



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

CITY OF WALLA WALLA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2018**

**Prepared by:
Finance Department
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Hot Air Balloon Night Glow

Photo Credit: Kellie Emigh

CITY OF WALLA WALLA

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

“An investment in knowledge pays the best interest.”

- Benjamin Franklin



July 24, 2019

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 Walla for the fiscal year ended December 31, 2018. This report is published as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

The 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, 2018.

This report consists of management's representations concerning the finances of the City of Walla Walla. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Walla Walla has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile 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, 2018 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 unmodified opinion that the City of Walla Walla's financial statements for the fiscal year ended December 31, 2018, 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 2018 population is 34,000.

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. Starting 2019, the process for electing Council will change to a ward system with four Council members being elected from wards and three members being elected at-large. The elections will continue to be staggered four-year terms. 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 five strategic initiatives aimed at infrastructure improvements; organizational and city resiliency; strategic communications plan; leadership and organizational development; and economic development. The 2019-2020 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; emergency medical services; street maintenance and construction and other infrastructure; development services; parks and recreation and library services; water, wastewater, sanitation, storm water, and landfill utilities; a golf course; and a cemetery.

The 2019-2020 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 required supplementary information.

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 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 13% of the total wages in the County.

The County's most important commercial crop is wheat, ranking among the top in the state in the crop's production. Other significant local crops include asparagus, peas, alfalfa hay, wine grapes, and Walla Walla sweet onions. Over the last few years, the total value of fruits in the County has increased due to the expansion of vineyards. WW is a highly desirable destination for lovers of wine, food, art, history and outdoor recreation with an ever-increasing reputation nationally and globally. More than 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. Steady growth in the tourism traffic has led to the construction of new hotels and other amenities, with total visitor spending topping \$119MM by over one-million visitors in 2017.

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 1,300 workers. Broetje Orchards is among the larger orchards in the County with up to 2,400 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 350 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 and Providence St. Mary's Medical Center. Walla Walla General Hospital was acquired by Providence St. Mary's Medical Center. Complete diagnostic and treatment services, as well as emergency and trauma care, are provided at these facilities. At the VA Campus new clinic facilities were constructed in 2017; a residential rehabilitation center; and a specialty care services facility. The Walla Walla Veterans Home added approximately 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 opened in 2018 to serve southeast Washington, northeast Oregon and southwest Idaho. National retailers such as Ross, Marshalls, Sportsman's Warehouse, Ulta Beauty, and Petco all opened to great success. In 2019, Downtown Walla Walla will see construction begin on the Lodge Apartments which is a 120-unit apartment building with 17 extended stay units on the main floor.

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 Inn & Suites opened in 2017 and former downtown Red Lion is undergoing extensive renovation and being rebranded as a boutique hotel, The Finch. 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, the government utilizes diverse funding sources in the form of taxes and fees to fund public safety, community programs and streets.

In the enterprise funds, planning looks five, ten, or twenty years ahead to anticipate growth trends; infrastructure renewal and expansion; and unfunded mandates. Additionally, the Water and Wastewater enterprise continues its program of major infrastructure repair and replacement (IRRP). The IRRP has become a major component of the infrastructure improvement plan for water, wastewater and stormwater. In 2015, the Water Division started construction on a full-scale refurbishing of its treatment plant including the addition of long-term treatment of its surface water source. In 2018, the Wastewater Division began an upgrade to the wastewater treatment plant.

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 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 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 measure the water usage. This project was completed in December 2017 and 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.

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.

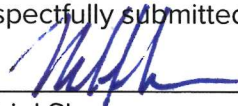
Investments: The State Treasurer's Office administers the Washington State Local Government Investment Pool (LGIP), which invests money on behalf of more than 350 cities, counties, and special taxing districts. In managing the LGIP, the State Treasurer is required to adhere to principles appropriate 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,



Nabiel Shawa
City Manager



Jean Teasdale, CPA
Finance Director

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**City of Walla Walla
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

Walla Walla City Council



	<u>Length of Service</u>	<u>Term Expires</u>
Front Row (l-r):		
Yazmin Bahena <i>Council Member</i>	1 year	12/31/21
Barbara Clark <i>Mayor</i>	21 years	12/31/19
Jerry Cummins <i>Council Member</i>	27 years	12/31/19
Back Row (l-r):		
Myron Huie <i>Council Member</i>	1 year	12/31/21
Steve Moss <i>Council Member</i>	3 years	12/31/19
Riley Clubb <i>Council Member</i>	1 years	12/31/21
Tom Scribner <i>Mayor Pro-Tem</i>	3 years	12/31/19

Walla Walla Senior Management

Appointed Officials

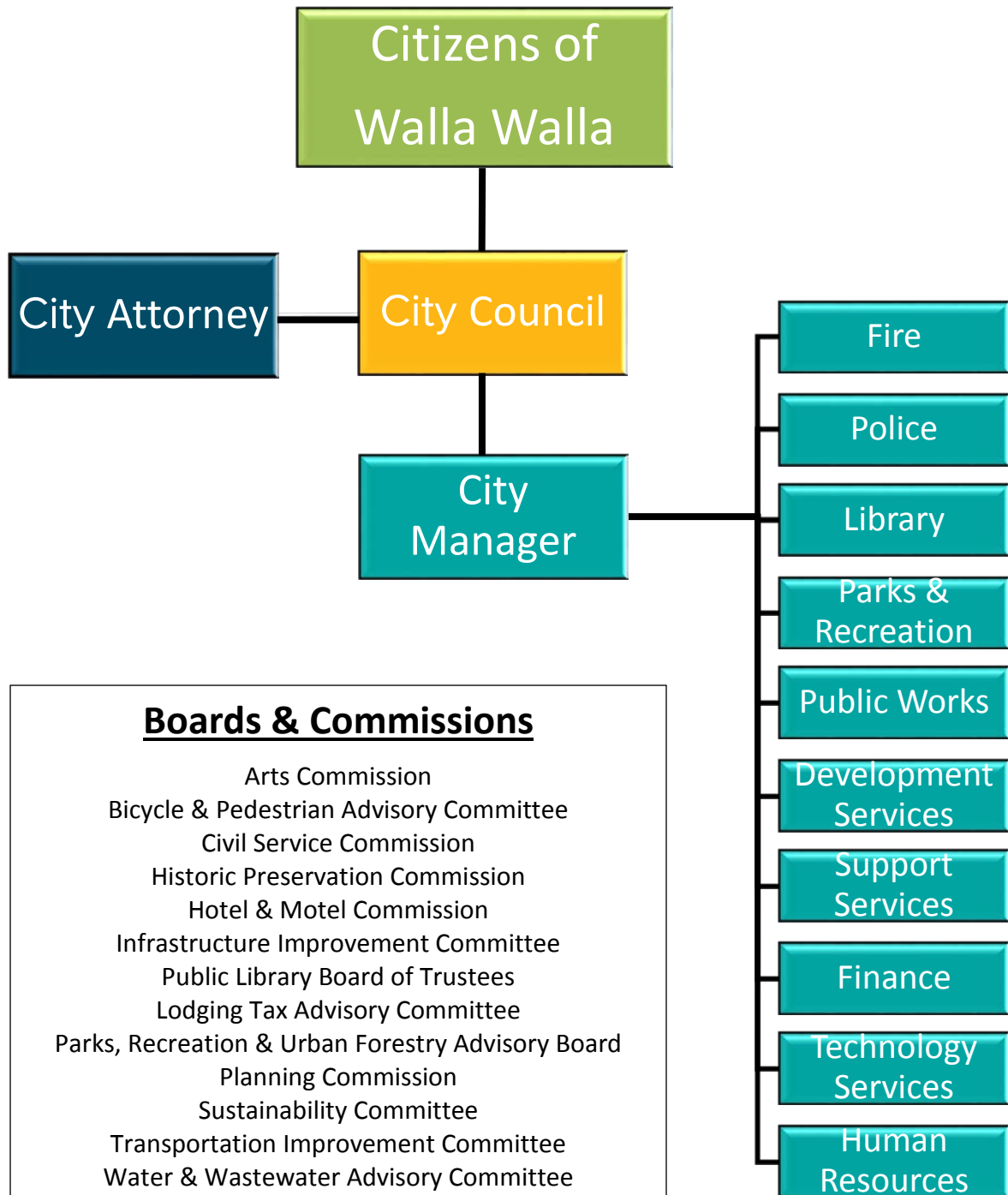


CITY MANAGER
Nabil Shawa
 Appointed October 2009

	<u>Length in Position</u>	<u>Length of Employment</u>
CITY ATTORNEY <i>Tim Donaldson</i>	22 years	22 years
CITY CLERK <i>Kammy Hill</i>	24 years	24 years
DEPUTY CITY MANAGER <i>Byron Olson</i>	1 year	1 year
DEVELOPMENT SERVICES DIRECTOR <i>Elizabeth Chamberlain</i>	4 years	4 years
FINANCE DIRECTOR <i>Jean Teasdale</i>	9 years	9 years
FIRE CHIEF <i>Bob Yancey</i>	6 years	32 years
HUMAN RESOURCES DIRECTOR <i>Pam Taylor</i>	4 years	4 years
LIBRARY DIRECTOR <i>Beth Hudson</i>	7 years	27 years
PARKS & RECREATION DIRECTOR <i>Andy Coleman</i>	1 year	19 years
POLICE CHIEF <i>Scott Bieber</i>	6 years	6 years
PUBLIC WORKS DIRECTOR <i>Ki Bealey</i>	8 years	8 years
TECHNOLOGY SERVICES DIRECTOR <i>Christopher Owen</i>	2 years	16 years

City of Walla Walla

Organizational Chart





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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 24, 2019

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, as of and for the year ended December 31, 2018, 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, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 20 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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 combining and individual fund financial statements and schedules are presented for the 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 July 24, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Sincerely,



Pat McCarthy

State Auditor

Olympia, WA



“Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.”

-Franklin D. Roosevelt

CITY OF WALLA WALLA

Management's Discussion and Analysis December 31, 2018

The City of Walla Walla's management provides this section of the City's Comprehensive Annual Financial Report to the reader as an overview and analysis of the City of Walla Walla's financial activities for the year ended December 31, 2018. The purpose of the Management's Discussion and Analysis (MD&A) is to highlight significant financial issues, major financial activities, changes in financial position, and economic factors affecting the City. To best understand the City's financial activities, we encourage readers to consider the MD&A in conjunction with information provided in the letter of transmittal, basic financial statements, and notes to the financial statements. **All amounts in this section, unless otherwise indicated, are expressed in thousands of dollars.**

FINANCIAL HIGHLIGHTS

- As of December 31, 2018, the City of Walla Walla's assets and deferred outflows of resources exceed liabilities and deferred inflows by \$190,316 (net position). Of this amount, \$20,704 represents unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors. Restricted net position totals \$4,708 and includes restricted amounts for capital improvements and debt service.
- The City's total net position increased by \$6,762 over 2017. Business-type activities contributed an increase of \$8,420, while governmental-type activities decreased by \$1,658. The overall financial position of the City improved during 2018, which continues a conservative growth trend over the past several years.
- At the close of the current fiscal year, the City of Walla Walla's governmental funds reported combined ending fund balances of \$12,278 an increase of \$1,901 from 2017, which includes a 2017 prior period adjustment related to state revenues. A large portion of the increase can be attributed to the increase in taxes receivable of \$1,859 over 2017. Most of the receivable increase is in the General Fund and attributed to state shared tax revenue.
- Total unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the General Fund was \$4,999, or approximately 15.5% of total 2018 General Fund expenditures.
- The City of Walla Walla's total outstanding long-term debt increased by \$2,135 during the current fiscal year because the City's regularly scheduled principal reductions on existing long-term outstanding debt was less than its new debt issuance. Water/Wastewater Revenue Bonds were issued in 2018 to provide financial resources for updating the Wastewater Treatment Plant.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Walla Walla's basic financial statements. The financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information to provide additional detail in support of the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Walla Walla’s financial position in a manner similar to a private-sector business.

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

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

Both 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 vehicle equipment maintenance and replacement services.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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. The City of Walla Walla’s funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than 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 24 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, the only major fund in 2018. Data from the remaining 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of

these non-major governmental funds is provided in the form of combining and individual fund statements elsewhere in this report.

The City of Walla Walla adopts a biennial budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

Proprietary Funds: The City of Walla Walla maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Walla Walla uses enterprise funds to account for Water/Wastewater, Stormwater, Sanitation, Landfill, Golf Course, and Ambulance services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Walla Walla's various functions.

The City uses internal service funds to account for the management of its health and industrial insurance, equipment maintenance and replacement, emergency communication, and service center functions. Of those, the health and industrial insurance, emergency communication, and service center services predominantly benefit government activities (rather than business-type functions) and have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for 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 two single, aggregated presentations 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 in the combining and individual fund statements and schedule section of this report.

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 not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Walla Walla's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Walla Walla maintains two different types of fiduciary funds. The Fire Pension Trust Fund and the Fire Medical Benefit Trust Fund are used to report resources held in trust for retirees and beneficiaries covered by the Public Safety Employees' LEOFF 1 Pension Plan.

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:

- A. Required Supplemental Information (RSI) - RSI provides budgetary comparisons for the General Fund. It also presents the City's funding progress for the Washington State Retirement Systems pension, the firefighters' pension trust fund, the firefighters' medical trust fund and Other Post-Employment Benefits (LEOFF Retiree Medical).
- B. Combining Statements – The combining statements provide additional detail for other governmental funds, non-major proprietary funds, internal service funds and fiduciary funds.

- C. Statistical Information – This section includes unaudited trends and demographic information about the City of Walla Walla.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

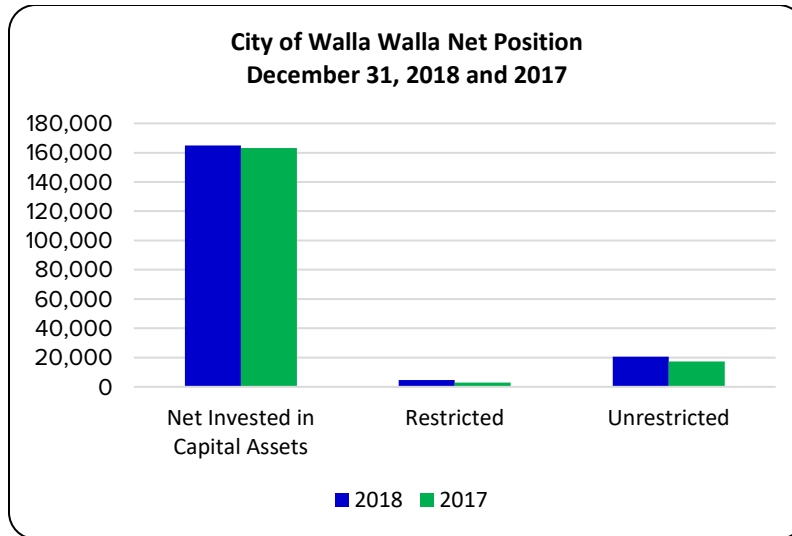
As stated earlier, net position over time, may serve as a useful indicator of a government’s financial position. At the close of 2018, the City of Walla Walla’s assets and deferred outflows exceeded liabilities and deferred inflows by \$190,316.

Statement of Net Position. The following is a condensed version of the City’s net position as of December 31, 2018, with comparison to 2017:

City of Walla Walla's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$25,671	\$19,946	\$50,634	\$46,600	\$76,305	\$66,546
Capital assets	83,001	81,582	135,592	118,274	218,592	199,856
Total assets	108,672	101,528	186,226	164,874	294,897	266,402
Total deferred outflows of resources	2,404	2,038	499	459	2,904	2,497
Other liabilities	3,072	2,936	3,361	9,697	6,433	12,633
Noncurrent liabilities	43,140	35,718	52,517	33,661	95,657	69,379
Total liabilities	46,212	38,654	55,878	43,358	102,090	82,013
Total deferred inflows of resources	4,315	2,706	1,080	627	5,395	3,333
Net position:						
Net investment in capital assets	67,026	64,521	97,877	98,685	164,904	163,206
Restricted	4,109	2,914	599	-	4,708	2,914
Unrestricted	(10,586)	(5,228)	31,290	22,662	20,704	17,434
Total net position	\$60,548	\$62,206	\$129,767	\$121,347	\$190,316	\$183,554

The largest portion of the City of Walla Walla’s net position \$164,904 (86.6%) reflects its 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 its citizens. Accordingly, these assets are not available for future spending. Although the City of Walla Walla’s investment in capital assets is reported net of related debt, it should be noted that the resources used 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 \$4,708 (2.5%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$20,704 (10.9%) is unrestricted and will be used to meet the government’s ongoing obligations to its citizens and creditors. At the end of 2018, the City of Walla Walla reported positive balances in all three categories of net position for the government. The same situation held true for the prior fiscal year.



The City of Walla Walla’s overall net position increased \$6,762 (3.7%) from 2017. The reasons for this increase will be discussed in the following sections.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$1,658 (2.7%), compared to the 2017 net position of \$62,206, for an ending balance of \$60,548. Total assets and deferred outflows of resources from governmental activities increased by \$7,510 (7.3%) over 2017. Current and other assets increased by \$5,725 (28.7%), mainly due to an increase in the City’s net pension asset of \$1,423 (29.7%) and increase in cash position of \$2,975 (36.2%). Capital assets increased by \$1,418 (1.7%), the most significant reasons for this increase are building improvements to City Hall and land acquisition for future capital construction. Total governmental activities liabilities and deferred inflows of resources increased \$9,168 (22.2%) from 2017. Other liabilities increased by \$136 (4.6%) and noncurrent liabilities increased by \$7,422 (20.8%), the main sources of the increase in noncurrent liabilities is the adoption of GASB 75, and the change from reporting Net OPEB Obligation to Total OPEB Liability. Total OPEB liability increased by \$10,669 (141.7%), which is reflected in the unrestricted net position, this and other increases were more than the regularly scheduled payments of the City’s long-term debt.

Business-type Activities. The City of Walla Walla’s business-type activities during the 2018 fiscal year were positive, in that overall net position increased to reach an ending fund balance of \$129,767. The total increase in net position for business-type activities was \$8,420 (6.9%) over fiscal year 2017. The increase in net position is largely attributed to rate increases for water/wastewater, sanitation, landfill and stormwater. As a result of these increases, revenues from utility funds charges for services increased by \$2,476 (6.9%) over 2017. Other liabilities for business-type activities decreased by \$6,336 (65.3%) over 2017. During 2018 the City paid off a \$7,300 short-term bond anticipation note for the capital construction expenses for the building of a new water treatment facility. During 2018, noncurrent liabilities increased by \$18,855 (56%). The City issued \$6,390 in Water/Wastewater Revenue Bonds and had an increase of \$13,637 in the Water Treatments Federal DWSRF Loan.

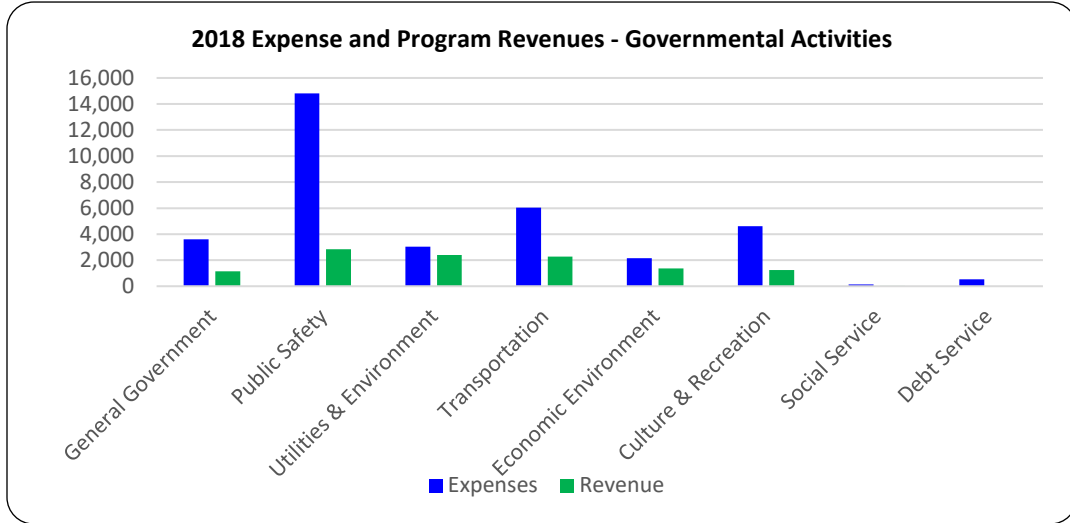
Statement of Activities and Change in Net Position. The following is a condensed summary statement of activities and change in net position as of December 31, 2018, with comparison to 2017:

City of Walla Walla's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for service	\$6,298	\$5,710	\$39,582	\$37,381	\$45,879	\$43,091
Operating grants/contributions	4,213	3,334	2,197	2,235	6,410	5,570
Capital grants/contributions	2,246	3,375	1,626	2,036	3,872	5,411
General revenues:						
Property tax general	6,338	5,696	-	-	6,338	5,696
Property tax debt service	1,566	1,400	-	-	1,566	1,400
Sales tax	10,095	8,831	-	-	10,095	8,831
Other taxes	8,826	8,548	-	-	8,826	8,548
Grants and contributions not restricted to specific programs	683	607	-	-	683	607
Other revenue	801	375	229	321	1,030	696
Total revenues	41,066	37,877	43,634	41,973	84,700	79,850
Expenses:						
General government	3,594	3,380	-	-	3,594	3,380
Public safety	14,816	16,210	-	-	14,816	16,210
Utilities and environment	3,039	2,852	-	-	3,039	2,852
Transportation	6,027	6,686	-	-	6,027	6,686
Economic environment	2,146	2,086	-	-	2,146	2,086
Culture and recreation	4,609	4,619	-	-	4,609	4,619
Social Services	150	155	-	-	150	155
Interest on long term debt	533	553	-	-	533	553
Ambulance	-	-	2,960	3,057	2,960	3,057
Golf course	-	-	132	154	132	154
Landfill	-	-	2,967	3,969	2,967	3,969
Sanitation	-	-	5,844	5,440	5,844	5,440
Stormwater	-	-	1,974	2,052	1,974	2,052
Water/Wastewater	-	-	16,763	19,979	16,763	19,979
Total expenses	34,913	36,540	30,640	34,651	65,554	71,191
Increase in net position before transfers	6,153	1,337	12,994	7,321	19,146	8,659
Transfers	1,561	1,814	(1,561)	(1,814)	-	-
Increase in net position	7,714	3,151	11,432	5,508	19,146	8,659
Net position- beginning	62,206	59,055	121,347	115,839	183,554	174,895
Adjustment for prior period	(9,372)	-	(3,013)	-	(12,384)	-
Net position - ending	\$60,548	\$62,206	\$129,767	\$121,347	\$190,316	\$183,554

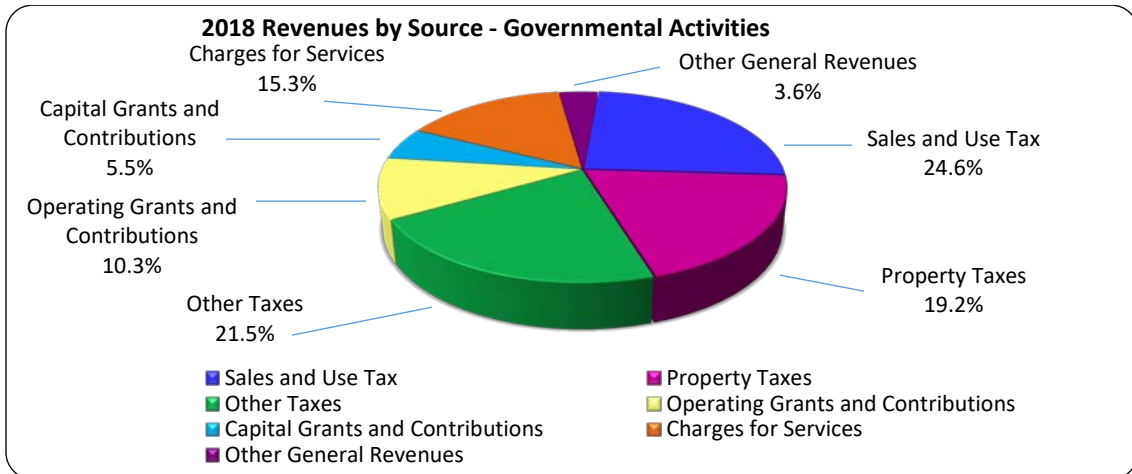
Governmental Activity Analysis. Governmental activities expenses totaled \$34,913 in 2018 against program generated revenue (excluding taxes and other general revenue) of \$12,756. Program revenue supports 36.5% of the governmental program costs, while the remaining 63.5% of governmental program costs are supported by general revenues (taxes and other general revenue). Governmental activities program generated revenues increased by 2.7% and expenses decreased by 4.5% from 2017. Program revenues increased mainly because of increased revenue in the Parks and Recreation programs and increased revenue from building permits and plan fees.

The Prior Period Adjustment (PPA) was related to the sales and derived tax revenues received from the State of Washington, in 2018 but attributable to 2017, and the adjustment for adopting GASB 75 relating to Other Post Employment Benefits (OPEB). The sales and derived revenue portion of the PPA was \$1,763 and the portion related to OPEB was \$11,134. For more information regarding this adjustment please see Note 23.

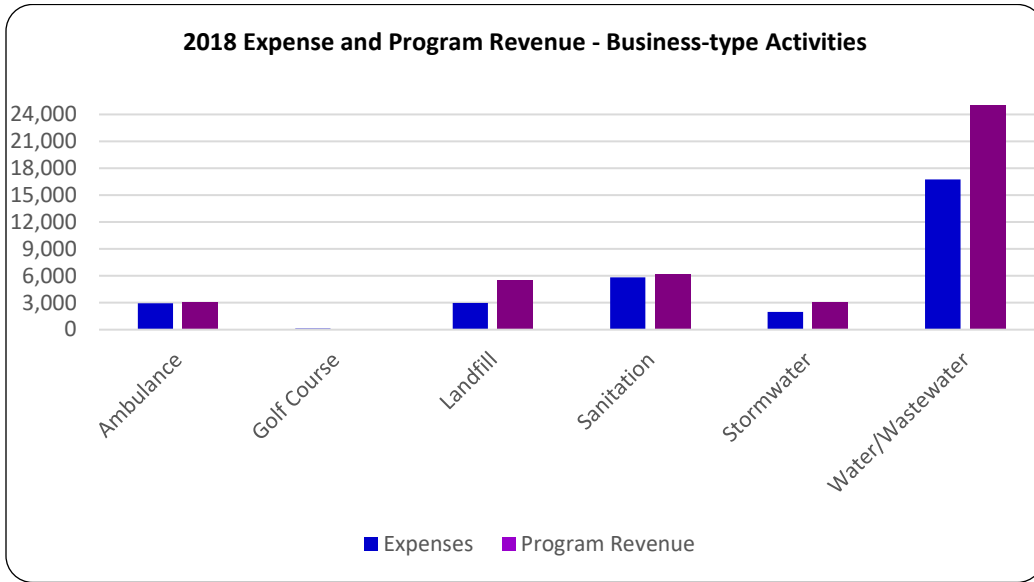


The chart above displays the extent that the cost of each of the City’s governmental programs is supported by its own program generated revenue (fees, intergovernmental revenues, and contributions specifically related to that program). For example, public safety comprises 42.4% of the total expenses for governmental activities but, generated 22.3% of program revenues. These revenues include traffic citations, parking citations, criminal charges, miscellaneous court fees, fire services, fire inspections and operating grant contributions.

The following chart displays the source breakdown for all revenues that fund governmental activities. Approximately 65.3% of the total governmental revenue activity are taxes. The largest governmental revenue source is sales and use tax 24.6% and the second largest source is other taxes 21.5%. Property taxes account for 19.2% of the City’s general governmental revenue. Program specific charges for services, grants and contributions generate 31.1% of the total revenue for general governmental activity. The remaining 3.6% of other general revenue, includes interest and miscellaneous revenue.

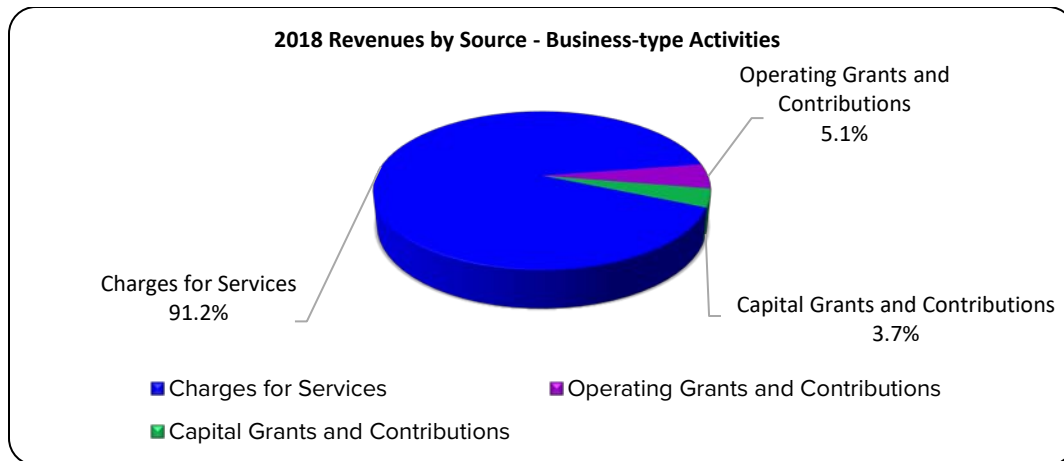


Business-type Activities Analysis. In comparison to the governmental funds, the primary sources of revenue for business-type activities are fees and charges for services. For business-type activity funds, the program revenue is higher than the program costs for all funds. All business-type activities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



- The Water/Wastewater Fund generated \$24,097 in charges for services; its program expenses were \$16,763. The Water/Wastewater Fund also received \$1,354 in grants, operating contributions and capital contributions from developers. All utility revenues increased due to rate adjustments. Program expenses increased due to employee costs, project costs, supplies and services.
- The Stormwater Fund generated \$3,107 in program revenues and \$1,974 of program expenses.
- The Sanitation Fund generated \$6,141 in program revenues and \$5,844 of program expenses. An additional charge for recycling was approved by the City Council to cover the increase in recycling expenses in 2018.
- The Landfill Fund generated \$5,528 in program revenues and \$2,967 of program expenses.
- The Golf Course Fund generated \$79 in program revenue and \$132 in program expenses.
- The Ambulance Fund generated program revenues of \$3,099 and program expenses were \$2,960. Federal and State mandated Medicare and Medicaid write-offs significantly reduce ambulance revenues each year.

The following chart displays the source breakdown for program revenues that fund business-type activities. Approximately 91.2% of the total business-type activity is charges for services. Program specific grants and contributions generate 8.8% of total revenue for business-type activities.



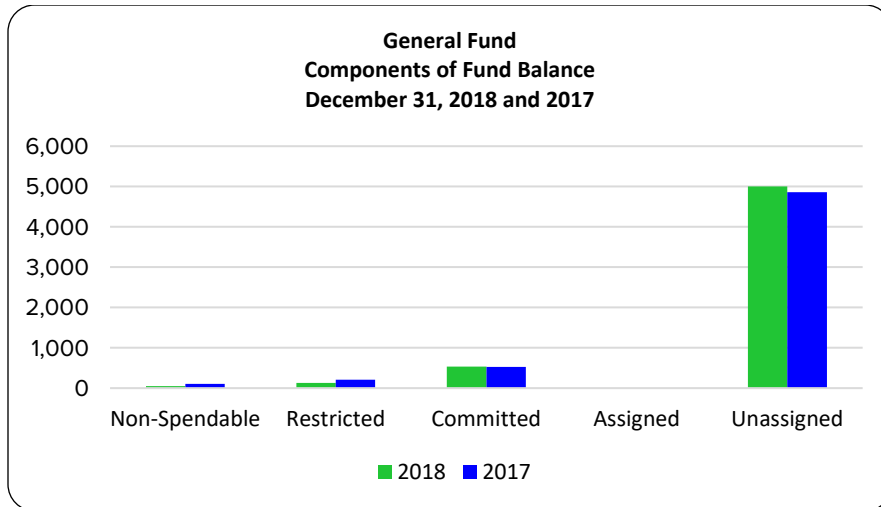
FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

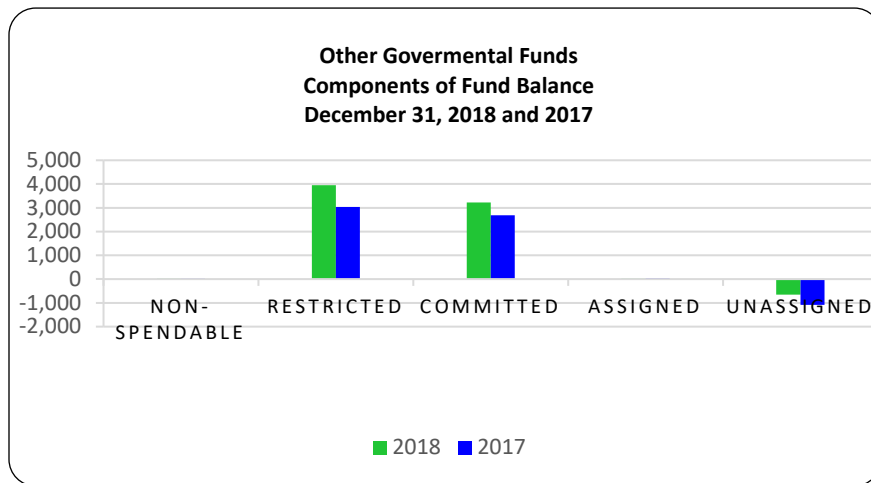
Governmental Funds. The focus of the City of Walla Walla’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Walla Walla’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary spending. Unassigned fund balance represents the portion of fund balance which has not been limited to use for a specific purpose.

At December 31, 2018, the City of Walla Walla’s governmental funds reported combined ending fund balances of \$12,278, an increase of \$1,901 (18.3%) in comparison with the prior year. The most significant portions of this increase are attributed to the cash position of the capital project funds \$1,807 (78.5%) and taxes receivable of \$1,859 (917.8%) over 2017. Approximately 35.4% of ending governmental fund balance (\$4,347) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$67), 2) restricted for specific purposes (\$4,080), 3) committed for purposes (\$3,762), or 4) assigned for purposes (\$21).

The General Fund is the chief operating fund of the City of Walla Walla. At the end of 2018, unassigned and committed fund balances of the General Fund were \$4,999 and \$534 respectively. The total fund balance increased to \$5,712 during 2018. As a measure of the General Fund’s liquidity, it is useful to compare both unassigned fund balance and total fund balance to total expenditures. Accordingly, the unassigned fund balance represents 15.5% of the total expenditures, while total fund balance represents 17.7% of that same amount.



The City’s General Fund balance increased \$7 (0.1%) during the 2018 fiscal year, this includes the 2017 prior period adjustment for state revenues. Key factors include total expenditures in the General Fund increased by \$1,698 over 2017. Cost of living salary and benefit increases for City employees and increased support of the homeless services make up most of the expenditure increases. Total revenue for the General Fund increased by \$3,063 compared to 2017. The increase in revenue is primarily due to the increase of \$976 (14.7%) in sales tax. Most of which, can be attributed to the opening of the Town Center Shopping Center in the spring of 2018. In addition, the General Fund had large increases in investment interest revenue and utility excise taxes. Overall revenues increased by 9.5% while total expenditures increased by 5.5%.



Other governmental funds have an overall unassigned deficit fund balance of \$652. The Parks Construction fund and LID bond fund had deficit fund balances of \$604 and \$48 respectively. Both fund deficits include outstanding capital construction interfund loan payable balances.

The committed fund balance for other non-major governmental funds is \$3,228, which is due to the City’s established Cemetery Reserve Fund and committed cash in the Street Fund for maintenance. For 2018, the year-end restricted fund balance is \$3,953, which is restricted for capital improvement, debt service, and drug related expenses. The assigned fund balance for other governmental funds is \$21.

Proprietary 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 for the major proprietary funds at year-end 2018 are as follows: Landfill \$5,303, Sanitation \$1,219 and Water/Wastewater was \$18,125. The total change in these major proprietary funds net position was \$2,401, (\$5), and \$6,789, respectively. As noted earlier, the increase in rates for Landfill, Sanitation, and Water/Wastewater during the current fiscal year were a significant reason for the increase in net position.

BUDGETARY HIGHLIGHTS (amounts not in thousands)

The City of Walla Walla budgets on a biennial process that adopts two one-year budgets at one time. 2018 was the second year of the 2017-2018 biennium. During this year there was a need for significant amendments to the original estimated budget for the following revenues:

- Increased Sales Tax revenue by \$301,620, the new retail shopping complex opened in the Spring of 2018.
- Increased Criminal and Law and Justice sales tax by a combined \$147,400, also due to increase in retail sales in Walla Walla.
- Increased Utility Excise Fees by \$191,680, due to increased revenues received by the utility funds.
- Reduced Business Licensing revenue by \$95,000, overestimated revenue to be collected by the State of Washington.
- Increased investment interest by \$470,000, an increase in the interest rate, and moving additional funds into investment opportunities outside of the Washington State LGIP.

Final Budget Compared to Actual Results. The most substantial differences between estimated General Fund revenues and actual revenues for fiscal year 2018 were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 21,804,832	\$ 21,903,214	\$ 98,382
Licenses and permits	1,178,890	1,250,113	71,223
Intergovernmental	2,023,235	2,195,067	171,832
Total	\$ 25,006,957	\$ 25,348,394	\$ 341,437

The increase in taxes was mostly due to the improved sales tax revenue, and the 1% increase in general property tax levy. In 2018, new construction added \$36,781,320 and annexed territory added \$38,932,854 in assessed value to the general levy. Licenses and permit revenue were higher due to new commercial and residential construction, and commercial alteration building permits, including the total overhaul of an existing hotel. A large portion of the intergovernmental revenue increase was attributed to the State Fire Mobilization revenue. Additional intergovernmental increases are as follows, Marijuana Excise Tax, CDBG Grant Funding, and other small grants in the Police Department. Overall, General Fund revenues, excluding transfers-in, were \$113,355 (0.3%) over final appropriations.

All General Fund departmental expenditures compared to the final 2018 budgeted appropriation yielded no significant variances. The General Fund expenditures, excluding transfers-out, were \$89,495 (0.3%) under final appropriations.

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, 2018 amounts to \$164,904 (net of accumulated depreciation). Capital asset investments include land, buildings, improvements, machinery, equipment, park facilities, roads, and bridges. The total increase in capital assets (net of accumulated depreciation) for the current fiscal year was \$18,736 (9.4%).

City of Walla Walla's Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$3,977	\$3,557	\$1,222	\$1,222	\$5,199	\$4,778
Construction in progress	1,371	957	20,365	5,906	21,736	6,863
Intangibles – water rights	-	-	225	225	225	225
Buildings	18,752	19,300	14,225	14,791	32,977	34,090
Improvements	8,178	8,051	6,266	6,775	14,444	14,825
Equipment	2,153	2,269	9,685	8,708	11,839	10,977
Infrastructure	48,562	47,449	83,598	80,647	132,160	128,097
Intangibles – software	7	-	6	-	13	-
Total Capital Assets	\$83,001	\$81,582	\$135,592	\$118,274	\$218,592	\$199,856

A portion of the increase in governmental capital assets was due to the acquisition of land and Right of Way (ROW) totaling \$420 (11.8%) that will be used to relocate the Sleep Center and capital street construction projects. Governmental construction-in-process increased by \$414 (43.2%), as a result of street construction projects. Business-type activities construction-in-progress increased by \$14,459 (244.8%). The largest portion of the increase is related to the improvement of the Water Treatment Plant, in which the City spent \$13,628 during 2018 and at year-end, the total project expenses were \$18,799. Additional Capital Asset information is in Note 6.

Debt Administration. At the end of 2018, the City of Walla Walla had total outstanding bonded debt of \$31,848, of that only \$25,458 is backed by the full faith and credit of the government. The remainder of the City of Walla Walla’s long-term obligations is comprised of revenue bonds, capital leases, construction loans and special assessment interfund loans.

City of Walla Walla Outstanding Debt General Obligation and Revenue Bonds						
	Government-type Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 15,444	\$ 16,580	\$ 10,014	\$ 11,017	\$ 25,458	\$ 27,596
WA/WW revenue bonds	-	-	6,390	-	6,390	-
Capital lease	-	-	165	203	165	203
Construction loans	-	-	6,561	8,614	6,561	8,614
Special assessment IF loan	82	107	-	-	82	107
Total	\$ 15,526	\$ 16,686	\$ 23,129	\$ 19,833	\$ 38,655	\$ 36,520

The City of Walla Walla's total debt increased by \$2,135 (5.8%) during 2018. The City issued 2018 Water/Wastewater Revenue Bonds with proprietary construction commitment and a face value of \$6,390. The new debt issuance was more than the regularly scheduled principal reductions on the City's existing outstanding debt.

The City of Walla Walla maintains an "AA" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 7.5% of the average full valuation. The current debt limitation for the City of Walla Walla is \$182,654,657 which is significantly more than City's outstanding general obligation debt. More detailed information regarding debt is in Note 10 and 12 of the footnotes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (amounts not in thousands)

The following economic factors affect the City of Walla Walla and were taken into consideration when developing the 2019 the first year of the (2019-2020 biennium) fiscal year budget.

The local economy has experienced a construction growth in residential and commercial properties that is predicted to continue through the end of 2019. When the City of Walla adopted its 2019-2020 biennial budget in 2018, City administrators and City Council estimated revenue and expenses based on the economic outlook for 2019. The City continually reviews its practices and streamlines processes as necessary.


An 8% increase in sales tax due to the opening of a new retail shopping center. A 1.8% increase in revenue derived from areas such as utility taxes and real estate excise taxes.

A general property tax increase of 1.0% to fund increases in recurring expenditure obligations. Based on current information from the County Assessor's Office, the 2019 general property tax levy of \$6,396,853 on a 2018 assessed valuation of \$2,634,807,052 includes an increase of \$55,590,330 from new construction and an increase from annexed territory of \$1,305,130 over 2017.

Water, wastewater and stormwater rates will increase 3.9%, 2.4% and 5.6% respectively on January 1, 2019. Landfill rates will increase by 3.9% and sanitation rates are budgeted to increase by 3.1% on March 1, 2019. Ambulance base rates will not increase in 2018, for the seventh year in a row.

The City has two of its three 2019 employment contracts under negotiation.

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.



“Wealth is the ability to fully experience life.”

-Henry David Thoreau

BASIC FINANCIAL STATEMENTS

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City of Walla Walla
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 11,204,018	\$ 29,797,547	\$ 41,001,565
Investments	4,957,323	9,579,837	14,537,160
Other receivables (net of allowance)	855,911	4,039,395	4,895,306
Prepays	52,159	311	52,470
Taxes receivables	2,104,122	-	2,104,122
Special assessment receivable	54,810	-	54,810
Interest receivable	28,163	-	28,163
Pledged receivable	57,500	-	57,500
Notes receivable	-	55,351	55,351
Inventories	-	1,067,125	1,067,125
Restricted cash:			
Temporarily restricted	-	1,656,950	1,656,950
Permanently restricted	16,545	-	16,545
Restricted investments	198,899	3,100,000	3,298,899
Net pension asset	6,207,404	1,271,543	7,478,947
Interfund loans receivable (payable)	(1,158,411)	1,158,411	-
Internal balances receivable (payable)	1,092,708	(1,092,708)	-
Capital assets not depreciated:			
Land	3,977,040	1,221,574	5,198,614
Construction in progress	1,370,520	20,365,200	21,735,720
Intangibles	-	225,307	225,307
Capital assets net of accumulated depreciation:			
Buildings and structures	18,752,227	14,224,825	32,977,052
Other improvements	8,178,255	6,265,517	14,443,772
Machinery and equipment	2,153,206	9,685,439	11,838,645
Infrastructure	48,562,188	83,598,118	132,160,306
Intangibles	7,091	5,853	12,944
Total assets	<u>\$ 108,671,678</u>	<u>\$ 186,225,595</u>	<u>\$ 294,897,273</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	\$ 1,640,101	\$ 467,082	\$ 2,107,183
OPEB	226,657	32,379	259,036
Debt refunding	537,430	-	537,430
Total deferred outflows of resources	<u>\$ 2,404,188</u>	<u>\$ 499,461</u>	<u>\$ 2,903,649</u>
LIABILITIES			
Accounts payable	\$ 1,100,898	\$ 2,417,313	\$ 3,518,211
Other accrued liabilities	1,587,123	798,970	2,386,093
Interest payable	38,520	144,588	183,108
Unearned revenue	345,568	-	345,568
Noncurrent liabilities:			
Due within one year	2,633,974	3,789,780	6,423,754
Due in more than one year	40,506,385	48,726,854	89,233,239
Total liabilities	<u>\$ 46,212,468</u>	<u>\$ 55,877,505</u>	<u>\$ 102,089,973</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 3,680,736	\$ 1,005,790	\$ 4,686,526
OPEB	521,967	74,567	596,534
Special assessments	54,810	-	54,810
Pledged revenue	57,500	-	57,500
Total deferred inflows of resources	<u>\$ 4,315,013</u>	<u>\$ 1,080,357</u>	<u>\$ 5,395,370</u>
NET POSITION			
Net investment in capital assets	\$ 67,026,138	\$ 97,877,415	\$ 164,903,553
Net position restricted for:			
Community services	819,252	-	819,252
Debt service	597,016	-	597,016
Capital projects	2,664,218	-	2,664,218
Library Trusts:			
Expendable	11,684	-	11,684
Nonexpendable	16,545	-	16,545
Remediation	-	599,311	599,311
Net position unrestricted	(10,586,468)	31,290,468	20,704,000
Total net position	<u>\$ 60,548,385</u>	<u>\$ 129,767,194</u>	<u>\$ 190,315,579</u>

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, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,593,748	\$ 773,343	\$ 377,957	\$ -	\$ (2,442,448)		\$ (2,442,448)
Public safety	14,815,944	606,831	2,181,440	54,546	(11,973,127)		(11,973,127)
Utilities and environment	3,038,880	2,378,726	-	26,939	(633,215)		(633,215)
Transportation	6,026,744	308,820	1,488,110	1,826,543	(2,403,271)		(2,403,271)
Economic environment	2,145,950	1,371,647	-	-	(774,303)		(774,303)
Culture and recreation	4,609,347	858,236	164,441	212,500	(3,374,170)		(3,374,170)
Social services	149,626	-	593	125,000	(24,033)		(24,033)
Interest expense	533,032	-	-	-	(533,032)		(533,032)
Total governmental activities	34,913,271	6,297,603	4,212,541	2,245,528	(22,157,599)		(22,157,599)
Business-type activities:							
Ambulance	2,959,794	1,259,289	1,839,928	-		139,423	139,423
Golf course	132,487	78,690	-	-		(53,797)	(53,797)
Landfill	2,966,771	5,398,131	129,674	-		2,561,034	2,561,034
Sanitation	5,843,735	6,117,353	23,747	-		297,365	297,365
Stormwater	1,974,405	2,630,835	184,861	291,213		1,132,504	1,132,504
Water/Wastewater	16,763,198	24,097,340	19,200	1,334,863		8,688,205	8,688,205
Total business-type activities	30,640,390	39,581,638	2,197,410	1,626,076	-	12,764,734	12,764,734
Total primary government	\$ 65,553,661	\$ 45,879,241	\$ 6,409,951	\$ 3,871,604	(22,157,599)	12,764,734	(9,392,865)
General revenues:							
Taxes:							
Property tax, levied for general purposes					6,338,394	-	6,338,394
Property tax, levied for debt service					1,565,937	-	1,565,937
Sales and use taxes					10,095,356	-	10,095,356
Business and occupation taxes					2,969,226	-	2,969,226
Utility excise tax					4,855,631	-	4,855,631
Gambling taxes					53,634	-	53,634
Real estate excise taxes					548,502	-	548,502
Leasehold taxes					43,731	-	43,731
Tourism promotion tax					355,706	-	355,706
Grants and contributions not restricted to specific programs					683,242	-	683,242
Unrestricted investment earnings					794,802	168,747	963,549
Miscellaneous					6,030	12,665	18,695
Gain on sale of capital assets					-	47,367	47,367
Transfers					1,561,063	(1,561,063)	-
Total general revenues and transfers					29,871,254	(1,332,284)	28,538,970
Change in net position					7,713,655	11,432,450	19,146,105
Net position - beginning					62,206,358	121,347,298	183,553,656
Adjustment for prior period					(9,371,628)	(3,012,554)	(12,384,182)
Adjusted net position - beginning					52,834,730	118,334,744	171,169,474
Net position - ending					\$ 60,548,385	\$ 129,767,194	\$ 190,315,579

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

**City of Walla Walla
Balance Sheet
Governmental Funds
December 31, 2018**

	General Fund	Other Governmental	Total Governmental
ASSETS			
Cash and equivalents	\$ 2,568,406	\$ 6,303,835	\$ 8,872,241
Restricted cash and equivalents	-	16,545	16,545
Restricted investments	-	198,899	198,899
Investments	3,366,128	994,497	4,360,625
Taxes receivable (net)	1,461,352	599,955	2,061,307
Other receivables (net)	712,691	129,527	842,218
Special assessments receivable	-	54,810	54,810
Interest receivable	25,096	2,350	27,446
Pledged receivable	-	57,500	57,500
Interfund loan receivable	441,773	-	441,773
Prepays	50,719	-	50,719
Total assets	<u>\$ 8,626,165</u>	<u>\$ 8,357,918</u>	<u>\$ 16,984,083</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES			
Liabilities:			
Accounts payable	\$ 424,676	\$ 615,775	\$ 1,040,451
Other accrued liabilities	1,347,555	134,958	1,482,513
Interfund loans payable	695,657	904,527	1,600,184
Unearned revenues	345,568	-	345,568
Total liabilities	<u>\$ 2,813,456</u>	<u>\$ 1,655,260</u>	<u>\$ 4,468,716</u>
Deferred inflows of resources:			
Property taxes	\$ 100,991	\$ 23,900	\$ 124,891
Special assessments	-	54,810	54,810
Pledged revenue	-	57,500	57,500
Total deferred inflows of resources	<u>\$ 100,991</u>	<u>\$ 136,210</u>	<u>\$ 237,201</u>
Fund balances:			
Nonspendable	\$ 50,719	\$ 16,545	\$ 67,264
Restricted	127,503	3,952,983	4,080,486
Committed	534,017	3,228,232	3,762,249
Assigned	-	20,715	20,715
Unassigned	4,999,479	(652,027)	4,347,452
Total fund balances	<u>\$ 5,711,718</u>	<u>\$ 6,566,448</u>	<u>\$ 12,278,166</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,626,165</u>	<u>\$ 8,357,918</u>	

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

City of Walla Walla
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2018

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

Total fund balances - governmental funds	\$	12,278,166
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		80,143,503
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(37,935,234)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		124,891
Internal service funds are used by management to charge the costs of health and industrial insurance and emergency communication services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		5,867,302
The net pension asset, liability, deferred outflows and deferred inflows are reported in the government-wide statements of net position but not in the governmental balance sheet.		69,757
Net position of governmental activities	<u>\$</u>	<u>60,548,385</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, 2018

	<u>General Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES			
Sales tax	\$ 7,635,380	\$ 2,459,976	\$ 10,095,356
Property tax	6,345,612	1,565,502	7,911,114
Other tax	7,922,222	904,208	8,826,430
Licenses and permits	1,250,113	307,430	1,557,543
Intergovernmental revenues	2,195,067	2,627,881	4,822,948
Charges for goods and services	8,575,155	276,473	8,851,628
Fines and forfeitures	183,163	7,770	190,933
Miscellaneous revenues	1,097,221	363,155	1,460,376
Total revenues	<u>\$ 35,203,933</u>	<u>\$ 8,512,395</u>	<u>\$ 43,716,328</u>
EXPENDITURES			
Current:			
General government	\$ 8,758,683	\$ 17,351	\$ 8,776,034
Public safety	15,165,900	37,468	15,203,368
Utilities and environment	3,204,005	-	3,204,005
Transportation	-	3,372,661	3,372,661
Economic environment	703,935	1,456,828	2,160,763
Culture and recreation	4,217,586	69,396	4,286,982
Social services	149,626	-	149,626
Debt service:			
Principal retirement	-	1,135,806	1,135,806
Interest	12,790	515,708	528,498
Administrative charges	-	1,137	1,137
Capital outlay:			
General government	31,402	26,243	57,645
Public safety	17,201	68,286	85,487
Transportation	-	4,029,456	4,029,456
Culture and recreation	74,310	-	74,310
Social services	5,224	-	5,224
Total expenditures	<u>\$ 32,340,662</u>	<u>\$ 10,730,340</u>	<u>\$ 43,071,002</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,863,271</u>	<u>\$ (2,217,945)</u>	<u>\$ 645,326</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 254,738	\$ 5,509,768	\$ 5,764,506
Transfers out	(3,111,779)	(1,397,649)	(4,509,428)
Insurance recoveries	214	-	214
Total other financing sources and uses	<u>\$ (2,856,827)</u>	<u>\$ 4,112,119</u>	<u>\$ 1,255,292</u>
Net change in fund balances	6,444	1,894,174	1,900,618
Fund balances -- beginning	5,705,274	4,672,274	10,377,548
Fund balances -- ending	<u>\$ 5,711,718</u>	<u>\$ 6,566,448</u>	<u>\$ 12,278,166</u>

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

City of Walla Walla
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2018

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

Net change in fund balances - total governmental funds (above)	\$ 1,900,618
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.	596,710
The net effect of various miscellaneous transaction involving capital asses (i.e., sales and donations) is to increase net assets.	761,779
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.	1,132,409
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,783)
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.	2,311,695
Internal service funds are used by management to charge the costs of emergency communications, health and industrial insurance to individual funds. The net revenue (loss) of certain activities of internal service funds is reported in the governmental activities.	1,017,227
Change in net position of governmental activities.	<u>\$ 7,713,655</u>

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

**City of Walla Walla
Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-type Activities - Major Enterprise Funds			Other Enterprise	Total Enterprise	Total Internal Service
	Sanitation	Water/Wastewater	Landfill			
ASSETS						
Current assets:						
Cash and equivalents	\$ 556,256	\$ 19,778,927	\$ 4,646,069	\$ 1,601,938	\$ 26,583,190	\$ 5,546,134
Investments	845,322	3,878,538	1,275,787	99,450	6,099,097	4,077,438
Taxes receivables (net)	-	-	-	-	-	42,815
Other receivables (net)	382,658	2,853,467	356,753	428,961	4,021,839	31,249
Interest receivable	-	-	-	-	-	717
Interfund loans receivable	-	-	-	-	-	730,797
Inventories	-	974,973	-	-	974,973	92,152
Restricted cash and cash equivalents	-	-	821,306	-	821,306	-
Restricted investments	-	-	3,100,000	-	3,100,000	-
Prepays	-	277	34	-	311	1,440
Total current assets	<u>1,784,236</u>	<u>27,486,182</u>	<u>10,199,949</u>	<u>2,130,349</u>	<u>41,600,716</u>	<u>10,522,742</u>
Noncurrent assets:						
Restricted cash and equivalents	-	-	835,644	-	835,644	-
Net pension asset	-	-	-	1,271,543	1,271,543	-
Long-term receivable	-	-	55,351	-	55,351	-
Interfund loans receivable	-	-	-	-	-	1,608,304
Capital assets not being depreciated:						
Land	-	572,495	593,664	55,415	1,221,574	135,600
Construction in progress	-	20,039,837	212,506	112,857	20,365,200	111,511
Intangibles	-	225,307	-	-	225,307	-
Capital assets being depreciated:						
Buildings and structures	-	30,179,789	863,967	371,006	31,414,762	4,253,741
Improvements other than buildings	-	1,871,057	7,152,820	1,358,317	10,382,194	16,212
Machinery and equipment	28,906	2,208,600	285,020	234,572	2,757,098	20,550,548
Infrastructure	-	112,719,351	745,000	6,906,806	120,371,157	96,187
Intangibles	-	7,024	-	-	7,024	-
Less accumulated depreciation	(25,297)	(54,304,876)	(4,010,310)	(1,344,852)	(59,685,335)	(13,773,923)
Total capital assets (net)	<u>3,609</u>	<u>113,518,584</u>	<u>5,842,667</u>	<u>7,694,121</u>	<u>127,058,981</u>	<u>11,389,876</u>
Total noncurrent assets	<u>3,609</u>	<u>113,518,584</u>	<u>6,733,662</u>	<u>8,965,664</u>	<u>129,221,519</u>	<u>12,998,180</u>
Total assets	<u>\$ 1,787,845</u>	<u>\$ 141,004,766</u>	<u>\$ 16,933,611</u>	<u>\$ 11,096,013</u>	<u>\$ 170,822,235</u>	<u>\$ 23,520,922</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	\$ 58,316	\$ 136,619	\$ 60,263	\$ 183,295	\$ 438,493	\$ 136,832
OPEB	-	-	-	32,379	32,379	-
Total deferred outflows of resources	<u>\$ 58,316</u>	<u>\$ 136,619</u>	<u>\$ 60,263</u>	<u>\$ 215,674</u>	<u>\$ 470,872</u>	<u>\$ 136,832</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 109,473	\$ 2,164,054	\$ 86,179	\$ 39,678	\$ 2,399,384	\$ 78,376
Other accrued liabilities	51,275	592,811	71,888	205,256	921,230	126,938
Industrial insurance claims	-	-	-	-	-	18,000
Compensated absences	55,297	109,735	54,615	103,652	323,299	127,651
Pollution remediation payable from restricted assets	-	-	123,172	-	123,172	-
Current portion long-term debt	-	2,642,877	647,549	24,742	3,315,168	-
Interfund loans payable	-	88,864	166,792	141,024	396,680	-
Total current liabilities	<u>216,045</u>	<u>5,598,341</u>	<u>1,150,195</u>	<u>514,352</u>	<u>7,478,933</u>	<u>350,965</u>
Noncurrent liabilities:						
Industrial insurance claims	-	-	-	-	-	120,001
Compensated absences	-	30,173	2,407	88,205	120,785	19,104
Net pension liability	297,013	695,819	306,929	482,193	1,781,954	696,902
OPEB liability	-	-	-	2,599,748	2,599,748	-
Landfill closure payable from restricted assets	-	-	3,181,868	-	3,181,868	-
Pollution remediation payable from restricted assets	-	-	1,145,376	-	1,145,376	-
Federal DWSRF LT2	-	19,024,469	-	-	19,024,469	-
Long-term debt	-	16,655,962	3,960,613	109,437	20,726,012	-
Interfund loans payable	-	181,495	-	602,515	784,010	-
Total noncurrent liabilities	<u>297,013</u>	<u>36,587,918</u>	<u>8,597,193</u>	<u>3,882,098</u>	<u>49,364,222</u>	<u>836,007</u>
Total liabilities	<u>\$ 513,058</u>	<u>\$ 42,186,259</u>	<u>\$ 9,747,388</u>	<u>\$ 4,396,450</u>	<u>\$ 56,843,155</u>	<u>\$ 1,186,972</u>
DEFERRED INFLOWS OF RESOURCES						
Pensions	\$ 110,919	\$ 259,852	\$ 114,622	\$ 466,022	\$ 951,415	\$ 260,256
OPEB	-	-	-	74,567	74,567	-
Total deferred inflows of resources	<u>\$ 110,919</u>	<u>\$ 259,852</u>	<u>\$ 114,622</u>	<u>\$ 540,589</u>	<u>\$ 1,025,982</u>	<u>\$ 260,256</u>
NET POSITION						
Net investment in capital assets	\$ 3,609	\$ 80,570,086	\$ 1,229,976	\$ 7,540,892	\$ 89,344,563	\$ 11,389,876
Restricted for remediation	-	-	599,311	-	599,311	-
Unrestricted	1,218,575	18,125,188	5,302,577	(1,166,244)	23,480,096	10,820,650
Total net position	<u>\$ 1,222,184</u>	<u>\$ 98,695,274</u>	<u>\$ 7,131,864</u>	<u>\$ 6,374,648</u>	<u>\$ 113,423,970</u>	<u>\$ 22,210,526</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					16,343,224	
Net position of business-type activities					<u>\$ 129,767,194</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, 2018

	Business-type Activities - Major Enterprise Funds			Other Enterprise	Total Enterprise	Total Internal Service
	Sanitation	Water/Wastewater	Landfill			
Operating revenues:						
Licenses and permits	\$ 3,598	\$ -	\$ -	\$ -	\$ 3,598	\$ -
Intergovernmental revenues	-	-	80,913	1,911,260	1,992,173	2,562,550
Charges for goods and services	6,112,103	23,964,267	5,381,508	3,916,135	39,374,013	2,113
Miscellaneous revenues	1,652	78,381	-	52,519	132,552	-
Interfund charges	-	-	-	-	-	10,225,292
Total operating revenues	<u>\$ 6,117,353</u>	<u>\$ 24,042,648</u>	<u>\$ 5,462,421</u>	<u>\$ 5,879,914</u>	<u>\$ 41,502,336</u>	<u>\$ 12,789,955</u>
Operating expenses:						
Depreciation	\$ 917	\$ 2,836,900	\$ 468,180	\$ 183,121	\$ 3,489,118	\$ 1,137,691
Salaries and wages	630,201	1,411,899	674,208	2,029,268	4,745,576	1,411,781
Personnel benefits	267,456	555,792	278,267	552,525	1,654,040	6,201,292
Supplies	158,598	541,766	80,383	216,551	997,298	957,951
Services and charges	2,503,740	3,148,911	482,912	366,154	6,501,717	989,222
Intergovernmental services	872,624	3,935,872	761,830	406,850	5,977,176	-
Interfund service payments	1,711,802	3,791,089	1,233,891	1,492,539	8,229,321	592,009
Total operating expenses	<u>\$ 6,145,338</u>	<u>\$ 16,222,229</u>	<u>\$ 3,979,671</u>	<u>\$ 5,247,008</u>	<u>\$ 31,594,246</u>	<u>\$ 11,289,946</u>
Operating income (loss)	<u>\$ (27,985)</u>	<u>\$ 7,820,419</u>	<u>\$ 1,482,750</u>	<u>\$ 632,906</u>	<u>\$ 9,908,090</u>	<u>\$ 1,500,009</u>
Nonoperating revenues (expenses):						
Intergovernmental revenues	\$ -	\$ 19,200	\$ 38,011	\$ 94,528	\$ 151,739	\$ -
Miscellaneous revenues	(625)	175,459	18,462	21,328	214,624	75,841
Gain (loss) on sale of capital assets	-	(176,802)	-	-	(176,802)	47,367
Insurance recoveries	23,747	-	10,750	-	34,497	10,495
Debt service - principal	-	(5,912)	-	-	(5,912)	-
Adjustment to landfill closure liability	-	-	301,976	-	301,976	-
Adjustment to pollution remediation liability	-	-	693,626	-	693,626	-
Debt service - interest	-	(503,484)	(144,354)	(22,518)	(670,356)	-
Total non-operating revenue (expenses)	<u>\$ 23,122</u>	<u>\$ (491,539)</u>	<u>\$ 918,471</u>	<u>\$ 93,338</u>	<u>\$ 543,392</u>	<u>\$ 133,703</u>
Income (loss) before contributions and transfers	<u>\$ (4,863)</u>	<u>\$ 7,328,880</u>	<u>\$ 2,401,221</u>	<u>\$ 726,244</u>	<u>\$ 10,451,482</u>	<u>\$ 1,633,712</u>
Capital contributions	-	1,328,347	-	291,213	1,619,560	-
Transfers in	-	-	-	242,284	242,284	701,985
Transfers out	-	(1,868,109)	-	-	(1,868,109)	(331,238)
Change in net position	<u>(4,863)</u>	<u>6,789,118</u>	<u>2,401,221</u>	<u>1,259,741</u>	<u>10,445,217</u>	<u>2,004,459</u>
Adjusted net position -- beginning	<u>1,227,047</u>	<u>91,906,156</u>	<u>4,730,643</u>	<u>5,114,907</u>	<u>102,978,753</u>	<u>20,206,067</u>
Total net position -- ending	<u>\$ 1,222,184</u>	<u>\$ 98,695,274</u>	<u>\$ 7,131,864</u>	<u>\$ 6,374,648</u>	<u>\$113,423,970</u>	<u>\$ 22,210,526</u>
					\$ 10,445,217	
					987,233	
					<u>\$ 11,432,450</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, 2018**

	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	\$ 6,123,576	\$ 23,787,982	\$ 5,382,667	\$ 5,787,445	\$ 41,081,670	\$ 3,004,655
Cash from interfund services	-	51,391	-	-	51,391	10,225,292
Cash from other receipts	25,399	81,128	108,285	227,374	442,186	17,986
Payments to suppliers	(3,555,157)	(6,650,092)	(1,444,155)	(969,211)	(12,618,615)	(7,390,828)
Payments to employees	(961,082)	(2,115,806)	(1,019,342)	(2,895,776)	(6,992,006)	(2,133,736)
Payments for interfund services	(1,711,802)	(3,791,089)	(1,233,891)	(1,492,539)	(8,229,321)	(592,009)
Net cash provided by operating activities	\$ (79,066)	\$ 11,363,514	\$ 1,793,564	\$ 657,293	\$ 13,735,305	\$ 3,131,360
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from grants and contributions	-	19,200	110,602	94,528	224,330	772
Proceeds (repayments) from interfund loan	-	-	-	141,773	141,773	-
Transfers in	-	-	-	30,000	30,000	305,985
Transfers out	-	(10,948)	-	-	(10,948)	(331,238)
Total cash flows from noncapital financing	\$ -	\$ 8,252	\$ 110,602	\$ 266,301	\$ 385,155	\$ (24,481)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	20,759,860	-	-	20,759,860	400,385
Proceeds from capital grants and contributions	-	981,020	-	57,427	1,038,447	183,300
Proceeds from sale of capital assets	-	-	-	-	-	47,367
Purchase of capital assets	-	(18,668,253)	(130,671)	(549,299)	(19,348,223)	(2,245,740)
Principal paid on capital debt	-	(9,837,135)	(802,733)	(66,621)	(10,706,489)	-
Interest paid on capital debt	-	(472,244)	(145,551)	(22,561)	(640,356)	-
Payments for landfill closure and remediation	-	-	(995,602)	-	(995,602)	-
Landfill closure and post-closure care	-	-	301,976	-	301,976	-
Pollution remediation	-	-	693,626	-	693,626	-
Transfers in	-	-	-	212,284	212,284	396,000
Transfers out	-	(1,857,161)	-	-	(1,857,161)	-
Total cash flows from capital and related financing	\$ -	\$ (9,093,913)	\$ (1,078,955)	\$ (368,770)	\$ (10,541,638)	\$ (1,218,688)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	-	-	-	-	149,358
Change in fair value of investments	36	27	(5,332)	2,241	(3,028)	17,151
Interest received	-	117,119	1,840	-	118,959	558
Total cash flows from investing activities	\$ 36	\$ 117,146	\$ (3,492)	\$ 2,241	\$ 115,931	\$ 167,067
Net increase (decrease) in cash and equivalents	\$ (79,030)	\$ 2,394,999	\$ 821,719	\$ 557,065	\$ 3,694,753	\$ 2,055,258
Beginning cash and cash equivalents	\$ 635,286	\$ 17,383,928	\$ 5,481,300	\$ 1,044,873	\$ 24,545,387	\$ 3,490,876
Ending cash and cash equivalents	\$ 556,256	\$ 19,778,927	\$ 6,303,019	\$ 1,601,938	\$ 28,240,140	\$ 5,546,134
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (27,985)	\$ 7,820,419	\$ 1,482,750	\$ 543,368	\$ 9,818,552	\$ 1,500,009
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	917	2,836,900	468,180	183,121	3,489,118	1,137,691
(Increase) decrease in accounts receivable	7,875	(176,050)	1,193	115,894	(51,088)	103,547
(Increase) decrease in inventories	-	(18,643)	-	-	(18,643)	(20,630)
(Increase) decrease in prepaid expenses	-	(235)	(34)	-	(269)	722,028
Increase (decrease) in accounts payable	(20,195)	995,100	(119,030)	20,344	876,219	(26,888)
Increase (decrease) in other receipts	23,747	54,138	27,372	19,011	124,268	(167,906)
Increase (decrease) in salaries and benefits	(4,196)	20,166	12,929	17,853	46,752	17,994
Increase (decrease) in pension adjustment	(59,229)	(168,281)	(79,796)	(242,298)	(549,604)	(134,485)
Net cash provided by operating activities	\$ (79,066)	\$ 11,363,514	\$ 1,793,564	\$ 657,293	\$ 13,735,305	\$ 3,131,360
Noncash investing, capital, and financing activities						
Contribution of capital assets from developers	\$ -	\$ 353,845	\$ -	\$ 233,786	\$ 587,631	\$ -

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, 2018**

	Pension and Other Employee Benefits
ASSETS	
Cash and equivalents	\$ 458,754
Total assets	\$ 458,754
LIABILITIES	
Accounts payable	\$ 9,298
Other accrued liabilities	14,353
Total liabilities	\$ 23,651
NET POSITION	
Restricted for:	
Pensions	\$ 87,760
OPEB	347,343
Total net position	\$ 435,103

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, 2018

	<u>Pension and Other Employee Benefits</u>
ADDITIONS	
Contributions:	
Fire insurance premium tax payment from general fund	\$ 50,006
Employer contributions	<u>582,475</u>
Total contributions	<u><u>632,481</u></u>
DEDUCTIONS	
Personnel benefits	\$ 591,355
Services and charges	<u>12,175</u>
Total deductions	<u>603,530</u>
Change in net position	28,951
Net position -- beginning of the year	<u>406,152</u>
Net position -- end of the year	<u><u>\$ 435,103</u></u>

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

CITY OF WALLA WALLA
Notes to the Financial Statements
December 31, 2018

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 City, Council-Manager form of government. Walla Walla is served by a full-time City Manager appointed by a part-time Council of seven members who are elected at-large to staggered/alternating, four-year terms, including the Mayor who is elected to the position by the Council. The City provides a full range of municipal services authorized by State law, such as public safety, ambulance, a library, street maintenance and construction, parks and recreation, planning and zoning, permits and inspections, sanitation, general administration, and water/wastewater services. The City contracts for operation and maintenance of the municipal golf course and operation of the wastewater treatment plant.

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 City Council is responsible for appointing three of the seven board members for the Walla Walla Valley Transit, but the accountability for this organization does not extend beyond making the appointments.
- The City Council is also responsible for appointing the members of the board of the Walla Walla Housing Authority, but the accountability for this organization does not extend beyond making the appointments. RCW 35.82.030 establishes rules governing the Housing Authority.

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

The government-wide statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. 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.

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

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are interfund charges for governmental services, including utilities and certain internal services, have not been eliminated. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate fund financial statements are provided for governmental funds, 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.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.

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.

The pension and other employee benefit trust funds are used to account for pension and medical costs for retired Fire Department employees qualified under State statutes.

C. Measurement Focus, Basis of Accounting

1. Government-Wide and Governmental Funds

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon 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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, franchise taxes, licenses, and interest associated within the current period are all considered susceptible to accrual and 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. All other revenue items are considered to be measurable and available only when the cash is received by the City.

2. Proprietary Funds

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing 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 of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for the fiscal periods which correspond to the lives of debt issues or projects.

The appropriated budget is prepared by fund, function, and department. The fund level is the legal level for budgetary control. Appropriations generally lapse at year-end, except for appropriations for capital outlays, which may be carried forward from year-to-year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

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

2. Amending the Budget

The City Manager is authorized to transfer from fund balance and to transfer budgeted amounts between departments within any fund. However, revisions which alter the total revenue of the City must be approved by the City Council and adopted by ordinance. When the Walla Walla City Council determines it is in the best interest of the City to increase or decrease the appropriation for a fund, it may do so by ordinance approved by one more than the majority. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

3. Excess of Expenditures over Appropriations

For the year ended December 31, 2018, the General Fund did not exceed the appropriated amount.

4. Deficit Fund Net Position

The Local Improvement District (LID) Bond Fund showed a deficit fund balance of (\$47,842) at December 31, 2018. 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 \$81,848 and will be redeemed with annual assessment proceeds.

The Parks Construction Fund showed a deficit fund balance of (\$604,185) at December 31, 2018. 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 \$750,000 and will be repaid with private donations, real estate excise tax proceeds and General Fund contributions within the four-year loan term.

The Ambulance Fund showed a deficit fund balance of (\$2,465,293) at December 31, 2018. This resulted from the City adopting GASB 75 - Other Post Employment Benefits (OPEB). The Ambulance Fund presented the allocation of the deferred outflows, OPEB Liability and deferred inflows of resources related to the retired LEOFF 1 medical benefits.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Equivalents

It is the City's policy to invest all temporary cash surpluses. On December 31, 2018, the State LGIP was holding \$41,027,388 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to various funds.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in-lieu-of payments for services rendered. The average month-end compensating balance maintained during 2018 was \$3,668,627. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

See Note 4, *Deposits and Investments*.

3. Receivables

Taxes receivable consists of property taxes and other taxes and related interest and penalties (see Note 5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. As of December 31, 2018, \$0 of special assessments receivable were delinquent.

Customer accounts receivable: Consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund loans receivable/payable* or *advances to/from other funds*. All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Note 14, *Interfund Balances and Transfers*.

5. Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

Inventories in proprietary funds are valued by the FIFO (first-in-first-out) method.

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

6. Restricted Assets and Liabilities

These accounts contain resources for construction and debt service in enterprise funds. Specific debt service reserve requirements are described in Note 10, *Long-Term Debt*.

The restricted assets of the enterprise funds are composed of the following:

Cash and Investments – Closure, Post-closure and Remediation	\$4,756,950
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7. Capital Assets

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

Costs for additions or improvements to capital assets are capitalized when the effectiveness or efficiency of the asset is increased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

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

See Note 6, *Capital Assets*, for additional detail.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Deferred charges on debt refunding result from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension plans are discussed in detail in Note 8, *Pension Plans*.

In addition to liabilities, the Statement of Net Position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Deferred inflows related to pension plans are discussed in detail in Note 8, *Pension Plans*.

9. Compensated Absences

Compensated absences are paid time off work, such as vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation, sick, and compensatory time is earned based on the terms of the personnel policy and collective bargaining agreements (CBA). At employment termination, accrued but unused leave time is paid in accordance with the personnel policy and CBA.

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.

Other Post-Employment Benefits: Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contribution is reported in the Statement of Net Position. The actual medical costs are reported as expenditures in the year they are incurred and are paid out of the general and firemen's medical funds.

11. Other Accrued Liabilities

These accounts consist of accrued wages and employee benefits, deposits, and retainage payable.

12. Long-Term Debt

See Note 10, *Long-Term Debt*.

13. Unearned Revenue

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met. As of December 31, 2018, unearned revenue reported in the governmental funds were as follow:

Cemetery Preneed Services	\$324,386
Engineering Deposits	19,469
Parks Gift Certificates Outstanding	1,713
Total Unearned Revenue	<u>\$345,568</u>

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 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, 2018 were as follows:

Fund Balances	General Fund	Other Governmental	Total Governmental
Nonspendable:			
Prepays	\$50,719	\$ -	\$50,719
Library trusts	-	16,545	16,545
Restricted for:			
Community services	127,503	691,749	819,252
Debt service	-	597,016	597,016
Capital projects	-	2,664,218	2,664,218
Committed to:			
Community enforcement and development	534,017	342,826	876,843
Cemetery	-	616,501	616,501
Debt service	-	37,814	37,814
Streets	-	1,224,093	1,224,093
Capital projects	-	1,006,998	1,006,998
Assigned to:			
Cemetery and library	-	13,605	13,605
Capital projects	-	7,110	7,110
Unassigned:	4,999,479	(652,027)	4,347,452
Total fund balances:	<u>\$5,711,718</u>	<u>\$6,566,448</u>	<u>\$12,278,166</u>

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 fund balance sheet includes a 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 details of this are as follows:

Land	\$ 3,841,440
Construction in progress	1,259,009
Buildings	23,444,634
Less: accumulated depreciation-buildings	(7,152,329)
Other improvements	10,311,129
Less: accumulated depreciation-other improvements	(2,143,344)
Equipment	4,671,679
Less: accumulated depreciation-equipment	(2,599,715)
Intangibles	7,294
Less: accumulated depreciation-intangibles	(203)
Infrastructure	88,570,215
Less: accumulated depreciation-infrastructure	(40,066,306)

Net adjustment to increase *fund balance - total governmental funds*
to arrive at *net position - governmental activities*

\$ 80,143,503

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

Bonds payable	\$ (15,443,838)
Bond premiums	(1,009,926)
Interest payable	(38,520)
Debt refunding	537,430
Compensated absences	(1,554,716)
OPEB deferred outflows/inflows	(295,310)
OPEB liability	(18,198,244)
Firemens’ pension liability	(1,932,110)

Net adjustment to reduce *fund balance - total government funds*
to arrive at *net position - governmental activities*

\$ (37,935,234)

B. Explanation of certain differences between the governmental fund 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 a

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 these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 4,263,189
Depreciation expense	(3,666,479)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 596,710

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.” The details of this difference are as follows:

In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. \$ (94,538)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 856,317

Net adjustment to increase <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 761,779
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The issuance of long-term debt 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 principal repayments	\$ 1,135,806
Debt service interest	(38,520)
Amortization of bond premiums	83,980
Amortization of refunded debt	(48,857)
Net adjustment to increase net changes in fund balances - <i>total governmental funds</i> to arrive at changes in <i>net position</i> of governmental activities	\$ 1,132,409

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:

Compensated absences	\$ (53,310)
Net OPEB liability	473,202
Net firemens' pension liability	150,798
Net State pension obligations	1,741,005
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 2,311,695

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

Cash on hand at December 31, 2018 was \$7,511. The City of Walla Walla does not have certificates of deposit, thus no carrying value is reported. The bank balance was \$43,457,651.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The City of Walla Walla’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City’s deposits. The deposit balances over \$250,000 are insured by the WPDPC.

Deposits	Balance on 12/31/2018
Baker Boyer Bank	\$2,405,929
Total FDIC Insured or PFCP Bank Deposits	\$2,405,929

The City does not have a formal policy for custodial risk beyond the requirements of state statute. Washington state law restricts deposit of funds in financial institutions physically located in Washington unless otherwise expressly permitted by statute and authorized by the WPDPC.

B. Investments

Investments Not Measured at Fair Value

As of December 31, 2018, the City held the following investments at amortized costs:

Security Type	Cost at 12/31/2018
Washington State Local Government Investment Pool (LGIP)	\$41,027,388

Investments are shown on the Government-wide Statement of Net Position at fair value. Investments are reported within Cash and Investments of Governmental Activities and within Cash and Cash Equivalents or Investments of Business-type Activities.

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity,

quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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

Investments Measured at Fair Value

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

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

The fair values and levels noted in the following table have been provided by the City’s investment advisor Government Portfolio Advisors (GPA). At December 31, 2018, the City had the following investments measured at fair value:

Investment Type	Fair Value 12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury	\$13,374,269	\$ 13,374,269	\$ -	\$ -
Government Sponsored Enterprise (GSE's)	4,461,791	-	4,461,791	-
Total	\$17,836,059	\$13,374,269	\$ 4,461,791	\$ -

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 time 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, 2018, the City held no investments in commercial paper or local government bonds.

The following table identifies the credit risk of the City’s investment portfolio as of December 31, 2018:

Credit Risk	Ratings		Fair Value
	Moody's	S&P	
Local Government Investment Pool	Unrated	Unrated	\$41,027,388
U.S Treasury Notes	Aaa	AA+	13,374,269
Government Sponsored Enterprises			
Federal National Mortgage Association	Aaa	AA+	1,480,797
Federal Home Loan Bank	Aaa	AA+	2,980,994
Total			\$58,863,447

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.

Maturities Investment Type	Maturity (in years)		
	Fair Value	Less than 1 year	1-5 year
US Treasury	\$13,374,269	\$8,931,575	\$4,442,694
Government Sponsored Enterprise (GSE's)	4,461,791	-	4,461,791
Total	\$17,836,059	\$8,931,575	\$8,904,485

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 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, 2018, more than 77% of the City’s investments were held in U.S. Treasury Notes.

The following table identifies the types of investments, concentration of investments in any one issuer, and maturities of the City’s investment portfolio as of December 31, 2018:

Concentration of Credit Risk	Fair Value	Cost Based Measured	Percent of Total
U.S Treasury Notes	\$13,374,269	\$ -	21.8%
Government Sponsored Enterprises			
Federal National Mortgage Association	1,480,797	-	2.4%
Federal Home Loan Bank	2,980,994	-	4.9%
Federal Farm Credit Bank	-	-	-
Federal Home Loan Mortgage Corporation	-	-	-
FDIC Insured or PFCP Bank Deposits	-	2,405,929	3.9%
Washington State Local Government Investment Pool	-	41,027,388	67.0%
Total	\$17,836,059	\$43,433,317	
Total Cash, Deposits and Investments		\$61,269,376	100.0%

*The fair value of the investments in the Washington State Local Government Investment Pool are the same as the amortized cost of the pool shares and are considered Cash and Cash Equivalents.

NOTE 5 – PROPERTY TAX

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

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

In governmental funds, property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the county treasurer in January and collections expected to occur within 60 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Delinquent taxes are evaluated annually. The City may levy up to \$3.60 per \$1,000 of assessed value for general governmental services.

The City's 2018 levy is \$2.619569 per \$1,000 on a 2017 assessed valuation of \$2,436,757,258 for a total regular levy of \$6,383,256. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Special levies approved by the voters are not subject to the 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 a pool in February of 2015. The City's 2018 voted levy was \$0.631283 per \$1,000 on a 2017 assessed valuation of \$2,401,725,793 for a total debt service levy of \$1,516,169.

NOTE 6 – CAPITAL ASSETS

A. Capital Assets – Governmental Activities

Capital asset activity for the year ending December 31, 2018 was as follows:

Governmental Activities	Beginning Balance 01/01/2018	Increase	Decrease	Ending Balance 12/31/2018
Capital assets not being depreciated:				
Land	\$3,556,599	\$420,441	\$ -	\$3,977,040
Construction in progress	957,070	770,925	357,474	1,370,520
Total capital assets not being depreciated	4,513,669	1,191,366	357,474	5,347,560
Capital assets being depreciated:				
Buildings	27,743,643	99,817	145,087	27,698,375
Improvements other than buildings	10,002,287	325,054	-	10,327,341
Machinery and equipment	4,820,495	136,685	82,299	4,874,882
Intangibles – computer software	-	7,294	-	7,294
Infrastructure	85,557,235	3,892,201	783,034	88,666,402
Total depreciated capital assets	128,123,660	4,461,052	1,010,419	131,574,294
Less accumulated depreciation for:				
Buildings	8,443,993	633,060	130,905	8,946,148
Improvements other than buildings	1,951,410	197,676	-	2,149,086
Machinery and equipment	2,551,584	252,391	82,299	2,721,676
Intangibles – computer software	-	203	-	203
Infrastructure	38,107,972	2,698,919	702,677	40,104,214
Total accumulated depreciation	51,054,959	3,782,249	915,881	53,921,327
Capital assets being depreciated, net	77,068,701	678,803	94,538	77,652,967
Governmental activities capital, net	\$81,582,370	\$1,870,170	\$452,012	\$83,000,527

B. Capital Assets – Business-type Activities

Business-type Activities:	Beginning Balance 01/01/2018	Increase	Decrease	Ending Balance 12/31/2018
Capital assets not being depreciated:				
Land	\$1,221,574	\$ -	\$ -	\$1,221,574
Construction in progress	5,906,360	14,622,231	163,391	20,365,200
Intangibles – water rights	225,307	-	-	225,307
Total capital assets not being depreciated	7,353,241	14,622,231	163,391	21,812,081
Business-type assets being depreciated:				
Buildings	31,414,762	-	-	31,414,762
Improvements other than buildings	10,382,194	-	-	10,382,194
Machinery and equipment	21,865,384	2,132,486	893,428	23,104,443
Intangibles – computer software	-	7,024	-	7,024
Infrastructure	115,251,862	5,424,026	304,731	120,371,157
Total depreciated capital assets	178,914,202	7,563,536	1,198,159	185,279,579
Less accumulated depreciation for:				
Buildings	16,624,150	565,788	-	17,189,937
Improvements other than buildings	3,607,693	508,984	-	4,116,677
Machinery and equipment	13,157,628	1,137,183	875,808	13,419,004
Intangibles – computer software	-	1,171	-	1,171
Infrastructure	34,604,457	2,297,913	129,331	36,773,039
Total accumulated depreciation	67,993,928	4,511,039	1,005,139	71,499,828
Capital assets being depreciated, net	110,920,274	3,052,497	193,020	113,779,751
Business-type activities capital, net	\$118,273,515	\$17,674,728	\$356,411	\$135,591,833

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

Governmental activities:

General government	\$178,668
Public safety	421,149
Utilities & environment	3,646
Transportation	2,708,377
Culture & recreational environment	470,409
Total depreciation - governmental activities	\$3,782,249

Business-type activities:

Golf course	\$63,652
Sanitation	917
Water	1,166,175
Stormwater	118,031
Wastewater	1,670,725
Landfill	468,180
Ambulance	1,438
Fleet services	7,373
Vehicle replacement	1,014,548
Total depreciation - business-type activities	\$4,511,039

C. 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, 2018:

<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 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

The City of Walla Walla has active construction projects as of December 31, 2018. At year-end the government’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street fund	\$20,504	\$226,208
Street construction	1,336,155	244,074
TBD street construction	358,219	89,371
Water construction	7,110,654	4,639,115
Stormwater construction	323,217	97,610
Wastewater construction	865,399	2,558,367
Landfill construction	247,458	250,015
Service center construction	94,363	37,241
Total:	\$10,355,969	\$8,142,001

NOTE 8 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2018:

<u>Aggregate Pension Amounts</u>	<u>State Sponsored Plans</u>	<u>Fireman’s Pension</u>	<u>Total</u>
Pension liabilities	\$ (6,392,426)	\$ (2,213,190)	\$ (8,605,616)
Pension assets	\$ 7,478,947	\$-	\$7,478,947
Deferred outflows of resources	\$ 2,100,954	\$ 6,229	\$ 2,107,183
Deferred inflows of resources	\$ (4,686,526)	\$-	\$(4,686,526)
Pension expense/expenditures	\$ (14,014)	\$ (51,626)	\$ (65,640)

State Sponsored Pension Plans

Substantially all City’s 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 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September – December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	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 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September – December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

* For employees participating in JBM, the contribution rate was 18.45% to 18.53%.

The City's actual PERS plan contributions were \$675,228 to PERS Plan 1 and \$978,142 to PERS Plan 2/3 for the year ended December 31, 2018.

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 2018. 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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%

The City’s actual contributions to the plan were \$496,212 for the year ended December 31, 2018.

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, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the city as its proportionate share of this amount is \$5,612,375.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

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 changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.

- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2018, 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	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	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 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 5,319,487	\$ 4,328,525	\$ 3,470,152
PERS 2/3	\$ 9,440,333	\$ 2,063,901	\$ (3,983,949)
LEOFF 1	\$ (1,484,894)	\$ (1,866,572)	\$ (2,195,175)
LEOFF 2	\$ (746,341)	\$ (5,612,375)	\$ (9,581,192)

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, 2018, the City reported a total pension liability of \$6,392,426 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	\$ 4,328,525
PERS 2/3	\$ 2,063,901

At June 30, 2018, the City reported a total pension asset of \$7,478,947 for its proportionate share of the net pension liabilities as follows:

	Asset
LEOFF 1	\$ 1,866,572
LEOFF 2	\$ 5,612,375

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	\$(1,866,572)	\$(5,612,375)
State’s proportionate share of the net pension asset associated with the employer	\$(12,625,447)	\$(3,633,907)
TOTAL	\$(14,492,019)	\$(9,246,282)

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	.095323%	.096921%	.001598%
PERS 2/3	.119835%	.120879%	.001044%
LEOFF 1	.101943%	.102813%	.000870%
LEOFF 2	.303723%	.276442%	(.027281)%

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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$456,438
PERS 2/3	\$46,404
LEOFF 1	\$(312,058)
LEOFF 2	\$(204,798)
TOTAL	\$(14,014)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, 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	\$ -	\$(172,013)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$347,343	\$ -
TOTAL	\$347,343	\$(172,013)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$252,980	\$(361,351)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(1,266,505)
Changes of assumptions	\$24,144	\$(587,370)
Changes in proportion and differences between contributions and proportionate share of contributions	\$129,601	\$ -
Contributions subsequent to the measurement date	\$501,036	\$ -
TOTAL	\$907,762	\$(2,215,226)

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	\$ -	\$(151,538)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
TOTAL	\$ -	\$(151,538)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$300,644	\$(130,320)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(982,241)
Changes of assumptions	\$3,177	\$(805,477)
Changes in proportion and differences between contributions and proportionate share of contributions	\$283,827	\$(229,710)
Contributions subsequent to the measurement date	\$258,202	\$ -
TOTAL	\$845,850	\$(2,147,748)

TOTAL OF ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$553,624	\$(491,671)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(2,572,298)
Changes of assumptions	\$27,321	\$(1,392,847)
Changes in proportion and differences between contributions and proportionate share of contributions	\$413,428	\$(229,710)
Contributions subsequent to the measurement date	\$1,106,581	\$ -
TOTAL	\$2,100,954	\$(4,686,526)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	\$7,526
2020	\$(37,603)
2021	\$(112,836)
2022	\$(29,099)
2023	\$ -
Thereafter	\$ -
TOTAL	\$(172,013)

Year Ended December 31	LEOFF 1
2019	\$145
2020	\$(34,186)
2021	\$(93,108)
2022	\$(24,389)
2023	\$ -
Thereafter	\$ -
TOTAL	\$(151,538)

Year Ended December 31	PERS 2/3
2019	\$(142,240)
2020	\$(401,016)
2021	\$(758,076)
2022	\$(269,927)
2023	\$(89,112)
Thereafter	\$(148,130)
TOTAL	\$(1,808,501)

Year Ended December 31	LEOFF 2
2019	\$(116,481)
2020	\$(265,198)
2021	\$(573,932)
2022	\$(216,349)
2023	\$(77,096)
Thereafter	\$(311,045)
TOTAL	\$(1,560,101)

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) 41.16 and 41.18. 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, 2018, 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	6
Firefighters disabled not in line of duty since March 1, 1970	4
Survivors of firefighters retired after March 1, 1970	<u>5</u>
Total	26

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, 2018, the state contributed \$50,006 and the City contributed \$122,045, no members made contributions to the Plan. As of the last actuarial study dated January 1, 2018, the actuary determined that current Plan assets and future contributions from state fire insurance taxes and employer contributions will be sufficient to pay all plan benefits.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increase	3.25%
Investment Rate of Return	4.00%
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 4.00%. 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, 2018 is 4.10%. Rounding this to the nearest 1/4 percent results in the discount rate of 4.00%.

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 4.10% as of December 31, 2018. Rounding this to the nearest 1/4 percent results in a discount rate of 4.00%. 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, *Deposits and Investments*, for information regarding the City’s investment activities.

Rate of Return. For the year ended December 31, 2018, the annual money-weighted rate of return on pension

plan investments was 0.0%. 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 4.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total pension liability	\$2,502,117	\$2,300,950	\$2,125,895
Fiduciary net position	87,760	87,760	87,760
Net pension liability	<u>\$2,414,357</u>	<u>\$2,213,190</u>	<u>\$2,038,135</u>

Changes in the Net Position Liability. The changes in net position liability for the period ending December 31, 2018, 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, 2017	\$ 2,493,691	\$ 107,765	\$ 2,385,926
Service cost (Entry Age Normal)	-	-	-
Interest on total pension liability	84,158	-	84,158
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	(97,018)	-	(97,018)
Benefit payments	(179,881)	(179,881)	-
Medical payments from fund	-	-	-
Employer contributions	-	122,045	(122,045)
Contributions from state fire insurance premium tax	-	50,006	(50,006)
Net investment income	-	-	-
Administrative expenses	-	(12,175)	12,175
Balance as of December 31, 2018	\$ 2,300,950	\$ 87,760	\$ 2,213,190

Measurement Date. The Valuation Date is January 1, 2018. This is the date as of which the actuarial valuation is performed. The Measurement Date is December 31, 2018. This is the date as of which the net pension liability is determined. The Reporting Date is December 31, 2018. 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.

For the fiscal year, ending December 31, 2018 the City's fire pension expense was as follows:

GASB Statement No. 68 Pension Expense

Pension Expense	January 1, 2017 to December 31, 2017	January 1, 2018 to December 31, 2018
Service cost	\$ -	\$ -
Interest on total pension liability	87,360	84,158
Effect of plan changes	-	-
Administrative expenses	3,000	12,175
Medical payments from fund	-	-
Contributions from state fire insurance premium tax	(48,929)	(50,006)
Expected investment return net of investment expenses	(3,161)	(3,425)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	116,552	-
Recognition of assumption changes or inputs	53,390	(97,018)
Recognition of investment gains or losses	1,805	2,490
Pension Expense	\$ 210,017	\$ (51,626)

At December 31, 2018, 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	-	6,229
Contributions made subsequent to measurement date	-	-
Total	\$-	\$6,229

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

Year Ended December 31*	
2019	\$2,488
2020	1,738
2021	1,318
2022	685
2023	-
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, 2018 were as follows:

Total Pension Liability	\$ 2,300,950
Plan Fiduciary Net Position	<u>87,760</u>
City's Net Pension Liability	<u>\$ 2,213,190</u>

Plan fiduciary net position as a percentage of the total pension liability 3.81%

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, *Deposits and Investments*, 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, 2018:

<u>Investment Type</u>	<u>% of Net Position</u>
Local Government Investment Pool	100%

Rate of Return. For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments was 0.0%. The money-weighted rate of return expresses investment performance adjusted for the changing amounts 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 9 – RISK MANAGEMENT

Washington Cities Insurance Authority (WCIA): The City of Walla Walla is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 160 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, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

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

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

Association of Washington Cities (AWC): 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, 2018, 257 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: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington 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 2018, 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 Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

Matrix Absence Management: 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 claim’s manager estimates, the City’s estimated liability for probable losses at December 31, 2018 is \$138,001 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 2018 was \$141,060. 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 12/31/2017	Year Ended 12/31/2018
Unpaid claims, beginning of fiscal year	\$ 189,070	\$ 142,545
Incurred claims (including IBNRs)	187,166	10,330
Changes in estimate for claims, prior period	(13,041)	78,912
Payments on claims	(220,650)	(93,785)
Unpaid claims, end of fiscal year	<u>\$142,545</u>	<u>\$138,001</u>

NOTE 10 – LONG-TERM DEBT

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

General obligation bonds outstanding at December 31, 2018 are as follows:

Purpose	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2010 LTGO Bond Fire Truck	6/22/2010	12/1/2024	3.00%-5.00%	\$845,000	\$410,000
2010 LTGO Bond Landfill	6/22/2010	12/1/2024	3.00%-5.00%	2,805,000	1,835,000
2013 UTGO Refunding Bond	10/15/2013	12/1/2023	2.72%	2,840,000	1,545,000
2015 LTGO Bond Street Construction	5/7/2015	12/1/2024	3.125%-4.50%	188,789	109,683

2015 LTGO Bond Library	5/7/2015	12/1/2024	3.125%-4.50%	756,202	519,155
2015 UTGO Bond Pool	10/15/2015	12/1/2034	2.50%-4.00%	5,560,000	5,115,000
2015 LTGO Bond Landfill Liner	5/7/2015	12/1/2024	3.13%	1,366,359	339,483
2015 LTGO Bond Golf Course	5/7/2015	12/1/2024	3.13%	230,951	134,179
2016 LTGO Water AMI	8/31/2016	12/1/2031	2.00%-3.00%	5,960,000	5,285,000
2016 UTGO Refunding Police Station	9/15/2016	12/1/2029	3.00%	7,745,000	7,745,000
2017 LTGO Bond Landfill	10/18/2017	12/1/2027	2.18%	2,660,000	2,420,000
				\$30,957,301	\$25,457,500

Special Assessment Bond: The City issued a special assessment bond in 2011 for capital construction related to streets in a 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 from the LID Bond Fund, until the proceeds are received. As of December 31, 2018, the LID special assessment delinquency equals zero, all special assessments are current. This special assessment bond has been funded and accounted for as an interfund loan from the Equipment Replacement Fund. Special assessment bonds outstanding at December 31, 2018 are as follows:

Purpose	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2009-1 Bond LID (Taxable)	12/21/2011	12/21/2022	4.40%	\$551,000	\$81,848

Revenue Bonds: The City issues revenue bonds to finance construction projects for the City's utilities. Revenue bonds are payable from revenues generated from user fees and are backed by the Water/Wastewater utilities. In 2018, the City issued a \$6,390,000 revenue bond to be used for capital construction at the Wastewater Treatment Plant and other capital projects. Revenue bonds outstanding at December 31, 2018 are as follows:

Purpose	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2018 Water/Wastewater Series	8/28/2018	8/01/2038	4.00%-5.00%	\$6,390,000	\$6,390,000

Annual debt service requirements to maturity for general obligation, revenue and special assessment bonds are as follows:

Year Ending 12/31/2018	Governmental Activities		Business-type Activities		Special Assessment	
	Interest	Principal	Interest	Principal	Interest	Principal
2019	\$462,241	\$1,222,401	\$522,335	\$1,022,291	\$3,601	\$21,000
2020	427,344	1,280,423	521,319	999,488	2,677	20,000
2021	388,620	1,348,355	492,777	1,031,996	1,797	20,000
2022	351,684	1,424,633	459,006	1,060,987	917	20,848
2023	310,474	1,462,558	424,171	1,098,333	-	-
2024-2028	980,144	5,585,469	1,565,735	5,590,566	-	-
2029-2033	249,430	2,720,000	749,663	3,380,000	-	-
2034 and beyond	12,000	400,000	273,400	2,220,000	-	-
Total	\$3,181,937	\$15,443,838	\$5,008,406	\$16,403,662	\$8,992	\$81,848

Public Works Trust Fund Loans: The City's business-type activities currently have seven State of Washington Public Works Trust Fund Loans with principal outstanding of \$6,650,626. One loan has an interest rate of 0.5%, four loans have an interest rate of 1.0% and the final loan has an interest rate of 4.1%. In 1999, 2001, 2002, 2006, 2007 and 2016 the City Council authorized all six loans for improvements to the City's Water and Wastewater Treatment Plants. The final loan amounts will be repaid from the Water and Wastewater utility funds in equal installments over a 20-year repayment term. In addition, the City was awarded by the

Environmental Protection Agency and the Public Works board to receive two loans totaling \$24,240,000 to improve the drinking water system. The outstanding liability of the Drinking Water State Revolving Fund loans (DWSRF) are \$19,024,469 which includes a \$120,000 loan origination fee. The loan terms for the balances will be defined upon project completion.

Public works loans outstanding as of December 31, 2018 are as follows:

Title	Purpose	Interest Rate	Original	Outstanding
DM15-952-027 Loan Water	Capital construction	1.00%	\$120,000	\$106,026
L9900019A Loan Wastewater	Capital construction	4.10%	14,220,127	1,505,127
PW-99-791-038 Loan Wastewater	Capital construction	1.00%	7,000,000	372,898
PW-02-691-060 Loan Wastewater	Capital construction	0.50%	5,159,197	1,112,697
PW-06-962-PRE-103 Loan Wastewater	Capital construction	1.00%	531,399	223,747
PW-07-962-018 Loan Wastewater	Capital construction	1.00%	6,823,104	3,240,130
Total PWTFL:			\$33,853,827	\$6,560,626

Annual debt service requirements to maturity for trust fund loans are as follows:

Year Ending 12/31/2018	Business-type Activities	
	Interest	Principal
2019	\$96,625	\$2,038,495
2020	46,424	1,184,318
2021	30,596	672,394
2022	25,263	672,394
2023	19,930	394,220
2024-2028	40,798	1,555,147
2029-2033	1,559	31,184
2034 and beyond	187	12,474
Total	\$261,382	\$6,560,626

Prior Year Defeasance of Debt: In prior years, the City of Walla Walla defeased unlimited tax general obligation bonds by placing the proceeds of the new bond in an irrevocable trust account to provide for all future debt service payments on the old bonds. The trust account assets and liability for the defeased bonds are not included in the City of Walla Walla’s financial statements. At December 31, 2018, \$7,835,000 of defeased bonds remain outstanding.

Legal Debt Margin: The City of Walla Walla is subject to a legal limit of indebtedness of 7.5% of the assessed property value, \$2,634,807,052 of which 1.5% may be for General Purpose Debt without a vote of the people, with a vote is 1% or less. Utility purpose limit voted is 2.5% with a vote and 2.5% open space parks and capital facilities, with a vote. The Legal Debt Margin chart in the statistical section of this CAFR provides the detail of the City of Walla Walla’s remaining debt capacity.

Rebatable Arbitrage: Arbitrage occurs when the City invests funds borrowed at tax-exempt interest rates in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government. 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 2018.

NOTE 11 – LEASES

Operating Leases

The City leases a building, office equipment and other equipment under non-cancelable operating leases. Total costs for such leases were \$84,036 for the year ended December 31, 2018.

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

Year Ending December 31	Amount
2019	\$69,659
2020	53,653
2021	53,503
2022	20,645
2023	3,900
2024-2028	20,400
Total	\$221,760

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	(85,765)
Total	\$ 161,239

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2018 were as follows:

Year Ending December 31	Business-type Activities
2019	\$44,185
2020	44,185
2021	44,185
2022	44,185
2023	2
Total minimum lease payments	176,742
Less: interest	12,197
Present value of minimum lease payments	\$164,545

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Long-term Liability activity for the year ended December 31, 2018 was as follows:

	Beginning 1/1/2018	Additions	Reductions	Ending 12/31/2018	One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$16,579,644	\$ -	\$ 1,135,806	\$15,443,838	\$ 1,222,401
Bond premiums	1,093,906	-	83,980	1,009,926	-
Total bonds payable	17,673,550	-	1,219,786	16,453,764	1,222,401
Special assessment bonds	106,848	-	25,000	81,848	21,000
Compensated absences	1,600,220	1,468,091	1,396,019	1,672,292	1,393,573
Workers compensation claims	142,545	89,242	93,785	138,001	18,000
Firemens' pension liability	2,385,926	-	453,816	1,932,110	-
Net OPEB obligation	7,529,353	-	7,529,353	-	-
Total OPEB liability	-	18,966,756	768,512	18,198,244	-
State pension	6,386,376	-	1,640,428	4,745,948	-
Governmental activity long-term liabilities	\$35,824,818	\$20,524,089	\$13,126,699	\$43,222,207	\$ 2,654,974

Business-type Activities					
Bonds payable:					
General obligation bonds	11,016,838	-	1,003,177	10,013,662	1,022,291
Revenue Bonds	-	6,390,000	-	6,390,000	215,000
Premiums	232,477	733,328	53,458	912,347	-
Total bonds payable	11,249,315	7,123,328	1,056,635	17,316,009	1,237,291

	Beginning 1/1/2018	Additions	Reductions	Ending 12/31/2018	One Year
DWSRF Loans	8,613,830	-	2,053,203	6,560,626	2,038,495
Capital leases	202,818	-	38,273	164,545	39,382
Landfill Closure	3,483,844	-	301,976	3,181,868	-
Federal DWSRF LT2	5,387,937	13,636,587	55	19,024,469	-
Pollution remediation	1,962,174	-	693,626	1,268,548	123,172
Compensated absences	460,863	388,693	376,293	473,263	351,440
Pension Liability	2,300,468	-	653,990	1,646,478	-
Firemens' pension liability	-	281,080	-	281,080	-
Total OPEB liability	-	2,709,536	109,788	2,599,748	-
Business-type activity long-term liabilities	\$33,661,249	\$24,139,224	\$5,283,839	\$52,516,634	\$3,789,780

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$843,657 of internal service funds net pension liability and compensated absences are included in the above amounts. The General Fund, Street Fund, Emergency Services Fund, and Service Center Fund normally liquidate 89.9%, 2.90%, 7.10% and 0.1% of compensated absences respectively. The fund for which the liability is incurred is responsible for liquidating compensated absence liabilities. In the coming years, the General Fund, the Ambulance Fund, and the Fire Medical and Pension Funds which incurred the pension and OPEB liabilities are responsible for liquidating the liability.

NOTE 13 – CONTINGENCIES AND LITIGATIONS

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

The City of Walla Walla was named as a defendant in an action filed in Walla Walla County Superior Court case number 19-2-00159-36 on February 27, 2019 for injuries allegedly sustained by an individual in a March 2, 2016 traffic collision with a City vehicle. The City of Walla Walla contests liability and is being defended by Kirk Ehls of Menke, Jackson, Beyer, LLP. The City has tendered the claim to its insurance pool WCIA which has accepted the tender and is providing a defense. The City anticipates that its liability, if any, will be paid by WCIA. The

amount of the City of Walla Walla’s potential liability exposure cannot be estimated at this time, but the City’s estimated maximum out-of-pocket exposure is estimated to be no more than \$1,000.

The City of Walla Walla was given notice on April 19, 2019 that it will be named as a defendant in an action to be brought by an individual for injuries allegedly arising from an investigation by the Walla Walla Police Department into matters charged in Franklin County Superior Court case number 17-1-50264-1. The City of Walla Walla contests liability and is being defended by Richard Jolley of Keating, Bucklin & McCormack. The City has tendered the claim to its insurance pool WCIA which has accepted the tender and is providing a defense. The City anticipates that its liability, if any, will be paid by WCIA. The amount of the City of Walla Walla’s potential liability exposure cannot be estimated at this time, but the City’s estimated maximum out-of-pocket exposure is estimated to be no more than \$1,000.

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

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants.

NOTE 14 – 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 \$828,137 which is due within one year and \$1,952,737 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, 2018 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
General	\$441,773	General	\$695,657
Equipment Replacement	2,339,101	Non-Major Government	904,527
	-	Major Enterprise	437,151
	-	Non-Major Enterprise	743,539
Total	\$2,780,874	Total	\$2,780,874

Transfers between funds during the year ended December 31, 2018 are as follows:

Transfers From:	Transfers To:					Totals From:
	General Fund	Non-Major Gov't	Water/Wastewater	Other Enterprise	Internal Service	
General fund	\$ -	\$2,638,242	\$ -	\$105,000	\$368,537	\$3,111,779
Non-major governmental	200,000	1,014,365	-	137,284	46,000	\$1,397,649
Water/wastewater	-	1,857,161	-	-	10,948	\$1,868,109
Internal services	54,738	-	-	-	276,500	\$331,238
Total Transfers:	\$254,738	\$5,509,768	\$ -	\$242,284	\$701,985	

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 15 – RECEIVABLE AND PAYABLE BALANCES

Receivables balances include customer accounts receivable, grants receivable, NSF (returned payment) fees, reservation of recreation facilities and retirement systems payments. Grants receivable relates to qualified expenditures made prior to the end of the year.

As of December 31, 2018, the City's individual major funds and non-major enterprise funds receivable balances include the applicable allowances for uncollectible accounts as follows:

	Governmental Activities	Business-type Activities	Total
Taxes Receivable			
Property taxes	\$ 144,913	\$ -	\$ 144,913
Sales and B&O taxes	1,959,209	-	1,959,209
Total Taxes Receivable	\$ 2,104,122	\$ -	\$ 2,104,122
Other Receivables (net of allowance for uncollectible)			
Accounts receivable	\$ 584,581	\$ 2,191,263	\$ 2,775,844
Grants receivable	246,002	1,847,385	2,093,387
Other receivable	25,328	747	26,075
Total Other Receivables	\$ 855,911	\$ 4,039,395	\$ 4,895,306

Receivables for the Ambulance Fund are reported net of allowance for uncollectible accounts. Using historical collection rates, it is estimated that 55.6% of the receivables or \$271,003 at December 31, 2018 will ultimately prove uncollectible for the Ambulance Fund.

Other liabilities include use tax payable, background checks and building code surcharges. As of December 31, 2018, the City's payable balances were:

	Governmental Activities	Business-type Activities	Total
Other Accrued Liabilities			
Employee Wages and Benefits	\$ 1,504,016	\$ 444,103	\$ 1,948,119
Retainage	81,539	354,867	436,407
Other Liabilities	1,567		1,567
Total	\$ 1,587,123	\$ 798,970	\$ 2,386,093

NOTE 16 -Defined Benefit Other Postemployment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2018.

Aggregate OPEB Amounts – LEOFF 1 Medical	
OPEB liabilities	\$20,797,992
Deferred outflows of resources	\$259,036
Deferred inflows of resources	\$596,534
OPEB expenses/expenditures	\$161,037

In 2018, the City of Walla Walla implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, which required the City to report the net OPEB liability or (asset), and deferred inflows and outflows of resources associated with the plan on the Government Wide Statement of Net Position. The City elected to use the Alternative Measurement Method (AMM) to calculate the 2018 total OPEB liability. In previous years the City reported the LEOFF 1 plan under the provisions of GASB 45, which calculated the liability for the plan as the cumulative over/under funding of the Annual Required Contribution (ARC). The City’s net position was restated in 2018 to recognize the beginning OPEB liability of \$21,676,292.

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 single-employer defined benefit healthcare plan administered by the City. The members’ necessary hospital, medical, and nursing care expenses not payable by worker’s compensation, social security, insurance provided by another employer, other pension 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. The board is made up of the following five members: two City of Walla Walla council members, a “citizen at large” appointed by the City, one retired firefighter and one retired police officer.

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

Employees covered by benefit terms: At December 31, 2018, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	50

The City of Walla Walla’s prior measurement date of June 30, 2017, the number of members who are eligible for benefits has decreased by three. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. The employer contributions to the plan are not irrevocable. The LEOFF 1 Medical plan assets are not legally protected from creditors of the City.

Contribution Requirements. As required by State statute the City provides contributions on a pay-as-you-go basis. The City pays a monthly insurance premium to cover each retiree as well as any remaining eligible out-of-pocket expenses, retirees are not required to contribute to the plan. The City contributed a total of \$460,430 in 2018, \$118,250 from the Ambulance Fund and the remaining \$342,180 from the General Fund. As of December 31, 2018, the City paid \$136,664 out of the General Fund and \$411,474 out of the Fire Medical Benefit fund for medical insurance and other qualifying expenses. The City of Walla Walla’s OPEB financial reports are included in the 2018 CAFR.

Assumptions and Other Inputs. The City of Walla Walla’s total OPEB liability was calculated by the Alternative Measurement Method (AMM) actuarial valuation as of June 30, 2018, the City used this method in place of an actuarial evaluation. The following actuarial methods and assumptions were applied to all periods included in the measurement unless otherwise specified.

Methodology:

Actuarial Valuation Date	6/30/2018
Actuarial Measurement Date	6/30/2018
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)

Assumptions:

Assumptions	
Discount Rate	
Beginning of Measurement Year	3.58%
End of Measurement Year	3.87%
Healthcare Trend Rates	
Medical Costs	Initial rate is 12%/7% for Excise tax/ No Excise Tax, trends down to about 5% in 2080.
Long-Term Care	4.50%
Medicare Part B Premiums	Approximately 5%, varies by year
Mortality Rates (assume 100% male population)	
Base Mortality Table	RP-2000 Mortality Table
Age Setback	+1 year Healthy/ -2 years Disabled Blended 50%/50% Health/Disabled
Mortality Improvements	100% Scale BB
Projection Period	Generational
Medicare Participation Rate	100%

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 7%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) that the current rate.

	1% Decrease 6%	Current Healthcare Cost Trend Rate 7%	1% Increase 8%
Total OPEB Liability	\$18,961,339	\$20,797,992	\$22,902,798

The following presents the total OPEB liability of the City calculated using the discount rate of 3.87%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.87%) or one-percentage point higher (4.87%) that the current rate.

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$23,046,247	\$20,797,992	\$18,880,469

Changes in the Total OPEB Liability.

LEOFF 1 Medical	
OPEB Liability at 01/01/2018	\$21,676,292
Service cost	-
Interest	757,571
Changes of benefit terms	-
*Differences between expected and actual experience and changes of assumptions	(596,534)
Estimated Benefit payments	(1,039,337)
Other changes	-
OPEB Liability at 12/31/2018	\$20,797,992

The LEOFF 1 plan incurred pension expense of the \$161,037. Under GASB 75, the basic formula for calculating OPEB expense is as follows:

Calculation of Expense Under GASB 75	
1. Service Cost	\$ -
2. Interest (on liabilities)	757,571
3. Interest (on assets)	-
4. Administrative Expenses	-
5. Difference between expected and actual experience	(596,534)
6. Changes in Assumptions	-
7. Difference between expected and actual earnings	-
Total Expense	\$161,037

Deferred outflows of resources and inflows of resources of \$337,498 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

NOTE 17 – CLOSURE AND POST-CLOSURE CARE COSTS

Background: The City of Walla Walla (City) owns three landfills: 1) Sudbury Road Landfill (SRL); 2) the closed Tausick Way Landfill (TWL); and 3) the 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 2029, when the area will either be closed or a revised permit submitted for vertical expansion to 2038. Area 6 reached its capacity in 2008 and was closed in accordance with WAC 173-351. The City is currently performing monitoring of Area 6.

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

The Isaacs Inert Waste Landfill (also known as the IIWL/Burdine property) is permitted as an inert waste disposal site and is used and monitored by the City. The IIWL is at capacity and the top cover is being constructed over portions of the inert waste landfill. In 2019, the City is planning to bid a project to grade the site and place the final cover. The City will then begin the formal process of closing the site with the Washington State Department of Ecology (DOE) and the Department of Health.

Closure and Post-Closure Costs: Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City must record a portion of these closure and post-closure costs each year as an expense. That expense calculation is based upon the landfill capacity used in the reported period. The City must also recognize a liability that is directly related to the cumulative capacity consumed at the landfill. A permit modification for Area 7 was submitted to the Department of Health and the DOE in December 2016 for Cell 3. The expansion permit was formally approved by the DOE on February 22, 2017. With this expansion (constructed in the spring/summer of 2017) Area 7 will have a total permitted capacity of 1,813,000 cubic yards. As of October 8, 2018, Area 7 is approximately 55% filled.

The permit revision for Area 7, Cell 3 included a revision to the closure and post-closure plan. The total long-term closure and post-closure costs for Area 7 (Cells 1-3) is estimated at \$4,143,461 (in 2018 dollars). However, when adjusted for estimated capacity used between the survey date and December 31, 2018, the estimated capacity filled is 60.5% and the amount of the liability for closure and post-closure is \$2,508,195. As of December 31, 2018, cash of \$3,535,644 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.

In February 2019, a consultant for the City of Walla Walla and the Public Works Department of the City estimated the cost of closure for the IWL/Burdine property. Closure costs were estimated at \$673,673 after partial construction of the landfill cap. The City has recorded a liability in the amount of \$673,673 for post-closure costs associated with the IWL/Burdine property.

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

NOTE 18 – 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 2018.

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS

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

The Sudbury Road Landfill is a City-owned and operated landfill which the DOE determined required remediation in 2008 pursuant to the Model Toxics Control Act (MTCA). The City entered into Agreed Order No. 8456 with the DOE in 2011 and completed a remedial investigation/feasibility study. In 2015, the DOE prepared a Cleanup Action Plan (CAP) that describes the activities required to implement the selected remedy. The requirements of the CAP were incorporated into Consent Decree 15-2-00536-8 (Decree) in August 2015. The remedy was constructed in 2016. Operation of the remediation systems, long-term monitoring, and reporting will be conducted until specific cleanup levels in groundwater are achieved. At a minimum the remediation will extend through 2020.

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

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

Pursuant to GASB Statement 49, the City is reporting a \$123,172 in current liability and \$1,145,376 in long-term liability in its landfill fund for its estimated post-remediation liability. The obligation is an estimate subject to changes resulting from price increases or reductions, technology, DOE requirements, or laws and regulations. In 2016, the DOE required that the City reserve \$599,311 in a financial assurance account to cover monitoring expenditures in the event that the City cannot complete the cleanup using City funds.

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

The IIWL/Burdine property was formerly privately held property that, according to available records, appears to have had a history of sand and gravel mining and subsequent solid and inert waste disposal. It is adjacent to the City's closed TWL, and is located at 2740 East Isaacs Avenue, Walla Walla, Washington. The City purchased the property in 1999 to resolve a garbage trespass claim and maintains ownership today. On February 4, 2004, the City received an Early Notice letter from DOE for the IIWL/Burdine property stating that contaminated soil was reportedly found on the IIWL/Burdine property. Remedial studies were performed and the City was granted an inert landfill permit for the IIWL/Burdine property in 2006 which requires the City to perform groundwater monitoring.

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

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

NOTE 20 – ACCOUNTING AND REPORTING CHANGES

Early Adoption of the New GASB Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

Issued in 2018, the objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. There is no material impact to the 2018 financial statements of the City for implementing this standard. The effective date for GASB 89 is for reporting periods beginning after December 15, 2019, the City of Walla Walla elected for early implementation of this standard.

Adoption of GASB Statement 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Issued in 2015, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. There is a material impact to the 2018 financial statements for implementing this standard. The City completed a direct equity posting to the 2018 beginning fund balance to recognize the OPEB liability. As a result of this statement, the City of Walla Walla will report additional Required Supplementary Information and Note 16 (Other Post-Employment Benefits) has been updated.

NOTE 21 – SUBSEQUENT EVENTS

In January 2019, the City received payment of \$2,233,388 for the Landfill Public Works Trust Fund Loan. The City will record the entire loan balance in the Landfill Fund's 2019 Statement of Net Position and the Schedule of Changes in Long-term liabilities.

NOTE 22 – TAX ABATEMENT

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

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

tax abatement did not result in a reduction or loss of revenue to the City because, pursuant to Washington State law, these taxes were reallocated to other property taxpayers.

Under the provisions for Investment Projects in Rural Counties (RCW 82.60), the Washington State Department of Revenue has entered into agreement with the City for a deferral of High Unemployment County Sales and Use Tax I for Manufacturing Facilities. The City of Walla Walla does not have a receivable balance from the Department of Revenue for forgone tax revenue.

As of December 31, 2018, the City’s projects that are currently subject to property and use tax abatement and the total are as follows:

Tax Abatement Program	Property Tax Abated 12/31/2018
Property Tax Exemption for Affordable Multi-Family Housing	\$13,350
High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities	22,150
Total	<u><u>\$35,500</u></u>

NOTE 23 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to account for Sales, B&O, Hotel & Motel, Public Safety, other derived and state shared revenues, and expenses that need to be recorded in the period incurred. This resulted in an increase to the Governmental Activities net position in the amount of \$1,762,757. In addition, the City adopted GASB 75 in 2018, in order to present the total OPEB liability the City recorded a direct equity posting to the beginning fund balance of governmental and business activities totaling \$(14,146,939). Details of the prior period adjustment are presented in the following table.

	Governmental Activities	Business-type Activities	Total
2017 Derived and state shared revenue	\$1,762,757	\$-	\$1,762,757
2018 Adoption of GASB 75	(11,134,385)	(3,012,554)	(14,146,939)
Prior Period Adjustment	<u><u>(\$9,371,628)</u></u>	<u><u>(\$3,012,554)</u></u>	<u><u>(\$12,384,182)</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

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

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**City of Walla Walla
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018**

	2017-18 Biennial Budgeted Amounts		2017-18 Actuals	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Sales tax*	\$ 15,586,350	\$ 14,256,720	\$ 15,508,480	\$ 1,251,760
Property tax	11,938,970	11,977,810	11,929,490	(48,320)
Other tax*	15,382,560	15,672,360	15,690,430	18,070
Licenses and permits	2,165,280	2,099,860	2,089,880	(9,980)
Intergovernmental revenues*	3,034,440	3,846,110	4,235,260	389,150
Charges for goods and services	16,058,520	16,849,290	16,581,810	(267,480)
Fines and forfeits	455,600	386,860	362,120	(24,740)
Miscellaneous revenues*	<u>752,020</u>	<u>2,030,410</u>	<u>2,126,740</u>	<u>96,330</u>
Total revenues	<u>65,373,740</u>	<u>67,119,420</u>	<u>68,524,210</u>	<u>1,404,790</u>
EXPENDITURES				
Current:				
General government	16,806,990	16,996,660	16,739,850	(256,810)
Public safety	29,230,420	29,351,450	29,698,270	346,820
Utilities and environment	5,757,050	6,105,150	6,099,890	(5,260)
Economic environment	948,370	1,468,220	1,470,500	2,280
Culture and recreation	7,972,920	8,316,680	8,346,470	29,790
Social services	50,000	325,400	305,060	(20,340)
Debt service:				
Interest	700	12,840	12,790	(50)
Capital outlay:				
General government	165,230	73,470	56,530	(16,940)
Public safety	30,000	-	32,170	32,170
Culture and recreation	-	151,420	97,810	(53,610)
Social services	-	-	5,220	5,220
Total expenditures	<u>60,961,680</u>	<u>62,801,290</u>	<u>62,864,560</u>	<u>63,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,412,060</u>	<u>4,318,130</u>	<u>5,659,650</u>	<u>1,341,520</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	5,060	5,270	210
Transfers in	224,340	374,220	371,370	(2,850)
Transfers out	<u>(4,653,810)</u>	<u>(6,043,250)</u>	<u>(5,669,840)</u>	<u>373,410</u>
Total other financing sources, uses and special items	<u>(4,429,470)</u>	<u>(5,663,970)</u>	<u>(5,293,200)</u>	<u>370,770</u>
Net change in fund balances	(17,410)	(1,345,840)	366,450	1,712,290
Fund balances -- beginning	<u>5,345,270</u>	<u>5,345,270</u>	<u>5,345,270</u>	<u>-</u>
Fund balances -- ending	<u>\$ 5,327,860</u>	<u>\$ 3,999,430</u>	<u>\$ 5,711,720</u>	<u>\$ 1,712,290</u>

Figures are rounded to the nearest ten dollars.

*Includes 2018 prior period adjustment.

City of Walla Walla
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of June 30, 2018
 Last 10 Fiscal Years*

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.096921%	0.095323%	0.094658%	0.092117%
Employer's proportionate share of the net pension liability (asset)	\$ 4,328,525	\$ 4,523,151	\$ 5,083,581	\$ 4,818,576
TOTAL	\$ 4,328,525	\$ 4,523,151	\$ 5,083,581	\$ 4,818,576
Covered payroll	\$ 122,900	\$ 118,266	\$ 108,692	\$ 100,978
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	3521.99%	3824.56%	4677.05%	4771.91%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled 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, 2018
 Last 10 Fiscal Years*

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.120879%	0.119835%	0.118477%	0.116406%
Employer's proportionate share of the net pension liability (asset)	\$ 2,063,901	\$ 4,163,693	\$ 5,965,223	\$ 4,159,253
TOTAL	\$ 2,063,901	\$ 4,163,693	\$ 5,965,223	\$ 4,159,253
Covered payroll	\$ 12,632,163	\$ 11,752,101	\$ 11,168,410	\$ 10,329,845
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	16.34%	35.43%	53.41%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled 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, 2018
Last 10 Fiscal Years*

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.102813%	0.101943%	0.104522%	0.105656%
Employer's proportionate share of the net pension liability (asset)	\$ (1,866,572)	\$ (1,546,700)	\$ (1,076,875)	\$ (1,273,388)
TOTAL	\$ (1,866,572)	\$ (1,546,700)	\$ (1,076,875)	\$ (1,273,388)
Covered payroll	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	144.42%	135.96%	123.74%	127.36%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled 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, 2018
Last 10 Fiscal Years*

	2018	2017	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u>	0.276442%	0.303723%	0.273693%	0.277581%
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (5,612,375)	\$ (4,214,691)	\$ (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>	\$ (3,633,907)	\$ (2,733,991)	\$ (1,037,790)	\$ (137,841)
<u>TOTAL</u>	\$ (9,246,282)	\$ (6,948,682)	\$ (2,629,671)	\$ (2,990,819)
<u>Covered payroll</u>	\$ 9,139,727	\$ 9,503,747	\$ 8,291,300	\$ 8,056,482
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	0.00%	0.00%	0.00%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	118.50%	113.36%	106.04%	111.67%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled 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, 2018
 Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Statutorily or contractually required contributions</u>	\$ 675,228	\$ 611,015	\$ 555,681	\$ 480,611	\$ 404,980	\$ 303,071	\$ 119,317	\$ 12,615	\$ 16,264	\$ 30,124
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (675,228)	\$ (611,015)	\$ (555,681)	\$ (480,611)	\$ (404,980)	\$ (303,071)	\$ (119,317)	\$ (12,615)	\$ (16,264)	\$ (30,124)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 124,333	\$ 121,548	\$ 116,353	\$ 104,077	\$ 114,988	\$ 144,610	\$ 172,859	\$ 214,970	\$ 315,798	\$ 436,435
<u>Contributions as a percentage of covered payroll</u>	543.08%	502.69%	477.58%	461.78%	352.19%	209.58%	69.03%	5.87%	5.15%	6.90%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

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

City of Walla Walla
Schedule of Employer Contributions
PERS 2/3
As of December 31, 2018
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Statutorily or contractually required contributions</u>	\$ 978,142	\$ 827,402	\$ 709,084	\$ 602,117	\$ 488,418	\$ 440,889	\$ 528,487	\$ 526,811	\$ 506,642	\$ 673,380
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (978,142)	\$ (827,402)	\$ (709,084)	\$ (602,117)	\$ (488,418)	\$ (440,889)	\$ (528,487)	\$ (516,811)	\$ (506,642)	\$ (673,380)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 13,049,726	\$ 12,229,108	\$ 11,385,254	\$ 10,917,363	\$ 9,779,302	\$ 9,290,243	\$ 9,039,970	\$ 8,889,737	\$ 9,837,381	\$ 9,855,312
<u>Contributions as a percentage of covered payroll</u>	7.50%	6.77%	6.23%	5.52%	4.99%	4.75%	5.85%	5.93%	5.15%	6.83%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

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

City of Walla Walla
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2018
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Statutorily or contractually required contributions</u>	\$ 496,212	\$ 476,302	\$ 454,340	\$ 413,118	\$ 397,591	\$ 369,799	\$ 377,328	\$ 372,667	\$ 375,611	\$ 363,290
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (496,212)	\$ (476,302)	\$ (454,340)	\$ (413,118)	\$ (397,591)	\$ (369,799)	\$ (377,328)	\$ (372,667)	\$ (375,611)	\$ (363,290)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 9,394,473	\$ 9,266,556	\$ 8,995,544	\$ 8,192,390	\$ 7,873,077	\$ 7,297,391	\$ 7,427,670	\$ 7,336,003	\$ 7,393,919	\$ 6,983,917
<u>Contributions as a percentage of covered payroll</u>	5.28%	5.14%	5.05%	5.04%	5.05%	5.07%	5.08%	5.08%	5.08%	5.20%

Notes to Schedule:

Valuation Date: January 1, 2018

Cost method: Entry Age Normal

Inflation: 2.75%

Salary Increase: 3.5%

Investment Rate of Return: 7.40 %

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

City of Walla Walla
Schedule of Changes in Net Pension Liability and Related Ratios
Firemens' Pension Plan
Last Ten Fiscal Years* (expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability					N/A	N/A	N/A	N/A	N/A	N/A
Service cost	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
Interest	84	87	87	89	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	-	117	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(97)	53	(55)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of contributions	(180)	(185)	(173)	(167)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(193)	73	(141)	(78)	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability - beginning	2,494	2,421	2,562	2,640	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability - ending (a)	\$ 2,301	\$ 2,494	\$ 2,421	\$ 2,562	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position										
Contributions - employer	\$ 122	\$ 185	\$ 140	\$ 27	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - state fire insurance premium tax	50	49	47	45	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expense	-	-	-	-						
Benefit payments, including refunds of contributions	(180)	(185)	(173)	(167)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	(12)	(3)	(12)	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	(20)	47	2	(95)	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	108	61	59	154	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending (b)	88	108	61	59	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability ending (a) - (b)	\$ 2,213	\$ 2,386	\$ 2,360	\$ 2,503	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability (b)/(a)	3.81%	4.32%	2.53%	2.31%	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date: January 1, 2018

Measurement Date: December 31, 2018

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Increases: 3.25%

Investment Rate of Return: 4.0%

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 Ten Fiscal Years* (expressed in thousands)

	2018	2017	2016	2015
Actuarially/statutorily/contractually determined contribution	\$ 122,045	\$ 184,705	\$ 172,713	\$ 167,146
Actual contribution in relation to the above	\$ (122,045)	\$ (184,705)	\$ (172,713)	\$ (167,146)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a % of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation Date: January 1, 2018

Measurement Date: December 31, 2018

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Increases: 3.25%

Investment Rate of Return: 4.0%

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 Ten Fiscal Years* (expressed in thousands)

	2018	2017	2016	2015	2014
<u>Annual money-weighted rate of return, net of investment expense</u>	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation Date: January 1, 2018

Measurement Date: December 31, 2018

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Increases: 3.25%

Investment Rate of Return: 4.0%

Mortality : RP Mortality Table


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

City of Walla Walla
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1 Medical
For the Year Ended December 31, 2018
Last 10 Fiscal Years*

	2018
Total OPEB liability - beginning	\$ 21,676,292
Service cost	-
Interest	757,571
Changes in benefit terms	-
Differences between expected and actual experience	(596,534)
Changes of assumptions	-
Benefit payments	(1,039,337)
Other changes	-
Total OPEB liability - ending	\$ 20,797,992
 Covered-employee payroll	-
 Total OPEB liability as a % of covered payroll	-

Notes to Schedule:

* *Until a full 10-year trend is compiled, only information for those years available is presented.*
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.
Valuation Date: June 30, 2018
Measurement Date: December 31, 2018
Actuarial Cost Method: Entry Age Normal
Medical Costs: Initial rate is 12%/7% for Excise tax/ No Excise Tax, trends down to about 5% in 2080.
Long-term Care: 4.5%
Medicare Part B Premiums: Approximately 5%, varies by year
Mortality : RP-2000 Mortality Table



“Don’t let the fear of losing be greater than the excitement of winning.”

– Robert Kiyosaki

NON-MAJOR GOVERNMENTAL FUNDS

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

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**City of Walla Walla
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2018**

	Special Revenue	Debt Service	Capital Project	Permanent	Other Governmental
ASSETS					
Cash and equivalents	\$ 1,525,044	\$ 659,653	\$ 4,107,454	\$ 11,684	\$ 6,303,835
Restricted cash and equivalents	-	-	-	16,545	16,545
Restricted investments	198,899	-	-	-	198,899
Investments	994,497	-	-	-	994,497
Taxes receivable (net)	338,199	27,731	234,025	-	599,955
Other receivables (net)	84,160	5,352	40,015	-	129,527
Special assessments receivable	-	54,810	-	-	54,810
Interest receivable	2,350	-	-	-	2,350
Pledged receivable	5,000	-	52,500	-	57,500
Total assets	<u>\$ 3,148,149</u>	<u>\$ 747,546</u>	<u>\$ 4,433,994</u>	<u>\$ 28,229</u>	<u>\$ 8,357,918</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES					
Liabilities:					
Accounts payable	\$ 139,962	\$ -	\$ 475,813	\$ -	\$ 615,775
Other accrued liabilities	53,418	-	81,540	-	134,958
Interfund loans payable	72,679	81,848	750,000	-	904,527
Total liabilities	<u>\$ 266,059</u>	<u>\$ 81,848</u>	<u>\$ 1,307,353</u>	<u>\$ -</u>	<u>\$ 1,655,260</u>
Deferred inflows of resources:					
Property taxes	\$ -	\$ 23,900	\$ -	\$ -	\$ 23,900
Special assessments	-	54,810	-	-	54,810
Pledged revenue	5,000	-	52,500	-	57,500
Total deferred inflows of resources	<u>\$ 5,000</u>	<u>\$ 78,710</u>	<u>\$ 52,500</u>	<u>\$ -</u>	<u>\$ 136,210</u>
Fund Balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ 16,545	\$ 16,545
Restricted	691,749	597,016	2,664,218	-	3,952,983
Committed	2,183,420	37,814	1,006,998	-	3,228,232
Assigned	1,921	-	7,110	11,684	20,715
Unassigned	-	(47,842)	(604,185)	-	(652,027)
Total fund balances	<u>\$ 2,877,090</u>	<u>\$ 586,988</u>	<u>\$ 3,074,141</u>	<u>\$ 28,229</u>	<u>\$ 6,566,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,148,149</u>	<u>\$ 747,546</u>	<u>\$ 4,433,994</u>	<u>\$ 28,229</u>	<u>\$ 8,357,918</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, 2018

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent</u>	<u>Other Governmental</u>
REVENUES					
Sales tax	\$ 1,033,542	\$ -	\$ 1,426,434	\$ -	\$ 2,459,976
Property tax	-	1,565,502	-	-	1,565,502
Other tax	904,208	-	-	-	904,208
Licenses and permits	307,430	-	-	-	307,430
Intergovernmental revenues	1,238,223	-	1,389,658	-	2,627,881
Charges for goods and services	276,473	-	-	-	276,473
Fines and forfeitures	7,770	-	-	-	7,770
Miscellaneous revenues	72,626	40,634	249,505	390	363,155
Total revenues	<u>\$ 3,840,272</u>	<u>\$ 1,606,136</u>	<u>\$ 3,065,597</u>	<u>\$ 390</u>	<u>\$ 8,512,395</u>
EXPENDITURES					
Current:					
General government	\$ -	\$ -	\$ 17,351	\$ -	\$ 17,351
Public safety	37,468	-	-	-	37,468
Transportation	2,882,383	-	490,278	-	3,372,661
Economic environment	1,456,828	-	-	-	1,456,828
Culture and recreation	-	-	69,396	-	69,396
Debt service:					
Principal retirement	-	1,135,806	-	-	1,135,806
Interest	3,271	502,937	9,500	-	515,708
Administrative charges	-	1,137	-	-	1,137
Capital outlay:					
General government	-	-	26,243	-	26,243
Public safety	9,999	-	58,287	-	68,286
Transportation	-	-	4,029,456	-	4,029,456
Total expenditures	<u>\$ 4,389,949</u>	<u>\$ 1,639,880</u>	<u>\$ 4,700,511</u>	<u>\$ -</u>	<u>\$ 10,730,340</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (549,677)</u>	<u>\$ (33,744)</u>	<u>\$ (1,634,914)</u>	<u>\$ 390</u>	<u>\$ (2,217,945)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,653,332	\$ 191,360	\$ 3,665,076	\$ -	\$ 5,509,768
Transfers out	(950,437)	-	(447,212)	-	(1,397,649)
Total other financing sources and uses	<u>\$ 702,895</u>	<u>\$ 191,360</u>	<u>\$ 3,217,864</u>	<u>\$ -</u>	<u>\$ 4,112,119</u>
Net change in fund balances	153,218	157,616	1,582,950	390	1,894,174
Fund balances -- beginning	2,723,872	429,372	1,491,191	27,839	4,672,274
Fund balances -- ending	<u>\$ 2,877,090</u>	<u>\$ 586,988</u>	<u>\$ 3,074,141</u>	<u>\$ 28,229</u>	<u>\$ 6,566,448</u>

City of Walla Walla
Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2018

	Streets	Capital Improvement	Housing Development	Hotel/Motel Tax	Tourism Promotion	Drug Fund	Code Enforcement	Cemetery Reserve	Total Special Revenue
ASSETS									
Cash and equivalents	\$ 874,467	\$ 148,650	\$ 85,693	\$ 228,273	\$ -	\$ 42,716	\$ 125,273	\$ 19,972	\$ 1,525,044
Restricted investments	-	-	-	-	-	198,899	-	-	198,899
Investments	298,349	-	-	-	-	-	99,450	596,698	994,497
Taxes receivables (net)	177,391	-	-	121,595	39,213	-	-	-	338,199
Other receivables (net)	22,407	35,433	-	-	-	-	26,158	162	84,160
Interest receivable	214	-	-	-	-	326	220	1,590	2,350
Pledged receivable	5,000	-	-	-	-	-	-	-	5,000
Total assets	<u>\$ 1,377,828</u>	<u>\$ 184,083</u>	<u>\$ 85,693</u>	<u>\$ 349,868</u>	<u>\$ 39,213</u>	<u>\$ 241,941</u>	<u>\$ 251,101</u>	<u>\$ 618,422</u>	<u>\$ 3,148,149</u>
LIABILITIES and FUND BALANCES									
Liabilities:									
Accounts payable	\$ 22,638	\$ -	\$ 99	\$ 76,750	\$ 39,213	\$ 734	\$ 528	\$ -	\$ 139,962
Other accrued liabilities	53,418	-	-	-	-	-	-	-	53,418
Interfund loans payable	72,679	-	-	-	-	-	-	-	72,679
Total liabilities	<u>\$ 148,735</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 76,750</u>	<u>\$ 39,213</u>	<u>\$ 734</u>	<u>\$ 528</u>	<u>\$ -</u>	<u>\$ 266,059</u>
Deferred inflows of resources:									
Pledged revenue	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Total deferred inflows of resources	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Fund balances:									
Restricted	\$ -	\$ 177,424	\$ -	\$ 273,118	\$ -	\$ 241,207	\$ -	\$ -	\$ 691,749
Committed	1,224,093	6,659	85,594	-	-	-	250,573	616,501	2,183,420
Assigned	-	-	-	-	-	-	-	1,921	1,921
Total fund balances	<u>\$ 1,224,093</u>	<u>\$ 184,083</u>	<u>\$ 85,594</u>	<u>\$ 273,118</u>	<u>\$ -</u>	<u>\$ 241,207</u>	<u>\$ 250,573</u>	<u>\$ 618,422</u>	<u>\$ 2,877,090</u>
Total liabilities and fund balances	<u>\$ 1,377,828</u>	<u>\$ 184,083</u>	<u>\$ 85,693</u>	<u>\$ 349,868</u>	<u>\$ 39,213</u>	<u>\$ 241,941</u>	<u>\$ 251,101</u>	<u>\$ 618,422</u>	<u>\$ 3,148,149</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, 2018

	Streets	Capital Improvement	Housing Development	Hotel/Motel Tax	Tourism Promotion	Drug Fund	Code Enforcement	Cemetery Reserve	Total Special Revenue
REVENUES									
Sales tax	\$ -	\$ -	\$ -	\$1,033,542	\$ -	\$ -	\$ -	\$ -	\$ 1,033,542
Other tax	-	548,502	-	-	355,706	-	-	-	904,208
Licenses and permits	307,430	-	-	-	-	-	-	-	307,430
Intergovernmental revenues	1,238,223	-	-	-	-	-	-	-	1,238,223
Charges for goods and services	276,473	-	-	-	-	-	-	-	276,473
Fines and forfeitures	-	-	-	-	-	7,770	-	-	7,770
Miscellaneous revenues	10,324	2,602	23,484	1,677	495	21,966	3,095	8,983	72,626
Total revenues	\$ 1,832,450	\$ 551,104	\$ 23,484	\$1,035,219	\$ 356,201	\$ 29,736	\$ 3,095	\$ 8,983	\$ 3,840,272
EXPENDITURES									
Current:									
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,127	\$ 2,341	\$ -	\$ 37,468
Transportation	2,882,383	-	-	-	-	-	-	-	2,882,383
Economic environment	-	-	83,926	1,016,000	356,902	-	-	-	1,456,828
Debt service:									
Interest	3,271	-	-	-	-	-	-	-	3,271
Capital Outlay:									
Public safety	-	-	-	-	-	9,999	-	-	9,999
Total expenditures	\$ 2,885,654	\$ -	\$ 83,926	\$1,016,000	\$ 356,902	\$ 45,126	\$ 2,341	\$ -	\$ 4,389,949
Excess (deficiency) of revenues over expenditures	\$ (1,053,204)	\$ 551,104	\$ (60,442)	\$ 19,219	\$ (701)	\$ (15,390)	\$ 754	\$ 8,983	\$ (549,677)
OTHER FINANCING SOURCES (USES)									
Transfers in	\$ 1,653,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,653,332
Transfers out	(136,000)	(668,437)	-	-	-	(46,000)	-	(100,000)	(950,437)
Total other financing sources and uses	\$ 1,517,332	\$ (668,437)	\$ -	\$ -	\$ -	\$ (46,000)	\$ -	\$ (100,000)	\$ 702,895
Net change in fund balances	464,128	(117,333)	(60,442)	19,219	(701)	(61,390)	754	(91,017)	153,218
Fund balance - beginning	759,965	301,416	146,036	253,899	701	302,597	249,819	709,439	2,723,872
Fund balance - ending	\$ 1,224,093	\$ 184,083	\$ 85,594	\$ 273,118	\$ -	\$ 241,207	\$ 250,573	\$ 618,422	\$ 2,877,090

City of Walla Walla
Combining Balance Sheet
Non-Major Debt Service Funds
December 31, 2018

	<u>L.T.G.O. Bond</u>	<u>Fire Station U.T.G.O. Bond</u>	<u>Police 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	\$ 2,501	\$ 177,804	\$ 365,788	\$ 44,241	\$ 34,006	\$ 35,313	\$ 659,653
Taxes receivable	-	6,543	14,900	6,288	-	-	27,731
Other receivables (net)	-	1,209	2,824	1,319	-	-	5,352
Special assessments receivable	-	-	-	-	54,810	-	54,810
Total assets	<u>\$ 2,501</u>	<u>\$ 185,556</u>	<u>\$ 383,512</u>	<u>\$ 51,848</u>	<u>\$ 88,816</u>	<u>\$ 35,313</u>	<u>\$ 747,546</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES							
Liabilities:							
Interfund loans payable	\$ -	\$ -	\$ -	\$ -	\$ 81,848	\$ -	\$ 81,848
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,848</u>	<u>\$ -</u>	<u>\$ 81,848</u>
Deferred inflows of resources:							
Property taxes	\$ -	\$ 5,639	\$ 12,842	\$ 5,419	\$ -	\$ -	\$ 23,900
Special assessments	-	-	-	-	54,810	-	54,810
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 5,639</u>	<u>\$ 12,842</u>	<u>\$ 5,419</u>	<u>\$ 54,810</u>	<u>\$ -</u>	<u>\$ 78,710</u>
Fund balances:							
Restricted	\$ -	\$ 179,917	\$ 370,670	\$ 46,429	\$ -	\$ -	\$ 597,016
Committed	2,501	-	-	-	-	35,313	37,814
Unassigned	-	-	-	-	(47,842)	-	(47,842)
Total fund balances	<u>\$ 2,501</u>	<u>\$ 179,917</u>	<u>\$ 370,670</u>	<u>\$ 46,429</u>	<u>\$ (47,842)</u>	<u>\$ 35,313</u>	<u>\$ 586,988</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,501</u>	<u>\$ 185,556</u>	<u>\$ 383,512</u>	<u>\$ 51,848</u>	<u>\$ 88,816</u>	<u>\$ 35,313</u>	<u>\$ 747,546</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, 2018

	L.T.G.O. Bond	Fire Station U.T.G.O. Bond	Police Station U.T.G.O. Bond	Pool U.T.G.O. Bond	LID Bond Fund	LID Guarantee	Total Non-Major Debt Service
REVENUES							
Property tax	\$ -	\$ 355,533	\$ 819,722	\$ 390,247	\$ -	\$ -	\$ 1,565,502
Miscellaneous revenues	-	3,925	7,947	1,823	26,939	-	40,634
Total revenues	<u>\$ -</u>	<u>\$ 359,458</u>	<u>\$ 827,669</u>	<u>\$ 392,070</u>	<u>\$ 26,939</u>	<u>\$ -</u>	<u>\$ 1,606,136</u>
EXPENDITURES							
Debt service:							
Principal retirement	\$ 160,806	\$ 275,000	\$ 505,000	\$ 195,000	\$ -	\$ -	\$ 1,135,806
Interest	30,554	49,504	251,288	166,890	4,701	-	502,937
Administrative charges	391	170	576	-	-	-	1,137
Total expenditures	<u>\$ 191,751</u>	<u>\$ 324,674</u>	<u>\$ 756,864</u>	<u>\$ 361,890</u>	<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 1,639,880</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (191,751)</u>	<u>\$ 34,784</u>	<u>\$ 70,805</u>	<u>\$ 30,180</u>	<u>\$ 22,238</u>	<u>\$ -</u>	<u>\$ (33,744)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 191,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,360
Total other financing sources and uses	<u>\$ 191,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,360</u>
Net change in fund balances	(391)	34,784	70,805	30,180	22,238	-	157,616
Fund balances -- beginning	2,892	145,133	299,865	16,249	(70,080)	35,313	429,372
Fund balances -- ending	<u>\$ 2,501</u>	<u>\$ 179,917</u>	<u>\$ 370,670</u>	<u>\$ 46,429</u>	<u>\$ (47,842)</u>	<u>\$ 35,313</u>	<u>\$ 586,988</u>

City of Walla Walla
Combining Balance Sheet
Non-Major Capital Project Funds
December 31, 2018

	<u>General CIP</u>	<u>Library CIP</u>	<u>Fire CIP</u>	<u>Parks CIP</u>	<u>Street CIP</u>	<u>TBD Street CIP</u>	<u>Total Non-Major Capital Project</u>
ASSETS							
Cash and equivalents	\$ 119,572	\$ 32,040	\$ 49,943	\$ 145,815	\$ 1,864,520	\$ 1,895,564	\$ 4,107,454
Taxes receivable	-	-	-	-	-	234,025	234,025
Other receivables (net)	-	-	-	-	40,015	-	40,015
Pledged receivable	-	-	-	52,500	-	-	52,500
Total assets	<u>\$ 119,572</u>	<u>\$ 32,040</u>	<u>\$ 49,943</u>	<u>\$ 198,315</u>	<u>\$ 1,904,535</u>	<u>\$ 2,129,589</u>	<u>\$ 4,433,994</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 441,639	\$ 34,174	\$ 475,813
Other accrued liabilities	-	-	-	-	81,540	-	81,540
Interfund loans payable	-	-	-	750,000	-	-	750,000
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 523,179</u>	<u>\$ 34,174</u>	<u>\$ 1,307,353</u>
Deferred inflows of resources:							
Pledged revenue	\$ -	\$ -	\$ -	\$ 52,500	\$ -	\$ -	\$ 52,500
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,500</u>
Fund balances:							
Restricted	\$ -	\$ 32,040	\$ -	\$ -	\$ 536,763	\$ 2,095,415	\$ 2,664,218
Committed	119,572	-	49,943	-	837,483	-	1,006,998
Assigned	-	-	-	-	7,110	-	7,110
Unassigned	-	-	-	(604,185)	-	-	(604,185)
Total fund balances	<u>\$ 119,572</u>	<u>\$ 32,040</u>	<u>\$ 49,943</u>	<u>\$ (604,185)</u>	<u>\$ 1,381,356</u>	<u>\$ 2,095,415</u>	<u>\$ 3,074,141</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 119,572</u>	<u>\$ 32,040</u>	<u>\$ 49,943</u>	<u>\$ 198,315</u>	<u>\$ 1,904,535</u>	<u>\$ 2,129,589</u>	<u>\$ 4,433,994</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, 2018

	General CIP	Library CIP	Fire CIP's	Parks CIP	Street CIP	TBD Street CIP	Total Non-Major Capital Project
REVENUES							
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,426,434	\$ 1,426,434
Intergovernmental revenues	-	-	54,546	-	1,335,112	-	1,389,658
Miscellaneous revenues	1,694	462	134	212,500	10,000	24,715	249,505
Total revenues	<u>\$ 1,694</u>	<u>\$ 462</u>	<u>\$ 54,680</u>	<u>\$ 212,500</u>	<u>\$ 1,345,112</u>	<u>\$ 1,451,149</u>	<u>\$ 3,065,597</u>
EXPENDITURES							
Current:							
General government	\$ 17,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,351
Transportation	-	-	-	-	368,207	122,071	490,278
Culture and recreation	-	2,000	-	67,396	-	-	69,396
Debt service:							
Interest	-	-	-	9,500	-	-	9,500
Capital outlay:							
General government	26,243	-	-	-	-	-	26,243
Public safety	-	-	58,287	-	-	-	58,287
Transportation	-	-	-	-	3,686,056	343,400	4,029,456
Total expenditures	<u>\$ 43,594</u>	<u>\$ 2,000</u>	<u>\$ 58,287</u>	<u>\$ 76,896</u>	<u>\$ 4,054,263</u>	<u>\$ 465,471</u>	<u>\$ 4,700,511</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (41,900)</u>	<u>\$ (1,538)</u>	<u>\$ (3,607)</u>	<u>\$ 135,604</u>	<u>\$ (2,709,151)</u>	<u>\$ 985,678</u>	<u>\$ (1,634,914)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ 53,550	\$ 275,000	\$ 3,236,526	\$ 100,000	\$ 3,665,076
Transfers out	-	-	-	-	-	(447,212)	(447,212)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,550</u>	<u>\$ 275,000</u>	<u>\$ 3,236,526</u>	<u>\$ (347,212)</u>	<u>\$ 3,217,864</u>
Net change in fund balances	(41,900)	(1,538)	49,943	410,604	527,375	638,466	1,582,950
Fund balances -- beginning	161,472	33,578	-	(1,014,789)	853,981	1,456,949	1,491,191
Fund balances -- ending	<u>\$ 119,572</u>	<u>\$ 32,040</u>	<u>\$ 49,943</u>	<u>\$ (604,185)</u>	<u>\$ 1,381,356</u>	<u>\$ 2,095,415</u>	<u>\$ 3,074,141</u>

**City of Walla Walla
Combining Balance Sheet
Non-Major Permanent Funds
December 31, 2018**

	<u>Esther Eyruad</u>	<u>Sherwood Library</u>	<u>Total Non-Major Permanent</u>
ASSETS			
Cash and equivalents	\$ 10,447	\$ 1,237	\$ 11,684
Restricted cash and equivalents	3,000	13,545	16,545
Total assets	<u>\$ 13,447</u>	<u>\$ 14,782</u>	<u>\$ 28,229</u>
LIABILITIES and FUND BALANCES			
Liabilities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Nonspendable	\$ 3,000	\$ 13,545	\$ 16,545
Assigned	10,447	1,237	11,684
Total fund balances	<u>\$ 13,447</u>	<u>\$ 14,782</u>	<u>\$ 28,229</u>
Total liabilities and fund balances	<u>\$ 13,447</u>	<u>\$ 14,782</u>	<u>\$ 28,229</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, 2018

	<u>Esther Eyruad</u>	<u>Sherwood Library</u>	<u>Total Non-Major Permanent</u>
REVENUES			
Miscellaneous revenues	\$ 186	\$ 204	\$ 390
Total revenues	<u>\$ 186</u>	<u>\$ 204</u>	<u>\$ 390</u>
EXPENDITURES			
Current:			
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	<u>\$ 186</u>	<u>\$ 204</u>	<u>\$ 390</u>
OTHER FINANCING SOURCES (USES)			
Total other financing sources and uses	\$ -	\$ -	\$ -
Net change in fund balances	186	204	390
Fund balances -- beginning	<u>13,261</u>	<u>14,578</u>	<u>27,839</u>
Fund balances -- ending	<u><u>\$ 13,447</u></u>	<u><u>\$ 14,782</u></u>	<u><u>\$ 28,229</u></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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Licenses and permits	\$ 648,400	\$ 647,880	\$ 608,230	\$ (39,650)
Intergovernmental revenues*	1,476,480	2,093,860	2,196,970	103,110
Charges for goods and services	442,600	422,060	515,470	93,410
Miscellaneous revenues	-	13,260	14,960	1,700
Total revenues	<u>2,567,480</u>	<u>3,177,060</u>	<u>3,335,630</u>	<u>158,570</u>
EXPENDITURES				
Current:				
Transportation	6,023,750	6,415,170	6,349,210	(65,960)
Debt service:				
Interest	8,840	8,840	7,460	(1,380)
Capital outlay:				
Transportation	-	-	6,640	6,640
Total expenditures	<u>6,032,590</u>	<u>6,424,010</u>	<u>6,363,310</u>	<u>(60,700)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,465,110)</u>	<u>(3,246,950)</u>	<u>(3,027,680)</u>	<u>219,270</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,159,450	3,347,290	3,346,440	(850)
Transfers out	-	(254,090)	(210,370)	43,720
Total other financing sources, uses and special items	<u>3,159,450</u>	<u>3,093,200</u>	<u>3,136,070</u>	<u>42,870</u>
Net change in fund balances	(305,660)	(153,750)	108,390	262,140
Fund balances -- beginning	<u>1,115,700</u>	<u>1,115,700</u>	<u>1,115,700</u>	<u>-</u>
Fund balances -- ending	<u>\$ 810,040</u>	<u>\$ 961,950</u>	<u>\$ 1,224,090</u>	<u>\$ 262,140</u>

Figures are rounded to the nearest ten dollars.

*Includes 2018 prior period adjustment.

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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Other tax	\$ 700,000	\$ 960,000	\$ 1,001,090	\$ 41,090
Miscellaneous revenues	520	6,160	5,040	(1,120)
Total revenues	<u>700,520</u>	<u>966,160</u>	<u>1,006,130</u>	<u>39,970</u>
EXPENDITURES				
Debt service:				
Principal retirement	200,000	200,400	-	(200,400)
Interest	700	1,000	-	(1,000)
Total expenditures	<u>200,700</u>	<u>201,400</u>	<u>-</u>	<u>(201,400)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>499,820</u>	<u>764,760</u>	<u>1,006,130</u>	<u>241,370</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(268,750)	(933,440)	(1,133,830)	(200,390)
Total other financing sources, uses and special items	<u>(268,750)</u>	<u>(933,440)</u>	<u>(1,133,830)</u>	<u>(200,390)</u>
Net change in fund balances	231,070	(168,680)	(127,700)	40,980
Fund balances -- beginning	<u>311,780</u>	<u>311,780</u>	<u>311,780</u>	<u>-</u>
Fund balances -- ending	<u>\$ 542,850</u>	<u>\$ 143,100</u>	<u>\$ 184,080</u>	<u>\$ 40,980</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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Miscellaneous revenues	\$ 560	\$ 39,290	\$ 46,260	\$ 6,970
Total revenues	560	39,290	46,260	6,970
EXPENDITURES				
Current:				
Economic environment	-	85,410	143,010	57,600
Total expenditures	-	85,410	143,010	57,600
Excess (deficiency) of revenues over (under) expenditures	560	(46,120)	(96,750)	(50,630)
Net change in fund balances	560	(46,120)	(96,750)	(50,630)
Fund balances -- beginning	182,340	182,340	182,340	-
Fund balances -- ending	\$ 182,900	\$ 136,220	\$ 85,590	\$ (50,630)

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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Sales tax*	\$ 1,800,000	\$ 1,928,000	\$ 2,096,160	\$ 168,160
Miscellaneous revenues	300	2,300	2,710	410
Total revenues	<u>1,800,300</u>	<u>1,930,300</u>	<u>2,098,870</u>	<u>168,570</u>
EXPENDITURES				
Current:				
Economic environment	-	1,932,110	1,932,100	(10)
Culture and recreation	1,667,400	-	-	-
Total expenditures	<u>1,667,400</u>	<u>1,932,110</u>	<u>1,932,100</u>	<u>(10)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,900</u>	<u>(1,810)</u>	<u>166,770</u>	<u>168,580</u>
Net change in fund balances	132,900	(1,810)	166,770	168,580
Fund balances -- beginning	<u>106,350</u>	<u>106,350</u>	<u>106,350</u>	<u>-</u>
Fund balances -- ending	<u>\$ 239,250</u>	<u>\$ 104,540</u>	<u>\$ 273,120</u>	<u>\$ 168,580</u>

Figures are rounded to the nearest ten dollars.

*Includes 2018 prior period adjustment.

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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final	Actuals	Over (Under)
REVENUES				
Other tax*	\$ 650,000	\$ 697,000	\$ 732,580	\$ 35,580
Miscellaneous revenues*	120	420	1,240	820
Total revenues	<u>650,120</u>	<u>697,420</u>	<u>733,820</u>	<u>36,400</u>
EXPENDITURES				
Current:				
Economic environment*	<u>556,660</u>	<u>651,030</u>	<u>749,760</u>	<u>98,730</u>
Total expenditures	<u>556,660</u>	<u>651,030</u>	<u>749,760</u>	<u>98,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,460</u>	<u>46,390</u>	<u>(15,940)</u>	<u>(62,330)</u>
Net change in fund balances	93,460	46,390	(15,940)	(62,330)
Fund balances -- beginning	<u>15,940</u>	<u>15,940</u>	<u>15,940</u>	<u>-</u>
Fund balances -- ending	<u>\$ 109,400</u>	<u>\$ 62,330</u>	<u>\$ -</u>	<u>\$ (62,330)</u>

Figures are rounded to the nearest ten dollars.

*Includes 2018 prior period adjustment.

**City of Walla Walla
Drug Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018**

	2017-18 Biennial Budgeted Amounts		2017-18 Actuals	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Fines and forfeits	\$ 2,000	\$ 33,310	\$ 25,080	\$ (8,230)
Miscellaneous revenues	60,900	58,400	44,760	(13,640)
Total revenues	<u>62,900</u>	<u>91,710</u>	<u>69,840</u>	<u>(21,870)</u>
EXPENDITURES				
Current:				
Public safety	82,300	83,430	62,740	(20,690)
Capital outlay:				
Public safety	20,000	20,000	20,000	-
Total expenditures	<u>102,300</u>	<u>103,430</u>	<u>82,740</u>	<u>(20,690)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,400)</u>	<u>(11,720)</u>	<u>(12,900)</u>	<u>(1,180)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(46,000)	(46,000)	-
Total other financing sources, uses and special items	<u>-</u>	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>
Net change in fund balances	(39,400)	(57,720)	(58,900)	(1,180)
Fund balances -- beginning	<u>300,110</u>	<u>300,110</u>	<u>300,110</u>	<u>-</u>
Fund balances -- ending	<u>\$ 260,710</u>	<u>\$ 242,390</u>	<u>\$ 241,210</u>	<u>\$ (1,180)</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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Economic environment	-	7,560	7,560	-
Total expenditures	-	7,560	7,560	-
Excess (deficiency) of revenues over (under) expenditures	-	(7,560)	(7,560)	-
Net change in fund balances	-	(7,560)	(7,560)	-
Fund balances -- beginning	7,560	7,560	7,560	-
Fund balances -- ending	\$ 7,560	\$ -	\$ -	\$ -

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, 2018

	2017-18 Biennial Budgeted Amounts		2017-18 Actuals	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Miscellaneous revenues	\$ 600	\$ 2,970	\$ 6,350	\$ 3,380
Total revenues	600	2,970	6,350	3,380
EXPENDITURES				
Current:				
Public safety	-	55,000	10,360	(44,640)
Capital outlay:				
Public safety	-	75,750	-	(75,750)
Total expenditures	-	130,750	10,360	(120,390)
Excess (deficiency) of revenues over (under) expenditures	600	(127,780)	(4,010)	(123,770)
OTHER FINANCING SOURCES (USES)				
Proceeds from disposal of capital assets	-	110,360	-	(110,360)
Total other financing sources, uses and special items	-	110,360	-	(110,360)
Net change in fund balances	600	(17,420)	(4,010)	13,410
Fund balances -- beginning	254,580	254,580	254,580	-
Fund balances -- ending	\$ 255,180	\$ 237,160	\$ 250,570	\$ 13,410

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, 2018


	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final		Over (Under)
REVENUES				
Charges for goods and services	\$ -	\$ -	\$ (400)	\$ (400)
Miscellaneous revenues	2,600	9,600	13,980	4,380
Total revenues	<u>2,600</u>	<u>9,600</u>	<u>13,580</u>	<u>3,980</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>2,600</u>	<u>9,600</u>	<u>13,580</u>	<u>3,980</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(120,000)	(160,000)	(160,000)	-
Total other financing sources, uses and special items	<u>(120,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balances	(117,400)	(150,400)	(146,420)	3,980
Fund balances -- beginning	<u>764,840</u>	<u>764,840</u>	<u>764,840</u>	<u>-</u>
Fund balances -- ending	<u>\$ 647,440</u>	<u>\$ 614,440</u>	<u>\$ 618,420</u>	<u>\$ 3,980</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, 2018

	2017-18 Biennial		2017-18	Variance with
	Budgeted Amounts			
	Original	Final	Actuals	Over (Under)
REVENUES				
Sales tax	\$ 2,355,000	\$ 1,225,000	\$ 809,770	\$ (415,230)
Miscellaneous revenues	2,000	14,680	6,250	(8,430)
Total revenues	<u>2,357,000</u>	<u>1,239,680</u>	<u>816,020</u>	<u>(423,660)</u>
EXPENDITURES				
Current:				
Transportation	6,750	3,350	2,590	(760)
Total expenditures	<u>6,750</u>	<u>3,350</u>	<u>2,590</u>	<u>(760)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,350,250</u>	<u>1,236,330</u>	<u>813,430</u>	<u>(422,900)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,629,250)</u>	<u>(1,515,330)</u>	<u>(392,300)</u>	<u>1,123,030</u>
Total other financing sources, uses and special items	<u>(2,629,250)</u>	<u>(1,515,330)</u>	<u>(392,300)</u>	<u>1,123,030</u>
SPECIAL ITEM				
Transfer of TBD operations to city	-	-	<u>(1,137,490)</u>	<u>(1,137,490)</u>
Net change in fund balances	(279,000)	(279,000)	(716,360)	(437,360)
Fund balances -- beginning	<u>716,360</u>	<u>716,360</u>	<u>716,360</u>	<u>-</u>
Fund balances -- ending	<u>\$ 437,360</u>	<u>\$ 437,360</u>	<u>\$ -</u>	<u>\$ (437,360)</u>

Figures are rounded to the nearest ten dollars.



“We make a living by what we get, but we make a life by what we give.”

– Winston Churchill

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>	122
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>	125

City of Walla Walla
Combining Statement of Net Position
Non-Major Enterprise Funds
December 31, 2018

	<u>Golf Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Other Enterprise</u>
ASSETS				
Current assets:				
Cash and equivalents	\$ 13,680	\$ 1,586,592	\$ 1,666	\$ 1,601,938
Investments	-	99,450	-	99,450
Other receivables (net)	4,005	192,560	232,396	428,961
Total current assets	<u>17,685</u>	<u>1,878,602</u>	<u>234,062</u>	<u>2,130,349</u>
Noncurrent assets:				
Net pension asset	-	-	1,271,543	1,271,543
Capital assets not being depreciated:				
Land	38,508	16,907	-	55,415
Construction in progress	-	112,857	-	112,857
Capital assets being depreciated:				
Buildings and structures	371,006	-	-	371,006
Improvements other than buildings	1,144,427	213,890	-	1,358,317
Machinery and equipment	51,036	12,933	170,603	234,572
Infrastructure	448,750	6,458,056	-	6,906,806
Less accumulated depreciation	<u>(669,834)</u>	<u>(508,160)</u>	<u>(166,858)</u>	<u>(1,344,852)</u>
Total capital assets (net)	<u>1,383,893</u>	<u>6,306,483</u>	<u>3,745</u>	<u>7,694,121</u>
Total noncurrent assets	<u>1,383,893</u>	<u>6,306,483</u>	<u>1,275,288</u>	<u>8,965,664</u>
Total assets	<u>\$ 1,401,578</u>	<u>\$ 8,185,085</u>	<u>\$ 1,509,350</u>	<u>\$ 11,096,013</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	\$ -	\$ 31,343	\$ 151,952	\$ 183,295
OPEB	-	-	32,379	32,379
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 31,343</u>	<u>\$ 184,331</u>	<u>\$ 215,674</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,183	\$ 27,584	\$ 10,911	\$ 39,678
Other accrued liabilities	230	49,182	155,844	205,256
Compensated absences	-	37,143	66,509	103,652
Current portion long-term debt	24,742	-	-	24,742
Interfund loans payable	43,684	-	97,340	141,024
Total current liabilities	<u>69,839</u>	<u>113,909</u>	<u>330,604</u>	<u>514,352</u>
Long-term liabilities:				
Compensated absences	-	7,550	80,655	88,205
Net pension liability	-	159,633	322,560	482,193
OPEB liability	-	-	2,599,748	2,599,748
Long-term debt	109,437	-	-	109,437
Interfund loans payable	258,082	-	344,433	602,515
Total noncurrent liabilities	<u>367,519</u>	<u>167,183</u>	<u>3,347,396</u>	<u>3,882,098</u>
Total liabilities	<u>\$ 437,358</u>	<u>\$ 281,092</u>	<u>\$ 3,678,000</u>	<u>\$ 4,396,450</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	\$ -	\$ 59,615	\$ 406,407	\$ 466,022
OPEB	-	-	74,567	74,567
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 59,615</u>	<u>\$ 480,974</u>	<u>\$ 540,589</u>
NET POSITION				
Net investment in capital assets	\$ 1,249,712	\$ 6,287,435	\$ 3,745	\$ 7,540,892
Unrestricted	<u>(285,492)</u>	<u>1,588,286</u>	<u>(2,469,038)</u>	<u>(1,166,244)</u>
Total net position	<u>\$ 964,220</u>	<u>\$ 7,875,721</u>	<u>\$(2,465,293)</u>	<u>\$ 6,374,648</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, 2018

	<u>Golf Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Other Enterprise</u>
Operating revenues:				
Intergovernmental revenues	\$ -	\$ 72,554	\$ 1,838,706	\$ 1,911,260
Charges for goods and services	26,171	2,630,835	1,259,129	3,916,135
Miscellaneous revenues	52,519	-	-	52,519
Total operating revenues	<u>\$ 78,690</u>	<u>\$ 2,703,389</u>	<u>\$ 3,097,835</u>	<u>\$ 5,879,914</u>
Operating expenses:				
Depreciation	\$ 63,652	\$ 118,031	\$ 1,438	\$ 183,121
Salaries and wages	-	321,537	1,707,731	2,029,268
Personnel benefits	-	156,604	395,921	552,525
Supplies	9,980	50,148	156,423	216,551
Services and charges	3,000	225,760	137,394	366,154
Intergovernmental services	2,207	385,737	18,906	406,850
Interfund service payments	54,303	863,817	574,419	1,492,539
Total operating expenses	<u>\$ 133,142</u>	<u>\$ 2,121,634</u>	<u>\$ 2,992,232</u>	<u>\$ 5,247,008</u>
Operating income (loss)	<u>\$ (54,452)</u>	<u>\$ 581,755</u>	<u>\$ 105,603</u>	<u>\$ 632,906</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	\$ -	\$ 93,306	\$ 1,222	\$ 94,528
Miscellaneous revenues	-	21,168	160	21,328
Debt service - interest	(18,018)	-	(4,500)	(22,518)
Total non-operating revenue (expenses)	<u>\$ (18,018)</u>	<u>\$ 114,474</u>	<u>\$ (3,118)</u>	<u>\$ 93,338</u>
Income (loss) before contributions and transfers	<u>\$ (72,470)</u>	<u>\$ 696,229</u>	<u>\$ 102,485</u>	<u>\$ 726,244</u>
Capital contributions	-	291,213	-	291,213
Transfers in	75,000	167,284	-	242,284
Change in net position	<u>2,530</u>	<u>1,154,726</u>	<u>102,485</u>	<u>1,259,741</u>
Adjusted net position -- beginning	<u>961,690</u>	<u>6,720,995</u>	<u>(2,567,778)</u>	<u>5,114,907</u>
Total net position -- ending	<u>\$ 964,220</u>	<u>\$ 7,875,721</u>	<u>\$ (2,465,293)</u>	<u>\$ 6,374,648</u>

City of Walla Walla
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2018

	<u>Golf Course</u>	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Other Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from customers	\$ 25,690	\$ 2,642,459	\$ 3,119,296	\$ 5,787,445
Cash from other receipts	52,519	174,844	11	227,374
Payments to suppliers	(17,690)	(638,981)	(312,540)	(969,211)
Payments to employees	-	(465,325)	(2,430,451)	(2,895,776)
Payments for interfund services	(54,303)	(863,817)	(574,419)	(1,492,539)
Net cash provided by operating activities	<u>\$ 6,216</u>	<u>\$ 849,180</u>	<u>\$ (198,103)</u>	<u>\$ 657,293</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from grants and contributions	\$ -	\$ 93,306	\$ 1,222	\$ 94,528
Proceeds (repayments) from interfund loan	-	-	141,773	141,773
Transfers in	-	30,000	-	30,000
Total cash flows from noncapital financing	<u>\$ -</u>	<u>\$ 123,306</u>	<u>\$ 142,995</u>	<u>\$ 266,301</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital grants and contributions	\$ -	\$ 57,427	\$ -	\$ 57,427
Purchase of capital assets	-	(549,299)	-	(549,299)
Principal paid on capital debt	(66,621)	-	-	(66,621)
Interest paid on capital debt	(18,061)	-	(4,500)	(22,561)
Transfers in	75,000	137,284	-	212,284
Total cash flows from capital and related financing	<u>\$ (9,682)</u>	<u>\$ (354,588)</u>	<u>\$ (4,500)</u>	<u>\$ (368,770)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in fair value of investments	\$ -	\$ 2,241	\$ -	\$ 2,241
Total cash flows from investing activities	<u>\$ -</u>	<u>\$ 2,241</u>	<u>\$ -</u>	<u>\$ 2,241</u>
Net increase (decrease) in cash and equivalents	<u>\$ (3,466)</u>	<u>\$ 620,139</u>	<u>\$ (59,608)</u>	<u>\$ 557,065</u>
Beginning cash and cash equivalents	\$ 17,146	\$ 966,453	\$ 61,274	\$ 1,044,873
Ending cash and cash equivalents	<u>\$ 13,680</u>	<u>\$ 1,586,592</u>	<u>\$ 1,666</u>	<u>\$ 1,601,938</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (54,452)	\$ 581,755	\$ 16,065	\$ 543,368
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	63,652	118,031	1,438	183,121
(Increase) decrease in accounts receivable	(481)	94,914	21,461	115,894
Increase (decrease) in accounts payable	(2,503)	22,664	183	20,344
Increase (decrease) in other receipts	-	19,000	11	19,011
Increase (decrease) in salaries and benefits	-	27,377	(9,524)	17,853
Increase (decrease) in pension adjustment	-	(14,561)	(227,737)	(242,298)
Net cash provided by operating activities	<u>\$ 6,216</u>	<u>\$ 849,180</u>	<u>\$ (198,103)</u>	<u>\$ 657,293</u>
Noncash investing, capital, and financing activities				
Contribution of capital assets from developers	\$ -	\$ 233,786	\$ -	\$ 233,786

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, 2018

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Emergency Communication</u>	<u>Service Center</u>	<u>Health Insurance</u>	<u>Industrial Insurance</u>	<u>Total Internal Service</u>
ASSETS							
Current assets:							
Cash and equivalents	\$ 268,799	\$ 2,945,558	\$ 995,950	\$ 290,202	\$ 852,084	\$ 193,541	\$ 5,546,134
Investments	-	3,480,740	497,248	99,450	-	-	4,077,438
Taxes receivables (net)	-	-	42,815	-	-	-	42,815
Other receivables (net)	-	17,556	13,693	-	-	-	31,249
Interest receivable	-	-	717	-	-	-	717
Interfund loans receivable	-	730,797	-	-	-	-	730,797
Inventories	92,152	-	-	-	-	-	92,152
Prepays	-	-	1,440	-	-	-	1,440
Total current assets	<u>360,951</u>	<u>7,174,651</u>	<u>1,551,863</u>	<u>389,652</u>	<u>852,084</u>	<u>193,541</u>	<u>10,522,742</u>
Noncurrent assets:							
Interfund loans receivable	-	1,608,304	-	-	-	-	1,608,304
Capital assets not being depreciated:							
Land	-	-	-	135,600	-	-	135,600
Construction in progress	-	-	-	111,511	-	-	111,511
Capital assets being depreciated:							
Buildings and structures	-	-	-	4,253,741	-	-	4,253,741
Improvements other than buildings	-	-	-	16,212	-	-	16,212
Machinery and equipment	140,392	20,206,953	147,237	55,966	-	-	20,550,548
Infrastructure	-	-	-	96,187	-	-	96,187
Less accumulated depreciation	(46,773)	(11,767,720)	(99,808)	(1,859,622)	-	-	(13,773,923)
Total capital assets (net)	<u>93,619</u>	<u>8,439,233</u>	<u>47,429</u>	<u>2,809,595</u>	<u>-</u>	<u>-</u>	<u>11,389,876</u>
Total noncurrent assets	<u>93,619</u>	<u>10,047,537</u>	<u>47,429</u>	<u>2,809,595</u>	<u>-</u>	<u>-</u>	<u>12,998,180</u>
Total assets	<u>\$ 454,570</u>	<u>\$ 17,222,188</u>	<u>\$ 1,599,292</u>	<u>\$ 3,199,247</u>	<u>\$ 852,084</u>	<u>\$ 193,541</u>	<u>\$ 23,520,922</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pensions	\$ 22,984	\$ 5,605	\$ 102,326	\$ 5,917	\$ -	\$ -	\$ 136,832
Total deferred outflows of resources	<u>\$ 22,984</u>	<u>\$ 5,605</u>	<u>\$ 102,326</u>	<u>\$ 5,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,832</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 11,705	\$ 6,224	\$ 7,546	\$ 19,664	\$ 162	\$ 33,075	\$ 78,376
Other accrued liabilities	17,667	4,661	98,797	5,813	-	-	126,938
Industrial insurance claims	-	-	-	-	-	18,000	18,000
Compensated absences	25,351	2,790	98,492	1,018	-	-	127,651
Total current liabilities	<u>54,723</u>	<u>13,675</u>	<u>204,835</u>	<u>26,495</u>	<u>162</u>	<u>51,075</u>	<u>350,965</u>
Long-term liabilities:							
Industrial insurance claims	-	-	-	-	-	120,001	120,001
Compensated absences	-	1,038	18,066	-	-	-	19,104
Net pension liability	117,058	28,546	521,160	30,138	-	-	696,902
Total noncurrent liabilities	<u>117,058</u>	<u>29,584</u>	<u>539,226</u>	<u>30,138</u>	<u>-</u>	<u>120,001</u>	<u>836,007</u>
Total liabilities	<u>\$ 171,781</u>	<u>\$ 43,259</u>	<u>\$ 744,061</u>	<u>\$ 56,633</u>	<u>\$ 162</u>	<u>\$ 171,076</u>	<u>\$ 1,186,972</u>
DEFERRED INFLOWS OF RESOURCES							
Pensions	\$ 43,715	\$ 10,660	\$ 194,626	\$ 11,255	\$ -	\$ -	\$ 260,256
Total deferred inflows of resources	<u>\$ 43,715</u>	<u>\$ 10,660</u>	<u>\$ 194,626</u>	<u>\$ 11,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,256</u>
NET POSITION							
Net investment in capital assets	\$ 93,619	\$ 8,439,233	\$ 47,429	\$ 2,809,595	\$ -	\$ -	\$ 11,389,876
Unrestricted	168,439	8,734,641	715,502	327,681	851,922	22,465	10,820,650
Total net position	<u>\$ 262,058</u>	<u>\$ 17,173,874</u>	<u>\$ 762,931</u>	<u>\$ 3,137,276</u>	<u>\$ 851,922</u>	<u>\$ 22,465</u>	<u>\$ 22,210,526</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, 2018

	Business-type Activities		Government-type Activities				Total Internal Service
	Vehicle Maintenance	Vehicle Replacement	Emergency Communication	Service Center	Health Insurance	Industrial Insurance	
Operating revenues:							
Intergovernmental revenues	\$ -	\$ 17,556	\$ 2,544,994	\$ -	\$ -	\$ -	\$ 2,562,550
Charges for goods and services	2,113	-	-	-	-	-	2,113
Interfund charges	1,514,029	2,365,622	-	319,990	5,690,615	335,036	10,225,292
Total operating revenues	<u>\$ 1,516,142</u>	<u>\$ 2,383,178</u>	<u>\$ 2,544,994</u>	<u>\$ 319,990</u>	<u>\$ 5,690,615</u>	<u>\$ 335,036</u>	<u>\$ 12,789,955</u>
Operating expenses:							
Depreciation	\$ 7,373	\$ 1,014,548	\$ 13,800	\$ 101,970	\$ -	\$ -	\$ 1,137,691
Salaries and wages	239,025	57,288	1,054,982	60,486	-	-	1,411,781
Personnel benefits	96,816	18,749	462,940	26,959	5,595,828	-	6,201,292
Supplies	847,613	34,210	54,218	21,894	16	-	957,951
Services and charges	128,350	12,776	327,854	141,888	6,937	371,417	989,222
Interfund service payments	158,040	152,550	239,622	41,797	-	-	592,009
Total operating expenses	<u>\$ 1,477,217</u>	<u>\$ 1,290,121</u>	<u>\$ 2,153,416</u>	<u>\$ 394,994</u>	<u>\$ 5,602,781</u>	<u>\$ 371,417</u>	<u>\$ 11,289,946</u>
Operating income (loss)	<u>\$ 38,925</u>	<u>\$ 1,093,057</u>	<u>\$ 391,578</u>	<u>\$ (75,004)</u>	<u>\$ 87,834</u>	<u>\$ (36,381)</u>	<u>\$ 1,500,009</u>
Nonoperating revenues (expenses):							
Miscellaneous revenues	\$ 350	\$ 52,934	\$ 21,999	\$ 558	\$ -	\$ -	\$ 75,841
Gain (loss) on sale of capital assets	-	47,367	-	-	-	-	47,367
Insurance recoveries	10,495	-	-	-	-	-	10,495
Total non-operating revenue (expenses)	<u>\$ 10,845</u>	<u>\$ 100,301</u>	<u>\$ 21,999</u>	<u>\$ 558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,703</u>
Income (loss) before contributions and transfers	<u>\$ 49,770</u>	<u>\$ 1,193,358</u>	<u>\$ 413,577</u>	<u>\$ (74,446)</u>	<u>\$ 87,834</u>	<u>\$ (36,381)</u>	<u>\$ 1,633,712</u>
Transfers in	-	396,000	276,500	-	-	29,485	701,985
Transfers out	-	(331,238)	-	-	-	-	(331,238)
Change in net position	<u>49,770</u>	<u>1,258,120</u>	<u>690,077</u>	<u>(74,446)</u>	<u>87,834</u>	<u>(6,896)</u>	<u>2,004,459</u>
Total net position -- beginning	<u>212,288</u>	<u>15,915,754</u>	<u>72,854</u>	<u>3,211,722</u>	<u>764,088</u>	<u>29,361</u>	<u>20,206,067</u>
Total net position -- ending	<u>\$ 262,058</u>	<u>\$ 17,173,874</u>	<u>\$ 762,931</u>	<u>\$ 3,137,276</u>	<u>\$ 851,922</u>	<u>\$ 22,465</u>	<u>\$ 22,210,526</u>

City of Walla Walla
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	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	\$ 2,747	\$ 641,996	\$ 2,359,304	\$ 608	\$ -	\$ -	\$ 3,004,655
Cash from interfund services	1,514,029	2,365,622	-	319,990	5,690,615	335,036	10,225,292
Cash from other receipts	10,845	1,820	5,321	-	-	-	17,986
Payments to suppliers	(989,851)	(70,965)	(387,794)	(154,131)	(5,436,812)	(351,275)	(7,390,828)
Payments to employees	(365,964)	(76,472)	(1,594,232)	(92,524)	-	(4,544)	(2,133,736)
Payments for interfund services	(158,040)	(152,550)	(239,622)	(41,797)	-	-	(592,009)
Net cash provided by operating activities	\$ 13,766	\$ 2,709,451	\$ 142,977	\$ 32,146	\$ 253,803	\$ (20,783)	\$ 3,131,360
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from grants and contributions	\$ -	\$ -	\$ 772	\$ -	\$ -	\$ -	\$ 772
Transfers in	-	-	276,500	-	-	29,485	305,985
Transfers out	-	(331,238)	-	-	-	-	(331,238)
Total cash flows from noncapital financing	\$ -	\$ (331,238)	\$ 277,272	\$ -	\$ -	\$ 29,485	\$ (24,481)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from capital debt	\$ -	\$ 400,385	\$ -	\$ -	\$ -	\$ -	\$ 400,385
Proceeds from capital grants and contributions	-	-	183,300	-	-	-	183,300
Proceeds from sale of capital assets	-	47,367	-	-	-	-	47,367
Purchase of capital assets	-	(2,070,304)	-	(175,436)	-	-	(2,245,740)
Transfers in	-	396,000	-	-	-	-	396,000
Total cash flows from capital and financing activities	\$ -	\$ (1,226,552)	\$ 183,300	\$ (175,436)	\$ -	\$ -	\$ (1,218,688)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	\$ -	\$ -	\$ -	\$ 149,358	\$ -	\$ -	\$ 149,358
Change in fair value of investments	-	207	16,944	-	-	-	17,151
Interest received	-	-	-	558	-	-	558
Total cash flows from investing activities	\$ -	\$ 207	\$ 16,944	\$ 149,916	\$ -	\$ -	\$ 167,067
Net increase (decrease) in cash and equivalents	\$ 13,766	\$ 1,151,868	\$ 620,493	\$ 6,626	\$ 253,803	\$ 8,702	\$ 2,055,258
Beginning cash and cash equivalents	\$ 255,033	\$ 1,793,690	\$ 375,457	\$ 283,576	\$ 598,281	\$ 184,839	\$ 3,490,876
Ending cash and cash equivalents	\$ 268,799	\$ 2,945,558	\$ 995,950	\$ 290,202	\$ 852,084	\$ 193,541	\$ 5,546,134
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 38,925	\$ 1,093,057	\$ 391,578	\$ (75,004)	\$ 87,834	\$ (36,381)	\$ 1,500,009
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	7,373	1,014,548	13,800	101,970	-	-	1,137,691
(Increase) decrease in accounts receivable	634	103,923	(1,618)	608	-	-	103,547
(Increase) decrease in inventories	(20,630)	-	-	-	-	-	(20,630)
(Increase) decrease in prepaid expenses	-	522,337	(1,138)	-	165,829	35,000	722,028
Increase (decrease) in accounts payable	6,742	(23,979)	(4,584)	9,651	140	(14,858)	(26,888)
Increase (decrease) in other receipts	10,845	-	(178,751)	-	-	-	(167,906)
Increase (decrease) in salaries and benefits	(3,979)	1,796	24,871	(150)	-	(4,544)	17,994
Increase (decrease) in pension adjustment	(26,144)	(2,231)	(101,181)	(4,929)	-	-	(134,485)
Net cash provided by operating activities	\$ 13,766	\$ 2,709,451	\$ 142,977	\$ 32,146	\$ 253,803	\$ (20,783)	\$ 3,131,360

No noncash investing, capital, and financing activities
The notes to the financial statements are an integral part of this statement.



“Develop success from failures. Discouragement and failure are two of the surest stepping-stones to success.”

– Dale Carnegie

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.

CONTENTS

Pension and Other Employee Benefit Trust Funds

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.

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City of Walla Walla
Combining Statement of Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2018


	<u>Fire Medical Benefits</u>	<u>Fire Pension Benefits</u>	<u>Total Pension and Other Employee Benefits</u>
ASSETS			
Cash and equivalents	\$ 356,641	\$ 102,113	\$ 458,754
Total assets	<u>\$ 356,641</u>	<u>\$ 102,113</u>	<u>\$ 458,754</u>
LIABILITIES			
Accounts payable	\$ 9,298	\$ -	\$ 9,298
Other accrued liabilities	-	<u>14,353</u>	<u>14,353</u>
Total liabilities	<u>\$ 9,298</u>	<u>\$ 14,353</u>	<u>\$ 23,651</u>
NET POSITION			
Restricted for:			
Pensions	\$ -	\$ 87,760	\$ 87,760
OPEB	<u>347,343</u>	-	<u>347,343</u>
Total net position	<u>\$ 347,343</u>	<u>\$ 87,760</u>	<u>\$ 435,103</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, 2018

	<u>Fire Medical Benefits</u>	<u>Fire Pension Benefits</u>	<u>Total Pension and Other Employee Benefits</u>
ADDITIONS			
Contributions:			
Fire insurance premium tax transfer from general fund	\$ -	\$ 50,006	\$ 50,006
Employer contributions	<u>460,430</u>	<u>122,045</u>	<u>582,475</u>
Total contributions	<u>460,430</u>	<u>172,051</u>	<u>632,481</u>
DEDUCTIONS			
Personnel benefits	\$ 411,474	\$ 179,881	\$ 591,355
Services and charges	-	12,175	12,175
Total deductions	<u>411,474</u>	<u>192,056</u>	<u>603,530</u>
Change in net position	48,956	(20,005)	28,951
Net position -- beginning of the year	<u>298,387</u>	<u>107,765</u>	<u>406,152</u>
Net position -- end of the year	<u>\$ 347,343</u>	<u>\$ 87,760</u>	<u>\$ 435,103</u>

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



“The question isn’t who is going to let me; it’s who is going to stop me.”

– Ayn Rand

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>	134
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue sources: sales tax and property tax.</i>	139
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>	149
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>	153
Operating Information <i>These schedules offer operating data to help the reader understand how the information in the government’s financial report relates to the services it provides and the activities it performs.</i>	155

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

	2018	2017 ⁽¹⁾	2016 ⁽²⁾	2015	2014 ⁽¹⁾	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 67,026,138	\$ 64,520,591	\$ 60,448,138	\$ 54,727,275	\$ 50,450,335	\$ 48,599,279	\$ 43,184,306	\$ 42,962,010	\$ 41,988,033	\$ 35,961,027
Restricted	4,108,715	2,913,694	2,439,934	3,543,459	4,817,377	1,099,874	916,071	185,616	220,680	175,751
Unrestricted	(10,586,468)	(14,599,555)	(3,832,806)	1,269,207	(248,231)	10,367,238	10,560,920	9,513,398	8,408,600	9,341,031
Total governmental activities net position	\$ 60,548,385	\$ 52,834,730	\$ 59,055,266	\$ 59,539,941	\$ 55,019,481	\$ 60,066,391	\$ 54,661,297	\$ 52,661,024	\$ 50,617,313	\$ 45,477,809
Business-type activities:										
Net investment in capital assets	\$ 97,877,415	\$ 98,684,992	\$ 97,729,792	\$ 92,329,699	\$ 77,617,386	\$ 69,213,933	\$ 60,384,997	\$ 58,492,182	\$ 58,806,203	\$ 59,190,765
Restricted	599,311	-	487,285	819,979	964,209	-	-	-	-	-
Unrestricted	31,290,468	19,649,752	17,622,292	12,416,822	19,655,037	24,575,368	27,147,834	25,650,225	16,077,891	12,631,639
Total business-type activities net position	\$ 129,767,194	\$ 118,334,744	\$ 115,839,369	\$ 105,566,500	\$ 98,236,632	\$ 93,789,301	\$ 87,532,831	\$ 84,142,407	\$ 74,884,094	\$ 71,822,404
Primary government:										
Net investment in capital assets	\$ 164,903,553	\$ 163,205,583	\$ 158,177,930	\$ 147,056,974	\$ 128,067,721	\$ 117,813,212	\$ 103,569,303	\$ 101,454,192	\$ 100,794,236	\$ 95,151,792
Restricted	4,708,026	2,913,694	2,927,219	4,363,438	5,781,586	1,099,874	916,071	185,616	220,680	175,751
Unrestricted	20,704,000	5,050,197	13,789,486	13,686,029	19,406,806	34,942,606	37,708,754	35,163,623	24,486,491	21,972,670
Total primary government net position	\$ 190,315,579	\$ 171,169,474	\$ 174,894,635	\$ 165,106,441	\$ 153,256,113	\$ 153,855,692	\$ 142,194,128	\$ 136,803,431	\$ 125,501,407	\$ 117,300,213

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

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 3,593,748	\$ 3,380,224	\$ 3,308,121	\$ 3,253,287	\$ 2,249,975	\$ 2,155,690	\$ 2,210,774	\$ 1,877,637	\$ 1,272,314	\$ 1,748,331
Public safety	14,815,944	16,209,517	15,990,790	15,276,870	14,681,954	13,677,945	14,869,930	13,722,774	14,548,204	14,041,960
Utilities and environment	3,038,880	2,851,589	2,709,236	2,592,685	2,360,895	2,194,544	1,976,609	1,850,115	2,252,629	2,410,889
Transportation	6,026,744	6,685,530	6,555,679	5,247,657	5,851,751	3,644,460	3,826,048	3,735,290	2,902,711	3,294,843
Economic environment	2,145,950	2,085,639	956,150	903,984	1,124,963	1,078,669	42,813	556,503	925,031	1,006,575
Culture and recreation	4,609,347	4,618,624	4,775,959	4,527,730	4,079,993	4,044,217	3,328,714	3,746,226	3,529,640	4,056,478
Social services	149,626	155,435	4,438	-	-	-	-	-	-	-
Interest on long term debt	533,032	553,079	1,395,231	764,303	730,005	803,031	794,914	805,229	832,691	367,901
Total governmental activities:	\$ 34,913,271	\$ 36,539,637	\$ 35,695,604	\$ 32,566,516	\$ 31,079,536	\$ 27,598,556	\$ 27,049,802	\$ 26,293,774	\$ 26,263,219	\$ 26,926,977
Business-type activities:										
Ambulance	\$ 2,959,794	\$ 3,057,477	\$ 3,185,784	\$ 3,118,200	\$ 3,139,012	\$ 3,476,310	\$ 3,599,965	\$ 3,530,191	\$ 3,390,344	\$ 3,285,123
Golf course	132,487	154,029	139,180	132,078	147,287	512,335	110,774	120,667	122,256	134,812
Landfill	2,966,771	3,968,744	2,472,899	4,021,581	4,677,636	3,940,417	6,112,551	893,703	2,868,474	7,488,687
Sanitation	5,843,735	5,439,937	5,374,024	5,040,390	4,799,808	4,433,738	4,282,557	4,239,822	4,297,310	3,863,169
Stormwater	1,974,405	2,052,031	1,660,551	1,386,959	1,429,072	1,289,337	929,937	992,083	714,354	690,267
Water/Wastewater	16,763,198	19,979,217	17,594,045	15,151,247	14,341,718	13,684,629	14,524,725	13,240,623	13,814,946	12,202,005
Total business-type activities	\$ 30,640,390	\$ 34,651,435	\$ 30,426,483	\$ 28,850,455	\$ 28,534,533	\$ 27,336,766	\$ 29,560,509	\$ 23,017,089	\$ 25,207,684	\$ 27,664,063
Total primary government expenses	\$ 65,553,661	\$ 71,191,072	\$ 66,122,087	\$ 61,416,971	\$ 59,614,069	\$ 54,935,322	\$ 56,610,311	\$ 49,310,863	\$ 51,470,903	\$ 54,591,040
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 773,343	\$ 870,356	\$ 808,410	\$ 781,841	\$ 806,195	\$ 682,342	\$ 343,963	\$ 337,511	\$ 259,343	\$ 242,093
Public safety	606,831	566,867	440,910	479,993	505,368	393,438	555,043	392,982	515,762	509,470
Utilities and environment	2,378,726	2,133,538	1,914,108	1,895,266	1,672,521	1,476,872	1,154,959	1,271,038	1,604,956	1,670,017
Transportation	308,820	244,820	222,892	290,863	301,418	333,424	423,855	372,657	355,878	168,828
Economic environment	1,371,647	1,174,266	1,017,476	1,144,181	845,115	750,045	603,117	706,241	582,598	719,487
Culture and recreation	858,236	720,504	317,856	462,868	345,820	324,117	327,561	322,203	317,355	311,456
Operating grants and contributions	4,212,541	3,334,437	987,587	1,075,661	372,574	772,500	1,001,284	634,047	799,303	435,075
Capital grants and contributions	2,245,528	3,375,093	6,157,573	3,245,363	4,327,416	5,296,039	2,325,926	2,362,370	5,679,398	1,788,586
Total governmental activities program revenue	\$ 12,755,672	\$ 12,419,881	\$ 11,866,812	\$ 9,376,036	\$ 9,176,427	\$ 10,028,777	\$ 6,735,708	\$ 6,399,049	\$ 10,114,593	\$ 5,845,012

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

	2018 ⁽³⁾	2017 ⁽²⁾	2016	2015 ⁽¹⁾	2014 ⁽¹⁾	2013	2012	2011	2010	2009
Business-type activities:										
Charges for services:										
Ambulance	\$ 1,259,289	\$ 1,538,762	\$ 1,627,741	\$ 1,606,795	\$ 1,920,251	\$ 2,105,437	\$ 2,087,991	\$ 2,097,681	\$ 2,228,244	\$ 2,005,678
Golf course	78,690	73,948	75,304	104,306	90,736	270,250	76,060	73,510	77,185	82,158
Landfill	5,398,131	4,951,864	4,690,036	4,380,629	4,030,508	3,368,013	3,153,082	3,225,809	3,327,597	3,195,565
Sanitation	6,117,352	5,684,986	5,515,937	5,118,064	4,783,827	4,751,480	4,687,252	4,636,330	4,509,943	4,174,490
Stormwater	2,630,835	2,451,304	2,300,055	1,593,500	1,495,465	1,422,438	1,352,572	1,316,701	1,253,731	882,822
Water/Wastewater	24,097,340	22,679,888	21,870,452	21,603,657	19,801,391	18,574,429	19,044,382	17,607,350	15,760,002	15,191,853
Operating grants and contributions	2,197,410	2,235,345	1,840,497	377,681	285,584	600,771	1,066,141	2,126,404	302,553	244,739
Capital grants and contributions	1,626,077	2,035,937	2,168,824	1,510,896	1,429,054	1,781,634	523,411	951,058	736,454	972,152
Total business-type activities program revenue	\$ 43,405,124	\$ 41,652,034	\$ 40,088,846	\$ 36,295,528	\$ 33,836,816	\$ 32,874,452	\$ 31,990,891	\$ 32,034,843	\$ 28,195,709	\$ 26,749,457
Total primary government program revenue	\$ 56,160,796	\$ 54,071,915	\$ 51,955,658	\$ 45,671,564	\$ 43,013,243	\$ 42,903,229	\$ 38,726,599	\$ 38,433,892	\$ 38,310,302	\$ 32,594,469
Net (expense)/revenue:										
Governmental activities	\$ (22,157,599)	\$ (24,119,756)	\$ (23,828,792)	\$ (23,190,480)	\$ (21,903,109)	\$ (17,569,779)	\$ (20,314,094)	\$ (19,894,725)	\$ (16,148,626)	\$ (21,081,965)
Business-type activities	12,764,734	7,000,599	9,662,363	7,445,073	5,302,283	5,537,687	2,430,382	9,017,754	2,988,025	(914,606)
Total primary government net expense	\$ (9,392,865)	\$ (17,119,157)	\$ (14,166,429)	\$ (15,745,406)	\$ (16,600,825)	\$ (12,032,092)	\$ (17,883,712)	\$ (10,876,971)	\$ (13,160,601)	\$ (21,996,571)
General Revenues and Other Changes										
Governmental activities:										
Taxes										
Property tax	\$ 7,904,331	\$ 7,095,973	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356	\$ 6,254,026	\$ 5,964,834	\$ 5,926,165	\$ 5,780,071
Sales tax	10,095,356	8,831,118	8,815,394	8,132,270	7,470,268	7,258,757	6,537,878	5,881,627	5,687,489	6,134,841
Other taxes	8,826,430	8,547,756	8,204,322	7,800,142	6,985,778	6,684,324	6,740,308	6,535,487	6,120,433	6,331,078
Grants and Contributions - not restricted	683,242	607,280	3,159,854	2,742,463	2,568,803	1,782,724	2,199,495	2,121,393	2,008,115	2,019,358
Unrestricted investment earnings	794,802	366,756	-	-	-	-	-	-	-	-
Miscellaneous general revenue	6,030	8,410	221,315	72,146	46,430	51,087	4,698	26,393	52,701	40,292
Gain on sale of assets	-	-	-	-	-	5,990	-	33,521	-	-
Transfers	1,561,063	1,813,555	2,030,510	1,686,605	543,344	817,637	577,962	1,375,181	1,493,227	531,109
Total governmental activities general revenue	\$ 29,871,254	\$ 27,270,848	\$ 30,009,125	\$ 27,710,940	\$ 23,854,444	\$ 22,974,873	\$ 22,314,367	\$ 21,938,436	\$ 21,288,130	\$ 20,836,749
Business-type activities:										
Intergovernmental	\$ -	\$ 39,206	\$ 1,450,850	\$ 1,389,746	\$ 1,273,873	\$ 1,258,535	\$ 1,240,450	\$ 1,251,569	\$ 1,217,964	\$ 1,250,410
Unrestricted investment earnings	168,747	-	-	-	-	-	-	-	-	-
Miscellaneous general revenue	12,665	236,280	56,033	118,034	218,234	266,356	294,668	353,819	348,921	486,027
Gain on sale of assets	47,367	45,399	301,372	63,620	57,304	11,528	3,156	10,352	-	10,857
Transfers	(1,561,063)	(1,813,555)	(2,030,510)	(1,686,605)	(543,344)	(817,637)	(577,962)	(1,375,181)	(1,493,227)	(531,109)
Total business-type activities general revenue	\$ (1,332,284)	\$ (1,492,670)	\$ (222,255)	\$ (115,205)	\$ 1,006,067	\$ 718,783	\$ 960,312	\$ 240,559	\$ 73,658	\$ 1,216,185
Total primary government	\$ 28,538,970	\$ 25,778,178	\$ 29,786,870	\$ 27,595,735	\$ 24,860,511	\$ 23,693,655	\$ 23,274,679	\$ 22,178,995	\$ 21,361,788	\$ 22,052,934
Change in net position										
Governmental activities	\$ 7,713,655	\$ 3,151,092	\$ 6,180,333	\$ 4,520,460	\$ 1,951,335	\$ 5,405,094	\$ 2,000,273	\$ 2,043,711	\$ 5,139,504	\$ (245,216)
Business-type activities	11,432,450	5,507,929	9,440,108	7,329,868	6,308,350	6,256,470	3,390,694	9,258,313	3,061,683	301,579
Total primary government	\$ 19,146,105	\$ 8,659,021	\$ 15,620,441	\$ 11,850,328	\$ 8,259,685	\$ 11,661,563	\$ 5,390,967	\$ 11,302,024	\$ 8,201,187	\$ 56,363
Prior Period Adjustment - Government	(9,371,628)	(6,665,008)	-	(6,998,245)	-	-	-	-	-	-
Prior Period Adjustment - Business	(3,012,554)	832,761	-	(1,861,019)	-	-	-	-	-	-
Total adjusted primary government	\$ (12,384,182)	\$ (5,832,247)	\$ -	\$ (8,859,266)	\$ (8,859,266)	\$ (8,859,266)	\$ (8,859,266)	\$ (8,859,266)	\$ (8,859,266)	\$ (8,859,266)

⁽¹⁾ 2014 the prior period was the adjustment for the adoption of GASB 68 Pensions.
⁽²⁾ 2017 prior period adjustment was for property taxes receivable and the DOR Utility Excise Tax refund.
⁽³⁾ 2018 prior period adjustment is for the adoption of GASB 75 OPEB, and state and derived revenues.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund (Per GASB 54)⁽¹⁾										
Nonspendable	\$ 50,719	\$ 107,272	\$ 47,043	\$ 43,623	\$ 55,428	\$ 56,714	\$ 48,844	\$ 34,638	\$ -	\$ -
Restricted	127,503	207,807	148,145	209,535	901,919	1,072,404	888,642	158,239	-	-
Committed	534,017	529,558	524,938	521,183	18,303	15,058	11,052	7,377	-	-
Unassigned	4,999,479	3,562,300	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
Unreserved	-	-	-	-	-	-	-	-	1,868,624	2,315,670
Total general fund	\$ 5,711,718	\$ 4,406,937	\$ 5,345,269	\$ 5,612,093	\$ 5,479,538	\$ 5,061,821	\$ 4,247,402	\$ 3,240,196	\$ 2,314,204	\$ 2,493,007
All Other Governmental Funds (Per GASB 54)⁽¹⁾										
Nonspendable	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 17,790	\$ 32,146	\$ -	\$ -
Restricted	3,952,983	2,678,048	1,899,169	6,981,127	1,736,966	1,490,212	1,595,196	2,088,025	-	-
Committed	3,228,232	2,568,986	2,577,210	2,403,617	2,629,948	2,535,408	2,247,092	2,447,204	-	-
Assigned	20,715	29,144	13,370	23,730	28,677	69,939	104,902	130,434	-	-
Unassigned	(652,027)	(1,084,869)	(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
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	1,262,193	1,021,855
Debt service funds	-	-	-	-	-	-	-	-	221,151	186,096
Capital project funds	-	-	-	-	-	-	-	-	10,370,535	11,119,318
Permanent funds	-	-	-	-	-	-	-	-	19,090	18,564
Total other governmental funds	\$ 6,566,448	\$ 4,207,854	\$ 3,995,569	\$ 8,742,304	\$ 3,426,451	\$ 3,004,358	\$ 3,606,147	\$ 4,209,517	\$ 12,722,975	\$ 13,190,656

⁽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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 26,832,900	\$ 24,520,123	\$ 24,155,908	\$ 22,006,791	\$ 20,860,501	\$ 20,168,861	\$ 18,694,349	\$ 17,961,449	\$ 17,181,308	\$ 16,611,739
Licenses and permits	1,557,543	1,140,558	1,219,756	1,301,815	986,234	888,301	759,407	833,201	609,565	700,973
Intergovernmental	4,822,948	4,793,611	3,227,625	4,981,353	2,733,232	5,822,049	3,667,660	3,296,987	4,727,086	3,619,535
Charges for goods and services	8,851,628	8,245,254	7,483,827	7,473,887	7,018,159	6,417,762	6,081,043	6,049,680	6,893,718	6,581,763
Fines and forfeits	190,933	196,270	205,949	207,984	197,036	259,895	278,038	282,355	304,466	301,911
Miscellaneous revenues	1,460,376	1,819,477	894,276	681,044	517,559	1,019,057	1,295,681	550,889	394,948	388,841
Total revenues	\$ 43,716,328	\$ 40,715,293	\$ 37,187,341	\$ 36,652,874	\$ 32,312,721	\$ 34,575,925	\$ 30,776,178	\$ 28,974,561	\$ 30,111,091	\$ 28,204,762
Expenditures										
Current:										
General government	\$ 8,776,034	\$ 8,106,587	\$ 7,742,169	\$ 7,429,590	\$ 6,338,741	\$ 5,907,939	\$ 5,899,717	\$ 5,606,512	\$ 5,506,634	\$ 5,666,282
Public safety	15,203,368	14,568,000	13,765,770	12,624,805	11,834,771	11,499,592	13,127,711	12,710,585	12,537,110	12,307,401
Utilities and environment	3,204,005	2,895,895	2,690,464	2,620,860	2,387,847	2,221,713	1,992,305	1,868,845	2,327,038	2,466,834
Transportation	3,372,661	3,632,075	2,919,421	2,905,840	1,789,636	1,800,218	1,728,705	1,992,451	1,546,263	1,373,395
Economic environment	2,160,763	2,101,562	950,080	884,540	1,138,245	1,080,826	42,813	556,503	996,500	1,014,531
Culture and recreation	4,286,982	4,250,683	4,512,065	4,371,195	3,906,501	3,853,727	3,710,615	3,549,324	3,406,847	3,898,419
Social services	149,626	155,435	4,438	-	-	-	-	-	-	-
Debt service:										
Principal retirement	1,135,806	1,073,539	8,801,570	1,053,481	829,594	3,594,594	754,595	752,973	1,112,973	337,973
Interest	528,498	544,262	1,350,861	515,940	566,370	616,826	644,259	650,653	686,624	213,335
Administrative charges	1,137	2,421	134,690	100,073	67	28,652	1,382	1,381	13,823	1,260
Capital outlay:										
General government	57,645	265,656	36,265	20,940	87,169	74,354	81,389	109,424	71,127	107,941
Public safety	85,487	24,968	43,089	106,358	133,376	66,685	362,577	7,672,849	1,315,702	1,118,552
Utilities and environment	-	-	-	-	212,495	19,428	-	-	6,059	13,461
Transportation	4,029,456	3,912,289	3,549,000	5,330,846	2,716,616	7,207,154	2,520,211	2,432,470	4,012,258	1,971,844
Economic environment	-	-	-	-	18,731	-	-	16,936	206,163	-
Culture and recreation	74,310	1,597,947	6,334,034	1,682,816	15,790	-	-	24,320	-	224,719
Social Services	5,224	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 43,071,002	\$ 43,131,319	\$ 52,833,916	\$ 39,647,284	\$ 31,975,949	\$ 37,971,708	\$ 30,866,279	\$ 37,945,226	\$ 33,745,121	\$ 30,715,947
Excess revenues over (under) expenditures	\$ 645,326	\$ (2,416,026)	\$ (15,646,575)	\$ (2,994,410)	\$ 336,772	\$ (3,395,783)	\$ (90,101)	\$ (8,970,665)	\$ (3,634,030)	\$ (2,511,185)
Other financing sources (uses)										
Transfers in	\$ 5,764,506	\$ 5,391,572	\$ 5,920,359	\$ 6,213,679	\$ 3,503,675	\$ 3,984,092	\$ 2,089,174	\$ 3,153,663	\$ 3,402,196	\$ 1,384,455
Transfers out	(4,509,428)	(3,706,652)	(3,945,230)	(4,642,149)	(3,020,513)	(3,240,122)	(1,580,807)	(1,854,812)	(2,019,031)	(1,083,128)
Insurance recoveries	214	5,059	8,536	-	19,874	18,453	9,198	50,828	283,114	13,720
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)	\$ 1,255,292	\$ 1,689,979	\$ 10,633,016	\$ 8,442,818	\$ 503,036	\$ 3,608,413	\$ 517,565	\$ 1,383,200	\$ 2,987,577	\$ 12,044,834
Net change in fund balances	\$ 1,900,618	\$ (726,047)	\$ (5,013,559)	\$ 5,448,408	\$ 839,808	\$ 212,630	\$ 427,464	\$ (7,587,465)	\$ (646,453)	\$ 9,533,649
Debt service as a percentage of noncapital expenditures	4.29%	4.33%	23.68%	4.83%	4.85%	13.76%	5.01%	5.07%	6.40%	2.02%

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

	<u>2018</u>	<u>2017</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>
Property tax	\$ 7,904,331	\$ 7,095,973	\$ 7,577,730	\$ 7,277,314	\$ 6,239,821	\$ 6,374,356	\$ 6,254,026	\$ 5,964,834	\$ 5,926,165	\$ 5,780,071
Sales tax	10,095,356	8,831,118	8,815,394	8,132,270	7,470,268	7,258,757	6,537,878	5,881,627	5,687,489	6,134,841
Business and occupation tax	2,969,226	3,105,232	2,946,561	3,155,966	3,211,772	3,109,346	3,075,359	3,139,605	3,137,873	3,464,751
Utility excise tax	4,855,631	4,544,087	4,372,166	4,164,429	3,164,614	2,874,497	2,573,264	2,461,493	2,296,596	2,152,560
Gambling tax	53,634	71,829	102,573	(187,170)	52,726	210,821	25,691	88,872	108,771	135,422
Real estate excise tax	548,502	452,590	396,849	346,043	290,807	240,983	225,353	181,063	188,777	192,846
Leasehold tax	43,731	37,702	41,976	42,545	35,498	36,791	30,839	31,009	27,258	30,831
E911 access tax*	-	-	-	-	-	-	596,200	417,874	342,780	354,668
Tourism promotion area tax	355,706	336,316	344,197	278,329	230,361	211,886	213,602	215,571	18,378	-
Total taxes	\$ 26,826,117	\$ 24,474,847	\$ 24,597,446	\$ 23,209,726	\$ 20,695,867	\$ 20,317,437	\$ 19,532,212	\$ 18,381,948	\$ 17,734,087	\$ 18,245,990

*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)**

Overlapping Rates										
City of Walla Walla			Walla Walla County			Walla Walla School District			Total Direct & Overlapping Rates	
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total District Millage	
2019	2.427	0.581	3.008	1.446	-	1.446	1.500	1.218	2.718	7.172
2018	2.620	0.631	3.251	1.474	-	1.474	3.479	1.227	4.706	9.431
2017	2.534	0.644	3.178	1.457	-	1.457	3.513	1.218	4.731	9.366
2016	2.630	0.703	3.333	1.493	-	1.493	3.656	1.262	4.918	9.744
2015	2.595	0.345	2.940	1.485	-	1.485	3.712	1.282	4.994	9.419
2014	2.558	0.607	3.165	1.474	-	1.474	3.687	1.231	4.918	9.557
2013	2.517	0.610	3.127	1.486	-	1.486	3.649	1.249	4.898	9.511
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	1.520	2.940	1.066	4.006	7.762

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)

<u>Fiscal Year</u>	<u>Real Property Value</u>	<u>Personal Property Value</u>	<u>State Assessed Value</u>	<u>Less: Open Space Loss</u>	<u>Less: Senior Loss</u>	<u>Less: Exempt Loss ⁽²⁾</u>	<u>Less: Head of Household Loss</u>	<u>Less: Minimum Value Loss</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Tax Rate</u>
2019	\$ 2,500,803,244	\$ 84,693,230	\$ 49,310,578	\$ 5,685,510	\$ 47,402,927	\$ 460,853,870	\$ 572,930	\$ 13,400	2,634,807,052	3.0092
2018	2,739,106,872	81,967,040	48,038,171	5,653,480	46,122,638	353,588,590	582,950	19,720	2,463,144,705	3.2509
2017	2,579,778,378	87,068,060	44,297,980	5,881,331	46,284,448	321,027,980	552,000	7,140	2,337,391,519	3.1783
2016	2,412,557,034	120,067,212	45,833,173	1,999,939	47,192,431	345,801,828	884,870	7,560	2,182,570,791	3.3323
2015	2,314,569,479	76,540,480	45,110,156	31,044,750	38,616,960	267,668,220	962,090	15,265	2,097,912,830	2.9399
2014	1,949,365,400	76,206,477	42,487,527	2,063,700	57,391,000	-	1,007,627	13,269	2,007,583,808	3.1649
2013	1,949,683,000	74,531,270	45,556,053	2,126,000	60,941,100	-	967,312	12,051	2,005,723,860	3.1267
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

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

	2018		2009	
	<u>Assessed Value</u>	<u>Rank</u>	<u>Assessed Value</u>	<u>Rank</u>
<u>City Taxpayers</u>				
Providence Health & Services	\$ 23,482,210	1	\$ 12,145,107	5
Zelman Walla Walla LLC	17,263,200	2		
Adventist Health System	13,639,630	3	13,772,377	3
Columbia Rural Electric Assn.	13,288,872	4	14,683,316	2
PacificCorp	12,279,599	5		
Key Technology Inc.	10,930,000	6	12,265,872	4
Bouchon Park LLC	10,471,800	7		
Baker Boyer Bank	10,156,000	8		
Lions Gate Apartments LLC	8,017,120	9	12,000,549	6
Eastgate Market Center LLC	7,951,340	10		
Qwest Corporation			16,254,300	1
Provenance LLC			11,881,491	7
Whitman College Board of Trustees			11,321,600	8
Cheridan Realty LP			9,960,442	9
Capri Blue Mountain LLC			8,752,500	10

Source: 2018 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
2018	\$ 7,899,015	\$ 7,777,311	98.5%	\$ -	7,777,311	98.46%
2017	7,407,689	7,052,747	95.2%	315,758	7,368,505	99.47%
2016	7,253,414	7,110,707	98.0%	128,848	7,239,555	99.81%
2015	6,157,923	6,029,512	97.9%	126,931	6,156,443	99.98%
2014	6,336,964	5,977,960	94.3%	356,098	6,334,058	99.95%
2013	6,254,026	5,908,411	94.5%	344,358	6,252,769	99.98%
2012	5,964,834	5,642,366	94.6%	321,696	5,964,062	99.99%
2011	4,737,642	4,359,015	92.0%	377,639	4,736,654	99.98%
2010	4,649,972	4,370,974	94.0%	277,550	4,648,524	99.97%
2009	4,575,216	4,397,339	96.1%	176,674	4,574,013	99.97%

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
11 Agriculture, Forestry, Fishing and Hunting	\$ 402,799	\$ 374,095	\$ 304,373	\$ 378,657	\$ 295,499	\$ 152,267	\$ 998,635	\$ 440,249	\$ 259,086	\$ 367,460	
21 Mining	-	60,294	15,940	28,407	-	-	20,076	8,263	-	-	
22 Utilities	3,757,994	2,567,870	2,376,129	1,502,411	1,447,044	847,080	247,597	146,413	1,217,774	1,799,040	
23 Construction	96,616,780	110,490,487	79,461,799	64,674,573	72,773,406	89,737,741	81,427,416	62,587,997	104,112,247	133,790,392	
31-33 Manufacturing	17,617,558	17,676,191	16,472,960	12,995,932	13,710,658	12,307,192	11,061,333	12,967,022	12,497,611	14,620,878	
42 Wholesale Trade	48,674,418	46,973,255	49,077,071	47,375,785	49,180,308	51,990,125	46,016,643	43,465,905	49,164,232	50,976,282	
44-45 Retail Trade	233,996,064	233,071,548	224,498,351	211,598,298	199,099,058	187,644,188	184,775,496	189,534,010	195,968,182	201,935,494	
48-49 Transportation and Warehousing	1,112,636	1,552,074	1,444,933	1,482,946	908,487	983,032	810,522	1,071,859	579,472	710,682	
51 Information	25,422,533	26,927,281	25,755,159	25,417,677	25,153,226	22,904,649	22,750,383	21,422,121	23,595,659	23,523,134	
52 Finance and Insurance	6,042,403	5,924,169	8,309,215	4,353,265	3,923,533	4,400,141	3,935,159	3,556,762	3,555,265	4,288,099	
53 Real Estate and Rental and Leasing	10,943,381	10,295,751	9,474,785	9,912,417	9,037,326	9,840,076	7,352,468	8,160,359	8,374,609	7,389,271	
54 Professional, Scientific, and Technical Services	11,886,326	11,287,843	11,850,757	8,938,928	8,038,972	8,232,498	9,337,468	7,861,467	7,788,402	6,721,636	
55-62 Management, Education & Health Services	27,525,779	22,680,982	21,220,209	19,229,810	17,758,592	16,670,508	14,752,764	13,707,230	15,755,833	16,763,226	
71 Arts, Entertainment, and Recreation	4,426,631	4,238,750	3,977,570	4,125,868	4,225,137	4,017,630	4,141,316	4,059,648	4,021,263	3,892,803	
72 Accommodation and Food Services	104,527,848	100,330,413	93,979,872	87,869,735	81,995,265	79,774,260	74,397,364	69,862,111	66,520,917	68,934,057	
81 Other Services (except Public Administration)	19,720,926	18,133,602	18,644,999	17,761,384	15,885,563	16,145,496	19,650,008	20,363,208	14,793,562	17,674,837	
92 Public Administration	2,407,463	2,453,325	2,012,705	1,677,539	1,279,722	563,693	445,152	367,979	561,762	5,035,384	
Total Local Sales and Use Taxable Retail Sales	\$ 615,081,539	\$ 615,037,930	\$ 568,876,827	\$ 519,323,632	\$ 504,711,796	\$ 506,210,576	\$ 482,119,800	\$ 459,582,603	\$ 508,765,876	\$ 558,422,675	
City of Walla Walla Sales & Use Tax Rates											
Local Basic	0.425%	\$ 2,614,097	\$ 2,613,911	\$ 2,417,727	\$ 2,207,125	\$ 2,145,025	\$ 2,151,395	\$ 2,049,009	\$ 1,953,226	\$ 2,162,255	\$ 2,373,296
Local Optional	0.425%	2,614,097	2,613,911	2,417,727	2,207,125	2,145,025	2,151,395	2,049,009	1,953,226	2,162,255	2,373,296
Criminal Justice	0.100%	615,082	615,038	568,877	519,324	504,712	506,211	482,120	459,583	508,766	558,423
Public Safety	0.090%	553,573	553,534	511,989	467,391	454,241	455,590	433,908	413,624	457,889	502,580
Transportation Benefit District ⁽²⁾	0.200%	1,230,163	1,230,076	1,137,754	1,038,647	1,009,424	1,012,421	-	-	-	-
Total City of Walla Walla Sales & Use Tax ⁽³⁾	1.240%	\$ 7,627,012	\$ 7,626,470	\$ 7,054,074	\$ 6,439,612	\$ 6,258,427	\$ 6,277,012	\$ 5,014,046	\$ 4,779,659	\$ 5,291,165	\$ 5,807,595
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	<u>0.100%</u>										
Total Walla Walla County Sales & Use Tax Rate	<u>0.560%</u>										
Total Local Sales & Use Tax Rate	<u>8.900%</u>										

Source: WA State Department of Revenue.

Notes: ⁽¹⁾ 2017 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**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues ⁽¹⁾										
Charges for Water Services	\$ 13,119,725	\$ 12,142,931	\$ 11,693,088	\$ 11,372,034	\$ 9,861,984	\$ 9,059,602	\$ 9,839,557	\$ 9,111,296	\$ 8,250,027	\$ 8,039,618
Charges for Wastewater Services	10,844,542	10,366,269	10,089,298	10,202,032	9,909,038	9,434,094	8,914,574	8,481,396	7,498,277	7,105,207
Miscellaneous	253,840	196,548	98,052	81,808	173,731	270,275	486,447	267,547	365,456	286,502
Capital Contributions	1,328,347	1,325,595	1,868,870	1,268,748	915,102	857,105	387,834	873,199	340,787	473,772
Total Revenues	\$ 25,546,454	\$ 24,031,343	\$ 23,749,308	\$ 22,924,622	\$ 20,859,855	\$ 19,621,076	\$ 19,628,412	\$ 18,733,438	\$ 16,454,547	\$ 15,905,099
Expenses ⁽²⁾										
Personnel Services	\$ 1,967,691	\$ 2,147,720	\$ 1,934,568	\$ 1,751,623	\$ 1,727,725	\$ 1,595,970	\$ 1,509,860	\$ 1,410,031	\$ 1,386,383	\$ 1,257,225
Supplies	541,766	732,177	582,771	651,756	565,671	466,341	427,014	53,998	994,849	332,995
Services/Charges	3,148,911	6,317,323	4,562,365	2,993,484	2,863,729	2,871,338	3,070,387	2,680,107	2,905,518	2,457,678
Governmental Charges	7,726,961	7,566,260	7,358,681	6,895,866	6,108,966	5,516,941	5,260,635	4,889,174	5,026,399	4,785,148
Bad Debt Expense	-	-	-	-	-	28,958	-	-	568	1,238
Total Expenses	\$ 13,385,329	\$ 16,763,480	\$ 14,438,385	\$ 12,292,729	\$ 11,266,091	\$ 10,479,548	\$ 10,267,896	\$ 9,033,310	\$ 10,313,717	\$ 8,834,284
Net Revenue of System	\$ 12,161,125	\$ 7,267,863	\$ 9,310,923	\$ 10,631,893	\$ 9,593,764	\$ 9,141,528	\$ 9,360,516	\$ 9,700,128	\$ 6,140,830	\$ 7,070,815

⁽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**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues of the System:										
Operating Income	\$ 24,042,648	\$ 22,509,200	\$ 21,782,386	\$ 21,574,066	\$ 19,771,022	\$ 18,493,696	\$ 18,754,131	\$ 17,592,692	\$ 15,748,304	\$ 15,144,825
Other Income	1,503,806	1,522,143	1,966,922	1,350,556	1,088,833	1,127,380	874,281	1,140,746	706,243	760,274
Total Revenues	\$ 25,546,454	\$ 24,031,343	\$ 23,749,308	\$ 22,924,622	\$ 20,859,855	\$ 19,621,076	\$ 19,628,412	\$ 18,733,438	\$ 16,454,547	\$ 15,905,099
Costs of Maintenance and Operation	\$ 13,385,329	\$ 16,763,480	\$ 14,438,385	\$ 12,292,729	\$ 11,266,091	\$ 10,479,548	\$ 10,267,896	\$ 9,033,310	\$ 10,313,717	\$ 8,834,284
Net Revenue Available for Debt Service	\$ 12,161,125	\$ 7,267,863	\$ 9,310,923	\$ 10,631,893	\$ 9,593,764	\$ 9,141,528	\$ 9,360,516	\$ 9,700,128	\$ 6,140,830	\$ 7,070,815
Maximum Annual Debt Service ⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ 2,586,488	\$ 2,586,488	\$ 3,036,339	\$ 3,036,339	\$ 3,036,339	\$ 3,036,339
Debt Ratio	N/A	N/A	N/A	N/A	3.71	3.53	3.08	3.19	2.02	2.33

⁽³⁾ In 2015, the City paid off the balance of the 2005 Water/Wastwater bonds, \$7,175,000, therefore there is no remaining debt service at the end of 2015.

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

Water Utility Monthly Meter Charges

Meter Size (inches)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
3/4	\$ 37.90	\$ 36.50	\$ 35.10	\$ 32.90	\$ 27.80	\$ 25.70	\$ 23.80	\$ 22.20	\$ 20.40	\$ 19.08
1	75.40	72.60	69.90	65.50	55.30	51.20	47.40	44.30	40.60	37.97
1 1/2	151.00	145.30	139.90	131.10	110.70	102.50	94.90	88.70	81.40	76.03
2	241.60	232.50	223.80	209.80	177.20	164.10	151.90	142.00	130.30	121.75
3	452.00	435.00	418.80	392.60	331.60	307.00	284.30	265.70	243.80	227.89
4	754.20	725.80	698.80	655.00	553.20	512.20	474.30	443.30	406.70	380.08
6	1,516.60	1,459.50	1,405.10	1,317.10	1,112.40	1,030.00	953.70	891.30	817.70	764.24
8	2,262.60	2,177.50	2,096.40	1,965.10	1,659.70	1,536.80	1,423.00	1,329.90	1,220.10	1,140.27
10	3,016.80	2,903.30	2,795.10	2,620.10	2,212.90	2,049.00	1,897.20	1,773.10	1,626.70	1,520.24

Water Utility Consumption Charges per 100 Cubic Feet

Customer Class	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Residential	\$ 2.00	\$ 1.90	\$ 1.80	\$ 1.70	\$ 1.58	\$ 1.46	\$ 1.35	\$ 1.26	\$ 1.16	\$ 1.08
Commercial	1.60	1.50	1.40	1.30	1.17	1.08	1.00	0.93	0.85	0.79
Industrial	1.60	1.50	1.40	1.30	1.21	1.12	1.04	0.97	0.89	0.83
Public	1.60	1.50	1.40	1.30	1.17	1.08	1.00	0.93	0.85	0.79

Water Utility Connection Charges for Permanent Meters

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Meter Installation Fee-3/4"	\$ 260.00	\$ 250.00	\$ 239.00	\$ 577.00	\$ 577.00	\$ 534.00	\$ 494.00	\$ 462.00	\$ 424.00	\$ 396.00
Meter Installation Fee-1" or larger	270.00	260.00	249.00	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Service connection charge-1" service line ⁽¹⁾	2,900.00	2,810.00	2,772.00	\$638.00 plus applicable fees	\$638.00 plus applicable fees	\$547.00 plus applicable fees	\$547.00 plus applicable fees	\$511.00 plus applicable fees	\$469.00 plus applicable fees	\$438.00 plus applicable fees
Service connection charge-2" service line ⁽²⁾	4,610.00	4,440.00	4,278.00	-	-	-	-	-	-	-
Service connection charge-larger than 2" service line	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

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

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

Water Capital Facilities Charges

Meter Size (inches)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
5/8 & 3/4	\$ 4,000.00	\$ 3,870.00	\$ 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	6,660.00	6,450.00	6,250.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00	2,981.00
1 1/2	13,330.00	12,910.00	12,500.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00	5,944.00
2	21,320.00	20,650.00	20,000.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00	9,514.00
3	42,650.00	41,300.00	40,000.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00	19,046.00
4	66,640.00	64,540.00	62,500.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00	29,810.00

Wastewater Capital Facilities Charges

Charge	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Side Sewer Charge	1,701.00	1,647.00	1,595.00	1,104.00	1,104.00	1,032.00	974.00	928.00	844.00	774.00

**Wastewater Utility Rates
(For First 800 Cubic Feet or Less)
Total Monthly Charge**

Customers Connected to the Wastewater Utility ⁽¹⁾	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Residential	\$ 54.60	\$ 53.30	\$ 52.10	\$ 52.10	\$ 52.10	\$ 48.70	\$ 45.90	\$ 43.70	\$ 39.70	\$ 36.42
Multi-Family Residences (per unit)	32.70	31.90	31.20	31.20	31.20	29.20	27.50	26.20	23.80	21.82
Commercial	53.40	52.20	51.00	51.00	51.00	47.70	45.00	42.90	39.00	35.75
Public	64.40	62.90	61.50	61.50	61.50	57.50	54.20	51.60	46.90	43.05
Industrial	68.40	66.80	65.30	65.30	65.30	61.00	57.50	54.80	49.80	45.70
City of Walla Walla	16.00	15.60	15.20	15.20	15.20	14.20	13.40	12.80	11.60	10.65

⁽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.

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

	<u>2018</u>		<u>2017</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>		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Water																					
Residential	9,455	88.3%	9,433	88.1%	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%	
Multifamily	153	1.4%	146	1.4%	146	1.4%	146	1.4%	146	1.4%	144	1.4%	145	1.4%	145	1.4%	146	1.4%	149	1.5%	
Commercial	989	9.2%	908	8.5%	876	8.4%	910	8.6%	898	8.6%	885	8.5%	878	8.5%	871	8.5%	866	8.5%	865	8.5%	
Industrial	14	0.1%	13	0.1%	13	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	11	0.1%	11	0.1%	
Public	105	1.0%	101	0.9%	92	0.9%	99	0.9%	98	0.9%	99	1.0%	98	1.0%	98	1.0%	96	0.9%	93	0.9%	
Total	10,821	100%	10,702	100%	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%	

	<u>2018</u>		<u>2017</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>	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Wastewater																				
Residential	8,598	88.8%	8,914	88.2%	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%
Multifamily	146	1.5%	146	1.4%	142	1.5%	143	1.5%	140	1.5%	141	1.5%	145	1.5%	145	8.0%	145	1.5%	149	1.6%
Commercial	775	8.0%	858	8.5%	763	8.1%	655	7.1%	749	8.1%	745	8.1%	688	7.3%	773	42.7%	766	8.2%	767	8.2%
Industrial	7	0.1%	8	0.1%	7	0.1%	6	0.1%	7	0.1%	7	0.1%	7	0.1%	155	8.6%	6	0.1%	6	0.1%
Public	79	0.8%	92	0.9%	80	0.8%	64	0.7%	78	0.8%	77	0.8%	64	0.7%	83	4.6%	78	0.8%	74	0.8%
Total	9,684	100%	10,110	100%	9,424	100%	9,233	100%	9,245	100%	9,172	100%	9,373	100%	1,812	100%	9,376	100%	9,340	100%

	<u>2018</u>		<u>2017</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>	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Water/Wastewater																				
Residential	9,455	79.7%	9,433	80.9%	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%
Total Comm'l/Multifamily	1,142	9.6%	1,054	9.0%	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%
Industrial	14	0.1%	13	0.1%	13	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	14	0.1%	11	0.1%	11	0.1%
Public	105	0.9%	101	0.9%	92	0.9%	99	0.9%	98	0.9%	99	1.0%	98	1.0%	98	1.0%	96	0.9%	93	0.9%
Total	11,858	100%	11,655	100%	10,431	100%	10,542	100%	10,455	100%	10,400	100%	10,309	100%	10,255	100%	10,210	100%	10,165	100%

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

Water Customers

<u>Customer Name</u>	<u>2018</u>			<u>2008</u>		
	<u>Amount (In Gallons)</u>	<u>Rank</u>	<u>% of Total</u>	<u>Amount (In Gallons)</u>	<u>Rank</u>	<u>% of Total</u>
CITY OF WALLA WALLA	214,358,103	1	17.58%	101,212,628	2	12.18%
DEPARTMENT OF CORRECTIONS	137,277,789	2	11.26%	134,560,712	1	16.19%
SCHOOL DIST #140	81,440,309	3	6.68%	54,208,308	3	6.52%
EARLY - REPASS GOLF LLC	53,730,638	4	4.41%			
WHITMAN COLLEGE	39,867,073	5	3.27%	45,331,792	5	5.46%
PROVIDENCE HEALTH SYSTEMS	29,517,736	6	2.42%			
COTT BEVERAGE/CLIFFSTAR LLC	27,242,300	7	2.23%	52,659,200	4	6.34%
RANCHO VILLA	26,476,330	8	2.17%	28,360,420	6	3.41%
ECOVA	24,035,476	9	1.97%			
CALDWELL BANKER	20,095,852	10	1.65%	23,705,616	7	2.85%
WW COMMUNITY COLLEGE				22,662,156	8	2.73%
GOLDEN WEST ESTATES				12,330,780	9	1.48%
DESALES SCHOOLS				9,548,220	10	1.16%

Wastewater Customers

<u>Customer Name</u>	<u>2018</u>			<u>2008</u>		
	<u>Amount (In Gallons)</u>	<u>Rank</u>	<u>% of Total</u>	<u>Amount (In Gallons)</u>	<u>Rank</u>	<u>% of Total</u>
DEPARTMENT OF CORRECTIONS	137,277,789	1	28.68%	134,560,712	1	21.95%
COTT BEVERAGE/CLIFFSTAR LLC	27,242,300	2	5.69%	52,659,200	2	8.59%
WHITMAN COLLEGE	26,227,962	3	5.48%	26,154,568	5	4.27%
CITY OF WALLA WALLA	20,389,537	4	4.26%	34,942,072	3	5.70%
ECOVA	15,700,899	5	3.28%			
PROVIDENCE HEALTH SYSTEMS	12,548,036	6	2.62%			
WHEATLAND VILLAGE	10,279,850	7	2.15%	8,620,700	10	1.41%
KEY TECHNOLOGY INC	7,613,628	8	1.59%			
MARCUS WHITMAN HOTEL	7,448,750	9	1.56%			
WASH ODD FELLOWS HOME	6,265,283	10	1.31%			
RANCHO VILLA				28,360,420	4	4.63%
CALDWELL BANKER				23,462,516	6	3.83%
WW COMMUNITY COLLEGE				18,928,140	7	3.09%
GOLDEN WEST ESTATES				12,330,780	8	2.01%
JACOBS				8,866,044	9	1.45%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General governmental activities:										
General obligation bonds	\$16,453,764	\$17,673,550	\$18,913,480	\$19,156,019	\$13,336,613	\$14,251,920	\$15,098,397	\$15,952,984	\$16,813,648	\$16,897,376
Special assessment bonds	81,848	106,848	141,847	241,311	288,689	477,749	515,163	551,000	-	-
Business-type activities										
Water bonds	5,487,007	5,842,545	6,193,085	-	7,709,800	10,529,442	13,228,200	16,097,400	18,740,400	16,750,000
Wastewater bonds	7,086,662	-	-	-	1,600,200	2,578,561	3,496,800	4,672,600	5,749,600	1,900,000
Water/Wastewater bonds	12,573,669	5,842,545	6,193,085	-	9,310,000	13,108,003	16,725,000	20,770,000	24,490,000	18,650,000
Water loans	106,026	166,475	228,421	162,632	216,842	271,052	325,263	379,473	433,683	487,894
Wastewater loans	6,454,602	8,447,356	10,402,181	12,320,581	14,204,009	16,053,854	17,871,450	19,658,082	21,414,981	23,143,331
Water/Wastewater loans	6,560,626	8,613,830	10,630,602	12,483,213	14,420,851	16,324,906	18,196,713	20,037,555	21,848,664	23,631,225
Landfill bonds	4,608,162	5,247,772	2,979,054	3,360,451	3,687,590	4,030,141	4,352,692	4,670,243	4,976,400	2,362,558
Golf course bonds	134,179	158,998	183,032	206,605	224,168	242,022	259,876	277,730	293,600	309,470
Capital lease	164,545	202,818	-	-	-	-	-	-	-	-
Total primary government	\$40,576,793	\$37,846,361	\$39,041,100	\$35,447,599	\$41,267,911	\$48,434,741	\$55,147,841	\$62,259,512	\$68,422,312	\$61,850,629
Percentage of personal income ⁽¹⁾	1.56%	1.44%	1.64%	1.54%	1.82%	2.10%	2.43%	2.81%	3.28%	3.03%
Per capita	\$ 1,193	\$ 1,118	\$ 1,162	\$ 1,048	\$ 1,292	\$ 1,517	\$ 1,737	\$ 1,966	\$ 2,156	\$ 1,957

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 2017 personal income, latest available data, to calculate "percentage of personal income" for 2018.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General obligation bonds	\$25,890,380	\$28,922,865	\$28,268,651	\$22,723,075	\$26,558,371	\$18,524,083	\$24,925,965	\$27,655,957	\$30,188,648	\$19,569,404
Less: Amounts available in debt service fund	434,550	458,900	425,454	356,481	774,070	226,982	176,494	115,906	71,227	52,032
Net total	\$25,890,380	\$28,463,965	\$27,843,197	\$22,366,594	\$25,784,301	\$18,297,101	\$24,749,471	\$27,540,051	\$30,117,421	\$19,517,372
Percentage of estimated actual taxable value of property	1.05%	1.22%	1.03%	1.07%	1.28%	0.91%	1.24%	1.38%	1.55%	0.95%
Per capita	\$761	\$ 841	\$ 648	\$ 656	\$ 799	\$ 573	\$ 780	\$ 870	\$ 949	\$ 617

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, 2018

<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			\$ 16,535,612
Port District	2,019,525	42.2%	852,240
School District	65,681,296	74.7%	49,063,928
Subtotal overlapping debt	<u>\$ 67,700,821</u>		<u>\$ 49,916,168</u>
Total direct and overlapping debt			<u><u>\$ 66,451,780</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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$197,610,529	\$182,756,794	\$175,304,364	\$163,692,810	\$157,343,463	\$150,568,785	\$150,429,291	\$149,920,743	\$149,228,859	\$145,609,896
Total net debt applicable to limit	14,955,872	17,019,507	14,409,436	12,393,400	17,702,343	20,067,763	20,022,302	22,336,140	16,059,413	15,755,381
Legal debt margin	<u>\$182,654,656</u>	<u>\$165,737,287</u>	<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>
Total net debt applicable to the limit as a percentage of debt margin	<u>8.2%</u>	<u>10.3%</u>	<u>9.0%</u>	<u>8.2%</u>	<u>12.7%</u>	<u>15.4%</u>	<u>15.4%</u>	<u>17.5%</u>	<u>12.1%</u>	<u>12.1%</u>
Legal debt margin calculation for fiscal year 2018:										
Total assessed value January 2018	\$2,634,807,052									
2.5% general purposes limit is allocated between:	65,870,176									
<i>Up to 1.5% debt without a vote (councilmanic)</i>	39,522,106									
Less: outstanding debt	(11,052,500)									
Less: contracts payable	-									
Less: excess of debt with a vote	-									
Add: available assets	<u>9,913,795</u>									
Equals remaining debt capacity without a vote	<u>38,383,400</u>									
<i>1% general purpose debt with a vote</i>	26,348,071									
Less: outstanding debt	(14,405,000)									
Less: contracts payable	-									
Add: available assets	<u>587,833</u>									
Equals remaining debt capacity with a vote	<u>12,530,904</u>									
2.5% utility purpose limit, voted	65,870,176									
Less: outstanding debt	-									
Less: contracts payable	-									
Add: available assets	<u>-</u>									
Equals remaining debt capacity- utility purpose, voted	<u>65,870,176</u>									
2.5% utility purpose limit, open space park and capital facilities, voted	65,870,176									
Less: outstanding debt	-									
Less: contracts payable	-									
Add: available assets	<u>-</u>									
Equals remaining debt capacity- park & facilities, voted	<u>65,870,176</u>									
Total legal debt margin	<u><u>\$182,654,656</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**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water/Wastewater Revenue Bonds										
Charges for services and other	\$ 25,468,073	\$ 23,919,034	\$ 23,749,308	\$ 22,981,037	\$ 20,859,854	\$ 19,638,276	\$ 19,628,412	\$ 18,680,320	\$ 16,305,862	\$ 15,891,884
Less: Operating expenses	10,346,226	13,916,381	11,971,716	9,853,441	9,435,939	8,602,142	8,605,987	7,476,281	8,918,716	7,499,251
Net available revenue	\$ 15,121,847	\$ 10,002,653	\$ 11,777,592	\$ 13,127,596	\$ 11,423,915	\$ 11,036,134	\$ 11,022,425	\$ 11,204,039	\$ 7,387,146	\$ 8,392,633
Debt service:										
Principal	\$ - ⁽¹⁾	\$ -	\$ -	\$ 9,310,000	\$ 5,424,055	\$ 5,766,808	\$ 5,885,843	\$ 5,531,110	\$ 4,047,559	\$ 3,897,973
Interest	-	-	-	223,201	861,184	1,067,941	1,208,825	1,392,373	1,364,717	1,346,719
Payment	\$ -	\$ -	\$ -	\$ 9,533,201	\$ 6,285,239	\$ 6,834,749	\$ 7,094,668	\$ 6,923,483	\$ 5,412,276	\$ 5,244,692
Coverage	-	-	-	1.38	1.82	1.61	1.55	1.62	1.36	1.60
Special Assessment Bonds										
Special assessment collections	\$ 26,939	\$ 59,461	\$ 66,057	\$ 63,870	\$ 65,549	\$ 106,096	\$ 156,266	\$ 204,961	\$ 15,850	\$ 17,149
Debt service:										
Principal	25,000	35,000	99,463	47,379	189,060	37,414	35,837	-	-	-
Interest	4,701	6,425	10,618	19,302	21,021	22,530	24,113	2,020	-	-
Payment	\$ 29,701	\$ 41,425	\$ 110,081	\$ 66,681	\$ 210,081	\$ 59,944	\$ 59,950	\$ 2,020	\$ -	\$ -
Coverage	0.91	1.44	0.60	0.96	0.31	1.77	2.61	1.00	-	-

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

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.

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

	<u>2018</u>	<u>2017</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>
1 Population - City	34,000	33,840	33,340	33,390	32,260	31,930	31,740	31,670	31,731	31,610
1 Population - County	61,800	61,400	60,730	60,650	60,150	59,500	59,100	58,800	58,781	59,200
City as percent of County	55%	55%	55%	55%	54%	54%	54%	54%	54%	53%
2 County personal income (in 1,000s)	N/A	\$ 2,602,735	\$ 2,622,346	\$ 2,528,898	\$ 2,372,702	\$ 2,301,633	\$ 2,269,926	\$ 2,215,788	\$ 2,085,840	\$ 2,038,643
2 County per capita personal income	N/A	42,973	43,459	41,912	39,648	38,663	38,214	37,231	35,405	35,087
4 County median family income projection	N/A	52,630	52,094	49,619	50,835	47,238	46,147	44,606	44,117	44,267
3 County median age	N/A	39.01	37.58	37.58	37.33	37.33	38	37.01	36.63	36.27
4 Percent with high school degree or higher	N/A	88.5%	N/A	N/A	N/A	N/A	N/A	N/A	85.7%	N/A
5 School enrollment	5,735	5,854	5,959	6,074	6,214	6,119	6,211	6,308	6,159	6,052
6 County unemployment rate	5.3%	6.3%	7.1%	7.1%	6.7%	6.9%	7.2%	7.3%	7.4%	6.8%

Sources:

- 1 Port of Walla Walla
- 2 Bureau of Economic Analysis - 2017 is the most current data available
- 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.

**City of Walla Walla
Top Ten Principal Employers
Total Headcount
2015 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	<u>2018</u>	<u>2017</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>
Governmental activities:										
General government	38.5	37.5	34	33	34	34	34	35	35	37
Public safety										
Police										
Officers	46	45	44	43	42	41	41	42	42	44
Civilians	13.5	13.5	12	13	8	9	9	11	11	11
Fire										
Officers	31	31	31	30	29	29	29	29	30	32
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1	1	2
Emergency dispatch	17	17	15	17	17	17	17	18	17	17
Utilities and environment	24	25	23	22	23	20	22	19	18	29
Transportation	13	13	13	11	12	11	12	14	13	12
Economic environment ⁽¹⁾	9	9	8	6	1	0	0	0	10	12
Culture and recreation	24	23	21	20	18	18	19	20	24	31
Total governmental activities	216.5	214.5	201.5	195.5	184.5	179.5	183.5	189	201	227
Business-type activities:										
Ambulance	17.5	17.5	16.5	18.5	17.5	17.5	18.5	20	18	17
Golf course	0	0	0	0	0	0	0	0	0	0
Landfill	11	10	11	12	11	10	9	10	10	10
Sanitation	11	11	11	10	11	10	10	13	13	15
Stormwater	7	6	6	4	4	4	5	5	6	5
Wastewater	5	5	5	2	4	4	4	4	4	4
Water	20	17	19	14	19	18	16	17	16	18
Total business-type activities	71.5	66.5	68.5	60.5	66.5	63.5	62.5	69	67	69
Total primary government	288	281	270	256	251	243	246	258	268	296

Source: City of Walla Walla Finance Department, positions filled as of 12/31/18.

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

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

	<u>2018</u>	<u>2017</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>
City Attorney										
Requests for legal service	329	310	330	286	266	243	163	174	164	181
Total Walla Walla District Court hearings	8,029	7,275	6,144	4,958	4,760	3,847	4,183	4,476	4,489	5,097
Development Services*										
Permits processed for building and development	1,413	1,152	1,235	2,208	1,466	882	867	895	911	1,139
Construction value of permits completed	\$70,233,607	\$55,492,129	\$51,250,001	\$47,283,870	\$18,434,410	\$33,589,796	\$21,444,092	\$41,121,658	\$11,188,593	\$31,086,945
Library										
Questions answered	45,874	48,989	38,664	42,728	47,145	44,989	50,231	45,201	48,825	48,400
Items checked out	317,767	307,259	308,891	302,829	321,512	318,803	351,943	322,811	306,763	305,827
Children's storytime and program attendance	14,463	13,034	14,047	14,716	14,663	14,846	15,591	13,912	9,503	11,613
Adult program attendance	2,599	2,023	1,641	1,420	2,275	1,758	951	250	263	719
Parks and Recreation Department										
Meals served during the summer	22,178	26,543	26,254	25,044	24,911	26,563	28,718	29,227	19,494	21,447
Special event permits issued	31	45	59	46	40	29	41	29	37	44
Visits to City pools	75,324	78,223	3,057	2,979	3,775	4,620	5,897	5,058	4,762	4,505
Attendance for City recreation programs	184,215	181,941	97,229	96,862	99,622	94,988	106,500	105,000	100,000	100,000
Burial services at Mountain View Cemetery	166	177	190	197	179	172	163	174	181	205
Picnic area reservations	279	206	252	226	224	199	188	169	185	161
Fire Department										
Fire responses	102	117	107	115	116	129	88	92	100	138
Hazardous incident responses	78	138	85	91	87	109	73	74	64	82
Ambulance responses	5,609	5,979	5,718	5,670	5,624	5,268	5,289	5,040	5,182	5,208
Ambulance transported patients	3,208	3,591	3,490	3,493	3,516	3,464	3,285	3,325	3,485	3,509
Property fire loss	\$641,230	\$1,023,800	\$1,094,940	\$1,399,125	\$928,811	\$769,530	\$267,370	\$732,800	\$486,625	\$459,350
Safety Always Matters (SAM) program # students	3,868	3,817	3,921	3,785	3,894	3,711	3,929	3,660	3,720	3,811
Police Department										
Code compliance complaints resolved**	1,576	875	1,207	980	260	600	497	285	765	728
Requests for service	20,342	19,549	19,128	20,911	18,820	20,355	19,701	18,537	19,879	19,320
Death investigations and attempted suicides	73	80	N/A	63	78	74	72	64	118	71
Other calls	8,270	8,969	N/A	10,676	9,891	10,478	10,219	9,273	10,552	9,990
Accidents	897	1,044	N/A	903	889	857	901	885	1,013	1,126
Animal calls	1,678	1,689	N/A	2,109	1,913	1,950	2,114	1,968	2,271	2,233
Volunteer hours	678	988	N/A	1,142	1,155	2,005	978	1,165	883	933
Walla Walla Emergency Services Communications										
Total calls	84,185	90,228	N/A	94,622	100,537	101,340	110,965	100,399	92,978	108,775
9-1-1 calls	22,527	23,635	N/A	24,664	25,750	24,320	24,286	23,126	20,420	44,644

*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>2018</u>	<u>2017</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>
Water										
Linear feet of lines replaced	11,655	5,345	9,603	6,026	10,166	8,707	5,765	7,476	6,741	4,352
Linear feet of lines added to system	4,045	3,819	5,905	4,077	-	3,124	260	5,301	4,345	2,721
Million gallons of water to customers	3,257	3,105	3,170	3,439	3,474	3,458	3,441	3,367	3,447	3,649
Meters installed	375	10,989	304	367	302	268	344	421	501	371
Leaks repaired to mains and services	153	85	72	143	152	176	123	162	232	182
Wastewater										
Linear feet of lines replaced	14,307	5,827	9,852	11,376	8,068	6,239	4,004	6,149	7,121	1,860
Linear feet of lines added to system	4,261	2,884	6,806	4,493	35	2,172	1,102	1,958	1,820	2,793
Feet of sanitary sewer lines cleaned	274,529	370,003	489,124	470,017	847,165	475,331	618,294	552,358	729,624	369,595
Stormwater										
Feet of storm lines cleaned	9,038	10,667	27,584	27,978	39,554	20,762	18,401	20,599	28,332	17,490
Streets										
Linear feet of new streets added to subdivisions	3,623	1,702	2,787	4,420	-	1,641	252	336	523	642
Utility street cuts patched	231	138	157	326	249	337	383	350	239	118
Sanitation										
Pounds of curbside recycling collected	2,983,260	3,081,850	3,058,780	3,011,862	2,996,500	2,991,727	3,173,565	3,123,560	3,015,180	1,617,360
Million pounds of waste collected	51	44	44	43	42	41	41	41	42	42
Landfill										
Tons of solid waste collected	60,969	57,802	59,249	55,976	53,051	50,099	53,304	48,671	47,219	58,692
Pounds of hazardous waste collected	104,040	93,982	96,374	86,984	84,294	106,915	98,278	101,391	113,644	110,254
Landfill courtesy passes used	796	745	761	841	806	925	1,443	1,503	1,452	1,502
Pounds of metal recycled at the Landfill	90,640	42,480	50,760	47,980	54,780	42,220	83,340	98,660	108,000	194,120
Tons of leaves collected and recycled	2,100	2,104	1,764	1,871	1,359	1,324	1,452	1,098	1,514	2,400
Equipment Repair										
Fleet service repairs performed	2,566	3,329	3,334	3,755	3,448	4,529	3,745	3,644	3,843	3,804
Number of equipment repair parts used	11,419	10,827	10,375	10,565	10,444	11,659	10,729	9,495	11,383	14,799

Sources:
City of Walla Walla City Attorney, Development Services, Library, Parks and Recreation, Fire Dept., PoliceDept., Public Works, Fleet Management and Support Services Departments.

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

	<u>2018</u>	<u>2017</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>
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	21	18	16	15	15	14	12	12	14	14
Vans/SWAT vehicles	3	3	3	6	5	3	3	3	3	3
Animal control vehicle	1	1	1	1	1	1	1	1	1	1
Parking control vehicle	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Pumpers/ladders	4	2	2	2	3	3	4	4	4	4
Other vehicles	10	9	9	8	8	8	9	9	9	12
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	1,734,825	1,734,341	1,710,693	1,671,438	1,633,426	1,560,502	1,554,303	1,553,351	1,552,827	1,542,350
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	5	5	6	6	6	6	6	6	6	5
Other vehicle	1	1	1	1	1	1	1	1	1	1
Defibrillators	9	9	9	9	9	15	9	9	9	9
IV pumps	6	6	6	6	6	6	6	6	6	6
Sanitation										
Refuse collection vehicles	13	13	13	15	13	13	12	12	12	15
Leaf loaders	0	0	1	1	1	1	2	2	2	2
Other vehicles	4	2	2	2	2	2	3	3	3	2
Water/Wastewater										
Miles of water mains	185	184	183	182	181	182	182	191	190	188
Miles of wastewater mains	147	147	146	144	143	144	144	147	147	143
Landfill⁽¹⁾										
Active landfills (available acres)	829	829	829	829	924	923	923	923	924	970
Closed landfills (acres)	117	117	117	117	117	117	117	117	117	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, and GIS division.

⁽¹⁾Refer to Note 18 "Closure and Postclosure" in the Notes to the Financial Statements for more details.