Increase) decrease in accounts receivable	(18,837)	(189,329)	(1,974,730)	138,393	(12,455)	(2,056,958)	22,166
(Increase) decrease in inventories	-	(389,335)	-	-	-	(389,335)	60,891
Increase (decrease) in accounts payable	22,468	400,834	34,866	3,030	15,695	476,893	199
Increase (decrease) in salaries & benefits	(17,443)	144	(1,724)	63,106	6,417	50,500	(6,751)
Net cash provided by operating activities	$ 364,980	$ 8,097,142	$ (1,808,115)	$ 57,294	$ 390,128	$ 7,101,429	$ 825,634

No noncash investing, capital, and financing activities

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

City of Walla Walla
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	Pension and Other employee Benefits	Agency
ASSETS		
Cash and equivalents	$ 286,941	$ 42,836
Total assets	286,941	42,836
LIABILITIES		
Accounts payable	1,621	-
Other accrued liabilities	24,284	-
Due to other governments	-	42,836
Total Liabilities	25,905	$ 42,836
NET ASSETS		
Held in trust for pension benefits and other purposes	$ 261,036	

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

City of Walla Walla
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	Pension and Other employee Benefits
ADDITIONS	
Contributions:	
Intergovernmental revenues	$ 42,480
Employer contributions	886,180
Total Contributions	928,660
Investment earnings:	
Interest on investments	572
Total investment earnings	572
Net Investment Earnings	572
	929,232
DEDUCTIONS	
Personnel benefits	916,748
Total deductions	916,748
Change in Net Assets	12,484
Net Assets-- beginning of the year	248,552
Net Assets -- end of the year	$ 261,036

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Walla Walla have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The City of Walla Walla was incorporated in 1862 and operates under the laws of the State of Washington applicable to non-charter code cities with a Council-Manager form of government. As required by generally accepted accounting principles, the financial statements present the activities of the City of Walla Walla – the primary government.

The City is a general purpose government and provides police, fire, ambulance, water/wastewater and sanitation service, a landfill, street maintenance, planning and zoning, a library, parks and a cemetery. The City contracts for operation and maintenance of the municipal golf course and operation of the wastewater treatment plant. The City's basic financial statements include the financial position and results of operations of all funds that are controlled by the City. The basic financial statements do not include the financial position or results of operations of:

The *Walla Walla School District*, even though its operations are essentially conducted within the City's borders. It is a separate municipal corporation, and no financial interdependence exists between the two entities.

The *Walla Walla Valley Transit*, even though three of the seven board members are appointed by the City Council for a two-year term. The City has no continuing oversight responsibility over their operations, and no financial interdependence exists.

The *Walla Walla Housing Authority*, though the City Council appoints their five board members. The members cannot be elected officials and they are appointed for five year terms. The City's relationship with the Housing Authority of Walla Walla qualifies as a related organization under GASB 14. RCW 35.82.030 establishes rules governing the Housing Authority. The City has no continuing oversight responsibility for their operations, and no financial interdependence exists. The City is also under no financial obligation and receives no financial benefit from this relationship.

Discretely presented component units:

The *Walla Walla Joint Community Development Agency (WWJCDA)* is an independent entity that resulted from a merger of the City of Walla Walla Development Services Department and the Walla Walla County Community Development Department through an interlocal agreement. The WWJCDA provides land use planning, construction inspection, and code compliance services to the City and Walla Walla County as part of an interlocal agreement. In 2011, the City paid a 62% operating subsidy to the WWJCDA. The WWJCDA operating budget is subject to approval of the City Council. The City Council also sets rates and fees charged by the WWJCDA. Two of the five members Board of Directors are appointed by the City Council for a two year term. Requests for copies of the WWJCDA financial statements should be addressed to the Walla Walla Joint Community Development Agency (WWJCDA), 55 Moore Street, Walla Walla, WA 99362.

B. Government-Wide and Fund Financial Statements

The government-wide statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city's policy is to not 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 operational 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Property taxes are recognized as

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary funds account for resources legally held in trust or agency capacity for others and which therefore cannot be used to support the government's own programs. Trust funds employ the same economic resource measurement focus and accrual basis of accounting as proprietary funds. Agency funds report only assets & liabilities and do not have a measurement focus. They use the accrual basis of accounting to recognize receivables and payables. Agency funds, a type of fiduciary fund, have no measurement focus as the purpose of this type of fund is to simply receive and disburse funds belonging to another organization.

Governmental fund financial statements are reported using the flow of 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 the related fund 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.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

> The g*eneral fund* is the City's primary operating fund. It accounts for all governmental financial resources, except those required to be accounted for in another fund.
>
> The *general construction* fund accounts for financial resources related to the construction of general governmental construction and related assets.
>
> The *street construction* funds accounts for financial resources related to the construction of streets and related assets.

The City reports the following major proprietary funds:

> The *sanitation fund* is responsible for the pick-up and disposal of solid waste throughout the City and administers the contract for the City's recycling program.
>
> The *landfill fund* accounts for activities related to waste stored at the landfill, composting operations, and the household hazardous waste disposal program.

The *water/wastewater fund* accounts for the water-treatment plant activities; wastewater treatment and disposal; as well as the distribution of water and the collection of wastewater throughout the City including some areas outside the City limits.

The *ambulance fund* accounts for the activities related to in-town (and most of the county) emergency ambulance services and long-distance ambulance transport services.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for revenues that are raised for a specific purpose.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital project funds are used to report significant capital acquisition and construction separate from ongoing operating activities.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Pension trust funds account for pension and medical costs for active and retired Fire Department employees qualified under State statutes.

Agency fund accounts for assets controlled by the City as fiscal agent to WALNET; an organization created by interlocal agreement to provide library software services to its members.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the City-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of the interfund activity has been eliminated for the city-wide financial statements. Exceptions to this general rule are administrative overhead charges where the amounts are reasonably equivalent in value to the interfund services provided. Likewise, other charges between the government's utility functions and certain other service functions and various other functions of the government have not been eliminated. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally

dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 for enterprise 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Information

In 2008, the City of Walla Walla changed from an annual budget to a biennial budget. The following paragraphs describe the process the City uses to adopt its biennial budget.

1. Scope of budget

Biennial appropriated budgets are adopted for the general, special revenue, proprietary and pension trust funds on a basis consistent with generally accepted accounting principles. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for the fiscal periods that correspond to the lives of debt issues or projects.

The appropriated budget is prepared by fund, function, and department. The fund level is the legal level for budgetary control.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

2. Procedures for Adopting the Original Budget

The City of Walla Walla's budget procedures are mandated by RCW 35.34. The City of Walla Walla used the following steps to establish the biennial budget reflected in the financial statements:

- Prior to October 1 in even-numbered years, the City Manager submits to the City Clerk the proposed operating budget for the biennial period commencing the following January 1. The operating budget includes proposed expenditures and revenues for the biennium.

- In November, public hearings are held at regular City Council meetings to obtain taxpayer comments.

- In December, the biennial budget is legally adopted by Council ordinance.

3. Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of the City, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council and adopted by ordinance. When the City of Walla Walla Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding a public hearing.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

4. Excess of expenditures over appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations in the District Court ($1,400), facilities ($400), parks administration ($3,350), aquatics ($1,180), fire suppression ($86,820) and animal control ($1,270) departments of the general fund. The general fund as a whole did not exceed the appropriated amount. These over-expenditures were funded by available fund balance in all cases.

5. Deficit fund equity

The Bond LID fund showed a deficit fund equity position of ($318,151) at December 31, 2011. This is expected and normal since the debt related to this debt service is from an interfund loan rather than an outside funding source. With internal financing the debt is carried within the fund and therefore results in a negative fund balance. Interfund loans payable in the LID Bond fund total $551,000 and will be redeemed with proceeds from annual assessment payments.

E. Assets, Liabilities, Fund Balance, Net Assets or Equities

1. Cash and Cash Equivalents

The City reports both restricted and unrestricted cash, cash equivalents and investments. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The restricted cash, cash equivalents and investments are those resources whose use is limited to capital improvements, debt service or other uses per contractual or legal requirements.

State statutes and the City's investment policies authorize the City to invest in obligations of the

U.S. treasury, repurchase agreements and the State Treasurer's Local Government Investment Pool. The interest on these investments is prorated to the various funds on a monthly basis.

The City's deposits are covered by federal depository insurance (FDIC and FSLIC) or by collateral held in the multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The City has elected to report all long-term investments at cost which approximates fair value for the items held. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Investments

See deposit investment information in Note 4 - A - starting on page 55.

3. ***Receivables***

Taxes receivable consist of property taxes. Property taxes are levied as of January 1 on property values assessed as of December of the prior year. The tax levy is divided into two billings: the first billing is due April 30 and the second is due October 31.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services. The allowance for uncollectible accounts for the ambulance fund is approximately 45% of the outstanding receivables at December 31, 2011. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered. Since the City is unable by law to grant credit to any entity, all loans receivable are related to grant monies received from other agencies which have authorized the loan as part of the grant process. Repayments of these loans are used to establish revolving loan funds for loans that match the original grant purpose.

4. Amounts Due to and from Other funds and Governments, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loans payable/receivable". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". A separate schedule of interfund loans receivable and payable is furnished in Note 15 starting on page 77.

Loans between funds, as reported in the fund financial statements, are included as a liability in applicable governmental funds so that the indicated fund balance represents amounts available for appropriation and expendable available financial resources.

5. Inventories

Inventories are valued by the FIFO (first-in-first-out) method. Inventories in governmental funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures at the time individual inventory items are purchased. The inventories associated with internal service funds that support governmental activities and all enterprise funds report inventories as expenditures when they are consumed rather than when they are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements as applicable.

6. Restricted Assets and Liabilities

Corpuses of permanent funds are included in restricted assets. Cash in the Cemetery Endowment fund is restricted for the care and maintenance of the cemetery. The "landfill closure" account is used by the landfill fund and contains resources set aside to fund future landfill closure and post closure costs and the "pollution remediation" account contains resources for current activity on the remediation of at the Landfill. Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because they are maintained in a separate investment account and their use is limited by applicable bond covenants. The "bond debt service" account is used by the water/wastewater fund to report resources set aside to subsidize potential deficiencies from the water/wastewater operations that could adversely affect debt service payments. Restricted assets are composed of the following:

	Temporary Restrictions	Permanent Restrictions
Esther Eyruad Trust	$ -	$ 3,000
Sherwood Library Trust	-	13,545
Cemetery Endowment	855,136	-
Landfill Closure	1,491,190	-
Pollution Remediation	1,222,070	-
Water/Wastewater Debt Service	3,036,338	-

7. Capital assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type columns in the City-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 (amount

not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisitions date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriated price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Capitalization Threshold	Years
Bike path network	$ 30,000	15 to 25
Bridge network	30,000	50 to 125
Buildings and improvements	30,000	5 to 50
Land & Improvements	30,000	10 to 45
Parking lot network	30,000	15 to 25
Pavement markings network	30,000	4 to 6
Sidewalk network	30,000	25 to 50
Signal light network	30,000	20 to 30
Street light network	30,000	20 to 30
Street/Road subsystem network	30,000	10 to 50
Machinery and equipment	5,000	5 to 10
Furniture and office equipment	5,000	5 to 20
Vehicles and mobile equipment	5,000	2 to 20

Depreciation is provided using the straight-line method over estimated useful lives.

For capital asset details see Note 6 starting on page 58.

8. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The contracts with employees call for the accumulation of vacation leave. At termination of employment, employees with the required six months length of service may receive cash payment for all accumulated vacation leave up to a maximum of 240 hours. At termination of employment, employees with at least 10 years of continuous service may receive cash payment for 25% of all accumulated sick leave up to a maximum of 240 hours. All vacation is accrued when incurred in the government-wide, proprietary fund financial statements. In governmental funds, such amounts are not accrued using the modified accrual basis of accounting but are reported as a liability in the government-wide financial statements.

10. Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, when material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Material bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Only the general and street funds typically liquidate long-term obligations other than debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For long-term debt details see Note 10 starting on page 73.

11. Unearned Revenue

Unearned Revenues are those revenues that are measurable but not yet available, under the modified accrual basis of accounting. Accordingly, they are not recorded as revenue. The balance sheet records the receivable, but includes unearned revenue as its offset. The City recognized the following deferred items in 2011:

1. Uncollected property taxes levied.

2. Unbilled special assessments levied against benefited property for the cost of local improvements. An allowance for uncollectibles is not necessary since the assessments are liens against the property benefited.

12. Fund Balance Classification

Fund balance for governmental funds is reported in the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent.

- The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balances have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions.
- Committed fund balances can only be used for specific purposes pursuant to constraints imposed by formal action of the City of Walla Walla Council, the City's highest level of decision-making authority. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign unexpended funds.
- Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted or committed to those purposes.

For classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive resource (i.e., restricted, committed, assigned, and unassigned in that order) when more than one fund balance classification is available for use.

13. Fund Balance Details

Fund balances by classification for the year ended December 31, 2011 were as follows:

Fund Balances	General Fund	General CIP's	Street CIP's	Other Governmental	Total Governmental
Nonspendable:					
Prepaids	$ 34,638	$ -	$ -	$ -	$ 34,638
Loans Receivable	-	-	-	15,601	15,601
Library Trusts	-	-	-	16,545	16,545
Restricted for:					
Community Services	158,239	-	-	501,300	659,539
Debt Service	-	-	-	99,516	99,516
Capital Projects	-	1,487,209	-	-	1,487,209
Committed to:					
Community Enforcement and Development	7,377	-	-	241,039	248,416
Cemetery	-	-	-	855,136	855,136
Debt Service	-	-	-	215,826	215,826
Capital Projects	-	17,264	1,093,202	24,738	1,135,203

Assigned to:					
UDAG Fund	-	-	-	111,117	111,117
Cemetery and Library	-	-	-	14,631	14,631
Capital Projects	-	-	4,686	-	4,686
Unassigned:	3,039,942	-	-	(488,292)	2,551,650
Total Fund Balances:	**$ 3,240,196**	**$ 1,504,473**	**$ 1,097,887**	**$ 1,607,157**	**$ 7,449,713**

14. Minimum Fund Balance

In 2010, the City Council passed a General Fund Reserve Policy to establish a minimum unrestricted fund balance for the general fund. The policy requires an annual review of the general fund reserve level and sets the minimum reserve level at 5%. In addition, the policy sets a target for its reserve level for the general fund at 15%. If at any time, the level of the reserves is projected to drop below the 5% minimum, the City Council will institute budgetary actions to bring the reserve to the minimum level.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes reconciliation between fund balance – total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The following shows the detail of these capital asset changes net of accumulated depreciation:

Beginning balance of capital assets excluded from fund level:	
Land	$ 3,679,246
Construction in progress	9,583,506
Buildings	9,150,886
Other improvements	3,850,233
Equipment	1,340,642
Infrastructure	21,387,076
Current year land purchase	-
Current year spending in construction work in progress	10,030,968
Current year capital purchases	614,310
Current year capital asset disposals	(91,149)
Current year depreciation	(2,151,120)
Net adjustment to add to government-wide fund balance to arrive at	
Net assets-governmental activities	**$ 57,394,598**

Another element of that reconciliation explains that "long-term liabilities…are not due and payable in the current period and are not reported in the funds." The following shows the detail of these

liability changes:

Beginning balance of long-term liabilities excluded from fund level:	
Bonds payable	$ (16,813,648)
Bond Premiums	(176,265)
Compensated absences	(1,828,929)
Worker's Compensation Claims	(196,241)
OPEB Obligation	(1,832,839)
Net Pension Obligation	(59,145)
Current year principal payments reducing debt	860,664
Current year amortization of bond premium	15,735
Current year compensated absences earned	(1,329,402)
Current year compensated absences used	1,444,089
Current year Worker's Comp Claims additions	(44,686)
Current year Worker's Comp Claims reductions	56,112
Current year OPEB obligation additions	(1,427,470)
Current year OPEB obligation reductions	1,495,334
Current year Net Pension obligation additions	(278,778)
Current year Net Pension obligation reductions	300,420
Net adjustment to add to government-wide fund balance to arrive at *Net assets-governmental activities*	**$ (19,815,049)**

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Current year spending in CWIP	$ 10,030,968
Current year capital purchases	614,310
Loss on disposal of capital assets	(91,149)
Depreciation expense	(2,151,120)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in *net assets of governmental activities*	**$ 8,403,009**

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current

financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Amortization of Bond Premiums	$ 15,735
Debt Principal Retirement	860,664
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in *net assets* of governmental activities	**$ 876,399**

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of this difference are as follows:

Current year compensated absences earned	$ (1,329,402)
Current year compensated absences used	1,444,089
Current year OPEB obligation additions	(1,427,470)
Current year OPEB obligation reductions	1,495,334
Current year Net Pension obligation additions	(278,778)
Current year Net Pension obligation reductions	300,420
Current year Workers Comp Claims additions	(44,686)
Current year Workers Comp Claims reductions	56,112
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in *net assets* of governmental activities	**$ 215,619**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

The City's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).The State of Washington Public Deposit Protection Commission Act, implemented on August 11, 1969, was amended during the 2009 legislative session to fully protect public deposits in the result of bank failure. On 12/31/2011 the City of Walla Walla had $1,988,756 on deposit with Baker Boyer National Bank. The FDIC insures those deposits up to $250,000. The remaining amount on deposit, not insured by the FDIC, with Baker Boyer is $1,738,756. This remaining amount is fully protected by the Public Deposit Protection Commission which results in a total credit risk of $0.00 to the City of Walla Walla.

B. Investments

As of December 31, 2011, the government had the following investments:

	Fair Value	Weighted Average Maturities (Years)
Local Government Investment Pool		
Total invested cash equivalents	$33,460,340	0.12
AIG Matching Funding Corp		
Total investments	$3,228,988	4.71
Total fair value	$36,689,327	
Portfolio weighted average maturity		0.53

All investments are stated at cost which approximates fair value.

Credit rating. AIG Matching Fund Corporation investments have a Moody's rating of AAA. The Local Government Investment Pool does not have a credit rating due to the fact that they are governmental and do not subscribe to a rating service. The Local Government Investment Pool (LGIP) is a voluntary investment vehicle operated by the State Treasurer pursuant to RCW 43.250.

Interest rate risk. It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, but the policy does not state specific requirements.

Credit risk. The City policy allows the following types of investments in accordance with state law: demand or investment deposits in qualified public depositaries located within the state; United States government bonds, notes, bills, certificates of indebtedness, or interim financing warrants of a local improvement district of the City of Walla Walla which is within the protection of the local improvement guaranty fund law; mutual funds and money market funds; bonds and other obligations of a metropolitan municipal corporation; notes or bonds secured by mortgages insured by the federal agencies or corporations; notes, bonds and debentures; the Local Government Investment Pool in the State Treasury; and such other investments authorized by law and approved by ordinance or resolution of the Walla Walla City council.

Concentration of credit risk. It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific class of securities. With the exception of U.S. Treasury securities and the state investment pool, no more than twenty percent shall be in bankers' acceptances and no more than ten percent in certificates of deposits with savings and loans.

Custodial credit risk – investments. For an investment, there is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City limits its custodial

credit risk by holding investments that are insured and are registered or held by the City's agent in the City's name. Certificates of deposit are entirely covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). With regard to bankers' acceptances, no more than ten percent of the portfolio shall be with any one institution. With regard to certificates of deposit, no more than thirty-three percent of the portfolios shall be with any one financial institution.

NOTE 5 – PROPERTY TAX

Taxes Receivable. The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed by the 6th day of the following month.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
October 31	Second installment is due.
December 31	Assessed value of property established for next year's levy at 100 percent of market value.

Property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected and deferred property tax revenue is reduced. Prior year tax levies were recorded using the same principal. Delinquent taxes totaled $378,627, and since these funds are not available revenue recognition is deferred. Subsequent collections of delinquent amounts will be recorded as revenue in the period actually received.

The City may levy up to $3.60 per $1,000 of assessed valuation for general governmental services, subject to two limitations:

a. Except as otherwise provided for, the levy for a taxing district in any year shall be set so that the regular property taxes payable in the following year shall not exceed the limit factor of 101% multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction, improvements to property, annexed property, and any increase in the assessed value of state-assessed property by the regular property tax levy rate of that district for the preceding year.

b. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or $10 per $1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below

the 1 percent limit.

The City's levy for 2011 was $2.3811 per $1,000 on a 2010 assessed valuation of $1,989,718,123 for a total operating levy of $4,737,642. The City's levy for 2012 was $2.3861 per $1,000 on a 2011 assessed valuation of $1,998,943,250 for a total regular levy of $4,769,722. Washington State Constitution and Washington State law, RCW 84.55.010, limits the levy rate.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ending December 31, 2011 was as follows:

Primary Government **Governmental activities**	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	3,679,246	-	-	3,679,246
Construction in progress	9,583,506	10,030,967	4,267,826	15,346,647
Total capital assets not being depreciated	13,262,752	10,030,967	4,267,826	19,025,893
Capital assets being depreciated:				
Buildings	13,763,558	296,458	-	14,060,016
Improvements other than buildings	4,982,114	111,228	-	5,093,342
Machinery and equipment	3,112,046	542,955	420,337	3,234,664
Infrastructure	45,967,941	3,931,494	203,452	49,695,983
Total depreciated capital assets	67,825,660	4,882,135	623,789	72,084,006
Less accumulated depreciation for:				
Buildings	4,612,672	312,528	-	4,925,201
Improvements other than buildings	1,131,881	106,464	-	1,238,346
Machinery and equipment	1,771,404	238,198	401,968	1,607,633
Infrastructure	24,580,865	1,493,929	130,672	25,944,122
Total accumulated depreciation	32,096,822	2,151,120	532,640	33,715,301
Capital assets being depreciated, net	35,728,838	2,731,015	91,149	38,368,704
Governmental activities capital, net	48,991,590	12,761,982	4,358,975	57,394,598
Business-type activities:				
Capital assets not being depreciated:				
Land	1,221,574	-	-	1,221,574
Construction in progress	6,159,755	2,289,774	4,064,216	4,385,313
Total non-depreciable assets	7,381,329	2,289,774	4,064,216	5,606,887
Business-type assets being depreciated:				
Buildings	30,559,661	633,570	99,474	31,093,756
Improvements other than buildings	7,576,128	259,493	-	7,835,622
Machinery and equipment	15,665,766	863,334	886,784	15,642,316
Infrastructure	88,946,272	3,060,411	320,579	91,686,104
Total capital assets	142,747,827	4,816,808	1,306,837	146,257,798

Less accumulated depreciation for:				
Buildings and system	12,577,556	598,611	62,542	13,113,625
Improvements other than buildings	956,354	371,701	-	1,328,055
Machinery and equipment	10,986,523	912,002	824,415	11,074,109
Infrastructure	21,897,059	1,778,661	135,982	23,539,738
Total accumulated depreciation	46,417,491	3,660,975	1,022,939	49,055,527
Capital assets being depreciated, net	96,330,336	1,155,833	283,898	97,202,271
Business-type activities capital, net	103,711,665	3,445,607	4,348,114	102,809,158

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	223,062
Public safety	214,039
Utilities & environment	4,584
Transportation	1,498,259
Economic environment	-
Culture & recreation	211,176
Total depreciation expense - governmental activities	2,151,120
Business-type activities:	
Golf Course	54,359
Sanitation	2,367
Water	934,405
Stormwater	10,549
Wastewater	1,446,071
Landfill	474,141
Ambulance	19,933
Fleet Services	4,972
Vehicle Replacement Fund	714,177
Total depreciation expense - business-type activities	3,660,975

	Project Commitment	Spent to Date	PO Amount Remaining
General construction	6,938,875	938,397	6,000,478
Street construction	2,935,401	2,590,353	345,048
Water construction	1,444,859	1,428,008	16,851
Wastewater construction	2,307,961	2,282,948	25,013
Stormwater construction	787,126	784,549	2,577
Landfill construction	1,526,884	1,483,143	43,741
	$15,941,106	$9,507,398	$6,433,708

NOTE 7 – PENSION PLANS

Substantially all City of Walla Walla 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 retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, Accounting for Pensions by State and Local Government Employers and No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.

In addition, the City of Walla Walla requested Milliman, Inc. to perform an Actuarial Valuation of the City's Firefighters' Pension Fund effective January 1, 2010. For more details on the contents of the report please see "Local Governments Pension Trust Funds" and "Other Post Employment Benefits" sections below. A copy of this report can be obtained from the City Clerk's office.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.
PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit 50 was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:
If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.
PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if 39 found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier
During January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 AFC.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC, pay higher contributions; stop contributing to the Judicial Retirement Account (JRA); and be given the option to increase the multiplier on past judicial service. Members who did not choose to

participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.
There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
Total	$262,285

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, are as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	*****

*The employer rates include the employer administrative expense fee currently set at 0.16%.
**The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.
***Plan 3 defined benefit portion only.
****The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.
*****Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	9.75%	9.75%	9.75%**
Employer-Local Govt.*	7.25%	7.25%	7.25%**
Employer-State Agency*	9.76%	9.10%	7.50%***
Employee-Local Govt.	12.26%	11.60%	7.50%***

*The employer rates include the employer administrative expense fee currently set at 0.16%.
**Plan 3 defined benefit portion only.
***Minimum rate.

Both the City of Walla Walla and the employees made the required contributions. The city required contributions for the years ended December 31 were as follows:

Year	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	$12,491	$481,974	$68,127
2010	$16,059	$461,152	$58,616
2009	$28,144	$600,518	$68,106

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

The current Actuarial Valuation of Firefighters' Pension Fund for the City of Walla Walla was provided by Milliman, Inc. effective January 1, 2010. For more details on the contents of the report please see "Local Governments Pension Trust Funds" and "Other Post Employment Benefits" sections below. A copy of this report can be obtained from the City Clerk's office.

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.
LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.00%
10 but less than 20 years	1.50%
5 but less than 10 years	1.00%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months.) Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may request service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Nonvested	3,656
Total	27,505

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

*The employer rates include the employer administrative expense fee currently set at 0.16%.
**The employer rate for ports and universities is 8.62%.

Both the City of Walla Walla and the employees made the required contributions. The City of Walla Walla's required contributions for the years ending December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2011	$273	$383,983
2010	$559	$388,838
2009	$580	$375,988

Local Governments Pension Trust Funds

Plan description

The City of Walla Walla also administers the firefighter pension retirement system. It is shown as a trust fund in the financial reports of the City of Walla Walla. Separate financial statements are not issued. This is a closed, small single-employer defined benefit plan called Firefighters' Pension Fund that was established in conformance with RCW 41.26. Since this is a closed plan, members do not make contributions. The amortization method is the Entry Age Normal Cost Method. The amortization period is 20 year closed beginning January 1, 2008. As of December 31, 2011 there are 16 years remaining. The current Actuarial Valuation of Firefighters' Pension Fund for the City of Walla Walla was provided by Milliman, Inc. effective January 1, 2010. A copy of this report can be obtained from the City Clerk's office.

No new employees have been covered by this plan since March 1, 1970. Pension obligations, for all firefighters retired since March 1, 1970, have been assumed by LEOFF (except for certain minimal benefits in excess of the LEOFF benefits). The City's liability under the Firefighter's pension plan is limited to benefits for covered firefighters retired prior to March 1, 1970 and excess benefits over LEOFF I for firefighters retired after March 1, 1970.

A member of the Firefighters' pension plan is eligible for retirement after completion of service for a period of 5 years or more and attainment of age 50. A member is eligible for disability benefits if disabled for a minimum of 6 months. An individual becomes vested after 5 years of service. Since there have been no new employees covered under this system since 1970, all employees are fully vested.

The Firefighters' Pension Fund makes two types of payments:

- Pensions to eligible members retired prior to March 1, 1970, or deceased members' spouses.
- Amounts to certain eligible members retired after that date if the amount received from LEOFF does not equal or exceed the amount entitled from the prior pension fund.

Benefits are calculated based on length of service (a percentage for each year of service) and on the final average salary (calculated over the last two years of credited service). There were no changes in benefit provisions in the current year.

Covered individuals of the retirement system
Single employer – closed plan
January 1, 2010*

Firefighters Retired	15
Firefighters Disabled in the Line of Duty	13
Firefighters Disabled Not in the Line of Duty	5
Survivors of Firefighters	8
Total covered individuals	41

*Date of latest actuarial valuation

Summary of significant accounting policies

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which they are due and the City has made a commitment to provide the contributions. Expenses are recorded when due and payable in accordance with terms of the plan.

Contributions and reserves

The Firefighter's pension fund has four sources of revenues. The fire insurance premium tax is a dedicated source of revenue as authorized by RCW 41.16.050 and amounted to $42,480 in 2011. The City's general fund and Ambulance funds contributed $237,040 and $20,900, respectively, in 2011. Interest from pooled cash and investments provides minimal income and was $175 in 2011.

Funding status and progress

The Firefighter's pension fund has been operating on a pay-as-you-go basis. Actuarial valuation of the fund is performed every two years, with the most recent valuation being performed on January 1, 2010. While assumptions are made regarding mortality, inflation, and wage rates, the City uses a projected cash flow rather than an actuarial funding plan to liquidate any unfunded liabilities. This projection is used to budget annual amounts to transfer to the fund for benefits. The Annual Required Contribution (ARC) is computed using the entry age normal cost method. Under this amortization method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Accrued Liability.

The actuarial assumptions involving investment earnings and salary growth have been determined in accordance with the recommendation of the system's retained actuary. Under LEOFF, the benefit is adjusted after retirement in proportion to the change in the Consumer Price Index (CPI). The following assumptions are used in the most current study:

- 4.0 % return on present and future assets
- 3.5 % per year salary inflation
- CPI increases of 2.5 % per year

Schedule of Funding Progress

Pension benefits ($ in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered payroll
January 1, 2008	$186	$3,884	$3,698	5%	$0	N/A
January 1, 2010	$166	$3,695	$3,529	4%	$0	N/A

Schedule of Employer Contributions

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Total Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2009	$296,300	$38,193	$334,493	$296,674	113%
December 31, 2010	$142,505	$40,669	$183,174	$278,778	66%
December 31, 2011	$257,940	$42,480	$300,420	$278,778	108%

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	Fiscal Year Ending 12/31/2011
1. Annual Normal Cost-beginning of year	-
2. Amortization of UAAL-beginning of year	268,056
3. Interest to end of year	10,722
4. ARC at end of year	278,778
5. Interest on NPO	-
6. Adjustment to ARC	-
7. Annual pension cost	278,778
8. Employer Contributions	(300,420)
9. Change in NPO	(21,642)
10. NPO at beginning of year	59,145
11. NPO at end of year	$ 37,503

Trend information*

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
December 31, 2009	296,674	113%	(37,819)
December 31, 2010	280,138	65%	59,145
December 31, 2011	278,778	108%	37,503

*2008 is the first year data are available.

Annual Development of Pension Cost

Fiscal Year Ending	Arc at EOY	Interest on NPO	Arc Adjust	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance	(Gain)/ Loss	Amort. Factor @ 20 years	Amort. Of (Gain)/ Loss	Ending Balance
12/31/2009	296,674	-	-	296,674	334,493	(37,819)	(37,819)	(37,819)	12.6896	-	(37,819)
12/31/2010	278,778	(1,513)	(2,873)	280,138	183,174	96,965	59,145	95,605	13.1657	(2,873)	59,145
12/31/2011	278,778	-	-	278,778	300,420	(21,642)	37,503	(21,642)	13.1657	4,492	37,503

NOTE 8 – RISK MANAGEMENT

The City of Walla Walla maintains insurance against most normal hazards except for general liability, health insurance, and workers compensation, where it has elected to become partially insured. The City of Walla Walla is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 150 Members.

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to $500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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.

Matrix Absence Management, Inc. manages the workers' compensation claims. Self-insurance is in effect for losses up to $400,000 per occurrence. Those in excess of $400,000 per occurrence or an aggregate of $1,496,134 are insured by private insurance companies up to $1,000,000 for aggregate claims and statutory for specific per occurrence claims.

Claims are processed by Matrix Absence Management but are reviewed by the City Administration for verification. Based on the claims manager estimates, the City's estimated liability for probable losses at December 31, 2011 is $ 184,815 for the Workers' Compensation program.

The City is required by the State to set aside, for protection to the Workers' Compensation Fund, $100,000 in cash reserves. The City met this requirement. The fund's average monthly cash balance for 2011 was $326,233. No reserves were necessary at year end as all claims are estimated below funded levels.

Workers' compensation claim settlement and loss expenses are accrued in the Industrial Insurance fund for the estimated settlement value of both reported and unreported claims up to the aggregate stop loss. This fund is responsible for collecting Interfund premiums from insured funds and departments, for paying claim settlements, and for purchasing certain excess insurance policies. Interfund premiums for workers compensation is assessed on the number of employees and the average claims over the last three years and are reported as revenues and expenses.

	Year ended 12/31/10	Year ended 12/31/11
Unpaid claims, beginning of fiscal year	$ 63,672	$ 196,241
Incurred claims (including IBNRs)	201,115	44,686
Changes in estimate for claims, prior period	(36,596)	43,985
Payments on claims	(31,950)	(100,097)
Unpaid claims, end of fiscal year	$ 196,241	$ 184,815

NOTE 10 – LONG-TERM DEBT

Governmental Type Debt

The City issues general obligation bonds to finance the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. Standard and Poor's has assigned the following ratings for the city: Limited Tax General Obligation – A+ as of May 2010; Unlimited Tax General Obligation Bonds – A+ as of November 2009; Moody's Investors Service has assigned the following ratings for the city: Limited Tax General Obligation Bonds – A1 as of April 2010; Unlimited Tax General Obligation Bonds – Aa3 as of April 2010.

Title	Purpose	Interest Rate	Original	Outstanding
1996 GO Bonds - Deferred Series B	Development Center	5.30%-6.25%	1,291,550	355,957
2001 Refunding GO bonds	Public Parking Improvements	3.50%-4.65%	2,320,000	0
2004 GO bond - Fire station	Fire Station Improvements	2.50%-4.10%	4,500,000	3,250,000
2005 GO bond-Street Construction	Isaacs Street Construction	3.125%-4.5%	300,000	227,027
2009 GO bond-Police Station	Police Station	3.25%-4.375%	11,595,000	10,905,000
2010 GO & Refunding Bond Series	Refund 01, Equip Purchase	3.00%-5.00%	1,260,000	1,215,000
	Total General Obligation Bonds		**21,266,550**	**15,952,984**

The annual debt service requirements to maturity are as follows:

Year Ending	Governmental Activities	
12/31/2011	Interest	Principal
2012	769,134	854,587
2013	753,076	876,478
2014	730,973	910,307
2015	702,511	932,964
2016	487,610	786,216
2017-2021	1,983,713	4,509,189
2022-2026	1,080,158	4,463,243
2027-2031	232,150	2,620,000
Total	**6,739,325**	**15,952,984**

Business Type Debt

The City issues revenue bonds to finance the acquisition and construction of major capital facilities. The revenue bonds are being repaid by proprietary fund revenues. As general obligation bond proceeds used by the Golf Course, Landfill, Water/Wastewater activities are expected to be repaid by the revenues generated by those enterprise activities, they have been included as revenue bonds in the Business Type Debt. Standard and Poor's has assigned the following ratings for the city: Revenue Bonds – A+ as of November 2008.

The City also issues bonds where the government pledges 100% of the revenues of the Water/Wastewater fund. Total Water/Wastewater pledged revenues in 2011 were $11,204,039 and total debt service collateralized was $6,923,483.

Title	Purpose	Interest Rate	Original	Outstanding
Water/Wastewater Revenue Bond 2002	Capital construction	3.00%-4.25%	11,720,000	2,290,000
Water/Wastewater Revenue Bond 2005	Capital construction	3.00%-4.25%	12,595,000	11,725,000
Landfill Revenue Bond 2005	Capital construction	3.13%	3,073,000	1,970,243
Golf Course Revenue Bond 2005	Capital construction	3.13%	367,000	277,730
Water/Wastewater/Landfill 2010 Bond	Capital construction	3.00%-5.00%	10,910,000	9,455,000
97-78897-038 Loan Water	Capital construction	1.00%	1,030,000	379,472
L9900019A Loan Wastewater	Capital construction	4.10%	14,220,127	7,435,221
PW-99-791-038 Loan Wastewater	Capital construction	1.00%	7,000,000	2,983,188
PW-02-691-060 Loan Wastewater	Capital construction	0.50%	5,159,197	3,059,917
PW-06-962-PRE-103 Loan Wastewater	Capital construction	1.00%	531,399	419,527
PW-07-962-018 Loan Wastewater	Capital construction	1.00%	6,823,104	5,760,232
Total Revenue Bonds & Notes			$73,428,827	$45,755,530

The annual debt service requirements to maturity are as follows:

Year Ending	Business-Type Activities	
12/31/2011	Interest	Principal
2012	1,446,408	6,221,248
2013	1,241,991	6,107,213
2014	1,021,669	5,784,460
2015	816,040	6,738,043
2016	562,238	4,751,396
2017-2021	1,057,426	12,043,311
2022-2026	297,494	3,174,845
2027-2031	50,200	935,014
Total	**6,493,466**	**45,755,530**

NOTE 11 - LEASES

A. Operating leases

The City leases a building, office equipment and other equipment under non-cancelable operating leases. Total costs for such leases were $45,351 for the year ended December 31, 2011. The future minimum lease payments for these leases are as follow:

Year Ending 12/31/2011	Amount
2012	$ 42,155
2013	24,350
2014	18,156
2015	8,031
2016	4,458
2017-2021	5,500
Total	**$ 102,652**

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

For the governmental activities, compensated absences are generally liquidated by the General and Streets Fund while workers' compensation claims are liquidated by the Industrial Insurance Internal Service Fund. Long-term liability activity for the year ended December 31, 2011, was as follows:

Governmental Activities	Beginning Balance 1/1/2011	Additions	Reductions	Ending Balance 12/31/2011	Due Within One Year
General Obligation Bonds:					
1996 GO bonds - Deferred Series B	463,648	-	107,691	355,957	99,992
2001 Refunding GO bonds	130,000	-	130,000	-	-
2004 GO bond - Fire station	3,460,000	-	210,000	3,250,000	215,000
2005 GO bond-Street Construction	240,000	-	12,973	227,027	14,595
2009 GO bond-Police Station	11,260,000	-	355,000	10,905,000	375,000
2009 GO bond Premiums	120,448	-	6,339	114,109	6,339
2010 GO & Refunding Bond Series	1,260,000	-	45,000	1,215,000	150,000
2010 GO bond Premiums	55,817	-	9,396	46,421	9,396
Total General Obligation Bonds	**16,989,913**	**-**	**876,399**	**16,113,514**	**870,322**
Compensated absences	1,828,929	1,329,402	1,444,089	1,714,242	1,431,124
Workers' compensation claims	196,241	44,686	56,112	184,815	24,106
Net Pension Obligation	59,145	278,778	300,420	37,503	-
Net OPEB obligation	1,832,839	1,427,470	1,495,334	1,764,975	-
Total Governmental Activities:	**20,907,067**	**3,080,336**	**4,172,354**	**19,815,049**	**2,325,552**

Business Activities	Beginning Balance 1/1/2011	Additions	Reductions	Ending Balance 12/31/2011	Due Within One Year
Bond Payments					
Water Bond 2002	3,975,000	-	1,920,000	2,055,000	2,055,000
Water Bond 2005	10,875,000	-	75,000	10,800,000	75,000
Water Bond 2010	3,890,400	-	648,000	3,242,400	739,200
Total Water	**18,740,400**	**-**	**2,643,000**	**16,097,400**	**2,869,200**
WW Bond 2002	475,000	-	240,000	235,000	235,000
WW Bond 2005	1,060,000	-	135,000	925,000	140,000
WW Bond 2010	4,214,600	-	702,000	3,512,600	800,800
Total Wastewater	**5,749,600**	**-**	**1,077,000**	**4,672,600**	**1,175,800**
Landfill Bond 2005	2,171,400	-	201,157	1,970,243	207,551
Landfill Bond 2010	2,805,000	-	105,000	2,700,000	110,000
Total Landfill	**4,976,400**	**-**	**306,157**	**4,670,243**	**317,551**
Golf Course Bond 2005	293,600	-	15,870	277,730	17,854
2010 Bond Premiums	736,840	-	146,298	590,542	146,298
Total Bonds:	**30,496,840**	**-**	**4,188,325**	**26,308,515**	**4,526,703**
External Loan Payments					
Water					
97-78897-038	433,683	-	54,211	379,472	54,211
Wastewater					
L9900019A	8,153,064	-	717,843	7,435,221	747,577
PW-99-791-038	3,356,086	-	372,898	2,983,188	372,898
PW-02-691-060	3,338,091	-	278,174	3,059,917	278,174
PW-06-962-PRE-103	447,495	-	27,968	419,527	27,968
PW-07-962-018	6,120,246	-	360,014	5,760,232	360,014
Total External Loans:	**21,848,665**	**-**	**1,811,108**	**20,037,557**	**1,840,842**

Landfill Closure	2,731,037	773,625	2,013,472	1,491,190	-
Pollution Remediation	3,361,050	553,270	1,990,833	1,923,487	836,256
Compensated Absences	506,611	482,822	450,319	539,114	434,906
Grand Total Business Activity:	**58,944,203**	**1,809,717**	**10,454,057**	**50,299,863**	**7,638,707**

NOTE 13 – CONTINGENCIES AND LITIGATIONS

The City's financial statements include all material liabilities. There are no material contingent liabilities to record.

A former Walla Walla employee who was terminated for cause on October 7, 2010 made a public records request for certain documents related to his termination and other documents on October 14, 2010. The requestor filed an action against the City in Walla Walla claiming that the time needed for the City to review the records is unreasonable. The City disputes the action and is defending against it. While the action has been pending, the City has disclosed all additional responsive documents requested by the individual. The last installment of records was made available on May 23, 2011, and the records were picked up on June 27, 2011.

Liability is unlikely. The City could, however, be held responsible for undetermined costs, attorney's fees, and costs if its defense is unsuccessful. The estimated maximum exposure on the present action is $25,000. The City also reasonably anticipates that the individual may make a wrongful termination claim against the City. Such claim is presently unasserted, and any potential liability presently would be disputed. The likelihood of a favorable or unfavorable outcome in this matter cannot be evaluated at the present time.

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 15 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund loan balances as of December 31, 2011 is as follows:

Interfund Loans Payable

		Outstanding				
Loan Purpose	Due in More than One Year	Non-major Spec Rev	Non-major Gov't	Landfill	Non-major Enterprise	Internal Service
Internal Service Funds						
Driving Range	119,029	-	-	-	128,041	-
LED Stoplights	157,711	193,422	-	-	-	-
Irrigation System	408,049	-	-	-	431,138	-
Landfill Area 7	1,093,236	-	-	1,235,972	-	-
Service Center	20,000	-	-	-	-	40,893
Street Light Retrofit	193,802	211,251	-	-	-	-
LID - Abadie Project	515,163	-	551,000	-	-	-
Total IF Loans Receivable:	2,506,990	404,673	551,000	1,235,972	559,179	40,893

Transfers between funds during the year ended December 31, 2011 are as follows:

	Transfers To:							
Transfers From:	General Fund	Street CIP	General CIP	Non-major Gov't	Water/ Wastewater	Other Enterprise	Internal Service	Transfers From:
General Fund	-	32,544	65,354	520,370	-	10,000	-	628,268
Street CIP	45,000	-	-	-	275,165	-	-	320,165
General CIP	2,123	-	-	-	-	-	-	2,123
Non-Major Gov't	5,980	543,541	-	154,275	124,130	-	76,330	904,256
Water/Wastewater	-	1,520,241	-	-	-	93,220	-	1,613,461
Sanitation	37,960	-	-	-	-	-	5,420	43,380
Ambulance	12,000	-	-	-	-	-	-	12,000
Non-Major Ent.	-	1,921	-	-	16,616	-	-	18,537
Internal Services	212,354	-	-	-	-	-	-	212,354
Total Transfers From:	**315,417**	**2,098,247**	**65,354**	**674,645**	**415,911**	**103,220**	**81,750**	**3,754,545**

Transfers between funds are used to 1) move revenues from the fund with the collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and funding street construction projects, 4) move amounts between funds to finance construction projects in accordance with the City's construction budget and 5) transfer excess proceeds from finished construction projects back to the contributing funds.

NOTE 16 – RECEIVABLE AND PAYABLE BALANCES

Other receivables include customer accounts receivable, billed special assessments, interest receivable and grants receivable. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Accrued grants receivable relate to qualified expenditures made prior to the end of the year.

Other Receivables. As of December 31, 2011 the City's individual major funds and non-major enterprise funds receivable balances include the applicable allowances for uncollectible accounts as follows:

Other Receivables

	General	Major CIP	Nonmajor Gov't	Internal Serv Gov	Sanitation	Water/ Wstwtr	Landfill	Amb	Nonmajor Ent	Internal Serv Bus	Total
Accts recvbl	596,786	650,529	51,337	61,430	288,686	1,198,536	2,119,176	360,398	89,362	8,278	5,424,518
Accrued int	-	-	-	-	-	72,870	-	-	-	-	72,870
Total	$596,786	$650,529	$51,337	$61,430	$288,686	$1,271,406	$2,119,176	$360,398	$89,362	$8,278	$5,497,388

Receivables for the ambulance fund are reported net of allowance for uncollectible accounts. Using historical collection rates, it is estimated that 45% of the receivables or $241,657 at December 31, 2011 will ultimately prove uncollectible for the Ambulance Fund.

Special assessments and deferred revenues. Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes (general fund)	$5,113,862	(unavailable)
Pre-paid cemetery services (general fund)	208,934	(unearned)
Property taxes (debt service fund)	1,229,599	(unavailable)
Special assessments not yet due (debt service fund)	499,702	(unavailable)
Total governmental deferred	$7,052,097	

NOTE 19 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Plan Description

The City of Walla Walla Health Plan (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the City of Walla Walla Law Enforcement Officers and Fire Fighters Disability Board in accordance with RCW 41.26: *Law enforcement officers' and firefighters' retirement system*. The Health Plan provides medical, prescription drug, vision, and other unreimbursed medical benefits to eligible retirees. We have used the alternative measurement method permitted under GASB 45 to determine the ARC. The Health Plan does not issue a separate stand-alone financial report. The plan covers 63 employees of which one is an active employee and the remaining 62 are retirees.

Funding Policy

The LEOFF 1 medical benefit requirements are established by RCW 41.26.150(1) with local disability boards administering the LEOFF 1 medical service expenses. LEOFF 1 retirees are not required to contribute to the Health Plan.

Amounts contributed in 2011, 2010, and 2009 were $628,240, $688,500, and $678,010 respectively. The City's contribution was to fund "pay-as-you-go" costs under the Health Plan and not to pre-fund benefits.

Annual OPEB Cost and Net OPEB Obligation

The basis for the City's annual OPEB cost (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, will cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The following displays the components of the City's annual OPEB cost, the estimated amount contributed to the Health Plan, and changes in the City's net OPEB obligation to the Health Plan for the year ended December 31, 2011:

Annual Normal Cost	$1,724
Amortization of unfunded actuarial accrued liability	1,343,268
Annual Required Contribution	1,344,992
Interest on net OPEB obligation	82,478
Adjustment to ARC	(170,663)
Annual OPEB cost (expense)	1,256,807
Employer contributions	(962,057)
Adjustment to Actual Contributions	(362,614)
Change in net OPEB obligation	(67,864)
Net OPEB obligation - beginning of year	1,832,839
Net OPEB obligation - end of year	$ 1,764,975

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	1,466,121	46.2%	1,110,967
12/31/2010	1,410,372	48.8%	1,832,839
12/31/2011	1,256,807	76.5%	1,764,975

Funded Status and Funding Progress

The funded status of the Health Plan as of December 31, 2011 is shown below:

Actuarial accrued liability (AAL)	14,426,092
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	14,426,092
Funded ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered payroll	280,572
UAAL as a percentage of covered payroll	5142%

Actuarial methods and assumptions

The City has utilized the Washington State Actuarial Valuation of LEOFF 1 Medical Benefits. The Projected Unit Credit cost method was used to calculate the plan's Actuarial Accrued Liability, normal cost, and funded status, and is consistent with governmental accounting standards. The Unfunded Actuarial Accrued Liability is amortized over a closed fifteen-year period as a level dollar amount. The economic assumptions used in the actuarial valuation determine liabilities and contributions in the future. These assumptions are consistent with the June 30, 2009 Actuarial Valuation Report issued by the Office of the State Actuary. The assumptions included are as follows: return on investment earnings 4.5%, inflation rate 3.5%, general salary increases (due to inflation) excluding longevity, merit, or step increases 4%. The healthcare inflation trend rates are 7.125% for medical and 4.5% for long-term care.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
12/31/2009	-	15,575,359	15,575,359	0.0%	481,332	3236%
12/31/2010	-	15,403,960	15,403,960	0.0%	411,735	3741%
12/31/2011	-	14,426,092	14,426,092	0.0%	280,572	5142%

Pension and Other Post Employment Benefit Financial Statements

City of Walla Walla
Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2011

	Fire Medical Benefits	Fire Pension Benefits	Total Pension and Other employee Benefits
ASSETS			
Cash and equivalents	$ 200,532	$ 86,409	$ 286,941
Total assets	200,532	86,409	286,941
LIABILITIES			
Accounts payable	1,621	-	1,621
Other accrued liabilities	-	24,284	24,284
Total Liabilities	1,621	24,284	25,905
NET ASSETS			
Held in trust for pension benefits and other purposes	$ 198,911	$ 62,125	$ 261,036

City of Walla Walla
Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2011

	Fire Medical Benefits	Fire Pension Benefits	Total Pension and Other employee Benefits
ADDITIONS			
Contributions:			
Intergovernmental revenues	-	42,480	42,480
Employer contributions	628,240	257,940	886,180
Total Contributions	628,240	300,420	928,660
Investment earnings:			
Interest on investments	397	175	572
Total investment earnings	397	175	572

Net Investment Earnings	397	175	572
Total additions	628,637	300,595	929,232
DEDUCTIONS			
Personnel benefits	625,579	291,169	916,748
Total deductions	625,579	291,169	916,748
Change in Net Assets	3,058	9,426	12,484
Net Assets -- beginning of the year	195,853	52,699	248,552
Net Assets -- end of the year	$ 198,911	$ 62,125	$ 261,036

Deferred Compensation Plan

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is administered by the International City Managers Association's Retirement Corporation, and the second is administered by the Baker Boyer Bank Trust Department. The funds are held in trust for the participants and their beneficiaries. The plans, available to all employees, permit them to defer a portion of their salary until future years. Employees may participate with a corresponding city match of up to 3%. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The amounts withheld from the employee's earnings and the related matching contribution from the City are remitted to the third party administrators after each payroll and the City incurs no further liability once the funds have been remitted to the trust. According to the trust, in no event shall the City's liability to pay benefits to a participant under the plan exceed the value of the amounts credited to the participant's account; neither the City nor Administrator shall be liable for losses arising from depreciation or shrinkage in the value of any of the investments acquired under the plans.

NOTE 20 – CLOSURE AND POSTCLOSURE CARE COSTS

Background: The City of Walla Walla owns the regional municipal landfills. The Sudbury Landfill is 923 acres of which 175 acres are currently active and permitted for disposal of solid waste. The active and permitted portion has an estimated remaining life of 39 years while the total land set aside by the City for the landfill has an estimated remaining life of 850 years. The City of Walla Walla owns a second 97 acre landfill, designated the Tausick Way Landfill, that has been closed and no longer accepts waste. The adjacent Burdine site has been permitted as an inert waste disposal site for materials from the Isaacs Avenue improvement project. The Tausick Way Landfill is maintained through the Landfill's O&M budget which includes mowing, pesticide spraying, methane monitoring, and fence repair. The Tausick Way Landfill was closed in 1975 and was not subject to current closure requirements that are mandated by the Department of Ecology.

The Sudbury Landfill is currently operating in what is called Area 6 and Area 7, Cells 1 & 2. Area 6 is approximately 20 acres and was closed in 2010. Area 7 is the current designated landfill area with a total of 3 cells with Cells 1 and 2 currently in use. Construction of this new lined site began in 2005 and was completed in February 2006. Cell 2 was constructed in 2008. Once the Area 6 capacity was reached, the City was required by State and Federal laws and regulations to cover that area and perform post-closure care as well as monitoring functions at the site for thirty years following closure.

Closure and post closure costs: Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste in a designated area, the City must record a portion of these costs each year as an expense. That expense calculation is based upon the landfill capacity used in the reported period. The City must also recognize a liability that is directly related to the cumulative capacity consumed at the landfill. As of December 31, 2011, 100% of the landfill's total capacity of Area 6 has been consumed. The latest designs for area 7 cells 1 and 2 indicate approximately 37.7% of the existing lined area has been filled as of December 31, 2011 based on survey performed by USKH in August 2011 and landfill tipping records for 2011.

The City's closure and post-closure operations plan for Area 6 was approved by the Department of Ecology in 2004. This plan was prepared by a consultant and includes cost estimates for closing the landfill areas and providing for post-closure care. Area 6 was closed in 2011 with five feet of soil cover, a gas collection system, and a landfill flare. In 2008 Department of Ecology approved a change in design concept to fill the "V" space between Area 6 and Area 7 with the understanding that a geomembrane liner will be used to construct the common side between the two areas. The installation of the geomembrane for the common side is considered a construction cost for Area 7. Due to the closure of area 6, the total long term closure and post-closure costs for Area 7 and joint portion ("V") of Area 6 and Area 7 are estimated in current dollars at $2,687,520. As of December 31, 2011, cash of $1,491,190 has been accumulated and set aside for estimated closure and post-closure costs. The financial assurance plan for the city has been updated. Closure and post-closure costs will be met through rate revenues and the potential for grant funding.

As part of its budget process, the City reviews the closure and post-closure cost estimate from our landfill consultant and adjusts the liability to account for any needed adjustments based upon inflation, changes in technology, and/or changes in regulations. The total closure and post closure cost is an estimate and subject to change resulting from inflation, deflation, technology or changes in applicable laws or regulations.

NOTE 21 – TERMINATION BENEFITS

Termination benefits are determined on a case by case basis. The City of Walla Walla did not enter into any termination commitments or arrangements during fiscal year 2011.

NOTE 22 – POLLUTION REMEDIATION OBLIGATIONS

GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* became effective for fiscal periods beginning after December 15, 2007. GASB 49 identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation and provides guidance on how to calculate and report the costs of obligations associated with pollution cleanup efforts.

Pursuant to GASB Statement 49 the City is reporting a $1,087,231 liability in its Landfill Enterprise Fund for its estimated liability due to its standing as a potentially responsible party in groundwater contamination at the Sudbury Road Landfill site. The obligation is an estimate subject to changes resulting from price increases or reductions, technology, or laws and regulations. Included as a

offset to the total liability of $2,079,116 is an amount of $991,885 expected to be received from the Washington State Department of Ecology of a Model Toxics Control Act (MTCA) grant.

The Sudbury Road Landfill is a City owned and operated landfill which the Washington State Department of Ecology determined required remediation in 2008 pursuant to MTCA. The City of Walla Walla entered into agreed order no. 8456 with the Washington State of Ecology in 2011. The remediation liability is calculated based on a planning-level cost estimate for remedial investigation/feasibility study, anticipated internal engineering costs, legal fees, and payments to the Department of Ecology. The City is funding the remediation costs with rate revenues, grant funding under a MTCA grant and possible insurance proceeds with the potential for grant funding and third party contributions.

During 2011, the city applied for a MTCA grant from the Washington State Department of Ecology in the amount of $3,912,000 of which 75% will be provided by the Department of Ecology. This grant will help offset the total cost of remediation for Area 5 of the Sudbury Landfill. Grant billings in the amount of $ $1,942,115 were submitted for 2011. In addition, the city anticipates receiving partial reimbursement through an insurance claim. For 2011, claims for reimbursement in the amount of $57,796 were submitted by the City.

The Tausick Way Landfill is a properly closed, formerly permitted municipal waste landfill which was operated by the City between the 1940s and 1970s. The adjacent Burdine property is a formerly privately operated inert waste depository upon which municipal waste may have intruded. The City currently owns both sites. An early notice letter was signed by the Department of Ecology in 2004 stating that contaminated soil was reportedly found on the Burdine property. The City was granted an inert landfill permit for the Burdine property in 2006 which requires the City to perform groundwater monitoring. The scope of any remedial action and the City's associated requirements have not yet been determined. Therefore, the associated pollution remediation liability, if any, for either the Tausick Way Landfill or the Burdine property cannot be reasonably estimated at this time.

NOTE 24 – OTHER DISCLOSURES

A. Prior Period Adjustments

The City of Walla Walla did not have any prior period adjustments to report in 2011.

B. Extraordinary Item

The City of Walla Walla identified an extraordinary item in the Water/Wastewater Fund Level Statements as of December 31, 2011 due to its materiality in the fund. The widow of a former City employee filed a worker's compensation claim of related alleged exposure to asbestos in 2010. The City disputed the claim in 2010; however in 2011 it became liable for $337,672. The liability is considered to be an extraordinary item to the Water/Wastewater fund because the allegations and compensation amount are both unusual in nature and infrequent in occurrence. Although the liability is material to the fund, it has no major impact in the Business Activity section of the Government Wide Statements.

NONMAJOR GOVERNMENT FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

City of Walla Walla
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue	Debt Service	Capital Project	Permanent	Other Governmental
ASSETS					
Cash and equivalents	$ 1,310,705	$ 377,416	$ 24,737	$ 10,832	$ 1,723,690
Restricted cash & cash equivalents	855,136	-	-	16,545	871,681
Taxes receivables (net)	-	1,229,599	-	-	1,229,599
Other receivables (net)	49,104	2,233	-	-	51,337
Special assessments receivable	-	499,702	-	-	499,702
Notes receivable	29,843	-	-	-	29,843
Total assets	$ 2,244,788	$ 2,108,950	$ 24,737	$ 27,377	$ 4,405,852
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 68,264	$ -	$ -	$ -	$ 68,264
Other accrued liabilities	45,457	-	-	-	45,457
Interfund loans payable	404,673	551,000	-	-	955,673
Deferred revenues	-	1,729,301	-	-	1,729,301
Total liabilities	518,394	2,280,301	-	-	2,798,695
Fund balances:					
Nonspendable	15,601	-	-	16,545	32,146
Restricted	501,300	99,516	-	-	600,816
Committed	1,096,175	215,827	24,737	-	1,336,739
Assigned	114,916	-	-	10,832	125,748
Unassigned	(1,598)	(486,694)	-	-	(488,292)
Total fund balances	1,726,394	(171,351)	24,737	27,377	1,607,157
Total liabilities and fund balances	$ 2,244,788	$ 2,108,950	$ 24,737	$ 27,377	$ 4,405,852

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue	Debt Service	Capital Project	Permanent	Other Governmental
REVENUES					
Taxes	$ 1,042,734	$ 1,177,352	$ -	$ -	$ 2,220,086
Licenses and permits	277,668	-	-	-	277,668
Intergovernmental revenues	839,569	-	-	-	839,569
Charges for goods and services	395,259	-	-	-	395,259
Fines and forfeitures	250	-	-	-	250
Miscellaneous revenues	46,219	205,606	92	51	251,968
Total revenues	2,601,699	1,382,958	92	51	3,984,800
EXPENDITURES					
Current:					
Public safety	292,580	-	14,723	-	307,303
Utilities and environment	1,423	-	-	-	1,423
Transportation	1,932,371	-	-	-	1,932,371
Economic environment	43,519	-	-	-	43,519
Culture and recreation	883,192	-	-	168	883,360
Debt service:					
Principal Retirement	-	752,973	-	-	752,973
Interest	18,116	632,168	-	-	650,284
Administrative charges	-	1,381	-	-	1,381
Capital outlay:					
Public safety	-	-	15,622	-	15,622
Total expenditures	3,171,201	1,386,522	30,345	168	4,588,236
Excess (deficiency) of revenues over expenditures	(569,502)	(3,564)	(30,253)	(117)	(603,436)
OTHER FINANCING SOURCES (USES)					
Transfers in	395,912	278,733	-	-	674,645
Transfers out	(236,585)	(667,671)	-	-	(904,256)
Insurance Recoveries	21,302	-	-	-	21,302
Proceeds from sale of capital assets	11,473	-	-	-	11,473
Total other financing sources and uses	192,102	(388,938)	-	-	(196,836)
Net Change in fund balances	(377,400)	(392,502)	(30,253)	(117)	(800,272)
Fund balances -- beginning	2,103,794	221,151	54,990	27,494	2,407,429
Fund balances -- ending	$ 1,726,394	$ (171,351)	$ 24,737	$ 27,377	$ 1,607,157

City of Walla Walla
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Streets	Capital Improvement	Housing Development	Hotel/ Motel Tax	Tourism Promotion	UDAG	Drug Fund	Community Development	Code Enforcement	Cemetery Endowment	Total Special Revenue
ASSETS											
Cash and equivalents	$ 431,096	$ 19,828	$ 189,095	$ 138,871	$ 20,835	$ 96,876	$ 351,412	$ 7,540	$ 52,968	$ 2,184	$ 1,310,705
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	855,136	855,136
Other receivables (net)	29,014	-	18,476	-	-	-	-	-	-	1,614	49,104
Notes receivable	-	-	-	-	-	29,843	-	-	-	-	29,843
Total assets	$ 460,110	$ 19,828	$ 207,571	$ 138,871	$ 20,835	$ 126,719	$ 351,412	$ 7,540	$ 52,968	$ 858,934	$ 2,244,788
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	$ 1,064	$ -	$ 18,476	$ 28,042	$ 20,682	$ -	$ -	$ -	$ -	$ -	$ 68,264
Other accrued liabilities	36,893	-	-	-	-	-	-	-	8,564	-	45,457
Interfund loans payable	404,673	-	-	-	-	-	-	-	-	-	404,673
Total liabilities	442,630	-	18,476	28,042	20,682	-	-	-	8,564	-	518,394
Fund Balances:											
Nonspendable	-	-	-	-	-	15,601	-	-	-	-	15,601
Restricted	19,078	19,828	-	110,829	153	-	351,412	-	-	-	501,300
Committed	-	-	189,095	-	-	-	-	7,540	44,404	855,136	1,096,175
Assigned	-	-	-	-	-	111,118	-	-	-	3,798	114,916
Unassigned	(1,598)	-	-	-	-	-	-	-	-	-	(1,598)
Total fund balances	17,480	19,828	189,095	110,829	153	126,719	351,412	7,540	44,404	858,934	1,726,394
Total liabilities and fund balances	$ 460,110	$ 19,828	$ 207,571	$ 138,871	$ 20,835	$ 126,719	$ 351,412	$ 7,540	$ 52,968	$ 858,934	$ 2,244,788

City of Walla Walla
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Streets	Capital Improvement	Housing Development	Hotel/ Motel Tax	Tourism Promotion	UDAG	Drug Fund	Community Development	Code Enforcement	Cemetery Endowment	Total Special Revenue
REVENUES											
Taxes	$ -	$ 181,063	$ -	$ 646,100	$ 215,571	$ -	$ -	$ -	$ -	$ -	$ 1,042,734
Licenses and permits	277,668	-	-	-	-	-	-	-	-	-	277,668
Intergovernmental revenues	800,595	-	38,974	-	-	-	-	-	-	-	839,569
Charges for goods and services	373,584	-	-	-	-	-	-	-	-	21,675	395,259
Fines and forfeitures	-	-	-	-	-	-	250	-	-	-	250
Miscellaneous revenues	13,388	163	372	221	61	1,387	28,488	14	488	1,637	46,219
Total revenues	1,465,235	181,226	39,346	646,321	215,632	1,387	28,738	14	488	23,312	2,601,699
EXPENDITURES											
Current:											
Public safety	-	-	-	-	-	-	89,595		202,985	-	292,580
Utilities and environment	-	-	-	-	-	-	-	-	1,423	-	1,423
Transportation	1,932,371	-	-	-	-	-	-	-	-	-	1,932,371
Economic environment	-	-	43,519	-	-	-	-	-	-	-	43,519
Culture and recreation	-	-	-	649,331	233,861	-	-	-	-	-	883,192
Debt service:											
Interest	18,116	-	-	-	-	-	-	-	-	-	18,116
Total expenditures	1,950,487	-	43,519	649,331	233,861	-	89,595	-	204,408	-	3,171,201
Excess (deficiency) of revenues over expenditures	(485,252)	181,226	(4,173)	(3,010)	(18,229)	1,387	(60,857)	14	(203,920)	23,312	(569,502)
OTHER FINANCING SOURCES (USES)											
Transfers in	395,912	-	-	-	-	-	-	-	-	-	395,912
Transfers out	-	(176,609)	-	-	-	(53,996)	-	-	-	(5,980)	(236,585)
Insurance Recoveries	21,302	-	-	-	-	-	-	-	-	-	21,302
Proceeds from sale of capital assets	11,473	-	-	-	-	-	-	-	-	-	11,473
Total other financing sources and use	428,687	(176,609)	-	-	-	(53,996)	-	-	-	(5,980)	192,102
Net change in fund balances	(56,565)	4,617	(4,173)	(3,010)	(18,229)	(52,609)	(60,857)	14	(203,920)	17,332	(377,400)
Fund balance - beginning	74,045	15,211	193,268	113,839	18,382	179,328	412,269	7,526	248,324	841,602	2,103,794
Fund balance - ending	$ 17,480	$ 19,828	$ 189,095	$ 110,829	$ 153	$ 126,719	$ 351,412	$ 7,540	$ 44,404	$ 858,934	$ 1,726,394

City of Walla Walla
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011

	L.T.G.O Bond	LID Bond Fund	LID Guarantee	Total Nonmajor Debt Service
ASSETS				
Cash and equivalents	$ 113,673	$ 232,849	$ 30,894	$ 377,416
Taxes receivables	1,229,599	-	-	1,229,599
Other receivables (net)	2,233	-	-	2,233
Special assessments receivable	-	499,702	-	499,702
Total assets	$ 1,345,505	$ 732,551	$ 30,894	$ 2,108,950
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	$ -	$ 551,000	$ -	$ 551,000
Deferred revenues	1,229,599	499,702	-	1,729,301
Total liabilities	1,229,599	1,050,702	-	2,280,301
Fund Balances:				
Restricted	99,516	-	-	99,516
Committed	16,390	168,543	30,894	215,827
Unassigned	-	(486,694)	-	(486,694)
Total fund balances	115,906	(318,151)	30,894	(171,351)
Total liabilities and fund balances	$ 1,345,505	$ 732,551	$ 30,894	$ 2,108,950

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011

	L.T.G.O Bond	LID Bond Fund	LID Guarantee	Total Nonmajor Debt Service
REVENUES				
Taxes	$ 1,177,352	$ -	$ -	$ 1,177,352
Miscellaneous revenues	636	204,960	10	205,606
Total revenues	1,177,988	204,960	10	1,382,958
EXPENDITURES				
Debt service:				
Principal Retirement	752,973	-	-	752,973
Interest	630,148	2,020	-	632,168
Administrative charges	1,381	-	-	1,381
Total expenditures	1,384,502	2,020	-	1,386,522
Excess (deficiency) of revenues over expenditures	(206,514)	202,940	10	(3,564)
OTHER FINANCING SOURCES (USES)				
Transfers in	251,193	-	27,540	278,733
Transfers out	-	(667,671)	-	(667,671)
Total other financing sources and uses	251,193	(667,671)	27,540	(388,938)
Net change in fund balances	44,679	(464,731)	27,550	(392,502)
Fund balances -- beginning	71,227	146,580	3,344	221,151
Fund balances -- ending	$ 115,906	$ (318,151)	$ 30,894	$ (171,351)

City of Walla Walla
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2011

	Fire CIP's	Parks CIP's	Total Nonmajor Capital Project
ASSETS			
Cash and equivalents	$ 19,582	$ 5,155	$ 24,737
Total assets	$ 19,582	$ 5,155	$ 24,737
LIABILITIES AND FUND BALANCES			
Liabilities:	$ -	$ -	$ -
Fund Balances:			
Committed	19,582	5,155	24,737
Total fund balances	19,582	5,155	24,737
Total liabilities and fund balances	$ 19,582	$ 5,155	$ 24,737

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2011

	Fire CIP's	Parks CIP's	Total Nonmajor Capital Project
REVENUES			
Miscellaneous revenues	$ 82	$ 10	$ 92
Total revenues	82	10	92
EXPENDITURES			
Current:			
Public Safety	14,723	-	14,723
Capital outlay:			
Public Safety	15,622	-	15,622
Total expenditures	30,345	-	30,345
Excess (deficiency) of revenues over expenditures	(30,263)	10	(30,253)
OTHER FINANCING SOURCES (USES)			
Total other financing sources and uses	-	-	-
Net change in fund balances	(30,263)	10	(30,253)
Fund balances -- beginning	49,845	5,145	54,990
Fund balances -- ending	$ 19,582	$ 5,155	$ 24,737

City of Walla Walla
Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2011

	Esther Eyruad	Sherwood Library	Total Nonmajor Permanent
ASSETS			
Cash and equivalents	$ 10,041	$ 791	$ 10,832
Restricted cash and cash equivalents	3,000	13,545	16,545
Total assets	$ 13,041	$ 14,336	$ 27,377
LIABILITIES AND FUND BALANCES			
Liabilities:	$ -	$ -	$ -
Fund Balances:			
Nonspendable	3,000	13,545	16,545
Assigned	10,041	791	10,832
Total fund balances	13,041	14,336	27,377
Total liabilities and fund balances	$ 13,041	$ 14,336	$ 27,377

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2011

	Esther Eyruad	Sherwood Library	Total Nonmajor Permanent
REVENUES			
Miscellaneous revenues	$ 24	$ 27	$ 51
Total revenues	24	27	51
EXPENDITURES			
Current:			
Culture and recreation	98	70	168
Total expenditures	98	70	168
Excess (deficiency) of revenues over expenditures	(74)	(43)	(117)
OTHER FINANCING SOURCES (USES)			
Total other financing sources and uses	-	-	-
Net change in fund balances	(74)	(43)	(117)
Fund balances -- beginning	13,115	14,379	27,494
Fund balances -- ending	$ 13,041	$ 14,336	$ 27,377

City of Walla Walla
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Licenses and permits	$ 546,180	$ 277,670	$ (268,510)
Intergovernmental revenues	1,489,000	800,600	(688,400)
Charges for goods and services	670,620	373,590	(297,030)
Miscellaneous revenues	12,780	13,390	610
Total revenues	2,718,580	1,465,250	(1,253,330)
EXPENDITURES			
Current:			
Transportation	3,710,130	1,932,380	(1,777,750)
Debt service:			
Principal Retirement	104,250	51,090	(53,160)
Interest	34,150	18,120	(16,030)
Total expenditures	3,848,530	2,001,590	(1,846,940)
Excess (deficiency) of revenues over (under) expenditures	(1,129,950)	(536,340)	593,610
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	21,300	21,300
Transfers in	823,070	395,910	(427,160)
Proceeds from disposal of capital assets	-	11,470	11,470
Total other financing sources and uses and special items	823,070	428,680	(394,390)
Net change in fund balances	(306,880)	(107,660)	199,220
Fund balances -- beginning	74,050	74,050	-
Fund balances -- ending	$ (232,830)	(33,610)	$ 199,220
	Interfund Loan Adjustment	51,090	
	Ending Fund Balance	$ 17,480	

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Taxes	$ 360,000	$ 181,070	$ (178,930)
Miscellaneous revenues	600	160	(440)
Total revenues	360,600	181,230	(179,370)
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	360,600	181,230	(179,370)
OTHER FINANCING SOURCES (USES)			
Transfers out	(323,410)	(176,610)	146,800
Total other financing sources and uses and special items	(323,410)	(176,610)	146,800
Net change in fund balances	37,190	4,620	(32,570)
Fund balances -- beginning	15,210	15,210	-
Fund balances -- ending	$ 52,400	$ 19,830	$ (32,570)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Housing Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental revenues	$ 38,980	$ 38,980	$ -
Miscellaneous revenues	27,280	370	(26,910)
Total revenues	66,260	39,350	(26,910)
EXPENDITURES			
Current:			
Economic environment	45,530	43,520	(2,010)
Total expenditures	45,530	43,520	(2,010)
Excess (deficiency) of revenues over (under) expenditures	20,730	(4,170)	(24,900)
Net change in fund balances	20,730	(4,170)	(24,900)
Fund balances -- beginning	193,270	193,270	-
Fund balances -- ending	$ 214,000	$ 189,100	$ (24,900)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Taxes	$ 1,270,000	$ 646,100	$ (623,900)
Miscellaneous revenues	780	220	(560)
Total revenues	1,270,780	646,320	(624,460)
EXPENDITURES			
Current:			
Culture and recreation	1,224,700	649,330	(575,370)
Total expenditures	1,224,700	649,330	(575,370)
Excess (deficiency) of revenues over (under) expenditures	46,080	(3,010)	(49,090)
Net change in fund balances	46,080	(3,010)	(49,090)
Fund balances -- beginning	113,840	113,840	-
Fund balances -- ending	$ 159,920	$ 110,830	$ (49,090)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Tourism Promotion Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Taxes	$ 428,000	$ 215,570	$ (212,430)
Miscellaneous revenues	-	60	60
Total revenues	428,000	215,630	(212,370)
EXPENDITURES			
Current:			
Culture and recreation	446,380	233,860	(212,520)
Total expenditures	446,380	233,860	(212,520)
Excess (deficiency) of revenues over (under) expenditures	(18,380)	(18,230)	150
Net change in fund balances	(18,380)	(18,230)	150
Fund balances -- beginning	18,380	18,380	-
Fund balances -- ending	$ -	$ 150	$ 150

Figures are rounded to the nearest ten dollars.

City of Walla Walla
UDAG Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 4,840	$ 1,390	$ (3,450)
Total revenues	4,840	1,390	(3,450)
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4,840	1,390	(3,450)
OTHER FINANCING SOURCES (USES)			
Transfers out	(95,560)	(54,000)	41,560
Total other financing sources and uses and special items	(95,560)	(54,000)	41,560
Net change in fund balances	(90,720)	(52,610)	38,110
Fund balances -- beginning	179,330	179,330	-
Fund balances -- ending	$ 88,610	$ 126,720	$ 38,110

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Drug Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Fines and forfeits	$ 9,100	$ 250	$ (8,850)
Miscellaneous revenues	58,040	28,490	(29,550)
Total revenues	67,140	28,740	(38,400)
EXPENDITURES			
Current:			
Public safety	156,310	89,600	(66,710)
Total expenditures	156,310	89,600	(66,710)
Excess (deficiency) of revenues over (under) expenditures	(89,170)	(60,860)	28,310
Net change in fund balances	(89,170)	(60,860)	28,310
Fund balances -- beginning	412,270	412,270	-
Fund balances -- ending	$ 323,100	$ 351,410	$ 28,310

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 100	$ 10	$ (90)
Total revenues	100	10	(90)
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	100	10	(90)
Net change in fund balances	100	10	(90)
Fund balances -- beginning	7,530	7,530	-
Fund balances -- ending	$ 7,630	$ 7,540	$ (90)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Code Enforcement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 710	$ 490	$ (220)
Total revenues	710	490	(220)
EXPENDITURES			
Current:			
Public safety	254,580	202,990	(51,590)
Utilities and environment	2,820	1,420	(1,400)
Total expenditures	257,400	204,410	(52,990)
Excess (deficiency) of revenues over (under) expenditures	(256,690)	(203,920)	52,770
Net change in fund balances	(256,690)	(203,920)	52,770
Fund balances -- beginning	248,320	248,320	-
Fund balances -- ending	$ (8,370)	$ 44,400	$ 52,770

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Cemetery Endowment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Charges for goods and services	$ 43,100	$ 21,680	$ (21,420)
Miscellaneous revenues	3,940	1,640	(2,300)
Total revenues	47,040	23,320	(23,720)
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	47,040	23,320	(23,720)
OTHER FINANCING SOURCES (USES)			
Transfers out	(7,980)	(5,980)	2,000
Total other financing sources and uses and special items	(7,980)	(5,980)	2,000
Net change in fund balances	39,060	17,340	(21,720)
Fund balances -- beginning	841,600	841,600	-
Fund balances -- ending	$ 880,660	$ 858,940	$ (21,720)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
L.T.G.O Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Taxes	$ 2,388,710	$ 1,177,350	$ (1,211,360)
Miscellaneous revenues	920	640	(280)
Total revenues	2,389,630	1,177,990	(1,211,640)
EXPENDITURES			
Debt service:			
Principal Retirement	1,507,570	752,980	(754,590)
Interest	1,205,000	630,150	(574,850)
Administrative Charges	-	1,380	1,380
Total expenditures	2,712,570	1,384,510	(1,328,060)
Excess (deficiency) of revenues over (under) expenditures	(322,940)	(206,520)	116,420
OTHER FINANCING SOURCES (USES)			
Transfers in	471,730	251,200	(220,530)
Total other financing sources and uses and special items	471,730	251,200	(220,530)
Net change in fund balances	148,790	44,680	(104,110)
Fund balances -- beginning	71,230	71,230	-
Fund balances -- ending	$ 220,020	$ 115,910	$ (104,110)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
LID Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 24,470	$ 204,960	$ 180,490
Total revenues	24,470	204,960	180,490
EXPENDITURES			
Debt service:			
Interest	2,020	2,020	-
Total expenditures	2,020	2,020	-
Excess (deficiency) of revenues over (under) expenditures	22,450	202,940	180,490
OTHER FINANCING SOURCES (USES)			
Transfers out	(171,050)	(667,670)	(496,620)
Total other financing sources and uses and special items	(171,050)	(667,670)	(496,620)
Net change in fund balances	(148,600)	(464,730)	(316,130)
Fund balances -- beginning	146,580	146,580	-
Fund balances -- ending	$ (2,020)	$ (318,150)	$ (316,130)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
LID Guarantee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 30	$ 10	$ (20)
Total revenues	30	10	(20)
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	30	10	(20)
OTHER FINANCING SOURCES (USES)			
Transfers in	198,590	27,540	(171,050)
Transfers out	(174,430)	-	174,430
Total other financing sources and uses and special items	24,160	27,540	3,380
Net change in fund balances	24,190	27,550	3,360
Fund balances -- beginning	3,340	3,340	-
Fund balances -- ending	$ 27,530	$ 30,890	$ 3,360

Figures are rounded to the nearest ten dollars.

City of Walla Walla
General CIP's Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental revenues	$ 116,500	$ 75,410	$ (41,090)
Miscellaneous revenues	590	13,230	12,640
Total revenues	117,090	88,640	(28,450)
EXPENDITURES			
Current:			
Public safety	716,120	250,510	(465,610)
Capital Outlay:			
Public safety	8,773,120	7,638,360	(1,134,760)
Economic environment	-	16,940	16,940
Total expenditures	9,489,240	7,905,810	(1,583,430)
Excess (deficiency) of revenues over (under) expenditures	(9,372,150)	(7,817,170)	1,554,980
OTHER FINANCING SOURCES (USES)			
Transfers in	182,690	65,360	(117,330)
Transfers out	(2,120)	(2,120)	-
Total other financing sources and uses and special items	180,570	63,240	(117,330)
Net change in fund balances	(9,191,580)	(7,753,930)	1,437,650
Fund balances -- beginning	9,258,400	9,258,400	-
Fund balances -- ending	$ 66,820	$ 1,504,470	$ 1,437,650

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Fire CIP's Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ -	$ 80	$ 80
Total revenues	-	80	80
EXPENDITURES			
Current:			
Public safety	19,490	14,720	(4,770)
Capital Outlay:			
Public safety	19,820	15,620	(4,200)
Total expenditures	39,310	30,340	(8,970)
Excess (deficiency) of revenues over (under) expenditures	(39,310)	(30,260)	9,050
Net change in fund balances	(39,310)	(30,260)	9,050
Fund balances -- beginning	49,850	49,850	-
Fund balances -- ending	$ 10,540	$ 19,590	$ 9,050

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Parks CIP's Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ -	$ 10	$ 10
Total revenues	-	10	10
EXPENDITURES			
Capital Outlay:			
Culture and recreation	5,130	-	(5,130)
Total expenditures	5,130	-	(5,130)
Excess (deficiency) of revenues over (under) expenditures	(5,130)	10	5,140
Net change in fund balances	(5,130)	10	5,140
Fund balances -- beginning	5,150	5,150	-
Fund balances -- ending	$ 20	$ 5,160	$ 5,140

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Street CIP's Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental revenues	$ 6,601,100	$ 752,980	$ (5,848,120)
Miscellaneous revenues	-	2,240	2,240
Total revenues	6,601,100	755,220	(5,845,880)
EXPENDITURES			
Current:			
Transportation	4,000	60,080	56,080
Debt service:			
Principal Retirement	680,000	680,000	-
Capital Outlay:			
Transportation	11,210,900	2,432,470	(8,778,430)
Total expenditures	11,894,900	3,172,550	(8,722,350)
Excess (deficiency) of revenues over (under) expenditures	(5,293,800)	(2,417,330)	2,876,470
OTHER FINANCING SOURCES (USES)			
Transfers in	4,042,660	2,098,250	(1,944,410)
Transfers out	(320,170)	(320,170)	-
Total other financing sources and uses and special items	3,722,490	1,778,080	(1,944,410)
Net change in fund balances	(1,571,310)	(639,250)	932,060
Fund balances -- beginning	1,057,140	1,057,140	-
Fund balances -- ending	$ (514,170)	417,890	$ 932,060
	Interfund Loan Adjustment	680,000	
	Ending Fund Balance	$ 1,097,890	

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Esther Eyruad Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 180	$ 20	$ (160)
Total revenues	180	20	(160)
EXPENDITURES			
Current:			
Culture and recreation	180	100	(80)
Total expenditures	180	100	(80)
Excess (deficiency) of revenues over (under) expenditures	-	(80)	(80)
Net change in fund balances	-	(80)	(80)
Fund balances -- beginning	13,120	13,120	-
Fund balances -- ending	$ 13,120	$ 13,040	$ (80)

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Sherwood Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	2011-2012 Biennial Budget	Actuals 2011	Variance with Final Budget Over (Under)
REVENUES			
Miscellaneous revenues	$ 200	$ 30	$ (170)
Total revenues	200	30	(170)
EXPENDITURES			
Current:			
Culture and recreation	200	70	(130)
Total expenditures	200	70	(130)
Excess (deficiency) of revenues over (under) expenditures	-	(40)	(40)
Net change in fund balances	-	(40)	(40)
Fund balances -- beginning	14,380	14,380	-
Fund balances -- ending	$ 14,380	$ 14,340	$ (40)

Figures are rounded to the nearest ten dollars.

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for the financing of goods or servies for which a fee is charged to external users for use of those goods and services.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

City of Walla Walla
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2011

	Golf Course	Stormwater	Total Other Enterprise
ASSETS			
Current assets:			
Cash and equivalents	$ 8,296	$ 1,299,782	$ 1,308,078
Other receivables (net)	-	89,362	89,362
Total current assets	8,296	1,389,144	1,397,440
Noncurrent assets:			
Land	38,508	16,907	55,415
Improvements other than buildings (net)	922,489	186,410	1,108,899
Machinery and equipment (net)	53,745	4,066	57,811
Infrastructure (net)	352,690	477,267	829,957
Construction in progress	-	275,247	275,247
Total noncurrent assets	1,367,432	959,897	2,327,329
Total Assets	1,375,728	2,349,041	3,724,769
LIABILITIES			
Current liabilities:			
Accounts payable	-	14,181	14,181
Other accrued liabilities	2,754	26,660	29,414
Compensated absences	-	22,553	22,553
Current portion long term debt	17,854	-	17,854
Interfund loans payable	32,102	-	32,102
Total current liabilities	52,710	63,394	116,104
Long-term liabilities:			
Compensated absences	-	5,070	5,070
Long term debt	259,876	-	259,876
Interfund loans payable	527,078	-	527,078
Total noncurrent liabilities	786,954	5,070	792,024
Total Liabilities	839,664	68,464	908,128
NET ASSETS			
Invested in capital assets, net of related debt	1,089,702	959,897	2,049,599
Unrestricted	(553,638)	1,320,680	767,042
Total Net Assets	$ 536,064	$ 2,280,577	$ 2,816,641

City of Walla Walla
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2011

	Golf Course	Stormwater	Total Other Enterprise
Operating revenues:			
Intergovernmental revenues	$ -	$ 8,479	$ 8,479
Charges for goods and services	22,381	1,316,564	1,338,945
Miscellaneous revenues	51,129	-	51,129
Total operating revenues	73,510	1,325,043	1,398,553
Operating expenses:			
Depreciation	54,359	10,549	64,908
Salaries and wages	-	197,268	197,268
Personnel benefits	-	76,605	76,605
Supplies	1,232	16,205	17,437
Services and charges	4,029	187,387	191,416
Intergovernmental services	-	163,205	163,205
Interfund service payments	19,320	352,831	372,151
Total operating expenses	78,940	1,004,050	1,082,990
Operating income (loss)	(5,430)	320,993	315,563
Nonoperating revenues (expenses):			
Miscellaneous revenues	59	2,316	2,375
Gain (loss) on sale of capital assets	(3,923)	-	(3,923)
Debt service-interest	(37,804)	-	(37,804)
Total non operating revenue (expenses)	(41,668)	2,316	(39,352)
Income (loss) before contributions, transfers, special items, and extraordinary items	(47,098)	323,309	276,211
Capital contributions	5,000	-	5,000
Transfers in	10,000	93,220	103,220
Transfers out	-	(18,537)	(18,537)
Change in net assets	(32,098)	397,992	365,894
Total net assets -- beginning	568,162	1,882,585	2,450,747
Total net assets -- ending	$ 536,064	$ 2,280,577	$ 2,816,641

City of Walla Walla
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2011

	Golf Course	Stormwater	Total Other Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from customers	$ 22,381	$ 1,304,109	$ 1,326,490
Cash from grants	-	8,479	8,479
Payments to suppliers	(5,159)	(351,204)	(356,363)
Payments to employees	-	(267,456)	(267,456)
Miscellaneous Revenues	51,129	-	51,129
Interfund service payments	(19,320)	(352,831)	(372,151)
Net cash provided by operating activities	49,031	341,097	390,128
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds (repayments) from interfund loan	(56,768)	-	(56,768)
Transfers in	10,000	93,220	103,220
Transfers out	-	(18,537)	(18,537)
Total cash flows from financing	(46,768)	74,683	27,915
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(8,330)	(60,562)	(68,892)
Capital contributions and purchases	5,000	-	5,000
Principal and interest payments	(27,670)	-	(27,670)
Total cash flows from capital and related	(31,000)	(60,562)	(91,562)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	58	2,317	2,375
Total cash flows from investing	58	2,317	2,375
Net increase (decrease) in cash and cash equivalents	(28,679)	357,535	328,856
Beginning cash and cash equivalents	36,975	942,247	979,222
Ending cash and cash equivalents	$ 8,296	$ 1,299,782	$ 1,308,078
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (5,430)	$ 320,993	$ 315,563
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	54,359	10,549	64,908
(Increase) decrease in accounts receivable	-	(12,455)	(12,455)
Increase (decrease) in accounts payable	102	15,593	15,695
Increase (decrease) in salaries & benefits	-	6,417	6,417
Net cash provided by operating activities	$ 49,031	$ 341,097	$ 390,128

No noncash investing, capital, and financing activities

City of Walla Walla
Combining Statement of Net Assets - Internal Service Funds
December 31, 2011

	Business-type activities		Governmental-type activities				Total
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	Internal Service
ASSETS							
Current assets:							
Cash and equivalents	$ 108,288	$ 5,191,367	$ 427,293	$ 179,839	$ 89,692	$ 373,567	$ 6,370,046
Other receivables (net)	-	8,278	56,360	5,070	-	-	69,708
Interfund loans receivable	-	284,727	-	-	-	-	284,727
Inventories	84,429	-	-	-	-	-	84,429
Prepaids	-	468,684	-	-	-	-	468,684
Total current assets	192,717	5,953,056	483,653	184,909	89,692	373,567	7,277,594
Noncurrent assets:							
Interfund loans receivable	-	2,506,990	-	-	-	-	2,506,990
Land	-	-	-	135,600	-	-	135,600
Buildings and structures (net)	-	-	-	2,798,609	-	-	2,798,609
Machinery and equipment (net)	53,810	3,991,830	196,069	53,401	-	-	4,295,110
Infrastructure (net)	-	-	-	13,689	-	-	13,689
Total noncurrent assets	53,810	6,498,820	196,069	3,001,299	-	-	9,749,998
Total Assets	246,527	12,451,876	679,722	3,186,208	89,692	373,567	17,027,592
LIABILITIES							
Current liabilities:							
Accounts payable	425	-	6,671	30	-	9,863	16,989
Other accrued liabilities	20,426	-	76,045	3,484	-	-	99,955
Industrial insurance claims	-	-	-	-	-	24,106	24,106
Compensated absences	25,723	-	107,681	2,139	-	-	135,543
Current portion long term debt	-	-	-	99,992	-	-	99,992
Interfund loans payable	20,893	-	-	-	-	-	20,893
Total current liabilities	67,467	-	190,397	105,645	-	33,969	397,478
Long-term liabilities:							
Industrial insurance claims	-	-	-	-	-	160,709	160,709
Compensated absences	-	-	9,180	4,455	-	-	13,635
Long term debt	-	-	-	255,965	-	-	255,965
Interfund loans payable	20,000	-	-	-	-	-	20,000
	20,000	-	9,180	260,420	-	160,709	450,309
Total Liabilities	87,467	-	199,577	366,065	-	194,678	847,787
NET ASSETS							
Invested in capital assets, net of related debt	53,810	3,991,830	196,069	2,645,342	-	-	6,887,051
Unrestricted	105,250	8,460,046	284,076	174,801	89,692	178,889	9,292,754
Total Net Assets	$ 159,060	$ 12,451,876	$ 480,145	$ 2,820,143	$ 89,692	$ 178,889	$ 16,179,805

City of Walla Walla
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Business-type activities		Government-type activities				Total
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	Internal Service
Operating revenues:							
Intergovernmental revenues	$ -	$ -	$ 1,603,899	$ -	$ -	$ -	$ 1,603,899
Charges for goods and services	11,188	-	-	-	-	-	11,188
Miscellaneous revenues (Rent)	-	-	-	20,280	-	-	20,280
Interfund charges	1,546,113	819,332	-	510,690	3,948,354	262,084	7,086,573
Total operating revenues	1,557,301	819,332	1,603,899	530,970	3,948,354	262,084	8,721,940
Operating expenses:							
Depreciation	4,972	714,177	28,394	87,018	-	-	834,561
Salaries and wages	263,756	-	881,166	54,156	-	-	1,199,078
Personnel benefits	123,415	-	368,115	23,543	3,932,242	-	4,447,315
Supplies	817,851	4,875	327,739	38,381	-	-	1,188,846
Services and charges	100,842	6,727	267,206	107,714	460	200,008	682,957
Interfund service payments	184,600	93,030	133,738	43,247	-	-	454,615
Total operating expenses	1,495,436	818,809	2,006,358	354,059	3,932,702	200,008	8,807,372
Operating income (loss)	61,865	523	(402,459)	176,911	15,652	62,076	(85,432)
Nonoperating revenues (expenses):							
Taxes	-	-	417,874	-	-	-	417,874
Miscellaneous revenues	116	141,141	5,867	455	534	681	148,794
Gain (loss) on sale of capital assets	-	(29,728)	-	-	-	-	(29,728)
Debt service-interest	(1,295)	-	-	(157,309)	-	-	(158,604)
Total non-operating revenue (expenses)	(1,179)	111,413	423,741	(156,854)	534	681	378,336
Income (loss) before contributions, transfers, special items, and extraordinary items	60,686	111,936	21,282	20,057	16,186	62,757	292,904
Transfers in	-	5,420	-	76,330	-	-	81,750
Transfers out	-	(212,354)	-	-	-	-	(212,354)
Change in net assets	60,686	(94,998)	21,282	96,387	16,186	62,757	162,300
Total net assets -- beginning	98,374	12,546,874	458,863	2,723,756	73,506	116,132	16,017,505
Total net assets -- ending	$ 159,060	$ 12,451,876	$ 480,145	$ 2,820,143	$ 89,692	$ 178,889	$ 16,179,805

City of Walla Walla
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	Business-type activities		Government-type activities				
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash from customers	$ 12,049	$ 505	$ 1,629,769	$ 15,210	$ -	$ -	$ 1,657,533
Cash from interfund services	1,546,113	819,332	-	510,690	3,948,354	262,084	7,086,573
Payments to suppliers	(859,982)	(11,602)	(587,706)	(146,065)	(460)	(204,898)	(1,810,713)
Payments to employees	(390,696)	-	(1,242,896)	(75,884)	(3,932,242)	(11,426)	(5,653,144)
Interfund service payments	(184,600)	(93,030)	(133,738)	(43,247)	-	-	(454,615)
Net cash provided by operating activities	122,884	715,205	(334,571)	260,704	15,652	45,760	825,634
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash from taxes	-	-	417,874	-	-	-	417,874
Proceeds (repayments) from interfund loan	(41,288)	621,502	-	-	-	-	580,214
Transfers in	-	5,420	-	76,330	-	-	81,750
Transfers out	-	(212,354)	-	-	-	-	(212,354)
Total cash flows from financing	(41,288)	414,568	417,874	76,330	-	-	867,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	-	(1,216,764)	-	439	-	-	(1,216,325)
Principal and interest payments	-	-	-	(265,000)	-	-	(265,000)
Total cash flows from capital and financing activities	-	(1,216,764)	-	(264,561)	-	-	(1,481,325)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	115	11,181	5,867	455	534	681	18,833
Total cash flows from investing activities	115	11,181	5,867	455	534	681	18,833
Net increase (decrease) in cash and cash equivalents	81,711	(75,810)	89,170	72,928	16,186	46,441	230,626
Beginning cash and cash equivalents	26,577	5,267,177	338,123	106,911	73,506	327,126	6,139,420
Ending cash and cash equivalents	$ 108,288	$ 5,191,367	$ 427,293	$ 179,839	$ 89,692	$ 373,567	$ 6,370,046
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 61,865	$ 523	$ (402,459)	$ 176,911	$ 15,652	$ 62,076	$ (85,432)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	4,972	714,177	28,394	87,018	-	-	834,561
(Increase) decrease in accounts receivable	861	505	25,870	(5,070)	-	-	22,166
(Increase) decrease in inventories	60,891	-	-	-	-	-	60,891
Increase (decrease) in accounts payable	(2,180)	-	7,239	30	-	(4,890)	199
Increase (decrease) in salaries & benefits	(3,525)	-	6,385	1,815	-	(11,426)	(6,751)
Net cash provided by operating activities	$ 122,884	$ 715,205	$ (334,571)	$ 260,704	$ 15,652	$ 45,760	$ 825,634

"We are what we repeatedly do. Excellence, therefore, is not an act but a habit."
Aristotle

TRUST AND AGENCY FUNDS

Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds are used to report resources that are required to be held in trust for the emembers and beneficiaries of defined benefit pension plans, defined contribution lans, other postemployment benefit plans, or other employee benefit plans.

Agency Funds

Agency Funds are used to report resources held by the reporting government in a purely custodial capacity. Agency funds typically involve only the receipt, temporary inventment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

City of Walla Walla
Combining Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2011

	Fire Medical Benefits	Fire Pension Benefits	Total Pension Other employee Benefits
ASSETS			
Cash and equivalents	$ 200,532	$ 86,409	$ 286,941
Total assets	200,532	86,409	286,941
LIABILITIES			
Accounts payable	1,621	-	1,621
Other accrued liabilities	-	24,284	24,284
Total Liabilities	1,621	24,284	25,905
NET ASSETS			
Held in trust for pension benefits and other purposes	$ 198,911	$ 62,125	$ 261,036

City of Walla Walla
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2011

	Fire Medical Benefits	Fire Pension Benefits	Total Pension and Other employee Benefits
ADDITIONS			
Contributions:			
Intergovernmental revenues	$ -	$ 42,480	$ 42,480
Employer contributions	628,240	257,940	886,180
Total Contributions	628,240	300,420	928,660
Investment earnings:			
Interest on investments	397	175	572
Total investment earnings	397	175	572
Net Investment Earnings	397	175	572
Total additions	628,637	300,595	929,232
DEDUCTIONS			
Personnel benefits	625,579	291,169	916,748
Total deductions	625,579	291,169	916,748
Change in Net Assets	3,058	9,426	12,484
Net Assets-- beginning of the year	195,853	52,699	248,552
Net Assets -- end of the year	$ 198,911	$ 62,125	$ 261,036

City of Walla Walla
Combining Statement of Changes in Assets and Liabilites
Agency Funds
For the Year Ended December 31, 2011

	WALNET			
	Balance January 1 2011	Additions	Deductions	Balance December 2011
ASSETS				
Cash and equivalents	$ 79,286	$ 29,653	$ 66,104	$ 42,836
Total assets	79,286	29,653	66,104	42,836
LIABILITIES				
Accounts Payable	3,688	66,104	69,792	-
Due to other governments	75,598	67,097	99,859	42,836
Total Liabilities	$ 79,286	$ 133,200	$ 169,651	$ 42,836

STATISTICAL SECTION

This part of the City of Walla Walla's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends 128

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 134

These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax and the property tax.

Debt Capacity 145

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 150

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 152

This schedule contains service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived form the comprehensive annual reports for the relevant year.

City of Walla Walla
Net Assets by Component
(accrual basis of accounting)

	2004*	2005	2006	2007 [1]	2008	2009	2010	2011
Governmental activities:								
Invested in capital assets, net of related debt	11,151,216	12,282,496	15,918,784	34,617,774	35,758,599	35,961,027	41,988,033	42,963,049
Restricted	4,384,694	17,856	162,942	154,713	133,607	175,751	220,680	185,616
Unrestricted	1,175,174	12,034,923	10,849,568	11,151,909	8,969,354	9,341,031	8,408,600	9,555,908
Total governmental activities net assets	16,711,084	24,335,275	26,931,294	45,924,396	44,861,560	45,477,809	50,617,313	52,704,573
Business-type activities:								
Invested in capital assets, net of related debt	34,461,102	33,054,074	36,358,876	39,451,545	55,009,343	59,190,765	58,806,203	58,575,755
Restricted	3,313,278	3,512,482	-	-	-	-	-	-
Unrestricted	13,939,110	16,019,760	20,098,587	19,793,626	15,959,286	12,631,639	16,077,891	25,650,225
Total business-type activities net assets	51,713,490	52,586,316	56,457,463	59,245,171	70,968,629	71,822,404	74,884,094	84,225,980
Primary government:								
Invested in capital assets, net of related debt	45,612,318	45,336,570	52,277,660	74,069,319	90,767,942	95,151,792	100,794,236	101,538,804
Restricted	7,697,972	3,530,338	162,942	154,713	133,607	175,751	220,680	185,616
Unrestricted	15,114,284	28,054,683	30,948,155	30,945,535	24,928,640	21,972,670	24,486,491	35,206,133
Total primary government net assets	68,424,574	76,921,591	83,388,757	105,169,567	115,830,189	117,300,213	125,501,407	136,930,553

[1] A net prior period adjustment of $17,028,891 was made to the 2007 beginning balance due to ongoing retrospective valuation of infrastructure assets.

* Year 2004 is the earliest available historical data per GASB 34 implementation

City of Walla Walla
Changes in Net Assets
(accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	2,206,070	2,682,091	2,587,061	2,330,767	2,086,210	1,748,331	1,272,314	1,876,701
Public safety	10,643,115	9,638,866	11,993,877	11,930,812	12,957,589	14,041,960	14,548,204	13,722,774
Utilities and environment	1,395,115	1,688,267	1,654,611	1,747,603	2,194,410	2,410,889	2,252,629	1,850,115
Transportation	11,255	1,426,150	1,547,611	3,697,036	3,135,176	3,294,843	2,902,711	3,735,187
Economic environment	840,346	1,260,339	1,145,254	840,494	977,075	1,006,575	925,031	556,503
Culture and recreation	352,307	3,016,638	3,312,776	3,430,873	4,036,271	4,056,478	3,529,640	3,746,226
Interest on long term debt	247,324	409,300	383,325	379,826	374,770	367,901	832,691	794,708
Total governmental activities:	15,695,532	20,121,651	22,624,515	24,357,411	25,761,501	26,926,977	26,263,219	26,282,214
Business-type activities:								
Ambulance	2,611,939	2,581,533	3,168,049	3,553,703	3,325,981	3,285,123	3,390,344	3,530,191
Golf Course	29,163	44,583	51,680	95,364	99,102	134,812	122,256	120,667
Landfill	1,786,140	2,019,772	2,834,223	4,341,065	3,228,911	7,488,687	2,868,474	865,685
Sanitation	3,196,846	3,272,422	3,756,424	3,644,293	4,047,618	3,863,169	4,297,310	4,239,822
Stormwater	511,849	556,646	597,867	719,012	743,937	690,267	714,354	992,083
Water/Wastewater	12,133,410	11,554,548	11,588,092	11,694,883	12,100,919	12,202,005	13,814,946	13,185,068
Total business-type activities	20,269,347	20,029,504	21,996,335	24,048,320	23,546,468	27,664,063	25,207,684	22,933,516
Total primary government expenses	35,964,879	40,151,155	44,620,850	48,405,731	49,307,969	54,591,040	51,470,903	49,215,730
Program Revenues								
Governmental activities:								
Charges for services:								
General government	-	231,730	252,900	251,868	246,721	242,093	259,343	337,511
Public safety	70,689	333,696	601,909	1,190,975	644,868	509,470	515,762	392,982
Utilities and environment	559,473	1,228,070	1,061,429	1,201,515	1,279,582	1,670,017	1,604,956	1,271,038
Transportation	210,365	254,573	225,428	224,285	161,328	168,828	355,878	372,657
Economic environment	33,233	894,548	730,845	858,902	1,086,063	719,487	582,598	706,241
Culture and recreation	393,443	305,156	223,404	256,415	265,052	311,456	317,355	322,203
Operating grants and contributions	257,240	711,768	846,731	348,191	326,057	435,075	799,303	634,047
Capital grants and contributions	23,559	964,389	1,683,758	2,102,864	932,627	1,788,586	5,679,398	2,362,370
Total governmental activities program revenue	1,548,002	4,923,930	5,626,404	6,435,015	4,942,298	5,845,012	10,114,593	6,399,049

City of Walla Walla
Changes in Net Assets (continued)
(accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
Business-type activities:								
Charges for services:								
Ambulance	1,664,269	1,133,456	1,041,752	1,918,192	2,127,791	2,005,678	2,228,244	2,097,681
Golf Course	37,516	49,518	85,363	93,227	89,419	82,158	77,185	73,510
Landfill	1,825,043	1,986,521	2,345,856	3,143,310	3,313,955	3,195,565	3,327,597	3,225,809
Sanitation	3,190,804	3,514,517	3,953,997	3,864,671	3,784,891	4,174,490	4,509,943	4,636,330
Stormwater	560,937	581,882	667,222	714,426	724,404	882,822	1,253,731	1,316,701
Water/Wastewater	13,116,537	13,838,514	14,109,067	14,823,335	15,075,995	15,191,853	15,760,002	17,607,350
Operating grants and contributions	6,789	886,956	1,201,595	399,976	198,512	244,739	302,553	2,126,404
Capital grants and contributions	15,133	108,907	555,011	941,384	3,994,360	972,152	736,454	951,058
Total business-type activities program revenue	20,417,028	22,100,271	23,959,863	25,898,521	29,309,327	26,749,457	28,195,709	32,034,843
Total primary government program revenue	21,965,030	27,024,201	29,586,267	32,333,536	34,251,625	32,594,469	38,310,302	38,433,892
Net (expense)/revenue:								
Governmental activities	(14,147,530)	(15,197,721)	(16,998,111)	(17,922,396)	(20,819,203)	(21,081,965)	(16,148,626)	(19,883,165)
Business-type activities	147,681	2,070,767	1,963,528	1,850,201	5,762,859	(914,606)	2,988,025	9,101,327
Total primary government net expense	(13,999,849)	(13,126,954)	(15,034,583)	(16,072,195)	(15,056,344)	(21,996,571)	(13,160,601)	(10,781,838)
General Revenues and Other Changes								
Governmental activities:								
Taxes								
Property taxes	3,883,778	4,034,359	4,335,642	4,458,320	4,575,216	5,780,071	5,926,165	5,964,834
Sales taxes	4,677,645	5,584,847	6,078,419	6,248,205	6,646,811	6,134,841	5,687,489	5,881,627
Other taxes	4,834,269	5,447,517	5,976,245	6,360,753	6,196,929	6,331,078	6,120,433	6,559,114
Intergovernmental	1,929,136	2,708,949	2,095,669	2,102,588	2,133,248	2,019,358	2,008,115	2,121,393
Miscellaneous general revenue	1,748,429	778,463	635,717	489,058	268,985	40,292	52,701	34,755
Gain on sale of assets	-	-	163,585	-	-	-	-	33,521
Transfers	197,500	(89,401)	308,853	1,301,489	(35,766)	531,109	1,493,227	1,375,181
Total governmental activities general revenue	17,270,757	18,464,734	19,594,130	20,960,413	19,785,423	20,836,749	21,288,130	21,970,425
Business-type activities:								
Taxes								
Property taxes	-	-	-	-	-	-	-	-
Intergovernmental	688,628	909,538	955,669	935,070	903,647	1,250,410	1,217,964	1,251,569
Miscellaneous general revenue	762,889	658,189	883,726	1,121,579	744,451	486,027	348,921	353,819
Gain on sale of assets	-	35,535	277,077	-	13,610	10,857	-	10,352
Transfers	(197,500)	89,401	(208,853)	(1,301,489)	35,766	(531,109)	(1,493,227)	(1,375,181)
Total business-type activities general revenue	1,254,017	1,692,663	1,907,619	755,160	1,697,474	1,216,185	73,658	240,559
Total primary government	18,524,774	20,157,397	21,501,749	21,715,573	21,482,897	22,052,934	21,361,788	22,210,984
Change in Net Assets								
Governmental activities	3,123,227	3,267,013	2,596,019	3,038,017	(1,033,780)	(245,216)	5,139,504	2,087,260
Business-type activities	1,401,698	3,763,430	3,871,147	2,605,361	7,460,333	301,579	3,061,683	9,341,886
Total primary government	4,524,925	7,030,443	6,467,166	5,643,378	6,426,553	56,363	8,201,187	11,429,146

* *Year 2004 is the earliest available historical data per GASB 34 implementation*

City of Walla Walla
Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
General Fund (Per GASB 54)[1]								
Nonspendable								34,638
Restricted								158,239
Committed								7,377
Assigned								-
Unassigned								3,039,942
General fund (Prior GASB 54)[1]								
Reserved	-	-	140,069	128,070	106,358	177,337	445,580	-
Unreserved	2,353,785	3,338,148	2,920,639	3,724,050	2,771,992	2,315,670	1,868,624	-
Total general fund	2,353,785	3,338,148	3,060,708	3,852,120	2,878,350	2,493,007	2,314,204	3,240,196
All Other Governmental Funds (Per GASB 54)[1]								
Nonspendable								32,146
Restricted								2,088,025
Committed								2,447,204
Assigned								130,434
Unassigned								(488,292)
All Other Governmental Funds (Prior GASB 54)[1]								
Reserved	4,169,487	738,217	1,045,643	795,196	823,273	844,823	850,006	-
Unreserved, reported in:								
Special revenue funds	2,620,345	1,376,389	1,064,651	1,264,892	1,129,100	1,021,855	1,262,193	-
Debt service funds	215,207	278,499	267,806	359,635	495,144	186,096	221,151	-
Capital project funds	1,370,428	3,299,945	2,059,233	1,619,036	757,412	11,119,318	10,370,535	-
Permanent funds	67,271	56,086	35,643	45,432	37,144	18,564	19,090	-
Total other governmental funds	8,442,738	5,749,136	4,472,976	4,084,191	3,242,073	13,190,656	12,722,975	4,209,517

* Year 2004 is the earliest available historical data per GASB 34 implementation

[1] Prior to 2011 and the implementationf of GASB 54, fund balances were classified as Reserved or Unreserved.
Under GASB 54 fund balances are classified as Nonspendable, Reserved, Committed, Assigned, or Unassigned.

City of Walla Walla
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
Revenues								
Taxes	13,039,718	15,017,271	15,650,755	16,787,490	16,841,399	16,611,739	17,181,308	17,961,449
Licenses and permits	702,707	1,061,407	765,669	807,576	964,093	700,973	609,565	833,201
Intergovernmental	1,759,213	2,509,983	3,778,599	3,033,975	2,298,529	3,619,535	4,727,086	3,296,987
Charges for goods and services	3,824,678	4,344,530	4,676,832	5,203,535	5,679,186	6,581,763	6,893,718	6,049,680
Fines and forfeits	257,379	244,642	317,153	784,510	359,050	301,911	304,466	282,355
Miscellaneous revenues	-	1,893,912	751,802	1,036,052	757,583	388,841	394,948	550,889
Other income (expenses)	819,752	12,670	-	-	-	-	-	-
Total revenues	20,403,447	25,084,415	25,940,810	27,653,138	26,899,840	28,204,762	30,111,091	28,974,561
Expenditures								
Current:								
General government	4,311,470	5,502,567	5,211,056	5,233,073	5,448,438	5,666,282	5,506,634	5,606,512
Public safety	8,875,037	8,940,838	10,938,288	10,929,395	11,623,729	12,307,401	12,537,110	12,710,585
Utilities and environment	1,401,286	1,650,164	1,696,620	1,792,849	2,155,795	2,466,834	2,327,038	1,868,845
Transportation	1,080,213	1,365,803	1,413,103	2,227,380	1,691,921	1,373,395	1,546,263	1,992,451
Economic environment	834,529	1,238,411	1,166,016	842,221	972,451	1,014,531	996,500	556,503
Culture and recreation	2,603,621	2,863,217	3,202,117	3,269,666	3,819,310	3,898,419	3,406,847	3,549,324
Debt service:								
Principal retirement	585,000	606,337	541,351	316,352	321,352	337,973	1,112,973	752,973
Interest	266,116	398,136	240,763	238,522	223,310	213,335	686,624	650,653
Administrative charges	-	11,164	1,266	1,266	1,269	1,260	13,823	1,381
Capital outlay:								
General government	147,482	234,381	209,408	98,611	110,733	107,941	71,127	109,424
Public safety	179,250	2,768,497	771,197	29,009	167,758	1,118,552	1,315,702	7,672,849
Utilities and environment	556,338	-	10,196	-	-	13,461	6,059	-
Transportation	18,942	399,791	1,948,567	3,314,025	1,955,435	1,971,844	4,012,258	2,432,470
Economic environment	-	-	-	-	-	-	206,163	16,936
Culture and recreation	758	1,083,078	446,193	187,878	112,435	224,719	-	24,320
Total expenditures	20,860,042	27,062,384	27,796,141	28,480,247	28,603,936	30,715,947	33,745,121	37,945,226
Excess revenues over (under) expenditures	(456,595)	(1,977,969)	(1,855,331)	(827,109)	(1,704,096)	(2,511,185)	(3,634,030)	(8,970,665)

City of Walla Walla
Changes in Fund Balances of Governmental Funds (continued)
(modified accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)								
Transfers in	3,717,595	3,759,895	2,233,973	2,790,017	3,028,761	1,384,455	3,402,196	3,153,663
Transfers out	(3,520,095)	(3,741,674)	(2,106,082)	(1,560,280)	(3,217,646)	(1,083,128)	(2,019,031)	(1,854,812)
Insurance recoveries					77,094	13,720	283,114	50,828
Bonds Issued	-	-	-	-	-	11,595,000	1,260,000	-
Premium on Bonds Issued	-	-	-	-	-	126,787	61,298	-
Proceeds from debt	4,500,000	400,000	-	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	173,839	-	-	8,000	-	33,521
Total other financing sources (uses)	4,697,500	418,221	301,730	1,229,737	(111,791)	12,044,834	2,987,577	1,383,200
Net change in fund balances	4,240,905	(1,559,748)	(1,553,601)	402,628	(1,815,887)	9,533,649	(646,453)	(7,587,465)
Debt service as a percentage of noncapital expenditures	4.45%	4.66%	3.31%	2.28%	2.12%	2.06%	6.84%	5.34%

* *Year 2004 is the earliest available historical data per GASB 34 implementation*

City of Walla Walla
Governmental Activities Tax Revenue by Source
(accrual basis of accounting)

	2004*	2005	2006	2007	2008	2009	2010	2011
Property tax	3,527,804	4,034,359	4,335,642	4,458,320	4,575,216	5,780,071	5,926,165	5,964,834
Sales tax	4,677,645	5,584,847	6,078,419	6,248,205	6,646,811	6,134,841	5,687,489	5,881,627
Payment in lieu of tax	1,840,059	2,082,949	2,104,897	2,214,284	2,278,219	2,152,560	2,296,596	2,461,493
Business and occupation tax	2,450,289	2,604,885	2,801,949	3,176,692	3,050,559	3,464,751	3,137,873	3,163,232
Gambling tax	276,432	289,053	233,612	227,767	163,759	135,422	108,771	88,872
Real estate excise tax	229,932	410,820	466,905	322,658	290,268	192,846	188,777	181,063
Leasehold tax	37,557	59,810	55,705	68,770	64,193	30,831	27,258	31,009
E911 Access Tax	-	-	313,176	350,581	349,931	354,668	342,780	417,874
Tourism Promotion Area Tax	-	-	-	-	-	-	18,378	215,571
Total taxes	13,039,718	15,066,723	16,390,305	17,067,277	17,418,956	18,245,990	17,734,087	18,405,575

*Year 2004 is the earliest available historical data per GASB 34 implementation

City of Walla Walla
Property Tax Rates
Direct and Overlapping Governments [1]
Last Nine Years* (and next year)

	City of Walla Walla			Overlapping Rates: Walla Walla County			Overlapping Rates: Walla Walla School District			
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total District Millage	Total Direct & Overlapping Rates
2003	2.952	-	2.952	1.757	0.111	1.868	3.739	1.590	5.329	10.149
2004	2.906	-	2.906	1.758	0.101	1.859	3.708	1.846	5.554	10.319
2005	2.883	0.273	3.156	1.758	0.101	1.859	3.708	1.846	5.554	10.569
2006	2.889	0.283	3.172	1.788	0.099	1.887	3.847	1.577	5.424	10.483
2007	2.613	0.235	2.848	1.701	0.091	1.792	3.528	1.551	5.079	9.719
2008	2.287	0.200	2.487	1.567	0.071	1.638	3.086	1.190	4.277	8.402
2009	2.236	-	2.236	1.450	0.070	1.52	2.940	1.066	4.006	7.762
2010	2.395	0.590	2.985	1.517	0.076	1.593	3.290	1.267	4.557	9.135
2011	2.381	0.606	2.987	1.494	-	1.494	3.409	1.301	4.710	9.191
2012	2.386	0.607	2.993	1.498	-	1.498	3.595	1.269	4.864	9.355

Source: Provided in the County Assessment Guide by the Assessor's Office

Note: [1] Overlapping rates are those of local and county governments that apply to property owners within the City of Walla Walla. Not all overlapping rates apply to all City of Walla Walla property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

* Data not collected prior to the preparation for GASB 34 implementation in 2003

City of Walla Walla
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property Value	Personal Property Value	State Assessed Value	Less: Open Space Loss	Less: Senior Loss	Less: Head of Household Loss	Less: Minimum Value Loss	Total Taxable Assessed Value	Total Direct Tax Rate
2002	1,115,752,061 [1]			31,651,055 [1]				1,084,101,006	3.0689
2003	1,067,131,600	66,457,684	48,503,810	17,400	24,642,216	included in senior loss		1,157,433,478	2.9519
2004	1,127,390,100	66,605,376	46,210,170	261,200	34,426,468	included in senior loss		1,205,517,978	2.9063
2005	1,187,515,500	69,665,752	40,468,384	262,100	47,933,713	included in senior loss		1,249,453,823	3.1555
2006	1,205,368,700	69,660,084	38,929,740	237,300	46,449,200	572,323	11,800	1,266,687,901	3.1718
2007	1,475,258,200	66,968,757	34,853,739	482,500	55,718,300	606,849	6,900	1,520,266,147	2.8487
2008	1,755,744,100	70,919,566	42,356,780	1,714,600	71,077,500	1,651,914	9,106	1,794,567,326	2.4866
2009	2,007,951,200	73,227,804	44,635,592	2,184,300	76,759,100	1,489,045	8,824	2,045,373,327	2.2369
2010	1,892,238,900	77,077,453	41,667,687	2,179,700	66,148,200	1,183,746	7,121	1,941,465,273	2.9852
2011	1,941,762,300	76,134,762	45,870,117	2,053,500	70,845,100	1,137,779	12,677	1,989,718,123	2.9879
2012	1,943,952,000	73,572,252	38,846,636	2,043,600	66,371,700	1,044,125	10,458	1,998,943,250	2.9934

Source: County Assessor's Office as of December used to create the operating levy
The County assesses property at 100% of actual value.
[1] Breakdown of property value and exemptions is unavailable for 2002

City of Walla Walla
Walla Walla County Top Ten Principal Property Taxpayers
Current Year and Seven Years Prior*

	2011			2004*		
County Taxpayers	Total Taxes	Rank	Percentage of Assessed Taxes	Total Taxes	Rank	Percentage of Assessed Taxes
Boise Cascade	2,561,819	1	4.23%	3,119,556	1	7.50%
Gas Transmission Northwest	922,503	2	1.52%	535,325	3	1.29%
Ralph & Cheryl Broetje (Broetje Orchards)	897,833	3	1.48%	455,681	6	1.10%
FPL Energy Vansycle LLC	887,095	4	1.47%			
Pacific Corp	655,910	5	1.08%	530,142	4	1.27%
Union Pacific Railroad C.O.	471,970	6	0.78%	247,537	9	0.60%
I.B.P. Inc (Tyson Fresh Meats)	430,193	7	0.71%	479,058	5	1.15%
J.R. Simplot Company	327,642	8	0.54%	310,459	7	0.75%
Railex	293,025	9	0.48%			
Qwest Corp	205,630	10	0.34%			
Northwest Grain Growers				226,451	10	0.54%
Ponderosa Fibres of America				768,942	2	1.85%
U.S. West Communication				262,976	8	0.63%

Source: 2004 Provided by the Port of Walla Walla - Walla Walla County Quick Facts
2011 Provided by the County Assessor
**2004 used as oldest data available. Historical information is not available.*

City of Walla Walla
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002	3,323,430	3,220,908	96.9%	102,522	3,323,430	100.0%
2003	3,416,705	3,227,426	94.5%	189,279	3,416,705	100.0%
2004	3,503,597	3,393,955	96.9%	109,642	3,503,597	100.0%
2005	3,942,652	3,802,161	96.4%	140,491	3,942,652	100.0%
2006	4,017,681	3,917,891	97.5%	91,123	4,009,014	99.8%
2007	4,330,782	4,213,839	97.3%	103,800	4,317,639	99.7%
2008	4,462,371	4,303,042	96.4%	131,317	4,434,359	99.4%
2009	4,575,296	4,397,339	96.1%	143,135	4,540,474	99.2%
2010	5,795,662	5,636,871	97.3%	90,997	5,727,868	98.8%
2011	5,945,079	5,806,884	97.7%	-	5,806,884	97.7%

Source: December's County Treasurer's monthly report of tax collections.

City of Walla Walla
Local Sales and Use Taxable Retail Sales by Industry
Last Ten Fiscal Years [1]

NAICS			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
11	Agriculture, Forestry, Fishing and Hunting		359,840	499,205	521,464	790,750	815,183	964,952	281,795	367,460	259,086	440,249
21	Mining		-	-	-	-	-	47,059	-	-	-	8,263
22	Utilities		968,445	1,351,776	1,262,786	1,022,869	920,302	1,249,641	1,349,139	1,799,040	1,217,774	146,413
23	Construction		76,631,982	59,216,428	58,739,677	70,681,604	109,108,842	141,035,263	113,765,933	133,790,392	104,112,247	62,587,997
31-33	Manufacturing		9,815,876	9,369,367	10,693,914	13,005,316	12,809,101	11,253,131	11,858,392	14,620,878	12,497,611	12,967,022
42	Wholesale Trade		40,943,912	36,875,558	40,253,261	42,150,250	40,038,660	46,557,529	53,090,838	50,976,282	49,164,232	43,465,905
44-45	Retail Trade		181,777,458	183,583,317	182,424,166	187,458,113	200,833,041	196,463,736	207,160,060	201,935,494	195,968,182	189,534,010
48-49	Transportation and Warehousing		336,468	346,571	305,926	342,503	1,562,928	924,421	698,613	710,682	579,472	1,071,859
51	Information		24,547,948	23,480,482	19,955,687	19,958,659	20,481,230	23,078,867	22,905,585	23,523,134	23,595,659	21,422,121
52	Finance and Insurance		3,636,759	3,789,903	4,416,345	3,933,545	3,031,382	2,690,656	2,900,953	4,288,099	3,555,265	3,556,762
53	Real Estate and Rental and Leasing		6,948,676	7,499,504	7,717,889	8,084,248	6,538,371	6,404,047	7,207,386	7,389,271	8,374,609	8,160,359
54	Professional, Scientific, and Technical Services		4,664,160	4,991,531	5,129,176	6,433,626	6,583,438	8,934,577	7,658,558	6,721,636	7,788,402	7,861,467
55-62	Management, Education & Health Services		11,063,568	10,374,891	10,975,247	13,444,152	12,679,655	13,335,184	14,293,790	16,763,226	15,755,833	13,707,230
71	Arts, Entertainment, and Recreation		3,461,504	4,031,332	4,083,578	3,906,969	3,850,786	4,146,555	4,236,841	3,892,803	4,021,263	4,059,648
72	Accommodation and Food Services		45,110,150	44,294,049	45,032,909	48,721,699	53,612,711	57,468,149	64,136,938	68,934,057	66,520,917	69,862,111
81	Other Services (except Public Administration)		15,656,081	15,187,215	15,651,750	15,204,478	15,738,508	16,069,061	16,627,595	17,674,837	14,793,562	20,363,208
92	Public Administration		1,341,170	1,314,063	1,120,923	1,222,981	1,896,665	3,027,864	3,944,582	5,035,384	561,762	367,979
	No Description given		102,190	-	17,219	-	-	-	-	-	-	-
	Total Local Sales and Use Taxable Retail Sales		**427,366,187**	**406,205,192**	**408,301,917**	**436,361,762**	**490,500,803**	**533,650,692**	**532,116,998**	**558,422,675**	**508,765,876**	**459,582,603**
	City of Walla Walla Sales & Use Tax Rates											
	Local Basic	0.425%	1,816,306	1,726,372	1,735,283	1,854,537	2,084,628	2,268,015	2,261,497	2,373,296	2,162,255	1,953,226
	Local Optional	0.425%	1,816,306	1,726,372	1,735,283	1,854,537	2,084,628	2,268,015	2,261,497	2,373,296	2,162,255	1,953,226
	Criminal Justice	0.100%	427,366	406,205	408,302	436,362	490,501	533,651	532,117	558,423	508,766	459,583
	Public Safety	0.090%			367,472	392,726	441,451	480,286	478,905	502,580	457,889	413,624
	Total City of Walla Walla Sales & Use Tax [2]	1.040%	**4,059,978**	**3,858,949**	**4,246,340**	**4,538,162**	**5,101,208**	**5,549,967**	**5,534,016**	**5,807,595**	**5,291,165**	**4,779,659**
	State Sales & Use Tax Rate	6.500%										
	Valley Transit	0.600%										
	Walla Walla County Sales & Use Tax Rates											
	Local Basic	0.075%										
	Local Optional	0.075%										
	Public Safety	0.210%										
	Juvenile Justice/Detention	0.100%										
	Total Walla Walla County Sales & Use Tax Rate	0.460%										
	Total Local Sales & Use Tax Rate	8.600%										

Source: WA State Department of Revenue

[1] *2010 is the latest annual data available.*

[2] *Calculated sales and use taxes above will not equal reported total sales tax revenue as taxes on Brokered Natural Gas and Hotel/Motel taxes are not included. There is also a timing difference between reported taxable sales above and the period the taxes are collected and reported.*

City of Walla Walla
Combined Water Utility and Wastewater Utility Operating Statement
(Years Ending December 31)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues [1]										
Charges for Water Services	$ 6,287,045	$ 6,397,179	$ 6,924,566	$ 7,178,728	$ 7,522,723	$ 7,928,557	$ 8,119,978	$ 8,039,618	$ 8,250,027	$ 9,111,296
Charges for Wastewater Services	5,478,025	5,734,621	6,191,971	6,659,786	6,570,756	6,833,431	6,868,450	7,105,207	7,498,277	8,481,396
Miscellaneous	110,096	-	38,132	54,075	126,987	232,037	630,000	13,215	148,685	53,118
Interest Income	401,948	335,205	381,508	486,544	671,947	652,295	510,695	273,287	216,771	214,429
Contributions	24,537	33,792	78,587	108,907	510,385	929,640	2,895,478	473,772	340,787	873,199
Total Revenues	$ 12,301,651	$ 12,500,797	$ 13,614,764	$ 14,488,040	$ 15,402,798	$ 16,575,960	$ 19,024,601	$ 15,905,099	$ 16,454,547	$ 18,733,438
Expenses [2]										
Personnel Services	$ 1,181,272	$ 1,302,383	$ 1,312,952	$ 1,220,538	$ 1,241,980	$ 1,327,563	$ 1,338,152	$ 1,257,225	$ 1,386,383	$ 1,410,031
Supplies	351,161	304,682	398,508	423,014	449,933	559,957	489,341	332,995	994,849	53,998
Services/Charges	2,332,693	2,929,221	2,308,727	2,990,325	2,332,356	2,236,590	2,364,047	2,457,678	2,905,518	2,680,107
Governmental Charges	1,238,317	3,232,783	3,388,411	3,943,670	3,982,404	4,003,268	4,338,035	4,785,148	5,026,399	4,889,174
Bad Debt Expense	908	46	8,584	2,676	573	439	298	1,238	568	-
Total Expenses	$ 5,104,351	$ 7,769,115	$ 7,417,182	$ 8,580,223	$ 8,007,246	$ 8,127,817	$ 8,529,873	$ 8,834,284	$ 10,313,717	$ 9,033,310
Net Revenue of System	$ 7,197,300	$ 4,731,682	$ 6,197,582	$ 5,907,817	$ 7,395,552	$ 8,448,143	$ 10,494,728	$ 7,070,815	$ 6,140,830	$ 9,700,128

[1] *Excludes transfers-in*

[2] *Excludes depreciation, debt service and non-operating expenditures*

City of Walla Walla
System Historical Operating Results and Debt Service Coverage
(Years Ending December 31)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues of the System										
Operating Income	$ 11,765,070	$ 12,131,800	$ 13,116,537	$ 13,838,514	$ 14,093,479	$ 14,761,988	$ 14,988,428	$ 15,144,825	$ 15,748,304	$ 17,592,692
Other Income	536,581	368,997	498,227	649,526	1,309,319	1,813,972	4,036,173	760,274	706,243	1,140,746
Total Revenues	$ 12,301,651	$ 12,500,797	$ 13,614,764	$ 14,488,040	$ 15,402,798	$ 16,575,960	$ 19,024,601	$ 15,905,099	$ 16,454,547	$ 18,733,438
Costs of Maintenance and Operation	$ 5,104,351	$ 7,769,115	$ 7,417,182	$ 8,580,223	$ 8,007,246	$ 8,127,817	$ 8,529,873	$ 8,834,284	$ 10,313,717	$ 9,033,310
Net Revenue Available for Debt Service	7,197,300	4,731,682	6,197,582	5,907,817	7,395,552	8,448,143	10,494,728	7,070,815	6,140,830	9,700,128
Maximum Annual Debt Service	3,497,980	3,351,055	3,351,055	3,351,055	3,265,178	3,265,178	3,250,340	3,036,339	3,036,339	3,036,339
Debt Ratio	2.06	1.41	1.85	1.76	2.26	2.59	3.23	2.33	2.02	3.19

City of Walla Walla
Water/Wastewater Various Rates and Capital Facility Charges
Last seven years*

Water Utility Monthly Meter Charges

Meter Size (inches)	2005	2006	2007	2008	2009	2010	2011
3/4	$16.36	$17.54	$18.07	$18.61	$19.08	$20.40	$22.20
1	32.57	34.91	35.96	37.04	37.97	40.60	44.30
1 1/2	65.24	69.92	72.02	74.18	76.03	81.40	88.70
2	104.46	111.96	115.32	118.78	121.75	130.30	142.00
3	195.53	209.56	215.85	222.33	227.89	243.80	265.70
4	326.12	349.53	360.01	370.81	380.08	406.70	443.30
6	655.70	702.80	723.88	745.60	764.24	817.70	891.30
8	978.38	1,048.60	1,080.06	1,112.46	1,140.27	1,220.10	1,329.90
10	1,304.40	1,398.02	1,439.96	1,483.16	1,520.24	1,626.70	1,773.10

Water Utility Consumption Charges per 100 Cubic Feet

Customer Class	2005	2006	2007	2008	2009	2010	2011
Residential	$0.92	$0.99	$1.02	$1.05	$1.08	$1.16	$1.26
Commercial	0.68	0.73	0.75	0.77	0.79	0.85	0.93
Industrial	0.72	0.77	0.79	0.81	0.83	0.89	0.97
Public	0.68	0.73	0.75	0.77	0.79	0.85	0.93

Water Utility Connection Charges for Permanent Meters

	2005	2006	2007	2008	2009	2010	2011
Meter Installation Fee-3/4"	$ 315.00	$ 372.75	$ 383.93	$ 385.00	$ 396.00	$ 424.00	$ 462.00
Meter Installation Fee-1" or larger	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Service connection charge-1" service line	400.00	$400.00 plus actual excess costs	$412.00 plus actual excess costs	$425.00 plus actual excess costs	$438.00 plus applicable fees	$469.00 plus applicable fees	$511.00 plus applicable fees
Service connection charge-larger than 1" service line	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

* Fee structure changed as of 2005 and information prior to that date is therefore not included here.

City of Walla Walla
Water/Wastewater Various Rates and Capital Facility Charges (continued)

Water Capital Facilities Charges

Meter Size (inches)	2005	2006	2007	2008	2009	2010	2011
5/8 & 3/4	N/A	$1,785.00	$1,785.00	$1,785.00	$1,785.00	$1,785.00	$1,785.00
1	N/A	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00
1 1/2	N/A	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00
2	N/A	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00
3	N/A	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00
4	N/A	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00
Charge per fixture unit values	N/A	78.64	78.64	78.64	78.64	78.64	78.64

(1) Water Capital Facility Charges replaced connection fees in 2006

Water Capital Facilities Functional Unit Cost Credit Factor

Function	2005	2006	2007	2008	2009	2010	2011
customer	N/A	40.82	40.82	40.82	40.82	40.82	40.82
fire storage	N/A	122.18	122.18	122.18	122.18	122.18	122.18
equalizing storage	N/A	91.23	91.23	91.23	91.23	91.23	91.23
emergency storage	N/A	91.23	91.23	91.23	91.23	91.23	91.23
supply	N/A	493.53	493.53	493.53	493.53	493.53	493.53
transmission & distribution	N/A	754.73	754.73	754.73	754.73	754.73	754.73
treatment	N/A	192.06	192.06	192.06	192.06	192.06	192.06
total	N/A	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00

Water and Wastewater Fixture Unit Values by Fixture Type

Type of Fixture	Fixture Unit Value
Bar sink	1.0
Bathtub	4.0
Bath/Shower combo	4.0
Bidet	1.0
Clothes washer, domestic	4.0
Dishwasher, domestic	1.5
Hose bibb	2.5
Hose bibb, each additional	1.0
Kitchen sink, domestic	1.5
Laundry sink	1.5
Lavatory	1.0
Shower	2.0
Water Closet, 1.6 GPF Gravity Tank	2.5
Water Closet, 1.6 GPF Flushometer valve	To be determined by Public Works
Fixtures not listed above	To be determined by Public Works

City of Walla Walla

Water/Wastewater Various Rates and Capital Facility Charges (continued)
Wastewater Utility Rates
(For First 800 Cubic Feet or Less)

	Total Monthly Charge						
Customers connected to the Wastewater Utility [1]	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Residential	$ 32.40	$ 32.90	$ 34.60	$ 35.29	$ 36.42	$ 39.70	$ 43.70
Multi-Family Residences (per unit)	19.60	19.60	20.73	21.14	21.82	23.80	26.20
Commercial	31.81	32.30	33.97	34.65	35.75	39.00	42.90
Public	38.30	39.31	40.90	41.72	43.05	46.90	51.60
Industrial	40.26	41.33	43.41	44.28	45.70	49.80	54.80
City of Walla Walla	9.49	10.12	10.12	10.32	10.65	11.60	12.80
Metered Water Utility customers to whom wastewater service is available (but not connected)							
Residential	$23.41	$ 23.62	$ 25.02	$ 25.52	$ 26.34	$ 28.70	$ 31.60
Multi-Family Residences (per unit)	14.36	14.36	15.20	15.50	16.00	17.40	19.10
Commercial	23.07	23.29	23.99	24.47	25.25	27.50	30.30
Public	27.41	27.88	29.29	29.88	30.84	33.60	37.00
Industrial	28.77	29.27	31.04	31.66	32.67	35.60	39.20
City of Walla Walla	9.49	10.12	10.12	10.32	10.65	11.60	12.80

[1] A consumption fee is charged to commercial and industrial customers for each 100 cu ft of water used over the 800 cu ft minimum

Wastewater Capital Facilities Charges [2]

	2005	2006	2007	2008	2009	2010	2011
per total number of fixture unit values	N/A	$109.00	$109.00	$109.00	$109.00	$109.00	$109.00
strength component charge-BOD	N/A	16.87	16.87	16.87	16.87	16.87	16.87
strength component charge-total suspended solids	N/A	16.87	16.87	16.87	16.87	16.87	16.87
strength component charge-pH	N/A	6.75	6.75	6.75	6.75	6.75	6.75
Side sewer charge	750.00	750.00	772.50	750.00	774.00	844.00	928.00

[2] Wastewater Capital Facility Charges replaced connection fees in 2006

City of Walla Walla
Water and Wastewater Utility Customers by Category
As of December 31

	2005		2006		2007		2008		2009		2010		2011	
Water	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Residential	8,346	87.1%	8,793	88.8%	8,928	89.0%	9,053	88.0%	9,047	89.0%	9,091	89.0%	9,127	89.0%
Multifamily	158	1.6%	149	1.5%	148	1.5%	157	1.5%	149	1.5%	146	1.4%	145	1.4%
Commercial	989	10.3%	865	8.7%	863	8.6%	985	9.6%	865	8.5%	866	8.5%	871	8.5%
Industrial	14	0.1%	12	0.1%	13	0.1%	12	0.1%	11	0.1%	11	0.1%	14	0.1%
Public	78	0.8%	84	0.8%	83	0.8%	80	0.8%	93	0.9%	96	0.9%	98	1.0%
Total	9,585	99.9%	9,903	99.9%	10,035	100.0%	10,287	100.0%	10,165	100.0%	10,210	99.9%	10,255	100.0%

	2005		2006		2007		2008		2009		2010		2011	
Wastewater	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Residential	8,312	87.3%	7,783	89.5%	7,882	89.5%	8,050	89.3%	8,344	89.3%	8,381	89.4%	8,415	89.3%
Multifamily	158	1.7%	143	1.6%	145	1.6%	147	1.6%	149	1.6%	145	1.5%	145	1.5%
Commercial	960	10.1%	700	8.0%	712	8.1%	734	8.2%	767	8.2%	766	8.2%	773	8.2%
Industrial	14	0.1%	4	0.0%	4	0.0%	5	0.1%	6	0.1%	6	0.1%	8	0.1%
Public	74	0.8%	70	0.8%	64	0.7%	70	0.8%	74	0.8%	78	0.8%	83	0.9%
Total	9,518	100.0%	8,700	99.9%	8,807	99.9%	9,006	100.0%	9,340	100.0%	9,376	100.0%	9,424	100.0%

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
Water/Wastewater	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Residential	8,337	85.1%	8,297	87.0%	8,455	86.1%	8,346	87.1%	8,793	88.8%	8,928	89.0%	9,053	88.0%	9,047	89.0%	9,091	89.1%	9,127	89.0%
Total Comm'l/Multifamily	1,299	13.3%	1,099	11.5%	1,218	12.4%	1,147	12.0%	1,014	10.2%	1,011	10.1%	1,142	11.1%	1,014	10.0%	1,012	9.9%	1,016	9.9%
Industrial	16	0.2%	14	0.1%	15	0.2%	14	0.1%	12	0.1%	13	0.1%	12	0.1%	11	0.1%	11	0.1%	14	0.1%
Public	146	1.5%	132	1.4%	136	1.4%	78	0.8%	84	0.8%	83	0.8%	80	0.8%	93	0.9%	96	0.9%	98	1.0%
Total	9,798	100.1%	9,542	100.0%	9,824	100.1%	9,585	100.0%	9,903	99.9%	10,035	100.0%	10,287	100.0%	10,165	100.0%	10,210	100.0%	10,255	100.0%

City of Walla Walla
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years*

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General governmental activities:									
General obligation bonds	3,651,550	7,671,550	7,635,213	6,967,303	6,433,853	5,874,532	16,897,376	16,813,648	15,952,984
Special assessment bonds	420,000	305,000	135,000	-	-	-	-	-	-
Business-type activities									
Water bonds	25,870,000	24,415,000	23,440,000	21,920,000	20,280,000	18,555,000	16,750,000	18,740,400	16,097,400
Wastewater bonds	5,300,000	4,740,000	4,165,000	3,540,000	2,885,000	2,255,000	1,900,000	5,749,600	4,672,600
Water/Wastewater bonds	31,170,000	29,155,000	27,605,000	25,460,000	23,165,000	20,810,000	18,650,000	24,490,000	20,770,000
Water loans	867,368	758,947	704,737	650,526	596,315	542,104	487,894	433,683	379,472
Wastewater loans	23,598,161	22,221,012	21,023,087	20,551,798	24,145,349	24,518,019	23,143,331	21,414,981	19,658,085
Water/Wastewater loans	24,465,529	22,979,959	21,727,824	21,202,324	24,741,664	25,060,123	23,631,225	21,848,664	20,037,557
Landfill bonds	-	-	2,973,000	2,903,238	2,728,476	2,548,714	2,362,558	4,976,400	4,670,243
Golf Course bonds	-	-	367,000	353,114	339,228	325,341	309,470	293,600	277,730
Total primary government	59,707,079	60,111,509	60,443,037	56,885,979	57,408,221	54,618,710	61,850,629	68,422,312	61,708,514
Percentage of personal income[1]	4.15%	4.03%	4.00%	3.53%	3.20%	2.81%	3.18%	3.52%	3.16%
Per capita	$ 2,010	$ 1,971	$ 1,973	$ 1,855	$ 1,858	$ 1,742	$ 1,957	$ 2,156	$ 1,948

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1] See the schedule of Demographics and Economic Statistics for personal income and population data.
Used 2009 personal income, latest available data, to calculate "percentage of personal income" for 2010 & 2011

* Data not collected prior to the preparation for GASB 34 implementation in 2003

City of Walla Walla
Ratios of General Bonded Debt Outstanding
Last Nine Fiscal Years*

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General obligation bonds	3,651,550	7,671,550	10,975,213	10,223,655	9,501,557	8,748,587	19,569,404	22,083,648	20,900,957
Less: Amounts available in debt service fund	318,374	305,448	-	13,395	30,067	378,254	52,032	71,227	115,906
Net total	3,333,176	7,366,102	10,975,213	10,210,260	9,471,490	8,370,333	19,517,372	22,012,421	20,785,051
Percentage of estimated actual taxable value of property	0.29%	0.61%	0.88%	0.81%	0.62%	0.47%	0.95%	1.13%	1.04%
Per capita	$ 112	$ 242	$ 358	$ 333	$ 307	$ 267	$ 617	$ 694	$ 656

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See the schedule of Demographics and Economic Statistics on page 150 for personal income and population data.

* Data not collected prior to the preparation for GASB 34 implementation in 2003

City of Walla Walla
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
City of Walla Walla direct debt			15,952,984
Port District	5,017,240	41.0%	2,057,068
School district	22,545,000	72.0%	16,232,400
Subtotal overlapping debt	27,562,240		18,289,468
Total direct and overlapping debt			$ 34,242,452

Sources: Debt outstanding data provided by the Port of Walla Walla, Walla Walla County, and Walla Walla School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Walla Walla. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

City of Walla Walla
Legal Debt Margin Information
Last Nine Fiscal Years*

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	86,807,506	92,690,109	94,856,688	114,244,962	134,592,549	153,402,999	145,609,896	149,228,859	149,920,743
Total net debt applicable to limit	3,925,951	348,117	283,117	118,952	3,158,745	5,372,488	15,755,381	16,059,413	22,336,140
Legal debt margin	82,881,555	92,341,992	94,573,571	114,126,010	131,433,804	148,030,511	129,854,515	133,169,446	127,584,603
Total net debt applicable to the limit as a percentage of debt margin	4.7%	0.4%	0.3%	3.7%	2.4%	3.6%	12.1%	12.1%	17.5%

Legal debt margin calculation for fiscal year 2011		
Total assessed value January 2012	1,998,943,250	
2.5% general purposes limit is allocated between:	49,973,581	
Up to 1.5% debt without a vote (councilmanic)	29,984,149	
Less: outstanding debt	(13,802,888)	
Less: contracts payable	-	
Less: excess of debt with a vote	-	
Add: available assets	5,621,748	
Equals: remaining debt capacity without a vote		21,803,009
1% general purpose debt with a vote	19,989,433	
Less: outstanding debt	(14,155,000)	
Less: contracts payable	-	
Add: available assets	-	
Equals remaining debt capacity with a vote		5,834,433
2.5% utility purpose limit, voted	49,973,581	
Less: outstanding debt	-	
Less: contracts payable	-	
Add: available assets	-	
Equals remaining debt capacity- utility purpose, voted		49,973,581
2.5% utility purpose limit, open space park and capital facilities, voted	49,973,581	
Less: outstanding debt	-	
Less: contracts payable	-	
Add: available assets	-	
Equals remaining debt capacity- park & facilities, voted		49,973,581
Total Legal Debt Margin		127,584,604

Note: Under statutory provisions for the State, cities may incur general obligation debt for "general purposes" in an amount not to exceed 2 1/2 percent of the assessed valuation of all taxable property in the city; 2 1/2 percent of assessed valuation for "open space and park facilities" uses; and 2 1/2 percent of assessed valuation for "utility" purposes. Within the "general purpose" limit, cities may incur general obligation indebtedness in an amount up to 1 1/2 percent of the assessed value without a vote of the people. Non-voted general obligation debt is payable from the city's regular tax levy, which may be levied for general purposes, and from other revenue sources that the city receives for general purposes. To incur general obligation indebtedness in excess of 1 1/2 percent of the assessed valuation of the city, the city must receive approval from the voters ("unlimited tax debt"). No combination of limited or unlimited tax debt may exceed 7 1/2 percent of the actual value of taxable property in the city.

* Data not collected prior to the preparation for GASB 34 implementation in 2003

City of Walla Walla
Pledged Revenue Coverage
Last Nine Fiscal Years*

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water Bonds									
Charges for services and other	6,397,179	7,196,180	7,617,865	8,311,958	8,905,188	9,430,139	8,389,570	8,559,110	9,643,398
Less: Operating expenses	3,807,283	3,223,531	3,944,866	3,600,320	3,470,349	3,787,470	3,815,868	4,942,764	3,742,568
Net available revenue	2,589,896	3,972,649	3,672,999	4,711,638	5,434,839	5,642,669	4,573,702	3,616,346	5,900,830
Debt service:									
Principal	177,400	1,509,211	1,549,211	1,574,211	1,694,211	1,779,211	1,859,211	1,954,211	2,697,211
Interest	1,098,037	1,135,992	1,065,653	914,881	873,630	818,980	747,919	728,109	722,672
Payment	1,275,437	2,645,203	2,614,864	2,489,092	2,567,841	2,598,191	2,607,130	2,682,320	3,419,883
Coverage	2.03	1.50	1.40	1.89	2.12	2.17	1.75	1.35	1.73
Wastewater Bonds									
Charges for services and other	5,734,621	6,375,725	6,870,175	6,858,356	7,670,772	7,483,845	7,502,314	7,746,752	9,036,922
Less: Operating expenses	3,403,485	2,915,893	3,158,905	3,057,561	3,254,778	3,245,210	3,683,383	3,975,952	3,733,713
Net available revenue	2,331,136	3,459,832	3,711,270	3,800,795	4,415,994	4,238,635	3,818,931	3,770,800	5,303,209
Debt service:									
Principal	197,600	1,678,168	1,802,926	1,846,289	1,900,620	1,946,124	2,038,762	2,093,348	2,833,899
Interest	202,941	784,478	733,690	679,261	642,119	624,081	598,800	636,608	669,701
Payment	400,541	2,462,646	2,536,616	2,525,550	2,542,739	2,570,205	2,637,562	2,729,956	3,503,600
Coverage	5.82	1.40	1.46	1.50	1.74	1.65	1.45	1.38	1.51
Water/Wastewater Bonds									
Charges for services and other	12,131,800	13,571,905	14,488,040	15,170,314	16,575,960	16,913,984	15,891,884	16,305,862	18,680,320
Less: Operating expenses	7,210,768	6,139,424	7,103,771	6,657,881	6,725,127	7,032,680	7,499,251	8,918,716	7,476,281
Net available revenue	4,921,032	7,432,481	7,384,269	8,512,433	9,850,833	9,881,304	8,392,633	7,387,146	11,204,039
Debt service:									
Principal	375,000	3,187,379	3,352,137	3,420,500	3,594,831	3,725,335	3,897,973	4,047,559	5,531,110
Interest	1,300,978	1,920,470	1,799,343	1,594,142	1,515,749	1,443,061	1,346,719	1,364,717	1,392,373
Payment	1,675,978	5,107,849	5,151,480	5,014,642	5,110,580	5,168,396	5,244,692	5,412,276	6,923,483
Coverage	2.94	1.46	1.43	1.70	1.93	1.91	1.60	1.36	1.62
Special Assessment Bonds									
Special assessment collections	228,603	130,100	163,625	217,947	82,782	55,098	17,149	15,850	204,961
Debt service:									
Principal	185,000	105,000	170,000	135,000	-	-	-	-	-
Interest	37,591	26,475	19,775	8,345	-	-	-	-	2,020
Payment	222,591	131,475	189,775	143,345	-	-	-	-	2,020
Coverage	1.03	0.99	0.86	1.52	-	-	-	-	1.00

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Charges for service and other includes investment earnings. Operating expenses do not include interest, depreciation, or payments in lieu of taxes to the general fund. Bond covenants require a 1.25 coverage ratio.

* Data not collected prior to the preparation for GASB 34 implementation in 2003

City of Walla Walla
Demographic and Economic Statistics
Last Ten Years

Source		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
2	Population - City	29,550	29,710	30,500	30,630	30,660	30,900	31,350	31,610	31,731	31,670
2	Population - County	55,400	55,800	56,700	57,500	57,900	57,900	58,600	59,200	58,781	58,800
	City as percent of County	53%	53%	54%	53%	53%	53%	53%	53%	54%	54%
1	County personal income (in 1,000s)	1,357,055	1,437,682	1,490,324	1,510,147	1,612,619	1,791,894	1,946,487	1,952,442	N/A	N/A
2	County per capita personal income	24,275	25,484	26,130	26,484	28,175	31,158	33,474	33,059	N/A	N/A
3	County median family income projection	40,903	41,733	42,519	43,237	45,555	45,439	44,425	44,793	44,006	*44,606
3	County median age	35.07	35.27	35.43	35.74	35.87	35.99	36.11	36.27	36.63	37.01
4	Percent with high school degree or higher	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	85.7%	N/A
5	School enrollment	6,182	6,215	6,274	5,993	6,068	6,016	6,004	6,052	6,159	6,308
6	County unemployment rate	6.9%	7.0%	6.2%	5.8%	5.4%	4.8%	4.8%	6.8%	7.4%	7.3%

Sources:
1 Bureau of Economic Analysis
2 Prepared by Port of Walla Walla
3 Port of Walla Walla 2002-2010 & Washington Office of Financial Management
4 U.S. Census Bureau - State and County QuickFacts
5 School District/Office of the Superintendent of Public Instruction
6 Port of Walla Walla 2002-2010 & WA Employment Security Department

N/A - *Information is not available at this time.*
* *The Revenue Forecast Council's September 2011 forecast of the state personal income is used in the projection of 2011 median household income.*

City of Walla Walla
Top Ten Principal Employers
Total Headcount
Previous Year and Nine Years Prior

	2011			2002		
Employer within the City	**Employees**	**Rank**	**% of total employment**	**Employees**	**Rank**	**% of total employment**
WA State Penitentiary	1245	1	8.0%	882	2	6.3%
Providence St. Mary Medical Center	933	2	6.0%	825	4	5.9%
Walla Walla Community College	882	3	5.7%	1306	1	9.3%
Walla Walla School District	777	4	5.0%	830	3	5.9%
Whitman College	496	5	3.2%	470	5	3.4%
Veterans Admin Medical Center	475	6	3.1%	360	8	2.6%
Key Technology, Inc.	467	7	3.0%	384	7	2.7%
Walla Walla General Hospital	415	8	2.7%	286	10	2.0%
Walla Walla County	357	9	2.3%	326	9	2.3%
US Army Corps of Engineers	346	10	2.2%	393	6	2.8%

Sources: Port of Walla Walla

City of Walla Walla
Full-time Equivalent City Government Employees by Function
Last Nine Years*

Function	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
General Government	33	30	32	34	35	38	37	35	35
Public Safety									
Police									
Officers	37	37	38	38	42	44	44	42	40
Civilians	15	14	15	16	11	11	11	11	14
Fire									
Officers	33	36	32	32	32	32	32	30	29
Civilians	3	2	2	2	1	1	2	1	1
Emergency dispatch	17	17	17	17	17	17	17	17	18
Utilities and environment	20	22	20	22	22	23	29	18	19
Transportation	8	8	14	14	12	12	12	13	14
Economic environment[1]	8	5	10	12	12	14	12	10	-
Culture and recreation	35	33	33	34	34	32	31	24	20
Total governmental activities	209	204	213	221	218	224	227	201	190
Business-type activities:									
Ambulance	16	17	17	19	22	22	17	18	20
Golf Course	0	0	0	0	0	0	0	0	0
Landfill	7	8	8	8	8	8	10	10	10
Sanitation	16	18	17	16	16	16	15	13	13
Stormwater	5	5	5	5	5	5	5	6	5
Wastewater	4	4	4	4	4	4	4	4	4
Water	18	19	19	17	16	16	18	16	17
Total business-type activities	66	71	70	68	71	71	69	67	69
Total primary government	275	275	283	289	289	295	296	268	259

Sources: City of Walla Walla Human Resources department

* Data not collected prior to the preparation for GASB 34 implementation in 2003

(1) Starting on 2011, the employees in the Development Services department were hired by the new JCDA (legal agency created by the City and County)

City of Walla Walla
Operating Indicators by Function
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Attorney										
Requests for Legal Service	197	186	185	201	195	167	167	181	164	174
Total Walla Walla District Court Hearings	3,136	3,615	3,971	3,956	4,434	5,186	3,673	5,097	4,489	4,476
Development Services										
Permits processed for Building/	1,867	1,983	1,981	1,815	1,349	1,069	1,386	1,139	911	895
Construction value of permits completed	$21,894,929	37,458,554	$38,370,956	$85,965,177	$48,627,163	$10,646,457	$51,174,853	$31,086,945	$11,188,593	$41,121,658
Code Enforcement complaints resolved	221	314	208	382	835	974	938	728	765	285
Library										
Questions Answered	71,369	70,217	54,213	53,035	51,543	57,550	57,554	48,400	48,825	45,201
Items Checked Out	233,912	266,939	222,984	225,273	246,255	266,017	284,061	305,827	306,763	322,811
Children's Storytimes/Program Attendance	11,675	11,968	10,692	9,584	9,637	11,423	13,435	11,613	9,503	13,912
Adult Programs Attendance	268	264	166	424	1052	1016	668	719	263	250
Parks and Recreation Department										
Meals served during the summer	13,558	15,264	24,909	20,012	19,900	18,761	20,296	21,447	19,494	29,227
Special Event permits issued	46	43	52	36	41	48	43	44	37	29
Visits to City's Pools	16,420	17,459	16,888	10,332	2283*	4,119	3,240	4,505	4,762	5,058
Attendance for City recreation programs	66,408	70,345	62,843	85,760	89,500	95,000	98,000	100,000	100,000	105,000
Burial services at Mountain View Cemetery	245	219	235	225	236	222	204	205	181	174
Picnic Area Reservations	n/a	208	170	127	207	186	156	161	185	169
Fire Department										
Fire Responses	181	213	105	137	85	139	136	138	100	92
Hazardous Incident Responses	79	91	142	120	129	120	177	82	64	74
Ambulance Responses	4,487	4,958	5,061	4,889	5,183	5,169	5,428	5,208	5,182	5,040
Ambulance Transported Patients	2,943	3,256	3,375	3,319	3,480	3,435	3,575	3,509	3,485	3,325
Total Fire Loss	$627,441	$3,212,370	$649,948	$800,365	$385,445	$1,076,950	$1,302,275	$459,350	$486,625	$732,800
Safety Always Matters (SAM) Program #	4,000	3,000	3,614	3,460	3,579	3,878	3,747	3,811	3,720	3,660
Police Department										
Requests for Service	22,053	22,760	21,227	20,745	20,445	20,480	20,232	19,320	19,879	18,537
Death Investigations/Attempted Suicides	46	85	68	59	56	83	86	71	118	64
Other calls	11,236	11,287	11,015	9,977	10,387	10,529	10,388	9,990	10,552	9,273
Accidents	1,031	1,034	1,045	1,029	943	1,097	1,065	1,126	1,013	885
Animal Calls	1,209	2,221	1,959	2,169	2,141	2,435	2,506	2,233	2,271	1,968
Volunteer Hours	2,511	2,504	1,743	1,390	1,095	1,346	727	933	883	1,165
Walla Walla Emergency Services										
Total calls	143,800	165,612	163,189	113,191	91,086	91,750	94,793	108,775	92,978	100,399
9-1-1 calls	22,660	27,172	27,014	21,537	44,782	46,854	46,608	44,644	20,420	23,126

City of Walla Walla
Operating Indicators by Function (continued)
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
Linear feet of line replaced	1,384	806	2,326	1,298	2,075	2,703	4,860	4,352	6,741	7,476
Linear feet of lines added to system	5,463	5,241	10,836	15,005	16,968	14,117	12,718	2,721	4,345	5,301
Million gallons of water to customers	3,802	3,752	3,512	3,624	3,760	3,879	3,744	3,649	3,447	3,367
Meters installed	275	605	759	876	731	1,087	533	371	501	421
Leaks repaired to mains and services	79	85	105	81	80	68	116	182	232	162
Wastewater										
Linear feet of line replaced	1,817	615	594	440	530	2,142	1,778	1,860	7,121	6,149
Linear feet of lines added to system	4,945	7,012	12,240	15,371	12,994	18,591	9,923	2,793	1,820	1,958
Feet of sanitary sewer lines cleaned	700,112	771,935	649,398	770,722	663,354	680,312	709,526	369,595	729,624	552,358
Stormwater										
Feet of storm lines cleaned	42,973	44,372	38,323	55,658	57,708	35,410	48,069	17,490	28,332	20,599
Streets										
Linear feet of new streets added to	950	5,119	3,637	12,800	9,615	12,195	10,853	642	523	336
Utility street cuts patched	101	143	157	168	123	137	185	118	239	350
Sanitation										
Pounds of curbside recycling collected	1,539,980	1,637,025	1,673,965	1,874,270	1,732,991	1,523,120	1,441,840	1,617,360	3,015,180	3,123,560
Million pounds of waste collected	43	44	49	50	48	47	42	42	42	41
Landfill										
Tons of solid waste collected	56,870	60,393	66,391	57,983	60,935	89,919	67,000	58,692	47,219	48,671
Pounds of hazardous waste collected	105,000	134,617	137,687	151,131	131,967	140,152	104,869	110,254	113,644	101,391
Landfill courtesy passes used	4,068	4,072	4,238	3,977	2,781	1,738	1,545	1,502	1,452	1,503
Pounds of metal recycled at the Landfill	344,160	279,300	288,840	301,140	261,220	271,280	144,360	194,120	108,000	98,660
Tons of leaves collected and recycled	1161**	1225**	2750**	1467**	1293**	1,541	2,203	2,400	1,514	1,098
Equipment Repair										
Equipment Pool repairs performed	3,009	3,852	8,522	8,071	7,392	4,074	3,970	3,804	3,843	3,644
Number of equipment repair parts used	12,318	14,185	13,005	13,846	14,864	15,973	15,711	14,799	11,383	9,495

*Memorial Pool closed after 2005 season. Visits to City's Pools reflect visits to Jefferson pool only for 2006 and later years.
**Indicated as cubic yards

Sources: City of Walla Walla Public Works and Support Services Departments

City of Walla Walla
Capital Asset Statistics by Function
Last Eight Fiscal Years*

	Fiscal Year							
General Government	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
City Hall	1	1	1	1	1	1	1	1
Public Safety								
Police								
Station-in same building as City Hall**	1	1	1	1	1	1	1	1
Patrol vehicles	13	13	13	13	14	14	14	12
Vans/Swat vehicles	2	2	2	2	3	2	2	2
Animal control vehicle	1	1	1	1	1	1	1	1
Parking control vehicle	1	1	1	1	1	1	1	1
Fire								
Stations	2	2	2	2	2	2	2	2
Pumpers	4	4	4	4	4	4	4	4
Other vehicles	6	7	9	10	11	12	9	9
Burn trailer	1	1	1	1	1	1	1	1
Utilities and environment								
Service center building	1	1	1	1	1	1	1	1
Transportation								
Streets square yds	N/A	N/A	1,477,033	1,530,281	1,539,372	1,542,350	1,552,827	1,553,351
Culture and recreation								
Library building	1	1	1	1	1	1	1	1
Carnegie Art Center	1	1	1	1	1	1	1	1
Parks Department								
Museum buildings	2	1	1	1	1	1	1	1
Complex w/concessions	1	1	1	1	1	1	1	1
Pool buildings	2	2	2	2	2	2	2	2
Other parks buildings	28	28	28	28	28	28	28	28
Parks	14	14	14	14	14	14	14	14
Sportsplex	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1
Mausoleum	2	2	2	2	2	2	2	2
Ambulance								
Ambulances	5	5	5	5	5	5	6	6
Other vehicle	0	0	0	1	1	1	1	1
Defibrillators	2	8	8	8	9	9	9	9
Backup generator	0	0	1	1	1	1	1	1
Sanitation								
Refuse collection vehicles	12	12	12	13	13	15	12	12
Leaf loaders	2	2	2	2	2	2	2	2
Other vehicles	2	2	3	2	2	2	3	3
Water/Wastewater								
Miles of Water Mains	174	177	180	183	185	188	190	191
Miles of Wastewater Mains	128	131	133	137	139	143	147	147
Landfill[1]								
Active landfills (available acres)	970	970	970	970	970	970	924	923
Closed landfills (acres)	97	97	97	97	97	97	117	117
Composting facility	0	0	0	1	1	1	1	1
Other business-type								
Golf course	1	1	1	1	1	1	1	1

Sources: City infrastructure project
City fixed asset system
City fleet division
City GIS division

N/A Information unavailable
* Data not collected prior to the preparation for GASB 34 implementation in 2003
** A new police station was built in 2011, operations will move to the new station in 2012
[1] Refer to Note 20 "Closure and Postclosure" section in the footnotes

“Success is often achieved by those who don’t know that failure is inevitable"
CoCo Chanel

OTHER SUPPLEMENTAL INFORMATION

This part of the City of Walla Walla's comprehensive annual financial report presents other information as required by the State of Washington.

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City of Walla Walla
Schedule of Long-Term Debt
For the Year Ended December 31, 2011

Title	ID. No.	Date of Original Issue	Date of Maturity	Beginning Balance 1/01/2011	Additions	Reductions	BARS Code for Redemption	Ending Balance 12/31/2011
1996 GO bonds - Deferred series B	251.11	05/29/96	12/01/15	$ 463,648	$ -	$ 107,691	58218.71	$ 355,957
2001 Refunding GO bonds	251.11	09/26/01	12/01/12	130,000	-	130,000	59195.71	-
2004 GO bond - Fire station	251.12	04/01/04	12/01/21	3,460,000	-	210,000	59195.71	3,250,000
2005 GO bond-Street construction	251.11	05/01/05	12/01/24	240,000	-	12,973	59195.71	227,027
2009 GO bond-Police station	251.12	12/01/09	12/01/29	11,260,000	-	355,000	59195.71	10,905,000
2010 GO and Refunding bond series	251.11	06/22/10	12/01/24	845,000	-	45,000	59195.71	800,000
2010 GO and Refunding bond series	251.11	06/22/10	12/01/15	415,000	-	-	59195.71	415,000
2010 GO and Refunding bond series	251.19	06/22/10	12/01/15	3,890,400	-	648,000	58234.71	3,242,400
2010 GO and Refunding bond series	251.19	06/22/10	12/01/15	4,214,600	-	702,000	58235.71	3,512,600
2010 GO and Refunding bond series	251.19	06/22/10	12/01/29	2,805,000	-	105,000	58237.71	2,700,000
Total General Obligation Bonds				27,723,648	-	2,315,664		25,407,984
Compensated Absences	259.11			1,828,929	1,329,402	1,444,089		1,714,242
Workers' Compensation Claims	263.11			196,241	44,686	56,112		184,815
Net Pension Obligation	263.93			59,145	278,778	300,420		37,503
Net OPEB Obligation	263.93			1,832,839	1,427,470	1,495,334		1,764,975
Total Other Liabilities				3,917,154	3,080,336	3,295,955		3,701,535
Total Governmental Activities				**$ 31,640,802**	**$ 3,080,336**	**$ 5,611,619**		**$ 29,109,519**

City of Walla Walla
Schedule of Long-Term Debt
For the Year Ended December 31, 2011

Business Activities	ID. No.	Date of Original Issue	Date of Maturity	Beginning Balance 1/1/2011	Additions	Reductions	BARS Code for Redemption	Ending Balance 12/31/2011
Water/Sewer Revenue Bond Payments								
Water Bond 2002	252.11	05/08/02	08/01/12	$ 3,975,000	$ -	$ 1,920,000	58234.72	$ 2,055,000
Water Bond 2005	252.11	05/01/05	08/01/17	10,875,000	-	75,000	58234.72	10,800,000
Total Water				14,850,000	-	1,995,000		12,855,000
WW Bond 2002	252.11	05/08/02	08/01/12	475,000	-	240,000	58235.72	235,000
WW Bond 2005	252.11	05/01/05	08/01/17	1,060,000	-	135,000	58235.72	925,000
Total Wastewater				1,535,000	-	375,000		1,160,000
Landfill Bond 2005	252.11	05/01/05	12/01/19	2,171,400	-	201,157	58237.72	1,970,243
Golf Course Bond 2005	252.11	05/01/05	12/01/24	293,600	-	15,870	58276.72	277,730
Total Revenue Bonded Debt				18,850,000	-	2,587,027		16,262,973
External Loan repayments								
Water								
97-78897-038	263.82	1998	10/01/18	433,683	-	54,211	59234.78	379,472
L9900019A	263.82	2000	12/30/20	8,153,064	-	717,843	58235.79	7,435,221
PW-99-791-038	263.82	1999	07/01/19	3,356,086	-	372,898	58235.79	2,983,188
PW-02-691-060	263.82	2002	07/01/22	3,338,091	-	278,174	58235.79	3,059,917
PW-06-962-PRE-103	263.82	2006	07/01/11	447,495	-	27,968	58235.79	419,527
PW-07-962-018	263.82	2007	07/01/27	6,120,246	-	360,014	58235.79	5,760,232
Total Wastewater				21,414,982	-	1,756,899		19,658,083
Total Other Revenue Debt				21,848,665	-	1,811,109		20,037,556
Total Revenue Debt				40,698,665	-	4,398,136		36,300,529
Landfill Closure	263.22			2,731,037	773,625	2,013,472		1,491,190
Pollution Remediation	263.97			3,361,050	553,270	1,990,833		1,923,487
Compensated Absences	259.12			506,611	482,822	450,319		539,114
Total Other Liabilities				6,598,698	1,809,717	4,454,624		3,953,791
Total Business Activities				**$ 47,297,363**	**$ 1,809,717**	**$ 8,852,760**		**$ 40,254,319**

City of Walla Walla
Schedule of Limitation of Indebtedness
As of December 31, 2011

	Total Taxable Property Value as of January 2012	1,998,943,250	
1	**2.5% general purposes limit is allocated between:**	49,973,581	
2	*Up to 1.5% debt without a vote (councilmanic)*	29,984,149	
3	Less: outstanding debt	(13,802,888)	
4	Less: contracts payable	-	
5	Less: excess of debt with a vote	-	
6	Add: available assets	5,621,748	
7	**Equals: remaining debt capacity without a vote**		21,803,009
8	*1% general purpose debt with a vote*	19,989,433	
9	Less: outstanding debt	(14,155,000)	
10	Less: contracts payable	-	
11	Add: available assets	-	
12	**Equals remaining debt capacity with a vote**		5,834,433
13	**2.5% utility purpose limit, voted**	49,973,581	
14	Less: outstanding debt	-	
15	Less: contracts payable	-	
16	Add: available assets	-	
17	**Equals remaining debt capacity- utility purpose, voted**		49,973,581
18	**2.5% utility purpose limit, open space park and capital facilities, voted**	49,973,581	
19	Less: outstanding debt	-	
20	Less: contracts payable	-	
21	Add: available assets	-	
22	**Equals remaining debt capacity- park & facilities, voted**		49,973,581

City of Walla Walla
Schedule Of Expenditures Of Federal Awards
For the Year Ended December 31, 2011

Federal or Pass-Through Agency Name	Federal Program Title	CFDA number	Other ID Number	Expenditures: Pass-Through Awards	Expenditures: Direct Awards	Current Year Expenditures	Note Ref
US Department of Agriculture							
Passed through Washington State OSPI	Summer Food Service Program for Children	10.559	N/A	$ 86,844	$ -	$ 86,844	1, 2
					Total US Department of Agriculture	86,844	
US Department of Housing and Urban Development							
Passed through Washington State Dept of Commerce	Community Development Block Grants	14.228	08-F6401-025	38,974	-	38,974	1, 3
Passed through Washington State Dept of Commerce	Community Development Block Grants - Edith/Carrie/9th Ave Project	14.228	11-64100-023	62,190	-	62,190	1
					Total US Department of Housing and Urban Development	101,163	
US Department of Justice							
Passed through Washington State Dept of Commerce	Victims of Crime Act Grant	16.575	S12-31119-042	38,468	-	38,468	1
Passed through Washington State Dept of Commerce	Victims of Crime Act Grant	16.575	S11-31119-042	36,289	-	36,289	1
Passed through Washington State Dept of Commerce	Violence Against Women Formula Grants	16.588	F10-31103-164	16,791	-	16,791	1, 2
Office of Justice Programs	Bulletproof Vest Partnership Program	16.607	N/A	-	1,749	1,749	1, 2
Office of Justice Programs	ARRA - Public Safety Partnership and Community Policing Grant	16.710	2009-RK-WX-0899	-	64,996	64,996	1, 4
Office of Justice Programs	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0137	-	7,227	7,227	1, 3
					Total US Department of Justice	165,519	
US Department of Transportation							
Passed through Washington Dept of Transportation	Highway Planning and Construction - Rose Street 2nd to Palouse HSIP	20.205	HSIP-0005(222)/LA-6935	157,828	-	157,828	1, 2
Passed through Washington Dept of Transportation	Highway Planning and Construction - Rose Street 2nd to Palouse STP	20.205	STPUS-7190(010)/LA-6935	315,084	-	315,084	1, 2
Passed through Washington Dept of Transportation	Highway Planning and Construction - Safe Routes to School (Edison) STP	20.205	SRTS-7209 (001)/LA-6653	5,144	-	5,144	1
Passed through Washington Dept of Transportation	ARRA - Highway Planning and Construction - 13th Ave Improvements	20.205	ARRA-7169(001)/LA-6844	154,645	-	154,645	1, 2, 4
					Subtotal US Department of Transportation CFDA 20.205	632,701	
Passed through Washington Traffic Safety Commission	State and Community Highway Safety - Law Enforcement Liaison	20.600	N/A	4,200	-	4,200	1, 2
Passed through Washington Traffic Safety Commission	Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	N/A	4,954	-	4,954	1, 2
					Total US Department of Transportation	641,856	
US Department of Energy							
Passed through Washington State Dept of Commerce	ARRA - Energy Efficiency and Conservation Block Grant Program	81.028	2010-908 G (1-1)	135,000	-	135,000	1, 2, 4
					Total US Department of Energy	135,000	
US Department of Homeland Security							
Passed through Washington State Military Dept	Interoperable Emergency Communications Grant Program	97.001	E11-154	48,000	-	48,000	1, 2
Passed through Walla Walla County	Homeland Security Grant Program	97.067	E10-183	11,000	-	11,000	1, 2
					Total US Department of Homeland Security	59,000	
			TOTAL EXPENDITURES OF FEDERAL AWARDS	**$ 1,115,411**	**$ 73,972**	**$ 1,189,383**	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule

City of Walla Walla
Schedule Of State & Local Assistance
For the Year Ended December 31, 2011

State Agency Name	Program Title	Identification Number	Current Year Expenditures
Department of Commerce			
	Innovative Partnership Award - Passed through to Walla Walla Community College	S11-97205-010	$ 500,000
	Innovative Partnership Award	S08-97205-003	72,500
		Total Department of Commerce	572,500
Military Department			
Passed Through Walla Walla County	Washington State Enhanced 911 Program	E11-174/E12-036	115,682
		Total Military Department	115,682
Office of Superintendent of Public Instruction			
	Summer Food Service Program for Children	N/A	4,195
		Total Office of Superintendent of Public Instruction	4,195
Department of Ecology			
	Coordinated Prevention Grant - Solid Waste Enforcement	G1000471	42,249
	Coordinated Prevention Grant	G1000498	123,331
	Remedial Action Grant	G1200173	1,942,115
		Total Department of Ecology	2,107,695
Department of Health			
	EMS Trauma	N/A	1,738
		Total Department of Health	1,738
Transportation Improvement Board			
	Urban Sidewalk Program - Myra Road Sidewalks	P-E-176(P04)-1	127
	Urban Arterial Program - Myra Road, SR 125 to Dalles Military	8-4-176(021)-1	70,084
	Urban Arterial Program - 13th Ave, Abadie St to Cherry St	8-4-176(022)-1	52,390
		Total Transportation Improvement Board	122,601
		TOTAL STATE ASSISTANCE	**$ 2,924,410**

The City did not receive local assistance for the fiscal year ending December 31, 2011

City of Walla Walla
Schedule Of Expenditures Of Federal Awards
For the Year Ended December 31, 2011

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City of Walla Walla uses the accrual basis of accounting for all funds except the governmental fund types, expendable trust and agency funds which use the modified accrual basis of accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the state and/or federal portion of the program costs. Entire program costs including the City of Walla Walla's portions, may be more than shown.

NOTE 3 - AMOUNTS AWARDED TO SUBRECIPIENTS

The total amount expended for this program was passed through to a subrecipient that administered its own project.

NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

Expenditures for this program were funded by ARRA.

Schedule 17

City of Walla Walla
Limitation on Public Works Projects Performed by Public Employees
For the Year Ended December 31, 2011

1. Total current public work construction budget as amended (annual or biennial as applicable)	13,428,128
2. Allowable portion of total public works (10 percent of line 1)	1,342,813
3. Less: Amount (if any) in excess of permitted amount from prior budget period	-
4. Total allowable public works (line 2 minus line 3)	1,342,813
5. Total public works projects performed by public employees during the current year (include work performed by a county)	591,529
6. If this is the second year of a biennial budget, total public works projects performed by public employees during the first year of biennium	-
7. Restricted under (over) allowable amount (line 4 minus line 5 minus line 6)	751,284

NOTE: If the restricted amount is over allowable, this amount must be carrried forward to next budget period report.

MCAG NO. 0773 **Schedule 19**

CITY OF WALLA WALLA

LABOR RELATIONS CONSULTANT(S)
For the Year Ended December 31, 2011

Has your government engaged labor relations consultants? X Yes ___ No

If yes, please provide the following information for each consultant:

Name of Firm Summit Law Group
Name of Consultant Bruce Schroeder, Mike Bolasina, Beth Kennar
Business Address 315 Fifth Ave South, Suite 1000 Seattle, WA 98104
Amount Paid to Consultant During Fiscal Year $11,135.04
Terms and Conditions, as Applicable, Including: Rates (E.g., hourly, etc.) __between $250 and $285/billable hour depending on attorney used. _____ Maximum Compensation Allowed _____ Duration of Services __January 1 - December 31, 2011_____ Services Provided ____Labor relations legal support - contract negotiations_____ _____

Certified Correct this 5th day of April, 2012 to the best of my knowledge and belief:
Signature
Name Jennifer Seekamp
Title HR Manager