



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2016



Prepared by the Finance Department

Pioneer Park Gazebo
Photo Credit: Gregg Teasdale

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

"Do or do not. There is no try."

Yoda



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June 29, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Walla for the fiscal year ended December 31, 2016. This report is published as the official annual financial report and complies with State law that requires annual reporting for Washington municipal governments to be certified and filed with the Washington State Auditor’s Office. The CAFR 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 comprehensive annual financial report of the City of Walla Walla for the fiscal year ended December 31, 2016.

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

The City of Walla Walla financial statements have been audited by the Washington State Auditor’s Office. The goal of this independent audit was to provide reasonable assurance that the financial statements of the City of Walla Walla for the fiscal year ended December 31, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Walla Walla’s financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City, incorporated in 1862, is located in the southeastern section of the State, six miles north of the Washington-Oregon border, 271 miles southeast of the City of Seattle and 158 miles south of the City of Spokane. The City encompasses an area of approximately 10.9 square miles and is the largest city and the county seat of Walla Walla County. The City's 2016 population is 33,340.

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

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

The City Council's adopted mission statement, core values and vision statement are as follows:

Mission: Provide municipal services and programs essential to a desirable community in which to live, work and play.

Core Values: Customer Focus/Service – Excellence – Stewardship – Communication – Leadership - Integrity

Vision: The best of the best of the Northwest.

The City's adopted strategic plan consists of four strategies aimed at infrastructure improvements; financial resiliency; external and internal communications; and public safety. The 2015-16 Biennium Budget was developed, adopted, and modified with the guidance of those strategies.

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

The 2015-16 Biennial Budget served as the foundation for the City of Walla Walla's financial planning and control for the City. All departments of the City of Walla Walla are required to submit requests for appropriation to the City Manager in early July of the year preceding the biennium. The City Manager uses these requests as the starting point for developing a proposed budget. Prior to October, the City Manager presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Walla Walla's fiscal year.

The appropriated budget is adopted by fund. The City Manager may authorize the transfer of appropriations within a fund. Transfers of appropriations between funds and amendments to appropriations, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated biennial budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Local economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Walla Walla operates. The economy of the City is based on a mix of agriculture and related agri-business, manufacturing firms, higher education, health care, trade, tourism and government. Its economic base continues to diversify 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 located in one of the primary agriculture-producing regions of the state and lies on the eastern edge of the Columbia and Snake River basins in southeastern Washington. The County has approximately two-thirds of its acreage classified as suitable for the growing of crops, with about 645,121 acres of tillable land in the County. Agriculture accounts for 9% 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 wheat, 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 apple orchards and vineyards. Walla Walla has become a destination for wine and art lovers as its reputation has increased nationally and globally. Over 130 wineries and over 2,000 acres of planted vineyards are located in the Walla Walla Valley. Wineries employ over 2,000 employees in wine production and wine tourism and generate over 6,500 jobs in the region including multiplier effects. The economic impact of the wine industry in the area is estimated at more than \$500 million annually through direct, indirect and induced effects.

Food Processing and Manufacturing The primary livestock farming activity in the County is beef cattle production. Tyson Foods, Inc. operates a large beef packing plant in Wallula, 35 miles from the City, and employs over 1,200 workers. Simplot Feeders operates large beef cattle feed lots in the County. Broetje Orchards is among the larger orchards in the County with up to 2,798 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 467 full-time employees. Nelson Irrigation Corporation manufactures agricultural and turf irrigation equipment and currently employs approximately 170 people. Boise Inc. has a labor force of over 600 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, Providence St. Mary Medical Center and Walla Walla General Hospital. Complete diagnostic and treatment services, as well as emergency and trauma care, are provided at these facilities. At the VA Campus design and construction

are underway for new clinic facilities; a residential rehabilitation center; and a specialty care services facilities. The Walla Walla Veterans Home, approved for construction in 2015 will add 100 health care jobs to the community.

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

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

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

Walla Walla Town Center Mall, a regional retail center is scheduled to open in 2018 to serve southeast Washington, northeast Oregon and southwest Idaho. After several years of an interrupted major renovation, the new Walla Walla Town Center owners are actively engaged in recruiting retail businesses to Walla Walla. National and regional retailers have been identified and contracted or in negotiations for contract to fill the planned spaces.

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. A new La Quinta is in the process of building a new hotel that is scheduled to open in 2018. In addition, several boutique hotels are proposed for the downtown area.

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, government evidences itself in the utilization of diverse funding sources in the form of taxes and fees to fund public safety, community programs and streets.

In the enterprise funds, planning looks five, ten, or twenty years ahead to anticipate growth trends; infrastructure renewal and expansion; and unfunded mandates. Additionally, the Water and Wastewater enterprises 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. In 2015, the Water Division had started construction on a full scale refurbishing of its treatment plant including the addition of long-term treatment of its surface water source.

The landfill operation continues to grow and diversify with the addition of its methane gas flaring facility and plans for gaining the enterprise revenue from related carbon credits. The composting facility continues to do well, accepting green waste and producing and selling its compost products. Remediation of Area 5 was completed in 2017 and monitoring of the landfill will be an ongoing project for the next several years. As part of the remediation effort, the City applied for and was awarded a Model Toxics Control Act grant through the State of Washington Department of Ecology.

The City is also actively participating in community efforts aimed at economic development, cooperating with the Port of Walla Walla and Walla Walla County as well as community groups such as the Walla Walla Valley Chamber of Commerce, the Downtown Walla Walla Foundation, and Visit Walla Walla.

The City continues to fund minor street overlay and repair projects, scheduling such work on an annual basis. In 2011 the City formed the City of Walla Walla Transportation 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. The City continues to partner with various agencies including Walla Walla County; the City of College Place; Umatilla County and the City of Milton-Freewater; and other agencies to form the Walla Walla Valley Metropolitan Planning Organization (MPO). The City's major IRRP continued, replacing and repairing aging water and sewer pipes; stormwater features; and street paving, all funded by utility rate payers.

The City successfully seeks public and private partnerships to leverage available resources; to acquire public and private funds, both grants and loans; to support legislation that provides more flexibility and effectiveness to municipal governments; and to maximize the productive use of all its resources.

In February 2015, the citizens of Walla Walla voted to rebuild the Veteran's Memorial Swimming Pool and build related aquatic facilities. Bonds were issued to fund the project in October, 2015 and construction on the project began in May, 2016. The pool and related facilities opened in May 2017.

In June 2016, the City Council approved the issuance of bonds to replace approximately 11,000 water meters with smart water meters, install two radio towers, and purchase and install software to accurately measure the water usage. This project will help the City more accurately record water usage and will provide better customer service by allowing the City to identify potential leaks in the system. The installation of meters started in February 2017 and will be completed in November 2017.

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 350 cities, counties, and special

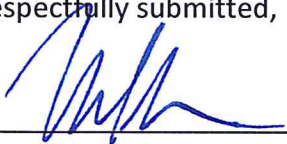
taxing districts. In managing the LGIP, the State Treasurer is required to adhere, at all times, to principles appropriate for the prudent investment of public funds, including, in priority order (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) the attainment of the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. The pool is restricted to investments with maturities of one year or less, and the average life typically is less than 90 days. Investments permitted under the pool's guideline include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified State depositories.

Acknowledgements

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

Respectfully submitted,



Nabil Shawa
City Manager



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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

2016 Walla Walla City Council



Seated (l-r):	Length of Service	Term Expires
Jim Barrow <i>Mayor Pro-Tem</i>	9 years	12/31/17
Allen Pomraning <i>Mayor</i>	3 years	12/31/17
Barbara Clark <i>Council Member</i>	19 years	12/31/19
Standing (l-r)		
Steve Moss <i>Council Member</i>	1 year	12/31/19
Richard "Dick" Morgan <i>Council Member</i>	3 years	12/31/17
Jerry Cummins <i>Council Member</i>	25 years	12/31/19
Tom Scribner <i>Council Member</i>	1 year	12/31/19

WALLA WALLA SENIOR MANAGEMENT

Appointed Officials

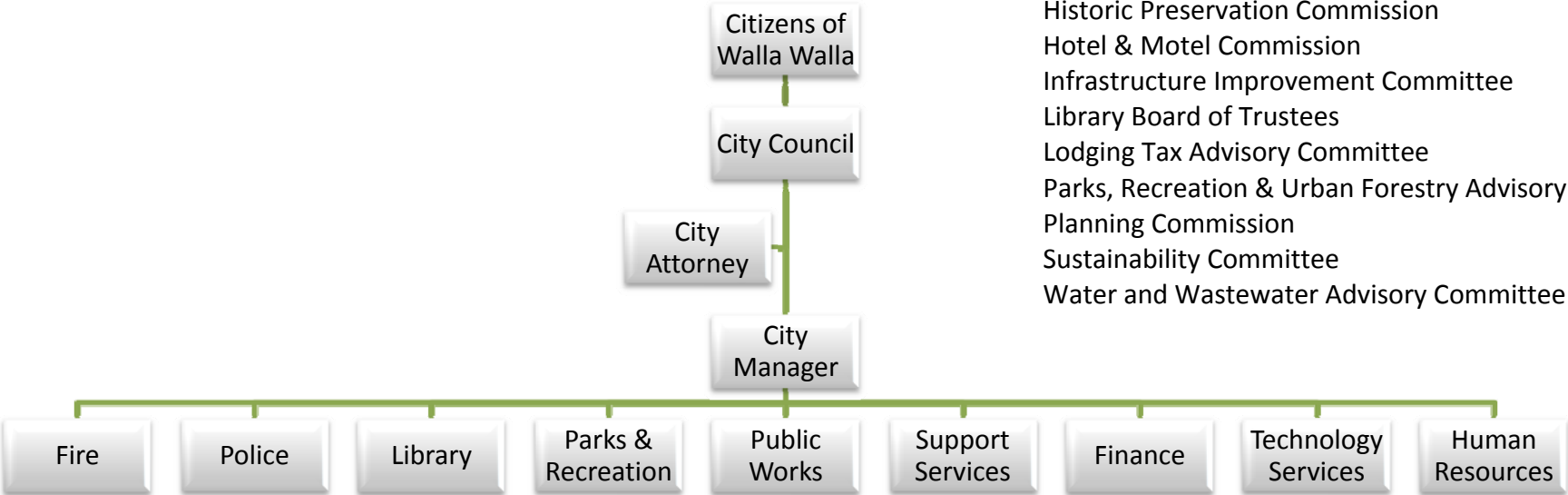


City Manager
Nabil Shawa
 Appointed October, 2009

	<u>Length in Position</u>	<u>Length of Employment</u>
CITY ATTORNEY <i>Tim Donaldson</i>	20 years	20 years
CITY CLERK <i>Kammy Hill</i>	22 years	22 years
DEPUTY CITY MANAGER <i>Tim McCarty (retired 4/11/2016)</i>	15 years	15 years
DEVELOPMENT SERVICES DIRECTOR <i>Elizabeth Chamberlain</i>	2 years	2 years
FINANCE DIRECTOR <i>Jean Teasdale</i>	7 years	7 years
FIRE CHIEF <i>Bob Yancey</i>	5 years	30 years
HUMAN RESOURCES DIRECTOR <i>Pam Taylor</i>	2 years	2 years
LIBRARY DIRECTOR <i>Beth Hudson</i>	6 years	25 years
PARKS & RECREATION DIRECTOR <i>Jim Dumont</i>	15 years	15 years
POLICE CHIEF <i>Scott Bieber</i>	4 years	4 years
PUBLIC WORKS DIRECTOR <i>Ki Bealey</i>	6 years	6 years
TECHNOLOGY SERVICES DIRECTOR <i>Christopher Owen</i>	1 year	15 years

City of Walla Walla

Organizational Chart



Boards & Commissions

- Bicycle & Pedestrian Advisory Committee
- Civil Service Commission
- Historic Preservation Commission
- Hotel & Motel Commission
- Infrastructure Improvement Committee
- Library Board of Trustees
- Lodging Tax Advisory Committee
- Parks, Recreation & Urban Forestry Advisory Board
- Planning Commission
- Sustainability Committee
- Water and Wastewater Advisory Committee



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 29, 2017

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, Walla Walla County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, Walla Walla County, Washington, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 25, pension plan information on pages 84 through 93, and information on postemployment benefits other than pensions on page 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund financial statements on pages 96 through 127 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy
State Auditor
Olympia, WA

“Nothing is impossible, the word itself says ‘I’m possible’.”

Audrey Hepburn

CITY OF WALLA WALLA

Management's Discussion and Analysis December 31, 2016

This section provides an overview and analysis of the City of Walla Walla's financial activities for the fiscal year ended December 31, 2016. The purpose is to highlight significant financial issues, major financial activities, resulting changes in financial position, and economic factors affecting the city. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the preceding letter of transmittal, the city's financial statements and accompanying notes following the narrative. **All amounts, in this section unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The assets and deferred outflows of resources of the City of Walla Walla exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$180,727 (net position). Of this amount, \$19,622 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors. Restricted net position totals \$2,927 and includes donations for capital projects and reporting requirements for GASB 68.
- The City's total net position increased by \$15,621. Business-type activities contributed an increase of \$9,440 while governmental-type activities contributed an increase of \$6,181. The overall financial position of the City improved during 2016, which continues a conservative growth trend over the past several years.
- At fiscal year close, the City of Walla Walla's governmental funds reported combined ending fund balances of \$9,341 a decrease of \$5,014 in comparison with the prior year. The main contributing factors for the decrease were an increase in the City's state pension obligations and expenses for the pool construction. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$4,625, which represents 16.3% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Walla Walla's basic financial statements. The financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

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 that of a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, certain revenues and expenses are reported that will not affect cash flows until further periods.

The statement of net position presents the City of Walla Walla's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Increases or decreases in net position over time serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The statement of activities presents revenue, expenses, and the change in the government's net position during the fiscal year. 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 government-wide financial statements distinguish functions of the City of Walla Walla that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Walla Walla include general government, public safety, utilities and environment, transportation, economic environment, culture and recreation, and social services. The business-type activities of the City of Walla Walla include water/wastewater, stormwater, sanitation, landfill, golf course, ambulance, and equipment maintenance and replacement services.

Fund Financial Statements: The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type such as the general fund, special revenue funds, and proprietary funds. 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 in accordance with special regulations, restrictions or limitations. The City of Walla Walla, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. For reporting purposes, the City's funds are divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 statements 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 twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is a major fund as defined by the Governmental Accounting Standards Board. In 2016, the Police Station U.T.G.O. Bond and Parks CIP funds were also major governmental funds. Other construction funds that are currently not in use are not reported. Data from the remaining funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds: The City of Walla Walla maintains two types of proprietary funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City of Walla Walla uses enterprise funds to account for water/wastewater, stormwater, sanitation, landfill, golf course, and ambulance services. Internal service funds are used for operations serving other funds or departments within the City to accumulate and allocate costs internally to various functions. Internal service funds account for equipment maintenance and replacement, health and industrial insurance, emergency communication, and service center functions. Of those, 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Enterprise fund financial statements provide separate information for the sanitation, water/wastewater, and landfill, which are presented as major funds. Data from the other three enterprise funds, stormwater, golf course, and ambulance, and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds are provided in the form of combining statements.

Fiduciary Funds: Fiduciary funds are held by the City as a trustee or agent for the benefit of parties outside the government. Fiduciary funds are reflected in the government-wide financial statements because the fund resources are not available to support the City of Walla Walla's own programs. The accounting used for fiduciary funds is much like that used for enterprise funds except for agency funds, which only show assets and liabilities.

Notes to the Financial Statements: The notes provide additional information essential to a full understanding of data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Walla Walla's progress in funding its obligation to provide pension benefits to certain firefighting employees and their beneficiaries.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City of Walla Walla assets exceed liabilities and deferred inflows by \$180,727 at the close of 2016. The City's overall net position increased \$15,621 (9.5%) from the prior fiscal year.

The largest portion of the City of Walla Walla's net position \$158,178 (87.5%) reflects an investment in capital assets (e.g. buildings, machinery, equipment, infrastructure, and construction in progress) less related outstanding debt used to acquire those assets. The City of Walla Walla uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Walla Walla's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Walla Walla's net position \$2,927 (1.6%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaling \$19,622 (10.9%) will be used to meet the government's ongoing obligations. The change in unrestricted net position is due in large part to the implementation of GASB 68.

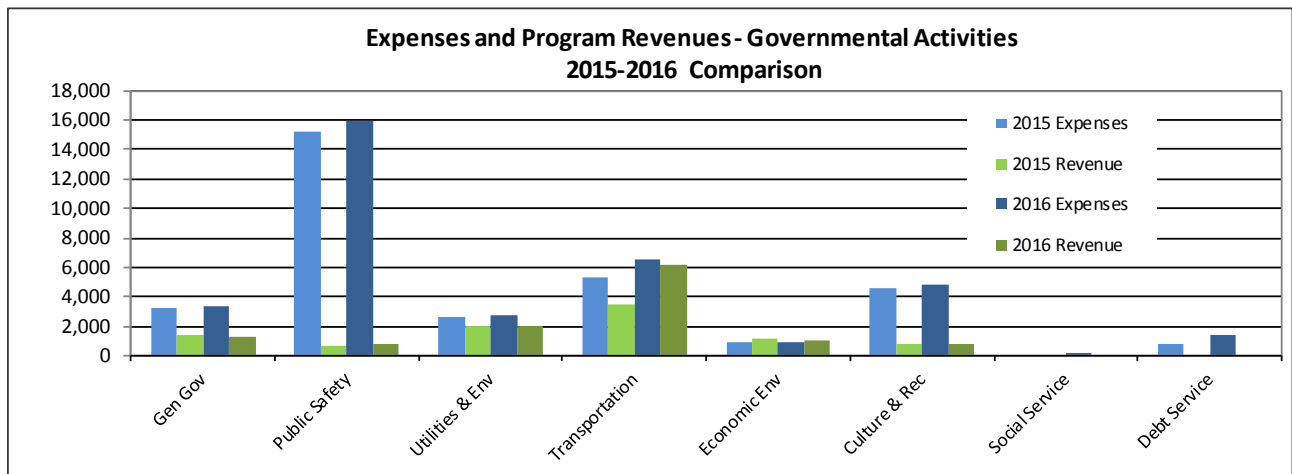
At the end of 2016, the City of Walla Walla reports positive balances in all three categories of net position for governmental, business-type activities, and the government as a whole. The City's current and other assets for governmental activities decreased by \$3,782, due to GASB 68 pension reporting requirements. Current and other assets for business-type activities increased by \$8,843, primarily due to the receipt of funding for construction and remediation efforts. Capital assets utilized in governmental activities increased by \$10,894, primarily due to an increase in capital assets. Non-current liabilities increased by \$5,445, for governmental and business activities primarily due to issuance of new long-term debt and implementation of GASB 68.

The following table is a condensed version of the government-wide Statement of Net Position comparison of 2015 and 2016:

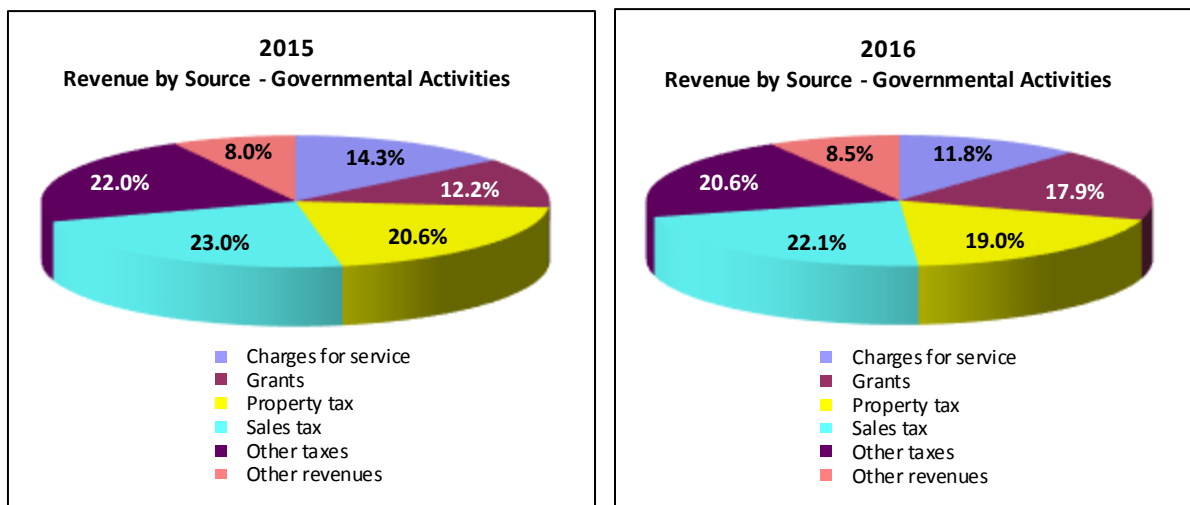
	City of Walla Walla's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$29,769	\$25,987	\$28,649	\$37,492	\$58,417	\$63,479
Capital assets	68,434	79,328	108,380	113,552	176,814	192,880
Total assets	98,203	105,315	137,029	151,044	235,231	256,359
Deferred outflows pension	1,325	2,522	434	796	1,759	3,318
Total deferred outflows of resources	1,325	2,522	434	796	1,759	3,318
Other liabilities	2,275	3,412	1,521	3,727	3,796	7,139
Noncurrent liabilities	35,612	37,795	29,790	33,052	65,402	70,847
Total liabilities	37,887	41,207	31,311	36,779	69,198	77,986
Deferred inflows pension	1,911	143	586	54	2,497	197
Special assessments	189	129	-	-	189	129
Pledged revenue for pool	-	638	-	-	-	638
Total deferred inflows of resources	2,101	910	586	54	2,686	964
Net position:						
Net investment in capital assets	54,727	60,448	92,330	97,730	147,057	158,178
Restricted	3,543	2,440	820	487	4,363	2,927
Unrestricted	1,269	2,832	12,417	16,790	13,686	19,622
Total net position	\$59,540	\$65,720	\$105,567	\$115,007	\$165,106	\$180,727

Governmental Activities: Governmental activities increased the City of Walla Walla’s net position by \$6,181, partly due to an increase in all taxes of \$1,388, other revenues of \$566 and capital grants/contributions of \$2,913 over the previous fiscal year. Property tax revenue increased due to a statutory allowable tax levy increase, property annexation, increase in property value, and property tax levies associated with voted debt. Sales-related taxes increased 8.4% due to an improvement in the economy. Business and occupation (B&O) taxes decreased for electricity, gas, cable, and telephone by 6.6%. Taxes related to the tourism industry, such as lodging taxes, increased in 2016 by 11.7%, due to efforts associated with the Tourism Promotion Area (TPA). Utility Excise Taxes increased by 5.0% 2016 due to rate increases in water, wastewater, and stormwater.

The following graph compares program revenues to program expenses from the Statement of Activities and illustrates the impact of various city functions to the net position from operations excluding taxes and miscellaneous revenue, for governmental activities in 2016 to the previous year. The second graph compares revenue from all governmental activities in 2016 to the previous year.



Revenues by Source - Governmental Activities



Changes in Net Position

The changes in net position table illustrates the increases or decreases in net position of the City resulting from its operating activities. The following table is a condensed version of the City's changes in net position, which states the revenues, expenses, and related changes in net position in tabular form for the governmental activities separate from the business-type activities for 2015 and 2016.

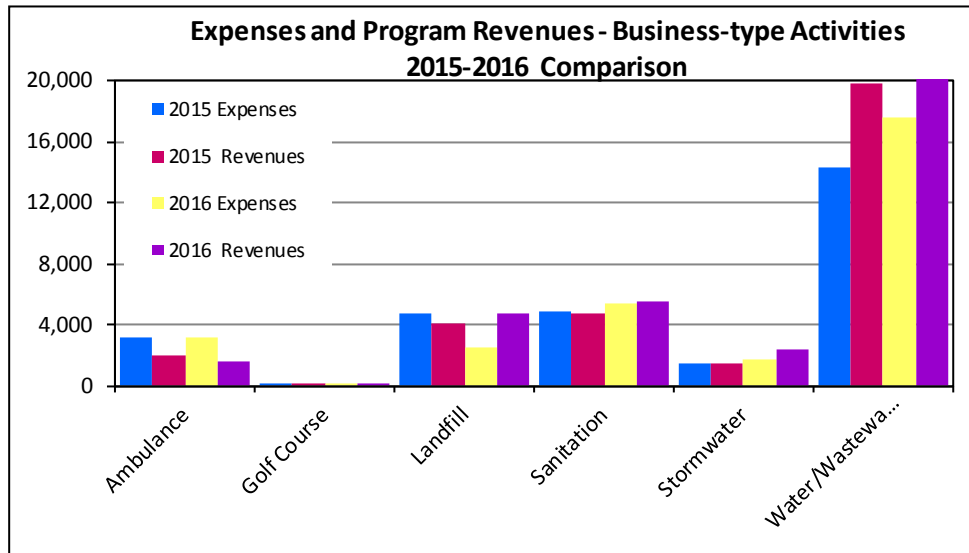
City of Walla Walla's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for service	5,055	4,722	34,407	36,080	39,462	40,801
Operating grants/contributions	1,076	988	378	1,840	1,453	2,828
Capital grants/contributions	3,245	6,158	1,511	2,169	4,756	8,326
General revenues:						
Property tax	7,277	7,578	-	-	7,277	7,578
Sales tax	8,132	8,815	-	-	8,132	8,815
Other taxes	7,800	8,204	-	-	7,800	8,204
Other revenues	2,815	3,381	1,571	1,808	4,386	5,189
Total revenues	35,400	39,845	37,867	41,897	73,267	81,743
Expenses:						
General government	3,253	3,308	-	-	3,253	3,308
Public safety	15,277	15,991	-	-	15,277	15,991
Utilities and environment	2,593	2,709	-	-	2,593	2,709
Transportation	5,248	6,556	-	-	5,248	6,556
Economic environment	904	956	-	-	904	956
Culture and recreation	4,528	4,776	-	-	4,528	4,776
Social Services	-	4	-	-	-	4
Interest on long term debt	764	1,395	-	-	764	1,395
Ambulance	-	-	3,118	3,186	3,118	3,186
Golf course	-	-	132	139	132	139
Landfill	-	-	4,022	2,473	4,022	2,473
Sanitation	-	-	5,040	5,374	5,040	5,374
Storm water	-	-	1,387	1,661	1,387	1,661
Water/Wastewater	-	-	15,151	17,594	15,151	17,594
Total expenses	32,567	35,696	28,850	30,426	61,417	66,122
Increase in net position before transfers	2,833	4,150	9,016	11,471	11,850	15,621
Transfers	1,687	2,031	(1,687)	(2,031)	-	-
Increase in net position	4,520	6,180	7,330	9,440	11,850	15,621
Net position - beginning	55,019	59,540	98,237	105,567	153,256	165,106
Net position - ending	59,540	66,720	105,567	115,007	165,106	180,727

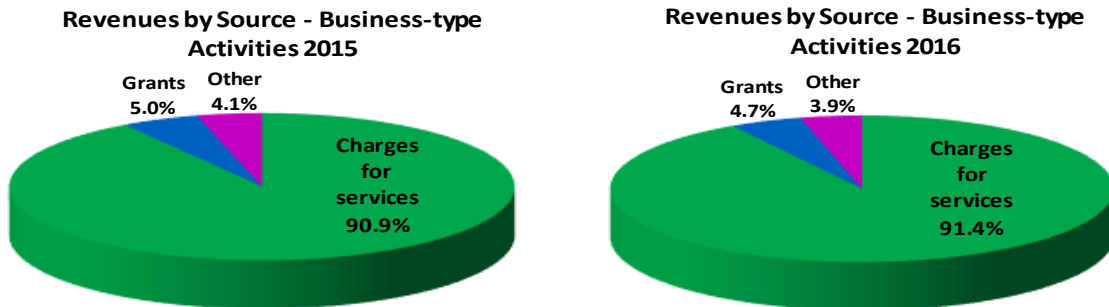
Business-type Activities

Business-type activities account for 63.6% of the City's net position. The City's business-type activities increased the City of Walla Walla's net position by \$9,440. This is due to utility rate increases for water, wastewater, stormwater and landfill and the receipt of a grant for the costs associated with remediation and closure at the landfill. Expenses increased by \$1,576, largely due to the capital projects in water and wastewater, including a large construction project for the Water Treatment Plant.

The following graphs compare program revenues to program expenses from the Statement of Activities and illustrate the revenues by source separately for the business-type activities for 2016.



Revenues by Source - Business-type Activities



Landfill expenses decreased from 2015 to 2016 by \$1,549 due to completion of the pollution remediation project. The revenue increase in water/wastewater is due to regular utility rate increases.

Financial Analysis of the Government's Funds

The City of Walla Walla uses fund accounting to promote accountability and stewardship, as well as to demonstrate compliance with finance-related legal requirements.

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

At the end of 2016, the City of Walla Walla's governmental funds reported combined ending fund balances of \$9,341, a decrease of \$5,014 in comparison with the prior year. Taxes for the City

increased by \$2,149 due to increases for the utility excise taxes by \$208, sales tax \$683 and property taxes by \$1,062. Approximately \$4,114 constitutes unassigned fund balance, which is available for spending at the government's discretion.

General Fund: The General Fund is the chief operating fund of the City of Walla Walla. At the end of 2016, unassigned and committed fund balances of the General Fund were \$4,625 and \$525 respectively. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Accordingly, the unassigned fund balance represents 16.3% of the total expenditures.

The City of Walla Walla's General Fund balance decreased by \$267 during the 2016 fiscal year, key factors were cost of living salary and benefit increases for City employees. General Fund total revenue increased by \$1,049 as compared to 2015. The increase in revenue in the General Fund is primarily due to property tax increases as a result of annexations, an increase in sales tax due to the improving economy, and an increase in the Utility Excise Taxes. Overall revenues increased by 3.6% while total expenditures increased by 3.6%.

Police Station U.T.G.O. Bond: The Police Station Bond Fund has a restricted fund balance of \$276 committed by bond regulations for payment of voted debt. The main source of revenue in 2016 for this fund was property tax of \$863. In 2016, expenditures included debt principal, interest, and administrative payments of refunding the 2009 original bond debt.

Parks CIP: The Parks CIP Fund has a deficit unassigned fund balance of (\$175) committed for the construction of a new city pool. The main source of revenue in 2016 for this fund was pool donation and interest payments of \$258. The deficit fund balance is due to the Memorial Pool debt liability.

Other Non-major Governmental Funds: Other non-major governmental funds include \$1,624 in restricted balance from lodging taxes, forfeitures and fines, debt payment reserves, and construction projects. These funds also have a deficit unassigned balance of (\$336) due to the Transportation Benefit District Construction Fund and LID Bond Funds debt liability. The committed fund balance for other non-major governmental funds is \$2,572, which is due to City established Cemetery Reserve Fund and committed cash in the Street Fund for maintenance. The assigned fund balance for other governmental funds is \$13.

Business-Type Funds The proprietary fund statements report on an economic resource basis and provide the same type of information found in the government-wide financial statements; however more detail is provided in the fund statements. The city reports both enterprise funds and internal service funds which support the operations of the government. Unrestricted net position of the major enterprise funds are as follows:

Sanitation	\$1,029	Water/Wastewater	\$5,368
Landfill	\$2,379		

Other factors concerning the finances of these funds were noted in the discussion of the City of Walla Walla's business-type activities.

General Fund Budgetary Highlights

Due to economic uncertainties, the City continued to encourage departments and divisions to spend conservatively in 2016. The City of Walla Walla budgets on a biennial basis with each budget beginning in an odd numbered year. Appropriations for operating funds are authorized for two years, however they must be review and reauthorized by the City Council in the middle of the biennial period. The City was in the second year of the 2015-2016 biennium, it revised the expenditure and revenue budgets four times during the 2016 to more accurately reflect expectations.

For 2016, the City provided cost of living and cost of labor increases to comply with employment contracts. Actual revenues for 2016 were higher than the original budget because of increases in taxes, licenses and permits, intergovernmental revenues and charges for goods and services. Changes in work schedules on various construction projects as well as changes in funding sources for these projects also caused modifications to the original budget.

The City made the following adjustments to the 2016 original budget as a result of changes in the economy, and additional public contributions towards City programs (amounts not in thousands):

- An increase of \$500,000 for city general sales tax;
- An increase of \$89,150 for water utility excise fee;
- An increase of \$97,650 for storm water utility excise fee;
- An increase of \$84,000 for card game tax;
- An increase of \$75,000 for city financial assistance;
- A decrease of \$200,000 for electric B&O tax;
- A decrease of \$150,000 for telephone B&O tax;

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, 2016 amounts to \$158,178, net of related debt. Capital asset investments include land, buildings, improvements, machinery, equipment, park facilities, roads, and bridges. Capital assets increased by \$10,894 for governmental activities mostly due to construction of Memorial Pool and street projects. Business activities increased by \$5,172 mostly due to water and wastewater projects. As a result, the City's capital assets increased for the year by \$16,066.

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

- The largest water and wastewater IRRP construction project in 2016 was the Alder Street IRRP, the project was completed in December 2016, spending \$3,269 out of a \$3,705 project budget, with IRRP funding supported by water and wastewater rate revenue bonds. Spending on the City's IRRP program included in the CIP during 2016 totaled \$285.

- The City, received two loans totaling \$24,240 from the Public Works board, to improve its drinking water system. During 2016, the City spent \$1,422; at year-end 2016, total project expenses were \$3,658.
- In 2015, the citizens of Walla Walla voted to approve bonds for construction of a new Memorial Swimming Pool. During 2016, the City spent \$5,850; at year-end 2016, total project expenses were \$6,255. The pool will be completed and open for business in May of 2017.

The following table below displays assets net of accumulated depreciation. Additional capital asset information is located in Note 6 in the footnotes.

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$3,557	\$3,557	\$1,222	\$1,222	\$4,778	\$4,778
Construction in progress	6,834	7,034	5,441	4,530	12,275	11,564
Intangibles	-	-	-	225	-	225
Buildings	16,726	16,870	15,595	15,011	32,321	31,881
Improvements	4,262	4,691	5,002	4,621	9,264	9,312
Equipment	1,326	1,142	6,246	7,959	7,572	9,101
Infrastructure	35,730	46,035	74,875	79,984	110,605	126,019
Total capital assets	\$68,434	\$79,328	\$108,380	\$113,552	\$176,814	\$192,880

Long-term Debt: At the end of 2016, the City of Walla Walla had total bonded debt outstanding of \$26,759, including debt issued in 2016 of \$5,960 for the installation of new radio read water meters throughout the city. The City's bonded debt is backed by the full faith and credit of the government. General obligation bonded debt includes \$9,106 of landfill, golf course and water debt which will be repaid by user fees. Additionally, the water/wastewater utility has outstanding loans used for capital construction of \$10,631. The special assessment bond payments are funded by property owner levies and has been funded and accounted for as an interfund loan. Additional long-term liability information is in Note 9.

	Government-type Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
General obligation bonds	\$18,710	\$17,653	\$3,550	\$9,106	\$22,260	\$26,759
Capital Lease	-	-	-	203	-	203
Construction loans	-	-	12,483	10,631	12,483	10,631
Special assessment IF loan	241	142	-	-	241	142
Total outstanding debt	\$18,951	\$17,795	\$16,033	\$19,940	\$34,984	\$37,735

Economic Factors and Next Year's Budgets and Rates (amounts not in thousands)

Sales tax and revenue derived from areas such as utility taxes and real estate excise taxes are projected to continue in 2017 at levels experienced in the last six months of 2016.

The local economy continued to experience an upturn that is expected to continue through 2017. When the City of Walla adopted its 2017-2018 biennial budget in 2016, City administrators and

City Council estimated revenue and expenses based on the economic outlook for 2017 and 2018. The City continually reviews its practices and streamlines processes as necessary.

Based on current information from the County Assessor's Office, the 2016 property tax levy of \$5,924,063 includes an increase of \$39,719 from new construction and an increase of \$17,617 from state assessed property improvements in 2016.

The 2017 budget assumes a number of changes in fees for services. Water and Wastewater rates will increase 3.9% and 2.4% respectively. Stormwater rates will rise 5.6%. Operations and management rate increases are due to the cost of inflation and costs of meeting federal and state requirements. Landfill rates will increase by 3.0% and sanitation rates are budgeted to increase by 3.0%. Ambulance base rates will not increase in 2017, for the sixth year in a row.

In 2016, the city approved \$5,960,000 in Limited Tax General Obligation (L.T.G.O) bonds to remove the old water meters and install radio read meters. The 2016 and 2017 budgets includes the costs associated with the removal and installation of new meters, the target project completion is mid-year 2017.

Requests for Information

This financial report is designed to provide a general overview of the City of Walla Walla's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 15 N. 3rd Avenue, Walla Walla, WA 99362.

“The most difficult thing is the decision to act, the rest is merely tenacity.”

Amelia Earhart

BASIC FINANCIAL STATEMENTS

City of Walla Walla
Statement of Net Position
December 31, 2016

	Governmental Activities	Business Activities	Total
ASSETS			
Cash and equivalents	\$ 11,156,222	\$ 19,586,932	\$ 30,743,154
Investments	4,001,057	7,302,473	11,303,530
Other receivables (net of allowance)	536,234	3,879,575	4,415,809
Prepays	82,679	-	82,679
Taxes receivables	7,601,031	-	7,601,031
Special assessment receivable	129,154	-	129,154
Interest receivable	20,062	-	20,062
Pool pledged receivable	637,500	-	637,500
Notes receivable	-	37,042	37,042
Inventories	-	946,258	946,258
Restricted cash:			
Temporarily restricted	77,000	1,102,361	1,179,361
Permanently restricted	16,545	-	16,545
Restricted investments	800,339	2,897,682	3,698,021
Restricted net pension asset	2,181,471	487,285	2,668,756
Interfund loans receivable (payable)	(1,784,249)	1,784,249	-
Internal balances receivable (payable)	532,277	(532,277)	-
Capital assets not depreciated:			
Land	3,556,599	1,221,574	4,778,173
Construction in progress	7,033,502	4,530,277	11,563,779
Intangibles	-	225,307	225,307
Capital assets net of accumulated depreciation:			
Buildings and structures	16,869,565	15,011,067	31,880,632
Other improvements	4,690,862	4,621,056	9,311,918
Machinery and equipment	1,142,150	7,958,922	9,101,072
Infrastructure	46,035,281	79,984,028	126,019,309
Total assets	\$ 105,315,281	\$ 151,043,811	\$ 256,359,092
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	\$ 2,521,718	\$ 796,039	\$ 3,317,757
Total deferred outflows of resources	\$ 2,521,718	\$ 796,039	\$ 3,317,757
Total assets and deferred outflows of resources	\$ 107,836,999	\$ 151,839,850	\$ 259,676,849
LIABILITIES			
Accounts payable	\$ 1,055,997	\$ 2,908,968	\$ 3,964,965
Other accrued liabilities	2,058,296	818,095	2,876,391
Unearned revenue	298,115	-	298,115
Noncurrent liabilities:			
Due within one year	2,782,681	3,519,610	6,302,291
Due in more than one year	26,983,129	26,512,696	53,495,825
Net pension liability	8,028,756	3,020,048	11,048,804
Total liabilities	\$ 41,206,974	\$ 36,779,417	\$ 77,986,391
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	\$ 143,097	\$ 53,825	\$ 196,922
Special assessments	129,154	-	\$ 129,154
Pledged revenue for pool	637,500	-	\$ 637,500
Total deferred inflows of resources	\$ 909,751	\$ 53,825	\$ 963,576
NET POSITION			
Net investment in capital assets	\$ 60,448,138	\$ 97,729,792	\$ 158,177,930
Net position restricted for:			
Permanent funds:			
Expendable	11,094	-	11,094
Nonexpendable	16,545	-	16,545
Nonexpendable	82,679	-	82,679
Library donations	6,055	-	6,055
Parks donations	142,090	-	142,090
Net pension asset	2,181,471	487,285	2,668,756
Net position unrestricted	2,832,202	16,789,531	19,621,733
Total net position	\$ 65,720,274	\$ 115,006,608	\$ 180,726,882

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

**City of Walla Walla
Statement of Activities
For the Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 3,308,121	\$ 808,410	\$ 430,054	\$ -	\$ (2,069,657)		\$ (2,069,657)
Public safety	15,990,790	440,910	235,292	45,715	(15,268,873)		(15,268,873)
Utilities and environment	2,709,236	1,914,108	-	66,291	(728,837)		(728,837)
Transportation	6,555,679	222,892	156,221	5,769,889	(406,677)		(406,677)
Economic environment	956,150	1,017,476	-	-	61,326		61,326
Culture and recreation	4,775,959	317,856	166,020	275,678	(4,016,405)		(4,016,405)
Social services	4,438	-	-	-	(4,438)		(4,438)
Interest expense	1,395,231	-	-	-	(1,395,231)		(1,395,231)
Total governmental activities	<u>35,695,604</u>	<u>4,721,652</u>	<u>987,587</u>	<u>6,157,573</u>	<u>(23,828,792)</u>		<u>(23,828,792)</u>
Business-type activities:							
Ambulance	3,185,784	1,627,741	1,290	-		(1,556,753)	(1,556,753)
Golf course	139,180	75,304	-	-		(63,876)	(63,876)
Landfill	2,472,899	4,690,036	1,770,073	-		3,987,210	3,987,210
Sanitation	5,374,024	5,515,937	-	-		141,913	141,913
Stormwater	1,660,551	2,300,055	67,859	299,954		1,007,317	1,007,317
Water/Wastewater	17,594,045	21,870,452	1,275	1,868,870		6,146,552	6,146,552
Total business-type activities	<u>30,426,483</u>	<u>36,079,525</u>	<u>1,840,497</u>	<u>2,168,824</u>	<u>-</u>	<u>9,662,363</u>	<u>9,662,363</u>
Total primary government	<u>\$ 66,122,087</u>	<u>\$ 40,801,177</u>	<u>\$ 2,828,084</u>	<u>\$ 8,326,397</u>	<u>(23,828,792)</u>	<u>9,662,363</u>	<u>(14,166,429)</u>
General revenues:							
Taxes:							
Property taxes					7,577,730	-	7,577,730
Sales taxes					8,815,394	-	8,815,394
Business and occupation taxes					2,946,561	-	2,946,561
Utility excise tax					4,372,166	-	4,372,166
Gambling taxes					102,573	-	102,573
Real estate excise taxes					396,849	-	396,849
Leasehold taxes					41,976	-	41,976
Tourism promotion tax					344,197	-	344,197
Intergovernmental					3,159,854	1,450,850	4,610,704
Miscellaneous general revenues					221,315	56,033	277,348
Gain (loss) on sale of capital assets					-	301,372	301,372
Transfers					2,030,510	(2,030,510)	-
Total general revenues and transfers					<u>30,009,125</u>	<u>(222,255)</u>	<u>29,786,870</u>
Change in net position					6,180,333	9,440,108	15,620,441
Net position - beginning					59,539,941	105,566,500	165,106,441
Net position - ending					<u>\$ 65,720,274</u>	<u>\$ 115,006,608</u>	<u>\$ 180,726,882</u>

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

**City of Walla Walla
Balance Sheet
Governmental Funds
December 31, 2016**

	<u>General Fund</u>	<u>Police Station U.T.G.O. Bond</u>	<u>Parks CIP</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
ASSETS					
Cash and equivalents	\$ 4,132,163	\$ 278,202	\$ 1,693,269	\$ 3,701,236	\$ 9,804,870
Restricted cash and equivalents	-	-	-	93,545	93,545
Restricted investments	-	-	-	800,339	800,339
Investments	3,001,277	-	-	200,084	3,201,361
Taxes receivables (net)	6,077,425	816,069	-	707,537	7,601,031
Other receivables (net)	240,245	3,123	-	145,428	388,796
Interest receivable	18,005	-	-	1,540	19,545
Prepays	47,043	-	-	-	47,043
Pool pledged receivable	-	-	637,500	-	637,500
Special assessments receivable	-	-	-	129,154	129,154
Total assets	<u>\$ 13,516,158</u>	<u>\$ 1,097,394</u>	<u>\$ 2,330,769</u>	<u>\$ 5,778,863</u>	<u>\$ 22,723,184</u>
LIABILITIES					
Accounts payable	\$ 429,829	\$ -	\$ 240,214	\$ 296,185	\$ 966,228
Other accrued liabilities	1,365,520	-	378,258	222,292	1,966,070
Interfund loans payable	-	-	1,250,000	534,248	1,784,248
Unearned revenues	298,115	-	-	-	298,115
Total liabilities	<u>\$ 2,093,464</u>	<u>\$ -</u>	<u>\$ 1,868,472</u>	<u>\$ 1,052,725</u>	<u>\$ 5,014,661</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ 6,077,425	\$ 816,069	\$ -	\$ 707,537	\$ 7,601,031
Special assessments	-	-	-	129,154	129,154
Pledged revenue for pool	-	-	637,500	-	637,500
Total deferred inflows of resources	<u>\$ 6,077,425</u>	<u>\$ 816,069</u>	<u>\$ 637,500</u>	<u>\$ 836,691</u>	<u>\$ 8,367,685</u>
FUND BALANCE					
Nonspendable	\$ 47,043	\$ -	\$ -	\$ 16,545	\$ 63,588
Restricted	148,145	275,669	-	1,623,500	2,047,314
Committed	524,938	5,656	-	2,571,554	3,102,148
Assigned	-	-	-	13,370	13,370
Unassigned	4,625,143	-	(175,203)	(335,522)	4,114,418
Total fund balances	<u>\$ 5,345,269</u>	<u>\$ 281,325</u>	<u>\$ (175,203)</u>	<u>\$ 3,889,447</u>	<u>\$ 9,340,838</u>
Total liabilities, deferred inflows of resources, fund balances	<u>\$ 13,516,158</u>	<u>\$ 1,097,394</u>	<u>\$ 2,330,769</u>	<u>\$ 5,778,863</u>	

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

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

Total fund balances - governmental funds	\$ 9,340,838
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital outlays are expenditures for fund reporting but are asset additions for government wide reporting.	79,327,959
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Proceeds received from new and repayments of existing debts are recorded as resources and expenditures for fund reporting but are additions and reductions of liabilities for government wide reporting.	(37,794,566)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,985,933
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.	2,860,110
Net position of governmental activities	<u>\$ 65,720,274</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, 2016

	<u>General Fund</u>	<u>Police Station U.T.G.O. Bond</u>	<u>Parks CIP</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES					
Taxes	\$ 19,759,430	\$ 862,685	\$ -	\$ 3,533,793	\$ 24,155,908
Licenses and permits	894,655	-	-	325,101	1,219,756
Intergovernmental revenues	1,934,430	-	-	1,293,195	3,227,625
Charges for goods and services	7,270,223	-	-	213,604	7,483,827
Fines and forfeitures	189,724	-	-	16,225	205,949
Miscellaneous revenues	506,014	1,635	257,523	129,104	894,276
Total revenues	<u>\$ 30,554,476</u>	<u>\$ 864,320</u>	<u>\$ 257,523</u>	<u>\$ 5,511,022</u>	<u>\$ 37,187,341</u>
EXPENDITURES					
Current:					
General government	\$ 7,709,903	\$ -	\$ -	\$ 32,266	\$ 7,742,169
Public safety	13,745,382	-	-	20,388	13,765,770
Utilities and environment	2,690,464	-	-	-	2,690,464
Transportation	-	-	-	2,919,421	2,919,421
Economic environment	934,537	-	-	15,543	950,080
Culture and recreation	3,283,514	-	5,707	1,222,844	4,512,065
Social services	4,438	-	-	-	4,438
Debt service:					
Principal retirement	-	8,295,000	-	506,570	8,801,570
Interest	-	1,034,950	-	315,911	1,350,861
Administrative charges	-	134,188	-	502	134,690
Capital outlay:					
General government	36,265	-	-	-	36,265
Public safety	19,533	-	-	23,556	43,089
Transportation	-	-	-	3,549,000	3,549,000
Culture and recreation	-	-	5,981,398	352,636	6,334,034
Total expenditures	<u>\$ 28,424,036</u>	<u>\$ 9,464,138</u>	<u>\$ 5,987,105</u>	<u>\$ 8,958,637</u>	<u>\$ 52,833,916</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,130,440</u>	<u>\$ (8,599,818)</u>	<u>\$ (5,729,582)</u>	<u>\$ (3,447,615)</u>	<u>\$ (15,646,575)</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, 2016

	<u>General Fund</u>	<u>Police Station U.T.G.O. Bond</u>	<u>Parks CIP</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 123,681	\$ -	\$ -	\$ 5,796,678	\$ 5,920,359
Transfers out	(2,520,945)	-	(5,110)	(1,419,175)	(3,945,230)
Insurance recoveries	-	-	-	8,536	8,536
Proceeds of refunding long-term debt	-	7,745,000	-	-	7,745,000
Premium on bonds issued	-	904,351	-	-	904,351
Total other financing sources and uses	<u>\$ (2,397,264)</u>	<u>\$ 8,649,351</u>	<u>\$ (5,110)</u>	<u>\$ 4,386,039</u>	<u>\$ 10,633,016</u>
Net change in fund balance	(266,824)	49,533	(5,734,692)	938,424	(5,013,559)
Fund balances -- beginning	<u>5,612,093</u>	<u>231,792</u>	<u>5,559,489</u>	<u>2,951,023</u>	<u>14,354,397</u>
Fund balances -- ending	<u>\$ 5,345,269</u>	<u>\$ 281,325</u>	<u>\$ (175,203)</u>	<u>\$ 3,889,447</u>	<u>\$ 9,340,838</u>

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

Net change in fund balances - total governmental funds (above) \$ (5,013,559)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 10,893,948

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 242,539

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 662,564

Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (2,425,575)

Internal service funds are used by management to charge the costs of emergency communications, vehicle maintenance and replacement to individual funds. The net revenue (loss) of certain activities of internal service funds is reported in the governmental activities. 671,873

Payments of certain obligations related to prior periods are recognized in governmental funds but are eliminated in the statement of activities. 1,148,543

Change in net position of governmental activities. \$ 6,180,333

**City of Walla Walla
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 37,498,950	\$ 38,914,700	\$ 38,436,470	(478,230)
Licenses and permits	1,353,480	1,680,980	1,867,630	186,650
Intergovernmental revenues	2,770,020	3,678,130	3,821,430	143,300
Charges for goods and services	14,551,270	14,544,750	14,466,160	(78,590)
Fines and forfeits	564,200	398,150	396,630	(1,520)
Miscellaneous revenues	485,370	1,072,200	1,071,530	(670)
Total revenues	<u>57,223,290</u>	<u>60,288,910</u>	<u>60,059,850</u>	<u>(229,060)</u>
EXPENDITURES				
Current:				
General government	15,261,660	15,958,140	15,145,690	(812,450)
Public safety	26,148,970	26,235,270	26,320,910	85,640
Utilities and environment	5,212,230	5,426,760	5,311,320	(115,440)
Economic environment	1,149,180	1,928,640	1,814,930	(113,710)
Culture and recreation	6,121,700	6,753,870	6,522,670	(231,200)
Social services	-	5,000	4,440	(560)
Capital outlay:				
General government	128,560	63,500	57,200	(6,300)
Public safety	39,100	117,340	115,900	(1,440)
Utilities and environment	-	5,000	-	(5,000)
Culture and recreation	578,170	601,940	563,390	(38,550)
Total expenditures	<u>54,639,570</u>	<u>57,095,460</u>	<u>55,856,450</u>	<u>(1,239,010)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,583,720</u>	<u>3,193,450</u>	<u>4,203,400</u>	<u>1,009,950</u>
OTHER FINANCING SOURCES (USES)				
Transfers in*	316,880	338,540	324,660	(13,880)
Transfers out	(3,395,010)	(5,086,190)	(4,857,320)	228,870
Proceeds of refunding long term debt	-	196,050	194,990	(1,060)
Total other financing sources, uses and special items	<u>(3,078,130)</u>	<u>(4,551,600)</u>	<u>(4,337,670)</u>	<u>213,930</u>
Net change in fund balances	(494,410)	(1,358,150)	(134,270)	1,223,880
Fund balances -- beginning	<u>5,479,540</u>	<u>5,479,540</u>	<u>5,479,540</u>	<u>-</u>
Fund balances -- ending	<u>\$ 4,985,130</u>	<u>\$ 4,121,390</u>	<u>\$ 5,345,270</u>	<u>\$ 1,223,880</u>

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

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-type Activities - Major Enterprise Funds			Other	Total	Total
	Sanitation	Water/Wastewater	Landfill	Enterprise	Enterprise	Internal Service
ASSETS						
Current assets:						
Cash and equivalents	\$ 586,368	\$ 13,209,494	\$ 2,038,256	\$ 1,012,107	\$ 16,846,225	\$ 4,092,055
Investments	800,100	2,299,447	1,201,650	-	4,301,197	3,800,974
Other receivables (net)	334,104	1,364,045	1,710,832	470,592	3,879,573	147,440
Interest receivable	-	-	-	-	-	517
Interfund loans receivable	-	-	-	-	-	990,907
Inventories	-	829,022	-	-	829,022	117,236
Restricted cash and cash equivalents	-	-	620,205	-	620,205	-
Restricted investments	-	-	2,897,682	-	2,897,682	-
Prepays	-	-	-	-	-	35,636
Total current assets	1,720,572	17,702,008	8,468,625	1,482,699	29,373,904	9,184,765
Noncurrent assets:						
Restricted cash and equivalents	-	-	482,156	-	482,156	-
Restricted net pension asset	-	-	-	487,285	487,285	-
Long-term receivable	-	-	37,042	-	37,042	-
Interfund loans receivable	-	-	-	-	-	2,166,958
Land	-	572,495	593,664	55,415	1,221,574	135,600
Buildings and structures (net)	-	14,510,943	500,125	-	15,011,068	2,530,762
Improvements other than buildings (net)	-	1,305,076	2,410,444	905,536	4,621,056	12,091
Machinery and equipment (net)	6,121	859,895	52,905	34,607	953,528	7,121,741
Infrastructure (net)	-	74,937,831	518,912	4,527,285	79,984,028	64,632
Construction in progress	-	4,051,487	215,528	263,263	4,530,278	107,767
Intangibles	-	225,307	-	-	225,307	-
Total noncurrent assets	6,121	96,463,034	4,810,776	6,273,391	107,553,322	12,139,551
Total assets	\$ 1,726,693	\$ 114,165,042	\$ 13,279,401	\$ 7,756,090	\$ 136,927,226	\$ 21,324,316
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows on pensions	\$ 105,050	\$ 227,535	\$ 119,477	\$ 288,646	\$ 740,708	\$ 248,608
Total deferred outflows of resources	\$ 105,050	\$ 227,535	\$ 119,477	\$ 288,646	\$ 740,708	\$ 248,608
Total assets and deferred outflows of resources	\$ 1,831,743	\$ 114,392,577	\$ 13,398,878	\$ 8,044,736	\$ 137,667,934	\$ 21,572,924
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 107,885	\$ 1,980,971	\$ 155,267	\$ 45,120	\$ 2,289,243	\$ 709,494
Other accrued liabilities	74,676	412,648	73,646	232,068	793,038	117,281
Industrial insurance claims	-	-	-	-	-	24,661
Compensated absences	53,107	105,961	54,882	214,295	428,245	132,573
Pollution remediation payable from restricted assets	-	-	243,453	-	243,453	-
Current portion long-term debt	-	2,404,163	391,282	24,034	2,819,479	-
Interfund loans payable	-	90,120	159,533	90,002	339,655	-
Total current liabilities	235,668	4,993,863	1,078,063	605,519	6,913,113	984,009
Noncurrent liabilities:						
Industrial insurance claims	-	-	-	-	-	164,409
Compensated absences	72	19,167	-	41,219	60,458	-
Net pension liability	551,542	1,194,624	627,290	356,089	2,729,545	1,305,265
Landfill closure payable from restricted assets	-	-	4,277,674	-	4,277,674	-
Pollution remediation payable from restricted assets	-	-	795,000	-	795,000	-
Federal DWSRF LT2	-	4,010,450	-	-	4,010,450	-
Long-term debt	-	14,622,342	2,587,773	158,998	17,369,113	-
Interfund loans payable	-	360,480	329,914	343,568	1,033,962	-
Total noncurrent liabilities	551,614	20,207,063	8,617,651	899,874	30,276,202	1,469,674
Total liabilities	\$ 787,282	\$ 25,200,926	\$ 9,695,714	\$ 1,505,393	\$ 37,189,315	\$ 2,453,683
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows on pensions	\$ 9,830	\$ 21,292	\$ 11,180	\$ 6,346	\$ 48,648	\$ 23,264
Total deferred inflows of resources	\$ 9,830	\$ 21,292	\$ 11,180	\$ 6,346	\$ 48,648	\$ 23,264
NET POSITION						
Net investment in capital assets	\$ 6,121	\$ 83,802,680	\$ 1,312,523	\$ 5,603,074	\$ 90,724,398	\$ 9,972,593
Unrestricted	1,028,510	5,367,679	2,379,461	929,923	9,705,573	9,123,384
Total net position	\$ 1,034,631	\$ 89,170,359	\$ 3,691,984	\$ 6,532,997	\$ 100,429,971	\$ 19,095,977
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					14,576,637	
Net position of business-type activities					<u>\$ 115,006,608</u>	

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

City of Walla Walla
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Major Enterprise Funds			Other Enterprise	Total Enterprise	Total Internal Service
	Sanitation	Water/Wastewater	Landfill			
Operating revenues:						
Licenses and permits	\$ 1,513	\$ -	\$ -	\$ -	\$ 1,513	\$ -
Intergovernmental revenues	-	-	-	1,518,709	1,518,709	2,364,526
Charges for goods and services	5,513,285	21,782,386	4,663,610	3,950,626	35,909,907	1,507
Miscellaneous revenues	1,138	-	-	49,217	50,355	-
Interfund charges	-	-	-	-	-	9,170,661
Total operating revenues	<u>\$ 5,515,936</u>	<u>\$ 21,782,386</u>	<u>\$ 4,663,610</u>	<u>\$ 5,518,552</u>	<u>\$ 37,480,484</u>	<u>\$ 11,536,694</u>
Operating expenses:						
Depreciation	\$ 2,367	\$ 2,708,900	\$ 351,462	\$ 142,517	\$ 3,205,246	\$ 1,107,418
Salaries and wages	590,320	1,221,247	661,075	2,015,324	4,487,966	1,347,655
Personnel benefits	285,399	713,321	331,950	837,947	2,168,617	5,964,622
Supplies	96,038	582,771	66,696	184,077	929,582	861,722
Services and charges	2,229,614	4,562,365	2,036,093	291,897	9,119,969	1,136,626
Intergovernmental services	806,814	3,758,111	659,565	370,774	5,595,264	-
Interfund service payments	1,444,625	3,600,570	1,117,466	1,186,810	7,349,471	594,497
Total operating expenses	<u>\$ 5,455,177</u>	<u>\$ 17,147,285</u>	<u>\$ 5,224,307</u>	<u>\$ 5,029,346</u>	<u>\$ 32,856,115</u>	<u>\$ 11,012,540</u>
Operating income (loss)	<u>\$ 60,759</u>	<u>\$ 4,635,101</u>	<u>\$ (560,697)</u>	<u>\$ 489,206</u>	<u>\$ 4,624,369</u>	<u>\$ 524,154</u>
Nonoperating revenues (expenses):						
Intergovernmental revenues	\$ -	\$ 1,275	\$ 1,770,073	\$ 1,290	\$ 1,772,638	\$ -
Miscellaneous revenues	(639)	98,052	23,148	3,838	124,399	63,135
Gain (loss) on sale of capital assets	-	(107,194)	-	(1,983)	(109,177)	(78,362)
Insurance recoveries	-	-	-	-	-	334,353
Adjustment to landfill closure liability	-	-	(33,049)	-	(33,049)	-
Adjustment to pollution remediation liability	-	-	2,834,237	-	2,834,237	-
Debt service - interest	-	(401,070)	(111,010)	(22,681)	(534,761)	-
Total non-operating revenue (expenses)	<u>\$ (639)</u>	<u>\$ (408,937)</u>	<u>\$ 4,483,399</u>	<u>\$ (19,536)</u>	<u>\$ 4,054,287</u>	<u>\$ 319,126</u>
Income (loss) before contributions and transfers	<u>\$ 60,120</u>	<u>\$ 4,226,164</u>	<u>\$ 3,922,702</u>	<u>\$ 469,670</u>	<u>\$ 8,678,656</u>	<u>\$ 843,280</u>
Capital contributions	-	1,868,870	-	299,954	2,168,824	132,000
Transfers in	8,585	48,052	-	71,700	128,337	480,140
Transfers out	(14,960)	(2,386,708)	-	(83,218)	(2,484,886)	(98,721)
Change in net position	<u>53,745</u>	<u>3,756,378</u>	<u>3,922,702</u>	<u>758,106</u>	<u>8,490,931</u>	<u>1,356,699</u>
Total net position -- beginning	<u>980,886</u>	<u>85,413,981</u>	<u>(230,718)</u>	<u>5,774,891</u>	<u>91,939,040</u>	<u>17,739,278</u>
Total net position -- ending	<u>\$ 1,034,631</u>	<u>\$ 89,170,359</u>	<u>\$ 3,691,984</u>	<u>\$ 6,532,997</u>	<u>\$100,429,971</u>	<u>\$ 19,095,977</u>
Net change in net position - total proprietary funds					\$ 8,490,931	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					949,177	
Change in net position of business-type activities					<u>\$ 9,440,108</u>	

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

City of Walla Walla
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Major Enterprise Funds				Total Enterprise	Total Internal Service
	Sanitation	Water/ Wastewater	Landfill	Other Enterprise		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from customers	\$ 5,467,231	\$ 21,788,829	\$ 4,720,682	\$ 5,457,240	\$ 37,433,982	\$ 2,276,053
Cash from grants	-	-	-	48,118	48,118	-
Cash from interfund services	-	-	-	-	-	9,170,661
Payments to suppliers	(3,183,195)	(7,489,930)	(2,740,329)	(809,490)	(14,222,944)	(1,535,302)
Payments to employees	(902,039)	(1,850,286)	(994,196)	(2,772,733)	(6,519,254)	(7,251,889)
Interfund service payments	(1,444,625)	(3,600,570)	(1,117,466)	(1,186,810)	(7,349,471)	(594,497)
Miscellaneous revenues	1,138	87,320	26,426	49,217	164,101	4,828
Net cash provided by operating activities	\$ (61,490)	\$ 8,935,363	\$ (104,883)	\$ 785,542	\$ 9,554,532	\$ 2,069,854
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating grants received	\$ -	\$ 1,275	\$ 601,156	\$ 1,290	\$ 603,721	\$ -
Proceeds from insurance	-	-	-	-	-	334,353
Proceeds (repayments) from interfund loan	-	(1,769,400)	(171,975)	(10,958)	(1,952,333)	1,433,547
Transfers in	8,585	48,052	-	71,700	128,337	480,140
Transfers out	(14,960)	(2,386,708)	-	(83,218)	(2,484,886)	(98,721)
Total cash flows from noncapital financing	\$ (6,375)	\$ (4,106,781)	\$ 429,181	\$ (21,186)	\$ (3,705,161)	\$ 2,149,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	\$ -	\$ (6,227,406)	\$ (142,330)	\$ (684,089)	\$ (7,053,825)	\$ (2,626,725)
Capital contributions	-	1,868,870	-	299,954	2,168,824	132,000
Capital grants received	-	-	-	-	-	158,817
Principal and interest payments	-	4,028,123	(477,128)	(23,614)	3,527,381	-
Proceeds from sale of capital assets	-	-	-	-	-	32,033
Proceeds from DWSRF loan	-	1,421,784	-	-	1,421,784	-
Payments for landfill closure and remediation	-	-	(2,801,188)	-	(2,801,188)	-
Landfill closure and post-closure care	-	-	(33,049)	-	(33,049)	-
Pollution remediation	-	-	2,834,237	-	2,834,237	-
Total cash flows from capital and related financing	\$ -	\$ 1,091,371	\$ (619,458)	\$ (407,749)	\$ 64,164	\$ (2,303,875)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	\$ (800,100)	\$ (2,299,448)	\$ (4,099,332)	\$ -	\$ (7,198,880)	\$ (3,800,974)
Interest on investments	-	-	-	-	-	(517)
Interest received	(639)	10,732	(15,428)	3,837	(1,498)	6,256
Total cash flows from investing activities	\$ (800,739)	\$ (2,288,716)	\$ (4,114,760)	\$ 3,837	\$ (7,200,378)	\$ (3,795,235)
Net increase (decrease) in cash and equivalents	<u>\$ (868,604)</u>	<u>\$ 3,631,237</u>	<u>\$ (4,409,920)</u>	<u>\$ 360,444</u>	<u>\$ (1,286,843)</u>	<u>\$ (1,879,937)</u>
Beginning cash and cash equivalents	\$ 1,454,972	\$ 9,578,258	\$ 7,550,537	\$ 651,663	\$ 19,235,430	\$ 5,971,993
Ending cash and cash equivalents	<u>\$ 586,368</u>	<u>\$ 13,209,495</u>	<u>\$ 3,140,617</u>	<u>\$ 1,012,107</u>	<u>\$ 17,948,587</u>	<u>\$ 4,092,056</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 60,759	\$ 4,635,101	\$ (560,697)	\$ 489,206	\$ 4,624,369	\$ 524,154
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	2,367	2,708,900	351,462	142,517	3,205,246	1,107,418
(Increase) decrease in accounts receivable	(47,567)	6,443	57,072	36,023	51,971	(89,980)
(Increase) decrease in inventories	-	(231,722)	-	-	(231,722)	(49,640)
(Increase) decrease in prepaid expenses	-	-	-	-	-	(18,971)
Increase (decrease) in accounts payable	(50,729)	1,645,039	22,025	37,258	1,653,593	531,657
Increase (decrease) in miscellaneous revenue	-	87,320	26,426	-	113,746	4,828
Increase (decrease) in salaries and benefits	(3,916)	40,734	(799)	18,365	54,384	50,612
Increase (decrease) in pension liability	(22,404)	43,548	(372)	62,173	82,945	9,776
Net cash provided by operating activities	\$ (61,490)	\$ 8,935,363	\$ (104,883)	\$ 785,542	\$ 9,554,532	\$ 2,069,854

No noncash investing, capital, and financing activities

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

City of Walla Walla
Statement of Net Position
Fiduciary Funds
December 31, 2016

	Pension and Other Employee Benefits
ASSETS	
Cash and equivalents	\$ 392,368
Prepays	15,048
Total assets	\$ 407,416
 LIABILITIES	
Accounts payable	\$ 1,220
Other accrued liabilities	14,032
Total liabilities	\$ 15,252
 NET POSITION	
Held in trust for pension benefits and other purposes	\$ 392,164

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

**City of Walla Walla
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2016**

	<u>Pension and Other Employee Benefits</u>
ADDITIONS	
Contributions:	
Fire insurance premium tax payment from general fund	\$ 46,963
Employer contributions	<u>599,620</u>
Total contributions	<u>646,583</u>
 DEDUCTIONS	
Personnel benefits	\$ 585,418
Services and charges	<u>12,275</u>
Total deductions	<u>597,693</u>
Change in net position	48,890
Net position -- beginning of the year	<u>343,274</u>
Net position -- end of the year	<u><u>\$ 392,164</u></u>

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

“When I was 5 years old, my mother always told me that happiness was the key to life. When I went to school, they asked me what I wanted to be when I grew up. I wrote down ‘happy.’ They told me I didn’t understand the assignment, and I told them they didn’t understand life.”

John Lennon

CITY OF WALLA WALLA
Notes to the Financial Statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The City is a general purpose government and provides police, fire, ambulance, water/wastewater and sanitation services, a landfill, street maintenance, planning and zoning, a library, parks, and a cemetery. The City has one blended component unit, the Walla Walla Transportation Benefit District, a legally separate entity which is part of the City's operations. The City contracts for operation and maintenance of the municipal golf course and operation of the wastewater treatment plant. The City's basic financial statements include the financial position and results of operations of all funds controlled by the City.

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

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

The Walla Walla Valley Transit, even though three of the seven board members are appointed by the City Council for a two-year term.

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

Blended component unit:

The Walla Walla Transportation Benefit District (TBD) is governed by a board composed of the seven members of the City Council of Walla Walla, who serve in an ex-officio and independent capacity. Although legally separated from the City of Walla Walla, the TBD is reported as if it were part of the primary government, because the TBD's sole purpose is to finance, preserve, maintain, construct, or reconstruct the City's transportation infrastructure. The TBD was created by Walla Walla City Council Ordinance No. 2011-19. The City and TBD signed an interlocal agreement on December 9, 2011, to coordinate efforts in maintaining and preserving

the transportation infrastructure within the boundaries of the City and to exercise the powers available under RCW 36.73. Send requests for copies of the TBD financial statements to: Finance Director, City Hall, 15 N. 3rd Avenue, Walla Walla, WA 99362.

B. 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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or shortly after 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 the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all governmental financial resources, except those required to be accounted for in another fund.

The police station bond fund accounts for the resources accumulated and payments made for principal and interest on the long-term general obligation debt for the police station.

The parks construction fund is used to report significant capital acquisition and construction separate from ongoing operating activities.

The City reports the following major proprietary 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, as well as the distribution of water and the collection of wastewater throughout the City including some areas outside the 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 raised for a specific purpose.

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

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

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

Internal service funds are proprietary funds used to account for an activity which provides goods or services to other funds, departments, or agencies of the primary government and its component units.

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

As a general rule, the effect of the interfund activity has been eliminated for the city-wide financial statements.

An exception to this general rule is administrative overhead charges where the amounts are reasonably equivalent in value to the interfund services provided. Interfund charges for governmental services, including utilities and certain internal services, have not been eliminated. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from 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 operation. 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. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Information

The City of Walla Walla 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, special revenue, proprietary and pension trust funds on an accrual basis consistent with generally accepted accounting principles. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for the fiscal periods 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 to ensure effective budgetary control and accountability. While encumbrances lapse at year-end, valid outstanding encumbrances for which performance is expected in the next year are reinstated and honored during the subsequent year.

2. Procedures for Adopting the Original Budget

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

- Prior to October 1 in even-numbered years, the City Manager submits to the City Clerk the proposed operating budget for the biennial period commencing the following January 1. The operating budget includes proposed expenditures and revenues for the biennium.
- In November, public hearings are held at regular Council meetings to obtain citizen comments.
- In December, the biennial budget is legally adopted by Council ordinance.

3. 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 alter the total revenues 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 a public hearing.

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

4. Excess of Expenditures over Appropriations

For the year ended December 31, 2016, the General Fund as a whole did not exceed the appropriated amount.

5. Deficit Fund Net Position

The Local Improvement District (LID) Bond Fund showed a deficit fund balance of (\$123,116) at December 31, 2016. This is expected and normal since the debt related to this debt service is from an interfund loan rather than an outside funding source. With internal financing the debt is carried within the fund and therefore results in a negative fund balance. Interfund loans payable in the LID Bond Fund total \$141,847 and will be redeemed with annual assessment proceeds.

The Transportation Benefit District (TBD) Street Construction Fund showed a deficit fund balance of (\$212,406) at December 31, 2016. This is expected and normal since the debt related to this construction fund is from an interfund loan rather than an outside funding source. With internal financing the debt is carried within the fund and therefore results in a negative fund balance. Interfund loans payable in the TBD Street Construction fund total \$276,000 and will be repaid with sales tax proceeds within the four-year loan term.

The Parks Construction Fund showed a deficit fund balance of (\$175,203) at December 31, 2016. This is expected and normal since the debt related to this construction fund is from an interfund loan in combination with an outside funding source. With the internal financing, the debt is carried within the fund and therefore results in a negative fund balance. Interfund loans payable in the Parks Construction fund total \$1,250,000 and will be repaid with private donations, real estate excise tax proceeds and general fund contributions within the four-year loan term.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Equivalents

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

State statutes and the City's investment policies authorize the City to invest in obligations of the U.S. Treasury Notes, the State Treasurer's Local Government Investment Pool (LGIP), Municipal Debt Obligation, and Certificate of Deposit, Bankers Acceptance, Time Deposits and Commercial Paper. The City's deposits are covered by federal depository insurance (FDIC and FSLIC) or by collateral held in the multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

The City reports long-term investments at cost, which approximates fair value for the items held. The reported value of the pool is the same as the fair value of the pool shares. The LGIP operates in accordance with appropriate state law and regulations.

2. Investments See deposit investment information in Note 4.

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (see Note 5).

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

Accounts receivable are amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. The Ambulance Fund allowance for uncollectible accounts is 50% of the outstanding receivables at December 31, 2016. Notes and contracts receivable consist of amounts owed on an open account from private individuals or organizations for goods and services rendered. Since the City is unable by law to grant credit to any entity, loans receivable are related to grant monies received from other agencies, which have authorized the loan as part of the grant process. Loan repayments establish revolving loan funds for future loans which match the original grant purpose.

4. Amounts Due To and From Other Funds and Governments, Interfund Loans, Advances Receivable

Lending or borrowing arrangements between funds outstanding at the end of the fiscal year are referred to as "interfund loans payable/receivable." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of interfund loans receivable and payable is furnished in Note 13.

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

5. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted Assets and Liabilities

Corpus of permanent funds are included in restricted assets. Cash in the Cemetery Reserve Fund is restricted for the care and maintenance of the cemetery. The “landfill closure” account is used by the Landfill Fund and contains resources set aside to fund future landfill closure and post-closure costs. The pollution remediation account contains resources for current activity on the remediation of the landfill. Restricted assets are composed of:

Restricted Assets	Temporary Restrictions	Permanent Restrictions
Esther Eyruad Trust	\$ -	\$ 3,000
Sherwood Library Trust	-	13,545
Code Enforcement Fund	77,000	-
Cemetery Reserve	700,297	-
Drug Fund	100,042	-
Landfill Closure	482,156	-
Pollution Remediation	620,205	-
Restricted Investments	2,897,682	
Restricted Net Pension Asset	-	2,668,756

7. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type columns in the 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. Donated capital assets are recorded at estimated fair market value at the date of donation, except for donated historical treasures not capitalized because they meet the exemption from capitalization according to GASB Statement 34, paragraph 27. Costs for additions or improvements to capital assets are capitalized when the effectiveness or efficiency of the asset is increased. Costs for normal maintenance and repairs are not capitalized.

The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriated price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values donated capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City 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 assets	30,000	Varies
Machinery and equipment	5,000	2 to 20

For capital asset details, see Note 6.

8. Deferred Outflows and Inflows of Resources

Deferred inflows of resources: A deferred inflow of resources is an acquisition of net position by the government, which is applicable to a future reporting period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property taxes (General Fund)	\$6,077,425
Property taxes (Debt Service Fund)	1,523,606
Special assessments (Debt Service Fund)	129,154
Pledged revenue for pool	<u>637,500</u>
Total governmental deferred inflow of resources	<u>\$8,367,685</u>

At December 31, 2016, the city has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows on pensions Governmental	\$2,521,718
Deferred outflow on pensions Business-Type	<u>796,039</u>
Total deferred outflow on pensions	<u>\$3,317,757</u>
Deferred inflows on pensions Governmental	\$143,097
Deferred outflow on pensions Business-Type	<u>53,825</u>
Total deferred outflow on pensions	<u>\$196,922</u>

9. Compensated Absences

Compensated absences are paid time off work, such as vacation and sick leave benefits. Vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In proprietary funds, compensated absences are recorded as an expense and liability when earned. Compensated absence expenditures are recognized in government funds when the liability becomes due and payable, specifically leave due to employees who have left active service by the end of the fiscal period.

Contracts with employees call for the accumulation of vacation leave and sick pay benefits. Vacation pay may be accumulated up to 240 hours, and is payable upon resignation, retirement, or death. At employment termination, employees with at least 10 years of continuous service may receive cash payment for 25% of accumulated sick leave up to a maximum of 240 hours.

10. Pensions

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Firemens' Pension Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

11. Other Accrued Liabilities

Other accrued liabilities include accrued wages and employee benefits, deposits, sales and use tax payable, and retainage payable.

12. Long-term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred. Long-term debt details are available in Note 9.

13. Unearned Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue reported in the governmental funds consists of \$298,115 in prepaid cemetery services.

14. Fund Balance Classification

Fund balance for governmental funds is reported in the following classifications depicting the relative strength of the constraints which control how specific amounts can be spent. The City considers expenditures to be made from the most restrictive resource when more than one fund balance classification is appropriate. After restricted funds are depleted, the flow assumption for unrestricted funds is to first use committed fund balance, then assigned fund balance and finally unassigned fund balance.

- Nonspendable fund balances are either not in spendable form or are legally or contractually required to remain intact.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances can only be used for specific purposes ordained by the City Council, the City's highest level of decision-making authority. Commitments may be changed, modified, or rescinded only by ordinance approved by the vote of one more than the majority of all members of the City Council.
- Assigned fund balances are constraints imposed for specific purposes by the City Manager who is authorized to assign unexpended funds per Walla Walla Municipal Code 3.03.050.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories above. Also, deficit fund balances within other governmental fund types are reported as unassigned.

15. Fund Balance Details

Fund balances by classification for the year ended December 31, 2016 were as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Police Station U.T.G.O Bond</u>	<u>Parks CIP</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:					
Prepays	\$ 47,043	\$ -	\$ -	\$ -	\$ 47,043
Library Trusts	-	-	-	16,545	16,545
Restricted for:					
Community Services	148,145	-	-	1,448,933	1,597,078
Debt Service	-	275,669	-	133,117	408,786
Capital Projects	-	-	-	41,450	41,450
Committed to:					
Community Enforcement & Development	524,938	-	-	446,095	971,033
Cemetery	-	-	-	762,915	762,915
Debt Service	-	5,656	-	55,261	60,917
Streets	-	-	-	1,115,701	1,115,701
Capital Projects	-	-	-	191,582	191,582
Assigned to:					
Cemetery and Library	-	-	-	13,015	13,015
Capital Projects	-	-	-	355	355
Unassigned:	4,625,143	-	(175,203)	(335,522)	4,114,418
Total Fund Balances:	\$5,345,269	\$ 281,325	\$ (175,203)	\$ 3,889,447	\$ 9,340,838

16. Minimum Fund Balance

In 2010, the City Council passed a 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 minimum reserve level at 5%. In addition, the policy sets a higher target of 15% for the General Fund reserve level. If at any time, the level of the reserves is projected to drop below the 5% minimum, the City Council will institute budgetary actions to bring the reserve up to the minimum level.

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

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

The governmental funds balance sheet includes reconciliation between fund balance – total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.”

The following table shows the detail of these capital asset changes net of accumulated depreciation:

Beginning balance of capital assets excluded from fund level:	
Land	\$ 3,556,599
Construction in progress	6,833,937
Buildings	16,725,610
Other improvements	4,262,195
Equipment	1,325,859
Infrastructure	35,729,811
Current year spending in construction work in progress	199,565
Current year capital purchases	15,073,017
Current year capital disposal	(159,695)
Current year depreciation	(4,218,939)
Net adjustment to add to government-wide fund balance to arrive at <i>Net position-governmental activities</i>	\$ 79,327,959

Another element of that reconciliation explains that “long-term liabilities...are not due and payable in the current period and are not reported in the funds.” The following shows the detail of these liability changes:

Beginning balance of long-term liabilities excluded from fund level:	
Bonds payable	\$ (18,709,753)
Bond premiums	(446,266)
Compensated absences	(2,004,068)
Workers compensation claims	(80,580)
OPEB obligation	(5,262,456)
Net firemens’ pension	(2,502,903)
State pension liability	(6,605,504)
Current year bonds issued	(7,745,000)
Premium on bonds issued (to be amortized)	(904,351)
Current year principal payments reducing debt	8,801,570
Current year amortization of bond premium	90,320
Current year compensated absences earned	(1,611,451)
Current year compensated absences used	1,758,847
Current year workers compensation claim additions	(207,385)
Current year workers compensation claim reductions	98,895
Current year OPEB obligation additions	(2,301,508)
Current year OPEB obligation reductions	1,117,219
Current year firemens’ pension additions	(98,955)
Current year firemens’ pension reductions	242,015
Current year state pension obligation additions	(1,423,252)
Net adjustment to add to government-wide fund balance to arrive at <i>Net position-governmental activities</i>	\$ (37,794,566)

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

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

Current year spending in CWIP	\$ 199,565
Current year capital purchases	15,073,017
Current year loss on disposal	(159,695)
Depreciation expense	(4,218,939)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in <i>net position</i> of governmental activities	\$ 10,893,948

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Debt proceeds on bonds issued	\$ (7,745,000)
Premium on bonds issued	(904,351)
Amortization of bond premiums	90,320
Debt principal retirement	8,801,570
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in <i>net position</i> of governmental activities	\$ 242,539

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

Current year compensated absences earned	\$ (1,611,451)
Current year compensated absences used	1,758,847
Current year OPEB obligation additions	(2,301,508)
Current year OPEB obligation reductions	1,117,219
Current year net firemens’ pension additions	(98,955)
Current year net firemens’ pension reductions	242,015
Current year workers compensation claim additions	(207,385)
Current year workers compensation claim reductions	98,895
Current year state pension obligation additions	(1,423,252)
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position</i> of governmental funds	\$ (2,425,575)

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

The ultimate responsibility and authority for the deposit of City funds resides with the City Council who have the authority to direct the management of the City's deposited funds.

Exposure to Custodial Credit Risk - The City will only place deposited funds with banks who are currently participating in the Washington State Public Deposit Protection Commission (PDPC) program or will constrain the deposit amount to the current FDIC insurance limit.

The city's funds totaling \$2,672,051 that are deposited with Baker Boyer National Bank are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments

The Local Government Investment Pool (LGIP) is invested in a manner generally consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Accordingly, participants' balances in the LGIP are subject to minimal interest rate risk, as the weighted average maturity of the portfolio will not exceed 60 days. Per GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are insured or held by a third-party custody provider in the LGIP's name. The fair value of the City's pool investments is determined by the pool's share price. The City has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of the State Auditor, an independently elected public official. The City includes the LGIP as an investment for internal tracking, but it is disclosed on the financial statements as a cash equivalent.

As of December 31, 2016, the city held the following investments at amortized costs.

Type of Investment	City's Own Investments	Total
State Investment Pool	\$29,617,784	\$29,617,784
Total	\$29,617,784	\$29,617,784

The city measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, 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.

At December 31, 2016, the city had the following investments measured at fair value:

	Fair Value Measurements Using			
	12/31/2016	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S Treasury Securities	\$6,001,662	\$6,001,662	\$ -	\$ -
Federal mortgage-backed securities	\$8,999,889	\$ -	\$8,999,889	\$ -
Total Debt Securities	\$15,001,551	\$6,001,662	\$8,999,889	\$ -

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the city would not be able to recover the value of the investment or collateral securities. None of the city’s total position of \$15,001,551, is exposed to custodial credit risk, the City’s investments are not held by a brokerage firm.

Interest rate risk: As a means of limiting its exposure to interest rate risk, the City’s policy requires that it diversify its investments by security type and institution. The City coordinates its investment maturities to meet cash flow needs and restricts the maximum investment term to less than five years from the purchase date, and at total Weighted Average Maturity WAM of two years.

Credit risk: State law and City policy limit investments to those authorized by State Statute including commercial paper and bonds of the State of Washington and any local government in the State of Washington which have, at the of investment, one of the three highest credit ratings of a nationally recognized credit agency. The City further limits its holdings in commercial paper to 15% of the portfolio and 5% per issuer, and local government bonds to 30% of the portfolio and 5% of issuer. At December 31, 2016, the City held no investments in commercial paper or local government bonds.

Concentration of Credit Risk: The City diversifies its investments by security type and institution. 100% of the City’s portfolio may be invested in US Treasury Notes GSE –Agency Obligations, or the State Investment Pool. 30% of the portfolio may be invested in Municipal Debt obligations with no more than 5% per issuer. 25% of the portfolio may be invested in Certificates of Deposit with no more than 10% held by any one issuer. 20% of the of the portfolio may be invested in Banker’s Acceptance (5% per issuer) and Time Deposits (10% per issuer). 15% of the portfolio may be invested in Commercial Paper. On December 31, 2016, more than 19 percent of the City’s investments were held in Federal Home Loan Bank and Federal National Mortgage Association.

NOTE 5 – PROPERTY TAX

Taxes Receivable: The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed by the 20th day of the following month.

	<u>Property Tax Calendar</u>
January 1	Tax is levied and becomes an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
October 31	Second installment is due.
December 31	Assessed property value is established for next year’s levy at market value.

Property tax is recorded as a receivable and deferred inflow of resources when levied. Upon receipt, property tax revenue is recognized and deferred inflow of property tax revenue is reduced. Delinquent taxes total \$218,468. Subsequent collections of delinquent amounts will be recorded as revenue in the period actually received. No allowance for uncollectible tax is established, because delinquent taxes are considered fully collectible.

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

- a. State law provides that the City's operating levy may not exceed 101% of the largest single levy of the past 3 years, plus an additional dollar amount calculated by multiplying the increase in assessed value resulting from new construction, property improvements, annexed property, and an increase in the assessed value for the preceding year.
- b. Washington State Constitution and Washington State law, RCW 84.55.010, limit the property tax rate to one percent of assessed value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The City's 2016 levy was \$2.629742 per \$1,000 on a 2015 assessed valuation of \$2,182,570,791 for a total regular levy of \$5,739,598. The City's 2017 levy is \$2.534476 per \$1,000 on a 2016 assessed valuation of \$2,337,391,519.

Special levies approved by the voters are not subject to the limitations listed above. The City voted a debt service levy for the purposes of building a fire station in 2004, police station in 2009 and for of pool in February of 2015. The City's 2016 voted levy was \$0.702519 per \$1,000 on a 2015 assessed valuation of \$2,156,012,952 for a total voted levy of \$1,514,639. The City's 2017 voted levy was \$0.643787 per \$1,000 on a 2016 assessed valuation of \$2,304,526,819 for a total voted levy of \$1,483,625.

NOTE 6 – CAPITAL ASSETS

A. Capital Assets

Capital asset activity for the year ending December 31, 2016 was as follows:

Primary Government	Beginning			Ending
Governmental activities	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$3,556,599	\$ -	\$ -	\$3,556,599
Construction in progress	6,833,937	6,474,871	6,275,306	7,033,502
Total capital assets not being depreciated	10,390,536	6,474,871	6,275,306	10,590,101
Capital assets being depreciated:				
Buildings	23,986,881	722,207	-	24,709,088
Improvements other than buildings	5,939,536	536,237	8,359	6,467,414
Machinery and equipment	3,835,171	130,543	277,138	3,688,576
Infrastructure	68,791,120	13,684,030	843,893	81,631,257
Total depreciated capital assets	102,552,708	15,073,017	1,129,390	116,496,334
Less accumulated depreciation for:				
Buildings	7,261,271	578,252	-	7,839,523
Improvements other than buildings	1,677,341	107,570	8,359	1,776,552
Machinery and equipment	2,509,312	265,487	228,373	2,546,426
Infrastructure	33,061,309	3,267,629	732,962	35,595,976
Total accumulated depreciation	44,509,233	4,218,938	969,694	47,758,477
Capital assets being depreciated, net	58,043,475	10,854,079	159,696	68,737,858
Governmental activities capital, net	\$68,434,011	\$17,328,950	\$6,435,002	\$79,327,959

Business-type activities:

Capital assets not being depreciated:

Land	\$1,221,574	\$ -	\$ -	\$1,221,574
Construction in progress	5,440,955	2,054,392	2,965,070	4,530,277
Intangible assets	-	225,307		225,307
Total capital assets not being depreciated	6,662,529	2,279,699	2,965,070	5,977,158

Business-type assets being depreciated:

Buildings	31,093,756	-	-	31,093,756
Improvements other than buildings	7,835,622	-	-	7,835,622
Machinery and equipment	18,550,650	2,826,091	936,490	20,440,251
Infrastructure	105,410,731	7,382,874	189,593	112,604,012
Total depreciated capital assets	162,890,759	10,208,965	1,126,083	171,973,641

Less accumulated depreciation for:

Buildings and system	15,498,496	584,193	-	16,082,689
Improvements other than buildings	2,834,099	380,467	-	3,214,566
Machinery and equipment	12,304,734	1,046,086	869,491	12,481,329
Infrastructure	30,535,991	2,166,393	82,400	32,619,984
Total accumulated depreciation	61,173,320	4,177,139	951,891	64,398,568

Capital assets being depreciated, net	101,717,439	6,031,826	174,192	107,575,074
Business-type activities capital, net	\$108,379,968	\$8,311,525	\$3,139,262	\$113,552,232

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

Governmental activities:

General government	250,961
Public safety	429,900
Utilities & environment	3,205
Transportation	3,274,604
Culture & recreational environment	260,269
Total depreciation - governmental activities	<u>\$4,218,938</u>

Business-type activities:

Golf course	54,588
Sanitation	2,367
Water	1,088,034
Stormwater	80,137
Wastewater	1,620,867
Landfill	351,462
Ambulance	7,791
Fleet services	5,721
Vehicle replacement fund	966,170
Total depreciation - business-type activities	<u>\$4,177,139</u>

The City of Walla Walla has active construction projects as of December 31, 2016. At year-end the government's commitments with contractors are as follows:

	Project Commitment	Spent to Date	PO Amount Remaining
Park construction	\$6,491,677	\$6,162,104	\$329,573
Street construction	33,761	28,658	5,103
TBD street construction	447,904	276,835	171,070
Water construction	8,158,912	3,847,046	4,311,865
Stormwater construction	298,186	144,756	153,431
Wastewater construction	286,905	190,537	96,368
Landfill construction	1,149,002	865,118	283,883
Emergency services construction	11,589	-	11,589
Vehicle replacement construction	43,539	4,154	39,385
Total:	\$16,921,475	\$11,519,208	\$5,402,267

B. Collections not Capitalized

The City of Walla Walla has the option to not 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; and 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, 2016:

<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 7 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the [GASB Statement 68, Accounting and Financial Reporting for Pensions](#) for the year 2016:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (11,048,804)
Pension assets	\$ 2,668,756
Deferred outflows of resources	\$ 3,313,819
Deferred inflows of resources	\$ (196,922)
Pension expense/expenditures	\$ 1,749,640

State Sponsored Pension Plans

Substantially all city full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

Public Employees’ Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	6.00%
Administrative Fee	0.18%	
Total	11.18%	6.00%

* 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 2016 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%

* For employees participating in JBM, the contribution rate was 15.30%.

The city’s actual PERS plan contributions were \$555,681 to PERS Plan 1 and \$709,084 to PERS Plan 2/3 for the year ended December 31, 2016.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%

The city's actual contributions to the plan were \$454,340 for the year ended December 31, 2016.

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, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the city as its proportionate share of this amount is \$1,591,881.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

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

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

Discount Rate

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

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

make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$6,130,287	\$5,083,580	\$4,182,825
PERS 2/3	\$10,983,049	\$5,965,223	(\$3,105,243)
LEOFF 1	(\$639,708)	(\$1,076,876)	(\$1,450,556)
LEOFF 2	\$4,464,072	(\$1,591,881)	(\$6,156,311)

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, 2016, the city reported a total pension liability of \$11,048,804 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	\$5,083,581
PERS 2/3	\$5,965,223

At June 30, 2016, the city reported a total pension asset of \$2,668,756 for its proportionate share of the net pension liabilities as follows:

	Asset
LEOFF 1	\$1,076,875
LEOFF 2	\$1,591,881

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	\$1,076,876	\$1,591,881
State’s proportionate share of the net pension asset associated with the employer	\$7,283,959	\$1,037,790
TOTAL	\$8,360,835	\$2,629,671

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	.092117%	.094658%	.002541%
PERS 2/3	.116406%	.118477%	.002071%
LEOFF 1	.105656%	.104522%	(.001134%)
LEOFF 2	.277581%	.273693%	(.003888%)

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, 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 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the city recognized pension expense as follows:

	Pension Expense
PERS 1	\$412,094
PERS 2/3	\$928,815
LEOFF 1	(\$127,923)
LEOFF 2	\$536,654
TOTAL	\$1,749,640

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$127,997	\$-
Changes of assumptions	\$-	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$-	\$-
Contributions subsequent to the measurement date	\$285,936	\$-
TOTAL	\$413,933	\$-

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$317,644	(\$196,922)
Net difference between projected and actual investment earnings on pension plan investments	\$729,971	\$-
Changes of assumptions	\$61,655	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$221,065	\$-
Contributions subsequent to the measurement date	\$360,151	\$-
TOTAL	\$1,690,487	(\$196,922)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$109,463	\$-
Changes of assumptions	\$-	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$-	\$-
Contributions subsequent to the measurement date	\$-	\$-
TOTAL	\$109,463	\$-

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$218,131	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$572,027	\$-
Changes of assumptions	\$6,002	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$58,912	\$-
Contributions subsequent to the measurement date	\$244,866	\$-
TOTAL	\$1,099,937	\$-

TOTAL OF ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$535,775	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$1,539,457	(\$196,922)
Changes of assumptions	\$67,658	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$279,977	\$-
Contributions subsequent to the measurement date	\$890,953	\$-
TOTAL	\$3,313,819	(\$196,922)

Deferred outflows of resources related to pensions resulting from the city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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
2017	(\$31,515)
2018	(\$31,515)
2019	\$117,551
2020	\$73,476
2021	
Thereafter	
TOTAL	\$127,997

Year ended December 31	PERS 2/3
2017	\$89,424
2018	\$89,424
2019	\$604,519
2020	\$350,046
2021	
Thereafter	
TOTAL	\$1,133,414

Year ended December 31	LEOFF 1
2017	(\$22,621)
2018	(\$22,621)
2019	\$94,802
2020	\$59,902
2021	
Thereafter	
TOTAL	\$109,463

Year ended December 31	LEOFF 2
2017	\$5,263
2018	\$5,263
2019	\$485,693
2020	\$338,454
2021	\$20,397
Thereafter	
TOTAL	\$855,071

A. Single Employer Plan

Firemens’ Pension Plan

Plan Description

The City is the administrator of the Firemens’ Pension Plan (FPP) which is a closed single-employer, defined benefit pension plan established in conformance with Revised Code of Washington (RCW) 14.16 and 14.18. Membership is limited to fire fighters employed prior to March 1, 1970, when the State of Washington established the LEOFF retirement system. The City’s obligation under the FPP consists of paying all benefits, including payments to beneficiaries, for firefighters who retired prior to March 1, 1970, and excess benefits over LEOFF for covered fire fighters who retired on or after March 1, 1970.

The financial activity of the FPP is presented in the Statement of Net Position – Fiduciary Funds, and the Statement of Changes in Net Position –Fiduciary Funds. No separate stand-alone report is issued for the FPP.

Management of the FPP is overseen by a Fire Pension Board, which consists of five members: The Mayor, who is the chairman of the board, the City Clerk, a councilmember, and two firefighters selected by covered pension members, each of whom serve two-year terms.

Plan Membership. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. At December 31, 2016, pension membership consisted of the following:

Firefighters retired from service after March 1, 1970	11
Firefighters disabled in line of duty since March 1, 1970	8
Firefighters disabled not in line of duty since March 1, 1970	4
Survivors of firefighters retired after March 1, 1970	<u>5</u>
Total	28

The plan is closed to new entrants.

Benefits. RCW 41.16.080 through 41.16.180 establish the benefits of the plan. Plan members shall be paid upon retirement a pension based upon the average monthly salary drawn for the five year calendar before retirement, the number of years in service, and a percentage factor based on age upon entering service. In addition, the state requires benefits to include payment on death of a retired firefighter, payment on death of eligible pensioner before retirement, payment on death in line of duty, payment upon disablement in line of duty, payment upon disablement not in line of duty, payment on separation from service, and funeral expenses.

Contributions. RCW 41.16.050 through 41.16.070 established the contribution rates. The state is required to contribute 25 percent of all monies received from taxes on fire insurance premiums and active firefighters are required to contribute based on age. The city is required to contribute a tax of 22.5 cents per \$1,000 of assessed value against all taxable property, unless a qualified actuary establishes that the whole or any part of said dollar rate is not necessary to maintain the actuarial soundness of the Fund. For the year ended December 31, 2016, the state contributed \$46,963 and the City contributed \$140,010, no members made contributions to the Plan. As of the last actuarial study dated January 1, 2016, the actuary determined that current Plan assets and future contributions from state fire insurance taxes and employer contributions will be sufficient to pay all future Plan benefits.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increase	3.25%
Investment Rate of Return	3.50%
Cost Method	Entry Age Normal

Mortality. The mortality assumptions used in this valuation are based on the 2007-2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary. Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate.

Discount rate. The discount rate used to measure the total pension liability was 3.75 percent. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. The Bond Buyer General Obligation 20-year municipal bond index as of December 31, 2016 is 3.78 percent. Rounding this to the nearest 1/4 percent results in the discount rate of 3.75%.

Long-term rate of return. GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Since the Plan is largely unfunded and the benefits are being funded on a pay-as-you-go basis, we have used a municipal bond rate to discount liabilities. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is 3.75% as of December 31, 2016. Rounding this to the nearest 1/4% results in a discount rate of 3.75%. This will need to be re-evaluated as of later valuation dates.

Investment policy. Plan investments are invested with the city's funds, and therefore, follow city investment policy. All investment activities will be in compliance with state law. See Note 4 for information regarding the city's investment activities.

Rate of return. For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments was 0.0 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the sensitivity of the net pension liability to changes in the discount rate for the City, calculated using the current discount rate 3.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 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	\$2,654,311	\$2,421,095	\$2,220,119
Fiduciary net position	61,252	61,252	61,252
Net pension liability	\$2,593,059	\$2,359,843	\$2,158,867

Changes in the Net Position Liability

The changes in net position liability for the period ending December 31, 2016, is as follows:

City of Walla Walla Firefighters' Pension Fund Changes in Net Pension Liability			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of December 31, 2015	\$ 2,562,170	\$ 59,267	\$ 2,502,903
Service cost (Entry Age Normal)	-	-	-
Interest on total pension liability	86,680	-	86,680
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	(55,042)	-	(55,042)
Benefit payments	(172,713)	(172,713)	-
Medical payments from fund	-	-	-
Employer contributions	-	140,010	(140,010)
Contributions from state fire insurance premium tax	-	46,963	(46,963)
Net investment income	-	-	-
Administrative expenses	-	(12,275)	12,275
Balance as of December 31, 2016	\$ 2,421,095	\$ 61,252	\$ 2,359,843

Measurement Date. The Valuation Date is January 1, 2017. This is the date as of which the actuarial valuation is performed. The Measurement Date is December 31, 2016. This is the date as of which the net pension liability is determined. The Reporting Date is December 31, 2016. This is the Plan's and/or employer's fiscal year ending date.

Changes in assumptions. The changes in assumptions for future mortality led to the largest increase in liability. The mortality tables used were changed to match the most recent experience study by the State Actuary. This resulted in increased life expectancies and therefore, higher liabilities. Demographic experience resulted in an additional liability increase. Offsetting these increases was the fact that excess benefits increased less than anticipated over the past two years. Changes in the economic assumptions had an insignificant impact on liabilities.

The plan remains sensitive to demographic experience that deviates from expectations due to the small size of the plan membership. The plan also remains highly sensitive to both deviations in the excess benefit amounts from expectations and the assumptions used for wage increases and CPI.

Pension Expense. For the fiscal year, ending December 31, 2016 the city's fire pension expense was as follows:

GASB Statement No. 68 Pension Expense

Pension Expense	January 1, 2015 to December 31, 2015	January 1, 2016 to December 31, 2016
Service cost	\$-	\$-
Interest on total pension liability	89,494	86,680
Effect of plan changes	-	-
Administrative expenses	-	12,275
Medical payments from fund	-	-
Contributions from state fire insurance premium tax	(45,421)	(46,963)
Expected investment return net of investment expenses	(3,753)	(2,109)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	-	-
Recognition of assumption changes or inputs	-	(55,042)
Recognition of investment gains or losses	751	1,173
Pension Expense	\$41,071	\$(3,986)

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Plan Name	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$-	\$-
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	\$3,938
Contributions made subsequent to measurement date	-	-
Total	\$-	\$3,938

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

2017	\$1,173
2018	1,173
2019	1,171
2020	421
2021	-
Thereafter*	-

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Fiduciary Net Position

The components of the net pension liability of the City at December 31, 2016 were as follows:

Total Pension Liability	\$2,421,095
Plan Fiduciary Net Position	<u>61,252</u>
City's Net Pension Liability	<u>\$2,359,843</u>

Plan fiduciary net position as a percentage of the total pension liability 2.53%

Pension Plan Investments

Investment policy. Plan investments are invested with the city’s funds, and therefore, follow city investment policy. All investment activities will be in compliance with state law. See Note 4 for information regarding the city’s investment activities.

Concentrations. The Plan held the following investments in organizations that represent 5 percent or more of the Plan’s fiduciary net position and are not issued by the US Government at December 31, 2016:

Investment Type	% of Net Position
Local Government Investment Pool	100%

Rate of return. For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments was 0.0 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

Required supplementary information schedule. A trend schedule for current year and the previous nine years is displayed in the Required Supplemental Information. These schedules will show the actuarial value of the net pension asset trend.

NOTE 8 – RISK MANAGEMENT

The city of 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 168 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices 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.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery 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 \$300 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, and administrative expenses.

As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

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

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

The City of 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, 2016, 258 cities/towns/non-city entities participate 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. 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: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, 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 2016, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 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 HCP. Similarly, the terminating member forfeits all rights and interest to the 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.

Matrix Absence Management, Inc. manages the workers' compensation claims. Self-insurance is in effect for losses up to \$500,000 per occurrence. The retention is \$500,000 with a Statutory Maximum Liability of Excess Insurer. Claims are processed by Matrix Absence Management and reviewed by the City administration for verification. Based on the claims manager estimates, the City's estimated liability for probable losses at December 31, 2016 is \$189,070 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 2016 was \$139,061. No reserves were necessary at year-end as claims are estimated to fall below funded levels.

Workers compensation claim settlement and loss expenses are accrued in the Industrial Insurance Fund for the estimated settlement value of both reported and unreported claims up to the aggregate stop loss. This fund is responsible for collecting interfund premiums from insured funds and departments, for paying claim settlements and for purchasing certain excess insurance policies. Interfund premiums for 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.

	Year ended 12/31/2015	Year ended 12/31/2016
Unpaid claims, beginning of fiscal year	\$ 75,637	\$ 80,580
Incurred claims (including IBNRs)	40,494	207,385
Changes in estimate for claims, prior period	142,749	124,253
Payments on claims	(178,301)	(223,148)
Unpaid claims, end of fiscal year	<u>\$80,580</u>	<u>\$189,070</u>

NOTE 9 – LONG-TERM DEBT

Governmental Debt

The City issues general obligation bonds to finance the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and business-type activities and are being repaid and reported from the applicable resources. Standard and Poor's has assigned the following ratings for the City: Limited and Unlimited Tax General Obligation – AA as of July 2016.

Title	Purpose	Interest Rate	Original	Outstanding
2009 UTGO Bond Police Station	Police Station	3.25%-4.375%	\$11,595,000	\$990,000
2010 LTGO Bond Fire Truck	Fire Truck	3.00%-5.00%	845,000	530,000
2013 UTGO Refunding Bond	Fire Station 2004	2.72%	2,840,000	2,090,000
2015 LTGO Bond Street Const	Isaac Street Construction	3.125%-4.5%	188,789	149,617
2015 LTGO Bond Library	Library HVAC	3.125%-4.5%	756,202	678,566
2015 UTGO Bond Pool	Memorial Pool Replacement	2.5%-4.00%	5,560,000	5,470,000
2016 UTGO Refunding Police Station	Police Station	3.00%	7,745,000	7,745,000
General Obligation Bonds			\$29,529,991	\$17,653,183
2009-1 Bond LID (Taxable)	Abadie LID	4.40%	551,000	141,847
Special Assessment Bond			\$551,000	\$141,847

The annual debt service requirements to maturity are as follows:

Year Ending 12/31/2016	Governmental Activities		Special Assessment	
	Interest	Principal	Interest	Principal
2017	\$849,709	\$1,073,539	\$7,341	\$53,840
2018	815,773	1,135,806	5,021	56,209
2019	461,112	1,222,401	2,598	31,798
2020	443,994	1,280,423	-	-
2021	388,620	1,348,355	-	-
2022-2026	1,357,423	6,177,659	-	-
2027-2031	475,510	4,245,000	-	-
2032-2035	70,800	1,170,000	-	-
Total	\$4,862,941	\$17,653,183	\$14,960	\$141,847

Special Assessment Bond

The City issued a special assessment bond in 2011 for capital construction related to streets in an existing commercial area. The \$551,000 bond will be repaid from amounts levied against the property owners who benefited by the construction. If a deficiency exists because of an unpaid or delinquent special assessment, the City will provide the resources to cover the deficiency until the proceeds are received. As of December 31, 2016, the LID special assessment delinquency equals zero, all special assessments are current. The bond interest rate is 4.4% with a twelve-year repayment schedule, the City paid an additional \$25,000 in principal during 2016, which has resulted in a reduction of the repayment schedule. This special assessment bond has been funded and accounted for as an interfund loan from the Equipment Replacement fund, mentioned by reference in Note 11, but accounted for as illustrated in Note 13.

Advance Refunding

The City issued \$7,745,000 in unlimited tax general obligation bonds with interest rate of 3.00%. The proceeds were used to refund \$7,835,000 of 2009 UTGO (unlimited tax general obligation bonds) which had interest rates ranging from 3.25% to 4.375%. The net proceeds of \$8,607,755 (including a \$904,351 premium less a payment of \$225,063 in underwriting and other issuance costs) was deposited and used to purchase SLGS which on June 1, 2019 will be used to refund the \$7,835,000 in non-callable bonds and related interest expense.) As a result, the 2009 unlimited tax general obligation bonds are considered legally defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$589,288. The City advance refunded the 2009 UTGO bonds to reduce its total debt service payments over 13 years by \$922,414 and to obtain an economic gain (difference between the present value of the debt services payments of the old and new debt) of \$839,549.

Business-type Debt

The City issues revenue bonds to finance acquisition and construction of major capital facilities. The revenue bonds are repaid by proprietary fund revenues. General obligation bond proceeds utilized by golf course and landfill activities are expected to be repaid by the revenues generated from those enterprise activities and have been included as revenue bonds in the business debt.

Title	Purpose	Interest Rate	Original	Outstanding
2010 LTGO Bond Landfill	Capital construction	3.0%-5.0%	\$2,805,000	\$2,105,000
2015 LTGO Bond Landfill Liner	Capital construction	3.13%	1,366,359	857,870
2015 LTGO Bond Golf Course	Capital construction	3.13%	230,951	183,032
2016 LTGO Water Meter Bond	Capital construction	2.0%-3.0%	5,960,000	5,960,000
97-78897-038 Loan Water Treatment	Capital construction	1.00%	1,030,000	108,421
L9900019A Loan Wastewater	Capital construction	4.10%	14,220,127	3,374,596
PW-99-791-038 Loan Wastewater	Capital construction	1.00%	7,000,000	1,118,696
PW-02-691-060 Loan Wastewater	Capital construction	0.50%	5,159,197	1,669,046
PW-06-962-PRE-103 Loan Wastewater	Capital construction	1.00%	531,399	279,684
PW-07-962-018 Loan Wastewater	Capital construction	1.00%	6,823,104	3,960,159
DM15-952-027 Loan Water	Capital construction	1.00%	120,000	120,000
Total Business – Type Bonds & Notes			\$45,246,137	\$19,736,503

Annual debt service requirements to maturity are as follows:

Year Ending 12/31/2016	Business-Type Activities	
	Interest	Principal
2017	\$435,182	\$2,764,415
2018	369,485	2,816,459
2019	301,760	2,815,865
2020	195,501	1,718,885
2021	922,558	1,224,470
2022-2026	695,378	5,174,553
2027-2031	202,948	3,196,593
2032 and beyond	632	25,263
Total	\$3,123,443	\$19,736,503

NOTE 10 – LEASES

Operating Leases

The City leases a building, office equipment and other equipment under non-cancelable operating leases. Total costs for such leases were \$95,220 for the year ended December 31, 2016.

The future minimum lease payments for these leases are as follows:

Year Ending 12/31/2016	Amount
2017	\$67,694
2018	61,612
2019	9,100
2020	8,550
2021	5,800
2022-2026	21,767
Total	\$174,522

Capital Leases

The City of Walla Walla has entered into a lease agreement for financing equipment with a down payment of \$44,185.

These lease agreements qualify as capital leases for accounting purposes, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Business-Type Activities
Excavator #1	\$100,971
Excavator #2	146,033
Less: Accumulated Depreciation	(3,431)
Total	\$ 243,573

Year Ending 12/31/2016	Business-Type Activities
2016	\$ 44,185
2017	44,185
2018	44,185
2019	44,185
2020	44,185
2021	44,185
2022	2
Total Minimum Lease Payments	265,113
Less: Interest	18,110
Present Value of Minimum Lease Payments	\$ 247,004

NOTE 11 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability changes are reported by governmental activities and business-type activities, as applicable. Long-term liability activity for governmental activities for the fiscal year 2016:

	Beginning Balance <u>1/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/2016</u>	Due Within <u>One Year</u>
Government Activities					
2009 UTGO Bond Police Station	\$9,285,000	-	\$8,295,000	\$990,000	\$485,000
2009 UTGO Bond Premiums	88,753	-	6,339	82,414	6,339
2010 LTGO & Refunding Bond	590,000	-	60,000	530,000	60,000
2013 UTGO Refund Bond Fire Station	2,350,000	-	260,000	2,090,000	270,000
2010 LTGO Bond Premiums	9,531	-	1,069	8,462	1,069
2015 LTGO Bond Street Construction	168,887	-	19,270	149,617	19,646
2015 LTGO Library Construction	755,866	-	77,300	678,566	78,893
2015 UTGO Memorial Pool	5,560,000	-	90,000	5,470,000	160,000
2015 UTGO Bond Premium	347,982	-	18,315	329,667	18,315
2016 UTGO Refunding Police Bond	-	7,745,000	-	7,745,000	-
2016 UTGO Refunding Bond Premium	-	904,351	64,597	839,754	64,597
General Obligation Bonds	19,156,019	8,649,351	8,891,890	18,913,480	1,163,859
2009-1 Bond LID (Taxable), Interfund loan	241,310	-	99,463	141,847	53,840
Special Assessment Bonds	241,310	-	99,463	141,847	53,840
Compensated Absences	2,004,068	1,611,451	1,758,847	1,856,672	1,594,161
Workers' Compensation Claims	80,580	207,385	98,895	189,070	24,661
Firemens' Pension	2,502,903	98,955	242,015	2,359,843	-
Net OPEB Obligation	5,262,456	2,301,508	1,117,219	6,446,745	-
State Pension	6,605,504	1,423,252	-	8,028,756	-
Other Liabilities	16,455,511	5,642,551	3,216,976	18,881,086	1,618,822
Governmental Activities	\$35,852,840	\$14,291,902	\$12,208,329	\$37,936,413	\$2,836,521

The General Fund, Street Funds, Emergency Services Fund, and Service Center Fund normally liquidate 90.30%, 3.20%, 6.50% and 0.04% 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.

Long-term liability activity for business-type activities for the fiscal year 2016:

Business Activities	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016	Due Within One Year
Revenue Bonds					
2010 LTGO Landfill Bond	\$2,235,000	\$-	\$130,000	\$2,105,000	\$135,000
2010 Bond Premiums	17,437	-	1,253	16,184	1,253
2015 Landfill Ref Bond	1,108,014	-	250,144	857,870	255,029
2015 Golf Course Ref Bond	206,605	-	23,573	183,032	24,034
2016 LTGO AMI Water Bond	-	5,960,000	-	5,960,000	335,000
2016 AMI Bond Premium	-	248,624	15,539	233,085	15,539
Revenue Bonds	3,567,056	6,208,624	420,509	9,355,171	765,855
Capital Lease					
Water Equipment Capital Lease	-	247,004	44,185	202,819	38,273
Capital Lease	-	247,004	44,185	202,819	38,273
External Loans					
Water 97-78897-038	\$162,632	\$-	\$54,211	\$108,421	\$54,211
Wastewater L9900019A	4,253,942	-	879,346	3,374,596	915,769
Wastewater PW-99-791-038	1,491,594	-	372,898	1,118,696	372,898
Wastewater PW-02-691-060	1,947,220	-	278,174	1,669,046	278,174
Wastewater PW-06-962-PRE-103	307,652	-	27,968	279,684	27,968
Wastewater PW-07-962-018	4,320,173	-	360,014	3,960,159	360,014
DM15-952-027 Loan Water	-	120,000	-	120,000	6,316
External Loans	12,483,213	120,000	1,972,611	10,630,602	2,015,350
Revenue Debt	\$16,050,269	\$6,575,628	\$2,437,305	\$20,188,592	\$2,819,478
Landfill Closure	\$4,244,625	\$33,049	\$-	\$4,277,674	\$-
Federal DWSRF LT2	2,708,666	1,421,784	120,000	4,010,450	-
Pollution Remediation	3,872,690	-	2,834,237	1,038,453	243,453
Compensated Absences	541,397	477,521	501,781	517,137	456,679
State Pension	2,372,325	647,723	-	3,020,048	-
Other Liabilities	13,739,703	2,580,077	3,456,018	12,863,762	700,132
Business Activities	\$29,789,972	\$9,155,705	\$5,893,324	\$33,052,353	\$3,519,610

The City was approved by the Environmental Protection Agency and the Public Works Board to receive two loans totaling \$24,240,000 to improve its drinking water system. The authorized Drinking Water State Revolving Fund Loan (DWSRF) is a low interest loan, and at December 31, 2016, the draws totaled \$3,890,450 along with loan origination fees of \$240,000. In 2017, the City will make its first principal payment on the DM15-952-027 removing \$120,000 from the Federal DWSRF LT2 liability. The loan terms for the balances will be defined upon project completion.

Rebatable Arbitrage. Arbitrage occurs when the City invests funds borrowed at tax-exempt interest rates in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government under IRS section 148(f) of the Internal Revenue Code. At the fund level, the City recognizes this liability only when due and payable. The City did not have any arbitrage excess earnings liability to report in 2016.

NOTE 12 – CONTINGENCIES AND LITIGATIONS

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

The public records lawsuit noted in the City of Walla Walla's CAFR for the prior year has been resolved favorably to the City, and the City suffered no financial liability. There is no longer risk of future exposure, and only closure of the matter is noted herein.

Miscellaneous 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 13 – INTERFUND BALANCES AND TRANSFERS

Interfund loans provide upfront, one-time funding for physical improvements from otherwise idle equipment replacement funds. The loans will be fully 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 \$990,907, which is due within one year and \$2,166,958, which is due in more than one year from the date of the financial statements.

Interfund loans between funds balances owing at the year ended December 31, 2016 are as follows:

Purpose	Interfund Loans Due From :				Due To:	
	Major Government	Non-Major Government	Landfill	Water/Wastewater	Non-Major Enterprise	Equipment Replacement
Driving Range	\$ -	\$ -	\$ -	\$ -	\$78,241	\$78,241
Irrigation System	-	-	-	-	305,329	305,329
Landfill Area 7	-	-	489,447	-	-	489,447
Street Light Retrofit	-	116,401	-	-	-	116,401
LID Abadie Street	-	141,847	-	-	-	141,847
Transportation Benefit	-	276,000	-	-	-	276,000
Water Equipment	-	-	-	450,600	-	450,600
Ambulance	-	-	-	-	50,000	50,000
Memorial Pool	1,250,000	-	-	-	-	1,250,000
Interfund Loans	\$1,250,000	\$534,248	\$489,447	\$450,600	\$433,570	\$3,157,865

Transfers between funds during the year ended December 31, 2016 are as follows:

Transfers From:	Transfers To:						Transfers From:
	General Fund	Non-Major Gov't	Water/Wastewater	Sanitation	Other Enterprise	Internal Service	
General Fund	\$ -	\$ 2,112,118	\$ -	\$8,585	\$71,700	\$328,542	\$2,520,945
Parks CIP	-	5,110	-	-	-	-	5,110
Non-Major Gov't	60,000	1,311,122	48,052	-	-	-	1,419,175
Water/Wastewater	-	2,368,328	-	-	-	18,380	2,386,708
Sanitation	14,960	-	-	-	-	-	14,960
Non-Major Ent.	-	-	-	-	-	83,218	83,218
Internal Services	48,721	-	-	-	-	50,000	98,721
Total Transfers:	\$123,681	\$5,796,678	\$48,052	\$8,585	\$71,700	\$480,140	\$6,528,836

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

NOTE 14 – RECEIVABLE AND PAYABLE BALANCES

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

As of December 31, 2016 the City’s individual major funds and non-major enterprise funds receivable balances include the applicable allowances for uncollectible accounts as follows:

Receivables

	General	Police Station U.T.G.O.Bond	Other Gov't	Sanitation	Water/ Wastewater	Landfill	Other Enterprise	Internal Service	Total
Receivables	\$258,250	\$3,123	\$146,968	\$334,104	\$1,364,045	\$1,710,832	\$470,592	\$147,957	\$4,435,871

Receivables for the Ambulance Fund are reported net of allowance for uncollectible accounts. Using historical collection rates, it is estimated that 50% of the receivables or \$300,511 at December 31, 2016 will ultimately prove uncollectible for the Ambulance Fund.

NOTE 15 – OTHER PERSONNEL BENEFITS

A. Post-Employment Benefits

Plan Description

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 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 plan, or any other similar source are covered. Most medical coverage for eligible retirees is provided by one of the City’s employee medical insurance programs. 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. Financial reporting for the LEOFF retiree healthcare plan is included in the City’s Comprehensive Annual Financial Report.

Membership

A total of 53 retirees are eligible for benefits under this act. This is considered a closed group with no new eligible members.

Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City’s funding policy is based upon pay-as-you-go financing requirements. Expenses related to the participating retirees who

were covered under the Firemens' Pension Fund totaled \$412,705 in 2016. The benefits paid to the remaining participants (Police Officers and Firemen not covered under the Firemens' Pension Fund) were remitted out of the General Fund and totaled \$184,298.

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit (OPEB) cost is calculated based upon the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of is included as a noncurrent liability on the Statement of Net Position.

	Fiscal Year Ending		
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
ANNUAL REQUIRED CONTRIBUTIONS (ARC)			
Annual Normal Cost (BOY)	\$ -	\$ -	\$ -
Amortization of UAAL (BOY)	2,091,010	2,341,989	1,896,258
ARC at EOY	2,091,010	2,341,989	1,896,258
Interest on net OPEB obligation	210,498	150,371	105,053
Adjustment to ARC	(473,311)	(338,114)	(236,214)
Annual OPEB cost (expense)	1,828,197	2,154,246	1,765,097
Employer contributions	(643,908)	(651,066)	(632,137)
Change in net OPEB obligation	1,184,289	1,503,180	1,132,960
Net OPEB obligation, beginning of year	5,262,456	3,759,276	2,626,316
Net OPEB obligation, end of year	\$6,446,745	\$5,262,456	\$3,759,276

The City's OPEB cost, the percentage of OPEB cost contributed to the plan and the newt OPEB obligation for 2016 and the two preceding year were as follows:

Schedule of Percentage of Annual OPEB Cost Contributed			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$1,765,097	35.80%	\$3,759,276
12/31/2015	\$2,154,246	30.20%	\$5,262,456
12/31/2016	\$1,828,197	35.60%	\$6,446,745

Actuarial methods and assumptions

The City's annual Other Postemployment Benefit (OPEB) calculation is based upon the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of is included as a noncurrent liability on the Statement of Net Position.

Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was the Projected Unit Credit. The AAL and

open basis as a level dollar over 15 years. These assumptions are individual and collectively reasonable for the purpose of this valuation.

Funding Status and Funding Progress

The City’s actuarial update on the funding status for each plan is as follows:

Actuarial accrued liability (AAL)	\$	23,248,654
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	23,248,654
Funded ratio (actuarial value of plan assets ÷ AAL)		0.0%
Covered payroll		-
UAAL as a percentage of covered payroll		-

B. Deferred Compensation Plan

The City offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is administered by the International City Managers Association’s Retirement Corporation, and the second is administered by the Baker Boyer Bank Trust Department and the third is Deferred Compensation Program which is administered by the Washington State Deferred Compensation Program. The funds are held in trust for the participants and their beneficiaries. The plans, available to all employees, permit them to defer a portion of their salary until future years. Employees may participate with a corresponding City match of up to 3%. The deferred compensation is available to employees upon termination, retirement, death, or an unforeseeable emergency.

Amounts withheld from the employee’s earnings and the related matching contribution from the City are remitted to the third party administrators after each payroll and the City incurs no further liability once the funds have been remitted to the trust. According to the trust, in no event shall the City’s liability to pay benefits to a participant under the plan exceed the value of the amounts credited to the participant’s account; neither the City nor Administrator shall be liable for losses arising from depreciation or shrinkage in the value of any of the investments acquired under the plans.

NOTE 16 – CLOSURE AND POST-CLOSURE CARE COSTS

Background: The City of Walla Walla owns three landfills: 1) Sudbury Regional Landfill (SRL); 2) the closed Tausick Way Landfill (TWL); and 3) the 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 2027, 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 post-closure care and monitoring of Area 6.

Operations at the 78 acre Tausick Way Landfill ceased in 1979 and was closed under the regulations at the time. The Tausick Way Landfill is maintained through the Landfill’s operations and management budget which includes mowing, pesticide spraying, groundwater and 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.

Closure and post closure costs: Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste in a designated area, the City must record a portion of these 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 Department of Ecology in December 2016 for Cell 3. The expansion permit was formally approved by the Department of Ecology on February 22, 2017. With this expansion (to be constructed in the spring/summer of 2017) Area 7 will have a total permitted capacity of 1,813,000 cubic yards. As of August 11, 2016, and with this expansion, Area 7 is approximately 47% filled. The volume of only Cells 1 and 2 (without Cell 3) was 992,000 cubic yards and 85% full as of the August 11, 2016 survey.

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 \$3,942,042 (in 2016 dollars). However, when adjusted for capacity used, the amount of the liability for closure and post-closure is \$2,523,924. As of December 31, 2016, cash of \$2,784,524 has been accumulated and set aside for estimated closure and post-closure costs. The financial assurance plan for the City has been updated. Closure and post-closure costs will be met through rate revenues and the potential for grant funding.

On March 11, 2013, a consultant for the City of Walla Walla presented an estimate for the cost of closure and post-closure for the IIWL/Burdine property. Closure costs are estimated at \$1,000,000 and post-closure monitoring costs are estimated at \$67,000 per year. Based on the consultant's estimated probabilities for the duration of the long-term monitoring, the City has recorded a liability in the amount of \$753,750 for post-closure 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 for any needed adjustments based upon inflation, changes in technology, and/or changes in regulations. The total closure and post-closure cost is an estimate and subject to change resulting from inflation, deflation, technology or changes in applicable laws or regulations.

NOTE 17 – TERMINATION BENEFITS

Termination benefits are determined on a case by case basis. The City of Walla Walla did not enter into any termination commitments or arrangements during fiscal year 2016.

NOTE 18 – 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 Regional Landfill is a City-owned and operated landfill which the Washington State Department of Ecology determined required remediation in 2008 pursuant to Model Toxics Control Act (MTCA). The City of Walla Walla entered into Agreed Order No. 8456 with the Washington State Department of Ecology in 2011 and completed a remedial investigation/feasibility study. In 2015, the Department of Ecology prepared a Cleanup

Action Plan (CAP) that describes the activities that will be 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 2024.

Two Toxic Cleanup Remedial Action Grants have been received from the Washington State Department of Ecology. The grants provide 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, 2017. The City's financial liability has been further reduced by insurance coverage reimbursement payments.

The remediation liability was calculated for financial assurance purposes in accordance with the MTCA based on a planning-level cost estimate to complete the cleanup action based on a ten-year remediation scenario. Costs included in the calculation include anticipated internal and consultant engineering costs, legal fees, and payments to the Department of Ecology.

Pursuant to GASB Statement 49, the City is reporting a \$193,453 liability in its Landfill Fund for its estimated liability. The obligation is an estimate subject to changes resulting from price increases or reductions, technology, Ecology requirements, or laws and regulations. In 2016, the Department of Ecology required that the City reserve \$599,311 in a financial assurance account to cover expected monitoring expenditures through 2024.

The Tausick Way Landfill is a closed, formerly permitted municipal waste landfill which was operated by the City between the 1940s and 1970s. On May 30, 2013, the City of Walla Walla received an Early Notice from Ecology for its Tausick Way Landfill property. Ecology subsequently decided the Tausick Way Landfill 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-closed Tausick Way Landfill, 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 of Walla Walla received an Early Notice letter from Ecology 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 which requires the City to perform groundwater monitoring.

In 2012 the City received a \$200,000 Integrated Planning Grant from Ecology 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. Planning level estimates for each scenario were developed by the consultant. If Ecology requires remedial action at the IIWL/Burdine property, the City's remediation liability is estimated to be \$845,000.

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 and subject to change resulting from inflation, deflation, technology or changes in applicable laws or regulations.

NOTE 19 – ACCOUNTING AND REPORTING CHANGES

Adoption of the new GASB Statement 72 – Fair Measurement and Application

Issued in 2015, this Statement defines how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. There is no impact to the 2016 financial statements of the City for implementing the standard.

NOTE 20 – SUBSEQUENT EVENTS

In December 2015, the City submitted a request for a refund of state excise taxes paid by the City in fiscal years 2011 through 2015 to the Washington State Department of Revenue (DOR). The DOR completed their review in May 2017 and issued a check in the amount of \$832,763 for the overpayment of utility excise taxes and \$54,903 for interest.

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30 , 2016
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.094658%	0.092117%
Employer's proportionate share of the net pension liability (asset)	\$ 5,083,581	\$ 4,818,576
TOTAL	\$ 5,083,581	\$ 4,818,576
Employer's covered employee payroll	\$ 116,353	\$ 104,077
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	4369.10%	4629.82%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30 , 2016
Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	0.118477%	0.116406%
Employer's proportionate share of the net pension liability (asset)	\$ 5,965,223	\$ 4,159,253
TOTAL	\$ 5,965,223	\$ 4,159,253
Employer's covered employee payroll	\$ 11,385,254	\$ 10,917,362
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	52.39%	38.10%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30 , 2016
Last 10 Fiscal Years*

	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u>	0.104522%	0.105656%
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (1,076,875)	\$ (1,273,388)
TOTAL	\$ (1,076,875)	\$ (1,273,388)
<u>Employer's covered employee payroll</u>	\$ -	\$ -
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	0.00%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	123.74%	127.36%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30 , 2016
Last 10 Fiscal Years*

	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u>	0.273693%	0.277581%
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (1,591,881)	\$ (2,852,978)
<u>LEOFF 2 employers only - State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (1,037,790)	\$ (137,841)
<u>TOTAL</u>	\$ (2,629,671)	\$ (2,990,819)
<u>Employer's covered employee payroll</u>	\$ 8,995,544	\$ 8,192,390
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	0.00%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	106.04%	111.67%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Employer Contributions
PERS 1
As of December 31, 2016
Last 10 Fiscal Years*

	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 555,681	\$ 480,611
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (555,681)	\$ (480,611)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -
<u>Covered employer payroll</u>	\$ 116,353	\$ 104,077
<u>Contributions as a percentage of covered employee payroll</u>	477.58%	461.78%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Employer Contributions
PERS 2/3
As of December 31, 2016
Last 10 Fiscal Years*

	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 709,084	\$ 602,117
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (709,084)	\$ (602,117)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -
<u>Covered employer payroll</u>	\$ 11,385,254	\$ 10,917,363
<u>Contributions as a percentage of covered employee payroll</u>	6.23%	5.52%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2016
Last 10 Fiscal Years*

	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 454,340	\$ 413,118
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (454,340)	\$ (413,118)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -
<u>Covered employer payroll</u>	\$ 8,995,544	\$ 8,192,390
<u>Contributions as a percentage of covered employee payroll</u>	5.05%	5.04%

Notes to Schedule:

Valuation Date: June 30, 2015

Cost method: Entry Age Normal

Inflation: 3.0%

Salary Increase: 3.75%

Investment Rate of Return: 7.50 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table.

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
Schedule of Changes in Net Pension Liability and Related Ratios
Firemens' Pension Plan
Last 10 Fiscal Years* Expressed in hundreds

	2016	2015
Total pension liability		
Service cost	\$ -	\$ -
Interest	87	89
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(55)	-
Benefit payments, including refunds of contributions	(173)	(167)
Net change in total pension liability	(141)	(78)
Total pension liability - beginning	2,562	2,640
Total pension liability - ending (a)	<u>\$ 2,421</u>	<u>\$ 2,562</u>
Plan fiduciary net position		
Contributions - employer	\$ 140	\$ 27
Contributions - state fire insurance premium tax	47	45
Benefit payments, including refunds of contributions	(173)	(167)
Administrative expense	-	-
Other	(12)	-
Net change in plan fiduciary net position	2	(95)
Plan fiduciary net position - beginning	59	154
Plan fiduciary net position - ending (b)	<u>61</u>	<u>59</u>
Net pension liability ending (a) - (b)	<u>\$ 2,360</u>	<u>\$ 2,503</u>
Plan fiduciary net position as a % of total pension liability (b)/(a)	2.53%	2.31%
Covered-employee payroll	-	-
Net pension liability as a % of covered employee payroll	N/A	N/A

Notes to Schedule:

Valuation date: January 1, 2016

Measurement date: December 31, 2015

Actuarial cost method: Entry Age Normal

Inflation: 2.25%

Salary increases: 3.25%

Investment rate of return: 3.5%

Mortality: RP Mortality Table

* The City of Walla Walla presented only years in which information is available.

City of Walla Walla
Schedule of Employer Contributions
Firemens' Pension Plan
Last 10 Fiscal Years*

	2016	2015
Actuarially/statutorily/contractually determined contribution	\$ 172,713	\$ 167,146
Actual contribution in relation to the above	\$ (172,713)	\$ (167,146)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ -	\$ -
Contributions as a % of covered-employee payroll	0.00%	0.00%

Notes to Schedule:

Valuation date: January 1, 2016

Measurement date: December 31, 2015

Actuarial cost method: Entry Age Normal

Inflation: 2.25%

Salary increases: 3.25%

Investment rate of return: 3.5%

Mortality : RP Mortality Table

** The City of Walla Walla presented only years in which information is available.*

City of Walla Walla
 Schedule of Investment Returns
 Firemens' Pension Plan
 Last 10 Fiscal Years*

	2016	2015	2014
<u>Annual money-weighted rate of return, net of investment expense</u>	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation date: January 1, 2016

Measurement date: December 31, 2015

Actuarial cost method: Entry Age Normal

Inflation: 2.25%

Salary increases: 3.25%

Investment rate of return: 3.5%

Mortality : RP Mortality Table

** The City of Walla Walla presented only years in which information is available.*

REQUIRED SUPPLEMENTARY INFORMATION
 Other Post Employment Benefits
 Schedule of Funding Progress
 For the Fiscal Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL % Covered Payroll ((b-a)÷c)
12/31/08	\$ -	\$ 16,347,958	\$ 16,347,958	0.0%	\$ 539,280	3031%
12/31/09	\$ -	\$ 15,575,359	\$ 15,575,359	0.0%	\$ 481,332	3236%
12/31/10	\$ -	\$ 15,403,960	\$ 15,403,960	0.0%	\$ 411,735	3741%
12/31/11	\$ -	\$ 14,426,092	\$ 14,426,092	0.0%	\$ 280,572	5142%
12/31/12	\$ -	\$ 15,147,809	\$ 15,147,809	0.0%	\$ 62,945	24065%
12/31/13	\$ -	\$ 14,191,964	\$ 14,191,964	0.0%	\$ -	0.0%
12/31/14	\$ -	\$ 21,083,331	\$ 21,083,331	0.0%	\$ -	0.0%
12/31/15	\$ -	\$ 26,039,136	\$ 26,039,136	0.0%	\$ -	0.0%
12/31/16	\$ -	\$ 23,248,654	\$ 23,248,654	0.0%	\$ -	0.0%

NON-MAJOR GOVERNMENTAL FUNDS

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

<u>Contents</u>	<u>Page</u>
Special Revenue Funds <i>Special revenue funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes.</i>	98
Debt Service Funds <i>Debt service funds account for the accumulation of resources for, and the payment of, long-term debt principal and interest.</i>	100
Capital Project Funds <i>Capital project funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.</i>	102
Permanent Funds <i>Permanent funds report resources legally restricted to the extent that only earnings, not principal, may be used for the benefit of the City or its citizenry.</i>	104

**City of Walla Walla
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2016**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent</u>	<u>Other Governmental</u>
ASSETS					
Cash and equivalents	\$ 3,012,997	\$ 204,788	\$ 472,357	\$ 11,094	\$ 3,701,236
Restricted cash and equivalents	77,000	-	-	16,545	93,545
Restricted investments	800,339	-	-	-	800,339
Investments	200,084	-	-	-	200,084
Taxes receivables (net)	-	707,537	-	-	707,537
Other receivables (net)	34,574	2,321	108,533	-	145,428
Special assessments receivable	-	129,154	-	-	129,154
Interest receivable	1,540	-	-	-	1,540
Total assets	<u>\$ 4,126,534</u>	<u>\$ 1,043,800</u>	<u>\$ 580,890</u>	<u>\$ 27,639</u>	<u>\$ 5,778,863</u>
LIABILITIES					
Accounts payable	\$ 163,327	\$ -	\$ 132,858	\$ -	\$ 296,185
Other accrued liabilities	71,242	-	151,050	-	222,292
Interfund loans payable	116,401	141,847	276,000	-	534,248
Total liabilities	<u>\$ 350,970</u>	<u>\$ 141,847</u>	<u>\$ 559,908</u>	<u>\$ -</u>	<u>\$ 1,052,725</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ -	\$ 707,537	\$ -	\$ -	\$ 707,537
Special assessments	-	129,154	-	-	129,154
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 836,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 836,691</u>
FUND BALANCES					
Nonspendable	\$ -	\$ -	\$ -	\$ 16,545	\$ 16,545
Restricted	1,448,933	133,117	41,450	-	1,623,500
Committed	2,324,710	55,261	191,583	-	2,571,554
Assigned	1,921	-	355	11,094	13,370
Unassigned	-	(123,116)	(212,406)	-	(335,522)
Total fund balances	<u>\$ 3,775,564</u>	<u>\$ 65,262</u>	<u>\$ 20,982</u>	<u>\$ 27,639</u>	<u>\$ 3,889,447</u>
Total liabilities, deferred inflows of resources, fund balances	<u>\$ 4,126,534</u>	<u>\$ 1,043,800</u>	<u>\$ 580,890</u>	<u>\$ 27,639</u>	<u>\$ 5,778,863</u>

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent</u>	<u>Other Governmental</u>
REVENUES					
Taxes	\$ 2,901,658	\$ 632,135	\$ -	\$ -	\$ 3,533,793
Licenses and permits	325,101	-	-	-	325,101
Intergovernmental revenues	754,888	-	538,307	-	1,293,195
Charges for goods and services	213,604	-	-	-	213,604
Fines and forfeitures	16,225	-	-	-	16,225
Miscellaneous revenues	53,102	64,589	11,311	102	129,104
Total revenues	<u>\$ 4,264,578</u>	<u>\$ 696,724</u>	<u>\$ 549,618</u>	<u>\$ 102</u>	<u>\$ 5,511,022</u>
EXPENDITURES					
Current:					
General government	\$ -	\$ -	\$ 32,266	\$ -	\$ 32,266
Public safety	20,388	-	-	-	20,388
Transportation	2,738,298	-	181,123	-	2,919,421
Economic environment	15,543	-	-	-	15,543
Culture and recreation	1,222,844	-	-	-	1,222,844
Debt service:					
Principal retirement	-	506,570	-	-	506,570
Interest	6,751	308,435	725	-	315,911
Administrative charges	-	502	-	-	502
Capital outlay:					
Public safety	23,556	-	-	-	23,556
Transportation	100,927	-	3,448,073	-	3,549,000
Culture and recreation	-	-	352,636	-	352,636
Total expenditures	<u>\$ 4,128,307</u>	<u>\$ 815,507</u>	<u>\$ 4,014,823</u>	<u>\$ -</u>	<u>\$ 8,958,637</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 136,271</u>	<u>\$ (118,783)</u>	<u>\$ (3,465,205)</u>	<u>\$ 102</u>	<u>\$ (3,447,615)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,026,405	\$ 199,181	\$ 3,571,092	\$ -	\$ 5,796,678
Transfers out	(1,122,763)	-	(296,412)	-	(1,419,175)
Insurance recoveries	8,536	-	-	-	8,536
Total other financing sources and uses	<u>\$ 912,178</u>	<u>\$ 199,181</u>	<u>\$ 3,274,680</u>	<u>\$ -</u>	<u>\$ 4,386,039</u>
Net change in fund balances	1,048,449	80,398	(190,525)	102	938,424
Fund balances -- beginning	2,727,115	(15,136)	211,507	27,537	2,951,023
Fund balances -- ending	<u>\$ 3,775,564</u>	<u>\$ 65,262</u>	<u>\$ 20,982</u>	<u>\$ 27,639</u>	<u>\$ 3,889,447</u>

City of Walla Walla
Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2016

	Streets	Capital Improvement	Housing Development	Hotel/ Motel Tax	Tourism Promotion	Drug Fund	Community Development	Code Enforcement	Cemetery Reserve	Transportation Benefit District	Total Special Revenue
ASSETS											
Cash and equivalents	\$ 1,337,123	\$ 311,783	\$ 82,143	\$ 176,476	\$ 69,541	\$ 200,202	\$ 7,558	\$ 48,509	\$ 63,299	\$ 716,363	\$ 3,012,997
Restricted cash and equivalents	-	-	-	-	-	-	-	77,000	-	-	77,000
Restricted investments	-	-	-	-	-	100,042	-	-	700,297	-	800,339
Investments	-	-	100,042	-	-	-	-	100,042	-	-	200,084
Other receivables (net)	5,517	-	-	-	-	-	-	28,895	162	-	34,574
Interest receivable	-	-	154	-	-	171	-	137	1,078	-	1,540
Total assets	<u>\$ 1,342,640</u>	<u>\$ 311,783</u>	<u>\$ 182,339</u>	<u>\$ 176,476</u>	<u>\$ 69,541</u>	<u>\$ 300,415</u>	<u>\$ 7,558</u>	<u>\$ 254,583</u>	<u>\$ 764,836</u>	<u>\$ 716,363</u>	<u>\$ 4,126,534</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 39,296	\$ -	\$ -	\$ 70,125	\$ 53,596	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ 163,327
Other accrued liabilities	71,242	-	-	-	-	-	-	-	-	-	71,242
Interfund loans payable	116,401	-	-	-	-	-	-	-	-	-	116,401
Total liabilities	<u>\$ 226,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,125</u>	<u>\$ 53,596</u>	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,970</u>
Fund balances:											
Restricted	\$ -	\$ 310,169	\$ -	\$ 106,351	\$ 15,945	\$ 300,105	\$ -	\$ -	\$ -	\$ 716,363	\$ 1,448,933
Committed	1,115,701	1,614	182,339	-	-	-	7,558	254,583	762,915	-	2,324,710
Assigned	-	-	-	-	-	-	-	-	1,921	-	1,921
Total fund balances	<u>\$ 1,115,701</u>	<u>\$ 311,783</u>	<u>\$ 182,339</u>	<u>\$ 106,351</u>	<u>\$ 15,945</u>	<u>\$ 300,105</u>	<u>\$ 7,558</u>	<u>\$ 254,583</u>	<u>\$ 764,836</u>	<u>\$ 716,363</u>	<u>\$ 3,775,564</u>
Total liabilities and fund balances	<u>\$ 1,342,640</u>	<u>\$ 311,783</u>	<u>\$ 182,339</u>	<u>\$ 176,476</u>	<u>\$ 69,541</u>	<u>\$ 300,415</u>	<u>\$ 7,558</u>	<u>\$ 254,583</u>	<u>\$ 764,836</u>	<u>\$ 716,363</u>	<u>\$ 4,126,534</u>

City of Walla Walla
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2016

	<u>Streets</u>	<u>Capital Improvement</u>	<u>Housing Development</u>	<u>Hotel/ Motel Tax</u>	<u>Tourism Promotion</u>	<u>Drug Fund</u>	<u>Community Development</u>	<u>Code Enforcement</u>	<u>Cemetery Reserve</u>	<u>Transportation Benefit District</u>	<u>Total Special Revenue</u>
REVENUES											
Taxes	\$ -	\$ 396,849	\$ -	\$ 911,079	\$ 344,197	\$ -	\$ -	\$ -	\$ -	\$ 1,249,533	\$ 2,901,658
Licenses and permits	325,101	-	-	-	-	-	-	-	-	-	325,101
Intergovernmental revenues	754,888	-	-	-	-	-	-	-	-	-	754,888
Charges for goods and services	213,604	-	-	-	-	-	-	-	-	-	213,604
Fines and forfeitures	-	-	-	-	-	3,725	-	12,500	-	-	16,225
Miscellaneous revenues	17,503	694	551	375	454	25,555	-	2,657	1,748	3,565	53,102
Total revenues	<u>\$ 1,311,096</u>	<u>\$ 397,543</u>	<u>\$ 551</u>	<u>\$ 911,454</u>	<u>\$ 344,651</u>	<u>\$ 29,280</u>	<u>\$ -</u>	<u>\$ 15,157</u>	<u>\$ 1,748</u>	<u>\$ 1,253,098</u>	<u>\$ 4,264,578</u>
EXPENDITURES											
Current:											
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,173	\$ -	\$ 2,215	\$ -	\$ -	\$ 20,388
Transportation	2,735,122	-	-	-	-	-	-	-	-	3,176	2,738,298
Economic environment	-	-	15,543	-	-	-	-	-	-	-	15,543
Culture and recreation	-	-	-	878,647	344,197	-	-	-	-	-	1,222,844
Debt service:											
Interest	6,751	-	-	-	-	-	-	-	-	-	6,751
Capital Outlay:											
Public safety	-	-	-	-	-	23,556	-	-	-	-	23,556
Transportation	100,927	-	-	-	-	-	-	-	-	-	100,927
Total expenditures	<u>\$ 2,842,800</u>	<u>\$ -</u>	<u>\$ 15,543</u>	<u>\$ 878,647</u>	<u>\$ 344,197</u>	<u>\$ 41,729</u>	<u>\$ -</u>	<u>\$ 2,215</u>	<u>\$ -</u>	<u>\$ 3,176</u>	<u>\$ 4,128,307</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,531,704)</u>	<u>\$ 397,543</u>	<u>\$ (14,992)</u>	<u>\$ 32,807</u>	<u>\$ 454</u>	<u>\$ (12,449)</u>	<u>\$ -</u>	<u>\$ 12,942</u>	<u>\$ 1,748</u>	<u>\$ 1,249,922</u>	<u>\$ 136,271</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	\$ 2,026,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,026,405
Transfers out	-	(250,000)	-	-	-	-	-	-	(60,000)	(812,763)	(1,122,763)
Insurance recoveries	8,536	-	-	-	-	-	-	-	-	-	8,536
Total other financing sources and uses	<u>\$ 2,034,941</u>	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ (812,763)</u>	<u>\$ 912,178</u>
Net change in fund balance	503,237	147,543	(14,992)	32,807	454	(12,449)	-	12,942	(58,252)	437,159	1,048,449
Fund balance - beginning	612,464	164,240	197,331	73,544	15,491	312,554	7,558	241,641	823,088	279,204	2,727,115
Fund balance - ending	<u>\$ 1,115,701</u>	<u>\$ 311,783</u>	<u>\$ 182,339</u>	<u>\$ 106,351</u>	<u>\$ 15,945</u>	<u>\$ 300,105</u>	<u>\$ 7,558</u>	<u>\$ 254,583</u>	<u>\$ 764,836</u>	<u>\$ 716,363</u>	<u>\$ 3,775,564</u>

**City of Walla Walla
Combining Balance Sheet
Non-Major Debt Service Funds
December 31, 2016**

	<u>L.T.G.O. Bond</u>	<u>Fire Station U.T.G.O. Bond</u>	<u>Pool U.T.G.O. Bond</u>	<u>LID Bond Fund</u>	<u>LID Guarantee</u>	<u>Total Non-Major Debt Service</u>
ASSETS						
Cash and equivalents	\$ 3,492	\$ 135,387	\$ 11,865	\$ 18,731	\$ 35,313	\$ 204,788
Taxes receivables	-	353,924	353,613	-	-	707,537
Other receivables (net)	-	1,267	1,054	-	-	2,321
Special assessments receivable	-	-	-	129,154	-	129,154
Total assets	<u>\$ 3,492</u>	<u>\$ 490,578</u>	<u>\$ 366,532</u>	<u>\$ 147,885</u>	<u>\$ 35,313</u>	<u>\$ 1,043,800</u>
LIABILITIES						
Interfund loans payable	\$ -	\$ -	\$ -	\$ 141,847	\$ -	\$ 141,847
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,847</u>	<u>\$ -</u>	<u>\$ 141,847</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	\$ -	\$ 353,924	\$ 353,613	\$ -	\$ -	\$ 707,537
Special assessments	-	-	-	129,154	-	129,154
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 353,924</u>	<u>\$ 353,613</u>	<u>\$ 129,154</u>	<u>\$ -</u>	<u>\$ 836,691</u>
FUND BALANCES						
Restricted	\$ -	\$ 120,392	\$ 12,725	\$ -	\$ -	\$ 133,117
Committed	3,492	16,262	194	-	35,313	55,261
Unassigned	-	-	-	(123,116)	-	(123,116)
Total fund balances	<u>\$ 3,492</u>	<u>\$ 136,654</u>	<u>\$ 12,919</u>	<u>\$ (123,116)</u>	<u>\$ 35,313</u>	<u>\$ 65,262</u>
Total liabilities, deferred inflows of resources, fund balances	<u>\$ 3,492</u>	<u>\$ 490,578</u>	<u>\$ 366,532</u>	<u>\$ 147,885</u>	<u>\$ 35,313</u>	<u>\$ 1,043,800</u>

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended December 31, 2016

	<u>L.T.G.O. Bond</u>	<u>Fire Station U.T.G.O. Bond</u>	<u>Pool U.T.G.O. Bond</u>	<u>LID Bond Fund</u>	<u>LID Guarantee</u>	<u>Total Non-Major Debt Service</u>
REVENUES						
Taxes	\$ -	\$ 337,847	\$ 294,288	\$ -	\$ -	\$ 632,135
Miscellaneous revenues	-	856	(2,324)	66,057	-	64,589
Total revenues	<u>\$ -</u>	<u>\$ 338,703</u>	<u>\$ 291,964</u>	<u>\$ 66,057</u>	<u>\$ -</u>	<u>\$ 696,724</u>
EXPENDITURES						
Debt service:						
Principal retirement	\$ 156,570	\$ 260,000	\$ 90,000	\$ -	\$ -	\$ 506,570
Interest	37,498	63,920	196,673	10,344	-	308,435
Administrative charges	202	300	-	-	-	502
Total expenditures	<u>\$ 194,270</u>	<u>\$ 324,220</u>	<u>\$ 286,673</u>	<u>\$ 10,344</u>	<u>\$ -</u>	<u>\$ 815,507</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (194,270)</u>	<u>\$ 14,483</u>	<u>\$ 5,291</u>	<u>\$ 55,713</u>	<u>\$ -</u>	<u>\$ (118,783)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 194,071	\$ -	\$ 5,110	\$ -	\$ -	\$ 199,181
Total other financing sources and uses	<u>\$ 194,071</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,181</u>
Net change in fund balances	(199)	14,483	10,401	55,713	-	80,398
Fund balances -- beginning	3,691	122,171	2,518	(178,829)	35,313	(15,136)
Fund balances -- ending	<u><u>\$ 3,492</u></u>	<u><u>\$ 136,654</u></u>	<u><u>\$ 12,919</u></u>	<u><u>\$ (123,116)</u></u>	<u><u>\$ 35,313</u></u>	<u><u>\$ 65,262</u></u>

**City of Walla Walla
Combining Balance Sheet
Non-Major Capital Project Funds
December 31, 2016**

	<u>General CIP</u>	<u>Library CIP</u>	<u>Street CIP's</u>	<u>TBD Street CIP</u>	<u>Total Non-Major Capital Project</u>
ASSETS					
Cash and equivalents	\$ 7,801	\$ 99,950	\$ 330,377	\$ 34,229	\$ 472,357
Other receivables (net)	-	-	1,729	106,804	108,533
Total assets	<u>\$ 7,801</u>	<u>\$ 99,950</u>	<u>\$ 332,106</u>	<u>\$ 141,033</u>	<u>\$ 580,890</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ 35,000	\$ 26,793	\$ 71,065	\$ 132,858
Other accrued liabilities	-	23,500	121,176	6,374	151,050
Interfund loans payable	-	-	-	276,000	276,000
Total liabilities	<u>-</u>	<u>58,500</u>	<u>147,969</u>	<u>353,439</u>	<u>559,908</u>
Fund balances:					
Restricted	\$ -	\$ 41,450	\$ -	\$ -	\$ 41,450
Committed	7,801	-	183,782	-	191,583
Assigned	-	-	355	-	355
Unassigned	-	-	-	(212,406)	(212,406)
Total fund balances	<u>\$ 7,801</u>	<u>\$ 41,450</u>	<u>\$ 184,137</u>	<u>\$ (212,406)</u>	<u>\$ 20,982</u>
Total liabilities and fund balances	<u>\$ 7,801</u>	<u>\$ 99,950</u>	<u>\$ 332,106</u>	<u>\$ 141,033</u>	<u>\$ 580,890</u>

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended December 31, 2016

	<u>General CIP's</u>	<u>Library CIP</u>	<u>Street CIP's</u>	<u>TBD Street CIP</u>	<u>Total Non-Major Capital Project</u>
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ 144,790	\$ 393,517	\$ 538,307
Miscellaneous revenues	67	10,745	-	499	11,311
Total revenues	<u>\$ 67</u>	<u>\$ 10,745</u>	<u>\$ 144,790</u>	<u>\$ 394,016</u>	<u>\$ 549,618</u>
EXPENDITURES					
Current:					
General government	\$ 32,266	\$ -	\$ -	\$ -	\$ 32,266
Transportation	-	-	129,375	51,748	181,123
Debt service:					
Interest	-	-	-	725	725
Capital outlay:					
Transportation	-	-	2,742,492	705,581	3,448,073
Culture and recreation	-	352,636	-	-	352,636
Total expenditures	<u>\$ 32,266</u>	<u>\$ 352,636</u>	<u>\$ 2,871,867</u>	<u>\$ 758,054</u>	<u>\$ 4,014,823</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (32,199)</u>	<u>\$ (341,891)</u>	<u>\$ (2,727,077)</u>	<u>\$ (364,038)</u>	<u>\$ (3,465,205)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 40,000	\$ -	\$ 2,718,329	\$ 812,763	\$ 3,571,092
Transfers out	-	-	(139,167)	(157,245)	(296,412)
Total other financing sources and uses	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 2,579,162</u>	<u>\$ 655,518</u>	<u>\$ 3,274,680</u>
Net change in fund balances	7,801	(341,891)	(147,915)	291,480	(190,525)
Fund balances -- beginning	-	383,341	332,052	(503,886)	211,507
Fund balances -- ending	<u>\$ 7,801</u>	<u>\$ 41,450</u>	<u>\$ 184,137</u>	<u>\$ (212,406)</u>	<u>\$ 20,982</u>

**City of Walla Walla
Combining Balance Sheet
Non-Major Permanent Funds
December 31, 2016**

	<u>Esther Eyruad</u>	<u>Sherwood Library</u>	<u>Total Non-Major Permanent</u>
ASSETS			
Cash and equivalents	\$ 10,166	\$ 928	\$ 11,094
Restricted cash and equivalents	3,000	13,545	16,545
Total assets	<u>\$ 13,166</u>	<u>\$ 14,473</u>	<u>\$ 27,639</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Nonspendable	\$ 3,000	\$ 13,545	\$ 16,545
Assigned	10,166	928	11,094
Total fund balances	<u>\$ 13,166</u>	<u>\$ 14,473</u>	<u>\$ 27,639</u>
Total liabilities and fund balances	<u>\$ 13,166</u>	<u>\$ 14,473</u>	<u>\$ 27,639</u>

City of Walla Walla
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended December 31, 2016

	<u>Esther Eyruad</u>	<u>Sherwood Library</u>	<u>Total Non-Major Permanent</u>
REVENUES			
Miscellaneous revenues	\$ 49	\$ 53	\$ 102
Total revenues	<u>\$ 49</u>	<u>\$ 53</u>	<u>\$ 102</u>
EXPENDITURES			
Current:			
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	<u>\$ 49</u>	<u>\$ 53</u>	<u>\$ 102</u>
OTHER FINANCING SOURCES (USES)			
Total other financing sources and uses	\$ -	\$ -	\$ -
Net change in fund balances	49	53	102
Fund balances -- beginning	<u>13,117</u>	<u>14,420</u>	<u>27,537</u>
Fund balances -- ending	<u>\$ 13,166</u>	<u>\$ 14,473</u>	<u>\$ 27,639</u>

**City of Walla Walla
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 870	\$ 870
Licenses and permits	682,370	668,160	653,940	(14,220)
Intergovernmental revenues	1,335,240	1,520,260	1,446,700	(73,560)
Charges for goods and services	682,000	405,850	491,550	85,700
Miscellaneous revenues	540	21,300	19,950	(1,350)
Total revenues	<u>2,700,150</u>	<u>2,615,570</u>	<u>2,613,010</u>	<u>(2,560)</u>
EXPENDITURES				
Current:				
Transportation	4,500,240	5,749,530	5,164,000	(585,530)
Debt service:				
Principal retirement	122,240	122,240	122,230	(10)
Interest	15,990	15,990	15,960	(30)
Capital Outlay				
Transportation	<u>745,000</u>	<u>373,000</u>	<u>118,400</u>	<u>(254,600)</u>
Total expenditures	<u>5,383,470</u>	<u>6,260,760</u>	<u>5,420,590</u>	<u>(840,170)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,683,320)</u>	<u>(3,645,190)</u>	<u>(2,807,580)</u>	<u>837,610</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,852,420	3,621,740	3,594,240	(27,500)
Transfers out	-	(431,170)	(431,170)	-
Insurance recoveries	-	-	8,540	8,540
Total other financing sources and uses and special items	<u>2,852,420</u>	<u>3,190,570</u>	<u>3,171,610</u>	<u>(18,960)</u>
Net change in fund balances	<u>169,100</u>	<u>(454,620)</u>	<u>364,030</u>	<u>818,650</u>
Fund balances -- beginning	<u>629,440</u>	<u>629,440</u>	<u>629,440</u>	<u>-</u>
Fund balances -- ending	<u>\$ 798,540</u>	<u>\$ 174,820</u>	<u>993,470</u>	<u>\$ 818,650</u>
			Interfund loan adjustment	122,230
			Ending fund balance	<u>\$ 1,115,700</u>

Figures are rounded to the nearest ten dollars.

City of Walla Walla
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 500,000	\$ 730,000	\$ 742,890	\$ 12,890
Miscellaneous revenues	520	1,020	990	(30)
Total revenues	<u>500,520</u>	<u>731,020</u>	<u>743,880</u>	<u>12,860</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>500,520</u>	<u>731,020</u>	<u>743,880</u>	<u>12,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(517,270)</u>	<u>(567,270)</u>	<u>(567,050)</u>	<u>220</u>
Total other financing sources and uses and special items	<u>(517,270)</u>	<u>(567,270)</u>	<u>(567,050)</u>	<u>220</u>
Net change in fund balances	(16,750)	163,750	176,830	13,080
Fund balances -- beginning	<u>134,950</u>	<u>134,950</u>	<u>134,950</u>	<u>-</u>
Fund balances -- ending	<u><u>\$ 118,200</u></u>	<u><u>\$ 298,700</u></u>	<u><u>\$ 311,780</u></u>	<u><u>\$ 13,080</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, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Miscellaneous revenues	\$ 1,130	\$ 1,130	\$ 850	\$ (280)
Total revenues	<u>1,130</u>	<u>1,130</u>	<u>850</u>	<u>(280)</u>
EXPENDITURES				
Current:				
Economic environment	-	19,700	19,700	-
Total expenditures	<u>-</u>	<u>19,700</u>	<u>19,700</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,130</u>	<u>(18,570)</u>	<u>(18,850)</u>	<u>(280)</u>
Net change in fund balances	1,130	(18,570)	(18,850)	(280)
Fund balances -- beginning	<u>201,190</u>	<u>201,190</u>	<u>201,190</u>	<u>-</u>
Fund balances -- ending	<u>\$ 202,320</u>	<u>\$ 182,620</u>	<u>\$ 182,340</u>	<u>\$ (280)</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, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,600,000	\$ 1,776,000	\$ 1,757,020	\$ (18,980)
Miscellaneous revenues	300	400	510	110
Total revenues	<u>1,600,300</u>	<u>1,776,400</u>	<u>1,757,530</u>	<u>(18,870)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,628,000</u>	<u>1,774,000</u>	<u>1,732,350</u>	<u>(41,650)</u>
Total expenditures	<u>1,628,000</u>	<u>1,774,000</u>	<u>1,732,350</u>	<u>(41,650)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,700)</u>	<u>2,400</u>	<u>25,180</u>	<u>22,780</u>
Net change in fund balances	(27,700)	2,400	25,180	22,780
Fund balances -- beginning	<u>81,170</u>	<u>81,170</u>	<u>81,170</u>	<u>-</u>
Fund balances -- ending	<u>\$ 53,470</u>	<u>\$ 83,570</u>	<u>\$ 106,350</u>	<u>\$ 22,780</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, 2016

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 423,780	\$ 625,000	\$ 622,530	\$ (2,470)
Miscellaneous revenues	120	550	630	80
Total revenues	<u>423,900</u>	<u>625,550</u>	<u>623,160</u>	<u>(2,390)</u>
EXPENDITURES				
Current:				
Culture and recreation	423,780	632,890	622,530	(10,360)
Total expenditures	<u>423,780</u>	<u>632,890</u>	<u>622,530</u>	<u>(10,360)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>120</u>	<u>(7,340)</u>	<u>630</u>	<u>7,970</u>
Net change in fund balances	120	(7,340)	630	7,970
Fund balances -- beginning	<u>15,310</u>	<u>15,310</u>	<u>15,310</u>	<u>-</u>
Fund balances -- ending	<u>\$ 15,430</u>	<u>\$ 7,970</u>	<u>\$ 15,940</u>	<u>\$ 7,970</u>

Figures are rounded to the nearest ten dollars.

City of Walla Walla
UDAG Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal retirement	-	-	1,880	1,880
Total expenditures	-	-	1,880	1,880
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,880)	(1,880)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,110)	(4,990)	(3,110)	(1,880)
Total other financing sources and uses and special items	(3,110)	(4,990)	(3,110)	(1,880)
Net change in fund balances	(3,110)	(4,990)	(4,990)	-
Fund balances -- beginning	4,990	4,990	4,990	-
Fund balances -- ending	\$ 1,880	\$ -	\$ -	\$ -

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, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Fines and forfeits	\$ 9,000	\$ 9,000	\$ 4,810	\$ (4,190)
Miscellaneous revenues	61,640	67,240	63,550	(3,690)
Total revenues	<u>70,640</u>	<u>76,240</u>	<u>68,360</u>	<u>(7,880)</u>
EXPENDITURES				
Current:				
Public safety	63,770	77,620	64,750	(12,870)
Capital outlay:				
Public safety	20,000	52,400	33,560	(18,840)
Total expenditures	<u>83,770</u>	<u>130,020</u>	<u>98,310</u>	<u>(31,710)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,130)</u>	<u>(53,780)</u>	<u>(29,950)</u>	<u>23,830</u>
Net change in fund balances	(13,130)	(53,780)	(29,950)	23,830
Fund balances -- beginning	<u>330,060</u>	<u>330,060</u>	<u>330,060</u>	<u>-</u>
Fund balances -- ending	<u>\$ 316,930</u>	<u>\$ 276,280</u>	<u>\$ 300,110</u>	<u>\$ 23,830</u>

Figures are rounded to the nearest ten dollars.

**City of Walla Walla
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances -- beginning	7,560	7,560	7,560	-
Fund balances -- ending	<u>\$ 7,560</u>	<u>\$ 7,560</u>	<u>\$ 7,560</u>	<u>\$ -</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, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Fines and forfeits	\$ -	\$ 12,500	\$ 12,500	\$ -
Miscellaneous revenues	-	3,320	2,870	(450)
Total revenues	-	15,820	15,370	(450)
EXPENDITURES				
Current:				
Public safety	42,300	42,300	4,920	(37,380)
Total expenditures	42,300	42,300	4,920	(37,380)
Excess (deficiency) of revenues over (under) expenditures	(42,300)	(26,480)	10,450	36,930
Net change in fund balances	(42,300)	(26,480)	10,450	36,930
Fund balances -- beginning	244,130	244,130	244,130	-
Fund balances -- ending	\$ 201,830	\$ 217,650	\$ 254,580	\$ 36,930

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, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Miscellaneous revenues	\$ 2,600	\$ 5,100	\$ 3,010	\$ (2,090)
Total revenues	<u>2,600</u>	<u>5,100</u>	<u>3,010</u>	<u>(2,090)</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>2,600</u>	<u>5,100</u>	<u>3,010</u>	<u>(2,090)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(120,000)	(120,000)	(120,000)	-
Total other financing sources and uses and special items	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Net change in fund balances	(117,400)	(114,900)	(116,990)	(2,090)
Fund balances -- beginning	<u>881,830</u>	<u>881,830</u>	<u>881,830</u>	<u>-</u>
Fund balances -- ending	<u>\$ 764,430</u>	<u>\$ 766,930</u>	<u>\$ 764,840</u>	<u>\$ (2,090)</u>

Figures are rounded to the nearest ten dollars.

**City of Walla Walla
Transportation Benefit District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016**

	2015-16 Biennial Budgeted Amounts		Actuals 2015-16	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,000,000	\$ 2,310,000	\$ 2,385,330	\$ 75,330
Miscellaneous revenues	-	4,200	4,890	690
Total revenues	<u>2,000,000</u>	<u>2,314,200</u>	<u>2,390,220</u>	<u>76,020</u>
EXPENDITURES				
Current:				
Transportation	<u>5,000</u>	<u>5,820</u>	<u>5,680</u>	<u>(140)</u>
Total expenditures	<u>5,000</u>	<u>5,820</u>	<u>5,680</u>	<u>(140)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,995,000</u>	<u>2,308,380</u>	<u>2,384,540</u>	<u>76,160</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,995,000)</u>	<u>(2,470,640)</u>	<u>(2,081,500)</u>	<u>389,140</u>
Total other financing sources and uses and special items	<u>(1,995,000)</u>	<u>(2,470,640)</u>	<u>(2,081,500)</u>	<u>389,140</u>
Net change in fund balances	-	(162,260)	303,040	465,300
Fund balances -- beginning	<u>413,320</u>	<u>413,320</u>	<u>413,320</u>	<u>-</u>
Fund balances -- ending	<u><u>\$ 413,320</u></u>	<u><u>\$ 251,060</u></u>	<u><u>\$ 716,360</u></u>	<u><u>\$ 465,300</u></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.

<u>Contents</u>	<u>Page</u>
Enterprise Funds <i>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.</i>	118
Internal Service Funds <i>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.</i>	121

City of Walla Walla
Combining Statement of Net Position
Non-Major Enterprise Funds
December 31, 2016

	<u>Golf Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Other Enterprise</u>
ASSETS				
Current assets:				
Cash and equivalents	\$ 27,763	\$ 957,895	\$ 26,449	\$ 1,012,107
Other receivables (net)	-	165,694	304,898	470,592
Total current assets	<u>27,763</u>	<u>1,123,589</u>	<u>331,347</u>	<u>1,482,699</u>
Noncurrent assets:				
Restricted net pension asset	-	-	487,285	487,285
Land	38,508	16,907	-	55,415
Improvements other than buildings (net)	739,213	166,323	-	905,536
Machinery and equipment (net)	23,386	769	10,452	34,607
Infrastructure (net)	289,018	4,238,267	-	4,527,285
Construction in progress	-	263,263	-	263,263
Total noncurrent assets	<u>1,090,125</u>	<u>4,685,529</u>	<u>497,737</u>	<u>6,273,391</u>
Total assets	<u>\$ 1,117,888</u>	<u>\$ 5,809,118</u>	<u>\$ 829,084</u>	<u>\$ 7,756,090</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	\$ -	\$ 49,643	\$ 239,003	\$ 288,646
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 49,643</u>	<u>\$ 239,003</u>	<u>\$ 288,646</u>
Total assets and deferred outflows of resources	<u>\$ 1,117,888</u>	<u>\$ 5,858,761</u>	<u>\$ 1,068,087</u>	<u>\$ 8,044,736</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,851	\$ 38,701	\$ 4,568	\$ 45,120
Other accrued liabilities	747	32,873	198,448	232,068
Compensated absences	-	20,909	193,386	214,295
Current portion long-term debt	24,034	-	-	24,034
Interfund loans payable	40,002	-	50,000	90,002
Total current liabilities	<u>66,634</u>	<u>92,483</u>	<u>446,402</u>	<u>605,519</u>
Long-term liabilities:				
Compensated absences	-	-	41,219	41,219
Net pension liability	-	260,638	95,451	356,089
Long-term debt	158,998	-	-	158,998
Interfund loans payable	343,568	-	-	343,568
Total noncurrent liabilities	<u>502,566</u>	<u>260,638</u>	<u>136,670</u>	<u>899,874</u>
Total liabilities	<u>\$ 569,200</u>	<u>\$ 353,121</u>	<u>\$ 583,072</u>	<u>\$ 1,505,393</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	\$ -	\$ 4,645	\$ 1,701	\$ 6,346
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 4,645</u>	<u>\$ 1,701</u>	<u>\$ 6,346</u>
NET POSITION				
Net investment in capital assets	\$ 907,093	\$ 4,685,529	\$ 10,452	\$ 5,603,074
Unrestricted	<u>(358,405)</u>	<u>815,466</u>	<u>472,862</u>	<u>929,923</u>
Total net position	<u>\$ 548,688</u>	<u>\$ 5,500,995</u>	<u>\$ 483,314</u>	<u>\$ 6,532,997</u>

City of Walla Walla
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Year Ended December 31, 2016

	<u>Golf Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Other Enterprise</u>
Operating revenues:				
Intergovernmental revenues	\$ -	\$ 67,859	\$ 1,450,850	\$ 1,518,709
Charges for goods and services	26,086	2,300,055	1,624,485	3,950,626
Miscellaneous revenues	49,217	-	-	49,217
Total operating revenues	<u>\$ 75,303</u>	<u>\$ 2,367,914</u>	<u>\$ 3,075,335</u>	<u>\$ 5,518,552</u>
Operating expenses:				
Depreciation	\$ 54,588	\$ 80,137	\$ 7,792	\$ 142,517
Salaries and wages	-	264,972	1,750,352	2,015,324
Personnel benefits	-	190,962	646,985	837,947
Supplies	193	19,087	164,797	184,077
Services and charges	5,530	180,871	105,496	291,897
Intergovernmental services	2,561	344,972	23,241	370,774
Interfund service payments	62,836	598,112	525,862	1,186,810
Total operating expenses	<u>\$ 125,708</u>	<u>\$ 1,679,113</u>	<u>\$ 3,224,525</u>	<u>\$ 5,029,346</u>
Operating income (loss)	<u>\$ (50,405)</u>	<u>\$ 688,801</u>	<u>\$ (149,190)</u>	<u>\$ 489,206</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	\$ -	\$ -	\$ 1,290	\$ 1,290
Miscellaneous revenues	-	582	3,256	3,838
Gain (loss) on sale of capital assets	(1,983)	-	-	(1,983)
Debt service - interest	(22,681)	-	-	(22,681)
Total non-operating revenue (expenses)	<u>\$ (24,664)</u>	<u>\$ 582</u>	<u>\$ 4,546</u>	<u>\$ (19,536)</u>
Income (loss) before contributions and transfers	<u>\$ (75,069)</u>	<u>\$ 689,383</u>	<u>\$ (144,644)</u>	<u>\$ 469,670</u>
Capital contributions	-	299,954	-	299,954
Transfers in	71,700	-	-	71,700
Transfers out	-	(83,218)	-	(83,218)
Change in net position	<u>(3,369)</u>	<u>906,119</u>	<u>(144,644)</u>	<u>758,106</u>
Adjusted net position -- beginning	<u>552,057</u>	<u>4,594,876</u>	<u>627,958</u>	<u>5,774,891</u>
Total net position -- ending	<u>\$ 548,688</u>	<u>\$ 5,500,995</u>	<u>\$ 483,314</u>	<u>\$ 6,532,997</u>

City of Walla Walla
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2016

	<u>Golf</u> <u>Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total</u> <u>Other</u> <u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from customers	\$ 32,246	\$ 2,246,446	\$ 3,178,548	\$ 5,457,240
Cash from grants	-	48,118	-	48,118
Payments to suppliers	(8,353)	(505,246)	(295,891)	(809,490)
Payments to employees	-	(381,890)	(2,390,843)	(2,772,733)
Miscellaneous revenues	49,217	-	-	49,217
Interfund service payments	(62,836)	(598,112)	(525,862)	(1,186,810)
Net cash provided by operating activities	<u>\$ 10,274</u>	<u>\$ 809,316</u>	<u>\$ (34,048)</u>	<u>\$ 785,542</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants received	\$ -	\$ -	\$ 1,290	1,290
Proceeds (repayments) from interfund loan	(60,958)	-	50,000	(10,958)
Transfers in	71,700	-	-	71,700
Transfers out	-	(83,218)	-	(83,218)
Total cash flows from noncapital financing	<u>\$ 10,742</u>	<u>\$ (83,218)</u>	<u>\$ 51,290</u>	<u>\$ (21,186)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ -	\$ (684,089)	\$ -	\$ (684,089)
Capital contributions and purchases	-	299,954	-	299,954
Principal and interest payments	(23,614)	-	-	(23,614)
Total cash flows from capital and related financing	<u>\$ (23,614)</u>	<u>\$ (384,135)</u>	<u>\$ -</u>	<u>\$ (407,749)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	\$ -	\$ 582	\$ 3,255	\$ 3,837
Total cash flows from investing activities	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 3,255</u>	<u>\$ 3,837</u>
Net increase (decrease) in cash and equivalents	<u>\$ (2,598)</u>	<u>\$ 342,545</u>	<u>\$ 20,497</u>	<u>\$ 360,444</u>
Beginning cash and cash equivalents	<u>\$ 30,361</u>	<u>\$ 615,350</u>	<u>\$ 5,952</u>	<u>\$ 651,663</u>
Ending cash and cash equivalents	<u>\$ 27,763</u>	<u>\$ 957,895</u>	<u>\$ 26,449</u>	<u>\$ 1,012,107</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (50,405)	\$ 688,801	\$ (149,190)	\$ 489,206
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	54,588	80,137	7,792	142,517
(Increase) decrease in accounts receivable	6,160	(73,350)	103,213	36,023
Increase (decrease) in accounts payable	(69)	39,684	(2,357)	37,258
Increase (decrease) in salaries and benefits	-	3,648	14,717	18,365
Increase (decrease) in pension liability	-	70,396	(8,223)	62,173
Net cash provided by operating activities	<u>\$ 10,274</u>	<u>\$ 809,316</u>	<u>\$ (34,048)</u>	<u>\$ 785,542</u>

No noncash investing, capital, and financing activities

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

City of Walla Walla
Combining Statement of Net Position - Internal Service Funds
December 31, 2016

	Business-type Activities		Governmental-type Activities				Total Internal Service
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	
ASSETS							
Current assets:							
Cash and equivalents	\$ 235,734	\$ 2,504,973	\$ 238,213	\$ 228,706	\$ 687,488	\$ 196,941	\$ 4,092,055
Investments	-	3,001,277	499,811	299,886	-	-	3,800,974
Other receivables (net)	-	-	147,440	-	-	-	147,440
Interest receivable	-	-	517	-	-	-	517
Interfund loans receivable	-	990,907	-	-	-	-	990,907
Inventories	117,236	-	-	-	-	-	117,236
Prepays	-	-	39	-	597	35,000	35,636
Total current assets	<u>352,970</u>	<u>6,497,157</u>	<u>886,020</u>	<u>528,592</u>	<u>688,085</u>	<u>231,941</u>	<u>9,184,765</u>
Noncurrent assets:							
Interfund loans receivable	-	2,166,958	-	-	-	-	2,166,958
Land	-	-	-	135,600	-	-	135,600
Buildings and structures (net)	-	-	-	2,530,762	-	-	2,530,762
Improvements other than buildings (net)	-	-	-	12,091	-	-	12,091
Machinery and equipment (net)	108,643	6,896,751	76,938	39,409	-	-	7,121,741
Infrastructure (net)	-	-	-	64,632	-	-	64,632
Construction in progress	-	-	96,061	11,706	-	-	107,767
Total noncurrent assets	<u>108,643</u>	<u>9,063,709</u>	<u>172,999</u>	<u>2,794,200</u>	<u>-</u>	<u>-</u>	<u>12,139,551</u>
Total assets	<u>\$ 461,613</u>	<u>\$ 15,560,866</u>	<u>\$ 1,059,019</u>	<u>\$ 3,322,792</u>	<u>\$ 688,085</u>	<u>\$ 231,941</u>	<u>\$ 21,324,316</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows on pensions	\$ 44,867	\$ 10,464	\$ 183,738	\$ 9,539	\$ -	\$ -	\$ 248,608
Total deferred outflows of resources	<u>\$ 44,867</u>	<u>\$ 10,464</u>	<u>\$ 183,738</u>	<u>\$ 9,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,608</u>
Total assets and deferred outflows of resources	<u>\$ 506,480</u>	<u>\$ 15,571,330</u>	<u>\$ 1,242,757</u>	<u>\$ 3,332,331</u>	<u>\$ 688,085</u>	<u>\$ 231,941</u>	<u>\$ 21,572,924</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 4,530	\$ 615,195	\$ 31,034	\$ 16,458	\$ -	\$ 42,277	\$ 709,494
Other accrued liabilities	20,676	4,380	86,757	5,335	133	-	117,281
Industrial insurance claims	-	-	-	-	-	24,661	24,661
Compensated absences	28,434	-	103,565	574	-	-	132,573
Total current liabilities	<u>53,640</u>	<u>619,575</u>	<u>221,356</u>	<u>22,367</u>	<u>133</u>	<u>66,938</u>	<u>984,009</u>
Long-term liabilities:							
Industrial insurance claims	-	-	-	-	-	164,409	164,409
Net pension liability	235,565	54,938	964,677	50,085	-	-	1,305,265
Total noncurrent liabilities	<u>235,565</u>	<u>54,938</u>	<u>964,677</u>	<u>50,085</u>	<u>-</u>	<u>164,409</u>	<u>1,469,674</u>
Total liabilities	<u>\$ 289,205</u>	<u>\$ 674,513</u>	<u>\$ 1,186,033</u>	<u>\$ 72,452</u>	<u>\$ 133</u>	<u>\$ 231,347</u>	<u>\$ 2,453,683</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows on pensions	\$ 4,198	\$ 979	\$ 17,194	\$ 893	\$ -	\$ -	\$ 23,264
Total deferred inflows of resources	<u>\$ 4,198</u>	<u>\$ 979</u>	<u>\$ 17,194</u>	<u>\$ 893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,264</u>
NET POSITION							
Net investment in capital assets	\$ 108,643	\$ 6,896,751	\$ 172,999	\$ 2,794,200	\$ -	\$ -	\$ 9,972,593
Unrestricted	104,434	7,999,087	(133,469)	464,786	687,952	594	9,123,384
Total net position	<u>\$ 213,077</u>	<u>\$ 14,895,838</u>	<u>\$ 39,530</u>	<u>\$ 3,258,986</u>	<u>\$ 687,952</u>	<u>\$ 594</u>	<u>\$ 19,095,977</u>

City of Walla Walla
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	<u>Business-type Activities</u>		<u>Government-type Activities</u>				<u>Total Internal Service</u>
	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Emergency Communication</u>	<u>Service Center</u>	<u>Health Insurance</u>	<u>Industrial Insurance</u>	
Operating revenues:							
Intergovernmental revenues	\$ -	\$ -	\$ 2,364,526	\$ -	\$ -	\$ -	\$ 2,364,526
Charges for goods and services	1,507	-	-	-	-	-	1,507
Interfund charges	1,522,198	1,581,245	-	286,040	5,403,148	378,030	9,170,661
Total operating revenues	<u>\$ 1,523,705</u>	<u>\$ 1,581,245</u>	<u>\$ 2,364,526</u>	<u>\$ 286,040</u>	<u>\$ 5,403,148</u>	<u>\$ 378,030</u>	<u>\$ 11,536,694</u>
Operating expenses:							
Depreciation	\$ 5,721	\$ 966,170	\$ 23,618	\$ 111,909	\$ -	\$ -	\$ 1,107,418
Salaries and wages	242,911	58,233	980,248	66,263	-	-	1,347,655
Personnel benefits	130,543	25,259	478,969	11,061	5,318,790	-	5,964,622
Supplies	737,691	50,228	48,688	25,115	-	-	861,722
Services and charges	189,716	43,003	224,847	133,591	9,702	535,767	1,136,626
Interfund service payments	140,820	221,858	185,598	46,221	-	-	594,497
Total operating expenses	<u>\$ 1,447,402</u>	<u>\$ 1,364,751</u>	<u>\$ 1,941,968</u>	<u>\$ 394,160</u>	<u>\$ 5,328,492</u>	<u>\$ 535,767</u>	<u>\$ 11,012,540</u>
Operating income (loss)	<u>\$ 76,303</u>	<u>\$ 216,494</u>	<u>\$ 422,558</u>	<u>\$ (108,120)</u>	<u>\$ 74,656</u>	<u>\$ (157,737)</u>	<u>\$ 524,154</u>
Nonoperating revenues (expenses):							
Miscellaneous revenues	\$ 5	\$ 49,375	\$ 11,995	\$ (240)	\$ 2,000	\$ -	\$ 63,135
Gain (loss) on sale of capital assets	-	(32,982)	(45,380)	-	-	-	(78,362)
Insurance recoveries	5,745	328,608	-	-	-	-	334,353
Total non-operating revenue (expenses)	<u>\$ 5,750</u>	<u>\$ 345,001</u>	<u>\$ (33,385)</u>	<u>\$ (240)</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 319,126</u>
Income (loss) before contributions and transfers	<u>\$ 82,053</u>	<u>\$ 561,495</u>	<u>\$ 389,173</u>	<u>\$ (108,360)</u>	<u>\$ 76,656</u>	<u>\$ (157,737)</u>	<u>\$ 843,280</u>
Capital contributions	-	132,000	-	-	-	-	132,000
Transfers in	-	374,760	-	60,000	-	45,380	480,140
Transfers out	-	(48,721)	(50,000)	-	-	-	(98,721)
Change in net position	<u>82,053</u>	<u>1,019,534</u>	<u>339,173</u>	<u>(48,360)</u>	<u>76,656</u>	<u>(112,357)</u>	<u>1,356,699</u>
Adjusted net position -- beginning	<u>131,024</u>	<u>13,876,304</u>	<u>(299,643)</u>	<u>3,307,346</u>	<u>611,296</u>	<u>112,951</u>	<u>17,739,278</u>
Total net position -- ending	<u>\$ 213,077</u>	<u>\$ 14,895,838</u>	<u>\$ 39,530</u>	<u>\$ 3,258,986</u>	<u>\$ 687,952</u>	<u>\$ 594</u>	<u>\$ 19,095,977</u>

City of Walla Walla
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Business-type Activities		Government-type Activities				Total Internal Service
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash from customers	\$ 1,999	\$ -	\$ 2,274,054	\$ -	\$ -	\$ -	\$ 2,276,053
Cash from interfund services	1,522,198	1,581,245	-	286,040	5,403,148	378,030	9,170,661
Payments to suppliers	(1,015,506)	412,724	(253,237)	(148,601)	(9,582)	(521,100)	(1,535,302)
Payments to employees	(366,740)	(85,199)	(1,497,667)	(91,982)	(5,318,790)	108,489	(7,251,889)
Interfund service payments	(140,820)	(221,858)	(185,598)	(46,221)	-	-	(594,497)
Miscellaneous revenues	-	(2,676)	5,504	-	2,000	-	4,828
Net cash provided by operating activities	\$ 1,131	\$ 1,684,236	\$ 343,056	\$ (764)	\$ 76,776	\$ (34,581)	\$ 2,069,854
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from insurance	\$ 5,745	\$ 328,608	\$ -	\$ -	\$ -	\$ -	\$ 334,353
Proceeds (repayments) from interfund loan	-	1,433,547	-	-	-	-	1,433,547
Transfers in	-	374,760	-	60,000	-	45,380	480,140
Transfers out	-	(48,721)	(50,000)	-	-	-	(98,721)
Total cash flows from noncapital financing	\$ 5,745	\$ 2,088,194	\$ (50,000)	\$ 60,000	\$ -	\$ 45,380	\$ 2,149,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	\$ (78,228)	\$ (2,391,540)	\$ (145,251)	\$ (11,706)	\$ -	\$ -	\$ (2,626,725)
Capital contributions and purchases	-	132,000	-	-	-	-	132,000
Capital grants received	-	158,817	-	-	-	-	158,817
Proceeds from sale of capital assets	-	32,033	-	-	-	-	32,033
Total cash flows from capital and financing activities	\$ (78,228)	\$ (2,068,690)	\$ (145,251)	\$ (11,706)	\$ -	\$ -	\$ (2,303,875)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	\$ -	\$ (3,001,277)	\$ (499,811)	\$ (299,886)	\$ -	\$ -	\$ (3,800,974)
Interest on investments	-	-	(517)	-	-	-	(517)
Interest received	5	-	6,491	(240)	-	-	6,256
Total cash flows from investing activities	\$ 5	\$ (3,001,277)	\$ (493,837)	\$ (300,126)	\$ -	\$ -	\$ (3,795,235)
Net increase (decrease) in cash and equivalents	\$ (71,347)	\$ (1,297,537)	\$ (346,032)	\$ (252,596)	\$ 76,776	\$ 10,799	\$ (1,879,937)
Beginning cash and cash equivalents	\$ 307,081	\$ 3,802,510	\$ 584,246	\$ 481,302	\$ 610,712	\$ 186,142	\$ 5,971,993
Ending cash and cash equivalents	\$ 235,734	\$ 2,504,973	\$ 238,214	\$ 228,706	\$ 687,488	\$ 196,941	\$ 4,092,056
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 76,303	\$ 216,494	\$ 422,558	\$ (108,120)	\$ 74,656	\$ (157,737)	\$ 524,154
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	5,721	966,170	23,618	111,909	-	-	1,107,418
(Increase) decrease in accounts receivable	492	-	(90,472)	-	-	-	(89,980)
(Increase) decrease in inventories	(49,640)	-	-	-	-	-	(49,640)
(Increase) decrease in prepaid expenses	-	-	35	-	(6)	(19,000)	(18,971)
Increase (decrease) in accounts payable	(38,459)	505,955	20,263	10,105	126	33,667	531,657
Increase (decrease) in miscellaneous revenue	-	(2,676)	5,504	-	2,000	-	4,828
Increase (decrease) in salaries and benefits	3,572	(2,025)	(49,697)	(9,727)	-	108,489	50,612
Increase (decrease) in pension liability	3,142	318	11,247	(4,931)	-	-	9,776
Net cash provided by operating activities	\$ 1,131	\$ 1,684,236	\$ 343,056	\$ (764)	\$ 76,776	\$ (34,581)	\$ 2,069,854

No noncash investing, capital, and financing activities

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

“If you hear a voice within you say, ‘You cannot paint,’ then by all means paint and that voice will be silenced.”

Vincent Van Gogh

FIDUCIARY FUNDS

Fiduciary funds report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

<u>Contents</u>	<u>Page</u>
Pension and Other Employee Benefit Trust Funds <i>Pension and other employee benefit trust funds report resources required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.</i>	126

City of Walla Walla
Combining Statement of Plan Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2016

	<u>Fire Medical Benefits</u>	<u>Fire Pension Benefits</u>	<u>Total Pension and Other Employee Benefits</u>
ASSETS			
Cash and equivalents	\$ 317,084	\$ 75,284	\$ 392,368
Prepays	15,048	-	15,048
Total assets	<u>\$ 332,132</u>	<u>\$ 75,284</u>	<u>\$ 407,416</u>
LIABILITIES			
Accounts payable	\$ 1,220	\$ -	\$ 1,220
Other accrued liabilities	-	14,032	14,032
Total liabilities	<u>\$ 1,220</u>	<u>\$ 14,032</u>	<u>\$ 15,252</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 330,912</u>	<u>\$ 61,252</u>	<u>\$ 392,164</u>

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

City of Walla Walla
Combining Statement of Changes in Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2016

	Fire Medical Benefits	Fire Pension Benefits	Total Pension and Other Employee Benefits
ADDITIONS			
Contributions:			
Fire insurance premium tax transfer from general fund	\$ -	\$ 46,963	\$ 46,963
Employer contributions	459,610	140,010	599,620
Total contributions	459,610	186,973	646,583
DEDUCTIONS			
Personnel benefits	\$ 412,705	\$ 172,713	\$ 585,418
Services and charges	-	12,275	12,275
Total deductions	412,705	184,988	597,693
Change in net position	46,905	1,985	48,890
Net position -- beginning of the year	284,007	59,267	343,274
Net position -- end of the year	\$ 330,912	\$ 61,252	\$ 392,164

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

“When one door of happiness closes, another opens, but often we look so long at the closed door that we do not see the one that has been opened for us.”

Helen Keller

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.

<u>Contents</u>	<u>Page</u>
Financial Trends <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>	130
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax and the property tax.</i>	136
Debt Capacity <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>	147
Demographic and Economic Information <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>	152
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	154

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>2016</u>	<u>2015</u>	<u>2014</u> ⁽²⁾	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u> ⁽¹⁾
Governmental activities:										
Net investment in capital assets	\$ 60,448,138	\$ 54,727,275	\$ 50,450,335	\$ 48,599,279	\$ 43,184,306	\$ 42,962,010	\$ 41,988,033	\$ 35,961,027	\$ 35,758,599	\$ 34,617,774
Restricted	2,439,934	3,543,459	929,415	1,099,874	916,071	185,616	220,680	175,751	133,607	154,713
Unrestricted	2,832,202	1,269,207	10,637,976	10,367,238	10,560,920	9,513,398	8,408,600	9,341,031	8,969,354	11,151,909
Total governmental activities net position	<u>\$ 65,720,274</u>	<u>\$ 59,539,941</u>	<u>\$ 62,017,726</u>	<u>\$ 60,066,391</u>	<u>\$ 54,661,297</u>	<u>\$ 52,661,024</u>	<u>\$ 50,617,313</u>	<u>\$ 45,477,809</u>	<u>\$ 44,861,560</u>	<u>\$ 45,924,396</u>
Adjustment to implement GASB 68			(6,998,245)							
Adjusted total governmental activities net position			<u>\$ 55,019,481</u>							
Business-type activities:										
Net investment in capital assets	\$ 97,729,792	\$ 92,329,699	\$ 77,617,386	\$ 69,213,933	\$ 60,384,997	\$ 58,492,182	\$ 58,806,203	\$ 59,190,765	\$ 55,009,343	\$ 39,451,545
Restricted	487,285	819,979	-	-	-	-	-	-	-	-
Unrestricted	16,789,531	12,416,822	22,480,265	24,575,368	27,147,834	25,650,225	16,077,891	12,631,639	15,959,286	19,793,626
Total business-type activities net position	<u>\$ 115,006,608</u>	<u>\$ 105,566,500</u>	<u>\$ 100,097,651</u>	<u>\$ 93,789,301</u>	<u>\$ 87,532,831</u>	<u>\$ 84,142,407</u>	<u>\$ 74,884,094</u>	<u>\$ 71,822,404</u>	<u>\$ 70,968,629</u>	<u>\$ 59,245,171</u>
Adjustment to implement GASB 68			(1,861,019)							
Adjusted total business-type activities net position			<u>\$ 98,236,632</u>							
Primary government:										
Net investment in capital assets	\$ 158,177,930	\$ 147,056,974	\$ 128,067,721	\$ 117,813,212	\$ 103,569,303	\$ 101,454,192	\$ 100,794,236	\$ 95,151,792	\$ 90,767,942	\$ 74,069,319
Restricted	2,927,219	4,363,438	929,415	1,099,874	916,071	185,616	220,680	175,751	133,607	154,713
Unrestricted	19,621,733	13,686,029	33,118,241	34,942,606	37,708,754	35,163,623	24,486,491	21,972,670	24,928,640	30,945,535
Total primary government net position	<u>\$ 180,726,882</u>	<u>\$ 165,106,441</u>	<u>\$ 162,115,377</u>	<u>\$ 153,855,692</u>	<u>\$ 142,194,128</u>	<u>\$ 136,803,431</u>	<u>\$ 125,501,407</u>	<u>\$ 117,300,213</u>	<u>\$ 115,830,189</u>	<u>\$ 105,169,567</u>
Adjustment to implement GASB 68			(8,859,264)							
Adjusted total primary government net position			<u>\$ 153,256,113</u>							

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

(2) An adjustment of (\$8,859,264) was made to the 2014 ending balance for GASB 68 compliance.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses										
<u>Governmental activities:</u>										
General government	\$ 3,308,121	\$ 3,253,287	\$ 2,249,975	\$ 2,155,690	\$ 2,210,774	\$ 1,877,637	\$ 1,272,314	\$ 1,748,331	\$ 2,086,210	\$ 2,330,767
Public safety	15,990,790	15,276,870	14,681,954	13,677,945	14,869,930	13,722,774	14,548,204	14,041,960	12,957,589	11,930,812
Utilities and environment	2,709,236	2,592,685	2,360,895	2,194,544	1,976,609	1,850,115	2,252,629	2,410,889	2,194,410	1,747,603
Transportation	6,555,679	5,247,657	5,851,751	3,644,460	3,826,048	3,735,290	2,902,711	3,294,843	3,135,176	3,697,036
Economic environment	956,150	903,984	1,124,963	1,078,669	42,813	556,503	925,031	1,006,575	977,075	840,494
Culture and recreation	4,775,959	4,527,730	4,079,993	4,044,217	3,328,714	3,746,226	3,529,640	4,056,478	4,036,271	3,430,873
Social services	4,438	-	-	-	-	-	-	-	-	-
Interest on long term debt	1,395,231	764,303	730,005	803,031	794,914	805,229	832,691	367,901	374,770	379,826
Total governmental activities:	\$ 35,695,604	\$ 32,566,516	\$ 31,079,536	\$ 27,598,556	\$ 27,049,802	\$ 26,293,774	\$ 26,263,219	\$ 26,926,977	\$ 25,761,501	\$ 24,357,411
<u>Business-type activities:</u>										
Ambulance	\$ 3,185,784	\$ 3,118,200	\$ 3,139,012	\$ 3,476,310	\$ 3,599,965	\$ 3,530,191	\$ 3,390,344	\$ 3,285,123	\$ 3,325,981	\$ 3,553,703
Golf course	139,180	132,078	147,287	512,335	110,774	120,667	122,256	134,812	99,102	95,364
Landfill	2,472,899	4,021,581	4,677,636	3,940,417	6,112,551	893,703	2,868,474	7,488,687	3,228,911	4,341,065
Sanitation	5,374,024	5,040,390	4,799,808	4,433,738	4,282,557	4,239,822	4,297,310	3,863,169	4,047,618	3,644,293
Stormwater	1,660,551	1,386,959	1,429,072	1,289,337	929,937	992,083	714,354	690,267	743,937	719,012
Water/Wastewater	17,594,045	15,151,247	14,341,718	13,684,629	14,524,725	13,240,623	13,814,946	12,202,005	12,100,919	11,694,883
Total business-type activities	\$ 30,426,483	\$ 28,850,455	\$ 28,534,533	\$ 27,336,766	\$ 29,560,509	\$ 23,017,089	\$ 25,207,684	\$ 27,664,063	\$ 23,546,468	\$ 24,048,320
Total primary government expenses	\$ 66,122,087	\$ 61,416,971	\$ 59,614,069	\$ 54,935,322	\$ 56,610,311	\$ 49,310,863	\$ 51,470,903	\$ 54,591,040	\$ 49,307,969	\$ 48,405,731
Program Revenues										
<u>Governmental activities:</u>										
Charges for services:										
General government	\$ 808,410	\$ 781,841	\$ 806,195	\$ 682,342	\$ 343,963	\$ 337,511	\$ 259,343	\$ 242,093	\$ 246,721	\$ 251,868
Public safety	440,910	479,993	505,368	393,438	555,043	392,982	515,762	509,470	644,868	1,190,975
Utilities and environment	1,914,108	1,895,266	1,672,521	1,476,872	1,154,959	1,271,038	1,604,956	1,670,017	1,279,582	1,201,515
Transportation	222,892	290,863	301,418	333,424	423,855	372,657	355,878	168,828	161,328	224,285
Economic environment	1,017,476	1,144,181	845,115	750,045	603,117	706,241	582,598	719,487	1,086,063	858,902
Culture and recreation	317,856	462,868	345,820	324,117	327,561	322,203	317,355	311,456	265,052	256,415
Operating grants and contributions	987,587	1,075,661	372,574	772,500	1,001,284	634,047	799,303	435,075	326,057	348,191
Capital grants and contributions	6,157,573	3,245,363	4,327,416	5,296,039	2,325,926	2,362,370	5,679,398	1,788,586	932,627	2,102,864
Total governmental activities program revenue	\$ 11,866,812	\$ 9,376,036	\$ 9,176,427	\$ 10,028,777	\$ 6,735,708	\$ 6,399,049	\$ 10,114,593	\$ 5,845,012	\$ 4,942,298	\$ 6,435,015

City of Walla Walla
Changes in Net Position (continued)
(Accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Ambulance	\$ 1,627,741	\$ 1,606,795	\$ 1,920,251	\$ 2,105,437	\$ 2,087,991	\$ 2,097,681	\$ 2,228,244	\$ 2,005,678	\$ 2,127,791	\$ 1,918,192
Golf course	75,304	104,306	90,736	270,250	76,060	73,510	77,185	82,158	89,419	93,227
Landfill	4,690,036	4,380,629	4,030,508	3,368,013	3,153,082	3,225,809	3,327,597	3,195,565	3,313,955	3,143,310
Sanitation	5,515,937	5,118,064	4,783,827	4,751,480	4,687,252	4,636,330	4,509,943	4,174,490	3,784,891	3,864,671
Stormwater	2,300,055	1,593,500	1,495,465	1,422,438	1,352,572	1,316,701	1,253,731	882,822	724,404	714,426
Water/Wastewater	21,870,452	21,603,657	19,801,391	18,574,429	19,044,382	17,607,350	15,760,002	15,191,853	15,075,995	14,823,335
Operating grants and contributions	1,840,497	377,681	285,584	600,771	1,066,141	2,126,404	302,553	244,739	198,512	399,976
Capital grants and contributions	2,168,824	1,510,896	1,429,054	1,781,634	523,411	951,058	736,454	972,152	3,994,360	941,384
Total business-type activities program revenue	\$ 40,088,846	\$ 36,295,528	\$ 33,836,816	\$ 32,874,452	\$ 31,990,891	\$ 32,034,843	\$ 28,195,709	\$ 26,749,457	\$ 29,309,327	\$ 25,898,521
Total primary government program revenue	\$ 51,955,658	\$ 45,671,564	\$ 43,013,243	\$ 42,903,229	\$ 38,726,599	\$ 38,433,892	\$ 38,310,302	\$ 32,594,469	\$ 34,251,625	\$ 32,333,536
Net (expense)/revenue:										
Governmental activities	\$ (23,828,792)	\$ (23,190,480)	\$ (21,903,109)	\$ (17,569,779)	\$ (20,314,094)	\$ (19,894,725)	\$ (16,148,626)	\$ (21,081,965)	\$ (20,819,203)	\$ (17,922,396)
Business-type activities	9,662,363	7,445,073	5,302,283	5,537,687	2,430,382	9,017,754	2,988,025	(914,606)	5,762,859	1,850,201
Total primary government net expense	\$ (14,166,429)	\$ (15,745,406)	\$ (16,600,825)	\$ (12,032,092)	\$ (17,883,712)	\$ (10,876,971)	\$ (13,160,601)	\$ (21,996,571)	\$ (15,056,344)	\$ (16,072,195)
General Revenues and Other Changes										
Governmental activities:										
Taxes										
Property tax	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356	\$ 6,254,026	\$ 5,964,834	\$ 5,926,165	\$ 5,780,071	\$ 4,575,216	\$ 4,458,320
Sales tax	8,815,394	8,132,270	7,470,268	7,258,757	6,537,878	5,881,627	5,687,489	6,134,841	6,646,811	6,248,205
Other taxes	8,204,322	7,800,142	6,985,778	6,684,324	6,740,308	6,535,487	6,120,433	6,331,078	6,196,929	6,360,753
Intergovernmental	3,159,854	2,742,463	2,568,803	1,782,724	2,199,495	2,121,393	2,008,115	2,019,358	2,133,248	2,102,588
Miscellaneous general revenue	221,315	72,146	46,430	51,087	4,698	26,393	52,701	40,292	268,985	489,058
Gain on sale of assets	-	-	-	5,990	-	33,521	-	-	-	-
Transfers	2,030,510	1,686,605	543,344	817,637	577,962	1,375,181	1,493,227	531,109	(35,766)	1,301,489
Total governmental activities general revenue	\$ 30,009,125	\$ 27,710,940	\$ 23,854,444	\$ 22,974,873	\$ 22,314,367	\$ 21,938,436	\$ 21,288,130	\$ 20,836,749	\$ 19,785,423	\$ 20,960,413
Business-type activities:										
Intergovernmental	\$ 1,450,850	\$ 1,389,746	\$ 1,273,873	\$ 1,258,535	\$ 1,240,450	\$ 1,251,569	\$ 1,217,964	\$ 1,250,410	\$ 903,647	\$ 935,070
Miscellaneous general revenue	56,033	118,034	218,234	266,356	294,668	353,819	348,921	486,027	744,451	1,121,579
Gain on sale of assets	301,372	63,620	57,304	11,528	3,156	10,352	-	10,857	13,610	-
Transfers	(2,030,510)	(1,686,605)	(543,344)	(817,637)	(577,962)	(1,375,181)	(1,493,227)	(531,109)	35,766	(1,301,489)
Total business-type activities general revenue	\$ (222,255)	\$ (115,205)	\$ 1,006,067	\$ 718,783	\$ 960,312	\$ 240,559	\$ 73,658	\$ 1,216,185	\$ 1,697,474	\$ 755,160
Total primary government	\$ 29,786,870	\$ 27,595,735	\$ 24,860,511	\$ 23,693,655	\$ 23,274,679	\$ 22,178,995	\$ 21,361,788	\$ 22,052,934	\$ 21,482,897	\$ 21,715,573
Change in Net Position										
Governmental activities	\$ 6,180,333	\$ 4,520,460	\$ 1,951,335	\$ 5,405,094	\$ 2,000,273	\$ 2,043,711	\$ 5,139,504	\$ (245,216)	\$ (1,033,780)	\$ 3,038,017
Business-type activities	9,440,108	7,329,868	6,308,350	6,256,470	3,390,694	9,258,313	3,061,683	301,579	7,460,333	2,605,361
Total primary government	\$ 15,620,441	\$ 11,850,328	\$ 8,259,685	\$ 11,661,563	\$ 5,390,967	\$ 11,302,024	\$ 8,201,187	\$ 56,363	\$ 6,426,553	\$ 5,643,378

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund (Per GASB 54)⁽¹⁾										
Nonspendable	\$ 47,043	\$ 43,623	\$ 55,428	\$ 56,714	\$ 48,844	\$ 34,638	\$ -	\$ -	\$ -	\$ -
Restricted	148,145	209,535	901,919	1,072,404	888,642	158,239	-	-	-	-
Committed	524,938	521,183	18,303	15,058	11,052	7,377	-	-	-	-
Unassigned	4,625,143	4,837,752	4,503,888	3,917,645	3,298,864	3,039,942	-	-	-	-
General Fund (Prior GASB 54)⁽¹⁾										
Reserved	-	-	-	-	-	-	445,580	177,337	106,358	128,070
Unreserved	-	-	-	-	-	-	1,868,624	2,315,670	2,771,992	3,724,050
Total general fund	\$ 5,345,269	\$ 5,612,093	\$ 5,479,538	\$ 5,061,821	\$ 4,247,402	\$ 3,240,196	\$ 2,314,204	\$ 2,493,007	\$ 2,878,350	\$ 3,852,120
All Other Governmental Funds (Per GASB 54)⁽¹⁾										
Nonspendable	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 17,790	\$ 32,146	\$ -	\$ -	\$ -	\$ -
Restricted	1,899,169	6,981,127	1,736,966	1,490,212	1,595,196	2,088,025	-	-	-	-
Committed	2,577,210	2,403,617	2,629,948	2,535,408	2,247,092	2,447,204	-	-	-	-
Assigned	13,370	23,730	28,677	69,939	104,902	130,434	-	-	-	-
Unassigned	(510,725)	(682,715)	(985,685)	(1,107,746)	(358,833)	(488,292)	-	-	-	-
All Other Governmental Funds (Prior GASB 54)⁽¹⁾										
Reserved	-	-	-	-	-	-	850,006	844,823	823,273	795,196
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	1,262,193	1,021,855	1,129,100	1,264,892
Debt service funds	-	-	-	-	-	-	221,151	186,096	495,144	359,635
Capital project funds	-	-	-	-	-	-	10,370,535	11,119,318	757,412	1,619,036
Permanent funds	-	-	-	-	-	-	19,090	18,564	37,144	45,432
Total other governmental funds	\$ 3,995,569	\$ 8,742,304	\$ 3,426,451	\$ 3,004,358	\$ 3,606,147	\$ 4,209,517	\$ 12,722,975	\$ 13,190,656	\$ 3,242,073	\$ 4,084,191

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
Taxes	\$ 24,155,908	\$ 22,006,791	\$ 20,860,501	\$ 20,168,861	\$ 18,694,349	\$ 17,961,449	\$ 17,181,308	\$ 16,611,739	\$ 16,841,399	\$ 16,787,490
Licenses and permits	1,219,756	1,301,815	986,234	888,301	759,407	833,201	609,565	700,973	964,093	807,576
Intergovernmental	3,227,625	4,981,353	2,733,232	5,822,049	3,667,660	3,296,987	4,727,086	3,619,535	2,298,529	3,033,975
Charges for goods and services	7,483,827	7,473,887	7,018,159	6,417,762	6,081,043	6,049,680	6,893,718	6,581,763	5,679,186	5,203,535
Fines and forfeits	205,949	207,984	197,036	259,895	278,038	282,355	304,466	301,911	359,050	784,510
Miscellaneous revenues	894,276	681,044	517,559	1,019,057	1,295,681	550,889	394,948	388,841	757,583	1,036,052
Total revenues	<u>\$ 37,187,341</u>	<u>\$ 36,652,874</u>	<u>\$ 32,312,721</u>	<u>\$ 34,575,925</u>	<u>\$ 30,776,178</u>	<u>\$ 28,974,561</u>	<u>\$ 30,111,091</u>	<u>\$ 28,204,762</u>	<u>\$ 26,899,840</u>	<u>\$ 27,653,138</u>
Expenditures										
Current:										
General government	\$ 7,742,169	\$ 7,429,590	\$ 6,338,741	\$ 5,907,939	\$ 5,899,717	\$ 5,606,512	\$ 5,506,634	\$ 5,666,282	\$ 5,448,438	\$ 5,233,073
Public safety	13,765,770	12,624,805	11,834,771	11,499,592	13,127,711	12,710,585	12,537,110	12,307,401	11,623,729	10,929,395
Utilities and environment	2,690,464	2,620,860	2,387,847	2,221,713	1,992,305	1,868,845	2,327,038	2,466,834	2,155,795	1,792,849
Transportation	2,919,421	2,905,840	1,789,636	1,800,218	1,728,705	1,992,451	1,546,263	1,373,395	1,691,921	2,227,380
Economic environment	950,080	884,540	1,138,245	1,080,826	42,813	556,503	996,500	1,014,531	972,451	842,221
Culture and recreation	4,512,065	4,371,195	3,906,501	3,853,727	3,710,615	3,549,324	3,406,847	3,898,419	3,819,310	3,269,666
Social services ⁽¹⁾	4,438	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	8,801,570	1,053,481	829,594	3,594,594	754,595	752,973	1,112,973	337,973	321,352	316,352
Interest	1,350,861	515,940	566,370	616,826	644,259	650,653	686,624	213,335	223,310	238,522
Administrative charges	134,690	100,073	67	28,652	1,382	1,381	13,823	1,260	1,269	1,266
Capital outlay:										
General government	36,265	20,940	87,169	74,354	81,389	109,424	71,127	107,941	110,733	98,611
Public safety	43,089	106,358	133,376	66,685	362,577	7,672,849	1,315,702	1,118,552	167,758	29,009
Utilities and environment	-	-	212,495	19,428	-	-	6,059	13,461	-	-
Transportation	3,549,000	5,330,846	2,716,616	7,207,154	2,520,211	2,432,470	4,012,258	1,971,844	1,955,435	3,314,025
Economic environment	-	-	18,731	-	-	16,936	206,163	-	-	-
Culture and recreation	6,334,034	1,682,816	15,790	-	-	24,320	-	224,719	112,435	187,878
Total expenditures	<u>\$ 52,833,916</u>	<u>\$ 39,647,284</u>	<u>\$ 31,975,949</u>	<u>\$ 37,971,708</u>	<u>\$ 30,866,279</u>	<u>\$ 37,945,226</u>	<u>\$ 33,745,121</u>	<u>\$ 30,715,947</u>	<u>\$ 28,603,936</u>	<u>\$ 28,480,247</u>
Excess revenues over (under) expenditures	<u>\$ (15,646,575)</u>	<u>\$ (2,994,410)</u>	<u>\$ 336,772</u>	<u>\$ (3,395,783)</u>	<u>\$ (90,101)</u>	<u>\$ (8,970,665)</u>	<u>\$ (3,634,030)</u>	<u>\$ (2,511,185)</u>	<u>\$ (1,704,096)</u>	<u>\$ (827,109)</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other financing sources (uses)										
Transfers in	\$ 5,920,359	\$ 6,213,679	\$ 3,503,675	\$ 3,984,092	\$ 2,089,174	\$ 3,153,663	\$ 3,402,196	\$ 1,384,455	\$ 3,028,761	\$ 2,790,017
Transfers out	(3,945,230)	(4,642,149)	(3,020,513)	(3,240,122)	(1,580,807)	(1,854,812)	(2,019,031)	(1,083,128)	(3,217,646)	(1,560,280)
Insurance recoveries	8,536	-	19,874	18,453	9,198	50,828	283,114	13,720	77,094	-
Bonds issued	-	6,310,000	-	-	-	-	1,260,000	11,595,000	-	-
Premium on bonds issued	904,351	366,297	-	-	-	-	61,298	126,787	-	-
Proceeds from debt/refunding debt	7,745,000	194,991	-	2,840,000	-	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	-	5,990	-	33,521	-	8,000	-	-
Total other financing sources (uses)	\$ 10,633,016	\$ 8,442,818	\$ 503,036	\$ 3,608,413	\$ 517,565	\$ 1,383,200	\$ 2,987,577	\$ 12,044,834	\$ (111,791)	\$ 1,229,737
Net change in fund balances	\$ (5,013,559)	\$ 5,448,408	\$ 839,808	\$ 212,630	\$ 427,464	\$ (7,587,465)	\$ (646,453)	\$ 9,533,649	\$ (1,815,887)	\$ 402,628
Debt service as a percentage of noncapital expenditures	23.68%	4.83%	4.85%	13.76%	5.01%	5.07%	6.40%	2.02%	2.07%	2.23%

⁽¹⁾ Social Services began in 2016. No prior year data.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property tax	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356	\$ 6,254,026	\$ 5,964,834	\$ 5,926,165	\$ 5,780,071	\$ 4,575,216	\$ 4,458,320
Sales tax	8,815,394	8,132,270	7,470,268	7,258,757	6,537,878	5,881,627	5,687,489	6,134,841	6,646,811	6,248,205
Business and occupation tax	2,946,561	3,155,966	3,211,772	3,109,346	3,075,359	3,139,605	3,137,873	3,464,751	3,050,559	3,176,692
Utility excise tax	4,372,166	4,164,429	3,164,614	2,874,497	2,573,264	2,461,493	2,296,596	2,152,560	2,278,219	2,214,284
Gambling tax	102,573	(187,170)	52,726	210,821	25,691	88,872	108,771	135,422	163,759	227,767
Real estate excise tax	396,849	346,043	290,807	240,983	225,353	181,063	188,777	192,846	290,268	322,658
Leasehold tax	41,976	42,545	35,498	36,791	30,839	31,009	27,258	30,831	64,193	68,770
E911 access tax*	-	-	-	-	596,200	417,874	342,780	354,668	349,931	350,581
Tourism promotion area tax	344,197	278,329	230,361	211,886	213,602	215,571	18,378	-	-	-
Total taxes	\$ 24,597,446	\$ 23,209,726	\$ 20,695,867	\$ 20,317,437	\$ 19,532,212	\$ 18,381,948	\$ 17,734,087	\$ 18,245,990	\$ 17,418,956	\$ 17,067,277

*In 2013, the City of Walla Walla stopped reporting E911 Access Tax in this schedule, only Walla Walla County levies such tax, which is available to the City per interlocal agreement.

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

Fiscal Year	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	
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
2012	2.386	0.607	2.993	1.498	-	1.498	3.595	1.269	4.864	9.355
2011	2.381	0.606	2.987	1.494	-	1.494	3.409	1.301	4.710	9.191
2010	2.395	0.590	2.985	1.517	0.076	1.593	3.290	1.267	4.557	9.135
2009	2.236	-	2.236	1.450	0.070	1.52	2.940	1.066	4.006	7.762
2008	2.287	0.200	2.487	1.567	0.071	1.638	3.086	1.190	4.277	8.402
2007	2.613	0.235	2.848	1.701	0.091	1.792	3.528	1.551	5.079	9.719

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

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

City of Walla Walla
Assessed Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years (and Next Year)

Fiscal Year	Real Property Value	Personal Property Value	State Assessed Value	Less: Open Space Loss	Less: Senior Loss	Less: Exempt Loss ⁽²⁾	Less: Head of Household Loss	Less: Minimum Value Loss	Total Taxable Assessed Value	Total Direct Tax Rate
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
2012	1,943,952,000	73,572,252	50,888,881	2,043,600	66,371,700	-	1,044,125	10,458	1,998,943,250	2.9934
2011	1,941,762,300	76,134,762	45,870,117	2,053,500	70,845,100	-	1,137,779	12,677	1,989,718,123	2.9879
2010	1,892,238,900	77,077,453	41,667,687	2,179,700	66,148,200	-	1,183,746	7,121	1,941,465,273	2.9852
2009	2,007,951,200	73,227,804	44,635,592	2,184,300	76,759,100	-	1,489,045	8,824	2,045,373,327	2.2369
2008	1,755,744,100	70,919,566	42,356,780	1,714,600	71,077,500	-	1,651,914	9,106	1,794,567,326	2.4866
2007	1,475,258,200	66,968,757	34,853,739	482,500	55,718,300	-	606,849	6,900	1,520,266,147	2.8487

Source: Walla Walla County Assessor's Office

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

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

City of Walla Walla
Walla Walla County Top Ten Principal Property Taxpayers
Current Year and Nine Years Ago

	2016		2007	
	<u>Assessed Value</u>	<u>Rank</u>	<u>Assessed Value</u>	<u>Rank</u>
<u>County Taxpayers</u>				
Boise White Paper	\$ 166,100,000	1	\$ 141,108,303	1
Broetje Orchard	80,194,470	2	64,731,779	4
Gas Transmission Northwest LLC	59,842,045	3	72,249,270	3
Union Pacific Railroad	59,510,423	4	21,384,977	7
Pacificorp	52,166,728	5	39,342,349	5
FPL Energy Vansycle LLC	24,885,248	6	95,485,403	2
J R Simplot Company	23,998,040	7	18,772,240	8
IBP	23,698,610	8	27,265,460	6
Columbia Rural Electric	22,979,445	9		
Nelson Irrigation Corp	20,145,470	10		
Qwest Corporation			16,751,862	9
Boise Packaging & Newsprint LLC			15,543,827	10

Source: 2016 and 2007 data provided by the Walla Walla County Assessor Office

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2016	\$ 7,253,414	\$ 7,110,707	98.0%	\$ -	\$ 7,110,707	98.0%
2015	6,157,923	6,029,512	97.9%	90,151	6,119,663	99.4%
2014	6,336,964	5,977,960	94.3%	332,773	6,310,733	99.6%
2013	6,254,026	5,908,411	94.5%	336,389	6,244,800	99.9%
2012	5,964,834	5,642,366	94.6%	319,317	5,961,683	99.9%
2011	4,737,642	4,359,015	92.0%	375,649	4,734,664	99.9%
2010	4,649,972	4,370,974	94.0%	276,230	4,647,204	99.9%
2009	4,575,216	4,397,339	96.1%	176,093	4,573,432	100.0%
2008	4,458,320	4,303,042	96.5%	154,137	4,457,179	100.0%
2007	4,334,747	4,213,839	97.2%	120,505	4,334,344	100.0%

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 ⁽¹⁾

NAICS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
11 Agriculture, Forestry, Fishing and Hunting	\$ 304,373	\$ 378,657	\$ 295,499	\$ 152,267	\$ 998,635	\$ 440,249	\$ 259,086	\$ 367,460	\$ 281,795	\$ 964,952
21 Mining	15,940	28,407	-	-	20,076	8,263	-	-	-	47,059
22 Utilities	2,376,129	1,502,411	1,447,044	847,080	247,597	146,413	1,217,774	1,799,040	1,349,139	1,249,641
23 Construction	79,461,799	64,674,573	72,773,406	89,737,741	81,427,416	62,587,997	104,112,247	133,790,392	113,765,933	141,035,263
31-33 Manufacturing	16,472,960	12,995,932	13,710,658	12,307,192	11,061,333	12,967,022	12,497,611	14,620,878	11,858,392	11,253,131
42 Wholesale Trade	49,077,071	47,375,785	49,180,308	51,990,125	46,016,643	43,465,905	49,164,232	50,976,282	53,090,838	46,557,529
44-45 Retail Trade	224,498,351	211,598,298	199,099,058	187,644,188	184,775,496	189,534,010	195,968,182	201,935,494	207,160,060	196,463,736
48-49 Transportation and Warehousing	1,444,933	1,482,946	908,487	983,032	810,522	1,071,859	579,472	710,682	698,613	924,421
51 Information	25,755,159	25,417,677	25,153,226	22,904,649	22,750,383	21,422,121	23,595,659	23,523,134	22,905,585	23,078,867
52 Finance and Insurance	8,309,215	4,353,265	3,923,533	4,400,141	3,935,159	3,556,762	3,555,265	4,288,099	2,900,953	2,690,656
53 Real Estate and Rental and Leasing	9,474,785	9,912,417	9,037,326	9,840,076	7,352,468	8,160,359	8,374,609	7,389,271	7,207,386	6,404,047
54 Professional, Scientific, and Technical Services	11,850,757	8,938,928	8,038,972	8,232,498	9,337,468	7,861,467	7,788,402	6,721,636	7,658,558	8,934,577
55-62 Management, Education & Health Services	21,220,209	19,229,810	17,758,592	16,670,508	14,752,764	13,707,230	15,755,833	16,763,226	14,293,790	13,335,184
71 Arts, Entertainment, and Recreation	3,977,570	4,125,868	4,225,137	4,017,630	4,141,316	4,059,648	4,021,263	3,892,803	4,236,841	4,146,555
72 Accommodation and Food Services	93,979,872	87,869,735	81,995,265	79,774,260	74,397,364	69,862,111	66,520,917	68,934,057	64,136,938	57,468,149
81 Other Services (except Public Administration)	18,644,999	17,761,384	15,885,563	16,145,496	19,650,008	20,363,208	14,793,562	17,674,837	16,627,595	16,069,061
92 Public Administration	2,012,705	1,677,539	1,279,722	563,693	445,152	367,979	561,762	150	3,944,582	3,027,864
Total Local Sales and Use Taxable Retail Sales	\$ 568,876,827	\$ 519,323,632	\$ 504,711,796	\$ 506,210,576	\$ 482,119,800	\$ 459,582,603	\$ 508,765,876	\$ 553,387,441	\$ 532,116,998	\$ 533,650,692

City of Walla Walla Sales & Use Tax Rates

Local Basic	0.425%	\$ 2,417,727	\$ 2,207,125	\$ 2,145,025	\$ 2,151,395	\$ 2,049,009	\$ 1,953,226	\$ 2,162,255	\$ 2,351,897	\$ 2,261,497	\$ 2,268,015
Local Optional	0.425%	2,417,727	2,207,125	2,145,025	2,151,395	2,049,009	1,953,226	2,162,255	155	2,261,497	2,268,015
Criminal Justice	0.100%	568,877	519,324	504,712	506,211	482,120	459,583	508,766	553,387	532,117	533,651
Public Safety	0.090%	511,989	467,391	454,241	455,590	433,908	413,624	457,889	498,049	478,905	480,286
Transportation Benefit District ⁽²⁾	0.200%	1,137,754	1,038,647	1,009,424	1,012,421	-	-	-	-	-	-
Total City of Walla Walla Sales & Use Tax ⁽³⁾	1.240%	\$ 7,054,074	\$ 6,439,612	\$ 6,258,427	\$ 6,277,012	\$ 5,014,046	\$ 4,779,659	\$ 5,291,165	\$ 3,403,488	\$ 5,534,016	\$ 5,549,967

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%
Total Walla Walla County Sales & Use Tax Rate	0.560%
Total Local Sales & Use Tax Rate	8.900%

Source: WA State Department of Revenue

Notes: ⁽¹⁾ 2015 is the latest annual data available.

⁽²⁾ The City of Walla Walla started collecting 0.200% tax rate for the Transportation Benefit District as of July 1, 2012.

⁽³⁾ 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. There is also a timing difference between reported taxable sales above and the period the taxes are collected and reported.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues ⁽¹⁾										
Charges for Water Services	\$ 11,693,088	\$ 11,372,034	\$ 9,861,984	\$ 9,059,602	\$ 9,839,557	\$ 9,111,296	\$ 8,250,027	\$ 8,039,618	\$ 8,119,978	\$ 7,928,557
Charges for Wastewater Services	10,089,298	10,202,032	9,909,038	9,434,094	8,914,574	8,481,396	7,498,277	7,105,207	6,868,450	6,833,431
Miscellaneous	88,064	29,590	23,243	100,733	290,251	53,118	148,685	13,215	630,000	232,037
Interest Income	9,988	52,218	150,488	169,542	196,196	214,429	216,771	273,287	510,695	652,295
Capital Contributions	1,868,870	1,268,748	915,102	857,105	387,834	873,199	340,787	473,772	2,895,478	929,640
Total Revenues	\$ 23,749,308	\$ 22,924,622	\$ 20,859,855	\$ 19,621,076	\$ 19,628,412	\$ 18,733,438	\$ 16,454,547	\$ 15,905,099	\$ 19,024,601	\$ 16,575,960
Expenses ⁽²⁾										
Personnel Services	\$ 1,934,568	\$ 1,751,623	\$ 1,727,725	\$ 1,595,970	\$ 1,509,860	\$ 1,410,031	\$ 1,386,383	\$ 1,257,225	\$ 1,338,152	\$ 1,327,563
Supplies	582,771	651,756	565,671	466,341	427,014	53,998	994,849	332,995	489,341	559,957
Services/Charges	4,562,365	2,993,484	2,863,729	2,871,338	3,070,387	2,680,107	2,905,518	2,457,678	2,364,047	2,236,590
Governmental Charges	7,358,681	6,895,866	6,108,966	5,516,941	5,260,635	4,889,174	5,026,399	4,785,148	4,338,035	4,003,268
Bad Debt Expense	-	-	-	28,958	-	-	568	1,238	298	439
Total Expenses	\$ 14,438,385	\$ 12,292,729	\$ 11,266,091	\$ 10,479,548	\$ 10,267,896	\$ 9,033,310	\$ 10,313,717	\$ 8,834,284	\$ 8,529,873	\$ 8,127,817
Net Revenue of System	\$ 9,310,923	\$ 10,631,893	\$ 9,593,764	\$ 9,141,528	\$ 9,360,516	\$ 9,700,128	\$ 6,140,830	\$ 7,070,815	\$ 10,494,728	\$ 8,448,143

⁽¹⁾ Excludes transfers-in/out

⁽²⁾ 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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues of the System:										
Operating Income	\$ 21,782,386	\$ 21,574,066	\$ 19,771,022	\$ 18,493,696	\$ 18,754,131	\$ 17,592,692	\$ 15,748,304	\$ 15,144,825	\$ 14,988,428	\$ 14,761,988
Other Income	1,966,922	1,350,556	1,088,833	1,127,380	874,281	1,140,746	706,243	760,274	4,036,173	1,813,972
Total Revenues	\$ 23,749,308	\$ 22,924,622	\$ 20,859,855	\$ 19,621,076	\$ 19,628,412	\$ 18,733,438	\$ 16,454,547	\$ 15,905,099	\$ 19,024,601	\$ 16,575,960
Costs of Maintenance and Operation	\$ 14,438,385	\$ 12,292,729	\$ 11,266,091	\$ 10,479,548	\$ 10,267,896	\$ 9,033,310	\$ 10,313,717	\$ 8,834,284	\$ 8,529,873	\$ 8,127,817
Net Revenue Available for Debt Service	\$ 9,310,923	\$ 10,631,893	\$ 9,593,764	\$ 9,141,528	\$ 9,360,516	\$ 9,700,128	\$ 6,140,830	\$ 7,070,815	\$ 10,494,728	\$ 8,448,143
Maximum Annual Debt Service ⁽¹⁾	\$ -	\$ -	\$ 2,586,488	\$ 2,586,488	\$ 3,036,339	\$ 3,036,339	\$ 3,036,339	\$ 3,036,339	\$ 3,250,340	\$ 3,265,178
Debt Ratio	N/A	N/A	3.71	3.53	3.08	3.19	2.02	2.33	3.23	2.59

⁽¹⁾ In 2015, the City paid off the balance of the 2005 Water/Wastewater 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)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
3/4	\$ 35.10	\$ 32.90	\$ 27.80	\$ 25.70	\$ 23.80	\$ 22.20	\$ 20.40	\$ 19.08	\$ 18.61	\$ 18.07
1	69.90	65.50	55.30	51.20	47.40	44.30	40.60	37.97	37.04	35.96
1 1/2	139.90	131.10	110.70	102.50	94.90	88.70	81.40	76.03	74.18	72.02
2	223.80	209.80	177.20	164.10	151.90	142.00	130.30	121.75	118.78	115.32
3	418.80	392.60	331.60	307.00	284.30	265.70	243.80	227.89	222.33	215.85
4	698.80	655.00	553.20	512.20	474.30	443.30	406.70	380.08	370.81	360.01
6	1,405.10	1,317.10	1,112.40	1,030.00	953.70	891.30	817.70	764.24	745.60	723.88
8	2,096.40	1,965.10	1,659.70	1,536.80	1,423.00	1,329.90	1,220.10	1,140.27	1,112.46	1,080.06
10	2,795.10	2,620.10	2,212.90	2,049.00	1,897.20	1,773.10	1,626.70	1,520.24	1,483.16	1,439.96

Water Utility Consumption Charges per 100 Cubic Feet

Customer Class	2016	2015	2014	150	2012	2011	2010	2009	2008	2007
Residential	\$ 1.80	\$ 1.70	\$ 1.58	\$ 1.46	\$ 1.35	\$ 1.26	\$ 1.16	\$ 1.08	\$ 1.05	\$ 1.02
Commercial	1.40	1.30	1.17	1.08	1.00	0.93	0.85	0.79	0.77	0.75
Industrial	1.40	1.30	1.21	1.12	1.04	0.97	0.89	0.83	0.81	0.79
Public	1.40	1.30	1.17	1.08	1.00	0.93	0.85	0.79	0.77	0.75

Water Utility Connection Charges for Permanent Meters

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Meter Installation Fee-3/4"	\$ 239.00	\$ 577.00	\$ 577.00	\$ 534.00	\$ 494.00	\$ 462.00	\$ 424.00	\$ 396.00	\$ 385.00	\$ 383.93
Meter Installation Fee-1" or larger	249.00	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
		\$638.00	\$638.00	\$547.00	\$547.00 plus	\$511.00 plus	\$469.00 plus	\$438.00 plus	\$425.00	\$412.00 plus
Service connection charge-1" service line ⁽¹⁾	2,772.00	plus applicable fees	plus applicable fees	plus applicable fees	applicable fees	applicable fees	applicable fees	applicable fees	plus actual excess costs	actual excess costs
Service connection charge-2" service line ⁽²⁾	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

⁽¹⁾ 1-inch service line (service line only; meter separate) 2722.00.

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

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

Water Capital Facilities Charges ⁽¹⁾

Meter Size (inches)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5/8 & 3/4	\$ 3,750.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00	\$ 1,785.00
1	6,250.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00
1 1/2	12,500.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00
2	20,000.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00
3	40,000.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00
4	62,500.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00
Charge per fixture unit values	N/A	78.64	78.64	78.64	78.64	78.64	78.64	78.64	78.64	78.64

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

Water Capital Facilities Functional Unit Cost Credit Factor

Function *	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Customer	N/A	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82	\$ 40.82
Fire storage	N/A	122.18	122.18	122.18	150.00	122.18	122.18	122.18	122.18	122.18
Equalizing storage	N/A	91.23	91.23	91.23	91.23	91.23	91.23	91.23	91.23	91.23
Emergency storage	N/A	91.23	91.23	91.23	91.23	91.23	91.23	91.23	91.23	91.23
Supply	N/A	493.53	493.53	493.53	493.53	493.53	493.53	493.53	493.53	493.53
Transmission and distribution	N/A	754.73	754.73	754.73	754.73	754.73	754.73	754.73	754.73	754.73
Treatment	N/A	192.06	192.06	192.06	192.06	192.06	192.06	192.06	192.06	192.06
Total	N/A	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00	1,785.00	1,785.78

*As of 2016, "charges per fixture unit values" and "functional unit" costs are included in capital facilities charges.

Water and Wastewater Fixture Unit Values by Fixture Type

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

N/A - Information is not available in 2016.

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

Wastewater Utility Rates
(For First 800 Cubic Feet or Less)

Customers connected to the Wastewater Utility ⁽¹⁾	Total Monthly Charge									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Residential	\$ 52.10	\$ 52.10	\$ 52.10	\$ 48.70	\$ 45.90	\$ 43.70	\$ 39.70	\$ 36.42	\$ 35.29	\$ 34.60
Multi-Family Residences (per unit)	31.20	31.20	31.20	29.20	27.50	26.20	23.80	21.82	21.14	20.73
Commercial	51.00	51.00	51.00	47.70	45.00	42.90	39.00	35.75	34.65	33.97
Public	61.50	61.50	61.50	57.50	54.20	51.60	46.90	43.05	41.72	40.90
Industrial	65.30	65.30	65.30	61.00	57.50	54.80	49.80	45.70	44.28	43.41
City of Walla Walla	15.20	15.20	15.20	14.20	13.40	12.80	11.60	10.65	10.32	10.12
Metered Water Utility customers to whom wastewater service is available (but not connected)										
Residential	N/A	N/A	N/A	\$ 35.20	\$ 33.20	\$ 31.60	\$ 28.70	\$ 26.34	\$ 25.52	\$ 25.02
Multi-Family Residences (per unit)	N/A	N/A	N/A	21.30	20.10	19.10	17.40	16.00	15.50	15.20
Commercial	N/A	N/A	N/A	33.70	31.80	30.30	27.50	25.25	24.47	23.99
Public	N/A	N/A	N/A	41.20	38.90	37.00	33.60	30.84	29.88	29.29
Industrial	N/A	N/A	N/A	43.70	150.00	39.20	35.60	32.67	31.66	31.04
City of Walla Walla	N/A	N/A	N/A	14.20	13.40	12.80	11.60	10.65	10.32	10.12

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

N/A - Penalties were discontinued per Ordinance 2013-29

Wastewater Capital Facilities Charges

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Per total number of fixture unit values*	N/A	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00
Strength component charge-BOD*	N/A	16.87	16.87	16.87	157.00	16.87	16.87	16.87	16.87	16.87
Strength component charge-total suspended solids*	N/A	16.87	16.87	16.87	16.87	16.87	16.87	16.87	16.87	16.87
Strength component charge-pH*	N/A	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Side sewer charge	1,595.00	1,104.00	1,104.00	1,032.00	974.00	928.00	844.00	774.00	750.00	772.50

* As of 2016, "per total number of fixture unit values" and strength component charges are included in capital facilities charges.

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

Water	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Residential	9,304	89.2%	9,373	88.9%	9,299	88.9%	9,258	89.0%	9,174	89.0%	9,127	89.0%	9,091	89.0%	9,047	89.0%	9,053	88.0%	8,928	89.0%
Multifamily	146	1.4%	146	1.4%	146	1.4%	144	1.4%	145	1.4%	145	1.4%	146	1.4%	149	1.5%	157	1.5%	148	1.5%
Commercial	876	8.4%	910	8.6%	898	8.6%	885	8.5%	878	8.5%	871	8.5%	866	8.5%	865	8.5%	985	9.6%	863	8.6%
Industrial	13	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	11	0.1%	11	0.1%	12	0.1%	13	0.1%
Public	92	0.9%	99	0.9%	98	0.9%	99	1.0%	98	1.0%	98	1.0%	96	0.9%	93	0.9%	80	0.8%	83	0.8%
Total	10,431	100%	10,542	100%	10,455	100%	10,400	100%	10,309	100%	10,255	100%	10,210	100%	10,165	100.0%	10,287	100.0%	10,035	100%

Wastewater	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Residential	8,432	89.5%	8,365	90.6%	8,271	89.5%	8,202	89.4%	8,469	90.4%	656	36.2%	8,381	89.4%	8,344	89.3%	8,050	89.3%	7,882	89.5%
Multifamily	142	1.5%	143	1.5%	140	1.5%	141	1.5%	145	1.5%	145	8.0%	145	1.5%	149	1.6%	147	1.6%	145	1.6%
Commercial	763	8.1%	655	7.1%	749	8.1%	745	8.1%	688	7.3%	773	42.7%	766	8.2%	767	8.2%	734	8.2%	712	8.1%
Industrial	7	0.1%	6	0.1%	7	0.1%	7	0.1%	7	0.1%	155	8.6%	6	0.1%	6	0.1%	5	0.1%	4	0.0%
Public	80	0.8%	64	0.7%	78	0.8%	77	0.8%	64	0.7%	83	4.6%	78	0.8%	74	0.8%	70	0.8%	64	0.7%
Total	9,424	100%	9,233	100%	9,245	100%	9,172	100%	9,373	100%	1,812	100%	9,376	100%	9,340	100%	9,006	100%	8,807	100%

Water/Wastewater	2016		2015		2014		2013		2012		157		2010		2009		2008		2007	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Residential	9,304	89.2%	9,373	88.9%	9,299	88.9%	9,258	89.0%	9,174	89.0%	9,127	89.0%	9,091	89.0%	9,047	89.0%	9,053	88.0%	8,928	89.0%
Total Comm'l/Multifamily	1,022	9.8%	1,056	10.0%	1,044	10.0%	1,029	9.9%	1,023	9.9%	1,016	9.9%	1,012	9.9%	1,014	10.0%	1,142	11.1%	1,011	10.1%
Industrial	13	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	11	0.1%	11	0.1%	12	0.1%	13	0.1%
Public	92	0.9%	99	0.9%	98	0.9%	99	1.0%	98	1.0%	98	1.0%	96	0.9%	93	0.9%	80	0.8%	83	0.8%
Total	10,431	100%	10,542	100%	10,455	100%	10,400	100%	10,309	100%	10,255	100%	10,210	100%	10,165	100%	10,287	100%	10,035	100%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General governmental activities:										
General obligation bonds	\$18,913,480	\$19,156,019	\$13,336,613	\$14,251,920	\$15,098,397	\$15,952,984	\$16,813,648	\$16,897,376	\$5,874,532	\$6,433,853
Special assessment bonds	141,847	241,311	288,689	477,749	515,163	551,000	-	-	-	-
Business-type activities										
Water bonds	6,193,085	-	7,709,800	10,529,442	13,228,200	16,097,400	18,740,400	16,750,000	18,555,000	20,280,000
Wastewater bonds	-	-	1,600,200	2,578,561	3,496,800	4,672,600	5,749,600	1,900,000	2,255,000	2,885,000
Water/Wastewater bonds	6,193,085	-	9,310,000	13,108,003	16,725,000	20,770,000	24,490,000	18,650,000	20,810,000	23,165,000
Water loans	228,421	162,632	216,842	271,052	325,263	379,473	433,683	487,894	542,104	596,315
Wastewater loans	10,402,181	12,320,581	14,204,009	16,053,854	17,871,450	19,658,082	21,414,981	23,143,331	24,518,019	24,145,349
Water/Wastewater loans	10,630,602	12,483,213	14,420,851	16,324,906	18,196,713	20,037,555	21,848,664	23,631,225	25,060,123	24,741,664
Landfill bonds	2,979,054	3,360,451	3,687,590	4,030,141	4,352,692	4,670,243	4,976,400	2,362,558	2,548,714	2,728,476
Golf course bonds	183,032	206,605	224,168	242,022	259,876	277,730	293,600	309,470	325,341	339,228
Total primary government	<u>\$39,041,100</u>	<u>\$35,447,599</u>	<u>\$41,267,911</u>	<u>\$48,434,741</u>	<u>\$55,147,841</u>	<u>\$62,259,512</u>	<u>\$68,422,312</u>	<u>\$61,850,629</u>	<u>\$54,618,710</u>	<u>\$57,408,221</u>
Percentage of personal income ⁽¹⁾	1.64%	1.54%	1.82%	2.10%	2.43%	2.81%	3.28%	3.03%	2.63%	3.11%
Per capita	<u>\$ 1,162</u>	<u>\$ 1,048</u>	<u>\$ 1,292</u>	<u>\$ 1,517</u>	<u>\$ 1,737</u>	<u>\$ 1,966</u>	<u>\$ 2,156</u>	<u>\$ 1,957</u>	<u>\$ 1,742</u>	<u>\$ 1,855</u>

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

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

Used 2013 personal income, latest available data, to calculate "percentage of personal income" for 2013 and 2014.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$28,268,651	\$22,723,075	\$26,558,371	\$18,524,083	\$24,925,965	\$27,655,957	\$30,188,648	\$19,569,404	\$8,748,587	\$9,501,557
Less: Amounts available in debt service fund	425,454	356,481	774,070	226,982	176,494	115,906	71,227	52,032	378,254	30,067
Net total	\$27,843,197	\$22,366,594	\$25,784,301	\$18,297,101	\$24,749,471	\$27,540,051	\$30,117,421	\$19,517,372	\$8,370,333	\$9,471,490
Percentage of estimated actual taxable value of property	1.03%	1.07%	1.28%	0.91%	1.24%	1.38%	1.55%	0.95%	0.47%	0.62%
Per capita	\$ 648	\$ 656	\$ 799	\$ 573	\$ 780	\$ 870	\$ 949	\$ 617	\$ 267	\$ 307

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, 2016

<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			\$ 16,295,000
Port District	3,925,742	41.2%	1,617,406
School district	7,415,000	73.1%	5,420,365
Subtotal overlapping debt	<u>\$ 11,340,742</u>		<u>\$ 7,037,771</u>
Total direct and overlapping debt			<u><u>\$ 23,332,771</u></u>

Sources: Debt outstanding data provided by the Port of Walla Walla, Walla Walla County, and 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**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$175,304,364	\$163,692,810	\$157,343,463	\$150,568,785	\$150,429,291	\$149,920,743	\$149,228,859	\$145,609,896	\$153,402,999	\$134,592,549
Total net debt applicable to limit	14,409,436	12,393,400	17,702,343	20,067,763	20,022,302	22,336,140	16,059,413	15,755,381	5,372,488	3,158,745
Legal debt margin	<u>\$160,894,928</u>	<u>\$151,299,410</u>	<u>\$139,641,120</u>	<u>\$130,501,022</u>	<u>\$130,406,989</u>	<u>\$127,584,603</u>	<u>\$133,169,446</u>	<u>\$129,854,515</u>	<u>\$148,030,511</u>	<u>\$131,433,804</u>
Total net debt applicable to the limit as a percentage of debt margin	9.0%	8.2%	12.7%	15.4%	15.4%	17.5%	12.1%	12.1%	3.6%	2.4%

Legal debt margin calculation for fiscal year 2016:

Total assessed value January 2016	\$2,337,391,519
2.5% general purposes limit is allocated between:	58,434,788
<i>Up to 1.5% debt without a vote (councilmanic)</i>	35,060,873
Less: outstanding debt	(9,105,902)
Less: contracts payable	-
Less: excess of debt with a vote	-
Add: available assets	<u>10,566,012</u>
Equals: remaining debt capacity without a vote	<u>36,520,983</u>
<i>1% general purpose debt with a vote</i>	23,373,915
Less: outstanding debt	(16,295,000)
Less: contracts payable	-
Add: available assets	<u>425,454</u>
Equals remaining debt capacity with a vote	<u>7,504,369</u>
2.5% utility purpose limit, voted	58,434,788
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Equals remaining debt capacity- utility purpose, voted	<u>58,434,788</u>
2.5% utility purpose limit, open space park and capital facilities, voted	58,434,788
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Equals remaining debt capacity- park & facilities, voted	<u>58,434,788</u>
Total legal debt margin	<u><u>\$160,894,928</u></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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Water Bonds										
Charges for services and other	\$ 12,590,360	\$ 12,111,309	\$ 10,482,958	\$ 9,686,663	\$ 10,455,260	\$ 9,643,398	\$ 8,559,110	\$ 8,389,570	\$ 9,430,139	\$ 8,905,188
Less: Operating expenses	7,715,626	5,213,538	5,025,793	4,692,976	4,706,216	3,742,568	4,942,764	3,815,868	3,787,470	3,470,349
Net available revenue	\$ 4,874,734	\$ 6,897,771	\$ 5,457,165	\$ 4,993,687	\$ 5,749,044	\$ 5,900,830	\$ 3,616,346	\$ 4,573,702	\$ 5,642,669	\$ 5,434,839
Debt service:										
Principal	\$ 54,211	\$ 7,709,800	\$ 2,740,411	\$ 2,886,411	\$ 2,923,411	\$ 2,697,211	\$ 1,954,211	\$ 1,859,211	\$ 1,779,211	\$ 1,694,211
Interest	45,117	159,740	424,477	539,022	613,817	722,672	728,109	747,919	818,980	873,630
Payment	\$ 99,328	\$ 7,869,540	\$ 3,164,888	\$ 3,425,433	\$ 3,537,228	\$ 3,419,883	\$ 2,682,320	\$ 2,607,130	\$ 2,598,191	\$ 2,567,841
Coverage	49.08	0.88	1.72	1.46	1.63	1.73	1.35	1.75	2.17	2.12
Wastewater Bonds										
Charges for services and other	\$ 11,158,948	\$ 10,869,728	\$ 10,376,896	\$ 9,951,613	\$ 9,173,152	\$ 9,036,922	\$ 7,746,752	\$ 7,502,314	\$ 7,483,845	\$ 7,670,772
Less: Operating expenses	4,256,090	4,639,903	4,410,146	3,909,166	3,899,771	3,733,713	3,975,952	3,683,383	3,245,210	3,254,778
Net available revenue	\$ 6,902,858	\$ 6,229,825	\$ 5,966,750	\$ 6,042,447	\$ 5,273,381	\$ 5,303,209	\$ 3,770,800	\$ 3,818,931	\$ 4,238,635	\$ 4,415,994
Debt service:										
Principal	\$ 1,918,402	\$ 1,600,200	\$ 2,683,644	\$ 2,880,397	\$ 2,962,432	\$ 2,833,899	\$ 2,093,348	\$ 2,038,762	\$ 1,946,124	\$ 1,900,620
Interest	236,420	63,461	436,707	528,919	595,008	669,701	636,608	598,800	624,081	642,119
Payment	\$ 2,154,822	\$ 1,663,661	\$ 3,120,351	\$ 3,409,316	\$ 3,557,440	\$ 3,503,600	\$ 2,729,956	\$ 2,637,562	\$ 2,570,205	\$ 2,542,739
Coverage	3.20	3.74	1.91	1.77	1.48	1.51	1.38	1.45	1.65	1.74
Water/Wastewater Bonds										
Charges for services and other	\$ 23,749,308	\$ 22,981,037	\$ 20,859,854	\$ 19,638,276	\$ 19,628,412	\$ 18,680,320	\$ 16,305,862	\$ 15,891,884	\$ 16,913,984	\$ 16,575,960
Less: Operating expenses	11,971,716	9,853,441	9,435,939	8,602,142	8,605,987	7,476,281	8,918,716	7,499,251	7,032,680	6,725,127
Net available revenue	\$ 11,777,592	\$ 13,127,596	\$ 11,423,915	\$ 11,036,134	\$ 11,022,425	\$ 11,204,039	\$ 7,387,146	\$ 8,392,633	\$ 9,881,304	\$ 9,850,833
Debt service:										
Principal	\$ 1,972,613	\$ 9,310,000	\$ 5,424,055	\$ 5,766,808	\$ 5,885,843	\$ 5,531,110	\$ 4,047,559	\$ 3,897,973	\$ 3,725,335	\$ 3,594,831
Interest	281,537	223,201	861,184	1,067,941	1,208,825	1,392,373	1,364,717	1,346,719	1,443,061	1,515,749
Payment	\$ 2,254,150	\$ 9,533,201	\$ 6,285,239	\$ 6,834,749	\$ 7,094,668	\$ 6,923,483	\$ 5,412,276	\$ 5,244,692	\$ 5,168,396	\$ 5,110,580
Coverage	5.22	1.38	1.82	1.61	1.55	1.62	1.36	1.60	1.91	1.93
Special Assessment Bonds										
Special assessment collections	\$ 66,057	\$ 63,870	\$ 65,549	\$ 106,096	\$ 156,266	\$ 204,961	\$ 15,850	\$ 17,149	\$ 55,098	\$ 82,782
Debt service:										
Principal	99,463	47,379	189,060	37,414	35,837	-	-	-	-	-
Interest	10,618	19,302	21,021	22,530	24,113	2,020	-	-	-	-
Payment	\$ 110,081	\$ 66,681	\$ 210,081	\$ 59,944	\$ 59,950	\$ 2,020	\$ -	\$ -	\$ -	\$ -
Coverage	0.60	0.96	0.31	1.77	2.61	1.00	-	-	-	-

Note: 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. Bond covenants require a 1.25 coverage ratio.

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

<u>Source</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
1 Population - City	33,340	33,390	32,260	31,930	31,740	31,670	31,731	31,610	31,350	30,900
1 Population - County	60,730	60,650	60,150	59,500	59,100	58,800	58,781	59,200	58,600	57,900
City as percent of County	55%	55%	54%	54%	54%	54%	54%	53%	53%	53%
2 County personal income (in 1,000s)*	N/A	\$ 2,528,898	\$ 2,372,702	\$ 2,301,633	\$ 2,269,926	\$ 2,215,788	\$ 2,085,840	\$ 2,038,643	\$ 2,075,518	\$ 1,846,768
2 County per capita personal income*	N/A	\$ 41,912	\$ 39,648	\$ 38,663	\$ 38,214	\$ 37,231	\$ 35,405	\$ 35,087	\$ 36,212	\$ 32,491
2 County median family income projection**	\$ 52,094	\$ 49,619	\$ 50,835	\$ 47,238	\$ 46,147	\$ 44,606	\$ 44,117	\$ 44,267	\$ 44,940	\$ 43,995
3 County median age	37.58	37.58	37.33	37.33	38	37.01	36.63	36.27	36.11	35.99
4 Percent with high school degree or higher	N/A	N/A	N/A	N/A	N/A	N/A	85.7%	N/A	N/A	N/A
5 School enrollment	5,959	6,074	6,214	6,119	6,211	6,308	6,159	6,052	6,004	6,016
6 County unemployment rate	7.1%	7.1%	6.7%	6.9%	7.2%	7.3%	7.4%	6.8%	4.8%	4.8%

Sources:

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

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

* In 2016, the Bureau of Economic Analysis revised County personal income figures for 2015.

** The Bureau of Economic Analysis has made a preliminary estimate of the Median Household Income for 2015 and a projection for 2016.

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

<u>Employer within the City</u>	<u>2015*</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>
Washington State Penitentiary	1,089	1	7.0%	879	2	6.3%
Providence St. Mary Medical Center	961	2	6.2%	861	3	6.1%
Walla Walla School District #140	814	3	5.2%	763	4	5.4%
Walla Walla Community College	614	4	4.0%	1,179	1	8.4%
Whitman College	570	5	3.7%	479	5	3.4%
U.S. Dept. of Veterans Affairs	436	6	2.8%	362	6	2.6%
Key Technology, Inc.	434	7	2.8%			
Walla Walla General Hospital	410	8	2.6%	320	8	2.3%
U.S. Army Corps of Engineers	356	9	2.3%	360	7	2.6%
Walla Walla County	342	10	2.2%	292	10	2.1%
City of Walla Walla				303	9	2.2%

Source: Port of Walla Walla

*2015 is the most current data.

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Governmental activities:</u>										
General government	34	33	34	34	34	35	35	37	38	35
Public safety										
Police										
Officers	44	43	42	41	41	42	42	44	44	42
Civilians	12	13	8	9	9	11	11	11	11	11
Fire										
Officers	31	30	29	29	29	29	30	32	32	32
Civilians	0	0	0	0	0	1	1	2	1	1
Emergency dispatch	15	17	17	17	17	18	17	17	17	17
Utilities and environment	23	22	23	20	22	19	18	29	23	22
Transportation	13	11	12	11	12	14	13	12	12	12
Economic environment ⁽¹⁾	8	6	1	0	0	0	10	12	14	12
Culture and recreation	21	20	18	18	19	20	24	31	32	34
Total governmental activities	201	195	184	179	183	189	201	227	224	218
<u>Business-type activities:</u>										
Ambulance	17	19	18	18	19	20	18	17	22	22
Golf course	0	0	0	0	0	0	0	0	0	0
Landfill	11	12	11	10	9	10	10	10	8	8
Sanitation	11	10	11	10	10	13	13	15	16	16
Stormwater	6	4	4	4	5	5	6	5	5	5
Wastewater	5	2	4	4	4	4	4	4	4	4
Water	19	14	19	18	16	17	16	18	16	16
Total business-type activities	69	61	67	64	63	69	67	69	71	71
Total primary government⁽²⁾	270	256	251	243	246	258	268	296	295	289

Source: City of Walla Walla Finance Department, positions filled a of 12/31/16.

⁽¹⁾ Development Services Department provided data from 2015 to current; data from 2011 through 2014 reflect the city's participation with the Walla Walla Joint Community Development Agency (WWJCDA)

⁽²⁾ 2016 Actual FTE was 269, rounding increased amount to 270.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
City Attorney										
Requests for legal service	330	286	266	243	163	174	164	181	167	167
Total Walla Walla District Court hearings	6,144	4,958	4,760	3,847	4,183	4,476	4,489	5,097	3,673	5,186
Development Services**										
Permits processed for building and development	1,235	2,208	1,466	882	867	895	911	1,139	1,386	1,069
Construction value of permits completed	\$51,250,001	\$47,283,870	\$18,434,410	\$33,589,796	\$21,444,092	\$41,121,658	\$11,188,593	\$31,086,945	\$51,174,853	\$10,646,457
Library										
Questions answered	38,664	42,728	47,145	44,989	50,231	45,201	48,825	48,400	57,554	57,550
Items checked out	308,891	302,829	321,512	318,803	351,943	322,811	306,763	305,827	284,061	266,017
Children's storytime and program attendance	14,047	14,716	14,663	14,846	15,591	13,912	9,503	11,613	13,435	11,423
Adult program attendance	1,641	1,420	2,275	1,758	951	250	263	719	668	1,016
Parks and Recreation Department										
Meals served during the summer	26,254	25,044	24,911	26,563	28,718	29,227	19,494	21,447	20,296	18,761
Special event permits issued	59	46	40	29	41	29	37	44	43	48
Visits to City pools	3,057	2,979	3,775	4,620	5,897	5,058	4,762	4,505	3,240	4,119
Attendance for City recreation programs	97,229	96,862	99,622	94,988	106,500	105,000	100,000	100,000	98,000	95,000
Burial services at Mountain View Cemetery	190	197	179	172	163	174	181	205	204	222
Picnic area reservations	252	226	224	199	188	169	185	161	156	186
Fire Department										
Fire responses	107	115	116	129	88	92	100	138	136	139
Hazardous incident responses	85	91	87	109	73	74	64	82	177	120
Ambulance responses	5,718	5,670	5,624	5,268	5,289	5,040	5,182	5,208	5,428	5,169
Ambulance transported patients	3,490	3,493	3,516	3,464	3,285	3,325	3,485	3,509	3,575	3,435
Property fire loss	\$1,094,940	\$1,399,125	\$928,811	\$769,530	\$267,370	\$732,800	\$486,625	\$459,350	\$1,302,275	\$1,076,950
Safety Always Matters (SAM) program # students	3,921	3,785	3,894	3,711	3,929	3,660	3,720	3,811	3,747	3,878
Police Department										
Code compliance complaints resolved***	1,207	980	260	600	497	285	765	728	938	974
Requests for service	19,128	20,911	18,820	20,355	19,701	18,537	19,879	19,320	20,232	20,480
Death investigations and attempted suicides	N/A	63	78	74	72	64	118	71	86	83
Other calls	N/A	10,676	9,891	10,478	10,219	9,273	10,552	9,990	10,388	10,529
Accidents	N/A	903	889	857	901	885	1,013	1,126	1,065	1,097
Animal calls	N/A	2,109	1,913	1,950	2,114	1,968	2,271	2,233	2,506	2,435
Volunteer hours	N/A	1,142	1,155	2,005	978	1,165	883	933	727	1,346
Walla Walla Emergency Services Communications										
Total calls	N/A	94,622	100,537	101,340	110,965	100,399	92,978	108,775	94,793	91,750
9-1-1 calls	N/A	24,664	25,750	24,320	24,286	23,126	20,420	44,644	46,608	46,854

* Indicated as cubic yards.

** 2015 data reflects the reopened Development Services Department; data from 2011 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.

N/A - Police department and Walla Walla Emergency Services Communications data were not available in 2016.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Water										
Linear feet of line replaced	9,603	6,026	10,166	8,707	5,765	7,476	6,741	4,352	4,860	2,703
Linear feet of lines added to system	5,905	4,077	-	3,124	260	5,301	4,345	2,721	12,718	14,117
Million gallons of water to customers	3,170	3,439	3,474	3,458	3,441	3,367	3,447	3,649	3,744	3,879
Meters installed	304	367	302	268	344	421	501	371	533	1,087
Leaks repaired to mains and services	72	143	152	176	123	162	232	182	116	68
Wastewater										
Linear feet of line replaced	9,852	11,376	8,068	6,239	4,004	6,149	7,121	1,860	1,778	2,142
Linear feet of lines added to system	6,806	4,493	35	2,172	1,102	1,958	1,820	2,793	9,923	18,591
Feet of sanitary sewer lines cleaned	489,124	470,017	847,165	475,331	618,294	552,358	729,624	369,595	709,526	680,312
Stormwater										
Feet of storm lines cleaned	27,584	27,978	39,554	20,762	18,401	20,599	28,332	17,490	48,069	35,410
Streets										
Linear feet of new streets added to subdivisions	2787	4420	-	1641	252	336	523	642	10,853	12,195
Utility street cuts patched	157	326	249	337	383	350	239	118	185	137
Sanitation										
Pounds of curbside recycling collected	3,058,780	3,011,862	2,996,500	2,991,727	3,173,565	3,123,560	3,015,180	1,617,360	1,441,840	1,523,120
Million pounds of waste collected	44	43	42	41	41	41	42	42	42	47
Landfill										
Tons of solid waste collected	59,249	55,976	53,051	50,099	53,304	48,671	47,219	58,692	67,000	89,919
Pounds of hazardous waste collected	96,374	86,984	84,294	106,915	98,278	101,391	113,644	110,254	104,869	140,152
Landfill courtesy passes used	761	841	806	925	1,443	1,503	1,452	1,502	1,545	1,738
Pounds of metal recycled at the Landfill	50,760	47,980	54,780	42,220	83,340	98,660	108,000	194,120	144,360	271,280
Tons of leaves collected and recycled	1,764	1,871	1,359	1,324	1,452	1,098	1,514	2,400	2,203	1,541
Equipment Repair										
Fleet service repairs performed	3,334	3,755	3,448	4,529	3,745	3,644	3,843	3,804	3,970	4,074
Number of equipment repair parts used	10,375	10,565	10,444	11,659	10,729	9,495	11,383	14,799	15,711	15,973

Sources:
City of Walla Walla Public Works, Development Services, Police, Library, Fire, Parks and Recreation, and Support Services Departments.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Police station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	16	15	15	14	12	12	14	14	14	13
Vans/SWAT vehicles	3	6	5	3	3	3	3	3	3	2
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	2	2	3	3	4	4	4	4	4	4
Other vehicles	9	8	8	8	9	9	9	12	11	10
Backup generator	1	1	1	1	1	1	1	1	1	1
Burn trailer	1	1	1	1	1	1	1	1	1	1
Utilities and Environment										
Service Center building	1	1	1	1	1	1	1	1	1	1
Transportation										
Square yards of streets	1,710,693	1,671,438	1,633,426	1,560,502	1,554,303	1,553,351	1,552,827	1,542,350	1,539,372	1,530,281
Culture and Recreation										
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
Ambulance										
Ambulances	6	6	6	6	6	6	6	5	5	5
Other vehicle	1	1	1	1	1	1	1	1	1	1
Defibrillators	9	9	9	15	9	9	9	9	9	8
IV pumps	6	6	6	6	6	6	6	6	6	6
Sanitation										
Refuse collection vehicles	13	15	13	13	12	12	12	15	13	13
Leaf loaders	1	1	1	1	2	2	2	2	2	2
Other vehicles	2	2	2	2	3	3	3	2	2	2
Water/Wastewater										
Miles of water mains	183	182	181	182	182	191	190	188	185	183
Miles of wastewater mains	146	144	143	144	144	147	147	143	139	137
Landfill⁽¹⁾										
Active landfills (available acres)	829	829	924	923	923	923	924	970	970	970
Closed landfills (acres)	117	117	117	117	117	117	117	97	97	97
Composting facility	1	1	1	1	1	1	1	1	1	1
Other Business-type Assets										
Golf course	1	1	1	1	1	1	1	1	1	1

Sources: City infrastructure project, fixed asset recordkeeping system, fleet division, GIS division.
 N/A - Information is not available.

⁽¹⁾Refer to Note 20 "Closure and Postclosure", in the Notes to the Financial Statements for more details.