



# Annual Comprehensive Financial Report

For the Fiscal Year Ended  
December 31, 2022



**Prepared by the  
Finance Department**

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ACCOUNTANT

**ANNA SANDNESS**

PAYROLL ACCOUNTANT

**Annual  
Comprehensive  
Financial Report**

**For the Fiscal Year Ended**

**December 31, 2022**

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Cover Photo: Golf Course Summer Concert Series  
Cover Photo Credit: Andy Coleman



CITY OF WALLA WALLA

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# Introductory Section



August 31, 2023

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

We are pleased to present the Annual Comprehensive Financial Report of the City of Walla Walla for the fiscal year ending December 31, 2022. This report is published as the official annual financial report. It complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

The annual financial report is 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 annual comprehensive financial report of the City of Walla Walla for the fiscal year ending December 31, 2022.

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 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 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 internal controls framework 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 Washington State Auditor's Office has audited the City of Walla Walla's financial statements. The goal of this independent audit was to provide reasonable assurance that the financial statements of the City of Walla Walla for the fiscal year ending December 31, 2022, 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. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Walla Walla's financial statements for the fiscal year ended December 31, 2022, 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 the MD&A and should be read in conjunction with it. The City of Walla Walla's MD&A can be found immediately following the independent auditors' report.

### **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 14 square miles and is the largest City and the county seat of Walla Walla County. The City's 2022 population is 34,020.

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

The City of Walla Walla is empowered to levy a property tax on real and personal properties 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's adopted mission statement, core values, and vision statement are as follows:

**Mission:** Dedicated to enhancing the quality of life in Walla Walla.

**Core Values:** - Service - Integrity - Collaboration - Equity - Leadership - Community

**Vision:** The best of the best of the Northwest.

The City's newly adopted strategic plan (April 2022) consists of four key focus areas: Livability, Economic Health,

Safe Community and High Performing Organization, which will guide budgeting decisions for the organization.

The City of Walla Walla provides a full range of municipal services, including police and fire protection; emergency medical services; street maintenance and construction and other infrastructure; development services; parks and recreation and library services; water, wastewater, sanitation, stormwater, and landfill utilities; a golf course; and a cemetery.

The 2021-22 Biennial Budget served as the foundation for the City of Walla Walla's financial planning and control. All City of Walla Walla departments must submit requests for appropriation to the City Manager in early July of the year preceding the next biennium. The City Manager uses these requests as the starting point for developing a proposed budget. Prior to October, the City Manager presents this proposed budget to the Council for review. The Council must hold public hearings on the proposed budget and 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 at the fund level. The City Manager may authorize the transfer of appropriations within a fund. However, transfers of appropriations between funds and amendments to appropriations require the governing Council's special approval. Budget-to-actual comparisons are provided in this report for the general fund and special revenue funds for which an appropriated biennial budget has been adopted. This comparison is presented as part of the required supplementary information for the general fund.

### **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, manufacturing firms, higher education, health care, trade, tourism, and government. Its economic base continues diversifying from its historical dependence on agriculture to other major employers. The City serves as the marketing, trading, health, and educational hub for over 70,000 people in southeastern Washington and northeastern Oregon.

Agriculture: The City is 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. The County has approximately two-thirds of its acreage classified as suitable for growing crops, with about 645,121 acres of tillable land in the County. Agriculture accounts for 13% of the total wages in the County. The County's most important commercial crop is wheat, ranking among the top in the state in the crop's production.

Other significant local crops include asparagus, peas, alfalfa hay, 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 vineyards. It is a highly desirable destination for lovers of wine, food, art, history, and outdoor recreation, with an ever-increasing reputation nationally and globally. More than 200 wineries and nearly 3,000 acres of planted vineyards are located in the Walla Walla Valley. Wineries employ over 2,400 employees in wine production and wine tourism. Steady growth in tourism traffic has led to new hotels and other amenities being constructed. The COVID-19 pandemic did impact tourism, with total visitor spending topping \$132MM by over 600,000 visitors in 2021. The average length of stay is 2.4 days.

Food Processing and Manufacturing: The primary livestock farming activity in the County is beef cattle production. Tyson Foods, Inc. operates a large beef and chicken packing plant in Wallula, 35 miles from the City, and employs over 1,400 workers. First Fruits is among the larger orchards in the County with up to 2,500 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 domestic and international customers and employing approximately 450 full-time employees. Nelson Irrigation Corporation manufactures agricultural and turf irrigation equipment and currently employs approximately 170 people. Packaging Corporation of America has a labor force of over 456 at 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 and Providence St. Mary's Medical Center. Complete diagnostic and treatment services, as well as emergency and trauma care, are provided at these facilities.

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: In partnership with the business community, the City 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 further enhanced and improved 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 more premium wine shops, fine dining and lodging, and an artists' quarter, all in an active retail core supported by a solid employment base. The Lodge Apartment project bought 120 apartment units, 20% affordable, and 17 extended stay to the downtown. The Mill Creek Apartments brings 96 units in Phase 1 to the former Kmart site. Construction on Phase 1 is complete and Phase 2 is in the planning stages.

Walla Walla Town Center Mall, a regional retail center opened in 2018 to serve southeast Washington, northeast Oregon and southwest Idaho. National retailers such as Ross, Marshalls, Sportsman's Warehouse, Ulta Beauty, Hobby Lobby and Petco all opened to great success. A new bulk grocery store, U.S. Foods arrived in Walla Walla with construction of a 20,000 square foot store. The store opened Fall of 2020. Continued redevelopment at Walla Walla Town Center continues with the former Shopko building being remodeled for three new retail tenants (Home Goods, Burlington, and Big Lots) and the former Gottchalks building being remodeled for Planet Fitness and another retailer.

Tourism: Largely spawned by the growing wine industry and enhanced by the interest in heritage and recreation, tourism has become a significant industry for Walla Walla. Lodging and other related tourism businesses have grown significantly in the last several years adding further diversity to the local economy. The former downtown Red Lion underwent an extensive renovation and rebranding as a boutique hotel, The Finch. In addition, several boutique hotels are proposed for the downtown area including the former Macy's building now known as the Jensen building.

### **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 often unpredictable and dynamic demands and limitations that present themselves to public agencies. In general, the government utilizes 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, or twenty years ahead to anticipate growth trends; infrastructure renewal and expansion; and unfunded mandates. Additionally, the Water/Wastewater enterprise continues its program of major infrastructure repair and replacement (IRRP). The IRRP has become a major component of the infrastructure improvement plan for water/wastewater and stormwater. Major projects during the 2021-2022 budget year include completing the SR-125/Plaza roundabout and Tietan/Plaza improvements, Rose Street



Bridge replacement, Park Street project, and two sidewalk projects funded with Community Development Block Grant funding.

The landfill operation continues to grow and diversify with the addition of its methane gas flaring facility and plans for gaining enterprise revenue from related carbon credits. The composting facility continues to do well, accepting green waste and producing and selling its compost products.

The City is 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 Visit Walla Walla.

The City continues to fund minor street overlay and repair projects, scheduling such work annually. In 2011, the City formed the City of Walla Walla Transportation Benefit District (TBD) to better provide the funding for repair of its streets. In 2012, voters approved a 0.2% increase in the sales tax to fund such repairs, and the City began collecting the tax revenues and planning streets projects. Voters renewed the TBD sales tax for an additional ten years with a 74.0% approval in November 2021. The City began the Poplar Corridor Project. Two phases of the corridor will be completed simultaneously with the City's success in receiving grant funds (Transportation Improvement Board and federal grants). Alder/Merriam to Colville and the Colville to 5<sup>th</sup> Avenue began construction in April 2022 and is slated for completion in April/May 2023. 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.

### **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 Local Government Investment Pool (LGIP). 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.

Investments: The State Treasurer's Office administers the Washington State Local Government Investment Pool (LGIP), which invests money on behalf of more than 500 cities, counties, and special taxing districts. In managing the LGIP, the State Treasurer is required to adhere 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 that allows its participants 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. 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.

**Acknowledgments**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We want 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 managing the City of Walla Walla finances.

Respectfully submitted,



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Elizabeth Chamberlain  
City Manager



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Jean Teasdale, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Walla Walla  
Washington**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO



Left to Right: Brian Casey, Gustavo Reyna, Susan Nakonieczny, Tom Scribner (Mayor), Ted Khoehler, Rick Eskil, Steve Moss (Mayor Pro Tempore)

Walla Walla City Councilmembers are part-time City employees. They devote, on average 20 hours per week to council business. Most have full time careers in addition to their City Council duties. The seven members on Walla Walla's City Council are elected to four-year terms from the community within each of the North, West, South, and East wards and three at-large positions. The terms are staggered, with positions ending for three members at one time and four members the following two years.

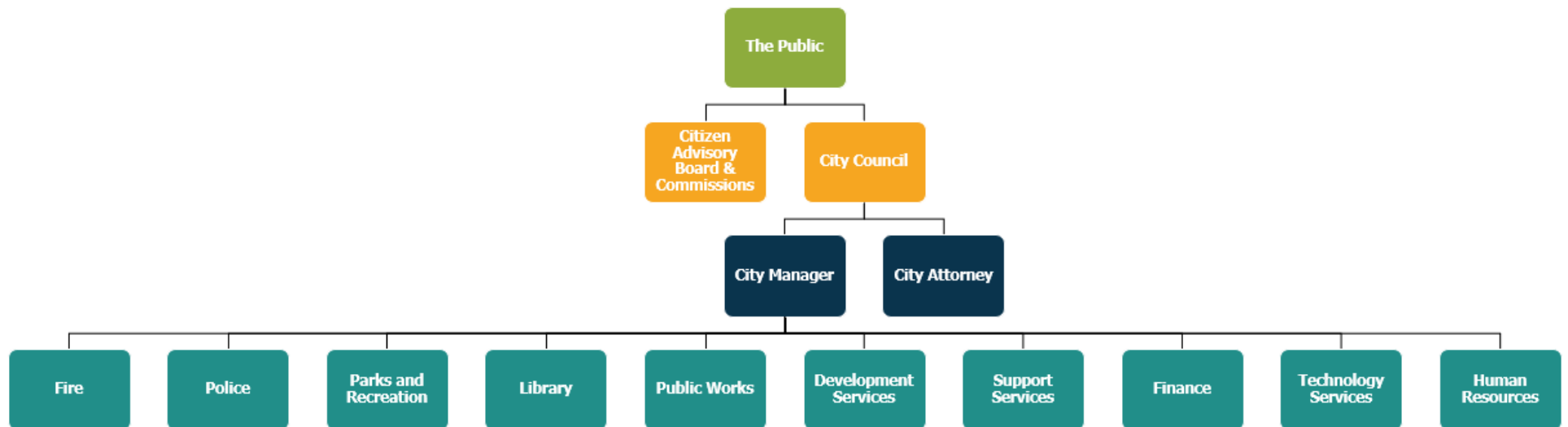


City Manager  
Elizabeth Chamberlain  
Appointed December 2022

## Senior Management

CITY ATTORNEY [Tim Donaldson](#)  
DEPUTY CITY MANAGER [Vacant](#)  
DEVELOPMENT SERVICES DIRECTOR [Preston Frederickson](#)  
FINANCE DIRECTOR [Jean Teasdale](#)  
FIRE CHIEF [Bob Yancey](#)  
HUMAN RESOURCES DIRECTOR [Pam Taylor](#)  
LIBRARY DIRECTOR [Erin Wells](#)  
PARKS & RECREATION DIRECTOR [Andy Coleman](#)  
POLICE CHIEF [Chris Buttice](#)  
PUBLIC WORKS DIRECTOR [Ki Bealey](#)  
TECHNOLOGY SERVICES DIRECTOR [Chris Owen](#)







# Auditor's Letter



# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### City of Walla Walla January 1, 2022 through December 31, 2022

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in



accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor Olympia, WA

August 31, 2023

# Management's Discussion and Analysis



This narrative provides an overview and analysis of the City of Walla Walla's financial activities for the fiscal year ended December 31, 2022. The purpose is to introduce readers to the City's operations, explain how they are presented in this report, highlight significant financial activities and resulting changes in financial position, and economic factors affecting the City. Readers should consider the information presented here in conjunction with this report's letter of transmittal and other components. **Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.**

## Financial Information

The City's government-wide financial statements have been prepared on the full-accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The City's fund financial statements for governmental funds have been prepared on the modified accrual basis in conformity with GAAP. The City's proprietary and internal service funds are accounted for on an accrual basis.

## FINANCIAL HIGHLIGHTS

- The City was awarded \$9,975 in Federal Rescue Plan Act (ARPA) grant monies, of which the final \$4,987 was received in 2022. The funds were used for governmental services lost during the pandemic and to support general services provided by the City.
- The City of Walla Walla's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the end of the year by \$275,423 (net position).
- The City's total net position increased by \$25,588 over 2021. Business-type and governmental activities contributed \$13,243 and \$12,345 to the increase. The City's overall financial position improved during 2022, which continues a conservative growth trend over the past several years.
- At the close of the current fiscal year, the City of Walla Walla's governmental funds reported combined ending fund balances of \$22,414, a decrease of \$334 compared to the prior year. Approximately 32.0% of this amount (\$7,164) is available for spending at the City's discretion (unassigned fund balance).
- The City of Walla Walla's outstanding long-term debt decreased by \$2,728. The City's regularly scheduled principal reductions on existing long-term outstanding debt were less than its new debt issuance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Walla Walla's basic financial statements. The financial statements are comprised of 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 to provide additional detail in support of the basic financial statements.

## **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 financial position in a manner similar to a private-sector business. The statements are presented for governmental and business-type activities.

The statement of net position presents financial information for all City of Walla Walla assets, liabilities, and deferred inflows/outflows of resources, with the difference, reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the City's financial position is improving or deteriorating. The statement presents a roll-up of all governmental and business-type activities separately. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, known as net position, is one way to measure the City's financial status.

The Statement of Activities presents information showing how the government's revenues and expenses impacted its net position during 2022. All changes in net position 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 for some items, which will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by specific functions (charges for services, grants and contributions) is compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities. By separating program revenue from general revenue, users of the financial statements can identify how much the program relies on taxes for funding.

**Governmental Activities** – Most of the City's basic services are reported here, including the fire, police service, street maintenance, criminal justice, community development and planning, parks, arts and recreation, and general government administration. Taxes, licenses and permits, fines and forfeitures, and charges for general governmental services primarily support these activities.

**Business-type Activities** – Customer charges for services mainly support these activities. Customers pay based on their actual usage. The business-type activities include water/wastewater, stormwater, sanitation, landfill, golf course, ambulance, and vehicle equipment maintenance and replacement services.

## **Fund Financial Statements.**

The annual comprehensive financial report includes fund financial statements in addition to government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, governmental versus business-type, the fund financial statements are presented by fund type. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up per special regulations, restrictions, or limitations. The City of Walla Walla, like other state and local agencies, uses fund accounting to ensure and show compliance with finance-related legal requirements.

The City's funds are divided into two categories: governmental and proprietary funds. In the governmental statements major governmental funds are presented in separate columns, and the remaining funds are combined into a column titled Total Non-Major Funds. Separate statements for the City's proprietary funds follow the governmental funds.

**Governmental Funds** are essentially the same functions reported as governmental activities in the government-wide financial statements. They are used to account for activities supported by taxes, grants, services, and other similar types of revenue. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources 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 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 statement of net position and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Walla Walla maintains 18 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 and the Street CIP Fund, the only two major funds in 2022. Data from the remaining 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds are provided in the form of combining and individual fund statements elsewhere in this report.

The City of Walla Walla adopts a biennial budget at the fund level for all funds in accordance with state law. A budgetary comparison statement has been provided for the General Fund and other governmental funds to demonstrate compliance with the budget.

**Proprietary Funds** are used to account for business-type activities and are reported under two categories, enterprise funds for business-type activities and internal service funds for internal service activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sanitation, water/wastewater, and landfill which are presented as major funds. Data from the other three enterprise funds, stormwater, golf course, ambulance, and internal service funds, are combined into two aggregated presentations in the proprietary fund financial statements. This report provides individual fund data for the non-major enterprise funds and the internal service funds in the combining and individual fund statements and schedule section.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to manage its health and industrial insurance, equipment maintenance and replacement, emergency communication, and service center functions. The health and industrial insurance, emergency communication, and service center services predominantly benefit government activities (rather than business-type functions) and have been included with governmental activities in the government-wide financial statements.

**Notes to the Financial Statements.** The notes provide additional information essential to a full understanding of data in the government-wide and fund financial statements. They are located immediately following the basic financial statements.



**Other Information.** Following the notes to the financial statements, the City presents the required supplementary information (RSI). The information can be found immediately following the notes to the financial statements. Within the RSI, the City reports its proportionate share of the state-sponsored pension plans and its obligations to provide pension and other post-employment benefits (OPEB) for its Fire Pension and LEOFF 1 employees. The only OPEB obligation of the City is to the 38 qualifying police officers and firefighters hired prior to October 1, 1977.

The combining statements for other governmental, non-major enterprise, and internal service funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

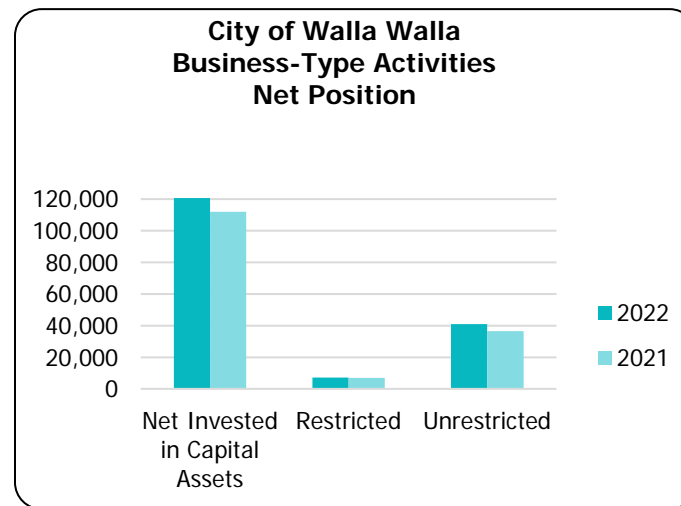
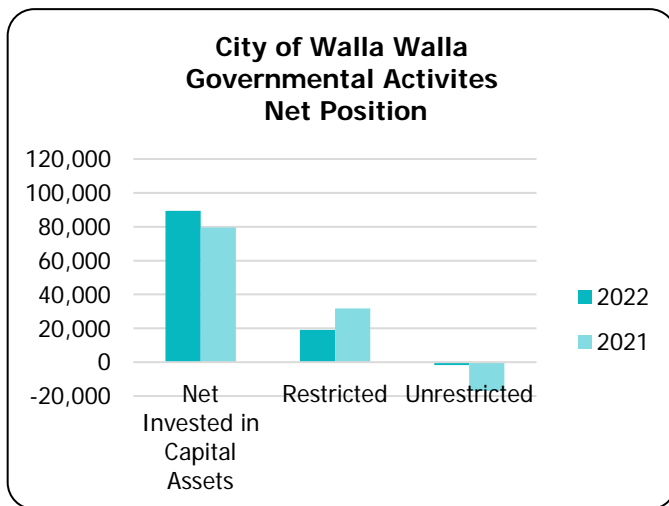
The Government-wide Statement of Net Position of the City as of December 31, 2022, and December 31, 2021, is summarized in the following table.

City of Walla Walla's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$48,762	\$57,441	\$59,085	\$58,093	\$107,847	\$115,534
Capital assets	102,819	93,900	158,330	149,807	261,149	243,707
Total assets	151,581	151,341	217,415	207,900	368,996	359,241
Total deferred outflows of resources	6,884	2,668	2,104	702	8,988	3,371
Other liabilities	8,923	4,506	3,722	1,789	12,645	6,295
Noncurrent liabilities	33,942	36,986	44,530	45,950	78,473	82,936
Total liabilities	42,865	41,492	48,253	47,739	91,117	89,231
Total deferred inflows of resources	8,991	18,253	2,452	5,293	11,443	23,546
Net position:						
Net investment in capital assets	89,377	79,575	120,680	112,069	210,057	191,644
Restricted	19,015	31,795	10,519	6,991	29,534	38,786
Unrestricted	(1,783)	(17,105)	37,614	36,510	35,832	19,405
Total net position	<b>\$106,610</b>	<b>\$94,265</b>	<b>\$168,813</b>	<b>\$155,570</b>	<b>\$275,423</b>	<b>\$249,835</b>

During 2022, the City's total assets changed by \$9,755, and deferred outflows of resources increased by \$5,617. Total liabilities increased by \$1,887 and deferred inflows of resources decreased by \$12,103, primarily related to recording GASB 68 pension and OPEB activity. The net result is an increase in the total net position of \$25,588, or 10.2%.

Of the City’s total assets, cash and investments changed by \$4,528, and restricted cash and investments increased by \$518 due to additional landfill pollution remediation set-asides. Receivables increased by \$3,526 or 30.5%, primarily due to large grant receivable amounts for city construction projects and GASB 87 lease recognition. Capital assets increased by \$17,442.

The largest portion of the City of Walla Walla’s net position, \$210,057 (76.2%), is the City’s investment in capital assets, including land, building, equipment, and infrastructure, net of accumulated depreciation, and related debt for acquiring these capital assets. The City of Walla Walla uses these capital assets to provide a variety of services to its citizens. These assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, we should note that the resources used to repay this debt are provided from other sources since the capital assets cannot be used to liquidate these liabilities.



Additional portions of the City of Walla Walla’s net position, \$29,534 (10.7%), represent resources that are subject to external restrictions on how they may be used. The restricted net position includes taxes and grants collected in the various capital projects, special revenue, and debt service funds. The remaining balance of \$35,832 (13.%) is unrestricted and will be used to meet the government’s ongoing obligations to its citizens and creditors.

At the end of 2022, the City reported positive balances in all three categories of net position for the government as a whole, however when broken out between governmental and business-type, the unrestricted governmental portion is (\$1,783), due to long-term pension and OPEB liabilities.

**Changes in Net Position**

The following table provides condensed information on revenues, expenses, and changes in net position with governmental and business-type activities shown separately.

City of Walla Walla's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for service	\$ 7,034	\$ 7,228	\$ 45,627	\$ 45,453	\$ 52,661	\$ 52,681
Operating grants/contributions	6,679	7,191	2,984	3,235	9,663	10,425
Capital grants/contributions	8,060	4,989	3,502	1,016	11,562	6,006
General revenues:						
Property taxes	8,283	8,328	-	-	8,283	8,328
Sales Tax	13,783	13,019	-	-	13,783	13,019
Business and occupation taxes	3,177	2,890	-	-	3,177	2,890
Utility excise tax	6,951	6,925	-	-	6,951	6,925
Other taxes	807	1,291	-	-	807	1,291
Grants and contributions not restricted to specific programs	1,553	840	144	-	1,697	840
Other Revenues	761	275	(577)	494	184	769
<b>Total revenues</b>	<b>57,087</b>	<b>52,976</b>	<b>51,680</b>	<b>50,198</b>	<b>108,767</b>	<b>103,175</b>
Expenses:						
General government	6,256	5,397	-	-	6,256	5,397
Public safety	18,901	13,419	-	-	18,901	13,419
Utilities and environment	679	559	-	-	679	559
Transportation	7,013	6,143	-	-	7,013	6,143
Economic environment	3,031	2,738	-	-	3,031	2,738
Social Services	266	235	-	-	266	235
Culture and recreation	5,980	5,072	-	-	5,980	5,072
Interest on long term debt	369	407	-	-	369	407
Ambulance	-	-	4,022	3,122	4,022	3,122
Golf course	-	-	217	167	217	167
Landfill	-	-	5,864	4,484	5,864	4,484
Sanitation	-	-	6,992	6,462	6,992	6,462
Stormwater	-	-	2,623	2,582	2,623	2,582
Water/Wastewater	-	-	20,967	20,128	20,967	20,128
<b>Total expenses</b>	<b>42,496</b>	<b>33,969</b>	<b>40,683</b>	<b>36,945</b>	<b>83,179</b>	<b>70,914</b>
Increase in net position before transfers	14,591	19,007	10,997	13,253	25,588	32,261
Transfers	(2,246)	923	2,246	(923)	-	-
Increase in net position	12,345	19,931	13,243	12,330	25,588	32,261
Net position- beginning, restated	94,265	74,334	155,570	143,240	249,835	217,575
<b>Net position - ending</b>	<b>\$106,610</b>	<b>\$94,265</b>	<b>\$168,813</b>	<b>\$155,570</b>	<b>\$275,423</b>	<b>\$249,835</b>

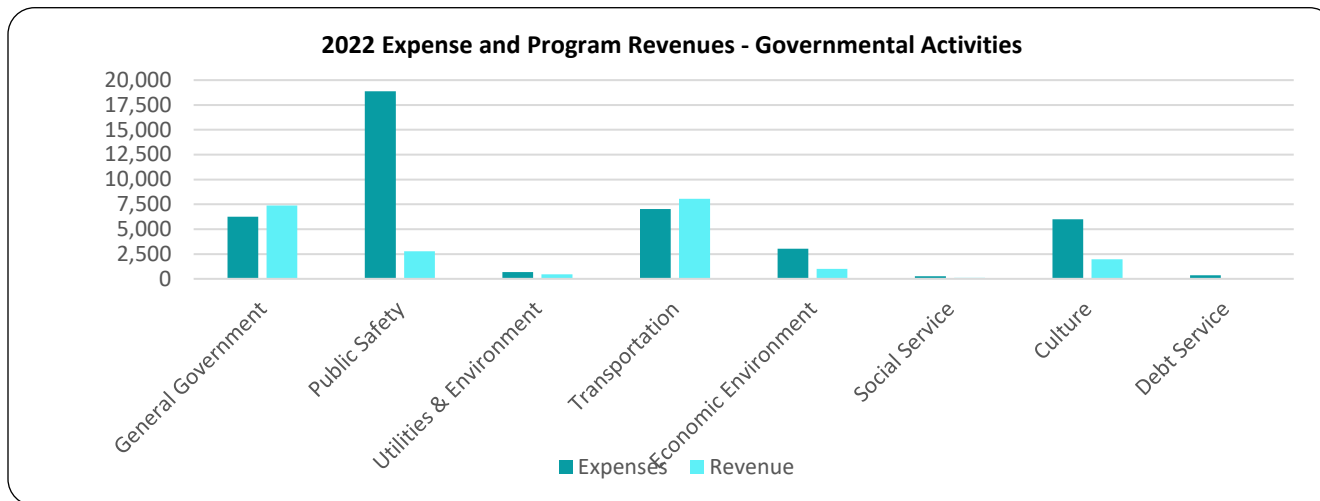
## Governmental Activity Analysis

The net position of governmental activities increased by \$12,345 (13.1%), with a net ending of \$106,610.

Total revenues increased by \$4,111, contributing to the net position increase for governmental activities. General revenues increased by \$1,756, or 5.2% over 2021, primarily due to the increase in Sales Tax, grants not restricted to specific programs and interest revenue. During 2022, the Washington State Local Government Investment Pool (LGIP) rates increased from .09% to 4.1% at the close of the fiscal year. Sales and Use tax increased by \$763 over 2021 due to the local economy recovering from the impact of the pandemic. In addition, the City received notification of its share of the Opioid settlement between the state and drug companies of \$675.

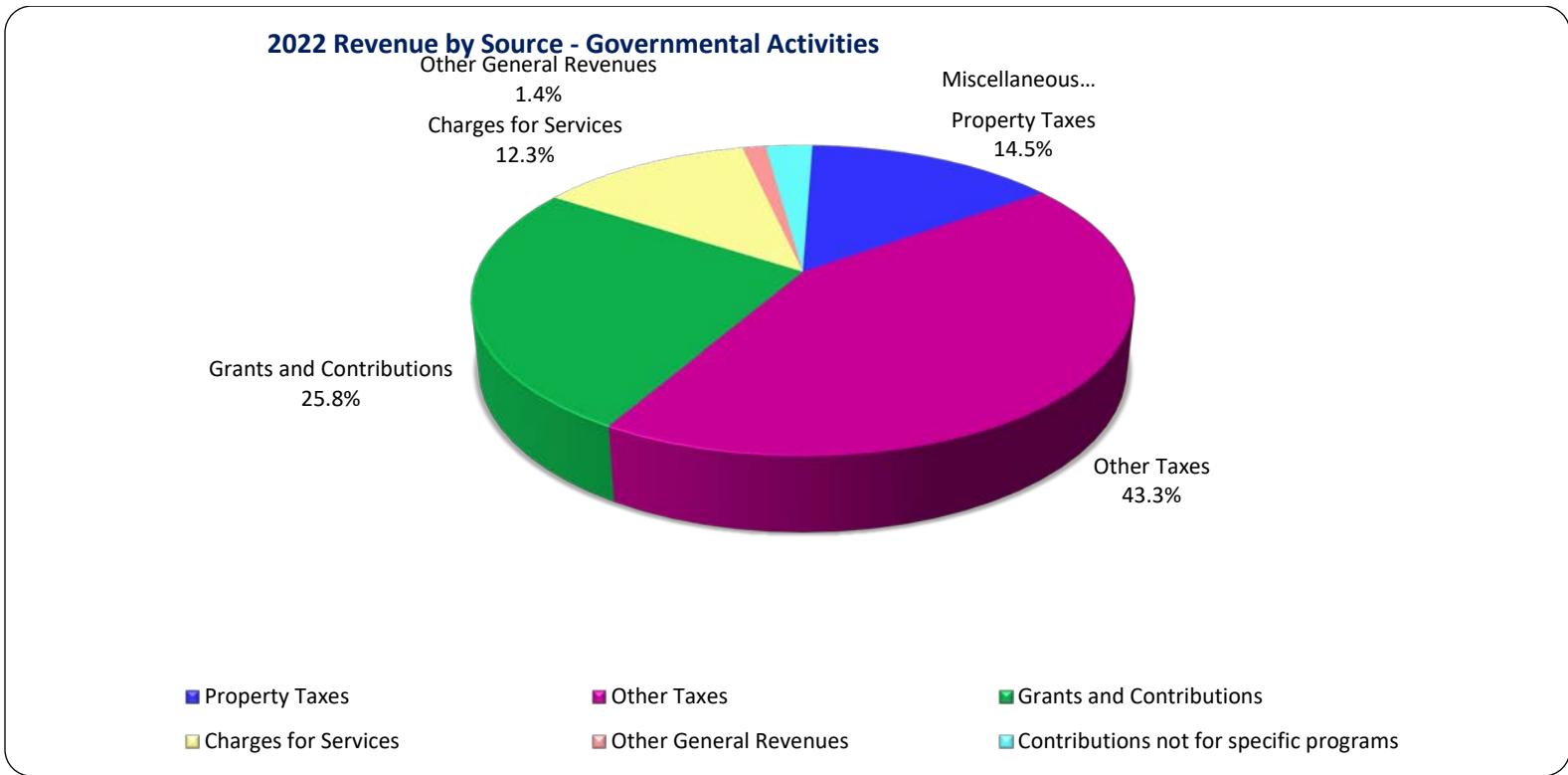
Governmental activities expenses increased from \$33,969 in 2021 to \$42,496, or 25.1% in 2022. The most significant increase was in Public Safety. In 2021, the City had several unfilled police positions, which caused expenses to be lower. In 2022, changes in OPEB and Pension expenses in conjunction with the City focusing its ARPA funding on upgrading public safety equipment contributed to the increase. Transportation expenses increased because of road construction projects occurring in 2022.

As shown in the chart below, revenues generated by the City of Walla Walla’s programs are insufficient to cover expenses. The City relies on property taxes, sales taxes, investment income, and other general revenue to cover the expenses associated with various programs.



The chart above displays how the City’s programs are supported by generated revenue (fees, intergovernmental, and contributions specifically related to that program). For example, public safety comprises 44.4% of the total expenses for governmental activities but generates 12.8% of program revenues. The public safety program revenues include traffic citations, parking citations, criminal charges, miscellaneous court fees, fire services, fire inspections, and operating grant contributions. Public safety and property taxes funds cover the remaining public safety expenditures.

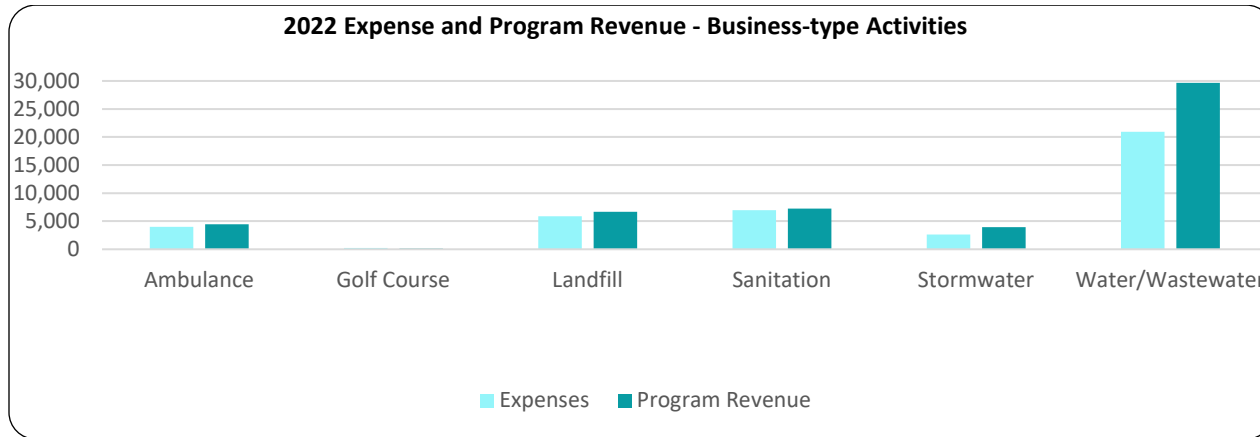
The following chart displays the source breakdown for all revenues that fund governmental activities. Approximately 57.8% of the total governmental revenue activity is taxes. The largest governmental revenue source is other taxes, 43.3%, and the second-largest source are property taxes, 14.5% program-specific charges for services, grants, and contributions generate 38.1% of the total revenue for general governmental activity. The remaining 4.1% of other general revenue includes interest and miscellaneous revenue.



**Business-type Activities.** The City of Walla Walla’s business-type activities’ overall net position increased during the 2022 fiscal year by \$13,243 (8.5%) over 2021, with the 2022 net ending position of \$168,813.

The Business-type activity revenue and expenses experienced a change of \$1,482 and \$3,738, respectively. The revenue increase is attributed to an average 4.9% rate increase throughout all utility funds. As a result of these increases, revenues from utility funds charges for services increased by \$174 (0.4%) over 2021. Water usage declined in 2022 due to a very wet spring. An additional reason for the overall increase was that the enterprise funds operating and capital grant revenue increased by \$2,235 (236.8%) over 2021.

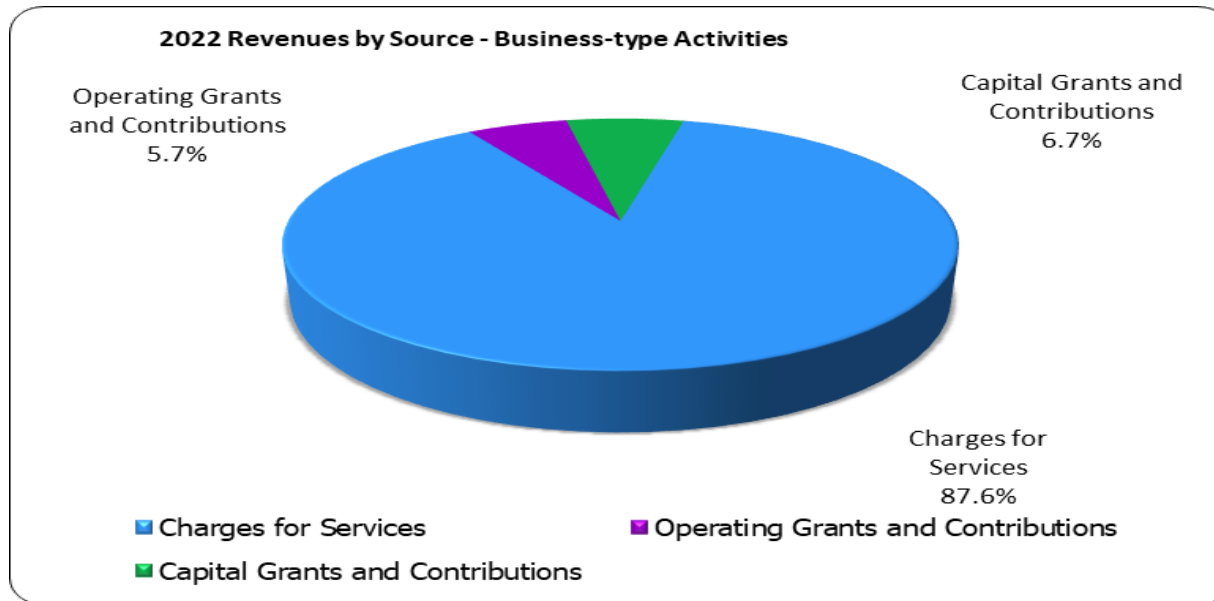
Compared to governmental funds, the primary sources of revenue for business-type activities are fees for services. For business-type activity funds, the program revenue is higher than the program costs for all funds. All business-type activities' costs for salaries and benefits continue to increase. The following chart illustrates the cost of each of the City's business-type programs and each program's revenue (fees, charges for services, and intergovernmental revenues related to each specific program).



Highlights of the business-type activities are described below.

- The water/wastewater fund generated \$26,881 in charges for services; its program expenses were \$20,967, and it also received \$2,761 in grants, operating contributions, and capital contributions from developers. Program expenses increased due to employee costs, project costs, supplies, and services.
- The stormwater fund generated \$3,953 in program revenues and \$2,623 of program expenses.
- The sanitation fund generated \$7,249 in program revenues and \$6,992 of program expenses.
- The landfill fund generated \$6,704 in program revenues and \$5,864 of program expenses.
- The golf course fund generated \$117 in program revenue and \$217 in program expenses.
- The ambulance fund generated \$4,449 in program revenue and \$4,022 in expenses.

The following chart displays the source breakdown for program revenues that fund business-type activities—approximately 87.6% of the total business-type activity charges for services. Program-specific grants and contributions generate 12.4% of total revenue for business-type activities.



**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. These reports use a different “basis of accounting” than that used in the government-wide statements. The information in the governmental fund statements can be useful in assessing the City of Walla Walla’s financing requirements and immediate fiscal health. Categories of fund balance serve as a useful measure of available fund balance, particularly unassigned fund balance in governmental funds and unrestricted net position in business-type funds, which are resources available for discretionary use. Comparing fund statements to their government-wide statements can help the reader better understand the long-term impact of the City’s current-year financing decisions. Reconciliations between the governmental funds’ and government-wide financial statements are included, following the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds statements.

The City of Walla Walla maintains multiple individual governmental funds. The City reports two major governmental funds on the above-mentioned governmental fund statements. The remaining governmental funds are combined on these statements into a single column labeled non-major funds.

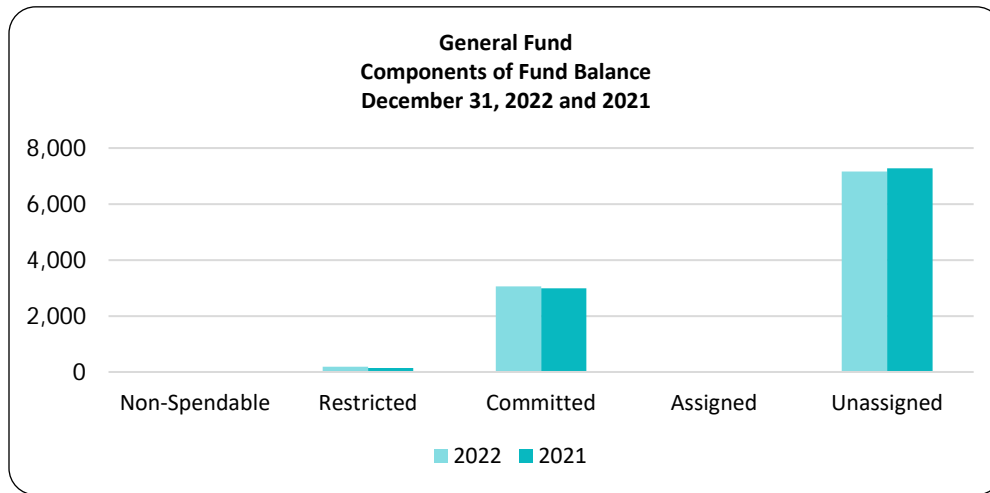


Unassigned fund balance represents the portion of fund balance that has not been limited to use for a specific purpose and may serve as a valuable measure of a government’s net resources available for discretionary spending.

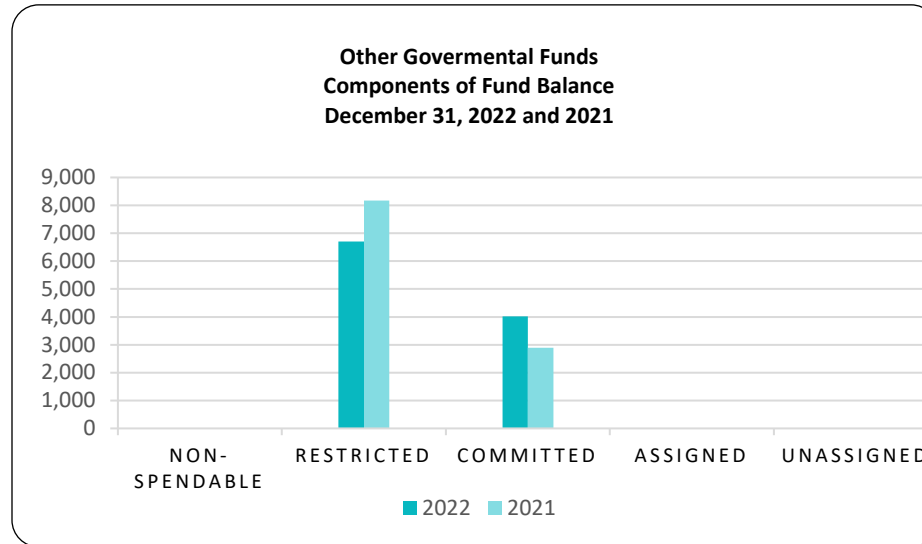
**Governmental Funds.**

On December 31, 2022, the City of Walla Walla’s governmental funds reported combined ending fund balances of \$22,414, a decrease of \$334 (1.5%) compared to the prior year. The City received the second ARPA funding payment from the Federal Government to respond to Covid-19, and there is a balance of \$3,614 in cash and unearned revenue. Approximately 31.9% of the ending governmental fund balance (\$7,164) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that the amount 1) not in spendable form (\$42), 2) restricted for specific purposes (\$7,448), 3) committed for purposes (\$7,747), or 4) assigned for purposes (\$13).

The General Fund is the chief operating fund of the City of Walla Walla. Its ending fund balance of \$10,427, a slight decrease of \$.7 from 2021. At the end of 2022, unassigned and committed fund balances of the General Fund were \$7,164 and \$3,054, respectively. Expenditures outpaced the revenues with an increase of \$3,703 or 10.4%, while revenue only increased by 2.6%, or \$1,188. As a measure of the General Fund’s liquidity, it is useful to compare unassigned and total fund balances to total expenditures. Accordingly, the unassigned fund balance represents 18.2% of the total expenditures, while the total fund balance represents 26.5% of that same amount.



Key factors were one-time expenditures on updated public safety equipment and regularly scheduled employee contracts increased in 2022. Investment income increased by \$612 (255.2%) in 2022, the Fed increased rates several times during the fiscal year, and year-end LGIP rates were 4.1% compared to less than 1% at the end of 2021. Taxes increased by \$923 (3.5%), primarily related to increases in consumer sales tax.



The Street Construction Fund, a major fund, increased its fund balance by \$10.9 in 2022, mainly due to grants funding major transportation projects.

The committed fund balance for government funds, excluding the general fund, is \$4,694 due to the City’s established Code Enforcement Fund and committed cash in the Street Fund for maintenance. The restricted fund balance was \$7,265 at year-end. The balance includes restrictions for capital improvement, debt service, and drug crime-related expenses. The assigned fund balance for other governmental funds is \$13.

### Proprietary Funds

The City’s proprietary fund statements provide the same type of information found in government-wide financial statements but in more detail by disclosing information related to the individual utilities. Information regarding the individual internal service funds can be found in the combining statements section of this report.

The unrestricted net position for the major proprietary funds at the end of the year is as follows: Landfill \$1,286, Sanitation \$2,625, and Water/Wastewater \$24,148. As noted earlier in the discussion of business-type activities, the increases in landfill, sanitation, and water/wastewater rates contributed to the growth of the unrestricted net position.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Walla Walla’s net investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$210,057 (net of accumulated depreciation). Capital asset investments include land, buildings, improvements, machinery, equipment, park facilities, roads, and bridges. The total increase in capital assets (net of accumulated depreciation) for the current fiscal year was \$17,442 (7.2%).

City of Walla Walla's Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$4,728	\$4,657	\$3,375	\$3,375	\$8,103	\$8,033
Construction in progress	7,080	2,392	5,238	1,186	12,318	3,577
Intangibles-non depreciating	-	-	225	225	225	225
Buildings	17,385	17,030	22,046	22,832	39,431	39,862
Improvements	7,499	7,599	4,936	5,249	12,435	12,848
Equipment	1,965	1,835	19,564	18,248	21,529	20,083
Infrastructure	63,799	60,312	101,807	98,483	165,606	158,796
Intangibles	363	74	1,137	209	1,500	283
<b>Total Capital Assets</b>	<b>\$102,819</b>	<b>\$93,900</b>	<b>\$158,330</b>	<b>\$149,807</b>	<b>\$261,149</b>	<b>\$243,707</b>

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

- Various projects related to streets, sidewalks, and utilities cost \$12,302,744. The total includes City contributions and private developers.
- A new Fire Drill tower with construction costs of \$916,501 was completed and placed into service this year.
- Purchasing various vehicles and equipment in the Vehicle Replacement Fund costs \$2,660,637.
- A complete redesign and installation of a new Senior Center Parking Lot with construction costs of \$733,822 was completed and placed into service this year.

**Debt Administration.** At the end of 2022, the City of Walla Walla had a total outstanding bonded debt of \$25,611, of which \$19,346 is backed by the full faith and credit of the government. The remainder of the City of Walla Walla’s long-term obligations comprises revenue bonds and public works trust fund loans.

City of Walla Walla Outstanding Debt						
General Obligation and Revenue Bonds						
	Government-type Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 12,004	\$ 13,665	\$ 6,530	\$ 7,387	\$ 18,534	\$ 21,052
G.O. bond premiums	672	755	140	155	812	910
Revenue bonds	-	-	5,715	5,950	5,715	5,950
Revenue bond premiums	-	-	550	587	550	587
Leases	298	-	935	43	1,234	43
Trust fund loans	-	-	22,292	23,323	22,292	23,323
<b>Total</b>	<b>\$ 12,976</b>	<b>\$ 14,420</b>	<b>\$ 36,163</b>	<b>\$ 37,445</b>	<b>\$ 49,137</b>	<b>\$ 51,865</b>

The City of Walla Walla's total debt decreased by \$2,728 (5.3%) during 2022 due to regularly scheduled principal reductions. During the fiscal year 2022, the City continued to pull from the 2021 PW Trust Fund loan for improvements to the Wastewater Treatment Plant. The City of Walla Walla maintains an "AA" rating from Standard & Poor's for general obligation debt. The City entered into several leases during 2022 including new water equipment and defibrators for the City's ambulances.

State statutes limit the general obligation debt a governmental entity may issue up to 7.5% of the assessed property valuation. The current legal debt limit for the City of Walla Walla is \$257,904,336, significantly more than the City's outstanding general obligation debt. Note 9 and 11 of the footnotes provide more detailed information regarding debt.

#### **BUDGETARY HIGHLIGHTS** (amounts not in thousands)

The City of Walla Walla budgets on a biennial process that adopts two one-year budgets simultaneously. The fiscal year 2022 was the second year of the 2021-2022 biennium. In 2022, the City needed significant amendments to the original estimated budget in the General Fund for the following revenues:

- Increased Sales Tax revenue by \$1,600,000 because of internet sales and increased construction in the valley
- Increased the Public Safety Tax by \$330,000 due to increased sales in 2022
- Increased Investment Earnings by \$408,000 because of frequent interest rate increases by the Federal Reserve
- Decreased the intergovernmental grant funding by \$3,500,000 because of ARPA project delays

In 2022, the sales tax revenue recovered significantly due to construction projects, vehicle sales, online retail sales, and enhanced tourism activity. As a result of revenue recovery, the City restored personnel and other expenditure budgets in the General Fund. Grants, such as the American Recovery Plan Act, helped restore revenue lost in 2020 and allowed the City to expand some of its capital projects.

**Final Budget Compared to Actual Results.** The most substantial differences between estimated General Fund revenues and actual revenues for the fiscal year 2022 were as follows, amounts not presented in thousands:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 27,385,610	\$ 27,464,878	\$ (79,267)
Intergovernmental Revenue	5,453,110	4,924,069	529,041
Licenses and permits	755,700	740,654	15,046
Goods & Services	10,695,520	10,566,566	128,955
<b>Total</b>	<b>\$ 44,289,940</b>	<b>\$ 43,696,165</b>	<b>\$ 593,775</b>

Sales tax revenue increased over the original 2022 projection. Several new commercial construction projects and investments in local businesses helped increase the tax revenue. Licenses and permit revenue were slightly lower due to reduced residential construction permits. The decreases in charges for services can be attributed to reduced participation in state fire mobilization, a slight reduction in Parks program fees, and a reduction of Memorial pool pass sales. General Fund revenues, excluding transfers-in, were \$45,531 (0.8%) under the final budget by \$407.

General Fund departmental actual expenditures were less than the final 2022 budget appropriation, excluding transfers-out, which were \$1,476 (3.6%) under final appropriated amounts.

#### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES** (amounts not in thousands)

The following economic factors affected the City of Walla Walla and were considered when amending the 2021-2022 biennial budget.

Despite the COVID-19 pandemic, the local economy experienced construction growth in residential and commercial properties continued through 2022. When the City of Walla Walla amended its 2021-2022 biennial budget, City Administrators and City Council estimated revenue and expenses based on the economic outlook for 2021 and 2022. However, the COVID-19 pandemic changed the financial outlook for 2022. The City has reviewed its revenue projections and the impact of COVID-19 on key revenues and has adjusted its budgets accordingly.

In 2023, there will not be the allowed 1% increase in property taxes. Based on current information from the County Assessor’s Office, the 2023 general property tax levy of \$6,893,508 on a 2022 assessed valuation of \$4,033,943,260 includes an increase of \$69,059,520 from new construction and annexed territory.

As of January 1, 2023, water, wastewater, and stormwater residential base rates will increase by 7.98%, 1.43%, and 0%, respectively. Landfill municipal rates will increase by 2.49%, and sanitation rates are budgeted to increase by 3.19%. Ambulance base rates will not increase in 2023 for the twelfth year. However, the City has instituted an Ambulance Utility Fee to help sustain the Ambulance Fund, along with the existing the EMS levy and GEMT funding.

**Requests for Information.** The Finance Department prepared this report. It is intended to provide a general overview of the finances of the City. The Finance Department can be contacted by writing to the City of Walla Walla, 15 N. 3<sup>rd</sup> Avenue, Walla Walla, WA 99362.

# BASIC FINANCIAL STATEMENTS

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# BASIC FINANCIAL STATEMENTS

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**City of Walla Walla**  
**Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Primary Government Business-type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 19,505,573	\$ 29,983,066	\$ 49,488,639
Investments	8,016,244	16,393,958	24,410,202
Receivables (net)	4,398,551	2,521,294	6,919,845
Lease receivables	847,872	221,468	1,069,340
Due from other governments	2,301,496	605,766	2,907,262
Inventories	-	1,051,002	1,051,002
Prepays	131,873	236,250	368,123
Interfund loans receivable	(717,366)	717,366	-
Internal balances	2,446,169	(2,446,169)	-
Restricted Assets:			
Cash and equivalents	281,478	1,464,109	1,745,587
Investments	-	4,763,024	4,763,024
Customer deposits	-	247,952	247,952
Opioid receivable	675,265	-	675,265
Net pension asset	10,874,888	3,325,705	14,200,593
Capital assets not being depreciated	11,807,686	8,838,793	20,646,479
Capital assets, net of accumulated depreciation/amortization	91,011,133	149,491,323	240,502,456
Total assets	151,580,861	217,414,906	368,995,768
<b>Deferred Outflows of Resources</b>			
Debt refunding	\$ 342,002	\$ -	\$ 342,002
OPEB	126,706	15,297	142,003
Pensions	6,415,437	2,087,888	8,503,325
Total deferred outflows of resources	6,884,145	2,103,185	8,987,330
Total assets and deferred outflows of resources	158,465,007	219,518,091	377,983,098
<b>Liabilities</b>			
Accounts payable and other accrued liabilities	\$ 4,453,250	\$ 3,092,605	\$ 7,545,854
Retainage payable	144,705	196,555	341,260
Interest payable	27,881	185,021	212,902
Customer deposits	-	247,952	247,952
Unearned revenue	4,296,706	-	4,296,706

**City of Walla Walla**  
**Statement of Net Position**  
**December 31, 2022**  
**(continued)**

Noncurrent liabilities:			
Due within one year: Bonds, leases, loans, claims, compensated absences, OPEB	5,032,361	3,818,024	8,850,385
Bonds, leases, loans, claims, compensated absences	11,383,227	38,074,392	49,457,619
Firemens pension liability	1,655,301	183,922	1,839,223
Net OPEB liability	14,030,483	1,766,802	15,797,285
Net pension liability	1,840,721	687,317	2,528,038
Total noncurrent liabilities	<u>33,942,094</u>	<u>44,530,457</u>	<u>78,472,551</u>
Total liabilities	<u>42,864,636</u>	<u>48,252,590</u>	<u>91,117,225</u>
<b>Deferred Inflows of Resources</b>			
Leases	833,469	210,083	1,043,552
Pensions	5,984,851	1,968,607	7,953,458
OPEB	2,172,274	273,546	2,445,820
Total deferred inflows of resources	<u>8,990,594</u>	<u>2,452,236</u>	<u>11,442,830</u>
Total liabilities and deferred inflows of resources	<u>51,855,230</u>	<u>50,704,825</u>	<u>102,560,055</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 89,377,203	\$ 120,679,590	\$ 210,056,793
Restricted for:			
Capital projects	5,292,672	-	5,292,672
Closure/post closure	-	5,039,353	5,039,353
Community service	925,036	-	925,036
Culture and recreation	183,509	-	183,509
Debt service	646,995	966,490	1,613,485
Drug investigations	400,223	-	400,223
Library trusts	16,545	-	16,545
Opioid settlement	675,265	-	675,265
Remediation	-	1,187,779	1,187,779
Pension	10,874,888	3,325,705	14,200,593
Unrestricted	(1,782,560)	37,614,348	35,831,788
Total net position	<u>\$ 106,609,776</u>	<u>\$ 168,813,266</u>	<u>\$ 275,423,042</u>

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

**City of Walla Walla  
Statement of Activities  
For the Year Ended December 31, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 6,255,626	\$ 2,877,262	\$ 3,566,196	\$ 937,322	\$ 1,125,154	\$ -	\$ 1,125,154
Public safety	18,900,812	1,189,509	1,590,525	15,760	(16,105,018)	-	(16,105,018)
Utilities and environment	679,162	415,275	50,000	-	(213,887)	-	(213,887)
Transportation	7,013,387	504,954	912,519	6,648,293	1,052,379	-	1,052,379
Economic development	3,031,495	951,029	41,849	-	(2,038,617)	-	(2,038,617)
Social services	265,664	-	95,808	-	(169,856)	-	(169,856)
Culture and recreation	5,980,295	1,095,967	421,939	458,152	(4,004,237)	-	(4,004,237)
Interest expense	369,316	-	-	-	(369,316)	-	(369,316)
Total governmental activities	<u>42,495,758</u>	<u>7,033,996</u>	<u>6,678,837</u>	<u>8,059,527</u>	<u>(20,723,399)</u>	<u>-</u>	<u>(20,723,399)</u>
Business-type activities:							
Golf course	216,521	117,078	-	-	-	(99,443)	(99,443)
Sanitation	6,991,727	7,246,610	2,136	-	-	257,018	257,018
Stormwater	2,622,866	3,063,569	-	889,836	-	1,330,538	1,330,538
Landfill	5,863,875	6,604,616	99,092	-	-	839,834	839,834
Ambulance	4,021,809	1,715,036	2,734,270	-	-	427,497	427,497
Water/Wastewater	20,966,610	26,880,506	148,256	2,612,464	-	8,674,616	8,674,616
Total business-type activities	<u>40,683,409</u>	<u>45,627,415</u>	<u>2,983,754</u>	<u>3,502,299</u>	<u>-</u>	<u>11,430,059</u>	<u>11,430,059</u>
Total primary government	<u>\$ 83,179,167</u>	<u>\$ 52,661,411</u>	<u>\$ 9,662,590</u>	<u>\$ 11,561,826</u>	<u>\$ (20,723,399)</u>	<u>\$ 11,430,059</u>	<u>\$ (9,293,340)</u>
General revenues:							
Property tax, levied for general purposes					6,731,496	-	6,731,496
Property tax, levied for debt service					1,551,070	-	1,551,070
Sale and use tax					13,782,655	-	13,782,655
Business and occupation taxes					3,176,889	-	3,176,889
Utility excise tax					6,950,889	-	6,950,889
Other taxes					807,341	-	807,341
Grants and contributions not restricted to specific programs					1,552,615	143,965	1,696,580
Unrestricted investment earnings (loss)					725,158	(621,896)	103,263
Gain on sale of capital assets					35,984	44,963	80,947
Transfers					(2,245,947)	2,245,947	-
Total general revenues and transfers					<u>33,068,151</u>	<u>1,812,979</u>	<u>34,881,130</u>
Change in net position					<u>12,344,752</u>	<u>13,243,038</u>	<u>25,587,790</u>
Net position - beginning					<u>94,265,024</u>	<u>155,570,227</u>	<u>249,835,251</u>
Net position - ending					<u>\$ 106,609,776</u>	<u>\$ 168,813,266</u>	<u>\$ 275,423,042</u>

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

**City of Walla Walla  
Balance Sheet  
Governmental Funds  
December 31, 2022**

	General Fund	Street Construction	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 8,374,115	\$ 169,171	\$ 9,675,646	\$ 18,218,932
Restricted cash and equivalents	183,509	-	81,424	264,933
Investments	6,494,486	-	1,101,684	7,596,169
Taxes receivables	2,012,804	-	518,910	2,531,714
Other receivables	647,337	-	207,536	854,873
Due from other governments	175,902	2,073,285	52,308	2,301,496
Lease receivable	847,872	-	-	847,872
Opioid receivable	675,265	-	-	675,265
Prepays	24,964	88,459	18,450	131,873
Total assets	<u>\$ 19,436,255</u>	<u>\$ 2,330,915</u>	<u>\$ 11,655,957</u>	<u>\$ 33,423,127</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 656,440	\$ 709,526	\$ 354,586	\$ 1,720,551
Retainage payable	-	84,853	59,852	144,705
Other accrued liabilities	2,317,003	-	113,756	2,430,759
Interfund loans payable	395,163	-	322,203	717,366
Unearned revenue	3,982,481	300,000	14,225	4,296,706
Total liabilities	<u>7,351,087</u>	<u>1,094,379</u>	<u>864,622</u>	<u>9,310,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Opioid settlement	\$ 650,731	\$ -	\$ -	\$ 650,731
Property taxes	174,437	-	39,904	214,341
Leases	833,469	-	-	833,469
Total deferred inflows of resources	<u>1,658,638</u>	<u>-</u>	<u>39,904</u>	<u>1,698,542</u>
Total liabilities and deferred inflows of resources	<u>9,009,724</u>	<u>1,094,379</u>	<u>904,526</u>	<u>11,008,629</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	\$ 25,040	\$ -	\$ 16,545	\$ 41,585
Restricted	183,509	565,889	6,699,037	7,448,435
Committed	3,054,210	670,648	4,022,974	7,747,831
Assigned	-	-	12,876	12,876
Unassigned	7,163,772	-	-	7,163,772
Total fund balances (deficits)	<u>\$ 10,426,531</u>	<u>\$ 1,236,537</u>	<u>\$ 10,751,431</u>	<u>\$ 22,414,498</u>
Total liabilities and fund balances (deficits)	<u>\$ 19,436,255</u>	<u>\$ 2,330,915</u>	<u>\$ 11,655,957</u>	<u>\$ 33,423,127</u>

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

**City of Walla Walla**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

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

Total fund balances - governmental funds	\$	22,414,498
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,818,819
Less capital assets already included in the internal service net position listed below.		(2,534,814)
Net pension asset are not financial resources and therefore not reported in governmental funds.		10,874,888
General long-term bonds, loans, leases and compensated absences not due and payable in the current period and therefore not reported in the governmental funds		(15,589,299)
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 of net position.		5,018,193
Fair value adjustment not reported in the governmental funds		(245,508)
Long-term assets not available to pay current period expenditures and they are deferred inflows in the governmental funds.		3,593,592
Other long-term liabilities not reported in governmental funds		
Interest payable		(26,205)
Unamortized deferred amount on refunding		342,002
Deferred outflows of resources related to pensions		6,542,143
Deferred inflows related to pensions		(8,157,125)
Net pension liability		(3,496,022)
Net OPEB liability		(14,945,383)
Net position of governmental activities	<u>\$</u>	<u>106,609,776</u>

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, 2022**

	General Fund	Street Construction	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 27,464,878	\$ -	\$ 5,530,691	\$ 32,995,569
Licenses and permits	740,654	-	284,612	1,025,266
Intergovernmental	5,258,748	4,868,789	2,219,681	12,347,218
Charges for goods and services	10,566,566	-	599,442	11,166,008
Fines and forfeitures	109,206	-	-	109,206
Investment earnings (loss)	-	-	21,912	21,912
Miscellaneous	1,454,804	-	443,664	1,898,467
Capital contributions	-	-	-	-
Total revenues	<u>45,594,855</u>	<u>4,868,789</u>	<u>9,100,002</u>	<u>59,563,646</u>
<b>EXPENDITURES</b>				
Current:				
General government	12,961,463	-	-	12,961,463
Public safety	17,539,005	-	276,804	17,815,809
Utilities and environment	720,659	-	-	720,659
Transportation	-	111,449	3,287,018	3,398,467
Economic development	1,676,180	-	1,410,938	3,087,118
Social services	266,856	-	-	266,856
Culture and recreation	5,780,605	-	-	5,780,605
Debt service:				
Principal	15,761	-	1,661,301	1,677,061
Interest and service costs	4,407	-	369,770	374,177
Capital outlay:				
General government	90,878	-	577,628	668,506
Public safety	51,314	-	977,616	1,028,929
Transportation	-	6,369,419	1,817,522	8,186,940
Social service	-	-	275,865	275,865
Culture and recreation	262,065	-	1,285,923	1,547,988
Total expenditures	<u>39,369,192</u>	<u>6,480,868</u>	<u>11,940,384</u>	<u>57,790,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,225,662</u>	<u>(1,612,079)</u>	<u>(2,840,382)</u>	<u>1,773,202</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	495,107	1,826,359	5,295,676	7,617,142
Transfers out	(7,085,795)	(203,421)	(2,573,872)	(9,863,088)
Lease related	102,587	-	-	102,587
Gain on disposal of capital	23,000	-	12,771	35,771
Total other financing sources (uses)	<u>(6,465,101)</u>	<u>1,622,937</u>	<u>2,734,575</u>	<u>(2,107,589)</u>
<b>SPECIAL ITEM</b>				
Close cemetery fund into general fund operations	238,729	-	(238,729)	-
Total special items	<u>238,729</u>	<u>-</u>	<u>(238,729)</u>	<u>-</u>
Net change in fund balances	(710)	10,859	(344,536)	(334,387)
Fund balances - beginning	10,427,240	1,225,678	11,095,967	22,748,885
Fund balances - ending	<u>\$ 10,426,531</u>	<u>\$ 1,236,537</u>	<u>\$ 10,751,431</u>	<u>\$ 22,414,498</u>

The notes to 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, 2022**

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

Net change in fund balances - governmental funds	\$	(334,387)
Repayment of bond and loan principal reported as an expenditure in governmental funds and as a reduction of debt liability in the statement of Net Position.		1,677,062
Other long-term debt activity recorded as increases and decreases of current financial resources in the governmental funds, but increases and decreases long-term liabilities in the statement of net position		
Recognition of leases payables		(102,587)
Amortization of deferred amounts of refunding		(48,857)
Amortization of bond premiums		82,911
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds		
(Increase)/decrease in compensated absences		20,969
(Increase)/decrease in accrued interest on long-term debt		(26,059)
Revenues in the statement of activities that do not provide current finance resources are not reported as revenues in the governmental funds		
Unrealized investment earnings/ (losses)		(245,508)
Earned but unavailable revenue - Opioid settlement		650,731
Earned but unavailable revenue - Property taxes		4,190
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 as depreciation		
Capital outlay		11,708,228
Depreciation		(4,212,243)
Gain/(loss) on sale of capital assets		(493,529)
Contributed/donated capital assets are included in the statement of activities but are not reported in the government funds as they do not provide current financial resources.		1,795,264
Internal service funds or activities are used by management to charge the costs of certain activities to individual funds and are not reported in governmental funds.		571,275
Changes to net position liability and pension-related deferred outflows and inflows of resources do not require the use of certain eliminated in the statement of activities.		1,297,292
Change in net position of governmental activities.	<u>\$</u>	<u>12,344,752</u>

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



**City of Walla Walla**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2022**

	Business-type Activities					Governmental
	Landfill	Sanitation	Water/ Wastewater	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and equivalents	\$ 3,438,072	\$ 1,528,684	\$ 19,054,836	\$ 2,434,545	\$ 26,456,137	\$ 4,837,388
Restricted customer deposits	9,393	-	199,153	39,406	247,952	-
Investments	2,811,645	1,206,096	5,159,268	314,622	9,491,631	7,567,910
Due from other governments	21,839	-	430,463	153,464	605,766	-
Other receivables	486,093	369,457	1,174,722	369,871	2,400,143	1,004,689
Lease receivable	48,375	-	-	173,093	221,468	-
Interfund loans receivable	-	-	-	-	-	342,056
Inventories	-	-	963,531	-	963,531	87,471
Prepays	26,637	-	4,944	30,168	61,748	174,502
Total current assets	<u>6,842,054</u>	<u>3,104,237</u>	<u>26,986,916</u>	<u>3,515,168</u>	<u>40,448,376</u>	<u>14,014,017</u>
Noncurrent assets:						
Restricted cash and equivalents	1,464,109	-	-	-	1,464,109	-
Restricted investments	4,763,024	-	-	-	4,763,024	-
Interfund loans receivable	-	-	-	-	-	1,345,292
Notes receivables	121,151	-	-	-	121,151	-
Restricted net pension asset	225,044	220,802	475,399	2,286,224	3,207,469	482,193
Capital assets not being depreciated	1,333,867	-	6,521,836	983,089	8,838,793	135,600
Capital assets, net of accumulated depreciation/amortization	6,643,659	3,465	120,173,355	11,587,578	138,408,058	13,482,479
Total noncurrent assets	<u>14,550,854</u>	<u>224,267</u>	<u>127,170,590</u>	<u>14,856,892</u>	<u>156,802,603</u>	<u>15,445,564</u>
Total assets	<u>21,392,908</u>	<u>3,328,505</u>	<u>154,157,507</u>	<u>18,372,060</u>	<u>197,250,979</u>	<u>29,459,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pensions	228,887	224,573	483,517	1,030,656	1,967,633	490,428
OPEB	-	-	-	15,297	15,297	-
Total deferred outflows of resources	<u>228,887</u>	<u>224,573</u>	<u>483,517</u>	<u>1,045,953</u>	<u>1,982,930</u>	<u>490,428</u>
Total assets and deferred outflows of resources	<u>\$ 21,621,795</u>	<u>\$ 3,553,078</u>	<u>\$ 154,641,024</u>	<u>\$ 19,418,013</u>	<u>\$ 199,233,909</u>	<u>\$ 29,950,009</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	144,535	206,395	1,006,545	197,900	1,555,376	881,318
Other accrued liabilities	106,886	101,399	230,383	305,553	744,221	213,627
Compensated absences	58,317	40,187	129,910	222,407	450,821	156,048
Industrial insurance claims	-	-	-	-	-	489,154
Interest payable	14,140	4	156,599	106	170,849	15,994

**City of Walla Walla**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2022**  
**(continued)**

Retainage payable	-	-	154,532	42,023	196,555	-
Bonds, notes, and loans payable	589,827	-	2,383,765	179,186	3,152,777	-
OPEB liability	-	-	-	115,210	115,210	-
Leases payables	1,042	542	1,139	11,138	13,861	119,076
Pollution remediation and closure	164,515	-	-	-	164,515	-
Customer deposits payable	9,393	-	199,153	39,406	247,952	-
Total current liabilities	<u>1,088,655</u>	<u>348,527</u>	<u>4,262,025</u>	<u>1,112,929</u>	<u>6,812,137</u>	<u>1,875,217</u>
Noncurrent liabilities:						
Compensated absences	-	-	5,039	20,801	25,840	46,498
Industrial insurance claims	-	-	-	-	-	88,708
Bonds, notes, and loans payable	3,934,830	-	28,763,976	345,586	33,044,392	-
Leases payable	3,241	1,685	3,541	6,559	15,027	998,578
Net pension liability	133,032	130,525	281,027	256,761	801,345	285,043
OPEB liability	-	-	-	1,766,802	1,766,802	-
Pollution remediation and closure	4,928,017	-	-	-	4,928,017	-
Total noncurrent liabilities	<u>8,999,121</u>	<u>132,210</u>	<u>29,053,583</u>	<u>2,396,509</u>	<u>40,581,423</u>	<u>1,418,826</u>
Total liabilities	<u>10,087,776</u>	<u>480,738</u>	<u>33,315,608</u>	<u>3,509,438</u>	<u>47,393,560</u>	<u>3,294,043</u>

**DEFERRED INFLOWS OF RESOURCES**

Leases	40,313	-	-	169,770	210,083	-
Pensions	229,439	225,114	484,684	908,825	1,848,062	491,610
OPEB	-	-	-	273,546	273,546	-
Total deferred inflows of resources	<u>269,752</u>	<u>225,114</u>	<u>484,684</u>	<u>1,352,141</u>	<u>2,331,691</u>	<u>491,610</u>
Total liabilities and deferred inflows of resources	<u>10,357,528</u>	<u>705,852</u>	<u>33,800,292</u>	<u>4,861,579</u>	<u>49,725,251</u>	<u>3,785,653</u>

**NET POSITION**

Net investment in capital assets	3,402,022	1,238	95,376,865	12,291,473	111,071,597	11,931,695
Restricted for:						
Closure/post-closure	5,039,353	-	-	-	5,039,353	-
Debt service	124,064	-	840,470	1,955	966,490	-
Pension	225,044	220,802	475,399	2,286,224	3,207,469	482,193
Remediation	1,187,779	-	-	-	1,187,779	-
Unrestricted (deficit)	1,286,005	2,625,186	24,147,997	(23,218)	28,035,970	13,750,468
Total net position	<u>\$ 11,264,268</u>	<u>\$ 2,847,226</u>	<u>\$ 120,840,731</u>	<u>\$ 14,556,434</u>	<u>149,508,659</u>	<u>\$ 26,164,356</u>

Difference between business-type adjustments to assets and liabilities	19,304,607
Net position of business-type activities	<u>\$ 168,813,266</u>

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

**City of Walla Walla**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	Business-type Activities					Governmental Activities
	Landfill	Sanitation	Water/ Wastewater	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Licenses and permits	\$ -	\$ 2,136	\$ 53,842	\$ -	\$ 55,978	\$ -
Intergovernmental	100,579	-	-	2,699,270	2,799,849	729,034
Charges for goods and services	6,470,729	7,246,474	26,514,471	4,791,796	45,023,470	708,605
Fines and forfeitures	-	-	290,956	-	290,956	-
Interfund charges	-	-	-	-	-	13,607,557
Miscellaneous	(1,486)	-	1,257	136,783	136,554	9,555
Total operating revenues	<u>6,569,821</u>	<u>7,248,610</u>	<u>26,860,525</u>	<u>7,627,850</u>	<u>48,306,806</u>	<u>15,054,752</u>
<b>OPERATING EXPENSES</b>						
Personnel services	1,198,568	1,104,215	2,336,918	3,015,076	7,654,777	2,364,352
Materials and supplies	55,056	141,276	494,565	226,643	917,539	1,383,850
Services and charges	3,633,382	5,871,106	13,548,567	3,801,058	26,854,114	8,694,102
Depreciation	446,353	556	3,898,511	232,890	4,578,310	1,215,050
Total operating expenses	<u>5,333,358</u>	<u>7,117,153</u>	<u>20,278,561</u>	<u>7,275,667</u>	<u>40,004,740</u>	<u>13,657,355</u>
Operating income (loss)	<u>1,236,462</u>	<u>131,457</u>	<u>6,581,964</u>	<u>352,183</u>	<u>8,302,066</u>	<u>1,397,397</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental	-	-	85,828	-	85,828	-
Investment earnings (losses)	(259,706)	(41,898)	(95,615)	(9,209)	(406,428)	(242,248)
Miscellaneous	139,921	136	82,408	2,103	224,568	25,102
Gain (loss) on disposal of capital	-	-	(262,784)	-	(262,784)	44,961
Adjustment to landfill liability	(310,157)	-	-	-	(310,157)	-
Pollution remediation	(311,277)	-	-	-	(311,277)	-
Interest expense	(71,553)	(4)	(520,836)	(14,458)	(606,851)	(19,267)
Insurance recoveries	-	-	-	133,014	133,014	-
Total nonoperating revenues (expenses)	<u>(812,773)</u>	<u>(41,767)</u>	<u>(710,997)</u>	<u>111,451</u>	<u>(1,454,085)</u>	<u>(191,452)</u>
Income (loss) before contributions and transfers	423,690	89,690	5,870,967	463,634	6,847,981	1,205,946
Capital contributions	\$ -	\$ -	\$ 2,612,464	\$ 889,836	\$ 3,502,299	\$ -
Transfers in	-	-	139,489	2,349,315	2,488,804	310,000
Transfers out	-	-	(530,109)	(2,642)	(532,751)	(20,107)
Change in net position	423,690	89,690	8,092,812	3,700,143	12,306,334	1,495,838
Net position - beginning	<u>\$ 10,840,578</u>	<u>\$ 2,757,536</u>	<u>\$ 112,747,920</u>	<u>\$ 10,856,290</u>	<u>\$ 137,202,324</u>	<u>\$ 24,668,518</u>
Net position - ending	<u>\$ 11,264,268</u>	<u>\$ 2,847,226</u>	<u>\$ 120,840,731</u>	<u>\$ 14,556,434</u>	<u>\$ 149,508,659</u>	<u>\$ 26,164,356</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					936,704	
Changes in net position of business-type activities					<u>\$ 13,243,038</u>	

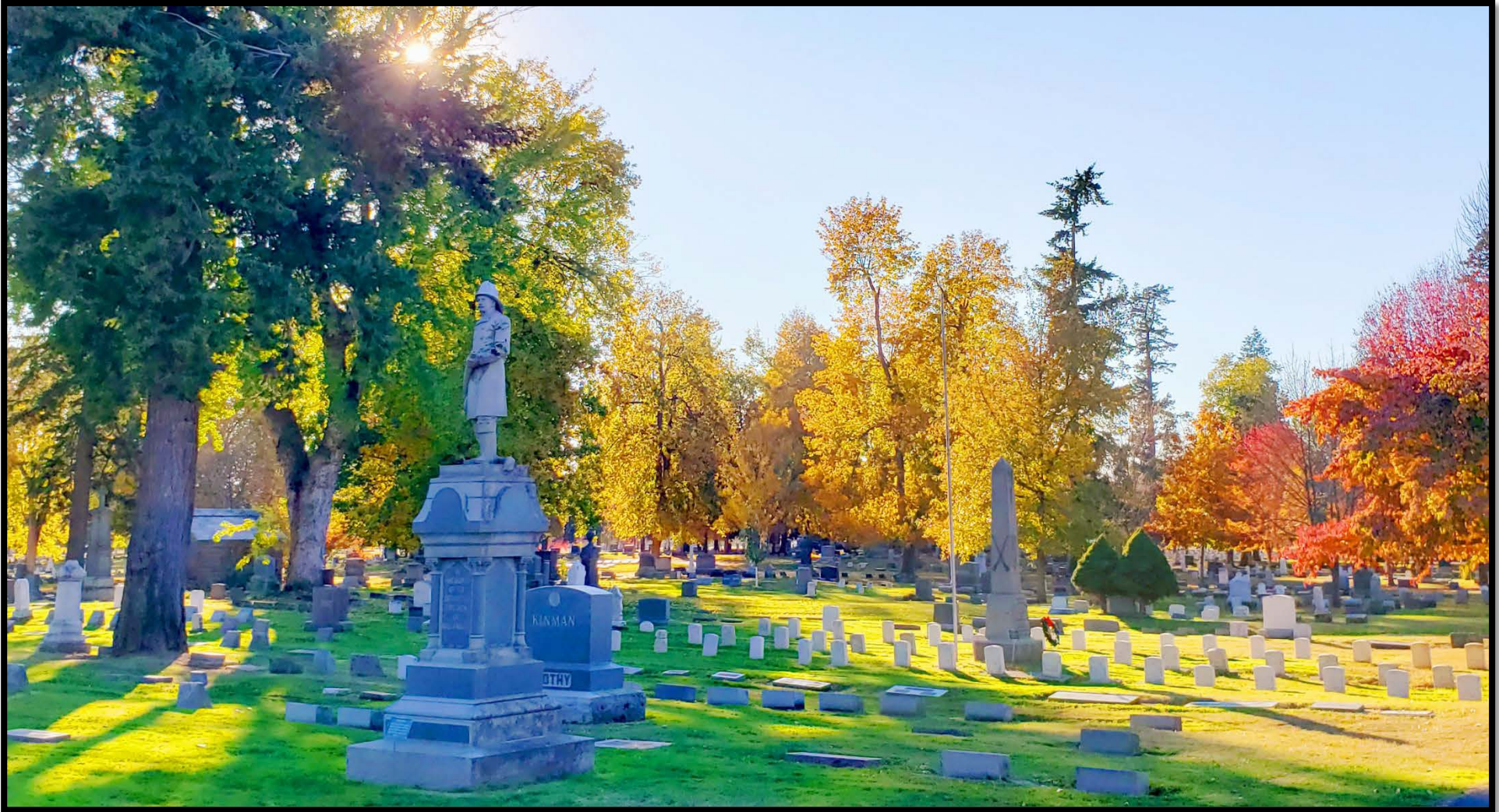
The notes to financial statements are an integral part of this statement.

**City of Walla Walla  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sanitation	Water/ Wastewater	Landfill	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 7,329,871	\$ 27,284,200	\$ 6,387,659	\$ 4,844,096	\$ 45,845,826	\$ (260,647)
Receipts from interfund services	-	-	-	-	-	13,607,557
Other receipts	-	1,257	99,092	2,734,821	2,835,171	729,075
Payments to employees	(1,158,530)	(2,437,929)	(1,250,062)	(3,880,237)	(8,726,757)	(2,505,830)
Payments to suppliers	(4,165,808)	(12,367,373)	(2,130,733)	(1,678,815)	(20,342,729)	(8,233,637)
Payments due to other funds	(1,731,912)	(818,095)	(1,528,373)	(2,268,584)	(6,346,965)	(710,813)
Other payments	-	(230,770)	-	-	(230,770)	(43,215)
Net cash provided by (used for) operating activities	<u>273,621</u>	<u>11,431,289</u>	<u>1,577,583</u>	<u>(248,718)</u>	<u>13,033,775</u>	<u>2,582,489</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Proceeds (repayments) from interfund loan	-	106	-	(303,956)	(303,849)	(218,829)
Proceeds from operating grants and contributions	136	983	159,841	13,282	174,242	76
Transfers to and from other funds	-	(390,619)	-	2,346,673	1,956,054	289,893
Net cash provided by (used for) noncapital financing activities	<u>136</u>	<u>(389,530)</u>	<u>159,841</u>	<u>2,056,000</u>	<u>1,826,447</u>	<u>71,140</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital grants and contributions	-	1,936,351	6,031	586,228	2,528,610	-
Acquisition and construction of capital assets	(2,278)	(5,949,611)	(82,129)	(2,832,943)	(8,866,962)	(3,879,359)
Construction retainage paid	-	(52,529)	(68,132)	24,778	(95,883)	-
Principal paid on capital debt	2,227	(2,124,552)	(533,769)	157,155	(2,498,939)	1,134,014
Interest paid on capital debt	-	(529,690)	(72,355)	(12,364)	(614,408)	(3,273)
Proceeds from the sale of capital assets	-	-	2	-	2	4,919
Net cash provided by (used for) capital and related financing activities	<u>(51)</u>	<u>(6,720,031)</u>	<u>(750,352)</u>	<u>(2,077,146)</u>	<u>(9,547,579)</u>	<u>(2,743,699)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investments	158,565	(339,017)	(1,815,509)	35,921	(1,960,040)	(1,781,387)
Investment earnings (losses)	(41,898)	(95,615)	(273,464)	(9,209)	(420,186)	(222,692)
Net cash provided by (used for) investing activities	<u>116,667</u>	<u>(434,632)</u>	<u>(2,088,973)</u>	<u>26,712</u>	<u>(2,380,226)</u>	<u>(2,004,079)</u>
Net increase (decrease) in cash and cash equivalents	<u>390,373</u>	<u>3,887,097</u>	<u>(1,101,900)</u>	<u>(243,152)</u>	<u>2,932,418</u>	<u>(2,094,148)</u>
Cash and cash equivalents - beginning (including \$3,191,060 for the landfill fund reported in restricted cash and \$2,853,822 for the landfill fund reported restricted investments)	<u>1,138,311</u>	<u>15,366,892</u>	<u>6,013,474</u>	<u>2,717,103</u>	<u>25,235,781</u>	<u>6,931,536</u>
Cash and cash equivalents - ending (including \$1,464,109 for the landfill fund reported in restricted cash and \$4,914,483 for the landfill fund reported restricted investments)	<u>\$ 1,528,684</u>	<u>\$ 19,253,989</u>	<u>\$ 4,911,574</u>	<u>\$ 2,473,951</u>	<u>\$ 28,168,198</u>	<u>\$ 4,837,388</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ 131,457	\$ 6,581,964	\$ 1,236,462	\$ 352,183	\$ 8,302,066	\$ 1,397,397
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	556	3,898,511	446,353	232,890	4,578,310	1,215,050
(Increase) decrease in accounts receivable	81,261	461,770	(83,069)	(46,574)	413,387	(978,767)
(Increase) decrease in inventory	-	(112,492)	-	-	(112,492)	(7,827)
Increase (decrease) in accounts payable	114,662	706,397	29,331	113,592	963,982	1,112,728
Increase (decrease) in payroll payable	46,083	124,932	47,020	305,431	523,466	92,621
Increase (decrease) in other payables	-	-	-	-	-	(43,215)
Increase (decrease) in compensated absences payable	(3,716)	(21,654)	57	30,085	4,772	5,738
Increase (decrease) in pension adjustment	(96,682)	(208,139)	(98,571)	(1,236,324)	(1,639,716)	(211,236)
Net cash provided (used) by operating activities	<u>\$ 273,621</u>	<u>\$ 11,431,289</u>	<u>\$ 1,577,583</u>	<u>\$ (248,718)</u>	<u>\$ 13,033,775</u>	<u>\$ 2,582,489</u>
<b>Schedule of non-cash capital and related financing activities</b>						
Contribution of capital assets from developers	\$ -	\$ 1,472,184	\$ -	\$ 436,622	\$ 1,908,806	\$ -

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





# Notes to the Financial Statements



January 1, 2022 through December 31, 2022

The accompanying notes are an integral part of the enclosed financial statements.

## **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**

As required by generally accepted accounting principles, the financial statements present the City of Walla Walla. The City was incorporated in 1862 and operates under the laws of the state of Washington applicable to non-chartered code cities, council-manager form of government. Walla Walla is served by a full-time City Manager appointed by a part-time Council of seven members who are elected with four positions being elected in wards and three positions elected at-large. The elections are staggered with alternating four-year terms, including the Mayor, elected to the position by the Council.

The basic financial statements do not include the financial position or results of operations of:

- The Walla Walla Valley Transit, even though the City Council is responsible for appointing three of the seven board members, is a separate entity. The accountability for this organization does not extend beyond making appointments.
- The Walla Walla Housing Authority. The City Council is responsible for appointing the board members and is a separate organization whose accountability does not extend beyond making the appointments. RCW 35.82.030 establishes rules governing the Housing Authority.

### **B. Basis of Presentation Government-wide and Fund Financial Statements**

The government-wide statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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 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. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are interfund charges for governmental services, including utilities and certain internal services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Separate fund financial statements are provided for governmental funds and



proprietary funds. Major governmental and individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - The general (or current expense) fund is the City's primary operating fund. It accounts for the financial resources of the general government, except those required or elected to be accounted for in another fund.
- Street Construction Fund - The Street Capital Project Fund was established to account for receipts and disbursements related to the acquisition, design, construction, and any related street traffic management project expenditures. Revenues supporting this fund's activities include bond proceeds, grant proceeds, interfund transfers, and other revenue sources that City Council may authorize.

The City reports the following major enterprise funds:

- The Sanitation Fund is responsible for the collection and disposal of solid waste throughout the City and administers the contract for the City's recycling program.
- The Water/Wastewater Fund accounts for the water treatment plant activities, wastewater treatment and disposal, the distribution of water and the collection of wastewater throughout the City, including some areas outside city limits.
- The Landfill Fund accounts for activities related to waste stored at the landfill, composting operations, and the household hazardous waste disposal program.

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for revenues that are legally restricted to expenditures for a specified 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 legally restricted resources to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.
- Internal service funds are proprietary funds used to account for an activity that provides goods or services to other funds, departments, or agencies of the primary government on a cost-reimbursement basis.

## **C. Measurement Focus, Basis of Accounting**

### **1. Government-Wide and Governmental Funds**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to 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 revenue 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.



Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise 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. All other revenue items are considered to be measurable and available only when the cash is received by the City.

## **2. Proprietary Funds**

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for enterprise funds are charges for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **D. Budgetary Information**

The City operates under a biennial budget in accordance with the Revised Code of Washington (RCW) 35.34.

### **1. Scope of Budget**

Biennial appropriated budgets are adopted for the general and special revenue funds on the modified accrual basis of accounting. Proprietary funds are adopted on the accrual basis of accounting. 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 which 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. Appropriations generally lapse at year-end, except for appropriations for capital outlays, which may be carried forward from year-to-year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

Encumbrance accounting is employed in all 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 reappropriated and honored during the subsequent year.

## **2. Amending the Budget**

The City Manager is authorized to transfer from fund balance and to transfer budgeted amounts between departments within any fund. However, revisions which are transfers between funds or which alter the total revenue of the City must be approved by the City Council and adopted by ordinance. When the Walla Walla City Council determines 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 public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The financial statements contain the original and final budget information. The original budget is the first complete appropriated biennial budget by Council. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the biennial budget.

## **3. Excess of Expenditures over Appropriations**

For the year ended December 31, 2022, the General Fund did not exceed the appropriated amount.

## **4. Deficit Fund Net Position**

The City has three funds with deficit net position in 2022. The Ambulance fund has a deficit net position of \$1,726,260, the Fleet Maintenance Fund of \$48,644, and the Industrial Insurance fund of \$384,896. The ambulance and fleet deficit net positions are a result of restricted pension and the industrial insurance fund is the result of estimated claims payable.

## **E. Assets, Liabilities, Fund Balance, Net Position**

### **1. Cash and Equivalents**

It is the City's policy to invest all temporary cash surpluses. On December 31, 2022, the State Local Government Investment Pool (LGIP) was holding \$49,556,102 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to various funds.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in-lieu-of payments for services rendered. The average compensating balance maintained during 2022 was \$4,978,757.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**2. Investments** - See Note 3, Deposits, and Investments.

### **3. Receivables**

Taxes receivable consist of property taxes, other taxes and related interest and penalties. Accrued interest receivable consists of amounts earned on

investments, notes, and contracts at the end of the year. Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services. For more detailed information see Note 4, Property Tax.

**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 either interfund loans receivable/payable or advances to/from other funds. 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 12, Interfund Balances and Transfers.

**5. Inventories and Prepaid Items**

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items 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. A comparison to market value is not considered necessary. Inventories in proprietary funds are valued by the FIFO (first-in-first-out) method.

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. The cost of prepaid items is recorded as expenditures/expenses when received or consumed rather than when purchased.

**6. Restricted Assets and Liabilities**

These accounts contain restricted resources for liabilities in enterprise funds. Specific debt service reserve requirements are described in Note 9, Long-Term Debt. The restricted assets of the enterprise funds are composed of the following:

Cash and Investments	
Closure, post-closure, and remediation	\$5,039,353
Debt service	966,490
Total	\$6,005,843

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation, except for donated historical treasures not capitalized because they meet the exemption from capitalization per GASB Statement 34, paragraph 27.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Capitalization	
	Threshold	Years
Land	\$30,000	n/a
Buildings	30,000	10 to 100
Improvements	30,000	5 to 100
Infrastructure	30,000	5 to 125
Intangible	30,000	Varies
Machinery and Equipment	5,000	2 to 20

See Note 5, Capital Assets for additional detail.

## 8. Leases

**Lessee:** The City is a lessee for noncancelable leases. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$0 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**Lessor:** The City is a lessor for noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line method.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. See Note 10, Leases for additional detail.

## **9. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. Deferred charges on debt refunding result from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension plans are discussed in detail in Note 7, Pension Plans, and deferred outflows of OPEB discussed in Note 14.

In addition to liabilities, the Statement of Net Position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pension plans are discussed in detail in Note 7, Pension Plans, and deferred inflow of OPEB are discussed in Note 14.

## **10. Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Vacation, sick, and compensatory time is earned based on the terms of the personnel policy and collective bargaining agreements (CBA). At employment termination, accrued but unused leave time is paid in accordance with the personnel policy and CBA.

## **11. Pensions**

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as the Washington State Department of Retirement Systems reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value.

**12. Other Accrued Liabilities**

These accounts consist of accrued wages and employee benefits, credit cards payable, concealed permits payable, and taxes payable.

**13. Long-Term Debt** - See Note 9, Long-Term Debt.

**14. Unearned Revenue**

This account includes amounts recognized as receivable but not revenues in governmental funds because the revenue recognition criteria have not been met.

As of December 31, 2022, unearned revenue reported in the governmental funds were as follow:

Cemetery preneed services	\$329,692
Seizure and evidence funds	14,225
Transportation Grant	300,000
Seizure found money	1,080
American Rescue Act	3,613,781
Engineering deposits	19,469
Memorial pool passes	15,730
Parks gift certificates outstanding	2,730
Total unearned revenue	<u>\$4,296,706</u>

**15. Fund Balance Classification**

In the fund financial statements, governmental funds report the following categories of fund balance:

<b>Nonspendable</b>	Unavailable fund balance due to its form and legally or contractually required to remain intact.
<b>Restricted</b>	Fund balance that can only be used for specific purposes stipulated by the constitution, external resource provider, or through enabling legislation.
<b>Committed</b>	A fund balance that can only be used for specific purposes as determined by formal action of the City Council. The City Council is the highest level of decision-making authority for the government, which can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
<b>Assigned</b>	Constraints imposed for specific purposes by the City Council or by their designated official. Resolution 2022-131, City of Walla Walla Fund Balance Policy was adopted by the Council in December 2022.
<b>Unassigned</b>	The positive fund balance in the General Fund that has not met the requirements of the above classifications. In other governmental funds, a negative assigned fund balance may apply if expenditures incurred for specific purposes exceed those available in the above classifications.

## 16. Fund Balance Details

Fund Balances	General Fund	Street Construction	Non-Major Governmental	Total Governmental
<b>Nonspendable:</b>				
Prepays	\$25,040	\$ -	\$ -	\$25,040
Library trusts	-	-	16,545	16,545
<b>Restricted for:</b>				
Community services	183,509	-	925,036	1,108,545
Debt service	-	-	646,995	646,995
Drug investigations	-	-	400,223	400,223
Capital projects	-	565,889	4,726,783	5,292,672
<b>Committed to:</b>				
Community enforcement and development	3,054,210	-	239,764	3,293,974
Debt service	-	-	2,491	2,491
Streets	-	670,648	1,387,776	2,058,423
Capital projects	-	-	2,392,943	2,392,943
<b>Assigned to:</b>				
Library	-	-	12,876	12,876
<b>Unassigned:</b>	7,163,772	-	-	7,163,772
<b>Total fund balances:</b>	<b>\$10,426,531</b>	<b>\$1,236,537</b>	<b>\$10,751,431</b>	<b>\$22,414,498</b>

## 17. Minimum Fund Balance

In 2022, the City Council passed Resolution 2022-131 General Fund Reserve Policy to establish a minimum unassigned fund balance for the General Fund. The policy requires an annual review of the General Fund reserve level and sets the target reserve level at 15%. If, at any time, the level of the reserves drops below the 10% minimum, the City Council will institute budgetary actions to bring the reserve up to the minimum level. The City's prioritization of fund balance use, as authorized by the City Council in the Fund Balance Policy, is as follows:

Unless legal requirements do not allow it, the City will spend the most restricted dollars before less restricted in the following order: 1. Nonspendable, if the funds become spendable, 2. Restricted, 3. Committed, 4. Assigned, 5. Unassigned.

## 18. Net Position Classification

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**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 Position**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities reported in the government-wide statement of net position. One element of the at reconciliation explains that “capital assets are not reported in the governmental funds. The details of the \$102,818,819 are as follows:

Capital assets governmental activities	\$ 11,807,686
Capital assets not depreciated	91,011,133
Depreciable assets governmental activities	<u>\$102,818,819</u>
Land	\$4,727,956
Construction in progress	7,079,730
Buildings	28,758,712
Less: accumulated depreciation-buildings	(11,373,215)
Other improvements	10,471,304
Less: accumulated depreciation-other improvements	(2,972,776)
Equipment	4,004,975
Less: accumulated depreciation-equipment	(2,040,446)
Intangibles	1,114,176
Less: accumulated depreciation-intangibles	(750,702)
Infrastructure	114,771,122
Less: accumulated depreciation-infrastructure	<u>(50,972,019)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 102,818,819

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

Cash on hand as of December 31, 2022, was \$2,600,166. The City of Walla Walla does not have certificates of deposit; thus, no carrying value is reported. The bank balance was \$2,589,092.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The City deposits are covered entirely by federal depository insurance (FDIC) or collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City’s deposits. The WPDPC insures deposit balances over \$250,000.



## B. Investments

It is the City's policy to invest all temporary cash surpluses. The interest in these investments is prorated to the various funds.

Investments are subject to the following risks.

Interest Rate Risk: Interest rate risk is the risk the City may face should interest rate variances affect the fair value of investments.

Maturities Investment Type	Fair Value	Maturity (in years)	
		Less than 1 Year	1-5 Years
US Treasury	\$21,195,043	\$6,471,536	\$14,723,507
Government Sponsored Enterprise (GSE's)	\$5,941,943	\$2,192,439	\$3,749,504
Municipal Bonds	\$2,036,239	\$1,067,869	\$968,370
Bank Deposits and LGIP	\$52,038,449	\$52,038,449	-
	<b>\$81,211,674</b>	<b>\$61,770,293</b>	<b>\$19,441,381</b>

In addition to the interest rate risk disclosed above, the City includes investments with fair value highly sensitive to interest rate changes.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy includes clauses that address credit risk.

On December 31, 2022, the City's investments had the following credit quality distribution for securities with credit exposure:

Credit Risk	Ratings		
	Moody's	S&P	Fair Value
U.S Treasury Notes	Aaa	AA+	\$21,195,043
Government Sponsored Enterprises			
Federal Farm Credit Bank	Aaa	AA+	\$1,399,131
Federal Home Loan Bank	Aaa	AA+	\$1,990,574
Federal Home Loan Mortgage Corporation	Aaa	AA+	\$2,552,239
Municipal Bonds	Aa1	AA+	\$2,036,239
<b>Total</b>			<b>\$29,173,225</b>

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy addresses the collateralization for custodial credit risk.

Custodial Credit Risk	Held by Counterparty	Held by Counterparty's Trust Dept or Agent
U.S Treasury Notes		\$21,195,043
Government Sponsored Enterprises		
Federal Farm Credit Bank		\$1,399,131
Federal Home Loan Bank		\$1,990,574
Federal Home Loan Mortgage Corporation		\$2,552,239
Municipal Bonds		\$2,036,239
Total Investments		\$29,173,225

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The City investment policy limits the amount invested by issue type.

**Investments in Local Government Investment Pool (LGIP)**

The City is a voluntary participant in the LGIP, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

**Investments Measured at Fair Value**

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles (GAAP), as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

The City's custodial bank uses matrix pricing for the valuation of Level 2 investments. The fair values and levels noted in the following table have been provided by the City's investment advisor Government Portfolio Advisors (GPA). At December 31, 2022, the City had the following investments measured at fair value:

Investments by Fair Value	12/31/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
US Treasury	\$21,195,043	\$21,195,043	-	-
Government Sponsored Enterprise (GSE's)	\$5,941,943	-	\$5,941,943	-
Municipal Bonds	\$2,036,239	-	\$2,036,239	-
Total Investments measured at fair value	<u>\$29,173,225</u>	<u>\$21,195,043</u>	<u>\$7,978,182</u>	<u>-</u>
<b>Other Securities not Measured at Fair Value</b>				
State Local Government Investment Pool (LGIP)	\$52,038,449			\$52,038,449
Total Investments measured at cost	<u>\$52,038,449</u>			-

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits or investments. The City's policy limits deposits subject to foreign currency risk to five percent of total deposits. There is no exposure to foreign currency risk for deposits as of December 31, 2022.

### NOTE 4 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed by the 15th day of the following month.

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

Property taxes are recorded as receivable when levied in governmental funds, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the county treasurer in January, and collections are expected to occur within 30 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Delinquent taxes are evaluated annually. The City may levy up to \$3.60 per \$1,000 assessed value for general governmental services.

The City's regular levy for 2022 was \$1.957 per \$1,000 on a 2021 assessed valuation of \$3,438,724,498 for a total regular levy of \$6,731,496. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Special levies approved by the voters are not subject to the abovementioned limitations. The City voted to pass a debt service levy to build a fire station in 2004, a police station in 2009, and a pool in February 2015. The City's 2022 voted levy was \$0.456 per \$1,000 on a 2021 assessed valuation of \$3,398,576,703 for a total debt service levy of \$1,551,070.

## NOTE 5 – CAPITAL ASSETS

### A. Capital Assets – Governmental Activities

Capital asset activity for the year ending December 31, 2022, was as follows:

Governmental Activities	Beginning Balance 01/01/2022	Increase	Decrease	Ending Balance 12/31/2022
Capital assets not being depreciated:				
Land	4,657,326	70,630	-	4,727,956
Construction in progress	2,391,628	5,326,764	638,662	7,079,730
Total capital assets not being depreciated	7,048,954	5,397,395	638,662	11,807,686
Capital assets being depreciated:				
Buildings	27,811,581	957,811	10,680	28,758,712
Improvements other than buildings	10,373,237	104,493	6,426	10,471,304
Machinery and equipment	3,783,235	337,234	115,494	4,004,975
Intangibles	784,305	329,872	-	1,114,176
Infrastructure	108,934,761	7,242,635	1,406,275	114,771,122
Total depreciated capital assets	151,687,119	8,972,045	1,538,875	159,120,289
Less accumulated depreciation for:				
Buildings	10,781,118	602,767	10,671	11,373,215
Improvements other than buildings	2,773,867	205,335	6,426	2,972,776
Machinery and equipment	1,948,205	194,360	102,119	2,040,446
Intangibles	710,028	40,675	-	750,702
Infrastructure	48,622,490	3,275,660	926,130	50,972,019
Total accumulated depreciation	64,835,709	4,318,796	1,045,346	68,109,159
Capital assets being depreciated, net	86,851,410	4,653,249	493,529	91,011,133
Governmental activities capital, net	93,900,365	10,050,644	1,132,192	102,818,819

**B. Capital Assets – Business-Type Activities**

Business-type Activities	Beginning Balance 01/01/2022	Increase	Decrease	Ending Balance 12/31/2022
Capital assets not being depreciated:				
Land	3,375,182	-	-	3,375,182
Construction in progress	1,185,666	4,387,533	334,895	5,238,304
Intangibles – water rights	225,307	-	-	225,307
<b>Total capital assets not being depreciated</b>	<b>4,786,155</b>	<b>4,387,533</b>	<b>334,895</b>	<b>8,838,793</b>
Business-type assets being depreciated:				
Buildings	42,159,945	-	-	42,159,945
Improvements other than buildings	10,439,062	-	-	10,439,062
Machinery and equipment	35,080,255	3,129,758	781,303	37,428,710
Intangibles	325,327	1,073,341	-	1,398,668
Infrastructure	142,173,678	6,233,268	475,649	147,931,298
<b>Total depreciated capital assets</b>	<b>230,178,268</b>	<b>10,436,367</b>	<b>1,256,952</b>	<b>239,357,683</b>
Less accumulated depreciation for:				
Buildings	19,328,421	785,630	-	20,114,051
Improvements other than buildings	5,190,022	312,622	-	5,502,644
Machinery and equipment	16,832,466	1,796,849	765,100	17,864,215
Intangibles	116,359	144,856	-	261,215
Infrastructure	43,690,249	2,646,850	212,865	46,124,234
<b>Total accumulated depreciation</b>	<b>85,157,517</b>	<b>5,686,807</b>	<b>977,965</b>	<b>89,866,359</b>
Capital assets being depreciated, net	145,020,750	4,749,560	278,987	149,491,323
Business-type activities capital, net	149,806,905	9,137,093	613,881	158,330,116

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

**Governmental Activities:**

General government	\$162,312
Public safety	394,978
Utilities & environment	1,857
Transportation	3,280,401
Social services	5,382
Culture & recreational environment	473,867
<b>Total depreciation</b>	<b>\$4,318,796</b>

**Business-Type Activities:**

Golf course	\$59,050
Sanitation	556
Water/Wastewater	3,898,511
Stormwater	163,047
Landfill	446,353
Ambulance	10,793
Fleet services	7,947
Vehicle replacement	1,100,550
<b>Total depreciation</b>	<b>\$5,686,807</b>

### C. Collections not Capitalized

The City is not required to capitalize historical treasures and similar items according to GASB Statement No. 34, paragraph 27. Governments are encouraged, but not required, to capitalize collections that are a) held for public exhibition, education, or research (rather than financial gain); b) adequately maintained and kept unencumbered; c) subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The City owns the following donated historical treasures not capitalized as of December 31, 2022:

<u>Number</u>	<u>Asset Description</u>	<u>Reason for Not Capitalizing</u>
1	French G.P.F. 155 mm cannon from World War I	Meets exemption under GASB 34, p. 27
2	French G.P.F. 155 mm cannon from World War I	Meets exemption under GASB 34, p. 27

## NOTE 6 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

### A. Construction Commitments

The City has active construction projects as of December 31, 2022. The projects include improvements to the Wastewater Treatment Plant, the Infrastructure Repair and Replacement Program (IRRP), landfill site improvements, and arterial roadways. At year-end, the City’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bryant Creek Culvert	\$ 11,864	\$ 5,637
Heritage Square Park	402,725	164,600
Hobson/Division/Madison Water Improvements	18,252	1,657
Hydro Power Plant Upgrade	99,135	31,051
Chestnut Avenue Upgrade	290,339	59,278
Landfill Compost Pad and Road Improvements	37,232	84,658
Mill Creek Road Utilities	-	18,952
Mill Creek Sportsplex	272,325	3,484
Howard and Chestnut Intersection	105,162	31,738
Alder/Poplar Ave	11,867,958	2,414,719
Plaza Way Upgrade	445,317	17,022
Veterans Golf Course Range Improvements	52,054	63,120
Wastewater Treatment Plant Improvements	1,304,352	3,255,448
1st Ave Plaza Improvements	399,922	1,443,329
<b>Total construction commitments</b>	<b>\$ 15,306,637</b>	<b>\$ 7,594,693</b>

## NOTE 7 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2022:

Aggregate Pension Amounts	State Sponsored Plans
Pension liabilities	\$ (2,528,038)
Pension assets	\$14,200,593
Deferred outflows of resources	\$8,503,326
Deferred inflows of resources	\$ (7,953,458)
Pension expense/expenditures	\$773,558

### State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

Or the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### Public Employees' Retirement System (PERS)

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

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

Contributions - The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>
September – December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26%.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions - The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:



PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>
September-December 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>

\* For employees participating in JBM, the contribution rate was 15.90%.

The City’s actual PERS plan contributions were \$581,491 to PERS Plan 1 and \$962,849 to PERS Plan 2/3 for the year ended December 31, 2022.

### Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

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

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

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

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

Contributions - Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2022. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions - The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
<b>January – December 2022</b>		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.71%</b>	<b>8.53%</b>

The City's actual contributions to the plan were \$550,751 for the year ended December 31, 2022.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2022, the state contributed \$81,388,085 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$7,071,314.

## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

## Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	<b>100%</b>	

### Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$ 3,377,424	\$ 2,528,038	\$ 1,786,723
PERS 2/3	\$ 5,036,207	\$ (4,276,558)	\$ (11,927,584)
LEOFF 1	\$ (2,499,942)	\$ (2,852,721)	\$ (3,158,635)
LEOFF 2	\$ (325,626)	\$ (7,071,314)	\$ (12,592,082)

### Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, the City reported its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	\$ 2,528,038

At June 30, 2022, the City reported its proportionate share of the net pension assets as follows:

	Asset
PERS 2/3	\$ 4,276,558
LEOFF 1	\$ 2,852,721
LEOFF 2	\$ 7,071,314

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer’s proportionate share	\$ (2,852,721)	\$ (7,071,314)
State’s proportionate share of the net pension asset associated with the employer	\$ (19,295,733)	\$ (4,580,643)
TOTAL	\$ (22,148,454)	\$ (11,651,958)

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.095589%	0.090794%	(0.004795%)
PERS 2/3	0.120159%	0.115309%	(0.004850%)
LEOFF 1	0.099692%	0.099446%	(0.000246%)
LEOFF 2	0.261191%	0.260195%	(0.000996%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022, are used to determine each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2022. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2022, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

### Pension Expense

For the year ended December 31, 2022, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 1,043,928
PERS 2/3	\$ (1,373,921)
LEOFF 1	\$ (125,004)
LEOFF 2	\$ 1,228,555
TOTAL	\$ 773,558

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS 1		PERS 2/3		LEOFF 1		LEOFF 2		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$1,059,631	\$(96,810)	\$ -	\$ -	\$ -	\$ -	\$2,739,892	\$(162,420)
Net difference between projected and actual investment earnings on pension plan investments	-	(418,970)	-	(3,161,691)	-	(356,202)	-	(356,202)	-	(6,304,610)
Changes of assumptions	-	-	2,383,591	(624,109)	-	-	-	-	4,174,955	(1,239,827)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	120,396	(58,493)	-	-	-	-	525,846	(246,601)
Contributions subsequent to the measurement date	298,054	-	487,914	-	-	-	-	-	1,062,633	-
<b>TOTAL</b>	<b>\$298,054</b>	<b>\$(418,970)</b>	<b>\$4,051,532</b>	<b>\$(3,941,104)</b>	<b>\$ -</b>	<b>\$(356,202)</b>	<b>\$ -</b>	<b>\$(356,202)</b>	<b>\$8,503,326</b>	<b>\$(7,953,458)</b>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2023	(177,299)	(952,338)	(150,862)	(715,434)
2024	(161,034)	(851,459)	(136,596)	(616,405)
2025	(202,012)	(1,044,659)	(170,797)	(829,663)
2026	121,375	1,445,948	102,053	1,049,520
2027	-	515,466	-	329,534
2028 and Thereafter	-	509,556	-	1,422,341
<b>Total</b>	<b>(418,970)</b>	<b>(377,486)</b>	<b>(356,202)</b>	<b>639,892</b>

### A. Firemen's Pension Plan

The following table represents the aggregate pension amounts for the Firefighter's pension plan for the year 2022.

Aggregate Pension Amounts	Fireman's Pension
Pension liabilities	(\$1,839,223)
Pension expense/expenditures	(\$626,308)

The City administers a closed, small single-employer defined-benefit post-employment pension plan for firefighters hired before 1970, the Firefighter's Pension Plan (FPP). The FPP is not administered through a trust and was reclassified from a fiduciary fund to the General Fund, as prescribed by GASB Statement 73. The Pension Board consists of five members: the Mayor, the board's chairman, the City Clerk, a council member, and two firefighters selected by covered pension members, each serving two-year terms.

The City of Walla Walla's obligations under the FPP are limited to pension benefits provided to firefighters employed before March 1, 1970. As of December 31, 2022, the fund covered 14 retirees and 5 survivors, all of which were drawing pension or disability benefits.

Each retiree receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new for any firefighter, the excess benefits are paid from the Firefighter's Pension Fund of the city employing them on March 1, 1970.

Contributions: To meet these obligations, the City may contribute annually to the Fund the amount raised by levying all or part of the tax up to \$.045 per \$1,000 of true and fair market value, the maximum provided by law for maintaining the funds. Contributions also include contributions from the Washington State fire insurance premium collection.

**Actuarial Assumptions:** All actuarial calculations are based on RCW 41.16 and 418.18, the statutes establishing the Firefighter's Pension Fund, and RCW 41.26, the statute establishing the Washington Law Enforcement Officers' and Firefighters' Retirement System. Only the State Legislature can amend benefit provisions are established in state statutes. The total pension liability was determined by and actuarial valuation as of January 1, 2022, projected forward to the measurement date of December 31, 2022. The liability was calculated based on the discount rate and other actuarial assumptions below.

- Investment rate of return: 3.75%, municipal bond rate
- Actuarial cost method: Entry age normal
- Inflation: 2.25% total economic inflation; 3.25% salary inflation
- Mortality: Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for health annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rate in Projection Scale MP-2017.

### Sensitivity of the Total Pension Liability

The following table presents the total pension liability calculated using the discount rate for the City, calculated using the current discount rate of 3.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.75%	3.75%	4.75%
Total pension liability	\$1,987,961	\$1,839,223	\$1,708,225

### Changes in the Total Pension Liability

Changes in Total Pension Liability	
<b>Balance as of December 31, 2021</b>	<b>\$2,551,192</b>
Changes for the year:	
Service cost (entry age normal)	-
Interest on total pension liability	49,557
Effect of plan changes	-
Effect of economic/demographic gains or losses	(426,011)
Effect of assumptions changes or inputs	(188,066)
Benefit payments	(147,449)
<b>Balance as of December 31, 2022</b>	<b>\$1,839,223</b>

### Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The City recognized a pension expense of \$(626,308) in 2022 for the FPP. As of December 31, 2022, there are no deferred outflows or deferred inflows of resources related to this pension fund. The effects of changes in assumptions/inputs and economic/demographic gains or losses are recognized over the average remaining service life for all active and inactive members, with immediate recognition when the average remaining service life is less than one. Therefore the amounts shown above for the effect of economic/demographic gains or losses and changes in assumptions were recognized in the current year.



## NOTE 8 – RISK MANAGEMENT

### Washington Cities Insurance Authority

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 166 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits. In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

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

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

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

## AWC Employee Benefit Trust

The City of Walla Walla is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date.

When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally

elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor’s office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (“GASB”). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

### TriStar

TriStar manages the workers’ compensation claims. Self-insurance is in effect for losses up to \$500,000 per occurrence and \$750,000 per occurrence for Police and Fire. The retention is \$1,000,000 with a Statutory Maximum Liability of Excess Insurer. Claims are processed by TriStar and reviewed by the City administration for verification. Based on the claim’s manager estimates, the City’s estimated liability for probable losses at December 31, 2022 is \$577,861 for the workers’ compensation program. The state requires \$100,000 be set aside in cash reserves for protection for the worker’s compensation fund. The City met this requirement. The fund’s average monthly cash balance for 2022 was \$244,262.

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 worker’s compensation are assessed on the number of employees and the average claims over the last three years and reported as revenues and expenses.

WORKER'S COMPENSATION CLAIMS					
Year	Claims Liability January 1	Annual Claims Incurred	Change in Estimate of Incurred but not Reported Claims	Payments on Claims	Claims Liability December 31
2022	\$ 628,658	\$ 216,951	\$ 221,406	\$ 489,154	\$ 577,861
2021	\$ 574,518	\$ 151,477	\$ 275,134	\$ 372,470	\$ 628,658
2020	\$ 358,581	\$ 348,598	\$ 293,559	\$ 426,219	\$ 574,518

### NOTE 9 – LONG-TERM DEBT

**Governmental Debt:** The City issued general obligation and revenue bonds to finance the acquisition and construction of major capital facilities. Bonded indebtedness has also been entered (in prior years) to advance refund of several general obligation bonds. General obligation bonds have been issued for both general government and business-type activities and are repaid from the appropriate resources.

General obligation bonds currently outstanding are as follows:

	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2013 UTGO Refunding Bond	10/15/2013	12/1/2023	2.72%	2,840,000	330,000
2015 UTGO Bond Pool	10/15/2015	12/1/2034	2.50% - 4.00%	5,560,000	4,110,000
2015 LTGO Bond Street Construction	5/7/2015	12/1/2024	2.06%	188,789	37,871
2015 LTGO Library	5/7/2015	12/1/2024	2.06%	756,202	180,156
2015 LTGO Bond Landfill Liner	5/7/2015	12/1/2024	2.06%	1,366,359	32,569
2015 LTGO Bond Golf Course	5/7/2015	12/1/2024	2.06%	230,951	46,329
2016 LTGO Water AMI	8/31/2016	12/1/2031	2.00% - 3.00%	5,960,000	3,840,000
2016 UTGO Refunding Police Station	9/15/2016	12/1/2029	3.00%	7,745,000	5,365,000
2017 LTGO Bond Landfill	10/18/2017	12/1/2027	2.18%	2,660,000	1,410,000
2020 Refunding Bond	11/23/2020	12/1/2035	0.85%	4,160,790	3,182,205
				<b>\$31,468,091</b>	<b>\$18,534,130</b>

The annual debt service requirements to maturity general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-Type Activities			
	Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements		Publicly Sold	
	Principal	Interest	Principal	Interest	Principal	Interest
12/31/2022						
2023	415,002	21,327	494,789	42,576	385,000	92,138
2024	421,744	16,500	504,346	34,314	395,000	80,588
2025	218,236	11,578	412,354	25,879	410,000	68,738
2026	219,232	9,724	422,958	18,650	420,000	56,438
2027	179,994	7,860	404,161	11,198	430,000	48,038
2028-2032	547,373	19,441	331,967	11,790	1,800,000	102,500
2033-2037	197,311	3,364	119,663	2,040	-	-
<b>Total</b>	<b>2,198,892</b>	<b>89,794</b>	<b>2,690,238</b>	<b>146,447</b>	<b>3,840,000</b>	<b>448,438</b>

The annual debt service requirements to maturity unlimited tax obligation bonds are as follows:

Year Ending	Governmental Activities			
	Publicly Sold		Direct Borrowings and Direct Placements	
12/31/2022	Principal	Interest	Principal	Interest
2023	955,000	291,840	330,000	8,976
2024	990,000	263,190	-	-
2025	1,035,000	230,590	-	-
2026	1,080,000	196,490	-	-
2027	1,125,000	160,940	-	-
2028-2032	3,500,000	349,670	-	-
2033-2037	790,000	35,700	-	-
<b>Total</b>	<b>9,475,000</b>	<b>1,528,420</b>	<b>330,000</b>	<b>8,976</b>

**Revenue Bonds:** The City has pledged future wastewater revenue, net of (e.g., specified operating expenses, etc.), to repay \$6,390,000 in revenue bonds issued in 2018. Proceeds from the bonds provided financing for improvements for capital construction on the wastewater treatment plant and other capital projects. The bonds are payable solely from wastewater revenue and are payable through 2038. Annual bond principal and interest payments are expected to require less than a percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,981,900. Principal and interest paid for the current year and total (identify pledged revenue) were \$235,000 and \$263,900, respectively.

Revenue bonds currently outstanding are as follows:

Purpose	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2018 Water/Wastewater Series	8/28/2018	8/1/2038	4.00%-5.00%	\$6,390,000	\$5,715,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending 12/31/2022	Principal	Interest
2023	245,000	252,150
2024	260,000	239,900
2025	275,000	226,900
2026	285,000	213,150
2027	300,000	198,900
2028-2032	1,735,000	757,900
2033-2037	2,135,000	358,800
2038 and beyond	480,000	19,200
<b>Total</b>	<b>\$5,715,000</b>	<b>\$2,266,900</b>

In proprietary funds, bonds are displayed net of premium or discount; annual interest expense is decreased by the amortization of debt premium and increased by the amortization of debt issue costs and discount. On December 31, 2022, the City had \$966,490 available in debt service funds to service the general bonded debt.

**Public Works Trust Fund Loans:** The City’s business-type activities have six State of Washington Public Works Trust Fund Loans with a principal outstanding of \$22,292,102. In 2002, 2006, 2007, 2013, 2015, 2019, and 2021 the City Council authorized all six loans to improve the City’s Water and Wastewater Treatment Plants and the Landfill. The loan amounts will be repaid from the Water, Wastewater, and Landfill funds in equal installments over a 20-year term. Public works loans currently outstanding are as follows:

Title	Purpose	Interest Rate	Original	Outstanding
DM13-952-183 Loan Water	Capital Construction	1.00%	12,120,000	9,415,689
DM15-952-027 Loan Water	Capital Construction	1.00%	10,402,479	8,081,600
PC18-96103-010 Loan Landfill	Capital Construction	1.16%	2,233,388	1,880,748
PW-02-691-060 Loan Wastewater	Capital Construction	0.50%	5,159,197	-
PW-06-962-PRE-103 Loan Wastewater	Capital Construction	1.00%	531,399	111,874
PW-07-962-018 Loan Wastewater	Capital Construction	1.00%	6,823,104	1,800,072
PC22-96103-048 Loan Wastewater	Capital Construction	0.94%	5,000,000	1,002,119
<b>Total PWTF:</b>			<b>\$42,269,567</b>	<b>\$22,292,102</b>

Public Works Trust Fund debt service requirements to maturity are as follows:

Year Ending 12/31/2022	Business-Type Activities	
	Principal	Interest
2023	1,807,647	222,246
2024	1,807,647	207,096
2025	1,807,647	188,863
2026	1,807,647	170,630
2027	1,779,678	152,397
2028-2032	7,098,320	528,690
2033-2037	5,854,997	176,018
2038 and beyond	328,519	6,322
<b>Total</b>	<b>\$22,292,102</b>	<b>\$1,652,262</b>

**Legal Debt Margin:** The City of Walla Walla is subject to a legal limit of indebtedness of 7.5% of the assessed property value, \$3,438,724,498, of which 1.5% may be for General Purpose Debt without a vote of the people, with a vote is 1% or less. The utility purpose limit voted is 2.5% with a vote and 2.5% with open space parks and capital facilities with a vote. The Legal Debt Margin chart in the statistical section of this comprehensive financial annual report provides the detail of the City of Walla Walla’s remaining debt capacity.

**Rebatable Arbitrage:** Arbitrage occurs when the City invests funds borrowed at tax-exempt interest rates in higher-yielding taxable securities. The City must remit interest earnings over interest expense to the federal government. The City recognizes this liability only when due and payable at the fund level. The City had no arbitrage excess earnings liability to report in 2022.

## NOTE 10 – LEASES

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee must recognize a lease liability and an intangible right-to-use lease asset, and a lessor must recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

### A. Leases Receivable

The City recognized the following leases on January 1, 2022.

Lease	Term Length	Lease Receivable on 1/1	Lease Receivable on 12/31	Payment Amount	Interest Rate	Deferred Inflow of Resources on 12/31	Lease Revenue	Termination Periods	Extension Options
J Hair Farms, Landfill Land Rental	72 - month	\$ 48,375	\$ 48,375	\$10,000 annually	0.83%	\$ 40,313	\$ 8,063	Lessee - 1 month City - 12 months	n/a
Cell Tower at 2355 3 <sup>rd</sup> Ave, Land Rental	108 - month	\$ 190,988	\$ 173,090	\$1,653 monthly	1.16%	\$ 169,767	\$21,221	n/a	n/a
Cell Tower at 201 W Reese, Land Rental	108 - month	\$ 190,991	\$ 173,093	\$1,653 monthly	1.16%	\$ 169,770	\$21,221	Lessee – 6 month (penalty of \$9,917 )	1 option of 60 months
Cell Tower at 3215 3 <sup>rd</sup> Ave, Land Rental	156 - month	\$ 244,571	\$ 230,304	\$1,426 monthly	1.31%	\$ 225,758	\$18,813	Lessee – 1 month (penalty of \$17,109 )	2 options of 60 months each
Cell Tower at 2327 3 <sup>rd</sup> Ave, Land Rental	168 - month	\$ 265,035	\$ 251,090	\$1,426 monthly	1.34%	\$ 246,104	\$18,931	Lessee – 6 months (penalty of \$8,555)	2 options of 60 months each
Harmony and Health at 800 Sprague Ave	192 - month	\$ 33,472	\$ 32,024	\$156 monthly	1.41%	\$ 31,380	\$ 2,092	n/a	3 options of 60 months each
Cherry St Parking Lot	191 - month	\$ 171,218	\$ 161,364	\$1,000 monthly	1.41%	\$ 160,460	\$10,757	n/a	n/a

As of December 31, 2022, future lease receivable principal and interest payments are as follows:

Principal and Interest Expected to Maturity						
Governmental Activities				Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2023	58,844	10,755	69,600	27,713	2,716	30,429
2024	61,345	9,983	71,328	29,024	2,018	31,042
2025	63,930	9,178	73,108	29,965	1,708	31,673
2026	66,602	8,340	74,941	30,936	1,387	32,324
2027	69,363	7,467	76,829	31,938	1,056	32,993
2028 - 2032	338,449	23,529	361,978	71,892	1,310	73,202
2033 - 2037	189,340	4,680	194,020	-	-	-

## B. Leases Payable

The City recognized the following leases as of January 1, 2022, unless otherwise noted below.

Lease	Term Length	Lease Liability on 1/1	Lease Liability on 12/31	Payment Amount	Interest Rate	Right-to-use Asset Value	Accumulated Amortization	Termination Period	Extension Options
Postage Mailing Machine - Meter Rental	26 - month	\$ 2,017	\$ 1,122	\$225 quarterly	0.33%	\$ 2,017	\$ 931	n/a	n/a
Postage Mailing Machine	28 - month	\$ 16,787	\$ 9,336	\$1,872 quarterly	0.33%	\$ 16,787	\$ 7,194	Lessor - 3 months City - 3 months	n/a
Panasonic Laptops	20 - month	\$ 29,758	\$ 14,887	\$14,937 annually	0.33%	\$ 29,758	\$ 17,620	n/a	n/a
Wallula Radio Site, Land Rental	22 - month	\$ 3,589	\$ -	\$3,600 annually	0.33%	\$ 3,589	\$ 1,958	City - 6 months	n/a
Skyrocket Radio Site, Land Rental	231 - month	\$ 77,496	\$ 74,208	\$3,582 annually	1.52%	\$ 77,496	\$ 4,026	n/a	3 options of 60 months each
Eureka Radio Site, Land Rental	170 - month	\$ 33,089	\$ 30,850	\$2,310 annually	1.34%	\$ 33,089	\$ 2,336	City - 6 months	2 options of 60 months
Pike's Peak Radio Site, Land Rental	81 - month	\$ 22,675	\$ 18,941	\$3,900 annually	0.98%	\$ 22,675	\$ 3,359	City - 6 months	n/a
Coppei Cell Tower, Land Rental	283 - month	\$ 85,516	\$ 82,303	\$4,052 annually	1.68%	\$ 85,516	\$ 3,626	n/a	1 option of 240 months
Turf Tank GPS Line Marking Robot	65 - month	\$ 51,550	\$ 41,851	\$2,500 quarterly	0.69%	\$ 51,550	\$ 9,507	n/a	n/a

On February 10, 2022, the City entered into a 120-month lease as the Lessee for the use of the Ambulance Defibrillators. An initial lease liability was recorded in the amount of \$763,964 and as of December 31, 2022, the value of the lease liability is \$680,372. The City is required to make annual fixed payments of \$85,184. The lease has an interest rate of 2.50%. The value of the right-to-use asset at year-end is \$763,964 with accumulated amortization of \$68,120.



On December 10, 2022, the City entered into a 48-month lease as the Lessee for the use of Sharp Copiers. An initial lease liability was recorded in the amount of \$105,761 and as of December 31, 2022, the value of the lease liability is \$103,414. The City is required to make monthly fixed payments of \$2,347. The lease has an interest rate of 3.27%. The value of the right-to-use asset at year-end is \$105,761 with accumulated amortization of \$1,542.

On December 16, 2022, the City entered into a 84-month lease as the Lessee for the use of the Caterpillar Truck Excavator. An initial lease liability was recorded in the amount of \$38,932 and as of December 31, 2022, the value of the lease liability is \$32,481. The City is required to make annual fixed payments of \$6,451. The lease has an interest rate of 5.25%. The value of the right-to-use asset at year-end is \$38,932 with accumulated amortization of \$232.

On December 16, 2022, the City entered into a 84-month lease as the Lessee for the use of the Caterpillar Multi-Terrain Loader. An initial lease liability was recorded in the amount of \$172,078 and as of December 31, 2022, the value of the lease liability is \$143,566. The City is required to make annual fixed payments of \$28,512. The lease has an interest rate of 5.25%. The value of the right-to-use asset at year-end is \$172,078 with accumulated amortization of \$1,195.

Amount of Lease Assets by Major Classes of Underlying Asset As of Fiscal Year-end		
Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	1,180,848	106,342
Infrastructure	222,365	15,305
<b>Total Leases</b>	<b>1,403,213</b>	<b>121,647</b>

As of December 31, 2020, the principal and interest requirements to maturity are as follows:

Principal and Interest Requirements to Maturity						
Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2023	43,381	5,340	48,720	120,923	29,192	150,115
2024	32,119	4,545	36,663	113,860	27,011	140,871
2025	31,117	3,766	34,883	117,331	23,351	140,682
2026	30,331	2,961	33,292	120,290	19,555	139,845
2027	12,236	2,497	14,733	109,347	15,796	125,143
2028 - 2032	46,587	10,280	56,867	353,678	32,300	385,978
2033 - 2037	53,084	6,434	59,518	-	-	-
2038 - 2042	39,440	2,483	41,923	-	-	-
2043 and beyond	9,607	243	9,850	-	-	-
<b>Total</b>	<b>297,902</b>	<b>38,548</b>	<b>336,450</b>	<b>935,429</b>	<b>147,204</b>	<b>1,082,633</b>

**NOTE 11 – CHANGES IN LONG-TERM LIABILITIES**

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2022	Additions	Reductions	Ending Balance 12/31/2022	Due Within One Year
<b><u>Governmental Activities</u></b>					
Bonds payable:					
General obligation bonds	\$13,665,157	-	\$1,661,265	\$12,003,892	\$1,700,002
Bond premiums	754,866	-	82,911	671,954	-
<b>Total bonds payable</b>	<b>14,420,023</b>	<b>-</b>	<b>1,744,176</b>	<b>12,675,847</b>	<b>1,700,002</b>
Compensated absences	1,966,311	2,046,576	2,063,811	1,949,077	1,884,924
Worker's compensation claims	628,659	438,357	489,154	577,862	489,154
Leases	-	313,699	15,797	297,902	43,381
Firemens' pension liability	2,202,674	-	547,373	1,655,301	-
Net OPEB liability	16,916,825	-	1,971,441	14,945,384	914,900
State pension	851,153	989,568	-	1,840,721	-
<b>Governmental activity long-term liabilities</b>	<b>\$36,985,645</b>	<b>\$3,788,200</b>	<b>\$6,831,752</b>	<b>\$33,942,094</b>	<b>\$5,032,361</b>
<b><u>Business-Type Activities</u></b>					
Bonds payable:					
General obligation bonds	7,387,188	-	856,950	6,530,238	879,789
Revenue bonds	5,950,000	-	235,000	5,715,000	245,000
Premiums	742,052	-	52,205	689,846	-
<b>Total bonds payable</b>	<b>14,079,240</b>	<b>-</b>	<b>1,144,155</b>	<b>12,935,084</b>	<b>1,124,789</b>
PW loans wastewater	2,578,107	1,002,119	666,158	2,914,068	440,726
Capital leases	42,927	-	42,927	-	-
Landfill closure	3,124,958	354,040	-	3,478,998	-
Leases payable	-	1,073,341	137,912	935,429	120,923
DM loans water	18,746,664	-	1,249,374	17,497,290	1,249,374
PW loan landfill	1,998,294	-	117,547	1,880,747	117,547
Pollution remediation	1,346,140	267,394	-	1,613,534	164,514
Compensated absences	515,280	648,067	641,290	522,057	484,941
Pension liability	316,211	371,106	-	687,317	-
Firemens' pension liability	244,742	-	60,820	183,922	-
Net OPEB liability	2,957,487	6,262	1,081,738	1,882,012	115,210
<b>Business-type activity long-term liabilities</b>	<b>\$45,950,049</b>	<b>\$3,722,329</b>	<b>\$5,141,921</b>	<b>\$44,530,457</b>	<b>\$3,818,024</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$487,589 of internal service funds, net pension liability and compensated absences are included in the above amounts. The General Fund, Street Fund, Emergency Services Fund, and Service Center Fund normally liquidate 90.5%, 3.0%, 6.3%, and 0.2% of compensated absences, respectively. The fund for which the liability is incurred is responsible for liquidating compensated absence liabilities. In the coming years, the General Fund, the Ambulance Fund, and the Fire Medical and Pension Funds, which incurred the pension and OPEB liabilities, are responsible for liquidating the liability.

## NOTE 12 – INTERFUND BALANCES AND TRANSFERS

Interfund loans provide upfront, one-time funding for physical improvements from idle equipment replacement funds. Each loan will be repaid over time from the fund receiving the physical improvement benefit and tend to be shorter-term in nature. The total interfund loan balance includes \$342,056, due within one year, and \$1,345,292, due in more than one year, from the date of the financial statements.

### A. Interfund Balances

Interfund balances on December 31, 2022, are as follows:

Receivable Fund	Amount	Payable Fund	Amount
Equipment Replacement	1,687,348	General	\$395,163
		Non-Major Government	322,203
		Major Enterprise	491,540
		Non-Major Enterprise	478,442
<b>Total</b>	<b>\$1,687,348</b>	<b>Total</b>	<b>\$1,687,348</b>

### B. Interfund Transfers

Interfund transfers on December 31, 2022, are as follows:

Transfers From:	Transfers To:					Totals From:
	General Fund	Streets Construction	Non-Major Gov't	Other Enterprise	Internal Service	
General Fund	\$ -	\$63,000	\$5,089,024	\$1,601,413	\$310,000	\$7,063,437
Streets CIP	-	-	63,932	139,489	-	\$203,421
Non-Major Gov't	450,000	1,233,250	142,720	747,902	-	\$2,573,872
Water/Wastewater	-	530,109	-	-	-	\$530,109
Other Enterprise	2,642	-	-	-	-	\$2,642
Internal Services	20,107	-	-	-	-	\$20,107
<b>Total Transfers:</b>	<b>\$472,749</b>	<b>\$1,826,359</b>	<b>\$5,295,676</b>	<b>\$2,488,804</b>	<b>\$310,000</b>	<b>\$10,393,588</b>

Significant transfers that occurred in 2022 are as follows:

- The REET fund transferred \$315,000 to the General Fund in support of the capital construction of the Fire Drill Tower. In addition, REET transferred \$906,540 to support multiple capital street construction projects.
- The General Fund transferred \$2,748,870 of ARPA Funding to the General Construction Fund to support several capital projects. In addition, the General Fund transferred \$510,000 of ARPA Funding to the Ambulance Fund and Vehicle Replacement Fund for general support and the purchase of an ambulance.
- The General Fund transferred \$1,067,913 to the Ambulance Fund for general support until the City Council approved the ambulance utility fee that goes into effect on January 1<sup>st</sup>, 2023.
- The General Fund transferred \$1,603,398 to the Streets Fund to support general street maintenance and operations.
- The TBD Fund transferred \$747,902 to the Stormwater Fund to support the Alder/Poplar construction project.

## NOTE 13 – RECEIVABLE AND PAYABLE BALANCES

### A. Receivables

Receivables on December 31, 2022, were as follows:

	Governmental Activities	Business-type Activities	Total
<b>Taxes Receivable</b>			
Property taxes	\$244,511	\$ -	\$244,511
Sales and B&O taxes	2,276,091	-	2,276,091
<b>Total Taxes Receivable</b>	<b>\$2,520,602</b>	<b>\$ -</b>	<b>\$2,520,602</b>
<b>Other Receivables (net of allowance for uncollectible)</b>			
Accounts receivable	\$1,015,652	\$2,506,965	\$3,522,617
Other receivables	802,739	-	802,739
Interest receivable	59,558	14,329	73,887
<b>Total Other Receivables</b>	<b>\$1,877,949</b>	<b>\$2,521,294</b>	<b>\$4,399,243</b>

Receivables for the Ambulance Fund are reported net of allowance for uncollectible accounts. The city uses historical collection rates and estimates that 50.4% of the receivables, or \$175,149 on December 31, 2022, will ultimately prove uncollectible for the Ambulance Fund.

**B. Payables**

Payables on December 31, 2022, were as follows:

	Governmental Activities	Business-type Activities	Total
<b>Other Accrued Liabilities</b>			
Accounts payable	\$1,868,205	\$2,289,042	\$4,157,247
Employee Wages and Benefits	2,574,760	803,431	3,378,191
Other Liabilities	10,285	132	10,417
<b>Total</b>	<b>\$4,453,250</b>	<b>\$3,092,605</b>	<b>\$7,545,855</b>

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2022.

Aggregate OPEB Amounts – LEOFF 1 Medical	
OPEB liabilities	\$16,827,395
Deferred outflows of resources	\$142,003
Deferred inflows of resources	\$2,455,820
OPEB expenses/expenditures	\$(600,721)

The City elected to use the Alternative Measurement Method (AMM) to calculate the 2022 total OPEB liability.

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977, under a single-employer defined benefit healthcare plan administered by the City. The members’ necessary hospital, medical, and nursing care expenses not payable by worker’s compensation, social security, insurance provided by another employer, other pension plans, or any other similar source are covered. One of the City’s employee medical insurance programs provides most medical coverage for eligible retirees. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. The board is made up of the following five members: two City of Walla Walla council members, a “citizen at large” appointed by the City, one retired firefighter, and one retired police officer.

The City reimburses 100% of the validated claims for retirees' medical, dental, and hospitalization costs. The plan requires members to sign up for Medicare; when they reach age 65, the City pays the premiums. In addition, the City purchases commercial health insurance for retirees. The Board must approve any medical reimbursements not covered by Medicare or the City’s insurance. The plan is considered closed to new entrants.

On December 31, 2022, the City had 38 participants in the plan, all of which were inactive employees or beneficiaries currently receiving benefits.

The City of Walla Walla’s prior measurement date of June 30, 2021, the number of members who are eligible for benefits has decreased by four. The plan is funded on a pay-as-you-go basis, and there are no assets accumulated in a qualifying trust. The employer's contributions to the plan are not irrevocable. The LEOFF 1 Medical plan assets are not legally protected from creditors of the City.

As required by State statute, the City provides contributions on a pay-as-you-go basis. The City pays a monthly insurance premium to cover each retiree as well as any remaining eligible out-of-pocket expenses. Retirees are not required to contribute to the plan. As of December 31, 2022, the City paid \$287,953 out of the General Fund and \$35,648 out of the Ambulance fund for medical insurance and other qualifying expenses. The amounts paid subsequent to the measurement date were \$126,706 from the General Fund and \$15,297 from the Ambulance fund. The City of Walla Walla's OPEB financial reports are included in the 2022 comprehensive financial annual report.

The City of Walla Walla's total OPEB liability was calculated by the Alternative Measurement Method (AMM) actuarial valuation as of June 30, 2022. The City used this method in place of an actuarial evaluation. The following actuarial methods and assumptions were applied to all periods included in the measurement unless otherwise specified.

**Methodology:**

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2022
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)

**Assumptions:**

Assumptions	
<b>Discount Rate</b>	
Beginning of Measurement Year	2.16%
End of Measurement Year	3.54%
<b>Healthcare Trend Rates</b>	
Medical Costs	Approximately 5.0%, varies by year
Long-Term Care	4.5%
Medicare Part B Premiums	Approximately 5.5%, varies by year.
<b>Mortality Rates (assume 100% male population)</b>	
Base Mortality Table	PubS.H-2010 (Public Safety) Blended 50%/50% Healthy/Disabled
Age Setback	-1 year Healthy/ 0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
<b>Medicare Participation Rate</b>	100%

The following table presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is a one-percentage point lower (4%) or one-percentage-point higher (6%) than the current rate, and the OPEB liability calculated using the discount rate of 3.54%, as well as what the OPEB Liability would be if it were calculated using a discount rate that is one-percentage point lower (2.54%) or one-percentage point higher (4.54%).

	1% Decrease	Current	1% Increase
<b>Discount Rate</b>	\$18,512,794	\$16,827,395	\$15,375,057
<b>Healthcare Trend</b>	\$15,440,872	\$16,827,395	\$18,400,002

*Changes in the Total OPEB Liability.*

<b>LEOFF 1 Medical</b>	
<b>OPEB Liability at 01/01/2022</b>	<b>\$19,874,312</b>
Service cost	-
Interest	418,334
Changes of benefit terms	-
Changes in experience data and assumptions	(2,445,820)
Estimated benefit payments	(1,019,431)
Other changes	-
<b>OPEB Liability at 12/31/2022</b>	<b>\$16,827,395</b>

At December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$(2,445,820)	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	-
Contributions made subsequent to the measurement date	-	142,003
<b>Total</b>	<b>\$(2,445,820)</b>	<b>\$142,003</b>

Deferred outflows of resources of \$142,003 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2023	\$ 489,164
2024	\$ 489,164
2025	\$ 489,164
2026	\$ 489,164
2027	\$ 489,164
Thereafter	\$ -

## NOTE 15 – CLOSURE AND POST-CLOSURE

Background: The City of Walla Walla (City) owns three landfills: 1) Sudbury Road Landfill (SRL); 2) the closed Tausick Way Landfill (TWL); and 3) the closed Isaacs Inert Waste Landfill (IIWL/Burdine property). The SRL covers approximately 125 acres and is located within the western portion of an 829-acre City-owned section of land zoned as Public Reserve. Municipal Solid Waste (MSW) has been placed in five separate areas at the SRL – Areas 1, 2, 5, 6, and 7. Areas 1, 2, 5, and 6 are closed, unlined cells, and contain MSW. Area 7 is a lined cell that has been in operation since 2006 and is actively receiving MSW. Area 7 has a projected capacity until 2030 when the area will either be closed or a revised permit submitted for vertical expansion to 2038. Area 6 reached its capacity in 2008 and was closed in accordance with WAC 173-351. The City is currently performing monitoring of Area 6.

Operations at the 78-acre Tausick Way Landfill (TWL) ceased in 1979 and was closed under regulations at the time. The TWL is maintained through the Landfill's operations and management budget, which includes mowing, pesticide spraying, methane monitoring, and fence repair.

The Isaacs Inert Waste Landfill (also known as the IIWL/Burdine property) is permitted as an inert waste disposal site and is used and monitored by the City. The IIWL is at capacity, so in 2019 a project was completed, which graded the site and placed a final cover over the inert landfill. The site was closed in 2021 with the Washington State Department of Ecology (DOE) and the Department of Health.

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, the City must record a portion of these closure and post-closure 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. A permit modification for Area 7 was submitted to the Department of Health and the DOE in December 2016 for Cell 3. The expansion permit was formally approved by the DOE on February 22, 2017. With this expansion (constructed in the spring/summer of 2017), Area 7 has a total permitted capacity of 1,813,000 cubic yards. As of October 14, 2022, Area 7 is approximately 72.6% filled.

The permit revision for Area 7, Cell 3, included a revision to the closure and post-closure plan. The total long-term closure and post-closure costs for Area 7 (Cells 1-3) is estimated at \$4,663,501 (in 2022 dollars). However, when adjusted for estimated capacity used between the survey date and December 31, 2022, the estimated capacity filled is 73.6%, and the amount of the liability for closure is \$1,066,396, and post-closure is \$2,363,719. As of December 31, 2022, cash and investments of \$5,039,353 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.

On December 2022, a consultant for the City and the Public Works Department of the City estimated the cost of closure for the IIWL/Burdine property. Closure costs were estimated at \$5,000 for 2022. The City has recorded a liability in the amount of \$5,000 costs associated with the IIWL/Burdine property.

As part of its budget process, the City reviews the closure and post-closure cost estimate from the landfill consultant and adjusts the liability to account-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 ongoing operations and cap construction, inflation, deflation, technology, or changes in applicable laws or regulations.



## NOTE 16 – POLLUTION REMEDIATION OBLIGATIONS

Governmental Accounting Standards Board (GASB) Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, became effective for fiscal periods beginning after December 15, 2007. GASB Statement 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.

The Sudbury Road Landfill is a City-owned and operated landfill which the DOE determined required remediation in 2008 pursuant to the Model Toxics Control Act (MTCA). The City entered into Agreed Order No. 8456 with the DOE in 2011 and completed a remedial investigation/feasibility study. In 2015, the DOE prepared a Cleanup Action Plan (CAP) that describes the activities required to implement the selected remedy. The requirements of the CAP were incorporated into Consent Decree 15-2-00536-8 (Decree) in August 2015. The remedy was constructed in 2016. Operation of the remediation systems, long-term monitoring, and reporting will be conducted until specific cleanup levels in groundwater are achieved. At a minimum, the remediation will extend through 2023.

Two Toxic Cleanup Remedial Action Grants have been received from the DOE. The grants provided a 75% state-funded grant share with a 25% recipient contribution to cover remediation costs. Agreement No. TCPRA-2014-WalWal-00009 dated January 1, 2014, provided grant funding for the Remedial Investigation and Feasibility Study. Agreement No. TCPRA-2015-WalWal-00050 provided additional funds for the remedy design, construction, monitoring, and reporting activities that are required under the Decree. The second grant bridged the funding through June 30, 2019. The City's financial liability has been further reduced by insurance coverage reimbursement payments.

The post-remediation liability was calculated for financial assurance purposes in accordance with the MTCA grant. This liability is based on a planning-level cost estimate to complete the cleanup action on a ten-year post-remediation scenario. Costs included in the calculation include anticipated post-remediation monitoring, annual inspections, and payments to the DOE.

Pursuant to GASB Statement 49, the City is reporting a \$164,515 in current liability and \$1,492,902 in long-term liability in its landfill fund for its estimated post-remediation liability. The obligation is an estimate subject to changes resulting from price increases or reductions, technology, DOE requirements, or laws and regulations. In 2022, the DOE required that the City reserve \$655,390 in a financial assurance account to cover monitoring expenditures in the event that the City cannot complete the cleanup using City funds.

The TWL is a closed, formerly permitted municipal waste landfill that was operated by the City between the 1940s and 1970s. On May 30, 2013, the City received an Early Notice from DOE for its TWL property. The DOE subsequently decided the TWL property will be added to the Confirmed and Suspected Contaminated Sites database and that a Site Hazard Assessment will be conducted. At this time, the associated pollution remediation liability, if any, cannot be reasonably estimated. The City continues to monitor the potential for off-site migration of landfill gas. No significant landfill gas has been detected off-property to date.

The IIWL/Burdine property was formerly privately held property that, according to available records, appears to have had a history of sand and gravel mining and subsequent solid and inert waste disposal. It is adjacent to the City's closed TWL, and is located at 2740 East Isaacs Avenue, Walla Walla, Washington. The City purchased the property in 1999 to resolve a garbage trespass claim and maintains ownership today. On February 4, 2004, the City

received an Early Notice letter from DOE for the IIWL/Burdine property stating that contaminated soil was reportedly found on the IIWL/Burdine property. Remedial studies were performed, and the City was granted an inert landfill permit for the IIWL/Burdine property in 2006, requiring the City to perform groundwater monitoring in 2006 through 2007.

In 2012 the City received a \$200,000 Integrated Planning Grant from DOE to study whether the IIWL/Burdine property could be redeveloped as a brownfield development. The study looked at three options, two development scenarios and one scenario to cap and close the IIWL/Burdine property. In 2021, the City closed the site with the DOE and the Department of Health. At this time, it is not anticipated that there will be a requirement for remediation of the site.

As part of its budget process, the City reviews the remediation cost estimate from the 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 remediation cost is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

#### **NOTE 17 – CONTINGENCIES AND LITIGATIONS**

The City's financial statements include all material liabilities. There are no material contingent liabilities to record other than those noted herein.

The City of Walla Walla was named as a defendant in an action filed in the United States District Court for the Eastern District of Washington case number 4:19-cv-5254 on November 4, 2019 in an action brought by Anthony Haworth for injuries allegedly arising from an investigation by the Walla Walla Police Department into matters charged in Franklin County Superior Court case number 17-1-50264-1. The City of Walla Walla contests liability and is being defended by Richard Jolley of Keating, Bucklin & McCormack. The City has tendered the claim to its insurance pool WCIA which has accepted the tender and is providing a defense. The U.S. District Court granted summary judgment in favor of the City on June 11, 2020 dismissing Mr. Haworth's claims against the City and its employees, but Mr. Haworth filed a notice of appeal on June 4, 2021. The matter is currently pending in the United States Court of Appeals for the Ninth Circuit, case number 21-35436. The City anticipates that its liability, if any, will be paid by WCIA. The claim was dismissed without prejudice on March 21, 2023. Mr. Haworth re-filed his claim on April 17, 2023 in the Franklin County Superior Court, case number 23-2-502334-11. The City of Walla Walla contests liability and is being defended by Richard Jolley of Keating, Bucklin & McCormack.

The City of Walla Walla was named as a defendant in an action filed in the United States District Court for the Southern District of California case number 20-cv-1447-W-LL on July 28, 2020 in an action brought by Michael Torrescano for injuries for injuries allegedly arising from an investigation by the Walla Walla Police Department into matters charged in Franklin County Superior Court case number 17-1-50264-1. The City of Walla Walla contests liability and is being defended by Richard Jolley of Keating, Bucklin & McCormack. The City has tendered the claim to its insurance pool WCIA which has accepted the tender and is providing a defense. The U.S. District Court transferred the case to the Eastern District of Washington by order entered on March 30, 2021. The case was received by the United States District Court for the Eastern District of Washington on April 6, 2022, and assigned case number 4:22-cv-05049-TOR, and the claims against the City of Walla Walla remain pending. The United States District Court for the Eastern District of Washington dismissed the case on November 8, 2022. Mr. Torrescano appealed the dismissal to the Ninth Circuit Court of Appeals in case number 23-

35100, but he filed a motion on June 27, 2023 to voluntarily dismiss his appeal. The Ninth Circuit dismissed the case by order dated June 30, 2023, and the case is now closed.

Miscellaneous other minor claims have been made against the City of Walla Walla, which have been tendered to its insurance pool WCIA. Defense and indemnification for any such claims is and will be provided by WCIA. The City reasonably anticipates that it will suffer no liability adverse to its financial condition as a result of any such claims. The estimated aggregate maximum exposure to the City on any claims defended by WCIA is no more than \$1,000.

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.

**NOTE 18- Tax Abatement**

Under the provisions of the Preservation Tax Exemption program (RCW 84.14), the City has taken advantage of the option to provide targeted property tax exemption to existing property owners who agree to restrict rents and provide income-eligibility for a portion of the units within their properties. The purpose of this program incentivizes the creation of affordable and improved housing quality and prevent displacement for citizens that are in the most need. The City has a comprehensive program that has specific parameters for project eligibility and duration of exemption.

The City Council passed Ordinance 2005-11 on June 8, 2005 establishing eligibility criteria which includes at a minimum: property must be located in the downtown area pursuant to Municipal Code 20.06.030 and must include affordable housing to low-income households for 10% of the multi-units available for rent. The maximum length of the property tax exemption is 10 years. Provided on the property’s ability to meet the eligibility criteria and that the property owner continues to fulfill the requirements of affordable housing, the property will receive a property tax exemption on the appraised value of improvements, regardless of assessed valuation. This exemption is not extended to the appraised value of land or non-eligible improvements on the same parcel. The tax abatement did not result in a reduction or loss of revenue to the City because, pursuant to Washington State law, these taxes were reallocated to other property taxpayers.

As of December 31, 2022 the City’s project that are currently subject to property and use tax abatement and the total are as follows:

<b>Tax Abatement Program</b>	<b>Property Tax Abated 12/31/2022</b>
Property Tax Exemption for Affordable Multi-Family Housing	\$40,261

## NOTE 19- SUBSEQUENT EVENTS

The police guild contract expired on December 31, 2021. The new contract was still being negotiated at the fiscal year-end of December 31, 2022. The City has a no-strike clause in the contract, and police guild employees were paid the last negotiated amount. The City included an estimate of salary and benefit expenses in the 2022 financial statements based on the terms provided during the ongoing negotiations.

The estimate included a 5% salary increase on the 2022 actual salaries and benefits paid.

Accrued Employee Wages	\$ 232,145
Accrued Employee Benefits	<u>24,639</u>
<b>Total</b>	<b>\$ 256,784</b>

# Required Supplemental Information



# REQUIRED SUPPLEMENTAL INFORMATION

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

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**City of Walla Walla  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 48,904,810	\$ 56,513,320	\$ 54,006,310	\$ (2,507,010)
Licenses and permits	1,482,400	1,511,400	1,518,150	6,750
Intergovernmental revenues	3,596,850	14,670,570	10,659,280	(4,011,290)
Charges for goods and services	21,172,810	21,724,050	21,227,610	(496,440)
Fines and forfeits	280,000	214,000	187,280	(26,720)
Miscellaneous revenues	1,504,950	3,143,000	2,130,600	(1,012,400)
Total revenues	<u>76,941,820</u>	<u>97,776,340</u>	<u>89,729,230</u>	<u>(8,047,110)</u>
<b>EXPENDITURES</b>				
Current:				
General government	25,389,640	28,267,510	25,435,150	2,832,360
Public safety	31,138,550	35,435,690	33,000,170	2,435,520
Utilities and environment	1,207,820	1,544,860	1,326,940	217,920
Economic environment	2,065,350	3,626,840	2,949,000	677,840
Social services	565,540	583,850	517,020	66,830
Culture and recreation	9,172,270	12,187,060	10,947,030	1,240,030
Total current	<u>69,539,170</u>	<u>81,645,810</u>	<u>74,175,310</u>	<u>7,470,500</u>
Debt service:				
Interest	95,000	33,040	7,430	25,610
Principal retirement	303,570	43,880	15,760	28,120
Total debt service	<u>398,570</u>	<u>76,920</u>	<u>23,190</u>	<u>53,730</u>
Capital outlay:				
General government	-	94,630	48,850	45,780
Public safety	207,520	220,310	150,020	70,290
Culture and recreation	-	524,200	262,060	262,140
Total capital outlay	<u>207,520</u>	<u>839,140</u>	<u>460,930</u>	<u>378,210</u>
Total expenditures	<u>70,145,260</u>	<u>82,561,870</u>	<u>74,659,430</u>	<u>7,902,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,796,560</u>	<u>15,214,470</u>	<u>15,069,800</u>	<u>(15,949,550)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	607,710	1,390,220	667,110	(723,110)
Transfers out	(6,982,360)	(17,561,040)	(13,124,890)	4,436,150
Gain(loss) on disposal of capital	-	56,840	33,840	(23,000)
Total other financing sources and uses	<u>(6,374,650)</u>	<u>(16,113,980)</u>	<u>(12,423,940)</u>	<u>3,690,040</u>
<b>SPECIAL ITEM</b>				
Close cemetery fund into general fund operations	-	-	238,730	238,730
Total special items	<u>-</u>	<u>-</u>	<u>238,730</u>	<u>238,730</u>
Net change in fund balances	<u>421,910</u>	<u>(899,510)</u>	<u>2,884,590</u>	<u>(12,020,780)</u>
<b>Fund balances - beginning</b>	<u>7,541,940</u>	<u>7,541,940</u>	<u>7,541,940</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 7,963,850</u>	<u>\$ 6,642,430</u>	<u>\$ 10,426,530</u>	<u>\$ (12,020,780)</u>

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**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS 1**  
**As of June 30, 2022**  
**Last 10 Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.090794%	0.095589%	0.094548%	0.097637%	0.096921%	0.095323%	0.094658%	0.092117%
Employer's proportionate share of the net pension liability (asset)	\$ 2,528,038	\$ 1,167,365	\$ 3,338,055	\$ 3,754,489	\$ 4,328,525	\$ 4,523,151	\$ 5,083,581	\$ 4,818,576
<b>TOTAL</b>	<b>\$ 2,528,038</b>	<b>\$ 1,167,365</b>	<b>\$ 3,338,055</b>	<b>\$ 3,754,489</b>	<b>\$ 4,328,525</b>	<b>\$ 4,523,151</b>	<b>\$ 5,083,581</b>	<b>\$ 4,818,576</b>
Covered payroll	\$ 14,861,825	\$ 14,227,862	\$ 14,092,049	\$ 13,529,785	\$ 12,755,063	\$ 11,870,367	\$ 11,277,102	\$ 10,430,823
Employer's proportionate share of the net pension liability as a percentage of covered payroll	17.01%	8.20%	23.69%	27.75%	33.94%	38.10%	45.08%	46.20%
Plan fiduciary net position as a percentage of the total pension liability	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

**PERS 2/3**  
**As of June 30, 2022**  
**Last 10 Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.115309%	0.120159%	0.119545%	0.123261%	0.120879%	0.119835%	0.118477%	0.116406%
Employer's proportionate share of the net pension liability (asset)	\$ (4,276,558)	\$ (11,969,770)	\$ 1,528,912	\$ 1,197,283	\$ 2,063,901	\$ 4,163,693	\$ 5,965,223	\$ 4,159,253
<b>TOTAL</b>	<b>\$ (4,276,558)</b>	<b>\$ (11,969,770)</b>	<b>\$ 1,528,912</b>	<b>\$ 1,197,283</b>	<b>\$ 2,063,901</b>	<b>\$ 4,163,693</b>	<b>\$ 5,965,223</b>	<b>\$ 4,159,253</b>
Covered payroll	\$ 14,730,822	\$ 14,099,700	\$ 13,963,413	\$ 13,403,446	\$ 12,632,163	\$ 11,752,101	\$ 11,168,410	\$ 10,329,845
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-29.03%	-84.89%	10.95%	8.93%	16.34%	35.43%	53.41%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%



**City of Walla Walla**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**LEOFF 1**  
**As of June 30, 2022**  
**Last 10 Fiscal Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.099446%	0.099969%	0.101817%	0.102666%	0.102813%	0.101943%	0.104522%	0.105656%
Employer's proportionate share of the net pension liability (asset)	\$ (2,852,721)	\$ (3,424,507)	\$ (1,922,823)	\$ (2,029,307)	\$ (1,866,572)	\$ (1,546,700)	\$ (1,076,875)	\$ (1,273,388)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (19,295,733)	\$ (23,163,280)	\$ (13,005,928)	\$ (13,726,185)	\$ (12,625,447)	\$ (10,461,838)	\$ (7,283,959)	\$ (8,613,165)
TOTAL	\$ (22,148,454)	\$ (26,587,787)	\$ (14,928,751)	\$ (15,755,492)	\$ (14,492,019)	\$ (12,008,538)	\$ (8,360,834)	\$ (9,886,553)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

**LEOFF 2**  
**As of June 30 , 2022**  
**Last 10 Fiscal Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.260195%	0.261191%	0.256457%	0.269990%	0.276442%	0.303723%	0.273693%	0.277581%
Employer's proportionate share of the net pension liability (asset)	\$ (7,071,314)	\$ (15,171,055)	\$ (5,231,348)	\$ (6,254,839)	\$ (5,612,375)	\$ (4,214,691)	\$ (1,591,881)	\$ (2,852,978)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (4,580,643)	\$ (9,786,986)	\$ (3,345,051)	\$ (4,096,082)	\$ (3,633,907)	\$ (2,733,991)	\$ (1,037,790)	\$ (137,841)
TOTAL	\$ (11,651,958)	\$ (24,958,041)	\$ (8,576,399)	\$ (10,350,921)	\$ (9,246,282)	\$ (6,948,682)	\$ (2,629,671)	\$ (2,990,819)
Covered payroll	\$ 10,621,970	\$ 10,067,025	\$ 9,714,997	\$ 9,426,922	\$ 9,139,727	\$ 9,503,747	\$ 8,291,300	\$ 8,056,482
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

**City of Walla Walla**  
**Schedule of Employer Contributions**  
**PERS 1**  
**As of December 31, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily or contractually required contributions	\$ 581,491	\$ 631,853	\$ 682,828	\$ 700,787	\$ 675,228	\$ 611,015	\$ 555,681	\$ 480,611	\$ 404,980	\$ 303,071
Contributions in relation to the statutorily or contractually required contributions	\$ (581,491)	\$ (631,853)	\$ (682,828)	\$ (700,787)	\$ (675,228)	\$ (611,015)	\$ (555,681)	\$ (480,611)	\$ (404,980)	\$ (303,071)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,266,377	\$ 14,521,020	\$ 14,068,187	\$ 13,895,819	\$ 13,174,059	\$ 12,350,656	\$ 11,501,607	\$ 11,021,440	\$ 9,894,290	\$ 9,434,853
Contributions as a percentage of covered payroll	3.81%	4.35%	4.85%	5.04%	5.13%	4.95%	4.83%	4.36%	4.09%	3.21%

**PERS 2/3**  
**As of December 31, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily or contractually required contributions	\$ 962,849	\$ 1,025,843	\$ 1,104,588	\$ 1,058,819	\$ 978,142	\$ 827,402	\$ 709,084	\$ 602,117	\$ 488,418	\$ 440,889
Contributions in relation to the statutorily or contractually required contributions	\$ (962,849)	\$ (1,025,843)	\$ (1,104,588)	\$ (1,058,819)	\$ (978,142)	\$ (827,402)	\$ (709,084)	\$ (602,117)	\$ (488,418)	\$ (440,889)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,140,372	\$ 14,384,575	\$ 13,949,127	\$ 13,766,786	\$ 13,049,726	\$ 12,229,108	\$ 11,385,254	\$ 10,917,363	\$ 9,779,302	\$ 9,290,243
Contributions as a percentage of covered payroll	6.36%	7.13%	7.92%	7.69%	7.50%	6.77%	6.23%	5.52%	4.99%	4.75%

**City of Walla Walla**  
**Schedule of Employer Contributions**  
**LEOFF 2**  
**As of December 31, 2022**  
**Last 10 Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Statutorily or contractually required contributions	\$ 550,751	\$ 522,499	\$ 531,482	\$ 477,230	\$ 496,212	\$ 476,302	\$ 454,340	\$ 413,118	\$ 397,591	\$ 369,799
Contributions in relation to the statutorily or contractually required	\$ (550,751)	\$ (522,499)	\$ (531,482)	\$ (477,230)	\$ (496,212)	\$ (476,302)	\$ (454,340)	\$ (413,118)	\$ (397,591)	\$ (369,799)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,748,062	\$ 10,158,238	\$ 10,289,935	\$ 9,154,391	\$ 9,394,473	\$ 9,266,556	\$ 8,995,544	\$ 8,192,390	\$ 7,873,077	\$ 7,297,391
Contributions as a percentage of covered payroll	5.12%	5.14%	5.17%	5.21%	5.28%	5.14%	5.05%	5.04%	5.05%	5.07%

**City of Walla Walla**  
**Notes to the Required Supplementary Information**  
**State Sponsored Pensions**

1. Until a full 10-year trend is completed, information is presented only for the years information is available.
2. For 2022, the inflation rate assumption had no change from the previous year. The overall salary increase assumption decreased from 3.5% to 3.25%. The long term rate of return decreased from 7.4% to 7.0%.
3. The total pension liability for June 30, 2021 actuarial valuation was determined using the following assumptions.

Actuarial Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-age normal
Asset Valuation Method:	8-year graded smoothed fair value

Assumptions

Inflation:	2.75%
Investment rate of return:	7.0%
Discount rate:	3.75%
Cost of living adjustments:	CPI increase, maximum 3.0%

Salary increases were based on a 3.0% COLA rounded to the nearest penny. Mortality rates for active members, retirees, survivors, and disabled annuitants were based on Pub.H-2010 mortality rates.

**City of Walla Walla**  
**Schedule of Changes in Total Pension Liability and Related Ratios**  
**Firemens' Pension**  
**For the year ended December 31, 2022**  
**Last 10 Fiscal Years\***

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability - beginning</b>	\$ 2,551,192	\$ 2,646,771	\$ 2,493,341	\$ 2,300,950	\$ 2,493,691	\$ 2,421,095	\$ 2,562,170	\$ 2,639,822
Service cost	-	-	-	-	-	-	-	-
Interest	49,557	51,473	65,482	89,419	84,158	87,360	86,680	89,494
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(426,011)	-	116,687	-	-	116,552	-	-
Changes of assumptions	(188,066)	-	165,074	235,220	(97,018)	53,390	(55,042)	-
Benefit payments, including refunds of contributions	(147,449)	(147,052)	(193,813)	(132,248)	(179,881)	(184,706)	(172,713)	(167,146)
Other changes	-	-	-	-	-	-	-	-
<b>Net change in total pension liability</b>	<u>(711,969)</u>	<u>(95,579)</u>	<u>153,430</u>	<u>192,391</u>	<u>(192,741)</u>	<u>72,596</u>	<u>(141,075)</u>	<u>(77,652)</u>
<b>Total pension liability - ending</b>	<u>\$ 1,839,223</u>	<u>\$ 2,551,192</u>	<u>\$ 2,646,771</u>	<u>\$ 2,493,341</u>	<u>\$ 2,300,950</u>	<u>\$ 2,493,691</u>	<u>\$ 2,421,095</u>	<u>\$ 2,562,170</u>
<b>Covered payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total pension liability as a % of covered payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

\*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 68.

**City of Walla Walla**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**LEOFF 1 Medical**  
**For the Year Ended December 31, 2022**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability - beginning</b>	\$ 19,874,312	\$ 20,745,315	\$ 20,389,815	\$ 20,797,992	\$ 21,676,292
Service cost	-	-	-	-	-
Interest	418,334	446,525	693,927	784,605	757,571
Changes in benefit terms	-	-	-	-	-
Differences between experience data and assumptions	(2,445,820)	(230,415)	798,003	(134,815)	(596,534)
Benefit payments	(1,019,431)	(1,087,003)	(1,136,430)	(1,057,967)	(1,039,337)
Other changes	-	-	-	-	-
<b>Total OPEB liability - ending</b>	<u>\$ 16,827,395</u>	<u>\$ 19,874,422</u>	<u>\$ 20,745,315</u>	<u>\$ 20,389,815</u>	<u>\$ 20,797,992</u>
<b>Covered employee payroll</b>	-	-	-	-	-
<b>Total OPEB liability as a % of covered employee payroll</b>	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

\* No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\* There are not active employees participating in the City-sponsored plans, therefore, there is no covered payroll.

# Combining Financial Statements



# NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds generally account for tax-supported activities and fall into the four categories described below.

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**City of Walla Walla**  
**Combining Governmental Balance Sheet**  
**Nonmajor Governmental Funds**  
**Summary by Fund Type**  
**December 31, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 3,847,011	\$ 638,879	\$ 5,160,334	\$ 29,421	\$ 9,675,646
Restricted cash and equivalents	81,424	-	-	-	81,424
Investments	351,684	-	750,000	-	1,101,684
Taxes receivables	162,724	44,015	312,171	-	518,910
Other receivables	199,912	6,496	1,129	-	207,536
Due from other governments	52,308	-	-	-	52,308
Prepays	18,450	-	-	-	18,450
Total assets	<u>\$ 4,713,512</u>	<u>\$ 689,390</u>	<u>\$ 6,223,634</u>	<u>\$ 29,421</u>	<u>\$ 11,655,957</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 258,684	\$ -	\$ 95,902	\$ -	\$ 354,586
Retainage payable	-	-	59,852	-	59,852
Other accrued liabilities	113,756	-	-	-	113,756
Interfund loans payable	322,203	-	-	-	322,203
Unearned revenue	14,225	-	-	-	14,225
Total liabilities	<u>708,868</u>	<u>-</u>	<u>155,754</u>	<u>-</u>	<u>864,622</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	\$ -	\$ 39,904	\$ -	\$ -	\$ 39,904
Total deferred inflows of resources	<u>-</u>	<u>39,904</u>	<u>-</u>	<u>-</u>	<u>39,904</u>
Total liabilities and deferred inflows of resources	<u>708,868</u>	<u>39,904</u>	<u>155,754</u>	<u>-</u>	<u>904,526</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 16,545	\$ 16,545
Restricted	2,377,104	646,995	3,674,938	-	6,699,037
Committed	1,627,540	2,491	2,392,943	-	4,022,974
Assigned	-	-	-	12,876	12,876
Total fund balances (deficits)	<u>\$ 4,004,644</u>	<u>\$ 649,486</u>	<u>\$ 6,067,881</u>	<u>\$ 29,421</u>	<u>\$ 10,751,431</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,713,512</u>	<u>\$ 689,390</u>	<u>\$ 6,223,634</u>	<u>\$ 29,421</u>	<u>\$ 11,655,957</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Summary by Fund Type**  
**For the Year Ended December 31, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,063,706	\$ 1,547,223	\$ 1,919,762	\$ -	\$ 5,530,691
Licenses and permits	284,612	-	-	-	284,612
Intergovernmental	1,124,206	-	1,095,474	-	2,219,681
Charges for goods and services	599,442	-	-	-	599,442
Investment earnings (loss)	-	21,439	-	474	21,912
Miscellaneous	76,878	-	366,786	-	443,664
Total revenues	<u>4,148,844</u>	<u>1,568,662</u>	<u>3,382,022</u>	<u>474</u>	<u>9,100,002</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	269,122	-	7,682	-	276,804
Transportation	3,079,326	-	207,692	-	3,287,018
Economic development	1,410,938	-	-	-	1,410,938
Debt service:					
Principal	36	1,661,265	-	-	1,661,301
Interest and service costs	4,385	365,385	-	-	369,770
Capital outlay:					
General government	-	-	577,628	-	577,628
Public safety	19,805	-	957,811	-	977,616
Transportation	-	-	1,817,522	-	1,817,522
Social service	-	-	275,865	-	275,865
Culture and recreation	-	-	1,285,923	-	1,285,923
Total expenditures	<u>4,783,611</u>	<u>2,026,650</u>	<u>5,130,123</u>	<u>-</u>	<u>11,940,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(634,767)</u>	<u>(457,988)</u>	<u>(1,748,100)</u>	<u>474</u>	<u>(2,840,382)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,109,420	437,386	2,748,870	-	5,295,676
Transfers out	(1,499,260)	-	(1,074,612)	-	(2,573,872)
Gain(loss) on disposal of capital	12,771	-	-	-	12,771
Total other financing sources (uses)	<u>622,931</u>	<u>437,386</u>	<u>1,674,258</u>	<u>-</u>	<u>2,734,575</u>
<b>SPECIAL ITEM</b>					
Close cemetery fund into general fund operations	(238,729)	-	-	-	(238,729)
Total special items	<u>(238,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(238,729)</u>
Net change in fund balances	<u>(250,565)</u>	<u>(20,602)</u>	<u>(73,842)</u>	<u>474</u>	<u>(344,536)</u>
Fund balances - beginning	4,255,209	670,088	6,141,723	28,947	11,095,967
Fund balances - ending	<u>\$ 4,004,644</u>	<u>\$ 649,486</u>	<u>\$ 6,067,881</u>	<u>\$ 29,421</u>	<u>\$ 10,751,431</u>

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

City of Walla Walla  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2022

	Streets	REET	Housing	Lodging Tax	Tourism Promotion	Drug & Forfeitures	Code Enforcement	Cemetery	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>									
Cash and equivalents	\$ 1,412,506	\$ 1,016,525	\$ 17,576	\$ 937,007	\$ 37,568	\$ 203,641	\$ 222,188	\$ -	\$ 3,847,011
Restricted cash and equivalents	-	-	-	-	-	81,424	-	-	81,424
Investments	275,000	-	-	-	-	76,684	-	-	351,684
Taxes receivables	-	35,319	-	127,404	-	-	-	-	162,724
Other receivables	158,303	-	-	-	41,575	33	-	-	199,912
Due from other governments	-	-	-	-	-	52,308	-	-	52,308
Prepays	-	-	-	-	-	18,450	-	-	18,450
Total assets	<u>\$ 1,845,809</u>	<u>\$ 1,051,845</u>	<u>\$ 17,576</u>	<u>\$ 1,064,411</u>	<u>\$ 79,143</u>	<u>\$ 432,539</u>	<u>\$ 222,188</u>	<u>\$ -</u>	<u>\$ 4,713,512</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 22,303	\$ -	\$ -	\$ 139,375	\$ 79,143	\$ 17,863	\$ -	\$ -	\$ 258,684
Other accrued liabilities	113,528	-	-	-	-	229	-	-	113,756
Interfund loans payable	322,203	-	-	-	-	-	-	-	322,203
Unearned revenue	-	-	-	-	-	14,225	-	-	14,225
Total liabilities	<u>458,034</u>	<u>-</u>	<u>-</u>	<u>139,375</u>	<u>79,143</u>	<u>32,317</u>	<u>-</u>	<u>-</u>	<u>708,868</u>
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	\$ -	\$ 1,051,845	\$ -	\$ 925,036	\$ -	\$ 400,223	\$ -	\$ -	\$ 2,377,104
Committed	1,387,776	-	17,576	-	-	-	222,188	-	1,627,540
Total fund balances (deficits)	<u>\$ 1,387,776</u>	<u>\$ 1,051,845</u>	<u>\$ 17,576</u>	<u>\$ 925,036</u>	<u>\$ -</u>	<u>\$ 400,223</u>	<u>\$ 222,188</u>	<u>\$ -</u>	<u>\$ 4,004,644</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,845,809</u>	<u>\$ 1,051,845</u>	<u>\$ 17,576</u>	<u>\$ 1,064,411</u>	<u>\$ 79,143</u>	<u>\$ 432,539</u>	<u>\$ 222,188</u>	<u>\$ -</u>	<u>\$ 4,713,512</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2022**

	Streets	REET	Housing	Lodging Tax	Tourism Promotion	Drug & Forfeitures	Code Enforcement	Cemetery	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>									
Taxes	\$ -	\$ 660,168	\$ -	\$ 1,403,538	\$ -	\$ -	\$ -	\$ -	\$ 2,063,706
Licenses and permits	284,612	-	-	-	-	-	-	-	284,612
Intergovernmental	912,519	-	-	-	-	211,687	-	-	1,124,206
Charges for goods and services	219,868	-	-	-	379,574	-	-	-	599,442
Miscellaneous	863	18,946	15,883	12,414	482	20,392	3,528	4,370	76,878
<b>Total revenues</b>	<b>1,417,862</b>	<b>679,113</b>	<b>15,883</b>	<b>1,415,952</b>	<b>380,057</b>	<b>232,079</b>	<b>3,528</b>	<b>4,370</b>	<b>4,148,844</b>
<b>EXPENDITURES</b>									
Current:									
Public safety	-	-	-	-	-	252,145	16,977	-	269,122
Transportation	3,079,326	-	-	-	-	-	-	-	3,079,326
Economic development	-	-	3,007	1,027,875	380,057	-	-	-	1,410,938
Debt service:									
Principal	36	-	-	-	-	-	-	-	36
Interest and service costs	4,385	-	-	-	-	-	-	-	4,385
Capital outlay:									
Public safety	-	-	-	-	-	19,805	-	-	19,805
<b>Total expenditures</b>	<b>3,083,746</b>	<b>-</b>	<b>3,007</b>	<b>1,027,875</b>	<b>380,057</b>	<b>271,950</b>	<b>16,977</b>	<b>-</b>	<b>4,783,611</b>
Excess (deficiency) of revenues over (under) expenditures	(1,665,884)	679,113	12,876	388,077	-	(39,871)	(13,449)	4,370	(634,767)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	2,109,420	-	-	-	-	-	-	-	2,109,420
Transfers out	-	(1,364,260)	-	-	-	-	-	(135,000)	(1,499,260)
Gain(loss) on disposal of capital	12,770	-	-	-	-	1	-	-	12,771
<b>Total other financing sources (uses)</b>	<b>2,122,190</b>	<b>(1,364,260)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(135,000)</b>	<b>622,931</b>
<b>SPECIAL ITEM</b>									
Close cemetery fund into general fund operations	-	-	-	-	-	-	-	(238,729)	(238,729)
<b>Total special items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(238,729)</b>	<b>(238,729)</b>
Net change in fund balances	456,306	(685,147)	12,876	388,077	-	(39,870)	(13,449)	(369,359)	(250,565)
Fund balances - beginning	931,470	1,736,991	4,700	536,959	-	440,093	235,637	369,359	4,255,209
<b>Fund balances - ending</b>	<b>\$ 1,387,776</b>	<b>\$ 1,051,845</b>	<b>\$ 17,576</b>	<b>\$ 925,036</b>	<b>\$ -</b>	<b>\$ 400,223</b>	<b>\$ 222,188</b>	<b>\$ -</b>	<b>\$ 4,004,644</b>

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

**City of Walla Walla  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2022**

	<u>LTGO General Bond</u>	<u>UTGO Fire Station Bond</u>	<u>UTGO Police Station Bond</u>	<u>UGTO Memorial Pool Bond</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>ASSETS</b>					
Cash and equivalents	\$ 2,491	\$ 162,782	\$ 354,527	\$ 119,079	\$ 638,879
Taxes receivables	-	9,093	22,785	12,137	44,015
Other receivables	-	1,272	3,350	1,874	6,496
Total assets	<u>\$ 2,491</u>	<u>\$ 173,147</u>	<u>\$ 380,662</u>	<u>\$ 133,090</u>	<u>\$ 689,390</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	\$ -	\$ 8,277	\$ 20,668	\$ 10,959	\$ 39,904
Total deferred inflows of resources	<u>-</u>	<u>8,277</u>	<u>20,668</u>	<u>10,959</u>	<u>39,904</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>8,277</u>	<u>20,668</u>	<u>10,959</u>	<u>39,904</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	\$ -	\$ 164,869	\$ 359,994	\$ 122,132	\$ 646,995
Committed	2,491	-	-	-	2,491
Total fund balances (deficits)	<u>\$ 2,491</u>	<u>\$ 164,869</u>	<u>\$ 359,994</u>	<u>\$ 122,132</u>	<u>\$ 649,486</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,491</u>	<u>\$ 173,147</u>	<u>\$ 380,662</u>	<u>\$ 133,090</u>	<u>\$ 689,390</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2022**

	LTGO General Bond	UTGO Fire Station Bond	UTGO Police Station Bond	UGTO Memorial Pool Bond	Total Nonmajor Debt Service Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ 299,834	\$ 797,925	\$ 449,463	\$ 1,547,223
Investment earnings (loss)	-	5,119	11,783	4,537	21,439
Total revenues	<u>-</u>	<u>304,953</u>	<u>809,708</u>	<u>454,000</u>	<u>1,568,662</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	411,265	320,000	640,000	290,000	1,661,265
Interest and service costs	26,425	18,020	180,750	140,190	365,385
Total expenditures	<u>437,690</u>	<u>338,020</u>	<u>820,750</u>	<u>430,190</u>	<u>2,026,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(437,690)</u>	<u>(33,067)</u>	<u>(11,042)</u>	<u>23,810</u>	<u>(457,988)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	437,386	-	-	-	437,386
Total other financing sources (uses)	<u>437,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,386</u>
Net change in fund balances	(304)	(33,067)	(11,042)	23,810	(20,602)
Fund balances - beginning	2,795	197,936	371,036	98,321	670,088
Fund balances - ending	<u>\$ 2,491</u>	<u>\$ 164,869</u>	<u>\$ 359,994</u>	<u>\$ 122,132</u>	<u>\$ 649,486</u>

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

**City of Walla Walla  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2022**

	<u>General Construction</u>	<u>TBD Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 2,447,342	\$ 2,712,992	\$ 5,160,334
Investments	-	750,000	750,000
Taxes receivables	-	312,171	312,171
Other receivables	-	1,129	1,129
Total assets	<u>\$ 2,447,342</u>	<u>\$ 3,776,292</u>	<u>\$ 6,223,634</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 25,926	\$ 69,976	\$ 95,902
Retainage payable	28,474	31,378	59,852
Total liabilities	<u>54,399</u>	<u>101,354</u>	<u>155,754</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	\$ -	\$ 3,674,938	\$ 3,674,938
Committed	2,392,943	-	2,392,943
Total fund balances (deficits)	<u>\$ 2,392,943</u>	<u>\$ 3,674,938</u>	<u>\$ 6,067,881</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,447,342</u>	<u>\$ 3,776,292</u>	<u>\$ 6,223,634</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2022**

	<u>General Construction</u>	<u>TBD Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 1,919,762	\$ 1,919,762
Intergovernmental	1,095,474	-	1,095,474
Miscellaneous	300,000	66,786	366,786
Total revenues	<u>1,395,474</u>	<u>1,986,548</u>	<u>3,382,022</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	7,682	-	7,682
Transportation	-	207,692	207,692
Capital outlay:			
General government	577,628	-	577,628
Public safety	957,811	-	957,811
Transportation	-	1,817,522	1,817,522
Social service	275,865	-	275,865
Culture and recreation	1,285,923	-	1,285,923
Total expenditures	<u>3,104,909</u>	<u>2,025,214</u>	<u>5,130,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,709,435)</u>	<u>(38,666)</u>	<u>(1,748,100)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,748,870	-	2,748,870
Transfers out	-	(1,074,612)	(1,074,612)
Total other financing sources (uses)	<u>2,748,870</u>	<u>(1,074,612)</u>	<u>1,674,258</u>
Net change in fund balances	1,039,435	(1,113,278)	(73,842)
Fund balances - beginning	1,353,508	4,788,216	6,141,723
Fund balances - ending	<u>\$ 2,392,943</u>	<u>\$ 3,674,938</u>	<u>\$ 6,067,881</u>

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



**City of Walla Walla  
Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2022**

	Esther Eyrud Trust	Sherwood Library Trust	Total Nonmajor Permanent Funds
<b>ASSETS</b>			
Cash and equivalents	\$ 14,015	\$ 15,406	\$ 29,421
Total assets	<u>\$ 14,015</u>	<u>\$ 15,406</u>	<u>\$ 29,421</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	\$ 3,000	\$ 13,545	\$ 16,545
Assigned	11,015	1,861	12,876
Total fund balances (deficits)	<u>\$ 14,015</u>	<u>\$ 15,406</u>	<u>\$ 29,421</u>
 Total liabilities and fund balances (deficits)	<u>\$ 14,015</u>	<u>\$ 15,406</u>	<u>\$ 29,421</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Year Ended December 31, 2022**

	Esther Eyrud Trust	Sherwood Library Trust	Total Nonmajor Permanent Funds
<b>REVENUES</b>			
Investment earnings (loss)	\$ 226	\$ 248	\$ 474
Total revenues	<u>226</u>	<u>248</u>	<u>474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>226</u>	<u>248</u>	<u>474</u>
Net change in fund balances	226	248	474
Fund balances - beginning	13,789	15,158	28,947
Fund balances - ending	<u>\$ 14,015</u>	<u>\$ 15,406</u>	<u>\$ 29,421</u>

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

**City of Walla Walla**  
**Street Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 600,700	\$ 588,700	\$ 567,920	\$ (20,780)
Intergovernmental revenues	1,414,900	1,760,140	1,755,380	(4,760)
Charges for goods and services	498,800	534,340	413,570	(120,770)
Miscellaneous revenues	5,000	5,370	810	(4,560)
Total revenues	<u>2,519,400</u>	<u>2,888,550</u>	<u>2,737,680</u>	<u>(150,870)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	5,493,580	6,779,390	6,183,280	(596,110)
Debt service:				
Interest	4,856	10,730	9,240	(1,490)
Principal retirement	37,600	85,590	75,710	(9,880)
Capital Outlay:				
Transportation	120,000	3,000	-	(3,000)
Total expenditures	<u>5,656,036</u>	<u>6,878,710</u>	<u>6,268,230</u>	<u>(607,480)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,136,636)</u>	<u>(3,990,160)</u>	<u>(3,530,550)</u>	<u>456,610</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,602,080	4,283,260	4,250,280	(32,980)
Transfers out	-	(170,200)	(170,200)	-
Gain(loss) on disposal of capital	-	12,770	12,770	-
Total other financing sources and uses	<u>3,602,080</u>	<u>4,125,830</u>	<u>4,092,850</u>	<u>(32,980)</u>
Net change in fund balances	465,444	135,670	562,300	423,630
<b>Fund balances - beginning</b>	<u>749,800</u>	<u>749,800</u>	<u>749,800</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,215,250</u>	<u>\$ 885,470</u>	<u>1,312,100</u>	<u>\$ 423,630</u>
			Interfund loan adjustment	75,670
			Ending fund balance	<u>\$ 1,387,770</u>

Figures are rounded to the nearest ten dollars.

**City of Walla Walla**  
**Real Estate Excise Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 951,000	\$ 1,455,800	\$ 1,484,180	\$ 28,380
Miscellaneous revenues	2,000	16,200	20,210	4,010
Total revenues	<u>953,000</u>	<u>1,472,000</u>	<u>1,504,390</u>	<u>32,390</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>953,000</u>	<u>1,472,000</u>	<u>1,504,390</u>	<u>32,390</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(917,450)</u>	<u>(1,480,060)</u>	<u>(1,480,060)</u>	<u>-</u>
Total other financing sources and uses	<u>(917,450)</u>	<u>(1,480,060)</u>	<u>(1,480,060)</u>	<u>-</u>
Net change in fund balances	35,550	(8,060)	24,330	32,390
<b>Fund balances - beginning</b>	<u>1,027,510</u>	<u>1,027,510</u>	<u>1,027,510</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,063,060</u></u>	<u><u>\$ 1,019,450</u></u>	<u><u>\$ 1,051,840</u></u>	<u><u>\$ 32,390</u></u>

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, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous revenues	\$ 700	\$ 16,300	\$ 15,930	\$ (370)
Total revenues	<u>700</u>	<u>16,300</u>	<u>15,930</u>	<u>(370)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	-	64,420	60,690	(3,730)
Total expenditures	<u>-</u>	<u>64,420</u>	<u>60,690</u>	<u>(3,730)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>700</u>	<u>(48,120)</u>	<u>(44,760)</u>	<u>3,360</u>
Net change in fund balances	700	(48,120)	(44,760)	3,360
<b>Fund balances - beginning</b>	<u>62,340</u>	<u>62,340</u>	<u>62,340</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 63,040</u>	<u>\$ 14,220</u>	<u>\$ 17,580</u>	<u>\$ 3,360</u>

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, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,732,500	\$ 2,497,500	\$ 2,694,250	\$ 196,750
Intergovernmental revenues	-	350,000	350,000	-
Miscellaneous revenues	3,400	8,400	12,750	4,350
Total revenues	<u>1,735,900</u>	<u>2,855,900</u>	<u>3,057,000</u>	<u>201,100</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	<u>1,550,000</u>	<u>2,160,260</u>	<u>2,240,750</u>	<u>80,490</u>
Total expenditures	<u>1,550,000</u>	<u>2,160,260</u>	<u>2,240,750</u>	<u>80,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>185,900</u>	<u>695,640</u>	<u>816,250</u>	<u>120,610</u>
Net change in fund balances	185,900	695,640	816,250	120,610
<b>Fund balances - beginning</b>	<u>108,790</u>	<u>108,790</u>	<u>108,790</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 294,690</u>	<u>\$ 804,430</u>	<u>\$ 925,040</u>	<u>\$ 120,610</u>

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, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Charges for goods and services	\$ 588,000	\$ 743,000	\$ 754,220	\$ 11,220
Miscellaneous revenues	700	700	650	(50)
Total revenues	<u>588,700</u>	<u>743,700</u>	<u>754,870</u>	<u>11,170</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	<u>588,700</u>	<u>788,700</u>	<u>754,870</u>	<u>(33,830)</u>
Total expenditures	<u>588,700</u>	<u>788,700</u>	<u>754,870</u>	<u>(33,830)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>45,000</u>
Net change in fund balances	-	(45,000)	-	45,000
<b>Fund balances - beginning</b>	<u>20,420</u>	<u>20,420</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 20,420</u>	<u>\$ (24,580)</u>	<u>\$ -</u>	<u>\$ 45,000</u>

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, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ 200,000	\$ 211,690	\$ 11,690
Miscellaneous revenues	34,160	221,300	253,790	32,490
Total revenues	<u>34,160</u>	<u>421,300</u>	<u>465,480</u>	<u>44,180</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	61,500	374,880	325,350	(49,530)
Capital Outlay:				
Public safety	<u>20,000</u>	<u>48,950</u>	<u>47,080</u>	<u>(1,870)</u>
Total expenditures	<u>81,500</u>	<u>423,830</u>	<u>372,430</u>	<u>(51,400)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,340)</u>	<u>(2,530)</u>	<u>93,050</u>	<u>95,580</u>
Net change in fund balances	(47,340)	(2,530)	93,050	95,580
<b>Fund balances - beginning</b>	<u>307,180</u>	<u>307,180</u>	<u>307,180</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 259,840</u>	<u>\$ 304,650</u>	<u>\$ 400,230</u>	<u>\$ 95,580</u>

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, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous revenues	5,000	5,000	3,710	(1,290)
Total revenues	5,000	5,000	3,710	(1,290)
<b>EXPENDITURES</b>				
Current:				
Public safety	8,000	16,000	18,230	2,230
Total expenditures	8,000	16,000	18,230	2,230
Excess (deficiency) of revenues over (under) expenditures	(3,000)	(11,000)	(14,520)	(3,520)
Net change in fund balances	(3,000)	(11,000)	(14,520)	(3,520)
<b>Fund balances - beginning</b>	236,710	236,710	236,710	-
<b>Fund balances - ending</b>	<u>\$ 233,710</u>	<u>\$ 225,710</u>	<u>\$ 222,190</u>	<u>\$ (3,520)</u>

Figures are rounded to the nearest ten dollars.

**City of Walla Walla  
Cemetery Reserve Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2022**

	2021-22 Biennial Budgeted Amounts		Actuals 2021-22	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Investment earnings (loss)	\$ 2,000	\$ 2,000	\$ 170	\$ (1,830)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>170</u>	<u>(1,830)</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>2,000</u>	<u>170</u>	<u>(1,830)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(270,000)</u>	<u>(504,740)</u>	<u>(135,000)</u>	<u>369,740</u>
Total other financing sources and uses	<u>(270,000)</u>	<u>(504,740)</u>	<u>(135,000)</u>	<u>369,740</u>
<b>SPECIAL ITEM</b>				
Close cemetery fund into general fund operations	<u>-</u>	<u>-</u>	<u>(238,730)</u>	<u>(238,730)</u>
Total special items	<u>-</u>	<u>-</u>	<u>(238,730)</u>	<u>(238,730)</u>
Net change in fund balances	<u>(268,000)</u>	<u>(502,740)</u>	<u>(373,560)</u>	<u>129,180</u>
<b>Fund balances - beginning</b>	<u>373,560</u>	<u>373,560</u>	<u>373,560</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 373,560</u>	<u>\$ 373,560</u>	<u>\$ -</u>	<u>\$ 129,180</u>

Figures are rounded to the nearest ten dollars.

# NON-MAJOR ENTERPRISE FUNDS

Non-major proprietary funds focus on cost recovery and fall into the two categories described below.

## CONTENTS

### Enterprise Funds

*Enterprise funds account for the financing of goods or services for which a fee is charged to external users for use of those goods and services.*

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### Internal Service Funds

*Internal service funds report an activity which provides goods or services to other funds, departments, or agencies of the City and its component units, or to other governments, on a cost-reimbursement basis.*

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**City of Walla Walla**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**December 31, 2022**

	<u>Ambulance</u>	<u>Golf Course</u>	<u>Stormwater</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and equivalents	\$ 1,131,684	\$ 209,618	\$ 1,093,244	\$ 2,434,545
Restricted customer deposits	-	-	39,406	39,406
Investments	-	-	314,622	314,622
Due from other governments	-	-	153,464	153,464
Other receivables	204,555	7,153	158,163	369,871
Lease receivable	-	173,093	-	173,093
Prepays	1,820	-	28,348	30,168
Total current assets	<u>1,338,058</u>	<u>389,864</u>	<u>1,787,247</u>	<u>3,515,168</u>
Noncurrent assets:				
Restricted net pension asset	2,189,960	-	96,264	2,286,224
Capital assets not being depreciated	-	183,883	799,207	983,089
Capital assets, net of accumulated depreciation/amortization	<u>14,505</u>	<u>1,201,468</u>	<u>10,371,605</u>	<u>11,587,578</u>
Total noncurrent assets	<u>2,204,465</u>	<u>1,385,351</u>	<u>11,267,075</u>	<u>14,856,892</u>
Total assets	<u>3,542,523</u>	<u>1,775,215</u>	<u>13,054,322</u>	<u>18,372,060</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	932,748	-	97,908	1,030,656
OPEB	<u>15,297</u>	<u>-</u>	<u>-</u>	<u>15,297</u>
Total deferred outflows of resources	<u>948,045</u>	<u>-</u>	<u>97,908</u>	<u>1,045,953</u>
Total assets and deferred outflows of resources	<u>\$ 4,490,568</u>	<u>\$ 1,775,215</u>	<u>\$ 13,152,230</u>	<u>\$ 19,418,013</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	16,280	2,112	179,508	197,900
Other accrued liabilities	274,205	-	31,348	305,553
Compensated absences	190,572	-	31,835	222,407
Retainage payable	-	13,420	28,603	42,023
Interest payable	23	80	3	106

**City of Walla Walla**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**December 31, 2022**  
**(continued)**

Bonds, notes, and loans payable	119,988	59,197	-	179,186
OPEB liability	115,210	-	-	115,210
Leases payables	10,754	-	384	11,138
Customer deposits payable	-	-	39,406	39,406
Total current liabilities	<u>727,032</u>	<u>74,809</u>	<u>311,088</u>	<u>1,112,929</u>
Noncurrent liabilities:				
Compensated absences	-	-	20,801	20,801
Bonds, notes, and loans payable	243,588	101,999	-	345,586
Net pension liability	199,856	-	56,905	256,761
Leases payable	5,363	-	1,195	6,559
OPEB liability	<u>1,766,802</u>	<u>-</u>	<u>-</u>	<u>1,766,802</u>
Total noncurrent liabilities	<u>2,215,609</u>	<u>101,999</u>	<u>78,901</u>	<u>2,396,509</u>
Total liabilities	<u>2,942,641</u>	<u>176,808</u>	<u>389,990</u>	<u>3,509,438</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	-	169,770	-	169,770
Pensions	810,681	-	98,144	908,825
OPEB	<u>273,546</u>	<u>-</u>	<u>-</u>	<u>273,546</u>
Total deferred inflows of resources	<u>1,084,227</u>	<u>169,770</u>	<u>98,144</u>	<u>1,352,141</u>
Total liabilities and deferred inflows of resources	<u>4,026,868</u>	<u>346,578</u>	<u>488,134</u>	<u>4,861,579</u>
 <b>NET POSITION</b>				
Net investment in capital assets	-	1,325,601	10,965,871	12,291,473
Restricted for:				
Debt service	-	1,955	-	1,955
Pension	2,189,960	-	96,264	2,286,224
Unrestricted (deficit)	<u>(1,726,260)</u>	<u>101,080</u>	<u>1,601,961</u>	<u>(23,218)</u>
Total net position	<u>\$ 463,700</u>	<u>\$ 1,428,637</u>	<u>\$ 12,664,096</u>	<u>\$ 14,556,434</u>

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

**City of Walla Walla**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2022**

	Ambulance	Golf Course	Stormwater	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Intergovernmental	\$ 2,699,270	\$ -	\$ -	\$ 2,699,270
Charges for goods and services	1,699,813	28,417	3,063,567	4,791,796
Miscellaneous	50,223	86,558	3	136,783
Total operating revenues	<u>4,449,306</u>	<u>114,974</u>	<u>3,063,569</u>	<u>7,627,850</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,538,519	-	476,557	3,015,076
Materials and supplies	180,869	-	45,773	226,643
Services and charges	1,628,941	178,487	1,993,630	3,801,058
Depreciation	10,793	59,050	163,047	232,890
Total operating expenses	<u>4,359,122</u>	<u>237,537</u>	<u>2,679,007</u>	<u>7,275,667</u>
Operating income (loss)	<u>90,184</u>	<u>(122,563)</u>	<u>384,562</u>	<u>352,183</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	-	-	(9,209)	(9,209)
Miscellaneous	-	2,103	-	2,103
Insurance recoveries	-	133,014	-	133,014
Interest expense	(6,513)	(7,942)	(3)	(14,458)
Total nonoperating revenues (expenses)	<u>(6,513)</u>	<u>127,176</u>	<u>(9,212)</u>	<u>111,451</u>
Income (loss) before contributions and transfers	83,671	4,613	375,350	463,634
Capital contributions	-	-	889,836	889,836
Transfers in	1,267,913	333,500	747,902	2,349,315
Transfers out	(2,642)	-	-	(2,642)
Change in net position	<u>1,348,942</u>	<u>338,113</u>	<u>2,013,088</u>	<u>3,700,143</u>
Net position - beginning	\$ (885,243)	\$ 1,090,524	\$ 10,651,009	\$ 10,856,290
Net position - ending	<u>\$ 463,700</u>	<u>\$ 1,428,637</u>	<u>\$ 12,664,096</u>	<u>\$ 14,556,433</u>

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

**City of Walla Walla**  
**Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2022**

	Ambulance	Golf Course	Stormwater	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,779,281	\$ (58,123)	\$ 3,122,939	\$ 4,844,096
Other receipts	2,734,270	548	3	2,734,821
Payments to employees	(3,377,777)	-	(502,460)	(3,880,237)
Payments to suppliers	(520,560)	(92,438)	(1,065,817)	(1,678,815)
Payments due to other funds	(1,318,051)	(84,058)	(866,474)	(2,268,584)
Net cash provided by (used for) operating activities	<u>(702,837)</u>	<u>(234,071)</u>	<u>688,190</u>	<u>(248,718)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds (repayments) from interfund loan	(254,099)	(49,857)	-	(303,956)
Proceeds from operating grants and contributions	-	-	13,282	13,282
Transfers to and from other funds	1,265,271	333,500	747,902	2,346,673
Net cash provided by (used for) noncapital financing activities	<u>1,011,172</u>	<u>283,643</u>	<u>761,184</u>	<u>2,056,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital grants and contributions	-	133,014	453,214	586,228
Acquisition and construction of capital assets	(25,298)	(145,375)	(2,662,271)	(2,832,943)
Construction retainage paid	-	13,420	11,358	24,778
Principal paid on capital debt	6,937	148,638	1,580	157,155
Interest paid on capital debt	(6,489)	(5,875)	-	(12,364)
Net cash provided by (used for) capital and related financing activities	<u>(24,850)</u>	<u>143,823</u>	<u>(2,196,119)</u>	<u>(2,077,146)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments	-	-	35,921	35,921
Investment earnings (losses)	-	-	(9,209)	(9,209)
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>26,712</u>	<u>26,712</u>
Net increase (decrease) in cash and cash equivalents	<u>283,485</u>	<u>193,396</u>	<u>(720,032)</u>	<u>(243,152)</u>
Cash and cash equivalents - beginning	848,199	16,222	1,852,682	2,717,103
Cash and cash equivalents - ending	<u>\$ 1,131,684</u>	<u>\$ 209,618</u>	<u>\$ 1,132,650</u>	<u>\$ 2,473,951</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 90,184	\$ (122,563)	\$ 384,562	\$ 352,183
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	10,793	59,050	163,047	232,890
(Increase) decrease in customer receivables	64,244	(172,549)	61,730	(46,574)
Increase (decrease) in accounts payable	6,847	1,991	104,754	113,592
Increase (decrease) in payroll payable	294,182	-	11,249	305,431
Increase (decrease) in compensated absences	24,802	-	5,283	30,085
Increase (decrease) in pension adjustment	(1,193,889)	-	(42,435)	(1,236,324)
Net cash provided by (used for) operating activities	<u>\$ (702,837)</u>	<u>\$ (234,071)</u>	<u>\$ 688,190</u>	<u>\$ (248,718)</u>
<b>Schedule of non-cash capital and related financing activities</b>				
Contribution of capital assets from developers	\$ -	\$ -	\$ 436,622	\$ 436,622

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

**City of Walla Walla**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2022**

	Fleet Services	Vehicle Replacement	Emergency Communications	Service Center	Health Insurance	Industrial Insurance	Total Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and equivalents	\$ 37,381	\$ 3,489,547	\$ 607,595	\$ 235,105	\$ 192,802	\$ 274,958	\$ 4,837,388
Investments	-	6,902,327	568,776	96,807	-	-	7,567,910
Other receivables	-	-	424,439	-	580,250	-	1,004,689
Interfund loans receivable	-	342,056	-	-	-	-	342,056
Prepays	-	174,502	-	-	-	-	174,502
Inventories	87,471	-	-	-	-	-	87,471
Total current assets	<u>124,852</u>	<u>10,908,433</u>	<u>1,600,810</u>	<u>331,912</u>	<u>773,052</u>	<u>274,958</u>	<u>14,014,017</u>
Noncurrent assets:							
Interfund loans receivable	-	1,345,292	-	-	-	-	1,345,292
Restricted net pension asset	98,870	19,366	344,769	19,188	-	-	482,193
Capital assets not being depreciated	-	-	-	135,600	-	-	135,600
Capital assets, net of accumulated depreciation/amortization	100,700	10,982,565	211,909	2,187,305	-	-	13,482,479
Total noncurrent assets	<u>199,570</u>	<u>12,347,223</u>	<u>556,678</u>	<u>2,342,093</u>	<u>-</u>	<u>-</u>	<u>15,445,564</u>
Total assets	<u>324,422</u>	<u>23,255,656</u>	<u>2,157,488</u>	<u>2,674,005</u>	<u>773,052</u>	<u>274,958</u>	<u>29,459,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pensions	100,558	19,697	350,657	19,516	-	-	490,428
Total deferred outflows of resources	<u>100,558</u>	<u>19,697</u>	<u>350,657</u>	<u>19,516</u>	<u>-</u>	<u>-</u>	<u>490,428</u>
Total assets and deferred outflows of resources	<u>\$ 424,980</u>	<u>\$ 23,275,353</u>	<u>\$ 2,508,145</u>	<u>\$ 2,693,521</u>	<u>\$ 773,052</u>	<u>\$ 274,958</u>	<u>\$ 29,950,009</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	32,241	701,425	3,314	23,013	39,333	81,993	881,318
Other accrued liabilities	44,337	15,005	145,614	8,672	-	-	213,627
Compensated absences	29,042	5,078	118,656	3,272	-	-	156,048
Industrial insurance claims	-	-	-	-	-	489,154	489,154
Interest payable	16	14,157	1,822	-	-	-	15,994
Leases payables	2,012	105,050	12,014	-	-	-	119,076
Total current liabilities	<u>107,647</u>	<u>840,714</u>	<u>281,420</u>	<u>34,957</u>	<u>39,333</u>	<u>571,147</u>	<u>1,875,217</u>
Noncurrent liabilities:							
Compensated absences	9,172	2,104	35,222	-	-	-	46,498
Industrial insurance claims	-	-	-	-	-	88,708	88,708
Leases payable	6,259	793,221	199,098	-	-	-	998,578
Net pension liability	58,446	11,448	203,806	11,343	-	-	285,043
Total noncurrent liabilities	<u>73,877</u>	<u>806,773</u>	<u>438,126</u>	<u>11,343</u>	<u>-</u>	<u>88,708</u>	<u>1,418,826</u>
Total liabilities	<u>181,524</u>	<u>1,647,487</u>	<u>719,546</u>	<u>46,300</u>	<u>39,333</u>	<u>659,854</u>	<u>3,294,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pensions	100,801	19,744	351,502	19,563	-	-	491,610
Total deferred inflows of resources	<u>100,801</u>	<u>19,744</u>	<u>351,502</u>	<u>19,563</u>	<u>-</u>	<u>-</u>	<u>491,610</u>
Total liabilities and deferred inflows of resources	<u>282,325</u>	<u>1,667,231</u>	<u>1,071,048</u>	<u>65,863</u>	<u>39,333</u>	<u>659,854</u>	<u>3,785,653</u>
<b>NET POSITION</b>							
Net investment in capital assets	92,429	9,515,564	797	2,322,905	-	-	11,931,695
Restricted for:							
Pension	98,870	19,366	344,769	19,188	-	-	482,193
Unrestricted (deficit)	(48,644)	12,073,193	1,091,531	285,565	733,720	(384,896)	13,750,468
Total net position	<u>\$ 142,656</u>	<u>\$ 21,608,122</u>	<u>\$ 1,437,097</u>	<u>\$ 2,627,658</u>	<u>\$ 733,720</u>	<u>\$ (384,896)</u>	<u>\$ 26,164,356</u>

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



**City of Walla Walla**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2022**

	Fleet Services	Vehicle Replacement	Emergency Communications	Service Center	Health Insurance	Industrial Insurance	Total Internal Service Funds
<b>OPERATING REVENUES</b>							
Intergovernmental	-	-	729,034	-	-	-	729,034
Charges for goods and services	\$ -	\$ -	\$ 708,605	\$ -	\$ -	\$ -	\$ 708,605
Interfund charges	2,126,195	2,626,520	1,088,254	343,080	6,658,602	764,907	13,607,557
Miscellaneous	-	-	9,555	-	-	-	9,555
Total operating revenues	<u>2,126,195</u>	<u>2,626,520</u>	<u>2,535,449</u>	<u>343,080</u>	<u>6,658,602</u>	<u>764,907</u>	<u>15,054,752</u>
<b>OPERATING EXPENSES</b>							
Personnel services	487,098	82,997	1,698,644	95,613	-	-	2,364,352
Materials and supplies	1,217,414	128,477	17,645	10,703	9,033	578	1,383,850
Services and charges	433,932	169,516	545,807	233,258	6,614,718	696,871	8,694,102
Depreciation	7,947	1,100,550	15,376	91,177	-	-	1,215,050
Total operating expenses	<u>2,146,392</u>	<u>1,481,540</u>	<u>2,277,472</u>	<u>430,751</u>	<u>6,623,751</u>	<u>697,449</u>	<u>13,657,355</u>
Operating income (loss)	<u>(20,197)</u>	<u>1,144,980</u>	<u>257,977</u>	<u>(87,671)</u>	<u>34,850</u>	<u>67,457</u>	<u>1,397,397</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment earnings (loss)	-	(235,575)	(3,324)	(3,348)	-	-	(242,248)
Miscellaneous	4,919	20,107	-	-	-	76	25,102
Gain (loss) on disposal of capital	-	44,961	-	-	-	-	44,961
Interest expense	(16)	(16,049)	(3,202)	-	-	-	(19,267)
Total nonoperating revenues (expenses)	<u>4,903</u>	<u>(186,556)</u>	<u>(6,527)</u>	<u>(3,348)</u>	<u>-</u>	<u>76</u>	<u>(191,452)</u>
Income (loss) before contributions and transfers	<u>(15,294)</u>	<u>958,425</u>	<u>251,451</u>	<u>(91,020)</u>	<u>34,850</u>	<u>67,534</u>	<u>1,205,946</u>
Transfers in	-	310,000	-	-	-	-	310,000
Transfers out	-	(20,107)	-	-	-	-	(20,107)
Change in net position	<u>(15,294)</u>	<u>1,248,318</u>	<u>251,451</u>	<u>(91,020)</u>	<u>34,850</u>	<u>67,534</u>	<u>1,495,838</u>
Net position - beginning	\$ 157,950	\$ 20,359,805	\$ 1,185,646	\$ 2,718,678	\$ 698,869	\$ (452,430)	\$ 24,668,518
Net position - ending	<u>\$ 142,656</u>	<u>\$ 21,608,122</u>	<u>\$ 1,437,097</u>	<u>\$ 2,627,658</u>	<u>\$ 733,720</u>	<u>\$ (384,896)</u>	<u>\$ 26,164,356</u>

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

**City of Walla Walla**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2022**

	Fleet Services	Vehicle Replacement	Emergency Communications	Service Center	Health Insurance	Industrial Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ -	\$ -	\$ 319,104	\$ -	\$ (579,750)	\$ -	\$ (260,647)
Receipts from interfund services	2,126,195	2,626,520	1,088,254	343,080	6,658,602	764,907	13,607,557
Other receipts	-	-	729,075	-	-	-	729,075
Payments to employees	(508,385)	(89,627)	(1,807,785)	(100,034)	-	-	(2,505,830)
Payments to suppliers	(1,474,595)	985,505	(290,330)	(187,015)	(6,609,407)	(657,796)	(8,233,637)
Payments due to other funds	(229,330)	(161,030)	(276,759)	(43,694)	-	-	(710,813)
Other payments	182	7,400	-	-	-	(50,797)	(43,215)
Net cash provided by (used for) operating activities	<u>(85,933)</u>	<u>3,368,768</u>	<u>(238,441)</u>	<u>12,337</u>	<u>(530,556)</u>	<u>56,314</u>	<u>2,582,489</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Proceeds (repayments) from interfund loan	(188)	(202,468)	(16,173)	-	-	-	(218,829)
Proceeds from operating grants and contributions	-	-	-	-	-	76	76
Transfers to and from other funds	-	289,893	-	-	-	-	289,893
Net cash provided by (used) noncapital financing activities	<u>(188)</u>	<u>87,425</u>	<u>(16,173)</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>71,140</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(26,077)	(3,625,997)	(227,285)	-	-	-	(3,879,359)
Principal paid on capital debt	8,459	898,271	227,285	-	-	-	1,134,014
Interest paid on capital debt	-	(1,893)	(1,380)	-	-	-	(3,273)
Proceeds from the sale of capital assets	4,919	-	-	-	-	-	4,919
Net cash provided by (used for) capital and related financing activities	<u>(12,700)</u>	<u>(2,729,619)</u>	<u>(1,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,743,699)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investments	-	(1,804,408)	19,673	3,348	-	-	(1,781,387)
Investment earnings (losses)	-	(215,468)	(3,876)	(3,348)	-	-	(222,692)
Net cash provided by (used for) investing activities	<u>-</u>	<u>(2,019,876)</u>	<u>15,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,004,079)</u>
Net increase (decrease) in cash and cash equivalents	<u>(98,821)</u>	<u>(1,293,302)</u>	<u>(240,197)</u>	<u>12,337</u>	<u>(530,556)</u>	<u>56,390</u>	<u>(2,094,148)</u>
Cash and cash equivalents - beginning	136,202	4,782,849	847,792	222,768	723,357	218,568	6,931,536
Cash and cash equivalents - ending	<u>\$ 37,381</u>	<u>\$ 3,489,547</u>	<u>\$ 607,595</u>	<u>\$ 235,105</u>	<u>\$ 192,802</u>	<u>\$ 274,958</u>	<u>\$ 4,837,388</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ (20,197)	\$ 1,144,980	\$ 257,977	\$ (87,671)	\$ 34,850	\$ 67,457	\$ 1,397,397
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense	7,947	1,100,550	15,376	91,177	-	-	1,215,050
(Increase) decrease in accounts receivables	-	-	(399,017)	-	(579,750)	-	(978,767)
(Increase) decrease in inventory	(7,827)	-	-	-	-	-	(7,827)
Increase (decrease) in accounts payables	(44,752)	1,122,468	(3,637)	13,252	14,345	11,052	1,112,728
Increase (decrease) in payroll payables	20,449	1,432	38,243	3,896	-	28,601	92,621
Increase (decrease) in other payables	182	7,400	-	-	-	(50,797)	(43,215)
Increase (decrease) in compensated absences	1,569	436	3,633	100	-	-	5,738
Increase (decrease) in pension adjustment	(43,305)	(8,497)	(151,017)	(8,417)	-	-	(211,236)
Net cash provided by (used for) operating activities	<u>\$ (85,933)</u>	<u>\$ 3,368,768</u>	<u>\$ (238,441)</u>	<u>\$ 12,337</u>	<u>\$ (530,556)</u>	<u>\$ 56,314</u>	<u>\$ 2,582,489</u>
<b>Schedule of non-cash capital and related financing activities</b>							
Contribution of capital assets from developers	-	-	-	-	-	-	-

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

# Statistical Information



# 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.

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<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well being have changed over time.</i>	
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<i>These schedules contain information to help the reader assess the government’s most significant local revenue sources: sales tax, property tax, and utility fees.</i>	
Debt Capacity	143
<i>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.</i>	
Demographic and Economic Information	145
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	146
<i>These schedules offer operating data to help the reader understand how the information in the government’s financial report relates to the services it provides and the activities it performs.</i>	

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

**City of Walla Walla**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017<sup>(3)</sup></u>	<u>2016<sup>(2)</sup></u>	<u>2015</u>	<u>2014<sup>(1)</sup></u>	<u>2013</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 89,377,203	\$ 79,574,604	\$ 73,397,171	\$ 70,312,287	\$ 67,026,138	\$ 64,520,591	\$ 60,448,138	\$ 54,727,275	\$ 50,450,335	\$ 48,599,279
Restricted	19,015,134	31,795,015	7,174,805	5,405,550	4,108,715	2,913,694	2,439,934	3,543,459	4,817,377	1,099,874
Unrestricted	(1,782,560)	(17,104,595)	(6,237,566)	(9,509,581)	(10,586,468)	(14,599,555)	(3,832,806)	1,269,207	(248,231)	10,367,238
<b>Total governmental activities net position</b>	<b>\$ 106,609,776</b>	<b>\$ 94,265,024</b>	<b>\$ 74,334,410</b>	<b>\$ 66,208,256</b>	<b>\$ 60,548,385</b>	<b>\$ 52,834,730</b>	<b>\$ 59,055,266</b>	<b>\$ 59,539,941</b>	<b>\$ 55,019,481</b>	<b>\$ 60,066,391</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 120,679,590	\$ 112,069,236	\$ 105,019,760	\$ 98,896,348	\$ 97,877,415	\$ 98,684,992	\$ 97,729,792	\$ 92,329,699	\$ 77,617,386	\$ 69,213,933
Restricted	10,519,328	6,991,022	6,173,829	621,356	599,311	-	487,285	819,979	964,209	-
Unrestricted	37,614,348	36,509,970	32,046,705	36,034,938	31,290,468	19,649,752	17,622,292	12,416,822	19,655,037	24,575,368
<b>Total business-type activities net position</b>	<b>\$ 168,813,266</b>	<b>\$ 155,570,227</b>	<b>\$ 143,240,294</b>	<b>\$ 135,552,642</b>	<b>\$ 129,767,194</b>	<b>\$ 118,334,744</b>	<b>\$ 115,839,369</b>	<b>\$ 105,566,500</b>	<b>\$ 98,236,632</b>	<b>\$ 93,789,301</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 210,056,793	\$ 191,643,840	\$ 178,416,931	\$ 169,208,635	\$ 164,903,553	\$ 163,205,583	\$ 158,177,930	\$ 147,056,974	\$ 128,067,721	\$ 117,813,212
Restricted	29,534,462	38,786,037	13,348,634	6,026,906	4,708,026	2,913,694	2,927,219	4,363,438	5,781,586	1,099,874
Unrestricted	35,831,788	19,405,375	25,809,139	26,525,357	20,704,000	5,050,197	13,789,486	13,686,029	19,406,806	34,942,606
<b>Total primary government net position</b>	<b>\$ 275,423,042</b>	<b>\$ 249,835,251</b>	<b>\$ 217,574,704</b>	<b>\$ 201,760,898</b>	<b>\$ 190,315,579</b>	<b>\$ 171,169,474</b>	<b>\$ 174,894,635</b>	<b>\$ 165,106,441</b>	<b>\$ 153,256,113</b>	<b>\$ 153,855,692</b>

<sup>(1)</sup> 2014 was restated to include the prior period adjustment for the adoption of GASB 68 Pensions.

<sup>(2)</sup> 2016 was restated for the prior period adjust related to property taxes receivable and the DOR Utility Excise Tax refund.

<sup>(3)</sup> 2017 was restated to include the prior period adjustment for the adoption of GASB 75 OPEB, and state and derived revenues.

**City of Walla Walla  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual basis of accounting)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 6,255,626	\$ 5,416,139	\$ 6,635,318	\$ 4,718,161	\$ 3,593,748	\$ 3,380,224	\$ 3,308,121	\$ 3,253,287	\$ 2,249,975	\$ 2,155,690
Public safety	18,900,812	13,400,024	17,220,039	16,320,524	14,815,944	16,209,517	15,990,790	15,276,870	14,681,954	13,677,945
Utilities and environment	679,162	558,593	373,425	2,594,633	3,038,880	2,851,589	2,709,236	2,592,685	2,360,895	2,194,544
Transportation	7,013,387	6,142,879	7,248,252	6,411,069	6,026,744	6,685,530	6,555,679	5,247,657	5,851,751	3,644,460
Economic environment	3,031,495	2,737,653	3,454,018	2,084,013	2,145,950	2,085,639	956,150	903,984	1,124,963	1,078,669
Social services	265,664	235,472	343,200	228,767	149,626	155,435	4,438	-	-	-
Culture and recreation	5,980,295	5,071,509	4,286,255	4,885,497	4,609,347	4,618,624	4,775,959	4,527,730	4,079,993	4,044,217
Interest on long term debt	369,316	406,945	522,798	538,006	533,032	553,079	1,395,231	764,303	730,005	803,031
Total governmental activities:	<u>\$ 42,495,758</u>	<u>\$ 33,969,215</u>	<u>\$ 40,083,305</u>	<u>\$ 37,780,669</u>	<u>\$ 34,913,271</u>	<u>\$ 36,539,637</u>	<u>\$ 35,695,604</u>	<u>\$ 32,566,516</u>	<u>\$ 31,079,536</u>	<u>\$ 27,598,556</u>
<b>Business-type activities:</b>										
Ambulance	4,021,809	3,122,172	4,323,094	\$ 3,393,215	\$ 2,959,794	\$ 3,057,477	\$ 3,185,784	\$ 3,118,200	\$ 3,139,012	\$ 3,476,310
Golf course	216,521	167,052	135,116	149,187	132,487	154,029	139,180	132,078	147,287	512,335
Landfill	5,863,875	4,484,498	4,345,332	5,554,617	2,966,771	3,968,744	2,472,899	4,021,581	4,677,636	3,940,417
Sanitation	6,991,727	6,461,721	6,111,332	5,985,390	5,843,735	5,439,937	5,374,024	5,040,390	4,799,808	4,433,738
Stormwater	2,622,866	2,581,600	2,256,666	2,257,118	1,974,405	2,052,031	1,660,551	1,386,959	1,429,072	1,289,337
Water/Wastewater	20,966,610	20,127,998	19,526,978	21,605,442	16,763,198	19,979,217	17,594,045	15,151,247	14,341,718	13,684,629
Total business-type activities	<u>\$ 40,683,409</u>	<u>\$ 36,945,042</u>	<u>\$ 36,698,518</u>	<u>\$ 38,944,969</u>	<u>\$ 30,640,390</u>	<u>\$ 34,651,435</u>	<u>\$ 30,426,483</u>	<u>\$ 28,850,455</u>	<u>\$ 28,534,533</u>	<u>\$ 27,336,766</u>
Total primary government expenses	<u>\$ 83,179,167</u>	<u>\$ 70,914,256</u>	<u>\$ 76,781,823</u>	<u>\$ 76,725,638</u>	<u>\$ 65,553,661</u>	<u>\$ 71,191,072</u>	<u>\$ 66,122,087</u>	<u>\$ 61,416,971</u>	<u>\$ 59,614,069</u>	<u>\$ 54,935,322</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 2,877,262	\$ 2,730,765	\$ 2,504,960	\$ 788,167	\$ 773,343	\$ 870,356	\$ 808,410	\$ 781,841	\$ 806,195	\$ 682,342
Public safety	1,189,509	1,241,029	1,469,781	919,738	606,831	566,867	440,910	479,993	505,368	393,438
Utilities and environment	415,275	564,595	359,234	2,358,620	2,378,726	2,133,538	1,914,108	1,895,266	1,672,521	1,476,872
Transportation	504,954	477,004	586,618	376,306	308,820	244,820	222,892	290,863	301,418	333,424
Economic environment	951,029	1,060,616	756,830	1,075,363	1,371,647	1,174,266	1,017,476	1,144,181	845,115	750,045
Culture and recreation	1,095,967	1,154,010	329,337	1,004,994	858,236	720,504	317,856	462,868	345,820	324,117
Operating grants and contributions	6,668,837	7,190,533	5,397,431	3,730,982	4,212,541	3,334,437	987,587	1,075,661	372,574	772,500
Capital grants and contributions	8,059,527	4,989,289	5,710,813	3,056,168	2,245,528	3,375,093	6,157,573	3,245,363	4,327,416	5,296,039
Total governmental activities program revenue	<u>\$ 21,762,360</u>	<u>\$ 19,407,840</u>	<u>\$ 17,115,004</u>	<u>\$ 13,310,338</u>	<u>\$ 12,755,672</u>	<u>\$ 12,419,881</u>	<u>\$ 11,866,812</u>	<u>\$ 9,376,036</u>	<u>\$ 9,176,427</u>	<u>\$ 10,028,777</u>
<b>Business-type activities:</b>										
Charges for services:										
Ambulance	\$ 1,715,036	\$ 1,558,929	\$ 1,259,428	\$ 1,360,833	\$ 1,259,289	\$ 1,538,762	\$ 1,627,741	\$ 1,606,795	\$ 1,920,251	\$ 2,105,437
Golf course	117,078	114,079	102,863	98,437	78,690	73,948	75,304	104,306	90,736	270,250
Landfill	6,604,616	6,231,480	6,106,828	5,598,691	5,398,131	4,951,864	4,690,036	4,380,629	4,030,508	3,368,013
Sanitation	7,246,610	7,067,376	6,686,020	6,551,554	6,117,352	5,684,986	5,515,937	5,118,064	4,783,827	4,751,480
Stormwater	3,063,569	3,115,603	2,853,325	2,802,038	2,630,835	2,451,304	2,300,055	1,593,500	1,495,465	1,422,438
Water/Wastewater	26,880,506	27,365,885	25,682,335	24,718,305	24,097,340	22,679,888	21,870,452	21,603,657	19,801,391	18,574,429
Operating grants and contributions	2,983,754	3,234,612	2,332,881	2,621,037	2,197,410	2,235,345	1,840,497	377,681	285,584	600,771
Capital grants and contributions	3,502,299	1,016,491	1,101,242	1,289,883	1,626,077	2,035,937	2,168,824	1,510,896	1,429,054	1,781,634
Total business-type activities program revenue	<u>\$ 52,113,468</u>	<u>\$ 49,704,454</u>	<u>\$ 46,124,922</u>	<u>\$ 45,040,778</u>	<u>\$ 43,405,124</u>	<u>\$ 41,652,034</u>	<u>\$ 40,088,846</u>	<u>\$ 36,295,528</u>	<u>\$ 33,836,816</u>	<u>\$ 32,874,452</u>

Total primary government program revenue	<u>\$ 73,875,828</u>	<u>\$ 69,112,294</u>	<u>\$ 63,239,926</u>	<u>\$ 58,351,116</u>	<u>\$ 56,160,796</u>	<u>\$ 54,071,915</u>	<u>\$ 51,955,658</u>	<u>\$ 45,671,564</u>	<u>\$ 43,013,243</u>	<u>\$ 42,903,229</u>
Net (expense)/revenue:										
Governmental activities	\$ (20,733,399)	\$ (14,561,375)	\$ (22,968,301)	\$ (24,470,331)	\$ (22,157,599)	\$ (24,119,756)	\$ (23,828,792)	\$ (23,190,480)	\$ (21,903,109)	\$ (17,569,779)
Business-type activities	<u>11,430,059</u>	<u>12,759,412</u>	<u>9,426,404</u>	<u>6,095,809</u>	<u>12,764,734</u>	<u>7,000,599</u>	<u>9,662,363</u>	<u>7,445,073</u>	<u>5,302,283</u>	<u>5,537,687</u>
Total primary government net expense	<u>\$ (9,303,340)</u>	<u>\$ (1,801,963)</u>	<u>\$ (13,541,897)</u>	<u>\$ (18,374,522)</u>	<u>\$ (9,392,865)</u>	<u>\$ (17,119,157)</u>	<u>\$ (14,166,429)</u>	<u>\$ (15,745,406)</u>	<u>\$ (16,600,825)</u>	<u>\$ (12,032,092)</u>
<b>General Revenues and Other Changes</b>										
<b>Governmental activities:</b>										
Taxes										
Property tax	\$ 8,282,566	\$ 8,328,549	\$ 8,147,998	\$ 7,885,195	\$ 7,904,331	\$ 7,095,973	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356
Sales tax	13,782,655	13,019,297	10,159,291	10,423,766	10,095,356	8,831,118	8,815,394	8,132,270	7,470,268	7,258,757
Other taxes	10,935,119	11,106,365	9,034,536	8,784,777	8,826,430	8,547,756	8,204,322	7,800,142	6,985,778	6,684,324
Grants and Contributions - not restricted	1,552,615	839,539	694,332	664,047	683,242	607,280	3,159,854	2,742,463	2,568,803	1,782,724
Unrestricted investment earnings	725,158	263,923	639,203	1,225,416	794,802	366,756	-	-	-	-
Miscellaneous general revenue	-	-	-	541	6,030	8,410	221,315	72,146	46,430	51,087
Gain on sale of assets	45,984	10,835	227,999	(57,291)	-	-	-	-	-	5,990
Transfers	<u>(2,245,947)</u>	<u>923,481</u>	<u>2,191,096</u>	<u>768,649</u>	<u>1,561,063</u>	<u>1,813,555</u>	<u>2,030,510</u>	<u>1,686,605</u>	<u>543,344</u>	<u>817,637</u>
Total governmental activities general revenue	<u>\$ 33,078,151</u>	<u>\$ 34,491,989</u>	<u>\$ 31,094,455</u>	<u>\$ 29,695,100</u>	<u>\$ 29,871,254</u>	<u>\$ 27,270,848</u>	<u>\$ 30,009,125</u>	<u>\$ 27,710,940</u>	<u>\$ 23,854,444</u>	<u>\$ 22,974,873</u>
<b>Business-type activities:</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,206	\$ 1,450,850	\$ 1,389,746	\$ 1,273,873	\$ 1,258,535
Unrestricted investment earnings	(621,896)	9,984	182,452	386,733	168,747	-	-	-	-	-
Miscellaneous general revenue	143,965	455,018	187,410	20,925	12,665	236,280	56,033	118,034	218,234	266,356
Gain on sale of assets	44,963	29,000	82,480	50,629	47,367	45,399	301,372	63,620	57,304	11,528
Transfers	<u>2,245,947</u>	<u>(923,481)</u>	<u>(2,191,096)</u>	<u>(768,649)</u>	<u>(1,561,063)</u>	<u>(1,813,555)</u>	<u>(2,030,510)</u>	<u>(1,686,605)</u>	<u>(543,344)</u>	<u>(817,637)</u>
Total business-type activities general revenue	<u>\$ 1,812,979</u>	<u>\$ (429,479)</u>	<u>\$ (1,738,754)</u>	<u>\$ (310,361)</u>	<u>\$ (1,332,284)</u>	<u>\$ (1,492,670)</u>	<u>\$ (222,255)</u>	<u>\$ (115,205)</u>	<u>\$ 1,006,067</u>	<u>\$ 718,783</u>
Total primary government	<u>\$ 34,891,129</u>	<u>\$ 34,062,510</u>	<u>\$ 29,355,701</u>	<u>\$ 29,384,739</u>	<u>\$ 28,538,970</u>	<u>\$ 25,778,178</u>	<u>\$ 29,786,870</u>	<u>\$ 27,595,735</u>	<u>\$ 24,860,511</u>	<u>\$ 23,693,655</u>
<b>Change in net position</b>										
Governmental activities	\$ 12,344,752	\$ 19,930,614	\$ 8,126,154	\$ 5,224,768	\$ 7,713,655	\$ 3,151,092	\$ 6,180,333	\$ 4,520,460	\$ 1,951,335	\$ 5,405,094
Business-type activities	<u>13,243,038</u>	<u>12,329,933</u>	<u>7,687,650</u>	<u>5,785,449</u>	<u>11,432,450</u>	<u>5,507,929</u>	<u>9,440,108</u>	<u>7,329,868</u>	<u>6,308,350</u>	<u>6,256,470</u>
Total primary government	<u>\$ 25,587,790</u>	<u>\$ 32,260,547</u>	<u>\$ 15,813,804</u>	<u>\$ 11,010,217</u>	<u>\$ 19,146,105</u>	<u>\$ 8,659,021</u>	<u>\$ 15,620,441</u>	<u>\$ 11,850,328</u>	<u>\$ 8,259,685</u>	<u>\$ 11,661,563</u>
Prior Period Adjustment - Government					(9,371,628)	(6,665,008)			(6,998,245)	
Prior Period Adjustment - Business					(3,012,554)	832,761			(1,861,019)	
Total adjusted primary government					<u>\$ (12,384,182)</u>	<u>\$ (5,832,247)</u>			<u>\$ (599,579)</u>	

<sup>(1)</sup> 2014 the prior period was the adjustment for the adoption of GASB 68 Pensions.

<sup>(2)</sup> 2017 prior period adjustment was for property taxes receivable and the DOR Utility Excise Tax refund.

<sup>(3)</sup> 2018 prior period adjustment is for the adoption of GASB 75 OPEB, and state and derived revenues.

City of Walla Walla  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Fund</b>										
Nonspendable	\$ 25,040	\$ 25,040	\$ 53,832	\$ 128,778	\$ 50,719	\$ 107,272	\$ 47,043	\$ 43,623	\$ 55,428	\$ 56,714
Restricted	183,509	137,815	198,534	163,486	127,503	207,807	148,145	209,535	901,919	1,072,404
Committed	3,054,210	2,986,761	711,509	340,410	534,017	529,558	524,938	521,183	18,303	15,058
Unassigned	7,163,772	7,277,624	6,578,066	3,600,337	4,999,479	3,562,300	4,625,143	4,837,752	4,503,888	3,917,645
<b>Total general fund</b>	<b>\$ 10,426,531</b>	<b>\$ 10,427,240</b>	<b>\$ 7,541,941</b>	<b>\$ 4,233,011</b>	<b>\$ 5,711,718</b>	<b>\$ 4,406,937</b>	<b>\$ 5,345,269</b>	<b>\$ 5,612,093</b>	<b>\$ 5,479,538</b>	<b>\$ 5,061,821</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545
Restricted	7,264,926	8,310,748	6,412,840	5,224,320	3,952,983	2,678,048	1,899,169	6,981,127	1,736,966	1,490,212
Committed	4,693,622	3,981,950	1,460,518	2,908,353	3,228,232	2,568,986	2,577,210	2,403,617	2,629,948	2,535,408
Assigned	12,876	12,402	12,373	14,136	20,715	29,144	13,370	23,730	28,677	69,939
Unassigned (deficit) <sup>(1)</sup>	-	-	(5,228)	(283,232)	(652,027)	(1,084,869)	(510,725)	(682,715)	(985,685)	(1,107,746)
<b>Total other governmental funds</b>	<b>\$ 11,987,968</b>	<b>\$ 12,321,645</b>	<b>\$ 7,897,048</b>	<b>\$ 7,880,122</b>	<b>\$ 6,566,448</b>	<b>\$ 4,207,854</b>	<b>\$ 3,995,569</b>	<b>\$ 8,742,304</b>	<b>\$ 3,426,451</b>	<b>\$ 3,004,358</b>

(1) Deficit unassigned fund balance is a result of interfund loan balances

City of Walla Walla  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Taxes	\$ 32,995,569	\$ 32,036,145	\$ 27,050,917	\$ 27,059,564	\$ 26,832,900	\$ 24,520,123	\$ 24,155,908	\$ 22,006,791	\$ 20,860,501	\$ 20,168,861
Licenses and permits	1,025,266	1,060,806	920,489	1,039,106	1,557,543	1,140,558	1,219,756	1,301,815	986,234	888,301
Intergovernmental	9,281,982	6,905,184	5,133,940	5,992,149	4,822,948	4,793,611	3,227,625	4,981,353	2,733,232	5,822,049
Charges for goods and services	11,166,008	11,229,201	9,847,825	9,926,817	8,851,628	8,245,254	7,483,827	7,473,887	7,018,159	6,417,762
Fines and forfeits	109,206	78,071	71,460	136,273	190,933	196,270	205,949	207,984	197,036	259,895
Miscellaneous	1,910,380	934,458	1,265,742	2,211,426	1,460,376	1,819,477	894,276	681,044	517,559	1,019,057
Capital Contributions	3,065,236	4,590,133	4,161,556	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 59,553,646</b>	<b>\$ 56,833,998</b>	<b>\$ 48,451,929</b>	<b>\$ 46,365,335</b>	<b>\$ 43,716,328</b>	<b>\$ 40,715,293</b>	<b>\$ 37,187,341</b>	<b>\$ 36,652,874</b>	<b>\$ 32,312,721</b>	<b>\$ 34,575,925</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	\$ 12,961,463	\$ 12,473,683	\$ 12,518,069	\$ 9,997,701	\$ 8,776,034	\$ 8,106,587	\$ 7,742,169	\$ 7,429,590	\$ 6,338,741	\$ 5,907,939
Public safety	17,815,809	15,808,512	15,612,306	16,246,657	15,203,368	14,568,000	13,765,770	12,624,805	11,834,771	11,499,592
Utilities and environment	720,659	606,278	555,146	3,274,147	3,204,005	2,895,895	2,690,464	2,620,860	2,387,847	2,221,713
Transportation	3,398,467	3,383,928	4,044,775	3,644,169	3,372,661	3,632,075	2,919,421	2,905,840	1,789,636	1,800,218
Economic environment	3,087,118	2,918,187	3,491,871	2,127,792	2,160,763	2,101,562	950,080	884,540	1,138,245	1,080,826
Social services	266,856	250,166	335,130	225,287	149,626	155,435	4,438	-	-	-
Culture and recreation	5,780,605	5,166,231	3,962,443	4,597,005	4,286,982	4,250,683	4,512,065	4,371,195	3,906,501	3,853,727
<b>Debt service:</b>										
Principal	1,677,061	1,585,875	1,560,423	1,222,401	1,135,806	1,073,539	8,801,570	1,053,481	829,594	3,594,594
Interest and service cost	374,177	410,807	497,366	494,872	528,498	544,262	1,350,861	515,940	566,370	616,826
Administrative charges	-	-	31,347	1,951	1,137	2,421	134,690	100,073	67	28,652
<b>Capital outlay:</b>										
General government	668,506	154,845	109,710	87,038	57,645	265,656	36,265	20,940	87,169	74,354
Public safety	1,028,929	137,695	10,270	30,868	85,487	24,968	43,089	106,358	133,376	66,685
Utilities and environment	-	-	-	-	-	-	-	-	212,495	19,428
Transportation	8,186,940	8,114,985	7,008,548	5,576,959	4,029,456	3,912,289	3,549,000	5,330,846	2,716,616	7,207,154
Economic environment	-	-	-	-	-	-	-	-	18,731	-
Social services	275,865	-	-	208,327	5,224	-	-	-	-	-
Culture and recreation	1,547,988	185,502	-	22,953	74,310	1,597,947	6,334,034	1,682,816	15,790	-
<b>Total expenditures</b>	<b>\$ 57,790,444</b>	<b>\$ 51,196,694</b>	<b>\$ 49,737,404</b>	<b>\$ 47,758,127</b>	<b>\$ 43,071,002</b>	<b>\$ 43,131,319</b>	<b>\$ 52,833,916</b>	<b>\$ 39,647,284</b>	<b>\$ 31,975,949</b>	<b>\$ 37,971,708</b>
<b>Excess revenues over (under) expenditures</b>	<b>\$ 1,763,202</b>	<b>\$ 5,637,304</b>	<b>\$ (1,285,475)</b>	<b>\$ (1,392,792)</b>	<b>\$ 645,326</b>	<b>\$ (2,416,026)</b>	<b>\$ (15,646,575)</b>	<b>\$ (2,994,410)</b>	<b>\$ 336,772</b>	<b>\$ (3,395,783)</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 7,617,142	\$ 7,521,875	\$ 6,069,056	\$ 5,407,602	\$ 5,764,506	\$ 5,391,572	\$ 5,920,359	\$ 6,213,679	\$ 3,503,675	\$ 3,984,092
Transfers out	(9,863,088)	(6,598,395)	(3,550,854)	(4,638,952)	(4,509,428)	(3,706,652)	(3,945,230)	(4,642,149)	(3,020,513)	(3,240,122)
Insurance recoveries	-	-	13,387	23,462	214	5,059	8,536	-	19,874	18,453
Custodial activities	-	-	-	541	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	6,310,000	-	-
Premium on bonds issued	-	-	-	-	-	-	904,351	366,297	-	-
Proceeds from debt/refunding debt	-	-	2,590,018	-	-	-	7,745,000	194,991	-	2,840,000
Lease related	102,587	-	-	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	45,771	10,835	227,999	-	-	-	-	-	-	5,990
<b>Total other financing sources (uses)</b>	<b>\$ (2,097,589)</b>	<b>\$ 934,316</b>	<b>\$ 5,349,606</b>	<b>\$ 792,653</b>	<b>\$ 1,255,292</b>	<b>\$ 1,689,979</b>	<b>\$ 10,633,016</b>	<b>\$ 8,442,818</b>	<b>\$ 503,036</b>	<b>\$ 3,608,413</b>
<b>Net change in fund balances</b>	<b>\$ (334,387)</b>	<b>\$ 6,571,620</b>	<b>\$ 4,064,131</b>	<b>\$ (600,137)</b>	<b>\$ 1,900,618</b>	<b>\$ (726,047)</b>	<b>\$ (5,013,559)</b>	<b>\$ 5,448,408</b>	<b>\$ 839,808</b>	<b>\$ 212,630</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.45%</b>	<b>4.69%</b>	<b>4.83%</b>	<b>4.11%</b>	<b>4.29%</b>	<b>4.33%</b>	<b>23.68%</b>	<b>4.83%</b>	<b>4.85%</b>	<b>13.76%</b>



**City of Walla Walla**  
**Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Property tax	\$ 8,282,566	\$ 8,328,549	\$ 8,147,998	\$ 7,885,195	\$ 7,904,331	\$ 7,095,973	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356
Sales tax	13,782,655	13,019,297	10,159,291	10,423,766	10,095,356	8,831,118	8,815,394	8,132,270	7,470,268	7,258,757
Business and occupation tax	3,176,889	2,890,436	2,877,233	2,841,042	2,969,226	3,105,232	2,946,561	3,155,966	3,211,772	3,109,346
Utility excise tax	6,950,889	6,924,945	5,225,316	5,029,264	4,855,631	4,544,087	4,372,166	4,164,429	3,164,614	2,874,497
Gambling tax	28,458	26,444	14,911	(3,580)	53,634	71,829	102,573	(187,170)	52,726	210,821
Real estate excise tax	660,168	824,012	620,954	512,552	548,502	452,590	396,849	346,043	290,807	240,983
Leasehold tax	73,855	65,879	46,748	47,364	43,731	37,702	41,976	42,545	35,498	36,791
Tourism promotion area tax	-	374,649	249,374	358,136	355,706	336,316	344,197	278,329	230,361	211,886
Ticket tax	44,860	-	-	-	-	-	-	-	-	-
<b>Total taxes</b>	<b>\$ 33,000,340</b>	<b>\$ 32,454,211</b>	<b>\$ 27,341,825</b>	<b>\$ 27,093,739</b>	<b>\$ 26,826,117</b>	<b>\$ 24,474,847</b>	<b>\$ 24,597,446</b>	<b>\$ 23,209,726</b>	<b>\$ 20,695,867</b>	<b>\$ 20,317,437</b>

**City of Walla Walla**  
**Property Tax Rates**  
**Direct and Overlapping Governments <sup>(1)</sup>**  
**Last Ten Fiscal Years (and Next Year)**

Fiscal Year	Overlapping Rates									
	City of Walla Walla			Walla Walla County			Walla Walla School District			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total District Millage	
2023	1.709	0.360	2.069	1.117	-	1.117	2.209	0.915	3.124	6.310
2022	1.958	0.456	2.414	1.247	-	1.247	2.500	1.028	3.528	7.189
2021	2.318	0.545	2.863	1.396	-	1.396	2.500	1.160	3.660	7.919
2020	2.302	0.552	2.854	1.390	-	1.39	2.500	1.161	3.661	7.905
2019	2.427	0.581	3.008	1.446	-	1.446	1.500	1.218	2.718	7.172
2018	2.620	0.631	3.251	1.474	-	1.474	3.479	1.227	4.706	9.431
2017	2.534	0.644	3.178	1.457	-	1.457	3.513	1.218	4.731	9.366
2016	2.630	0.703	3.333	1.493	-	1.493	3.656	1.262	4.918	9.744
2015	2.595	0.345	2.940	1.485	-	1.485	3.712	1.282	4.994	9.419
2014	2.558	0.607	3.165	1.474	-	1.474	3.687	1.231	4.918	9.557
2013	2.517	0.610	3.127	1.486	-	1.486	3.649	1.249	4.898	9.511

Source: Walla Walla County Assessment Guide by the Assessor's Office

Note: <sup>(1)</sup>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.)

**City of Walla Walla  
Assessed Value of Taxable Property <sup>(1)</sup>  
Last Ten Fiscal Years (and Next Year)**

Fiscal Year	Real Property	Personal Property	State Assessed	Less: Open Space	Less: Senior	Less: Exempt	Less: Head of Household	Less: Minimum	Total Taxable Assessed	Direct Tax
	Value	Value	Value	Loss	Loss	Loss <sup>(2)</sup>	Loss	Value Loss	Value	Rate
2023	\$ 4,424,791,885	\$ 131,498,370	\$ 54,330,538	\$ 6,439,820	\$ 47,389,668	\$ 522,586,310	\$ 241,400	\$ 20,335	4,033,943,260	2.0691
2022	3,797,169,983	137,725,250	53,834,609	5,491,191	45,002,625	498,847,060	646,520	17,948	3,438,724,498	2.4139
2021	3,311,250,399	92,187,680	52,531,523	5,863,890	45,624,637	588,136,060	484,600	16,080	2,815,844,335	2.8540
2020	3,238,041,751	92,559,830	49,559,275	5,665,550	46,214,032	469,071,930	485,400	14,024	2,858,709,920	3.0092
2019	2,500,803,244	84,693,230	49,310,578	5,685,510	47,402,927	460,853,870	572,930	13,400	2,634,807,052	3.0092
2018	2,739,106,872	81,967,040	48,038,171	5,653,480	46,122,638	353,588,590	582,950	19,720	2,463,144,705	3.2509
2017	2,579,778,378	87,068,060	44,297,980	5,881,331	46,284,448	321,027,980	552,000	7,140	2,337,391,519	3.1783
2016	2,412,557,034	120,067,212	45,833,173	1,999,939	47,192,431	345,801,828	884,870	7,560	2,182,570,791	3.3323
2015	2,314,569,479	76,540,480	45,110,156	31,044,750	38,616,960	267,668,220	962,090	15,265	2,097,912,830	2.9399
2014	1,949,365,400	76,206,477	42,487,527	2,063,700	57,391,000	-	1,007,627	13,269	2,007,583,808	3.1649
2013	1,949,683,000	74,531,270	45,556,053	2,126,000	60,941,100	-	967,312	12,051	2,005,723,860	3.1267

Source: Walla Walla County Assessor's Office

Notes: <sup>(1)</sup> The County assesses property at 100% of actual value.

<sup>(2)</sup> Exempt Loss column added in 2015 by County Assessor's Office.

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

	2022		2013	
	Assessed Value	Rank	Assessed Value	Rank
<b>City Taxpayers</b>				
Nelson Irrigation Corp	\$ 26,255,330	1		
Providence Health & Services	\$ 22,503,900	2		
Refresco Beverages US Inc	\$ 16,101,410	3		
Columbia Rural Electric Assn	\$ 15,230,886	4		
Adventist Health System	\$ 13,837,100	5		
Zelman Walla Walla LLC	\$ 13,062,800	6		
Whitman College Board of Trustees	\$ 12,628,640	7		
Pacificorp	\$ 12,279,776	8	\$ 663,473	4
IMRON LLC KMART Corp Facility IQ	\$ 11,501,400	9		
Key Technology Inc	\$ 10,930,000	10		
Boise Cascade			\$ 2,310,563	1
Ralph & Cheryl Broetje (Broetje Orchards)			\$ 1,057,940	2
Gas Transmission Northwest			\$ 879,666	3
Union Pacific Railroad C.O.			\$ 625,769	5
FPL Energy Vansycle LLC			\$ 526,931	6
I.B.P. Inc (Tyson Fresh Meats)			\$ 428,170	7
J.R. Simplot Company			\$ 422,972	8
Raillex			\$ 256,484	9
Qwest Corp			\$ 208,617	10

Source: 2022 data provided by the Walla Walla County Assessor Office.

\*2013 data is only available for Walla Walla County as a whole

**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	Amount	% of Levy	Amount	Amount	% of Levy
2022	\$ 8,282,566	\$ 8,140,542	98.3%	\$ -	8,140,542	98.29%
2021	8,328,520	8,158,038	98.0%	115,397	8,273,435	99.34%
2020	8,136,558	8,001,368	98.3%	111,589	8,112,957	99.71%
2019	7,907,008	7,807,808	98.7%	92,787	7,900,595	99.92%
2018	7,899,015	7,777,311	98.5%	118,023	7,895,334	99.95%
2017	7,407,689	7,052,747	95.2%	353,339	7,406,086	99.98%
2016	7,253,414	7,110,707	98.0%	141,104	7,251,811	99.98%
2015	6,157,923	6,029,512	97.9%	127,466	6,156,978	99.98%
2014	6,336,964	5,977,960	94.3%	357,706	6,335,666	99.98%
2013	6,254,026	5,908,411	94.5%	344,794	6,253,205	99.99%

Source: December Walla Walla 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 <sup>(1)</sup>**

NAICS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>11</b> Agriculture, Forestry, Fishing and Hunting	\$ 415,653	\$ 392,037	\$ 500,606	\$ 416,016	\$ 402,799	\$ 374,095	\$ 304,373	\$ 378,657	\$ 295,499	\$ 152,267
<b>21</b> Mining	-	-	-	-	-	60,294	15,940	28,407	-	-
<b>22</b> Utilities	1,812,768	1,937,461	2,336,389	2,368,110	3,757,994	2,567,870	2,376,129	1,502,411	1,447,044	847,080
<b>23</b> Construction	132,369,919	97,408,833	105,705,594	134,545,147	96,616,780	110,490,487	79,461,799	64,674,573	72,773,406	89,737,741
<b>31-33</b> Manufacturing	26,683,437	19,538,006	23,903,514	23,969,229	17,617,558	17,676,191	16,472,960	12,995,932	13,710,658	12,307,192
<b>42</b> Wholesale Trade	58,435,908	51,598,338	50,311,630	48,366,837	48,674,418	46,973,255	49,077,071	47,375,785	49,180,308	51,990,125
<b>44-45</b> Retail Trade	391,188,244	334,826,953	296,050,405	266,943,553	233,996,064	233,071,548	224,498,351	211,598,298	199,090,058	187,644,188
<b>48-49</b> Transportation and Warehousing	6,687,775	3,326,064	2,319,234	1,769,626	1,112,636	1,552,074	1,444,933	1,482,946	908,487	983,032
<b>51</b> Information	24,720,131	22,012,452	24,461,265	25,241,425	25,422,533	26,927,281	25,755,159	25,417,677	25,153,226	22,904,649
<b>52</b> Finance and Insurance	15,114,286	12,665,910	10,280,897	8,830,978	6,042,403	5,924,169	8,309,215	4,353,265	3,923,533	4,400,141
<b>53</b> Real Estate and Rental and Leasing	13,319,366	11,637,227	13,417,999	11,882,552	10,943,381	10,295,751	9,474,785	9,912,417	9,037,326	9,840,076
<b>54</b> Professional, Scientific, and Technical Services	17,809,153	14,456,423	13,977,804	11,990,103	11,886,326	11,287,843	11,850,757	8,398,928	8,039,972	8,232,498
<b>55-62</b> Management, Education & Health Services	45,316,225	39,546,064	32,815,339	34,988,909	27,525,779	22,680,982	21,220,209	19,229,810	17,758,592	16,670,508
<b>71</b> Arts, Entertainment, and Recreation	4,392,413	3,131,202	4,778,224	4,724,176	4,426,631	4,238,750	3,977,570	4,125,868	4,225,137	4,017,630
<b>72</b> Accommodation and Food Services	125,774,685	88,366,803	114,318,342	110,717,090	104,527,848	100,330,413	93,979,872	87,869,735	81,995,265	79,774,260
<b>81</b> Other Services (except Public Administration)	24,225,636	20,019,667	21,530,268	20,504,664	19,720,926	18,133,602	18,644,999	17,761,384	15,885,563	16,145,496
<b>92</b> Public Administration	1,688,084	2,118,137	2,331,208	2,901,067	2,407,463	2,453,325	2,012,705	1,677,539	1,279,722	563,693
<b>Total Local Sales and Use Taxable Retail Sales</b>	<b>\$ 889,953,683</b>	<b>\$ 722,981,577</b>	<b>\$ 719,038,718</b>	<b>\$ 709,159,182</b>	<b>\$ 615,081,539</b>	<b>\$ 615,037,930</b>	<b>\$ 568,876,827</b>	<b>\$ 519,323,632</b>	<b>\$ 504,711,796</b>	<b>\$ 506,210,576</b>
<b>City of Walla Walla Sales &amp; Use Tax Rates</b>										
Local Basic	0.425%	\$ 3,782,303	\$ 3,072,672	\$ 3,055,915	\$ 3,013,927	\$ 2,614,097	\$ 2,613,911	\$ 2,417,727	\$ 2,207,125	\$ 2,145,025
Local Optional	0.425%	3,782,303	3,072,672	3,055,915	3,013,927	2,614,097	2,613,911	2,417,727	2,207,125	2,145,025
Criminal Justice	0.100%	889,954	722,982	719,039	709,159	615,082	615,038	568,877	519,324	504,712
Public Safety	0.090%	800,958	650,683	647,135	638,243	553,573	553,534	511,989	467,391	454,241
Transportation Benefit District	0.200%	1,779,907	1,445,963	1,438,077	1,418,318	1,230,163	1,137,754	1,038,647	1,009,424	1,012,421
<b>Total City of Walla Walla Sales &amp; Use Tax <sup>(2)</sup></b>	<b>1.240%</b>	<b>\$ 11,035,425</b>	<b>\$ 8,964,972</b>	<b>\$ 8,916,081</b>	<b>\$ 8,793,574</b>	<b>\$ 7,627,012</b>	<b>\$ 7,626,470</b>	<b>\$ 7,054,074</b>	<b>\$ 6,439,612</b>	<b>\$ 6,258,427</b>
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	0.310%									
Juvenile Justice/Detention	0.100%									
<b>Total Walla Walla County Sales &amp; Use Tax Rate</b>	<b>0.560%</b>									
<b>Total Local Sales &amp; Use Tax Rate</b>	<b>8.900%</b>									

Source: WA State Department of Revenue.

Notes: <sup>(1)</sup> 2021 is the latest annual data available.

<sup>(2)</sup> Calculated sales and use taxes above will not equal reported total sales tax revenue because taxes on Brokered Natural Gas and Hotel/Motel taxes are not included.

**City of Walla Walla  
Combined Water Utility and Wastewater Utility Operating Statement  
Year Ending December 31**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues <sup>(1)</sup></b>										
Charges for Water Services	\$ 14,230,196	\$ 15,001,462	\$ 13,857,008	\$ 13,198,575	\$ 13,119,725	\$ 12,142,931	\$ 11,693,088	\$ 11,372,034	\$ 9,861,984	\$ 9,059,602
Charges for Wastewater Services	12,284,275	12,027,124	11,437,327	11,250,892	10,844,542	10,366,269	10,089,298	10,202,032	9,909,038	9,434,094
Miscellaneous	-	459	14,170	451,108	253,840	196,548	98,052	81,808	173,731	270,275
Other Revenue	344,798	1,041,793	111,954	316,703	139,590	153,935	88,064	29,590	23,243	100,733
Interest Income	1,257	8,832	29,395	134,405	114,250	42,613	9,988	52,218	150,488	169,542
Capital Contributions	2,612,464	780,629	562,535	948,971	1,328,347	1,325,595	1,868,870	1,268,748	915,102	857,105
<b>Total Revenues</b>	<b>\$ 29,472,990</b>	<b>\$ 28,860,300</b>	<b>\$ 25,871,040</b>	<b>\$ 25,849,546</b>	<b>\$ 25,546,454</b>	<b>\$ 24,031,343</b>	<b>\$ 23,749,308</b>	<b>\$ 22,924,622</b>	<b>\$ 20,859,855</b>	<b>\$ 19,621,076</b>
<b>Expenses <sup>(2)</sup></b>										
Personnel Services	\$ 2,336,917	\$ 1,913,601	\$ 2,251,349	\$ 2,239,881	\$ 1,967,691	\$ 2,147,720	\$ 1,934,568	\$ 1,751,623	\$ 1,727,725	\$ 1,595,970
Supplies	494,565	453,009	561,810	650,814	541,766	732,177	582,771	651,756	565,671	466,341
Services/Charges	13,548,567	13,345,851	12,176,454	14,708,344	10,875,872	13,883,583	11,921,046	9,889,350	8,972,695	8,388,779
Bad Debt Expense	-	-	-	2,144	-	-	-	-	-	28,958
<b>Total Expenses</b>	<b>\$ 16,380,049</b>	<b>\$ 15,712,461</b>	<b>\$ 14,989,613</b>	<b>\$ 17,601,183</b>	<b>\$ 13,385,329</b>	<b>\$ 16,763,480</b>	<b>\$ 14,438,385</b>	<b>\$ 12,292,729</b>	<b>\$ 11,266,091</b>	<b>\$ 10,479,548</b>
<b>Net Revenue of System</b>	<b>\$ 13,092,941</b>	<b>\$ 13,147,839</b>	<b>\$ 10,881,427</b>	<b>\$ 8,248,363</b>	<b>\$ 12,161,125</b>	<b>\$ 7,267,863</b>	<b>\$ 9,310,923</b>	<b>\$ 10,631,893</b>	<b>\$ 9,593,764</b>	<b>\$ 9,141,528</b>

<sup>(1)</sup> Excludes transfers-in/out.

<sup>(2)</sup> Excludes depreciation, debt service and non-operating activity except for miscellaneous revenues.

**City of Walla Walla  
System Historical Operating Results and Debt Service Coverage  
Year Ending December 31**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues of the System:</b>										
Operating Income	\$ 26,514,471	\$ 27,363,953	\$ 25,372,716	\$ 24,449,467	\$ 24,042,648	\$ 22,509,200	\$ 21,782,386	\$ 21,574,066	\$ 19,771,022	\$ 18,493,696
Other Income	2,958,519	1,496,347	498,324	1,400,079	1,503,806	1,522,143	1,966,922	1,350,556	1,088,833	1,127,380
<b>Total Revenues</b>	<b>\$ 29,472,990</b>	<b>\$ 28,860,300</b>	<b>\$ 25,871,040</b>	<b>\$ 25,849,546</b>	<b>\$ 25,546,454</b>	<b>\$ 24,031,343</b>	<b>\$ 23,749,308</b>	<b>\$ 22,924,622</b>	<b>\$ 20,859,855</b>	<b>\$ 19,621,076</b>
<b>Costs of Maintenance and Operation</b>	<b>\$ 16,380,049</b>	<b>\$ 15,712,461</b>	<b>\$ 14,989,613</b>	<b>\$ 17,601,183</b>	<b>\$ 13,385,329</b>	<b>\$ 16,763,480</b>	<b>\$ 14,438,385</b>	<b>\$ 12,292,729</b>	<b>\$ 11,266,091</b>	<b>\$ 10,479,548</b>
<b>Net Revenue Available for Debt Service</b>	<b>\$ 13,092,941</b>	<b>\$ 13,147,839</b>	<b>\$ 10,881,427</b>	<b>\$ 8,248,363</b>	<b>\$ 12,161,125</b>	<b>\$ 7,267,863</b>	<b>\$ 9,310,923</b>	<b>\$ 10,631,893</b>	<b>\$ 9,593,764</b>	<b>\$ 9,141,528</b>
<b>Maximum Annual Debt Service <sup>(1)</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,586,488</b>	<b>\$ 2,586,488</b>
<b>Debt Ratio</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.71	3.53

<sup>(1)</sup> In 2015, the City paid off the balance of the 2005 Water/Wastwater bonds, \$7,175,000, therefore there is no remaining debt service at the end of 2015.

City of Walla Walla  
Water/Wastewater Various Rates and Capital Facility Charges  
Last Ten Fiscal Years

Water Utility Monthly Meter Charges

Meter Size (inches)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
3/4	\$ 41.30	\$ 41.30	\$ 40.30	\$ 39.40	\$ 37.90	\$ 36.50	\$ 35.10	\$ 32.90	\$ 27.80	\$ 25.70
1	82.20	82.20	80.30	78.40	75.40	72.60	69.90	65.50	55.30	51.20
1 1/2	164.70	164.70	160.80	157.00	151.00	145.30	139.90	131.10	110.70	102.50
2	263.30	263.30	257.10	251.10	241.60	232.50	223.80	209.80	177.20	164.10
3	492.80	492.80	481.20	469.90	452.00	435.00	418.80	392.60	331.60	307.00
4	822.10	822.10	802.80	784.00	754.20	725.80	698.80	655.00	553.20	512.20
6	1,653.20	1,653.20	1,614.30	1,576.50	1,516.60	1,459.50	1,405.10	1,317.10	1,112.40	1,030.00
8	2,466.60	2,466.60	2,408.40	2,352.00	2,262.60	2,177.50	2,096.40	1,965.10	1,659.70	1,536.80
10	3,288.70	3,288.70	3,211.30	3,136.00	3,016.80	2,903.30	2,795.10	2,620.10	2,212.90	2,049.00

Water Utility Consumption Charges per 1,000 Gallons

Customer Class	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Residential	\$ 3.33	\$ 2.30	\$ 2.20	\$ 2.10	\$ 2.00	\$ 1.90	\$ 1.80	\$ 1.70	\$ 1.58	\$ 1.46
Commercial	2.46	1.70	1.70	1.70	1.60	1.50	1.40	1.30	1.17	1.08
Industrial	2.44	1.70	1.70	1.70	1.60	1.50	1.40	1.30	1.21	1.12
Public	2.41	1.70	1.70	1.70	1.60	1.50	1.40	1.30	1.17	1.08

Water Utility Connection Charges for Permanent Meters

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Meter Installation Fee-3/4"	\$ 480.00	\$ 290.00	\$ 280.00	\$ 270.00	\$ 260.00	\$ 250.00	\$ 239.00	\$ 577.00	\$ 577.00	\$ 534.00
Meter Installation Fee-1" or larger	490.00	300.00	290.00	280.00	270.00	260.00	249.00	Actual cost	Actual cost	Actual cost
Service connection charge-1" service line <sup>(1)</sup>	3,310.00	3,190.00	3,090.00	2,990.00	2,900.00	2,810.00	2,772.00	applicable fees	applicable fees	applicable fees
Service connection charge-2" service line <sup>(2)</sup>	5,200.00	5,020.00	4,900.00	4,790.00	4,610.00	4,440.00	4,278.00	-	-	-
Service connection charge-larger than 2" service line	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

<sup>(1)</sup>1-inch service line (service line only; meter separate).

<sup>(2)</sup>Service line and meter (separate charges) greater than 2" will be "actual cost to city plus applicable fees" as of 2016.

Water Capital Facilities Charges

Meter Size (inches)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
5/8 & 3/4	\$ 4,560.00	\$ 4,400.00	\$ 4,260.00	\$ 4,130.00	\$ 4,000.00	\$ 3,870.00	\$ 3,750.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00
1	7,600.00	7,330.00	7,100.00	6,880.00	6,660.00	6,450.00	6,250.00	2,981.00	2,981.00	2,981.00
1 1/2	15,200.00	14,680.00	14,220.00	13,770.00	13,330.00	12,910.00	12,500.00	5,944.00	5,944.00	5,944.00
2	24,320.00	23,480.00	22,740.00	22,020.00	21,320.00	20,650.00	20,000.00	9,514.00	9,514.00	9,514.00
3	48,640.00	46,960.00	45,480.00	44,040.00	42,650.00	41,300.00	40,000.00	19,046.00	19,046.00	19,046.00
4	76,000.00	73,370.00	71,050.00	68,810.00	66,640.00	64,540.00	62,500.00	29,810.00	29,810.00	29,810.00

Wastewater Capital Facilities Charges

Charge	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Side Sewer Charge	\$ 1,940.00	\$ 1,872.00	\$ 1,813.00	\$ 1,756.00	\$ 1,701.00	\$ 1,647.00	\$ 1,595.00	\$ 1,104.00	\$ 1,104.00	\$ 1,032.00

Wastewater Utility Monthly Rates  
(For First 6,000 gallons or Less)

Customers Connected to the Wastewater Utility <sup>(1)</sup>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Residential	\$ 59.80	\$ 58.60	\$ 57.20	\$ 55.90	\$ 54.60	\$ 53.30	\$ 52.10	\$ 52.10	\$ 52.10	\$ 48.70
Multi-Family Residences (per unit)	35.80	35.10	34.30	33.50	32.70	31.90	31.20	31.20	31.20	29.20
Commercial	58.20	57.30	56.00	54.70	53.40	52.20	51.00	51.00	51.00	47.70
Public	58.20	69.10	67.50	65.90	64.40	62.90	61.50	61.50	61.50	57.50
Industrial	58.20	73.40	71.70	70.00	68.40	66.80	65.30	65.30	65.30	61.00
City of Walla Walla	58.20	17.20	16.80	16.40	16.00	15.60	15.20	15.20	15.20	14.20

<sup>(1)</sup>A consumption fee is charged to commercial and industrial customers for each 1 gallon of water used over 6,000 gallon minimum.

**City of Walla Walla  
Water and Wastewater Utility Customers by Category  
Last Ten Fiscal Years**

	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013					
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%				
<b>Water</b>																								
Residential	9,644	89.1%	9,613	88.8%	9,566	88.4%	9,455	87.4%	9,455	87.4%	9,433	87.2%	9,304	89.2%	9,373	88.9%	9,299	88.9%	9,258	89.0%				
Multifamily	147	1.4%	148	1.4%	149	1.4%	153	1.4%	153	1.4%	146	1.3%	146	1.4%	146	1.4%	146	1.4%	146	1.4%	144	1.4%		
Commercial	868	8.0%	871	8.0%	856	7.9%	989	9.1%	989	9.1%	908	8.4%	876	8.4%	910	8.6%	898	8.6%	885	8.5%				
Industrial	11	0.1%	12	0.1%	14	0.1%	14	0.1%	14	0.1%	13	0.1%	13	0.1%	13	0.1%	14	0.1%	14	0.1%	14	0.1%		
Public	88	0.8%	90	0.8%	105	1.0%	105	1.0%	105	1.0%	101	0.9%	101	0.9%	92	0.9%	99	0.9%	98	0.9%	99	1.0%		
<b>Total</b>	<b>10,758</b>	<b>100%</b>	<b>10,824</b>	<b>100%</b>	<b>10,795</b>	<b>100%</b>	<b>10,821</b>	<b>99%</b>	<b>10,821</b>	<b>99%</b>	<b>10,702</b>	<b>99%</b>	<b>10,431</b>	<b>100%</b>	<b>10,542</b>	<b>100%</b>	<b>10,455</b>	<b>100%</b>	<b>10,400</b>	<b>100%</b>				
<b>Wastewater</b>																								
Residential	8,852	89.3%	8,818	88.9%	8,800	88.7%	8,598	88.8%	8,598	88.8%	8,914	92.0%	8,432	89.5%	8,365	90.6%	8,271	89.5%	8,202	89.4%				
Multifamily	147	1.5%	147	1.5%	148	1.5%	146	1.5%	146	1.5%	146	1.5%	142	1.5%	143	1.5%	140	1.5%	141	1.5%				
Commercial	788	8.1%	784	8.1%	775	8.0%	775	8.0%	775	8.0%	858	8.9%	763	8.1%	655	7.1%	749	8.1%	745	8.1%				
Industrial	7	0.1%	7	0.1%	7	0.1%	7	0.1%	7	0.1%	8	0.1%	7	0.1%	6	0.1%	7	0.1%	7	0.1%				
Public	81	0.8%	81	0.8%	93	0.9%	79	0.8%	79	0.8%	92	1.0%	80	0.8%	64	0.7%	78	0.8%	77	0.8%				
<b>Total</b>	<b>9,875</b>	<b>100%</b>	<b>9,918</b>	<b>100%</b>	<b>9,916</b>	<b>100%</b>	<b>9,684</b>	<b>100%</b>	<b>9,684</b>	<b>100%</b>	<b>10,110</b>	<b>104%</b>	<b>9,424</b>	<b>100%</b>	<b>9,233</b>	<b>100%</b>	<b>9,245</b>	<b>100%</b>	<b>9,172</b>	<b>100%</b>				
<b>Water/Wastewater</b>																								
Residential	9,644	82.1%	9,613	81.8%	9,566	81.4%	9,455	79.7%	9,455	79.7%	9,433	79.5%	9,304	89.2%	9,373	88.9%	9,299	88.9%	9,258	89.0%				
Commercial/Multifamily	1,015	8.6%	1,019	8.7%	1,005	8.6%	1,142	9.6%	1,142	9.6%	1,054	8.9%	1,022	9.8%	1,056	10.0%	1,044	10.0%	1,029	9.9%				
Industrial	11	0.1%	12	0.1%	14	0.1%	14	0.1%	14	0.1%	13	0.1%	13	0.1%	14	0.1%	14	0.1%	14	0.1%				
Public	88	0.7%	90	0.8%	105	0.9%	105	0.9%	105	0.9%	101	0.9%	92	0.9%	99	0.9%	98	0.9%	99	1.0%				
<b>Total</b>	<b>11,773</b>	<b>100%</b>	<b>11,753</b>	<b>100%</b>	<b>11,695</b>	<b>100%</b>	<b>11,858</b>	<b>100%</b>	<b>11,858</b>	<b>100%</b>	<b>11,655</b>	<b>98%</b>	<b>10,431</b>	<b>100%</b>	<b>10,542</b>	<b>100%</b>	<b>10,455</b>	<b>100%</b>	<b>10,400</b>	<b>100%</b>				

**City of Walla Walla  
Top Ten Water / Wastewater Customers  
Current and Ten Years Ago**

Customer Name	2022			2012		
	Amount (In Gallons)	Rank	% of Total	Amount (In Gallons)	Rank	% of Total
CITY OF WALLA WALLA	177,329,248	1	8.21%	146,444,644	1	10.83%
DEPARTMENT OF CORRECTIONS	109,494,584	2	5.07%	125,152,840	2	9.26%
SCHOOL DIST #140	70,228,733	3	3.25%	64,166,404	3	4.75%
COTT BEVERAGE/CLIFFSTAR LLC	53,665,193	4	2.48%	37,438,506	7	2.77%
WHITMAN COLLEGE	46,239,996	5	2.14%	59,680,337	4	4.41%
W3 ENTERTAINMENT	43,754,003	6	2.03%			
FIRST COMMERCIAL PROPERTIES NW	35,805,387	7	1.66%			
PROVIDENCE HEALTH SYSTEMS	28,074,438	8	1.30%	31,762,288	8	2.35%
WALLA WALLA HOUSING AUTHORITY	22,699,716	9	1.05%	20,579,659	10	1.52%
YMCA	16,028,682	10	0.74%			
WE MAN VETS GOLF LLC				48,591,962	5	3.59%
RANCHO VILLA				46,850,497	6	3.47%
COLDWELL BANKER PROP MGMT				27,063,773	9	2.00%
<b>Wastewater Customers</b>						
DEPARTMENT OF CORRECTIONS	109,494,584	1	25.93%	125,152,840	1	11.49%
COTT BEVERAGE/CLIFFSTAR LLC	53,665,193	2	12.71%	37,438,506	5	3.44%
CITY OF WALLA WALLA	22,818,989	3	5.40%	42,262,694	3	3.88%
WHITMAN COLLEGE	22,437,402	4	5.31%	41,228,886	4	3.78%
PROVIDENCE HEALTH SYSTEMS	13,936,855	5	3.30%	18,349,716	8	1.68%
MISTER CAR WASH	10,034,131	6	2.38%			
STATE OF WASHINGTON	9,503,970	7	2.25%			
WHEATLAND VILLAGE	9,145,640	8	2.17%			
WASH ODD FELLOWS HOME	8,437,059	9	2.00%	12,771,492	9	1.17%
ECOVA	7,564,112	10	1.79%			
RANCHO VILLA				46,850,497	2	4.30%
COLDWELL BANKER PROP MGMT				26,855,067	6	2.46%
WALLA WALLA HOUSING AUTHORITY				20,548,988	7	1.89%
GOLDEN WEST ESTATES				12,170,806	10	1.12%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General governmental activities:</b>										
General obligation bonds	\$12,003,892	\$14,420,023	\$16,088,810	\$15,147,382	\$16,453,764	\$17,673,550	\$18,913,480	\$19,156,019	\$13,336,613	\$14,251,920
Special assessment bonds	-	5,848	55,000	60,848	81,848	106,848	141,847	241,311	288,689	477,749
Leases	299,724	-	-	-	-	-	-	-	-	-
<b>Business-type activities</b>										
Water bonds	3,840,000	4,370,390	4,580,000	5,091,468	5,487,007	5,842,545	6,193,085	-	7,709,800	10,529,442
Wastewater bonds	5,715,000	6,536,662	6,175,000	7,049,995	7,086,662	-	-	-	1,600,200	2,578,561
Water/Wastewater bonds	9,555,000	10,907,052	10,755,000	12,141,463	12,573,669	5,842,545	6,193,085	-	9,310,000	13,108,003
Water loans	17,497,290	18,746,664	19,996,037	20,507,984	106,026	166,475	228,421	162,632	216,842	271,052
Wastewater loans	2,914,068	2,578,107	3,244,265	4,422,341	6,454,602	8,447,356	10,402,181	12,320,581	14,204,009	16,053,854
Water/Wastewater loans	20,411,358	21,324,771	23,240,302	24,930,323	6,560,626	8,613,830	10,630,602	12,483,213	14,420,851	16,324,906
Landfill bonds	2,643,909	3,104,728	3,558,470	3,959,360	4,608,162	5,247,772	2,979,054	3,360,451	3,687,590	4,030,141
Landfill loans	1,880,747	1,998,294	2,115,841	2,233,388	-	-	-	-	-	-
Golf course bonds	46,329	67,640	89,186	109,437	134,179	158,998	183,032	206,605	224,168	242,022
Leases	949,602	49,927	84,637	125,163	164,545	202,818	-	-	-	-
<b>Total primary government</b>	<b>\$47,790,561</b>	<b>\$51,878,283</b>	<b>\$55,987,246</b>	<b>\$56,473,976</b>	<b>\$40,576,793</b>	<b>\$37,846,361</b>	<b>\$39,041,100</b>	<b>\$35,447,599</b>	<b>\$41,267,911</b>	<b>\$48,434,741</b>
Percentage of personal income <sup>(1)</sup>	1.42%	1.63%	1.90%	2.01%	1.56%	1.44%	1.64%	1.54%	1.82%	2.10%
Per capita	\$ 1,405	\$ 1,521	\$ 1,641	\$ 1,649	\$ 1,193	\$ 1,118	\$ 1,162	\$ 1,048	\$ 1,292	\$ 1,517

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

<sup>(1)</sup> See the schedule of Demographics and Economic Statistics for personal income and population data.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General obligation bonds	\$18,534,130	\$21,962,781	\$24,316,466	\$24,307,647	\$25,890,380	\$28,922,865	\$28,268,651	\$22,723,075	\$26,558,371	\$18,524,083
Less: Amounts available in debt service fund	1,168,862	658,855	670,554	692,966	589,614	458,900	425,454	356,481	774,070	226,982
<b>Net total</b>	<b>\$17,365,268</b>	<b>\$21,303,926</b>	<b>\$23,684,239</b>	<b>\$23,684,239</b>	<b>\$25,300,766</b>	<b>\$28,463,965</b>	<b>\$27,843,197</b>	<b>\$22,366,594</b>	<b>\$25,784,301</b>	<b>\$18,297,101</b>
Percentage of estimated actual taxable value of property	0.50%	0.76%	0.83%	0.90%	1.03%	1.22%	1.03%	1.07%	1.28%	0.91%
Per capita	\$510	\$626	\$688	\$692	\$744	\$ 841	\$ 648	\$ 656	\$ 799	\$ 573

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 for personal income and population data.

**City of Walla Walla**  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: City of Walla Walla direct debt			\$ 12,003,892
School District	50,685,000	100.0%	50,685,000
<b>Subtotal overlapping debt</b>	<b>\$ 50,685,000</b>		<b>\$ 50,685,000</b>
<b>Total direct and overlapping debt</b>			<b>\$ 62,688,892</b>

Sources: Debt outstanding data provided by the Walla Walla School District.

Note: Overlapping governments are those which 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 Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$257,904,336	\$218,686,074	\$217,685,074	\$214,403,244	\$197,610,529	\$182,756,794	\$175,304,364	\$163,692,810	\$157,343,463	\$150,568,785
Total net debt applicable to limit	10,159,100	13,419,173	14,424,683	12,675,606	14,955,872	17,019,507	14,409,436	12,393,400	17,702,343	20,067,763
Legal debt margin	\$247,745,236	\$205,266,901	\$203,260,391	\$201,727,637	\$182,654,656	\$165,737,287	\$160,894,928	\$151,299,410	\$139,641,120	\$130,501,022
Total net debt applicable to the limit as a percentage of debt margin	4.1%	6.5%	7.1%	6.3%	8.2%	10.3%	9.0%	8.2%	12.7%	15.4%

**Legal debt margin calculation for fiscal year 2022:**

Total assessed value January 2022	\$3,438,724,498
<b>2.5% general purposes limit is allocated between</b>	85,968,112
Up to 1.5% debt without a vote (councilmanic)	51,580,867
Less: outstanding debt	(8,729,130)
Less: contracts payable	-
Less: excess of debt with a vote	-
Add: available assets	7,688,131
<b>Equals: remaining debt capacity without a vote</b>	<u>50,539,868</u>
<b>1% general purpose debt with a vote</b>	34,387,245
Less: outstanding debt	(9,805,000)
Less: contracts payable	-
Add: available assets	686,899
<b>Equals remaining debt capacity with a vote</b>	<u>25,269,144</u>
<b>2.5% utility purpose limit, voted</b>	85,968,112
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
<b>Equals remaining debt capacity- utility purpose, voted</b>	<u>85,968,112</u>
<b>2.5% utility purpose limit, open space park and capital facilities, voted</b>	85,968,112
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
<b>Equals remaining debt capacity- park &amp; facilities, voted</b>	<u>85,968,112</u>
<b>Total legal debt margin</b>	<u>\$247,745,236</u>

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.

**City of Walla Walla  
Pledged - Revenue Coverage  
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Water Bonds</b>										
Charges for services and other	\$ 14,230,196	\$ 15,410,865	\$ 13,980,212	\$ 13,980,212	\$ 13,796,846	\$ 12,961,977	\$ 12,590,360	\$ 12,111,309	\$ 10,482,958	\$ 9,686,663
Less: Operating expenses	7,177,760	6,262,919	7,615,684	7,615,684	6,085,639	9,505,663	7,715,626	5,213,538	5,025,793	4,692,976
Net available revenue	\$ 7,052,436	\$ 9,147,946	\$ 6,364,528	\$ 6,364,528	\$ 7,711,207	\$ 3,456,314	\$ 4,874,734	\$ 6,897,771	\$ 5,457,165	\$ 4,993,687
<b>Debt service:</b>										
Principal	\$ 1,624,374	\$ 1,614,374	\$ 1,580,662	\$ 1,772,789	\$ 490,567	\$ 487,067	\$ 54,211	\$ 7,709,800	\$ 2,740,411	\$ 2,886,411
Interest	\$ 272,512	\$ 314,298	\$ 330,098	\$ 411,176	\$ 197,733	\$ 163,700	\$ 45,117	\$ 159,740	\$ 424,477	\$ 539,022
Payment	\$ 1,896,886	\$ 1,928,672	\$ 1,910,760	\$ 2,183,965	\$ 688,300	\$ 650,767	\$ 99,328	\$ 7,869,540	\$ 3,164,888	\$ 3,425,433
<b>Coverage</b>	<u>3.72</u>	<u>4.74</u>	<u>3.33</u>	<u>2.91</u>	<u>11.20</u>	<u>5.31</u>	<u>49.08</u>	<u>0.88</u>	<u>1.72</u>	<u>1.46</u>
<b>Wastewater Bonds</b>										
Charges for services and other	\$ 12,284,275	\$ 12,279,569	\$ 11,872,855	\$ 11,872,855	\$ 11,671,227	\$ 10,957,057	\$ 11,158,948	\$ 10,869,728	\$ 10,376,896	\$ 9,951,613
Less: Operating expenses	4,977,567	5,156,522	4,000,869	4,000,869	4,260,587	4,410,718	4,256,090	4,639,903	4,410,146	3,909,166
Net available revenue	\$ 7,306,708	\$ 7,123,047	\$ 7,871,986	\$ 7,871,986	\$ 7,410,640	\$ 6,546,339	\$ 6,902,858	\$ 6,229,825	\$ 5,966,750	\$ 6,042,447
<b>Debt service:</b>										
Principal	\$ 666,157	\$ 666,157	\$ 2,032,258	\$ 2,032,258	\$ 1,992,756	\$ 1,954,824	\$ 1,918,402	\$ 1,600,200	\$ 2,683,644	\$ 2,880,397
Interest	24,776	29,381	54,677	76,119	199,356	185,747	236,420	63,461	436,707	528,919
Payment	\$ 690,933	\$ 695,538	\$ 2,086,935	\$ 2,108,377	\$ 2,192,112	\$ 2,140,571	\$ 2,154,822	\$ 1,663,661	\$ 3,120,351	\$ 3,409,316
<b>Coverage</b>	<u>10.58</u>	<u>10.24</u>	<u>3.77</u>	<u>3.73</u>	<u>3.38</u>	<u>3.06</u>	<u>3.20</u>	<u>3.74</u>	<u>1.91</u>	<u>1.77</u>
<b>Water/Wastewater Revenue Bonds</b>										
Charges for services and other	\$ 26,514,471	\$ 27,690,434	\$ 25,853,067	\$ 25,853,067	\$ 25,468,073	\$ 23,919,034	\$ 23,749,308	\$ 22,981,037	\$ 20,859,854	\$ 19,638,276
Less: Operating expenses	12,155,327	11,419,441	11,616,553	11,616,553	10,346,226	13,916,381	11,971,716	9,853,441	9,435,939	8,602,142
Net available revenue	\$ 14,359,144	\$ 16,270,993	\$ 14,236,514	\$ 14,236,514	\$ 15,121,847	\$ 10,002,653	\$ 11,777,592	\$ 13,127,596	\$ 11,423,915	\$ 11,036,134
<b>Debt service:</b>										
Principal	\$ 235,000	\$ 235,000	\$ 215,000	\$ (1)	\$ (1)	\$ -	\$ -	\$ 9,310,000	\$ 5,424,055	\$ 5,766,808
Interest	222,338	275,150	285,900	264,458	-	-	-	223,201	861,184	1,067,941
Payment	\$ 457,338	\$ 510,150	\$ 500,900	\$ 264,457	\$ -	\$ -	\$ -	\$ 9,533,201	\$ 6,285,239	\$ 6,834,749
<b>Coverage</b>	<u>31.40</u>	<u>31.89</u>	<u>28.42</u>	<u>53.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.38</u>	<u>1.82</u>	<u>1.61</u>
<b>Special Assessment Bonds</b>										
Special assessment collections	\$ -	\$ 11,181	\$ 25,531	\$ 26,939	\$ 59,461	\$ 66,057	\$ 63,870	\$ 65,549	\$ 106,096	\$ 156,266
<b>Debt service:</b>										
Principal	-	5,848	21,000	25,000	35,000	99,463	47,379	189,060	37,414	35,837
Interest	-	193	3,601	4,701	6,425	10,618	19,302	21,021	22,530	24,113
Payment	\$ -	\$ 6,041	\$ 24,601	\$ 29,701	\$ 41,425	\$ 110,081	\$ 66,681	\$ 210,081	\$ 59,944	\$ 59,950
<b>Coverage</b>	<u>N/A</u>	<u>1.85</u>	<u>1.04</u>	<u>0.91</u>	<u>1.44</u>	<u>0.60</u>	<u>0.96</u>	<u>0.31</u>	<u>1.77</u>	<u>2.61</u>

(1) This was the first year of issuance, accordingly, no principal payments were scheduled. Further, there was not any debt outstanding in 2017 and 2016 that was secured by pledged revenue. The previous revenue bond's final payment was in 2015. Bond covenants require a 1.25 coverage ratio.

Notes: Details regarding the City'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.

**City of Walla Walla**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1 Population - City	34,020	34,110	34,400	34,240	34,000	33,840	33,340	33,390	32,260	31,930
1 Population - County	62,625	62,350	62,580	62,200	61,800	61,400	60,730	60,650	60,150	59,500
City as percent of County	54%	55%	55%	55%	55%	55%	55%	55%	54%	54%
2 County personal income (in 1,000s)	N/A	\$ 3,375,142	\$ 2,943,477	\$ 2,848,428	\$ 2,705,927	\$ 2,602,735	\$ 2,622,346	\$ 2,528,898	\$ 2,372,702	\$ 2,301,633
2 County per capita personal income	N/A	53,845	48,444	46,648	44,521	42,973	43,459	41,912	39,648	38,663
3 County median family income projection	69,021	60,615	50,550	N/A	N/A	52,630	52,094	49,619	50,835	47,238
3 County median age	37.5	35.7	39.4	N/A	N/A	39.01	37.58	37.58	37.33	37.33
3 Percent with high school degree or higher	88.4%	87.8%	88.3%	N/A	N/A	88.5%	N/A	N/A	N/A	N/A
4 School enrollment	5,512	5,482	5,689	5,690	5,735	5,854	5,959	6,074	6,214	6,119
5 County unemployment rate	5.8%	5.3%	4.2%	4.8%	5.3%	6.3%	7.1%	7.1%	6.7%	6.9%

Sources:

- 1 Port of Walla Walla
- 2 Bureau of Economic Analysis - 2021 is the most current data available
- 3 U.S. Census Bureau - State and County QuickFacts
- 4 School District/Office of the Superintendent of Public Instruction
- 5 Employment Security Department Washington State

N/A *Information is not available at this time.*

**City of Walla Walla**  
**Top Ten Principal Employers**  
**Total Headcount**  
**2019 and Ten Years Prior**

<b>Employer within the City</b>	<b>2019*</b>			<b>2009</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>
Providence St. Mary Medical Center	1,173	1	7.6%	999	2	7.1%
Washington State Penitentiary	1,080	2	7.0%	1,245	1	8.9%
Walla Walla School District #140	833	3	5.4%	784	3	5.6%
Whitman College	609	4	3.9%	529	6	3.8%
U.S. Dept. of Veterans Affairs	558	6	3.6%	399	8	2.8%
Walla Walla Community College	597	5	3.8%	607	5	4.3%
City of Walla Walla	445	7	2.9%			
Key Technology, Inc.	405	8	2.6%	467	7	3.3%
U.S. Army Corps of Engineers	358	9	2.3%	676	4	4.8%
Walla Walla County	312	10	2.0%	376	10	2.7%
Walla Walla General Hospital				391	9	2.8%

Source: Port of Walla Walla

\*2019 is the most current data.



**City of Walla Walla**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>FUNCTION</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Governmental activities:</b>										
General government	37.8	37.8	36.8	42.8	38.5	38	34	33	34	34
Public safety										
Police										
Officers	45	44	45	42	46	45	44	43	42	41
Civilians	13.0	13.8	11.8	12.8	13.5	14	12	13	8	9
Fire										
Officers	30.0	28.0	27.5	28	31	31	31	30	29	29
Civilians	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Emergency dispatch	16	17	16	17	17	17	15	17	17	17
Utilities and environment	25.0	21.0	23.4	25	24	25	23	22	23	20
Transportation	13.6	13.6	13.6	14	13	13	13	11	12	11
Economic environment <sup>(1)</sup>	10	7	8	8	9	9	8	6	1	0
Culture and recreation	25.3	23.8	22.5	25	24	23	21	20	18	18
Total governmental activities	<u>216</u>	<u>206</u>	<u>205</u>	<u>214.0</u>	<u>216.5</u>	<u>214.5</u>	<u>201.5</u>	<u>195.5</u>	<u>184.5</u>	<u>179.5</u>
<b>Business-type activities:</b>										
Ambulance	23.5	21.5	20.0	20.5	17.5	17.5	16.5	18.5	17.5	17.5
Golf course	-	-	-	-	-	-	-	-	-	-
Landfill	13.6	11.6	10.6	11	11	10	11	12	11	10
Sanitation	13.9	10.9	11.9	12	11	11	11	10	11	10
Stormwater	6.7	6.7	6.7	7	7	6	6	4	4	4
Water/Wastewater	23.7	23.7	24.7	24	25	22	24	16	23	22
Total business-type activities	<u>81.4</u>	<u>74.4</u>	<u>73.9</u>	<u>73.0</u>	<u>71.5</u>	<u>66.5</u>	<u>68.5</u>	<u>60.5</u>	<u>66.5</u>	<u>63.5</u>
Total primary government	<u>297.4</u>	<u>280.4</u>	<u>278.9</u>	<u>287</u>	<u>288</u>	<u>281</u>	<u>270</u>	<u>256</u>	<u>251</u>	<u>243</u>

Source: City of Walla Walla Finance Department, positions filled as of 12/31/22.

<sup>(1)</sup> Development Services Department provided data from 2013 through 2014 to reflect the City's participation with the Walla Walla Joint Community Development Agency (WWJCDA)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>City Attorney</b>										
Requests for legal service	513	345	333	353	329	310	330	286	266	243
Total Walla Walla District Court hearings	9,349	8,946	7,095	8,538	8,029	7,275	6,144	4,958	4,760	3,847
<b>Development Services*</b>										
Permits processed for building and development	1,697	1,628	1,266	1,359	1,413	1,152	1,235	2,208	1,466	882
Construction value of permits completed	\$71,450,470	\$65,468,690	\$81,598,035	\$58,306,750	\$70,233,607	\$55,492,129	\$51,250,001	\$47,283,870	\$18,434,410	\$33,589,796
<b>Library</b>										
Questions answered	30,589	24,038	3,817	43,014	45,874	48,989	38,664	42,728	47,145	44,989
Items checked out	237,606	189,343	235,791	309,694	317,767	307,259	308,891	302,829	321,512	318,803
Children's storytime and program attendance	17,947	22,893	24,292	18,007	14,463	13,034	14,047	14,716	14,663	14,846
Adult program attendance	1,772	1,315	388	1,663	2,599	2,023	1,641	1,420	2,275	1,758
<b>Parks and Recreation Department</b>										
Meals served during the summer	-	-	-	26,552	22,178	26,543	26,254	25,044	24,911	26,563
Special event permits issued	54	33	1	48	31	45	59	46	40	29
Visits to City pools	83,149	104,631	15,336	79,648	75,324	78,223	3,057	2,979	3,775	4,620
Attendance for City recreation programs	193,741	210,899	35,884	206,521	184,215	181,941	97,229	96,862	99,622	94,988
Burial services at Mountain View Cemetery	215	200	160	171	166	177	190	197	179	172
Picnic area reservations	1,418	510	1	326	279	206	252	226	224	199
<b>Fire Department</b>										
Fire responses	121	139	119	745	102	117	107	115	116	129
Hazardous incident responses	103	97	5	81	78	138	85	91	87	109
Ambulance responses	7,081	6,371	5,114	5,222	5,609	5,979	5,718	5,670	5,624	5,268
Ambulance transported patients	3,641	3,340	2,931	3,001	3,208	3,591	3,490	3,493	3,516	3,464
Property value - fire loss	\$1,143,925	\$956,165	\$473,060	\$824,100	\$641,230	\$1,023,800	\$1,094,940	\$1,399,125	\$928,811	\$769,530
Safety Always Matters (SAM) program # students	2,789	2,461	-	3,922	3,868	3,817	3,921	3,785	3,894	3,711
<b>Police Department</b>										
Code compliance complaints resolved**	1,784	2,406	1,570	997	1,576	875	1,207	980	260	600
Requests for service	27,228	21,420	16,722	19,844	20,342	19,549	19,128	20,911	18,820	20,355
Death investigations and attempted suicides	96	89	91	82	73	80	N/A	63	78	74
Other calls	5,030	6,979	5,030	6,979	8,270	8,969	N/A	10,676	9,891	10,478
Accidents	884	883	700	977	897	1,044	N/A	903	889	857
Animal calls	1,495	1,299	1,534	1,810	1,678	1,689	N/A	2,109	1,913	1,950
Volunteer hours	1,195	255	212	706	678	988	N/A	1,142	1,155	2,005
<b>Walla Walla Emergency Services Communications</b>										
Total calls	78,347	77,687	79,063	85,681	84,185	90,228	N/A	94,622	100,537	101,340
9-1-1 calls	24,093	23,468	22,264	22,633	22,527	23,635	N/A	24,664	25,750	24,320
<b>Water</b>										
Linear feet of lines replaced	10,019	8,913	10,672	7,579	11,655	5,345	9,603	6,026	10,166	8,707
Linear feet of lines added to system	7,807	590	2,642	3,400	4,045	3,819	5,905	4,077	-	3,124
Million gallons of water to customers	2,679	3,278	3,028	3,087	3,257	3,105	3,170	3,439	3,474	3,458
Meters installed	149	102	73	290	375	10,989	304	367	302	268
Leaks repaired to mains and services	28	40	64	102	153	85	72	143	152	176
<b>Wastewater</b>										
Linear feet of lines replaced	3,707	17,738	9,124	19,287	14,307	5,827	9,852	11,376	8,068	6,239
Linear feet of lines added to system	7,261	1,057	2,126	1,204	4,261	2,884	6,806	4,493	35	2,172
Feet of sanitary sewer lines cleaned	470,399	377,041	346,426	387,835	274,529	370,003	489,124	470,017	847,165	475,331
<b>Stormwater</b>										
Feet of storm lines cleaned	24,403	63,676	25,888	27,858	9,038	10,667	27,584	27,978	39,554	20,762
<b>Streets</b>										
Linear feet of new streets added to subdivisions	7,097	2,749	4,554	1,060	3,623	1,702	2,787	4,420	-	1,641
Utility street cuts patched	93	78	185	200	231	138	157	326	249	337
<b>Sanitation</b>										
Pounds of curbside recycling collected	2,134,300	2,603,820	3,000,060	2,915,680	2,983,260	3,081,850	3,058,780	3,011,862	2,996,500	2,991,727
Million pounds of waste collected	47	45	45	46	51	44	44	43	42	41
<b>Landfill</b>										
Tons of solid waste collected	72,009	63,916	63,616	59,890	60,969	57,802	59,249	55,976	53,051	50,099
Pounds of hazardous waste collected	105,031	98,393	88,176	100,196	104,040	93,982	96,374	86,984	84,294	106,915
Landfill courtesy passes used	948	1,108	1,691	860	796	745	761	841	806	925
Pounds of metal recycled at the Landfill	52,000	102,840	60,160	56,540	90,640	42,480	50,760	47,980	54,780	42,220
Tons of leaves collected and recycled	1,159	1,902	1,813	1,711	2,100	2,104	1,764	1,871	1,359	1,324
<b>Equipment Repair</b>										
Fleet service repairs performed	2,732	2,467	2,894	3,464	2,566	3,329	3,334	3,755	3,448	4,529
Number of equipment repair parts used	11,173	11,047	10,799	11,614	11,419	10,827	10,375	10,565	10,444	11,659

Sources:

City of Walla Walla departments

\*2015 data reflects the reopened Development Services Department; data from 2013 through 2014 was provided by the Walla Walla Joint Community Development Agency (WWJCDA).

\*\*Code Compliance moved from Development Services to Police Department as of 2015, then in 2022 split between Police and Development Services.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government</b>										
City Hall	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
Police										
Police station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	21	21	21	21	21	18	16	15	15	14
Vans/SWAT vehicles	4	4	3	3	3	3	3	6	5	3
Animal control vehicle	1	1	1	1	1	1	1	1	1	1
Parking control vehicle	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Pumpers/ladders	4	4	4	4	4	2	2	2	3	3
Other vehicles	10	10	10	10	10	9	9	8	8	8
Backup generator	1	1	1	1	1	1	1	1	1	1
Burn trailer	1	1	1	1	1	1	1	1	1	1
<b>Utilities and Environment</b>										
Service Center building	1	1	1	1	1	1	1	1	1	1
<b>Transportation</b>										
Square yards of streets	1,740,902	1,740,902	1,736,592	1,736,003	1,734,825	1,734,341	1,710,693	1,671,438	1,633,426	1,560,502
<b>Culture and Recreation</b>										
Library building	1	1	1	1	1	1	1	1	1	1
Carnegie Art Center	1	1	1	1	1	1	1	1	1	1
Parks department										
Museum buildings	1	1	1	1	1	1	1	1	1	1
Complex w/concessions	1	1	1	1	1	1	1	1	1	1
Pool buildings	2	2	2	2	2	2	2	2	2	2
Other parks buildings	28	28	28	28	28	28	28	28	28	28
Parks	14	14	14	14	14	14	14	14	14	14
Sportsplex	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Mausoleum	2	2	2	2	2	2	2	2	2	2
<b>Ambulance</b>										
Ambulances	5	5	5	5	5	5	6	6	6	6
Other vehicle	1	1	1	1	1	1	1	1	1	1
Defibrillators	9	9	9	9	9	9	9	9	9	15
IV pumps	6	6	6	6	6	6	6	6	6	6
<b>Sanitation</b>										
Refuse collection vehicles	15	14	13	13	13	13	13	15	13	13
Leaf loaders	0	0	0	0	0	0	1	1	1	1
Other vehicles	3	4	4	4	4	2	2	2	2	2
<b>Water/Wastewater</b>										
Miles of water mains	190	188	185	185	185	184	183	182	181	182
Miles of wastewater mains	151	150	148	148	147	147	146	144	143	144
<b>Landfill<sup>(1)</sup></b>										
Active landfills (available acres)	829	829	829	829	829	829	829	829	924	923
Closed landfills (acres)	117	117	117	117	117	117	117	117	117	117
Composting facility	1	1	1	1	1	1	1	1	1	1
<b>Other Business-type Assets</b>										
Golf course	1	1	1	1	1	1	1	1	1	1

Sources: City infrastructure project, capital asset recordkeeping system, fleet division, and GIS division.  
<sup>(1)</sup>Refer to "Closure and Postclosure" in the Notes to the Financial Statements for more details.