



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Walla Walla

For the period January 1, 2024 through December 31, 2024

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

Issue Date – (Inserted by OS)

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

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Walla Walla's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Walla Walla January 1, 2024 through December 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Walla Walla are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

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Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR’S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Walla Walla January 1, 2024 through December 31, 2024

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

We have audited, 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 25, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the City in a separate letter dated June 25, 2025.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

June 25, 2025

INDEPENDENT AUDITOR’S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Walla Walla January 1, 2024 through December 31, 2024

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Walla Walla, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2024. The City’s major federal programs are identified in the auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City’s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also

serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

June 25, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Walla Walla January 1, 2024 through December 31, 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walla Walla, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Matters of Emphasis

As discussed in Note 20 to the financial statements, in 2024, the City adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

June 25, 2025

**City of Walla Walla
January 1, 2024 through December 31, 2024**

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2024

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2024

Statement of Activities – 2024

Governmental Funds Balance Sheet – 2024

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – 2024

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2024

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – 2024

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund – 2024

Statement of Net Position – Proprietary Funds – 2024

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2024

Statement of Cash Flows – Proprietary Funds – 2024

Notes to Financial Statements – 2024

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, LEOFF 1, LEOFF 2 – 2024

Schedule of Employer Contributions – PERS 1, PERS 2/3, LEOFF 2 – 2024

Notes to Required Supplementary Information – State Sponsored Pension Plans – 2024

Schedule of Changes in the Total Pension Liability and Related Ratios – Firemens’ Pension Plan – 2024

Schedule of Changes in Total OPEB Liability and Related Ratios – LEOFF 1 Medical – 2024

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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

Management Discussion and Analysis

The City of Walla Walla's (City) management discussion and analysis provides the readers of the City's financial statements an overview and analysis of the City's financial activities for the fiscal year ending December 31, 2024. The purpose is to introduce readers to the City's operations, explain how they are presented in this report, highlight significant financial activities and resulting changes in financial position, and economic factors affecting the City. Users are encouraged to read it in conjunction with additional information included in the letter of transmittal (Introductory Section) and the City's financial statements (Financial Section). **Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.**

Financial Information

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

2024 FINANCIAL HIGHLIGHTS

- At the end of the year, the City's assets and deferred outflow of resources exceeded its liabilities and deferred inflows of resources by \$320,756 (net position). Of this, \$58,200 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position increased by \$15,742 primarily due to debt issuance payoffs, pension asset reduction, increased sales tax revenue, and investment earnings.
- The City's total net position increased by \$23,691, mainly due to reduced pension and OPEB liabilities and completed capital projects. The City implemented GASB 101 and restated its beginning net position.
- At the close of the current fiscal year, the City of Walla Walla's governmental funds reported combined fund balances of \$21,707, a decrease of \$701.
- At the end of the current fiscal year the unassigned fund balance for the general fund was \$9,199, or 18.8% of total general fund expenditures and 21% of the total operating fund expenditures, which met the City's budgetary policy of maintaining a fund balance equal to or greater than 15% for this fund. The general fund's restricted balance of \$315 includes donations for future park projects.
- The City's total outstanding long-term debt, including leases and subscription-based IT payables, decreased by \$5,203. The decrease is attributed to the 2024 scheduled principal payments. No new debt was issued in 2024.

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
- 3) Notes to the financial statements

This report also contains other supplementary information to provide additional details supporting the basic financial statements. The financial statements focus on the City as a whole (government-wide) and on major individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for annual comparisons and enhance the City's accountability.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position in a manner similar to a private-sector business. These statements are reported using full accrual-based accounting. The statements are presented for governmental and business-type activities.

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

The Statement of Activities presents information showing how the government's revenues and expenses impacted its net position during 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items, which will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources unrelated to a specific function. The revenue generated by specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how each function supports itself or relies on taxes and other general funding sources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies to various business-type activities. By separating program revenue from general revenue, users of the financial statements can identify how much the program relies on taxes for funding.

- **Governmental Activities** – Most of the City's basic services are reported here, including fire, police service, non-utility public works (street maintenance), criminal justice, community development and planning, parks, arts and recreation, and general government administration. Taxes, licenses and permits, fines and forfeitures, and charges for general governmental services primarily support these activities.
- **Business-type Activities** – Customer charges for services mainly support these activities. Customers pay based on actual usage. The business-type activities include water/wastewater, stormwater, sanitation, landfill, golf course, ambulance, and vehicle equipment maintenance and replacement services.

Fund Financial Statements

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

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

Governmental Funds are essentially the same functions reported as governmental activities in the government-wide financial statements. They are used to account for activities supported by taxes, grants, services, and other similar types of revenue. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Street Construction Fund, the major funds in 2024. Data from the remaining 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds are provided in the form of combining and individual fund statements elsewhere in this report.

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

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

Internal service funds are an accounting device that accumulates and allocates costs internally among the City's various functions. The City uses internal service funds to manage its health and industrial insurance, equipment maintenance and replacement, emergency communication, and service center functions. The City evaluated the internal service funds, and the Public Safety Communications, Service Center, Health Insurance, and Industrial Insurance funds are reported with governmental activity, and the Fleet and Vehicle Replacement funds are reported with the business-type activity in the government-wide statements.

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

Other Information. Following the notes to the financial statements, the City presents the required supplementary information (RSI). Within the RSI, the City reports its proportionate share of the state-sponsored pension plans and its obligations to provide pension and other post-employment benefits

Management Discussion and Analysis

(OPEB) for its Fire Pension and LEOFF 1 employees. The only OPEB obligation of the City is to the 37 qualifying police officers and firefighters hired prior to October 1, 1977.

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

Statistical Section. This section includes unaudited trends and demographic information.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

The statement of net position serves as a useful indicator of the City's financial position.

As of December 31, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$322,424. Net investments in capital assets (e.g. land, buildings, machinery, and equipment) are the largest portion of the City's net position, 74.7%, less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Walla Walla's Condensed Net Position

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$43,204	\$46,641	\$65,499	\$59,528	\$108,704	\$106,169
Capital assets	116,898	110,181	171,201	169,071	288,099	279,252
Total assets	160,102	156,821	236,700	228,600	396,802	385,421
Total deferred outflows of resources	9,081	7,065	2,738	2,171	11,819	9,236
Current liabilities	5,834	7,827	2,779	3,274	8,613	11,101
Noncurrent liabilities	29,894	32,709	44,570	47,488	74,464	80,196
Total liabilities	35,728	40,536	47,349	50,762	83,077	91,297
Total deferred inflows of resources	3,814	4,877	975	1,418	4,788	6,294
Net position:						
Net investment in capital assets	105,247	97,389	135,460	129,598	240,707	226,987
Restricted	16,165	17,239	5,684	10,382	21,849	27,620
Unrestricted	8,229	3,845	49,970	38,612	58,200	42,457
Total net position	\$129,642	\$118,473	\$191,114	\$178,591	\$320,756	\$297,065

Current and other assets decreased in governmental and increased in business-type activities, a net increase of \$2,535. The governmental decrease is primarily related to the completion of capital projects using the cash balances designated for completion. During 2024, the City spent the balance of its \$9,975 ARPA allocation, and the City paid a retro payment to its police guild employees for their contract settlement. Business-type current and other assets increased by \$5,971, primarily related to increases in cash and investment balances for future infrastructure projects.

Current liabilities decrease for both governmental and business-type activities by \$2,488. The primary reason for the decrease was the reduction of unearned revenue because the City spent the remaining balance of its ARPA allocation and recognized \$2,180 of revenue in both governmental and business-

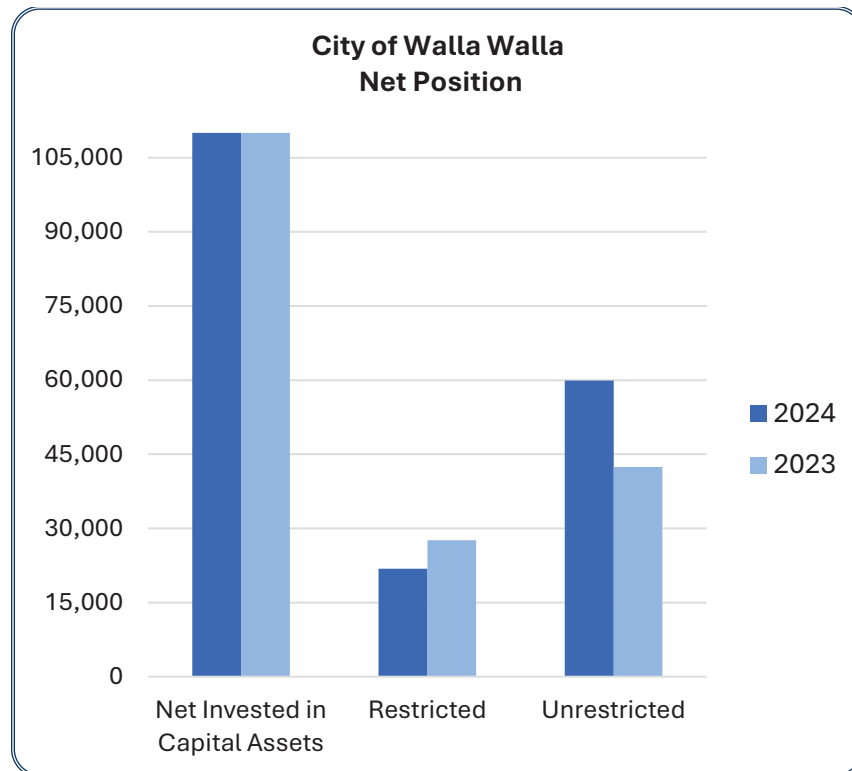
type activities. The following chart compares the City’s net position between December 31, 2023 and December 31, 2024.

Additional portions of the City’s net position, \$21,849 (6.8%), represent resources subject to external restrictions on their use. The restricted net position includes pension, taxes and grants collected in the various capital projects, special revenue, and debt service funds. The remaining balance of \$58,200 (18.1%) is unrestricted and will be used to meet the government’s ongoing obligations to its citizens and creditors, which is a 37.1% increase over 2023.

At the end of 2024, the City reported positive balances in all three categories of net position for the government.

The City’s net position increased by \$23,691 from operating activities during 2024. The reasons for the increase are discussed in the following sections for governmental and business-type activities.

Changes in Net Position



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

Management Discussion and Analysis

Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for service	\$ 7,876	\$ 7,805	\$ 50,784	\$ 48,240	\$ 58,660	\$ 56,045
Operating grants/contributions	7,747	4,269	3,913	3,981	11,660	8,250
Capital grants/contributions	6,836	3,365	2,789	3,671	9,625	7,036
General revenues:						
Property taxes	8,342	8,328	-	-	8,342	8,328
Sales and use tax	13,748	13,770	-	-	13,748	13,770
Utility excise tax	6,684	6,754	-	-	6,684	6,754
Other taxes	4,137	4,229	-	-	4,137	4,229
Grants and contributions not restricted to specific programs	1,678	716	507	66	2,185	782
Other revenues	3,294	2,947	628	1,086	3,922	4,033
Total revenues	60,342	52,183	58,621	57,044	118,963	109,226
Expenses:						
General government	7,542	6,992	-	-	7,542	6,992
Public safety	18,381	18,153	-	-	18,381	18,153
Utilities and environment	669	655	-	-	669	655
Transportation	10,530	7,783	-	-	10,530	7,783
Economic environment	3,965	3,857	-	-	3,965	3,857
Social Services	497	329	-	-	497	329
Culture and recreation	6,618	6,212	-	-	6,618	6,212
Interest on long term debt	327	344	-	-	327	344
Ambulance	-	-	5,592	4,630	5,592	4,630
Golf course	-	-	316	157	316	157
Landfill	-	-	5,731	6,121	5,731	6,121
Sanitation	-	-	7,948	7,592	7,948	7,592
Stormwater	-	-	3,142	2,987	3,142	2,987
Water/Wastewater	-	-	22,338	21,774	22,338	21,774
Total expenses	48,529	44,325	45,066	43,260	93,596	87,586
Increase in net position before transfers	11,813	7,858	13,555	13,784	25,368	21,642
Transfers	659	4,005	(659)	(4,005)	-	-
Increase in net position	12,471	11,864	12,897	9,778	25,368	21,642
Net position- beginning	118,473	106,610	178,591	168,813	297,065	275,423
Implementation of GASB 101	(1,318)	-	(373)	-	(1,691)	-
Error correction - See Note 21	15	-	-	-	15	-
Net position - ending	\$129,642	\$118,473	\$191,114	\$178,591	\$320,756	\$297,065

Governmental Activity Analysis

The net position of governmental activities increased by \$11,168 (9.4%), with a net ending of \$129,642.

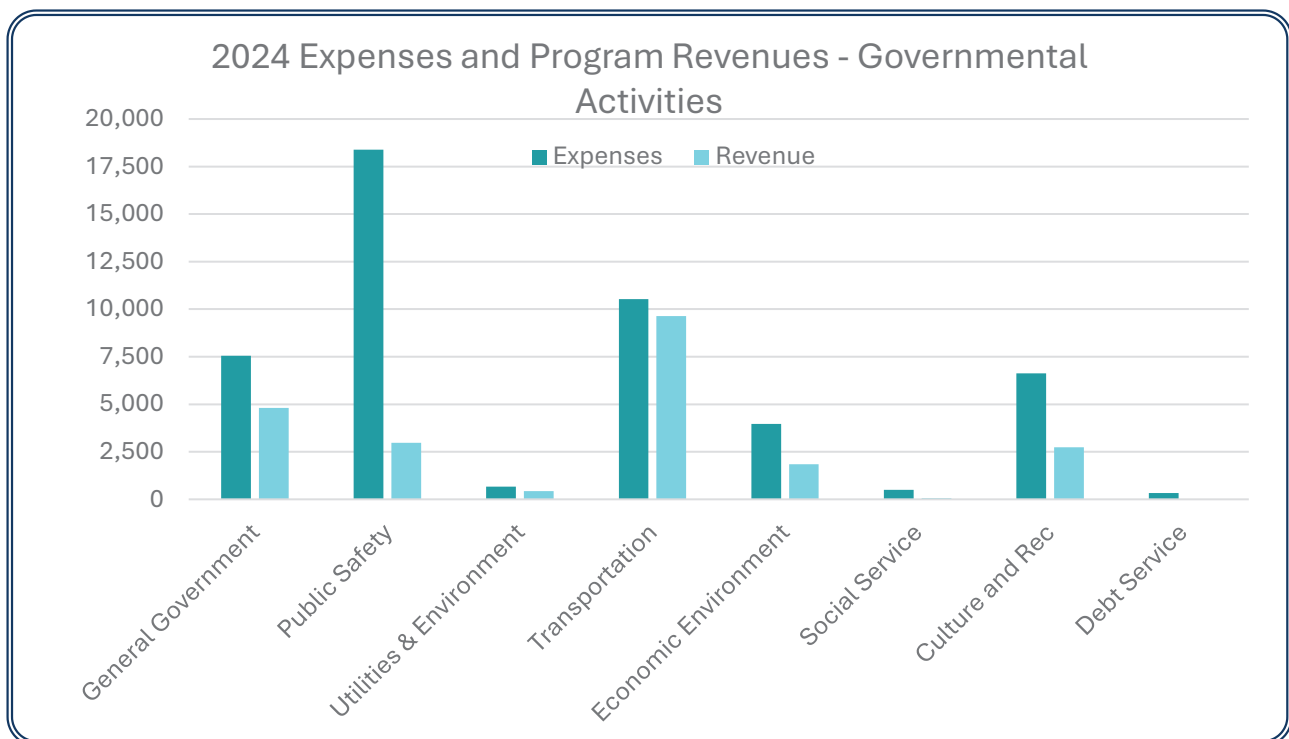
Management Discussion and Analysis

Total revenues increased by \$8,159(15.6%). The largest revenue increase was in operating and capital contributions. The City recognized \$1,545 of American Rescue Plan Act (ARPA) revenue in 2024. In addition, the City completed and received grant funding of \$4,196 for two Pavement Preservation projects. The Street Construction Fund received \$1,544 in capital contributions for bridge replacements and other street projects.

General revenues increased by \$1,139, or 3.1% over 2023, property tax increased due to an annexation, new construction and the 1% annual levy increase. Another reason revenue increased was that the city received additional opioid settlement payments. Other revenues increased by \$347 (11.8%) over 2023, mainly due to the City’s investment interest increase. The investment portfolio rate improved when securities matured, and reinvestments were purchased with higher coupon rates.

Governmental activities increased from \$44,325 in 2023 to \$48,529 (9.5%) in 2024. All categories’ expenditures increased in 2024 except for interest on long-term debt. At the end of 2023, the City paid final payments on two LTGO bonds, and regularly scheduled debt payments reduced interest payments. For the General Government, the 2024 liability insurance premiums increased by 18.3% due to losses in our risk pool. Public Safety expenses increased due to the cost of living and other changes in the police guild contract. Transportation expenses increased due to pavement preservation projects classified as operating expenditures. Overall operating expenditures increased because of employment contract increases, utility rate increases, and other inflationary factors.

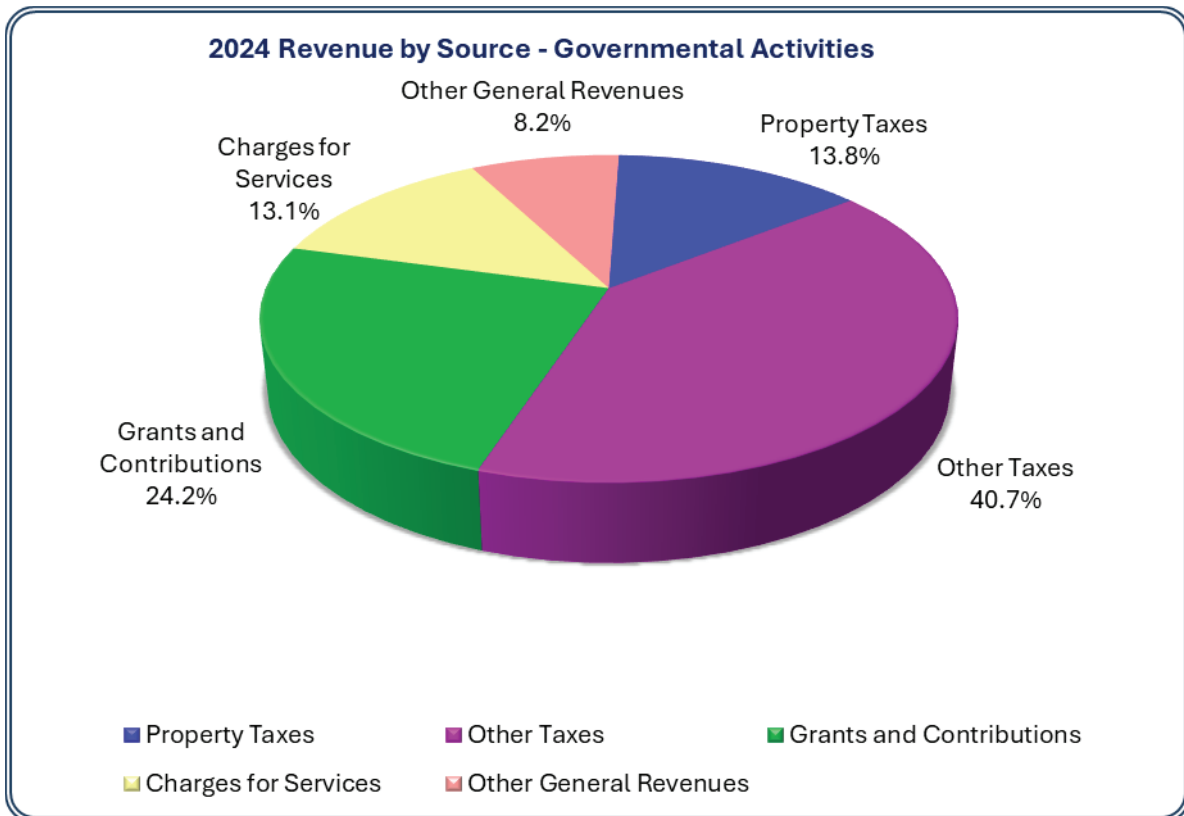
As shown in the chart below, revenues generated by the City’s programs are insufficient to cover expenses. The City relies on property taxes, sales taxes, investment income, and other general revenue to cover the expenses associated with various programs.



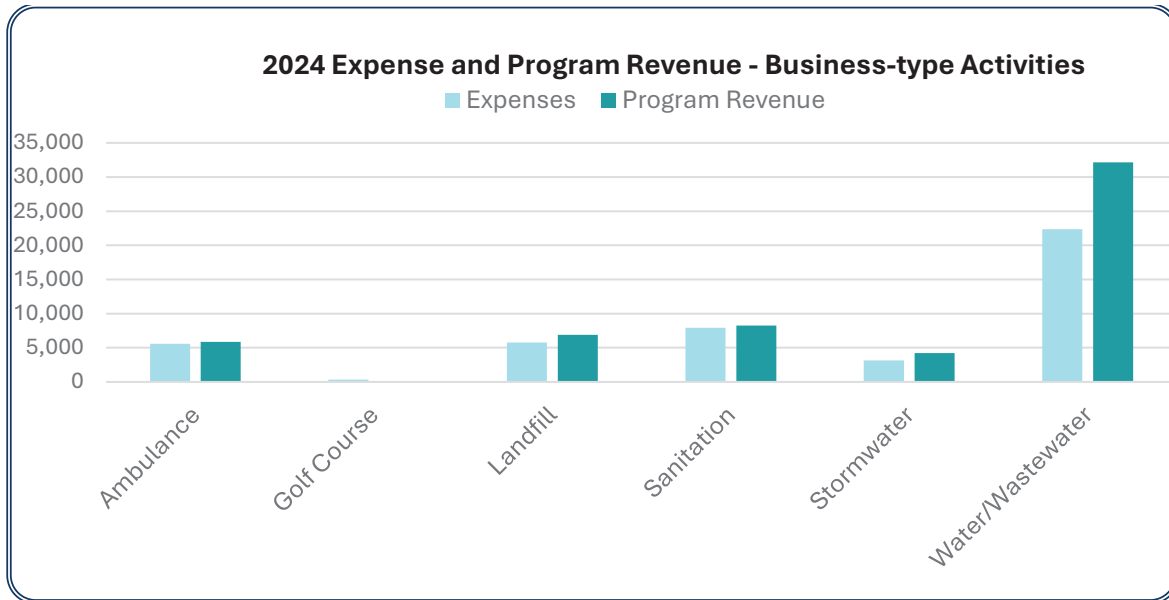
The chart above displays how the City’s programs are supported by generated revenue (fees, intergovernmental, and contributions specifically related to that program). For example, public safety comprises 37.9% of the total expenses for governmental activities but generates 13.2% of program

revenues. The public safety program revenues include traffic citations, parking citations, criminal charges, miscellaneous court fees, fire services, fire inspections, and operating grant contributions. Public safety, sales and property tax funds cover the remaining public safety expenditures.

The following chart displays the source breakdown for all revenues that fund governmental activities. Approximately 54.5% of the total governmental revenue activity is taxes. The largest governmental revenue source is other taxes, 40.7%, and the second-largest source is property taxes, 13.8%. Program-specific charges for services, grants, and contributions generate 37.2% of the total revenue for general governmental activity. The remaining 8.2% of other general revenue includes interest and miscellaneous revenue.



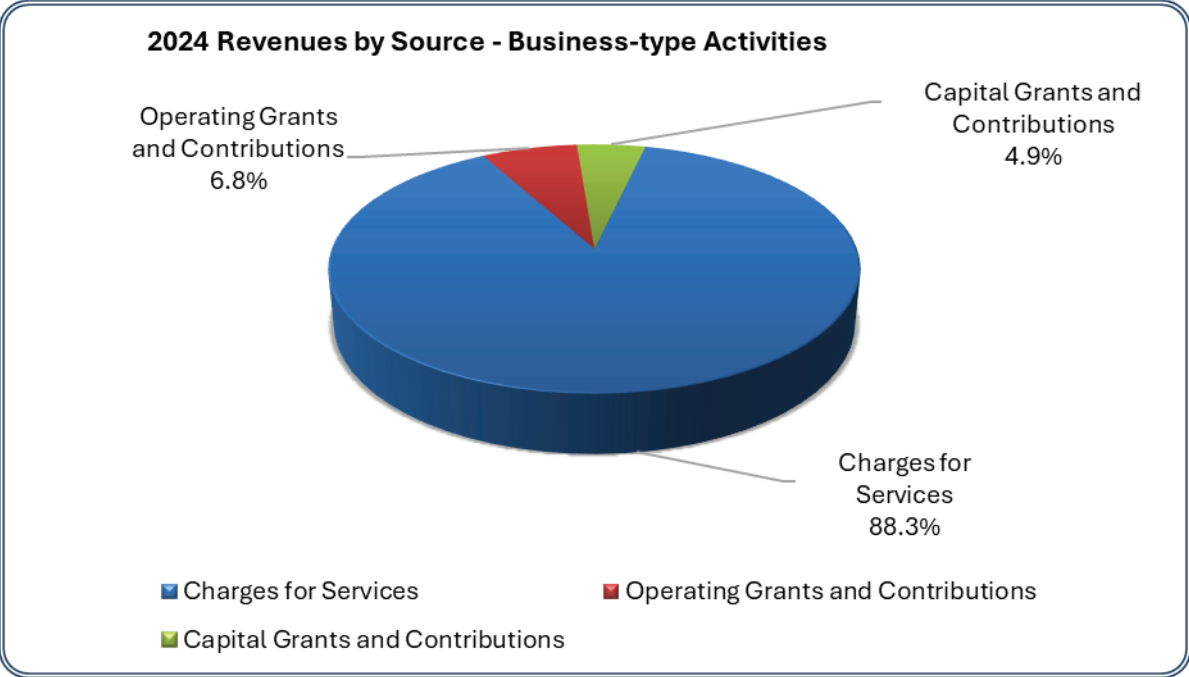
Business-type Activities. The City’s business-type activities' overall net position increased during the 2024 fiscal year by \$12,523 (7.0%) over 2023, with the 2024 ending net position of \$191,114. The primary source of revenue for business-type activities is user fees and charges. The disparity between program costs and revenues is lower than government funds. The following chart illustrates the excess of program revenues over expenses or expenses more than program revenue for each of the City’s business-type activities.



The Business-type activity revenue and expenses changed by \$1,577 and \$1,806, respectively. The revenue increase is attributed to an average 4.9% rate increase throughout all utility funds and an increase in grants and contributions. The total business-type expenses were \$45,066, and the total business-type revenue was \$58,621.

For business-type activity funds, program revenue is higher than the program costs for all funds except the Golf Course. Funds were set aside for cart path overlay, which was completed in 2024. Costs for salaries and benefits and operating expenses for all business-type activities continue to increase. Service expenses also contributed to increased costs, primarily related to increased utility costs, fuel, and fleet maintenance rates in 2024. The operating balances for these funds are necessary for future planned system infrastructure replacements, repairs, and enhancements. The Ambulance fund revenue fluctuates based on call volume, EMS levy revenues, and ground emergency medical transport contributions.

The following chart illustrates the operating revenue sources for business-type activities, which are supported primarily by charges for services. Charges for services generated \$50,784, or 88.3% of total revenue sources, while grant revenue and contributions generated \$6,702, or 11.7% of the total revenue sources. There was a \$2,544 (5.3%) increase in charges for services from 2023, and a decrease of \$950 (12.4%) in operating and capital contributions in 2024. The upgrades to the Wastewater treatment plant project were completed in 2024, so there was a reduction in capital contributions. Another reason for the decrease in capital contributions is that the Water/Wastewater fund has been setting aside funds for large projects that will begin construction phases in 2025.



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

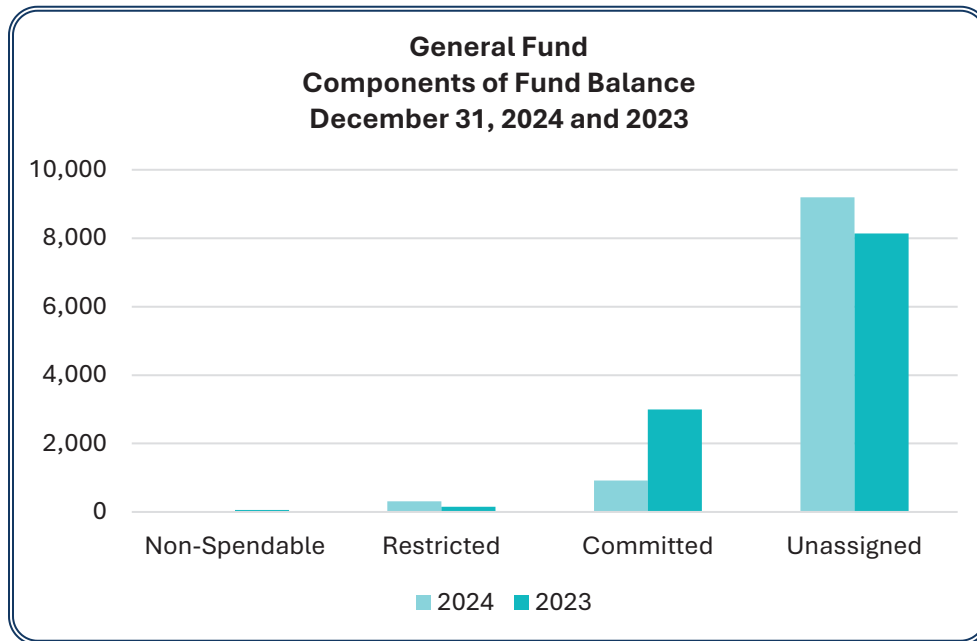
Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. These reports use a different “basis of accounting” than that used in the government-wide statements. The information in the governmental fund statements can be useful in assessing the City of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

The City maintains multiple individual governmental funds, two of which are reported as major governmental funds on the above-mentioned governmental fund statements. The remaining governmental funds are combined on these statements into a single column labeled non-major funds. Unassigned fund balance represents the portion that has not been limited to use for a specific purpose and may serve as a valuable measure of a government’s net resources available for discretionary spending.

Governmental Funds

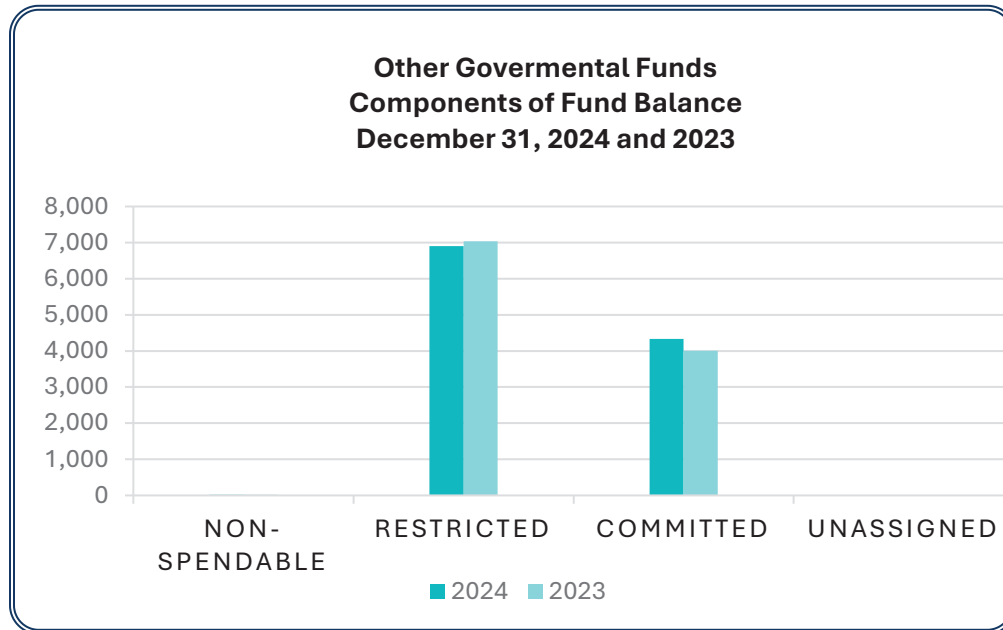
On December 31, 2024, the City’s governmental funds reported combined ending fund balances of \$21,707 a decrease of \$701 compared to the prior year. Approximately 42.4% of the ending governmental fund balance (\$9,199) constitutes unassigned fund balance, available for spending at the government’s discretion. The remainder of the fund balance is nonspendable, restricted, committed,

or assigned to indicate that the amount 1) not in spendable form (\$40), 2) restricted for specific purposes (\$7,339), or 3) committed for purposes (\$5,129).



The General Fund is the chief operating fund of the City, and its ending fund balance is \$10,457, a decrease of \$891 from 2023. At the end of 2024, the General Fund's unassigned, committed, and restricted fund balances were \$9,199, \$919, and \$315, respectively. Expenditures outpaced the revenues by \$891, expenditures increased by \$2,835 (6.1%), while revenue increased by \$1,022 (2.2%). Comparing unassigned and total fund balances to total expenditure is useful to measure the General Fund's liquidity. Accordingly, the unassigned fund balance represents 18.8% of the total expenditure, while the total fund balance represents 21.4%.

Key factors in expenditure increases during 2024 for public safety were employment contract increases. Revenue increases are contributed to investment income increasing by \$277 (11.5%) in 2024, the investment rates did not decrease as low as expected. In addition, securities matured, and the city replaced them with securities offering higher yields. Overall taxes decreased in 2024 by \$28 (.1%), because the electric company made a one-time refund to a customer which impacted B&O tax in 2024. However, property tax increased by \$237 (3.4%) because the City added \$88,637 of new construction and \$17,631 of annexed assessed value.



The committed fund balance for government funds, excluding the general fund, is \$4,210 due to the City’s established Code Enforcement Fund and committed cash in the Street Fund for maintenance. The restricted fund balance was \$7,024 at year-end. The balance includes restrictions for capital improvement, debt service, and drug crime-related expenses.

In 2024, the Street Construction Fund, a major fund, saw its fund balance decrease to \$1,470 from \$2,010, a decrease of \$540 (26.9%). The fund is used to record capital expenditures related to transportation projects. The primary reasons for the decrease were the large \$1,290 accounts payable balance for Rose Street Pavement preservation project at the end of 2024 and reduced cash balance due to 2024 expenses and not receiving grant reimbursement payments until 2025.

Proprietary Funds

The proprietary fund statements provide the same information found in government-wide financial statements but in more detail by disclosing information related to the individual utilities. The analysis for the proprietary funds is found within the business-type activities analysis and discussion above. The proprietary fund statements also include a column for internal service fund activity in the aggregate. These activities are consolidated with general governmental and business-type activities in the government-wide statements. The unrestricted net position for the major proprietary funds at the end of the year are as follows: Ambulance \$220, Landfill \$6,046, Sanitation \$2,819, and Water/Wastewater \$29,343. As noted earlier in the discussion of business-type activities, the increases in landfill, sanitation, and water/wastewater rates contributed to the growth of the unrestricted net position. The increase in the Ambulance unrestricted net position can be attributed to the ambulance utility fee that the City Council passed in 2022 and an increase in the City’s EMS Levy allocation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. As of December 31, 2024, the City’s investment in capital assets for its governmental and business-type activities amounts to \$288,099 (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 \$8,848 (3.2%).

Management Discussion and Analysis

City of Walla Walla's Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$4,856	\$4,728	\$3,355	\$3,355	\$8,211	\$8,083
Construction in progress	2,801	2,933	2,333	7,481	5,134	10,414
Intangibles	-	-	225	225	225	225
Buildings	17,680	16,884	20,482	21,262	38,162	38,146
Improvements	9,889	8,349	5,719	4,624	15,608	12,973
Equipment	2,177	2,045	27,428	20,344	29,605	22,388
Leases	277	263	1,252	1,546	1,529	1,809
Right to use subscription	501	863	306	386	807	1,249
Infrastructure	78,669	74,060	110,056	109,749	188,725	183,809
Intangibles	47	56	45	100	92	156
Total Capital Assets	\$116,898	\$110,181	\$171,201	\$158,330	\$288,099	\$279,252

In 2024, the City completed the major projects listed below:

- Wastewater Treatment Plant Improvements – Phase 1, valued at \$8,563.
- Heritage Park Reconstruction – at a value of \$3,946.
- 5th Ave Bridge over Millcreek Reconstruction – valued at \$2,153.

Please refer to Notes 5 and 6 in the financial statements for more information on capital assets and construction commitments.

Long-term Debt. The City's total outstanding debt, including leases and subscription-based IT arrangements payable, decreased by \$5,203 (10.4%). The city paid its debt principal according to its debt schedules and amortized bond premiums using the straight-line method.

At the end of 2024, the City's long-term debt of \$45,058, including \$19,945 in bonded debt outstanding, consisting of general obligation and utility revenue bonds. Of this amount, \$14,258 is backed by the full faith and credit of the government. The remainder of the City's outstanding debt includes Public Works Trust Fund Loans (PWTFL), leases, SBITAs, and utility revenue bonds. The City did not issue any new debt in 2024.

City of Walla Walla Outstanding Debt

	Government-type Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 8,892	\$ 10,304	\$ 4,751	\$ 5,650	\$ 13,643	\$ 15,954
G.O. bond premiums	506	589	109	124	615	713
Revenue bonds	-	-	5,210	5,470	5,210	5,470
Revenue bond premiums	-	-	477	513	477	513
Trust fund loans	-	-	22,713	24,614	22,713	24,614
Leases	281	283	1,373	1,559	1,654	1,843
Subscription-based IT	472	814	274	340	746	1,154
Total	\$ 10,151	\$ 11,990	\$ 34,907	\$ 38,270	\$ 45,058	\$ 50,260

Management Discussion and Analysis

State statutes limit the amount of general obligation debt issued by a government to 7.5% of the assessed property valuation of the taxable property located within its boundaries. The current legal debt limit for the City is \$319,331,631, significantly more than the City's outstanding general obligation debt. Additional information regarding the City's long-term debt is in the Financial Section, Note 9, and the Legal Debt Margin table in the Statistical Section.

GENERAL FUND FINAL BUDGET COMPARED TO ACTUAL RESULTS (actual amounts)

The City budgets on a biennial process that adopts two one-year budgets simultaneously. The fiscal year 2024 was the second year of the 2023-2024 biennium. Four budget adjustments were made to the City's general fund budget during 2024, primarily consisting of appropriating new grant funding and adjustments to estimated revenue completed during the budget process. The budgetary comparison statement for the general fund provides more detail on the adjustments and can be found on page 39.

The General Fund appropriations increased by \$3,381,150 during 2024, the City increased the investment interest budget by \$1,000,000, and appropriated grants from the Department of Commerce for CHIP of \$883,320 and the Taskforce of \$83,700. The City also increased the budget for Property Taxes by \$154,500, Gas B&O for \$200,000. The property tax increase occurred because the City had a larger increase in new construction than the original estimate, and Gas B&O receipts were higher than the original estimate. Interest rates were lower during the 2023-24 biennium preparation, and the City prepared conservative estimates. The budget was increased to meet actual revenues.

Highlights of the 2024 expense adjustment include the appropriation of CHIP and Task Force grant expenses, a \$1,000,000 transfer for the future library remodel and expansion project, and a \$1,250,000 transfer to support the design phase of the Myra Road expansion project.

The City's General Fund 2024 ending balance, including all classifications, was \$10,456,503. The unassigned ending fund balance was \$9,198,661, which exceeds the 15% minimum fund balance policy established in 2022. The City has appropriated \$983,410 for spending in the 2025-26 biennial budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (actual amounts)

The City completed the 2025-26 biennial budget process in 2024, and several factors were considered that may impact the financial status of the City's governmental activities in the future.

When the City adopted its 2025-2026 biennial budget, the City Administration and the City Council estimated revenue and expenses based on the economic outlook for 2025. The City used conservative estimates for its biennial revenues and examined the estimates objectively and analytically during the process.

The economic predictions of a recession mostly did not occur, and the city experienced a softer landing. Inflation subsided, but the Federal Reserve did not cut rates in 2024 as often as expected, which led to concerns about an economic contraction. Discussions in 2025 surrounding the trade deficit and imposing a 10% minimum tariff could reverse the progress made on inflation. The City relies on tax revenue to sustain its budget; if an economic slowdown occurs, it could impact the City's ability to maintain current service levels within governmental activities.

For 2025, the City elected to increase property taxes by 1%, plus the value of new construction and the full banked levy capacity. Based on current information from the County Assessor's Office, the 2025 general property tax levy of \$7,565,825 on a 2024 assessed valuation of \$4,607,603,563, which includes an increase of \$56,803,150 from new construction.

During 2024, the City completed a comprehensive rate study for Landfill and Sanitation rates, which are set by ordinance for 2025-2029. The Water/Wastewater rates developed during the last study will expire in 2027. The City will conduct a new comprehensive rate study during the 2025-26 biennium.

As of January 1, 2025, Landfill municipal rates will increase by 6.5%, and sanitation rates are budgeted to increase by 4.75%. Ambulance base rates will not increase in 2024 for the thirteenth year. However, the City instituted an Ambulance Utility Fee, increasing from \$7 to \$10 in the 2025-26 biennium to help sustain the Ambulance Fund and the existing EMS levy and GEMT funding.

The General Fund charges the City's utilities a B&O tax, which helps support street maintenance and other services. For the 2025-26 biennium, these rates increase from 14.2% to 15.2% and 14.6% to 15.6%, respectively.

Requests for Information. The Finance Department prepared this report, which is intended to provide a general overview of the city's finances. The Finance Department can be contacted by writing to the City of Walla Walla, 15 N. 3rd Avenue, Walla Walla, WA 99362.

City of Walla Walla
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 17,599,882	\$ 33,418,597	\$ 51,018,479
Investments	5,777,850	17,775,693	23,553,543
Receivables (net)	4,630,131	4,350,521	8,980,652
Lease receivables	727,682	164,731	892,413
Due from other governments	1,680,991	300,964	1,981,954
Inventories	-	882,423	882,423
Prepays	24,580	91,857	116,437
Internal balances	2,669,263	(2,669,263)	-
Restricted Assets:			
Cash and equivalents	845,444	2,282,639	3,128,083
Customer deposits	-	66,877	66,877
Restricted investments	-	6,400,012	6,400,012
Opioid receivable	1,143,374	-	1,143,374
Net pension asset	8,105,211	2,434,183	10,539,394
Capital assets not being depreciated	7,657,419	5,913,138	13,570,557
Capital assets, net of accumulated depreciation/amortization	109,240,214	165,287,829	274,528,043
Total assets	<u>160,102,040</u>	<u>236,700,201</u>	<u>396,802,241</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension-related	\$ 8,645,443	\$ 2,719,061	\$ 11,364,504
OPEB-related	191,571	18,485	210,056
Deferred amount on debt refunding	244,286	-	244,286
Total deferred outflows of resources	<u>9,081,301</u>	<u>2,737,546</u>	<u>11,818,847</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 5,222,805	\$ 2,029,238	\$ 7,252,043
Retainage payable	191,906	445,916	637,822
Interest payable	37,911	236,764	274,676
Customer deposits	-	66,877	66,877
Unearned revenue	381,201	-	381,201
Noncurrent liabilities:			
Due within one year: Bonds, claims, compensated absences, leases, loans, total pension, OPEB, remediation and subscriptions	\$ 4,995,155	\$ 4,189,482	\$ 9,184,636
Bonds, claims, compensated absences, leases, loans, remediation and subscriptions	10,374,183	37,969,453	48,343,636
Total pension liability	958,786	147,506	1,106,292
Total OPEB liability	12,506,259	1,848,751	14,355,010
Net pension liability	1,059,838	414,849	1,474,687
Total liabilities	<u>35,728,045</u>	<u>47,348,835</u>	<u>83,076,880</u>
DEFERRED INFLOW OF RESOURCES			
Lease-related	\$ 689,841	\$ 151,515	\$ 841,356
Pension-related	2,064,063	666,409	2,730,472
OPEB-related	1,059,886	156,679	1,216,565
Total deferred inflows of resources	<u>3,813,790</u>	<u>974,603</u>	<u>4,788,393</u>
NET POSITION			
Net investment in capital assets	\$ 105,247,076	\$ 135,459,602	\$ 240,706,678
Restricted for:			
Capital projects	5,079,446	-	5,079,446
Closure/post closure	-	2,119,571	2,119,571
Community service	601,943	-	601,943
Culture and recreation	314,635	-	314,635
Debt service	503,333	1,130,803	1,634,136
Forefeiture and seizure	384,715	-	384,715
Library endowment	32,380	-	32,380
Opioid settlement	1,143,374	-	1,143,374
Pension	8,105,210	2,434,183	10,539,393
Unrestricted	8,229,398	49,970,150	58,199,548
Total Net Position	<u>\$ 129,641,509</u>	<u>\$ 191,114,309</u>	<u>\$ 320,755,819</u>

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

City of Walla Walla
Statement of Activities
For the Fiscal Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 7,541,571	\$ 3,174,365	\$ 1,631,705	\$ -	\$ (2,735,501)	\$ -	\$ (2,735,501)
Public safety	18,381,407	1,294,744	1,647,694	22,221	(15,416,748)	-	(15,416,748)
Utilities and environment	669,006	432,135	-	-	(236,872)	-	(236,872)
Transportation	10,530,170	502,035	3,486,990	5,640,800	(900,344)	-	(900,344)
Economic environment	3,964,975	1,243,160	597,668	-	(2,124,147)	-	(2,124,147)
Social services	496,746	-	53,622	-	(443,124)	-	(443,124)
Culture and recreation	6,618,178	1,229,705	328,950	1,173,242	(3,886,282)	-	(3,886,282)
Interest expense	327,190	-	-	-	(327,190)	-	(327,190)
Total governmental activities	<u>48,529,243</u>	<u>7,876,145</u>	<u>7,746,629</u>	<u>6,836,263</u>	<u>(26,070,207)</u>	<u>-</u>	<u>(26,070,207)</u>
Business-type activities:							
Golf course	315,621	119,541	-	-	-	(196,080)	(196,080)
Sanitation	7,948,421	8,268,540	-	-	-	320,119	320,119
Stormwater	3,141,861	3,364,210	173,498	671,180	-	1,067,028	1,067,028
Landfill	5,730,946	6,725,549	161,569	-	-	1,156,172	1,156,172
Ambulance	5,591,599	2,602,936	3,312,881	310,000	-	634,218	634,218
Water/Wastewater	22,338,076	29,762,522	262,407	2,117,823	-	9,804,676	9,804,676
Total business-type activities	<u>45,066,524</u>	<u>50,843,297</u>	<u>3,910,355</u>	<u>3,099,003</u>	<u>-</u>	<u>12,786,132</u>	<u>12,786,132</u>
Total primary government	<u>\$ 93,595,767</u>	<u>\$ 58,719,442</u>	<u>\$ 11,656,984</u>	<u>\$ 9,935,266</u>	<u>\$ (26,070,207)</u>	<u>\$ 12,786,132</u>	<u>\$ (13,284,075)</u>
General revenues:							
Property tax, levied for general purposes					7,138,938	-	7,138,938
Property tax, levied for debt service					1,202,983	-	1,202,983
Sale and use tax					13,748,431	-	13,748,431
Business and occupation taxes					3,313,735	-	3,313,735
Utility excise tax					6,684,231	-	6,684,231
Other taxes					822,765	-	822,765
Grants and contributions not restricted to specific programs					1,677,915	-	1,677,915
Miscellaneous					-	17,023	17,023
Unrestricted investment earnings					3,090,143	695,901	3,786,044
Gain on sale of capital assets					203,400	56,183	259,583
Transfers					658,562	(658,562)	-
Total general revenues and transfers					<u>38,541,102</u>	<u>110,546</u>	<u>38,651,648</u>
Change in net position					<u>12,470,895</u>	<u>12,896,677</u>	<u>25,367,573</u>
Net position - beginning					118,473,480	178,591,058	297,064,538
Implementation of GASB 101					(1,317,704)	(373,425)	(1,691,129)
Error correction					14,838	-	14,838
Net position - ending					<u>\$ 129,641,509</u>	<u>\$ 191,114,309</u>	<u>\$ 320,755,819</u>

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

**City of Walla Walla
Balance Sheet
Governmental Funds
December 31, 2024**

	General Fund	Street Construction	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 6,277,674	\$ 2,116,814	\$ 7,499,017	\$ 15,893,506
Restricted cash and equivalents	314,635	-	530,809	845,444
Investments	3,882,231	-	1,396,150	5,278,381
Taxes receivables	2,661,209	-	562,011	3,223,219
Other receivables	368,642	44,140	202,664	615,446
Due from other governments	283,618	639,967	757,406	1,680,991
Lease receivable	727,682	-	-	727,682
Opioid receivable	-	-	1,143,374	1,143,374
Prepays	23,619	-	-	23,619
Total assets	<u>\$ 14,539,312</u>	<u>\$ 2,800,920</u>	<u>\$ 12,091,431</u>	<u>\$ 29,431,663</u>
LIABILITIES				
Accounts payable	\$ 576,027	\$ 1,290,464	\$ 643,472	\$ 2,509,962
Retainage payable	-	40,324	151,582	191,906
Other accrued liabilities	2,278,004	-	82,926	2,360,930
Interfund loans payable	-	-	244,629	244,629
Unearned revenue	367,342	-	13,860	381,201
Total liabilities	<u>3,221,372</u>	<u>1,330,788</u>	<u>1,136,468</u>	<u>5,688,628</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-opioid settlement	\$ -	\$ -	\$ 1,143,374	\$ 1,143,374
Unavailable revenue-property taxes	171,596	-	31,240	202,836
Lease-related	689,841	-	-	689,841
Total deferred inflows of resources	<u>861,437</u>	<u>-</u>	<u>1,174,614</u>	<u>2,036,051</u>
FUND BALANCES				
Nonspendable	\$ 23,619	\$ -	\$ 16,545	\$ 40,164
Restricted	314,635	348,699	6,674,899	7,338,233
Committed	919,587	1,121,434	3,088,905	5,129,925
Unassigned	9,198,661	-	-	9,198,661
Total fund balances	<u>10,456,503</u>	<u>1,470,133</u>	<u>9,780,349</u>	<u>21,706,984</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,539,312</u>	<u>\$ 2,800,920</u>	<u>\$ 12,091,431</u>	<u>\$ 29,431,663</u>

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

City of Walla Walla
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

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

Total fund balances - governmental funds		\$	21,706,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	116,897,632		
Less Capital assets already included in the internal service net position listed below.	<u>(2,405,375)</u>		
			114,492,257
Differences between expected and actual experiences, assumptions changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows and deferred inflows of resources on the statement of net position.			
Deferred outflows - pension related	8,645,443		
Deferred outflows - OPEB related	191,571		
Deferred inflows - pension related	(2,064,063)		
Deferred inflows - OPEB related	<u>(1,059,886)</u>		
			5,713,065
Net pension asset is not a financial resource and therefore not reported in the governmental funds.			8,105,211
Some assets will not be available to pay for current-period expenditures and are not included in governmental funds, thus not included in the fund balance. Certain taxes and other revenues are considered unavailable for governmental funds but are recognized as revenue for the government-wide statements.			4,259,850
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.			4,040,063
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.			
General obligation bonds payable	(8,892,146)		
Compensated absences	(3,181,401)		
Leases payable	(280,590)		
Subscription payable	(471,715)		
Accrued interest payable on long-term debt	(37,911)		
Total OPEB liability	(13,444,420)		
Total pension liability	(1,046,055)		
Net pension liability	<u>(1,059,838)</u>		
		\$	(28,414,076)
Governmental funds report the effect of premiums discounts, and refunding and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			
Deferred amount on refunding	244,286		
Premium on general obligation bonds	<u>(506,132)</u>		
			(261,845)
Net position of governmental activities		\$	<u>129,641,509</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 Fiscal Year Ended December 31, 2024

	General Fund	Street Construction	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property tax	\$ 7,125,120	\$ -	\$ 1,209,493	\$ 8,334,612
Sales tax	10,466,460	-	3,281,972	13,748,431
Utility and B&O taxes	9,997,965	-	-	9,997,965
Other taxes	114,839	-	707,926	822,765
Licenses and permits	938,082	-	236,519	1,174,601
Intergovernmental	3,783,837	3,178,228	4,704,797	11,666,862
Charges for goods and services	11,900,723	-	632,839	12,533,563
Fines and forfeitures	94,277	-	480	94,757
Investment earnings	2,680,003	-	349,930	3,029,933
Miscellaneous	601,003	44,140	437,022	1,082,164
Total revenues	<u>47,702,307</u>	<u>3,222,368</u>	<u>11,560,978</u>	<u>62,485,653</u>
EXPENDITURES				
Current:				
General government	15,076,327	-	-	15,076,327
Public safety	18,813,531	-	202,167	19,015,698
Utilities and environment	695,438	-	-	695,438
Transportation	-	201,117	6,499,393	6,700,510
Economic environment	2,203,256	-	1,818,490	4,021,747
Social services	434,375	-	40,020	474,395
Culture and recreation	6,120,853	-	-	6,120,853
Debt service:				
Principal	303,966	-	1,413,655	1,717,622
Interest	23,019	-	284,025	307,044
Capital outlay:				
General government	48,030	-	136,452	184,482
Utilities and environment	-	-	21,397	21,397
Transportation	-	6,704,038	842,118	7,546,156
Social service	128,373	-	-	128,373
Culture and recreation	-	-	1,894,655	1,894,655
Total expenditures	<u>43,847,169</u>	<u>6,905,155</u>	<u>13,152,373</u>	<u>63,904,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,855,138</u>	<u>(3,682,787)</u>	<u>(1,591,395)</u>	<u>(1,419,044)</u>
OTHER FINANCING SOURCES (USES)				
Lease-related	41,501	-	-	41,501
Proceeds from the sale of capital	-	-	203,400	203,400
Transfers in	341,168	3,534,832	4,311,034	8,187,033
Transfers out	(5,129,093)	(391,573)	(2,192,806)	(7,713,472)
Total other financing sources (uses)	<u>(4,746,424)</u>	<u>3,143,259</u>	<u>2,321,628</u>	<u>718,463</u>
Net change in fund balances	(891,286)	(539,528)	730,233	(700,580)
Fund balances - beginning	\$ 11,347,788	\$ 2,009,660	\$ 9,050,116	\$ 22,407,565
Fund balances - ending	<u>\$ 10,456,503</u>	<u>\$ 1,470,133</u>	<u>\$ 9,780,349</u>	<u>\$ 21,706,984</u>

The notes to 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
of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2024

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

Net change in fund balances - governmental funds	\$ (700,580)
Repayment of bond and loan principal reported as an expenditure in governmental funds and as a reduction of debt liability in the statement of net position.	1,411,492
Other long-term debt activity recorded as increases and decreases of current financial resources in the governmental funds, but increases and decreases long-term liabilities in the statement of net position.	
Recognition of leases and SBITAs reported as an expenditure/revenue in governmental funds and as a reduction/(increase) of debt liability in the statement of net position.	319,394
Lease-related financing source.	(41,501)
Amortization of deferred amounts of refunding	(48,859)
Amortization of bond premiums	82,911
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.	
(Increase)/decrease in compensated absences	36,023
Interest expense paid on long-term debt	(31,542)
Revenues in the statement of activities that do not provide current finance resources are not reported as revenues in the governmental funds, investments, leases, taxes.	565,100
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation.	
Capital outlay	9,775,063
Depreciation	(5,335,898)
Gain/(loss) on sale of capital assets	(5,898)
Contributed/donated capital assets are included in the statement of activities but are not reported in the government funds as they do not provide current financial resources.	2,441,303
Internal service funds or activities are used by management to charge the costs of certain activities to individual funds and are not reported in governmental funds.	40,655
Changes to net position liability and pension-related deferred outflows and inflows of resources do not require the use of certain eliminated in the statement of activities.	3,963,232
Change in net position of governmental activities	<u>\$ 12,470,895</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 - Budget and Actual
General Fund
For the Year Ended December 31, 2024

	2023-24 Biennial			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 54,018,940	\$ 54,907,850	\$ 55,436,370	\$ 528,520
Licenses and permits	1,514,050	1,773,050	1,891,840	118,790
Intergovernmental	5,501,690	6,429,400	5,872,320	(557,080)
Charges for goods and services	24,297,310	23,573,310	23,573,520	210
Fines and forfeitures	233,600	208,400	176,180	(32,220)
Investment earnings	1,540,000	4,816,000	5,082,650	266,650
Miscellaneous	503,700	885,140	1,114,820	229,680
Total revenues	<u>87,609,290</u>	<u>92,593,150</u>	<u>93,147,700</u>	<u>554,550</u>
EXPENDITURES				
Current:				
General government	29,427,750	30,905,130	29,439,110	1,466,020
Public safety	35,454,040	36,854,120	36,323,610	530,510
Utilities and environment	1,312,820	1,404,770	1,368,380	36,390
Economic environment	2,618,050	4,944,870	4,199,400	745,470
Social services	597,690	743,380	743,140	240
Culture and recreation	11,602,840	12,228,220	12,050,700	177,520
Total current	<u>81,013,190</u>	<u>87,080,490</u>	<u>84,124,340</u>	<u>2,956,150</u>
Debt service:				
Principal	239,980	395,170	601,780	(206,610)
Interest	13,160	13,160	27,180	(14,020)
Total debt service	<u>253,140</u>	<u>408,330</u>	<u>628,960</u>	<u>(220,630)</u>
Capital outlay:				
General government	-	6,530	179,030	(172,500)
Public safety	-	29,100	898,620	(869,520)
Social services	-	128,380	128,370	-
Culture and recreation	-	-	4,490	(4,490)
Total capital outlay	<u>-</u>	<u>164,010</u>	<u>1,210,510</u>	<u>(1,046,510)</u>
Total expenditures	<u>81,266,330</u>	<u>87,652,830</u>	<u>85,963,810</u>	<u>1,689,010</u>
Excess (deficiency) of revenues over expenditures	<u>6,342,960</u>	<u>4,940,320</u>	<u>7,183,890</u>	<u>2,243,560</u>
OTHER FINANCING SOURCES (USES)				
Lease related	-	-	172,500	172,500
Subscription related	-	-	883,420	883,420
Proceeds from the sale of capital	30,000	15,000	-	(15,000)
Transfers in	430,740	1,038,660	943,700	(94,960)
Transfers out	(6,855,150)	(9,062,280)	(9,153,540)	(91,260)
Total other financing sources (uses)	<u>(6,394,410)</u>	<u>(8,008,620)</u>	<u>(7,153,920)</u>	<u>682,200</u>
Net change in fund balances	(51,450)	(3,068,300)	29,970	2,925,760
Fund balances - beginning	10,426,530	10,426,530	10,426,530	-
Fund balances - ending	<u>\$ 10,375,080</u>	<u>\$ 7,358,230</u>	<u>\$ 10,456,500</u>	<u>\$ 2,925,760</u>

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

City of Walla Walla
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities				Total Nonmajor		Total Internal Service Funds
	Ambulance	Landfill	Sanitation	Water/ Wastewater	Enterprise Funds	Total Enterprise Funds	
ASSETS							
Current assets:							
Cash and equivalents	\$ 769,305	\$ 3,664,784	\$ 1,826,459	\$ 22,843,871	\$ 2,701,394	\$ 31,805,813	\$ 3,319,160
Restricted cash and equivalents	-	116,224	-	1,014,579	-	1,130,803	-
Restricted cash customer deposits	-	8,336	25,000	4,000	29,541	66,877	-
Investments	991,452	2,954,783	383,448	3,747,255	299,423	8,376,360	9,898,802
Due from other governments	-	50,777	-	188,692	61,494	300,964	-
Receivables (net)	411,908	185,140	835,168	2,377,979	345,432	4,155,628	851,768
Lease receivable	-	29,507	-	-	135,224	164,731	-
Interfund loans receivable	-	-	-	-	-	-	39,516
Inventories	-	-	-	858,755	-	858,755	23,668
Prepays	-	-	-	-	-	-	92,818
Total current assets	<u>2,172,665</u>	<u>7,009,552</u>	<u>3,070,075</u>	<u>31,035,132</u>	<u>3,572,507</u>	<u>46,859,930</u>	<u>14,225,731</u>
Noncurrent assets:							
Restricted cash and equivalents	-	1,151,836	-	-	-	1,151,836	-
Restricted investments	-	6,400,012	-	-	-	6,400,012	-
Interfund loans receivable	-	-	-	-	-	-	205,113
Notes receivables	-	134,592	-	-	-	134,592	-
Net pension asset	1,486,017	194,557	194,773	402,711	76,127	2,354,185	291,426
Capital assets not being depreciated							
Land	-	1,249,177	-	2,050,590	55,415	3,355,182	135,600
Intangibles	-	-	-	225,307	-	225,307	-
Construction in progress	-	-	-	1,861,143	471,507	2,332,650	1,672
Capital assets, net of accumulated depreciation/amortization							
Buildings and structures	-	960,166	-	19,206,690	315,634	20,482,489	1,947,952
Other improvements	-	2,547,751	-	2,488,708	682,474	5,718,932	-
Machinery and equipment	50,164	115,899	174	14,855,909	218,269	15,240,417	12,204,348
Leases	3,519	2,127	1,106	2,323	784	9,858	1,450,929
Subscriptions	-	54,547	1,643	228,835	21,136	306,160	54,119
Intangibles	-	30,227	-	9,171	-	39,398	5,485
Infrastructure	-	3,685,660	-	93,549,225	12,820,983	110,055,869	39,977
Total noncurrent assets	<u>1,539,700</u>	<u>16,526,549</u>	<u>197,696</u>	<u>134,880,612</u>	<u>14,662,329</u>	<u>167,806,886</u>	<u>16,336,620</u>
Total assets	<u>3,712,365</u>	<u>23,536,101</u>	<u>3,267,771</u>	<u>165,915,744</u>	<u>18,234,836</u>	<u>214,666,816</u>	<u>30,562,351</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pensions	1,357,623	279,358	279,668	578,238	109,308	2,604,195	418,448
OPEB	18,485	-	-	-	-	18,485	-
Total deferred outflows of resources	<u>1,376,108</u>	<u>279,358</u>	<u>279,668</u>	<u>578,238</u>	<u>109,308</u>	<u>2,622,680</u>	<u>418,448</u>
LIABILITIES							
Current liabilities:							
Accounts payable	28,389	72,893	132,884	612,377	192,858	1,039,400	339,770
Other accrued liabilities	306,831	111,183	120,040	206,238	47,541	791,831	210,151
Compensated absences	186,437	63,056	60,778	119,232	37,248	466,750	132,650
Industrial insurance claims	-	-	-	-	-	-	504,940
Retainage payable	-	-	-	434,680	11,236	445,916	-
Customer deposits	-	8,336	25,000	4,000	29,541	66,877	-
Accrued interest payable	20	12,309	43	176,787	1,017	190,176	52,957
Bonds, notes, and loans payable	-	529,901	-	2,610,729	-	3,140,629	-
Leases payables	1,841	1,112	578	1,215	410	5,157	205,401
Subscriptions payable	-	13,424	1,119	45,307	5,773	65,623	52,065
Pollution remediation and closure	-	143,358	-	-	-	143,358	-
Total OPEB liability	138,685	-	-	-	-	138,685	-
Total pension liability	13,426	-	-	-	-	-	-
Total current liabilities	<u>675,628</u>	<u>955,571</u>	<u>340,441</u>	<u>4,210,565</u>	<u>325,624</u>	<u>6,494,402</u>	<u>1,497,935</u>

City of Walla Walla
Statement of Net Position
Proprietary Funds
December 31, 2024
(continued)

Noncurrent liabilities:							
Compensated absences	194,690	37,633	32,723	72,346	26,844	364,236	200,767
Industrial insurance claims	-	-	-	-	-	-	368,634
Bonds, notes, and loans payable	-	2,806,857	-	27,312,106	-	30,118,963	-
Leases payable	1,741	1,052	547	1,150	388	4,878	1,369,451
Subscriptions payable	-	38,964	-	157,637	12,015	208,616	-
Pollution remediation and closure	-	6,061,528	-	-	-	6,061,528	-
Net pension liability	15,234	81,998	82,089	169,727	32,085	381,133	122,825
Total pension liability	147,506	-	-	-	-	147,506	-
Total OPEB liability	1,848,751	-	-	-	-	1,848,751	-
Total noncurrent liabilities	<u>2,207,922</u>	<u>9,028,032</u>	<u>115,359</u>	<u>27,712,966</u>	<u>71,332</u>	<u>39,135,611</u>	<u>2,061,676</u>
Total liabilities	<u>2,883,550</u>	<u>9,983,603</u>	<u>455,800</u>	<u>31,923,530</u>	<u>396,956</u>	<u>45,630,013</u>	<u>3,559,611</u>
DEFERRED INFLOWS OF RESOURCES							
Lease-related	-	24,188	-	-	127,327	151,515	-
Pension-related	292,143	76,797	76,882	158,961	30,049	634,832	115,034
OPEB-related	156,679	-	-	-	-	156,679	-
Total deferred inflows of resources	<u>448,822</u>	<u>100,985</u>	<u>76,882</u>	<u>158,961</u>	<u>157,376</u>	<u>943,026</u>	<u>115,034</u>
NET POSITION							
Net investment in capital assets	50,101	5,254,242	679	103,651,480	14,463,486	123,419,987	14,181,838
Restricted for:							
Closure/post-closure	-	2,119,571	-	-	-	2,119,571	-
Debt service	-	116,224	-	1,014,579	-	1,130,803	-
Pension	1,486,017	194,557	194,773	402,711	76,127	2,354,185	291,426
Unrestricted	219,982	6,046,277	2,819,306	29,342,721	3,250,199	41,678,484	12,832,890
Total net position	<u>\$ 1,756,101</u>	<u>\$ 13,730,871</u>	<u>\$ 3,014,757</u>	<u>\$ 134,411,491</u>	<u>\$ 17,789,811</u>	<u>\$ 170,703,031</u>	<u>\$ 27,306,154</u>
Adjustment to report the consolidation of internal service fund activity predominately serving business-type activities						<u>20,411,278</u>	
Net position of business-type activities						<u>\$ 191,114,309</u>	

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

City of Walla Walla
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2024

	Business-type Activities						
	Ambulance	Landfill	Sanitation	Water/ Wastewater	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES							
Licenses and permits	\$ -	\$ -	\$ 2,563	\$ 92,910	\$ -	\$ 95,473	\$ -
Intergovernmental	3,118,658	161,569	-	36,916	173,498	3,490,641	743,503
Charges for goods and services	2,543,296	6,698,840	8,258,140	29,660,713	3,396,064	50,557,053	865,345
Interfund charges	-	-	-	-	-	-	14,187,158
Miscellaneous	197,437	13,790	120	3,357	86,009	300,712	12,036
Total operating revenues	<u>5,859,391</u>	<u>6,874,198</u>	<u>8,260,823</u>	<u>29,793,896</u>	<u>3,655,572</u>	<u>54,443,879</u>	<u>15,808,042</u>
OPERATING EXPENSES							
Personnel services	4,008,769	1,358,858	1,292,937	2,629,744	515,343	9,805,651	2,555,697
Materials and supplies	163,757	126,513	164,704	749,223	49,762	1,253,958	960,273
Services and charges	1,431,280	3,302,109	6,491,218	14,044,817	2,616,102	27,885,526	10,880,620
Depreciation	2,163	534,586	2,203	4,128,491	294,982	4,962,425	1,714,801
Total operating expenses	<u>5,605,969</u>	<u>5,322,066</u>	<u>7,951,062</u>	<u>21,552,275</u>	<u>3,476,189</u>	<u>43,907,561</u>	<u>16,111,392</u>
Operating income (loss)	<u>253,422</u>	<u>1,552,132</u>	<u>309,761</u>	<u>8,241,620</u>	<u>179,383</u>	<u>10,536,319</u>	<u>(303,350)</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	-	-	-	104,937	-	104,937	310,000
Other charges	-	-	-	-	-	-	56,426
Investment earnings (losses)	(658)	369,288	9,724	231,545	18,314	628,212	127,398
Miscellaneous	-	12,920	7,717	126,096	1,678	148,410	17,523
Gain (loss) on disposal of capital	-	-	-	(265,110)	-	(265,110)	56,183
Adjustment to landfill liability	-	(266,525)	-	-	-	(266,525)	-
Pollution remediation	-	17,533	-	-	-	17,533	-
Interest expense	(150)	(55,678)	(111)	(490,900)	(3,759)	(550,598)	(73,822)
Total nonoperating revenues (expenses)	<u>(808)</u>	<u>77,537</u>	<u>17,329</u>	<u>(293,431)</u>	<u>16,233</u>	<u>(183,141)</u>	<u>493,709</u>
Income (loss) before contributions and transfers	252,614	1,629,669	327,090	7,948,189	195,616	10,353,178	190,359
Capital contributions	\$ -	\$ -	\$ -	\$ 2,117,823	\$ 671,180	\$ 2,789,003	\$ -
Transfers in	22,362	-	-	196,700	947,992	1,167,054	185,000
Transfers out	(230,512)	-	-	(1,493,529)	(14,851)	(1,738,892)	(86,724)
Change in net position	44,464	1,629,669	327,090	8,769,183	1,799,937	12,570,343	288,635
Net position - beginning	1,906,327	12,138,835	2,720,390	125,708,500	16,016,718	158,490,770	27,156,122
Implementation of GASB 101	(194,690)	(37,633)	(32,723)	(66,192)	(26,844)	(358,082)	(153,441)
Error correction	-	-	-	-	-	-	14,838
Net position - ending	<u>\$ 1,756,101</u>	<u>\$ 13,730,871</u>	<u>\$ 3,014,757</u>	<u>\$ 134,411,491</u>	<u>\$ 17,789,811</u>	<u>\$ 170,703,031</u>	<u>\$ 27,306,154</u>
						326,333	
						<u>\$ 12,896,677</u>	

Adjustment for the net effect of the current year activity between the internal service funds and enterprise funds. 326,333
Changes in net position of business-type activities \$ 12,896,677

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

City of Walla Walla
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2024

Business-type Activities - Enterprise Funds

	Ambulance	Landfill	Sanitation	Water/ Wastewater	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,438,335	\$ 6,904,180	\$ 7,938,586	\$ 29,298,603	\$ 3,353,061	\$ 49,932,766	\$ 739,820
Receipts from interfund services	-	-	-	-	-	-	14,127,115
Other receipts	3,312,898	175,358	-	40,273	173,498	3,702,028	743,615
Payments to employees	(3,783,551)	(1,458,995)	(1,388,911)	(2,905,261)	(557,073)	(10,093,791)	(2,465,841)
Payments to suppliers for goods and services	(498,444)	(1,033,488)	(2,969,393)	(5,093,011)	(397,657)	(9,991,993)	(10,477,509)
Payments due to other funds	(1,078,835)	(2,417,756)	(3,503,629)	(8,776,355)	(2,098,225)	(17,874,801)	(877,488)
Cash paid for taxes	(45,951)	(90,008)	(148,477)	(923,334)	(60,603)	(1,268,373)	(3,964)
Net cash provided by (used for) operating activities	344,452	2,079,291	(71,824)	11,640,916	413,003	14,405,836	1,785,749
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds (repayments) from interfund loan	-	494,969	-	(466,652)	(54,412)	(26,094)	857,075
Operating grants and contributions	(150,386)	(2,113)	7,717	215,371	50,499	121,088	411,328
Transfers from other funds	22,362	-	-	196,700	947,992	1,167,054	185,000
Transfers to other funds	(230,512)	-	-	(1,493,529)	(14,851)	(1,738,892)	(86,724)
Net cash provided by (used for) noncapital financing activities	(358,536)	492,856	7,717	(1,548,109)	929,228	(476,844)	1,366,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants and contributions	-	-	-	1,246,267	314,838	1,561,105	(310,000)
Acquisition and construction of capital assets	(50,544)	-	-	(3,824,330)	(1,087,157)	(4,962,031)	(2,344,476)
Construction retainage paid	-	(68,729)	-	-	(18,985)	(87,714)	-
Principal paid on capital debt	(1,782)	(1,115,241)	(1,641)	(2,499,092)	(74,827)	(3,692,584)	(261,246)
Interest paid on capital debt	(149)	(57,143)	(99)	(493,889)	(1,684)	(552,964)	(74,534)
Proceeds (losses) from the sale of capital assets	-	-	-	(265,110)	-	(265,110)	56,766
Net cash provided by (used for) capital and related financing activities	(52,474)	(1,241,114)	(1,740)	(5,836,156)	(867,816)	(7,999,299)	(2,933,490)
CASH FLOWS FROM INVESTING ACTIVITIES							
Redemption (purchase) of investments	(991,452)	(1,101,946)	593,410	(142,263)	9,766	(1,632,485)	(3,496,155)
Investment earnings (losses)	(658)	375,293	9,724	231,545	18,314	634,218	149,470
Net cash provided by (used for) investing activities	(992,110)	(726,653)	603,134	89,283	28,080	(998,267)	(3,346,685)
Net increase (decrease) in cash and cash equivalents	(1,058,668)	604,380	537,286	4,345,933	502,495	4,931,426	(3,127,746)
Cash and cash equivalents - beginning	1,827,973	4,336,799	1,314,174	19,516,517	2,228,440	29,223,902	6,446,906
Cash and cash equivalents - ending	\$ 769,305	\$ 4,941,179	\$ 1,851,459	\$ 23,862,450	\$ 2,730,935	\$ 34,155,329	\$ 3,319,160
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 253,422	\$ 1,552,132	\$ 309,761	\$ 8,241,620	\$ 179,383	\$ 10,536,319	\$ (303,350)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense	2,163	534,586	2,203	4,128,491	294,982	4,962,425	1,714,801
(Increase) decrease in accounts receivable	(108,157)	205,340	(322,237)	(455,019)	(129,012)	(809,085)	(197,492)
(Increase) decrease in inventory	-	-	-	(24,068)	-	(24,068)	10,639
Increase (decrease) in accounts payable	14,944	(112,631)	34,422	16,608	109,380	62,724	4,306
Increase (decrease) in payroll payable	88,328	7,472	19,228	(18,153)	(6,805)	90,071	7,980
Increase (decrease) in other payables	-	-	-	-	-	-	466,988
Increase (decrease) in compensated absences payable	(15,999)	1,852	9,773	(29,046)	294	(33,127)	23,254
Increase (decrease) in pension adjustment	109,751	(109,460)	(124,976)	(219,517)	(35,219)	(379,421)	58,623
Net cash provided (used) by operating activities	\$ 344,452	\$ 2,079,291	\$ (71,824)	\$ 11,640,916	\$ 413,003	\$ 14,405,836	\$ 1,785,749
Schedule of non-cash capital and related financing activities							
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ 970,734	\$ 356,343	\$ 1,327,077	\$ -
Total noncash investing, capital and financing activities	-	-	-	970,734	356,343	1,327,077	-

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

- The Ambulance Fund accounts for activities related to emergency medical services.
- The Landfill Fund accounts for activities related to waste stored at the landfill, composting operations, and the household hazardous waste disposal program.
- 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 water treatment plant activities, wastewater treatment and disposal, water distribution, and wastewater collection throughout the City, including some areas outside city limits.

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for revenues that are legally restricted to expenditures for a specified purpose.
- Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- Capital project funds are used to report significant capital acquisitions and construction separate from ongoing operating activities.
- Permanent funds are used to report legally restricted resources to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.
- Internal service funds are proprietary funds used to account for an activity that provides goods or services to other funds, departments, or agencies of the primary government on a cost-reimbursement basis.

C. Measurement Focus, Basis of Accounting

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

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

Property taxes, sales tax, franchise taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives the cash.

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

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

D. Budgetary Information

Scope of Budget

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

Biennial appropriated budgets are adopted for the general and special revenue funds on the modified accrual basis of accounting. Proprietary funds are adopted on the accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for the fiscal periods which correspond to the lives of debt issues or projects.

The budget as adopted, constitutes the legal authority for expenditures. Appropriations are authorized for two years and must be reviewed by the City Council at midpoint of the biennium. The City's budget is adopted at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but supplemental or additional appropriations must be approved by the City Council. The City's budget is generally amended eight times during the biennial period. The financial statements present amended budgetary information as approved. All appropriations, except for capital projects, capital expenditures, and grant contracts, lapse at the end of the year. Unexpended resources must be reappropriated in the subsequent period.

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

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, revisions that are transferred between funds or that 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 City's best interest to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a majority of one after holding a public hearing(s).

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

Excess Expenditures over Appropriations

For the year ended December 31, 2024, the General Fund did not exceed the appropriated amounts.

Deficit Fund Net Position

The Industrial Insurance Fund has a deficit of \$674,433. The estimate for incurred claims causes this. The City will transfer additional funding if these estimated claims occur in the following year.

E. Assets, Liabilities, Fund Balance, Net Position

Cash and Equivalents

The City considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the LGIP is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

It is the City's policy to invest all temporary cash surpluses. On December 31, 2024, the State Local Government Investment Pool (LGIP) was holding \$50,782,769 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.

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.

Investments - See Note 3, Deposits, and Investments.

Receivables

Taxes receivable consist of property, sales, utility, and real estate excise taxes. See Note 4, Property Tax. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services.

Amounts Due to and from Other Funds, Interfund Loans, and Advances Receivable

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

Inventories and Prepaid Items

Governmental funds do not have inventories. Inventories in proprietary funds are valued using the FIFO (first-in-first-out) method.

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

Capital Assets

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

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

Assets	Capitalization Threshold	Years
Land	30,000	Indefinite
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	Per Fleet Replacement Model or 2 or more
Artwork & Historical Treasures	5,000	Indefinite
Leases	5,000	2 or more
SBITA	5,000	2 or more

See Note 5, Capital Assets, for additional detail.

Leases and SBITAs

Lessee/SBITA: The City recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide and proprietary fund financial statements. The City recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

The lease/SBITA asset is amortized using the straight-line basis method over its useful life.

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

The City uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not provided, the City uses its incremental borrowing rate as the discount rate.

Lessor: The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

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

The City uses its estimated incremental borrowing rate as the discount rate for leases.

See Note 11, Leases, and Note 12, SBITAs, for additional details.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. Deferred charges on debt refunding result from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension plans are discussed in detail in Note 7, Pension Plans, and deferred outflows on OPEB are discussed in Note 8.

In addition to liabilities, the Statement of Net Position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will only be recognized as an inflow of resources (revenue) at that time. Deferred inflows related to pension plans, leases, and OPEB are discussed in detail in Notes 7, 11, and 8, respectively.

Compensated Absences

Eligible employees can earn vacation and sick leave, if unused, and it is paid upon termination of employment according to the terms of applicable bargaining agreements, personnel policy, and the employees' length of service. In governmental funds, only liabilities for compensated absences of employees terminated before the close of the calendar year that will not be paid until the subsequent year are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absence liability is only recognized in the government-wide report. In proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. Compensated absences are shown as long- and short-term liabilities based on an estimated amount of annual usage.

Pensions

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

The city includes the pension asset only when calculating the net position related to the net pension asset.

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed as incurred. Long-term obligations used to finance proprietary fund operations and payable from revenue of the proprietary funds are accounted for in the applicable fund. See Note 10.

Unearned Revenue

Includes amounts recognized as receivable but not revenues in governmental funds because the revenue recognition criteria still need to be met.

Fund Balance Classification

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

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

Fund Balance Details

Fund Balances	General Fund	Street Construction	Non-Major Governmental	Total Governmental
Nonspendable:				
Prepays	\$23,619	\$ -	\$ -	\$23,619
Library endowment	-	-	16,545	16,545
Restricted for:				
Community services	314,635	-	1,265,863	1,580,498
Debt service	-	-	503,333	503,333
Forfeiture and seizure	-	-	384,715	384,715
Opioid settlement	-	-	438,326	438,326
Capital projects	-	348,699	4,066,827	4,415,526
Library endowment	-	-	15,835	15,835
Committed to:				
Community enforcement and development	69,587	-	266,520	336,107
Operating reserves	850,000	-	-	850,000
Debt service	-	-	22,942	22,942
Streets	-	-	1,587,826	1,587,826
Capital projects	-	1,121,434	1,211,618	2,333,052
Unassigned:	9,198,661	-	-	9,198,661
Total fund balances:	\$10,456,503	\$1,470,133	\$9,780,349	\$21,706,984

Minimum Fund Balance

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

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

Net Position Classification

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

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

NOTE 2 – Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities reported in the government-wide statement of net position. One element of the reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.” The details of the \$116,897,633 are as follows:

Capital assets governmental activities:		
Capital assets not depreciated	\$	7,657,419
Depreciable assets, net		109,240,214
Total assets governmental activities	\$	116,897,633
Land	\$	4,856,329
Construction in progress		2,801,090
Buildings		30,300,483
Less: accumulated depreciation		(12,620,243)
Other improvements		13,372,123
Less: accumulated depreciation		(3,483,524)
Machinery and equipment		4,554,861
Less: accumulated depreciation		(2,377,417)
Right-to-use leases		374,123
Less: accumulated amortization		(96,903)
Right-to-use subscriptions		1,154,707
Less: accumulated amortization		(653,960)
Intangibles		766,056
Less: accumulated amortization		(719,346)
Infrastructure		137,058,076
Less: accumulated depreciation		(58,388,825)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$	116,897,633

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 fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds—and changes in the net position of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation expense is the “net position liability of pension and OPEB related expenses not reported and expenditures in the government funds.” The details of the \$3,963,232 are as follows:

Net pension expense	\$2,050,881
Total pension expense	573,533
Total OPEB expense	<u>1,338,819</u>
Total adjustment	\$3,963,232

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

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

B. Investments

Investments in the Local Government Investment Pool (LGIP)

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

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

Investments reported as Cash Equivalents as of December 31, 2024.

	Amortized Cost	Less than 90 Days
Washington State Local Government Investment Pool (LGIP)	\$50,782,769	\$50,782,769

Investments are subject to the following risks.

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

Maturities Investment Type	Fair Value	Maturity (in years)	
		Less than 1 year	1-5 year
US Treasury	\$11,510,432	\$4,733,063	\$6,777,369
Government Sponsored Enterprise (GSE's)	\$16,486,752	\$3,961,521	\$12,525,231
Municipal Bonds	\$1,956,370	-	\$1,956,370
Total	\$29,953,555	\$8,694,585	\$21,258,970

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

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

On December 31, 2024, the City’s investments had the following credit quality distribution for securities with credit exposure:

Credit Risk	Ratings		
	Moody's	S&P	Fair Value
U.S Treasury Notes	Aaa	AA+	\$11,510,432
Government-Sponsored Enterprises			
Federal Home Loan Bank	Aaa	AA+	\$6,634,321
Federal Farm Credit Bank	Aaa	AA+	\$8,393,670
Federal Home Loan Mortgage Corporation	Aaa	AA+	\$1,458,762
Municipal Bonds	Aa1	AA+	\$1,956,370
Total			\$29,953,555

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

Custodial Credit Risk	Held by Counterparty's Trust Dept or Agent
U.S Treasury Notes	\$11,510,432
Government Sponsored Enterprises	
Federal Home Loan Bank	\$6,634,321
Federal Farm Credit Bank	\$8,393,670
Federal Home Loan Mortgage Corporation	\$1,458,762
Municipal Bonds	\$1,956,370
Total Investments	\$29,953,555

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

Investments Measured at Fair Value

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

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

The City’s custodial bank uses matrix pricing for the valuation of Level 2 investments. The fair values and levels noted in the following table have been provided by the City’s investment advisor, Government Portfolio Advisors (GPA). On December 31, 2024, the city had the following investments measured at fair value:

Investments by Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Type				
US Treasury	\$11,510,432	\$11,510,432	\$-	\$-
Government Sponsored Enterprise (GSEs)	\$16,486,752	\$-	\$16,486,752	\$-
Municipal Bonds	\$1,956,370	\$-	\$1,956,370	\$-
	\$29,953,555	\$11,510,432	\$18,443,122	\$-

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits or investments. The City’s policy limits deposits subject to foreign currency risk to five percent of total deposits. There is no exposure to foreign currency risk for deposits as of December 31, 2024.

NOTE 4 – PROPERTY TAX

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

January 1	Tax is levied and becomes an enforceable lien against properties
February 14	Tax bills are mailed
April 30	The first of two equal installment payments is due
May 31	The assessed value of the property is established for next year's levy at 100 percent of market value
October 31	The second Installment is due

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

The City’s regular levy for 2024 was \$1.61 per \$1,000 on a 2023 assessed valuation of \$4,439,928,437 for a total regular levy of \$7,148,376. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Special levies approved by the voters are not subject to the abovementioned limitations. The city voted to pass a debt service levy to build a police station in 2009 and a pool in February 2015. The City’s 2024 voted levy was \$0.276 per \$1,000 on a 2023 assessed valuation of \$4,383,272,838 for a total debt service levy of \$1,210,000.

NOTE 5 – CAPITAL ASSETS

A. Capital Assets – Governmental Activities

Capital asset activity for the year ending December 31, 2024, was as follows. The error corrections details are further explained in Note 20B.

Governmental Activities	Beginning Balance 1/1/2024	Error Correction	Increase	Decrease	Ending Balance 12/31/2024
Capital assets not being depreciated:					
Land	\$ 4,727,956	\$ -	\$ 128,373	\$ -	\$ 4,856,329
Construction in progress	2,932,961		2,400,976	2,532,848	2,801,089
Total capital assets, not being depreciated	7,660,917	-	2,529,349	2,532,848	7,657,419
Capital assets being depreciated:					
Buildings	28,871,021	-	1,429,463	-	30,300,483
Improvements other than buildings	11,533,095	-	1,839,028	-	13,372,123
Machinery and equipment	4,213,750	-	385,595	44,484	4,554,861
Right-to-use leases	340,191	22,944	41,501	30,513	374,123
Right-to-use subscriptions	1,215,691	-	-	60,984	1,154,707
Intangibles	784,305	-	-	18,249	766,056
Infrastructure	128,546,068	-	8,526,007	14,000	137,058,076
Total capital assets being depreciated/amortized	175,504,120	22,944	12,221,594	168,230	187,580,428
Less accumulated depreciation for:					
Buildings	11,986,949	-	633,294	-	12,620,243
Improvements other than buildings	3,183,739	-	299,786	-	3,483,524
Machinery and equipment	2,168,926	-	246,765	38,274	2,377,417
Right-to-use leases	77,461	8,106	44,005	32,670	96,903
Right-to-use subscriptions	352,345	-	362,599	60,984	653,960
Intangibles	728,406	-	9,189	18,249	719,346
Infrastructure	54,486,472	-	3,914,449	12,096	58,388,825
Total accumulated depreciation/amortization	72,984,296	8,106	5,510,087	162,273	78,340,217
Total capital assets, being depreciated/amortized, net	102,519,826	14,838	6,711,506	5,957	109,240,214
Governmental activities capital, net	\$ 110,180,743	\$ 14,838	\$ 9,240,856	\$ 2,538,805	\$ 116,897,633

B. Capital Assets – Business-Type Activities

Business-type Activities	Beginning Balance 1/1/2024	Error Correction	Increase	Decrease	Ending Balance 12/31/2024
Capital assets not being depreciated:					
Land	\$ 3,355,182	\$ -	\$ -	\$ -	\$ 3,355,182
Construction in progress	7,480,824	-	1,571,793	6,719,967	2,332,650
Intangibles – water rights	225,307	-	-	-	225,307
Total capital assets, not being depreciated	11,061,313	-	1,571,793	6,719,967	5,913,138
Business-type assets being depreciated/amortized:					
Buildings	42,159,945	-	-	-	42,159,945
Improvements other than buildings	10,439,062	-	1,409,116	-	11,848,178
Machinery and equipment	39,737,407	-	9,141,682	626,801	48,252,288
Right-to-use lease assets	1,911,698	-	-	-	1,911,698
Right-to-use subscription assets	468,497	-	-	36,339	432,158
Intangibles	325,327	-	-	5,957	319,371
Infrastructure	158,546,018	-	3,579,687	510,524	161,615,181
Total capital assets being depreciated/amortized	253,587,954	-	14,130,485	1,179,621	266,538,818
Less accumulated depreciation/amortization for:					
Buildings	20,898,293	-	779,162	-	21,677,455
Improvements other than buildings	5,815,266	-	313,980	-	6,129,246
Machinery and equipment	19,393,820	-	2,025,666	594,941	20,824,545
Right-to-use lease assets	365,249	-	294,695	-	659,944
Right-to-use subscription assets	82,363	-	79,974	36,339	125,998
Intangibles	225,749	-	54,695	5,957	274,488
Infrastructure	48,797,097	-	2,954,864	192,649	51,559,312
Total accumulated depreciation/amortization	95,577,836	-	6,503,036	829,885	101,250,987
Total capital assets, being depreciated/amortized, net	158,010,117	-	7,627,448	349,735	165,287,829
Business-type activities capital, net	\$ 169,071,430	\$ -	\$ 9,199,241	\$ 7,069,702	\$ 171,200,967

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

Governmental Activities:		Business-type Activities:	
General government	\$239,747	Golf course	\$59,322
Public safety	689,520	Sanitation	2,203
Utilities & environment	1,857	Water/Wastewater	4,128,491
Transportation	3,871,081	Stormwater	235,659
Social services	29,962	Landfill	534,586
Culture & recreational environment	677,920	Ambulance	2,163
Total depreciation	<u>\$5,510,087</u>	Fleet services	15,513
		Vehicle replacement	1,525,099
		Total depreciation	<u>\$6,503,036</u>

C. Collections not Capitalized

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

The City owns the following donated historical treasures not capitalized as of December 31, 2024:

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

NOTE 6 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

As of December 31, 2024, the city had active construction projects. These projects include improvements to the Wastewater Treatment Plant, the Infrastructure Repair and Replacement Program (IRRP), landfill site improvements, and arterial roadways. The city’s projects below are funded with federal or state grants, Public Works Trust Fund Loans, city cash, and transportation benefit district revenue.

At year-end, the City’s commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
2nd Ave Preservation	1,727,061	109,031
4th and 6th Ave Bridge over Millcreek	190,112	1,901,880
5th Ave Bridge over Millcreek	283,121	22,512
Bridge Maintenance	169,608	31,651
City Hall Frontage Improvements	85,329	136,093
Citywide Pavement Preservation	210,522	23,635
Clinton St Overlay	781,691	206,079
Division and Whitman Pedestrian Enhancements	3,158,830	335,846
Howard (Juniper to Bryant)	315,259	7,407
Hydro Power Plant Upgrade	255,550	721,917
Library Expansion and Renovation	154,521	795,479
Myra Road Extension	1,329,193	142,610
Pavement Preservation	18,449	117,906
Pine Street (2nd Ave to 9th Ave)	363,687	396,421
Poplar (5th to 14th)	792,103	681,619
Rose St Preservation	2,827,439	1,404,132
RRFBs at Roosevelt/Hobson & Park/Alder	198,469	6,308
Wastewater Treatment Plant Digesters	133,718	841,482
Wastewater Treatment Plant Improvements	983,104	42,996
Water Tank Interior Painting	183,061	204,514
Water Treatment Plant Sediment Gate	280,274	281,025
Water Treatment Plant Well 5 ASR	8,282	334,318
Water Treatment SCADA Upgrade	51,594	178,406
TOTAL	\$ 14,500,977	\$ 8,923,268

NOTE 7 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts	State Sponsored Plans	Fireman's Pension	Total
Pension liabilities	\$ (1,474,687)	\$ (1,206,987)	\$(2,681,674)
Pension assets	\$10,539,394	\$-	\$10,539,394
Deferred outflows of resources	\$11,364,504	\$-	\$11,364,504
Deferred inflows of resources	\$ (2,730,472)	\$-	\$(2,730,472)
Pension expense/expenditures	\$198,857	\$(589,230)	\$(390,373)

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR 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 local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be members of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the members 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council, and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%
July- August 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Total	9.03%	6.00%
September – December 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Total	9.11%	6.00%

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member’s AFC times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including the purchase of an annuity. 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 rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3			
Actual Contribution Rates	Employer 2/3	Employee 2	Employee 3
January – June 2024			
PERS Plan 2/3	6.36%	6.36%	Varies:5%-15%
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Employee PERS Plan 3			
Total	9.53%	6.36%	
July-August 2024			
PERS Plan 2/3	6.36%	6.36%	Varies:5%-15%
PERS Plan 1 UAAL	2.47%		
Administrative Fee	0.20%		
Employee PERS Plan 3			
Total	9.03%	6.36%	Varies:5%-15%
September-December 2024			
PERS Plan 2/3	6.36%	6.36%	
PERS Plan 1 UAAL	2.55%		
Administrative Fee	0.20%		
Employee PERS Plan 3			
Total	9.11%	6.36%	

The City’s actual PERS plan contributions were \$453,558 to PERS Plan 1 and \$1,050,195 to PERS Plan 2/3 for the year ended December 31, 2024.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians.

LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are 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-paid consecutive 24 months 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 a COLA. 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 0%, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2024. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid 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 – 52, the reduction is 3% 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 a COLA (based on the CPI), capped at 3% annually. 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2024.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – December 2024		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%

The City’s actual contributions to the plan were \$671,683 for the year ended December 31, 2024.

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 Office of the State Actuary 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, 2024, the state contributed \$96,422,231 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$4,407,056.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis;

meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

The table below summarizes the 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, 2024. The inflation component used to create the table is 2.5% 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	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	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%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$ 2,169,227	\$ 1,474,687	\$ 865,558
PERS 2/3	\$ 6,307,587	\$ (3,498,983)	\$ (11,552,911)
LEOFF 1	\$ (2,317,553)	\$ (2,633,356)	\$ (2,908,752)
LEOFF 2	\$ 2,919,734	\$ (4,407,056)	\$ (10,400,150)

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, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

On June 30, 2024, the City reported its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	\$ 1,474,687

On June 30, 2024, the City reported its proportionate share of the net pension assets as follows:

	Asset
PERS 2/3	\$ (3,498,983)
LEOFF 1	\$ (2,633,356)
LEOFF 2	\$ (4,407,056)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer’s proportionate share	\$ (2,633,356)	\$ (4,407,056)
State’s proportionate share of the net pension asset associated with the employer	\$ (17,811,954)	\$ (2,859,945)
TOTAL	\$ (20,445,310)	\$ (7,267,001)

On June 30, 2024, the City’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.089277%	0.082995%	0.006282%
PERS 2/3	0.112289%	0.106140%	0.006149%
LEOFF 1	0.094126%	0.092597%	0.001529%
LEOFF 2	0.244262%	0.235326%	0.008936%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, 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 2024. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% 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 plan's allocation method reflects the projected long-term contribution effort based on historical data.

In fiscal year 2024, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

For the year ended December 31, 2024, the City recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ (191,216)
PERS 2/3	\$ (94,040)
LEOFF 1	\$ 74,613
LEOFF 2	\$ 409,500
TOTAL	\$ 198,857

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2024, 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	\$ -	\$(118,001)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$207,708	\$ -
TOTAL	\$207,708	\$(118,001)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,988,197	\$(8,101)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(1,002,709)
Changes of assumptions	\$1,932,145	\$(221,695)
Changes in proportion and differences between contributions and proportionate share of contributions	\$372,287	\$(30,639)
Contributions subsequent to the measurement date	\$523,730	\$ -
TOTAL	\$4,816,358	\$(1,263,144)

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	\$ -	\$(99,534)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
TOTAL	\$ -	\$(99,534)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,243,510	\$(33,539)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(725,075)
Changes of assumptions	\$1,814,216	\$(370,437)
Changes in proportion and differences between contributions and proportionate share of contributions	\$909,452	\$(120,742)
Contributions subsequent to the measurement date	\$373,261	\$ -
TOTAL	\$6,340,438	\$(1,249,794)

TOTAL OF ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$5,231,707	\$(41,640)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(1,945,318)
Changes of assumptions	\$3,746,360	\$(592,132)
Changes in proportion and differences between contributions and proportionate share of contributions	\$1,281,739	\$(151,381)
Contributions subsequent to the measurement date	\$1,104,699	\$ -
TOTAL	\$11,364,504	\$(2,730,472)

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 ending December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2025	(195,282)	(703,951)	(167,355)	(450,829)
2026	100,327	1,587,721	86,704	1,248,745
2027	(10,623)	731,998	(8,321)	598,519
2028	(12,422)	725,065	(10,561)	630,814
2029	-	377,886	-	718,157
thereafter	-	310,766	-	1,971,978
Total	(118,001)	3,029,485	(99,534)	4,717,383

A. Firemen’s Pension Plan

The following table represents the aggregate pension amounts for the Firefighters’ pension plan for the year 2024.

Aggregate Pension Amounts	Fireman’s Pension
Pension liabilities	\$(1,206,987)
Pension expense/expenditures	\$(589,230)

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

The City of Walla Walla’s obligations under the FPP are limited to pension benefits provided to firefighters employed before March 1, 1970. As of December 31, 2024, the fund covered 12 retirees and 2 survivors, all of whom were drawing pension or disability benefits. Each retiree receives the greater benefit payable under the Washington Law Enforcement Officers’ and Firefighters’ Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new for any

firefighter, the excess benefits are paid from the Firefighter’s Pension Fund of the city employing them on March 1, 1970.

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

Actuarial Assumptions: All actuarial calculations are based on RCW 41.16 and 418.18, the statutes establishing the Firefighter’s Pension Fund, and RCW 41.26, the statute establishing the Washington Law Enforcement Officers’ and Firefighters’ Retirement System. Only the State Legislature can amend benefit provisions established in state statutes. An actuarial valuation determined the total pension liability as of January 1, 2024, projected forward to the December 31, 2024 measurement date. The liability was calculated based on the discount rate and other actuarial assumptions below.

- Investment rate of return: 4.0%, municipal bond rate
- Actuarial cost method: Entry age normal
- Inflation: 2.50% total economic inflation; 3.50% salary inflation
- Mortality: Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for health annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rate in Projection Scale MP-2017.

Sensitivity of the Total Pension Liability

The following table presents the total pension liability calculated using the discount rate for the City, calculated using the current discount rate of 4.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.0%) or one percentage point higher (5.0%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$1,298,699	\$1,206,987	\$1,125,632

Changes in the Total Pension Liability - Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Changes in Total Pension Liability	
Balance as of December 31, 2023	\$1,822,036
Changes for the year:	
Service cost (entry age normal)	-
Interest on total pension liability	57,592
Effect of plan changes	-
Effect of economic/demographic gains or losses	(504,222)
Effect of assumptions changes or inputs	(67,723)
Benefit payments	(100,696)
Balance as of December 31, 2024	\$1,206,987

The City recognized a pension expense of \$(589,230) in 2024 for the FPP. As of December 31, 2024, there are no deferred outflows or inflows of resources related to this pension fund. The effects of changes in assumptions/inputs and economic/demographic gains or losses are recognized over the average remaining service life for all active and inactive members, with immediate recognition when the average remaining service life is less than one. Therefore, the amounts shown above for the effect of economic/demographic gains or losses and changes in assumptions were recognized in the current year.

NOTE 8 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2024.

Aggregate OPEB Amounts – LEOFF 1 Medical	
OPEB liabilities	\$15,431,856
Deferred outflows of resources	\$210,056
Deferred inflows of resources	\$1,216,526
OPEB expenses/expenditures	\$(1,249,097)

The City used the Alternative Measurement Method (AMM) to calculate the 2024 total OPEB liability. As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977, under a single-employer defined benefit healthcare plan administered by the City. The members’ necessary hospital, medical, and nursing care expenses not payable by worker’s compensation, social security, insurance provided by another employer, other pension plans, or any other similar source are covered. One of the City’s employee medical insurance programs provides most medical coverage for eligible retirees. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. The board comprises five members: two City of Walla Walla council members, a “citizen at large” appointed by the City, one retired firefighter, and one retired police officer. The City reimburses 100% of the validated claims for retirees’ medical, dental, and hospitalization costs. The plan requires members to sign up for Medicare; when they reach the age of 65, the City pays the premiums. In addition, the City purchases commercial health insurance for retirees. The Board must approve any medical reimbursements not covered by Medicare or the City’s insurance. The plan is considered closed to new entrants.

On December 31, 2024, the City had 33 plan participants, all inactive employees or beneficiaries currently receiving benefits. The City of Walla Walla’s prior measurement date of June 30, 2024, has decreased the number of members eligible for benefits by four. The plan is funded pay-as-you-go, and no assets are accumulated in a qualifying trust. The employer's contributions to the plan are not irrevocable. The LEOFF 1 Medical plan assets are not legally protected from the City's creditors.

State statute requires that the City provide contributions on a pay-as-you-go basis. As of December 31, 2024, the City paid \$410,232 out of the General Fund and \$43,138 out of the Ambulance Fund for medical insurance and other qualifying expenses. After the measurement date, the amounts paid were \$191,571 from the General Fund and \$18,485 from the Ambulance Fund.

The City of Walla Walla’s OPEB financial reports are included in the 2024 annual comprehensive financial report. The City of Walla Walla’s total OPEB liability was calculated by the Alternative Measurement Method (AMM) actuarial valuation as of June 30, 2024. The City used this method in place of an actuarial evaluation. Unless otherwise specified, the following actuarial methods and assumptions were applied to all periods included in the measurement.

Methodology:

Actuarial Valuation Date	6/30/2024
Actuarial Measurement Date	6/30/2024
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)

Assumptions:

Assumptions	
Discount Rate	
Beginning of Measurement Year	3.65%
End of Measurement Year	3.93%
Healthcare Trend Rates	
Medical Costs	Approximately 4.5%, varies by year
Long-Term Care	4.75%
Medicare Part B Premiums	Approximately 5.0%, varies by year
Mortality Rates (assume 100% male population)	
Base Mortality Table	PubS.H-2010 (Public Safety) Blended 50%/50% Healthy/Disabled
Age Setback	-1 year Healthy/ 0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
Medicare Participation Rate	100%

Sensitivity Analysis:

The following table presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 4.5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is a one-percentage point lower (3.5%) or one-percentage-point higher (5.5%) than the current rate, and the OPEB liability calculated using the discount rate of 3.93%, as well as what the OPEB Liability would be if it were calculated using a discount rate that is one-percentage point lower (2.93%) or one-percentage point higher (4.93%).

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	\$16,806,394	\$15,431,856	\$14,233,106
Healthcare Trend	\$14,290,559	\$15,431,856	\$16,711,970

Changes in Total OPEB Liability:

LEOFF 1 Medical	
OPEB Liability at 01/01/2024	\$17,146,897
Service cost	-
Interest cost	605,888
Changes of benefit terms	-
Changes in experience data and assumptions	(1,216,565)
Estimated benefit payments	(1,104,364)
Other changes	-
OPEB Liability at 12/31/2024	\$15,431,856

On December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$1,216,565	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	-
Contributions made subsequent to the measurement date	-	210,056
Total	\$1,216,565	\$210,056

Deferred outflows of resources of \$210,056 resulting from payments after the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	\$243,313
2026	\$243,313
2027	\$243,313
2028	\$243,313
2029	\$243,313
Thereafter	\$ -

NOTE 9 – RISK MANAGEMENT

Washington Cities Insurance Authority

The City 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. As of December 31, 2024, WCIA had a total of 168 members.

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

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

AWC Employee Benefit Trust

The City 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, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or

further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

TriStar

TriStar manages the workers’ compensation claims. Self-insurance is in effect for losses up to \$500,000 per occurrence and \$750,000 for Police and Fire. The retention is \$1,000,000 with a Statutory Maximum Liability of Excess Insurer. Claims are processed by TriStar and reviewed by the city administration for verification. Based on the claim’s manager’s estimates, the City’s estimated liability for probable losses on December 31, 2024, is \$873,574 for the workers’ compensation program. The state requires \$100,000 be set aside in cash reserves to protect the worker’s compensation fund. The city met this requirement. The fund’s average monthly cash balance for 2024 was \$426,075.

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, paying claim settlements, and for purchasing certain excess insurance policies. Interfund workers' compensation premiums are assessed on the number of employees and the average claims over the last three years and are reported as revenues and expenses.

Year	Claims Liability January 1	Annual Claims Incurred	Change in Estimate of Incurred but not Reported Claims	Payments on Claims	Claims Liability December 31
2024	\$ 402,622	\$ 708,779	\$ 445,398	\$ 683,226	\$ 873,574
2023	\$ 577,861	\$ 95,254	\$ 7,853	\$ 278,346	\$ 402,622
2022	\$ 628,658	\$ 216,951	\$ 221,406	\$ 489,154	\$ 577,861

NOTE 10 – LONG-TERM DEBT

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

General obligation bonds currently outstanding are as follows:

	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2015 UTGO Bond Pool	10/15/2015	12/1/2034	2.5% - 4.0%	5,560,000	3,535,000
2016 LTGO Water AMI	8/31/2016	12/1/2031	2.0% - 3.0%	5,960,000	3,060,000
2016 UTGO Refunding Police Station	9/15/2016	12/1/2029	3.0%	7,745,000	3,995,000
2017 LTGO Bond Landfill	10/18/2017	12/1/2027	2.18%	2,660,000	865,000
2020 Refunding Bond	11/23/2020	12/1/2035	0.85%	4,160,790	2,188,250
				\$26,085,790	\$13,643,250

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

Year Ending	Governmental Activities		Business-Type Activities			
	Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements		Publicly Sold	
12/31/2024	Principal	Interest	Principal	Interest	Principal	Interest
2025	218,236	11,578	412,354	25,879	410,000	68,738
2026	219,232	9,724	422,958	18,650	420,000	56,438
2027	179,994	7,860	404,161	11,198	430,000	48,038
2028	180,028	6,330	109,182	3,839	435,000	39,438
2029	174,977	4,800	106,118	2,911	445,000	30,738
2030-2034	323,351	11,111	196,104	6,738	920,000	32,325
2035-2039	66,329	564	40,226	342	-	-
Total	1,362,146	51,967	1,691,103	69,557	3,060,000	275,714

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

Year Ending	Governmental Activities	
	Publicly Sold	
12/31/2024	Principal	Interest
2025	1,035,000	230,590
2026	1,080,000	196,490
2027	1,125,000	160,940
2028	1,170,000	123,940
2029	1,220,000	90,540
2030-2034	1,900,000	170,890
Total	7,530,000	973,390

Revenue Bonds: The City has pledged future wastewater revenue, net of (e.g., specified operating expenses, etc.), to repay \$6,390,000 in revenue bonds issued in 2018. Proceeds from the bonds provided financing for improvements for capital construction on the wastewater treatment plant and other capital projects. The bonds are payable solely from wastewater revenue and are payable through 2038. Annual bond principal and interest payments are expected to require less than a percent of net revenues. Principal and interest paid for the current year and total (identify pledged revenue) were \$260,000 and \$239,900, respectively.

Revenue bonds currently outstanding are as follows:

Purpose	Issue Date	Maturity Date	Interest Rate	Original	Outstanding
2018 Water/Wastewater Series	8/28/2018	8/1/2038	4.0%-5.0%	\$6,390,000	\$5,210,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending 12/31/2024	Principal	Interest
2025	275,000	226,900
2026	285,000	213,150
2027	300,000	198,900
2028	315,000	183,900
2029	330,000	168,150
2030-2034	1,895,000	599,250
2035-2039	1,810,000	184,600
Total	\$5,210,000	\$1,774,850

In proprietary funds, bonds are displayed net of premium or discount; annual interest expense is decreased by the amortization of debt premium and increased by the amortization of debt issue costs and discount. On December 31, 2024, the City had \$1,130,803 in debt service funds to service the general bonded debt.

Public Works Trust Fund Loans: The City’s business-type activities have seven State of Washington Public Works Trust Fund Loans with a principal outstanding of \$22,713,053. In 2002, 2006, 2007, 2013, 2015, 2019, 2021, and 2023, the City Council authorized all seven loans to improve the City’s Water and Wastewater Treatment Plants and the Landfill. The loan amounts will be repaid from the Water, Wastewater, and Landfill funds in equal installments over a 20-year term.

Public works loans currently outstanding are as follows:

Title	Purpose	Interest Rate	Original	Outstanding
DM13-952-183 Loan Water	Capital Construction	1.00%	12,120,000	8,160,264
DM15-952-027 Loan Water	Capital Construction	1.00%	10,402,479	6,838,277
PC18-96103-010 Loan Landfill	Capital Construction	1.16%	2,233,388	1,645,654
PW-06-962-PRE-103 Loan Wastewater	Capital Construction	1.00%	531,399	55,937
PW-07-962-018 Loan Wastewater	Capital Construction	1.00%	6,823,104	1,080,043
PC22-96103-048 Loan Wastewater	Capital Construction	0.94%	5,000,000	4,642,545
PC23-96103-128 Loan Water	Capital Construction	1.39%	1,500,000	290,333
Total PWTFLL:			\$38,610,370	\$22,713,053

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

Year Ending 12/31/2024	Business-Type Activities	
	Principal	Interest
2025	2,043,275	224,075
2026	2,043,275	203,771
2027	2,015,307	183,466
2028	1,655,292	163,442
2029	1,655,292	147,018
2030-2034	8,276,462	488,723
2035-2039	4,416,844	121,630
2040 and beyond	607,304	7,701
Total	\$22,713,053	\$1,539,825

Legal Debt Margin: The City of Walla Walla is subject to a legal limit of indebtedness of 7.5% of the assessed property value, \$4,439,928,437, of which 1.5% may be for General Purpose Debt without a vote of the people, with a vote of 1% or less. The utility purpose limit voted is 2.5% with a vote and 2.5% with open space parks and capital facilities with a vote. The statistical section of this report provides the details of debt capacity.

Rebatable Arbitrage: Arbitrage occurs when the City invests funds borrowed at tax-exempt interest rates in higher-yielding taxable securities. The City must remit interest earnings over interest expense to the federal

government. The City recognizes this liability only when due and payable at the fund level. The City had no arbitrage excess earnings liability to report in 2024.

NOTE 11 – LEASES

A. Leases Receivable

As of December 31, 2024, the City had seven active leases. The leases have receipts ranging from \$1,984 to \$21,042 and interest rates ranging from 0.83% to 1.41%. The total combined value of the lease receivable is \$892,413, and the combined value of the deferred inflow of resources is \$841,356. The leases had no variable receipts or other receipts within the fiscal year.

As of December 31, 2024, future lease receivable principal and interest payments for governmental and business-type activities are as follows:

Principal and Interest Expected to Maturity						
Governmental Activities				Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2025	63,930	9,178	73,108	29,965	1,708	31,673
2026	66,601	8,340	74,941	30,936	1,387	32,323
2027	69,362	7,467	76,829	31,938	1,056	32,994
2028	72,216	6,558	78,774	22,971	712	23,683
2029	75,165	5,612	80,777	23,953	441	24,394
2030 - 2034	312,889	14,945	327,834	24,968	157	25,125
2035 - 2037	67,519	1,094	68,613	-	-	-
Total	\$727,682	\$53,194	\$780,876	\$164,731	\$5,461	\$170,192

B. Leases Payable

As of December 31, 2024, the City had 16 active leases. The leases have payments that range from \$225 to \$103,581 and interest rates that range from 0.33% to 5.95%. The total combined value of the lease liability is \$1,653,889. The combined value of the right-to-use assets is \$2,285,820 with accumulated amortization of \$756,847, which is included in the lease class activities table below. The leases had no variable or other payments.

Amount of lease assets by major classes of the underlying asset as of December 31, 2024:

Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	\$2,030,193	\$707,864
Infrastructure	255,627	48,983
Total Leases	\$2,285,820	\$756,847

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Principal and Interest Requirements to Maturity						
Governmental Activities			Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2025	43,198	4,980	48,177	193,728	60,499	254,227
2026	42,635	3,971	46,605	201,233	52,356	253,589
2027	24,768	3,297	28,065	195,106	43,960	239,066
2028	17,494	2,917	20,410	527,826	35,314	563,140
2029	9,149	2,653	11,802	91,219	6,803	98,022
2030 - 2034	51,909	10,927	62,836	164,185	6,182	170,368
2035 - 2039	54,517	6,499	61,016	-	-	-
2040 - 2044	33,616	2,372	35,988	-	-	-
2045 and beyond	3,306	247	3,553	-	-	-
Total	\$280,590	\$37,863	\$318,452	\$1,373,298	\$205,114	\$1,578,412

NOTE 12 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

As of December 31, 2024, the City had 13 active subscriptions. The subscriptions have payments that range from \$5,760 to \$204,000 and interest rates that range from 2.36% to 2.85%. As of December 31, 2024, the total combined value of the subscription liability is \$745,953, and the total combined value of the short-term subscription liability is \$383,263. The combined value of the right-to-use asset of \$1,586,865 with accumulated amortization of \$779,958 is included within the subscription class activities table found below. The subscriptions had no variable payments and no other payments.

Amount of SBITA assets by major classes of the underlying asset as of December 31, 2024:

Fund Type	Asset Class	Subscription Asset Value	Accumulated Amortization
Governmental	Software	1,154,707	653,960
Business	Software	432,158	125,998
Total		1,586,865	779,958

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Principal and Interest Expected to Maturity						
Governmental Activities			Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2025	317,640	12,490	330,130	65,623	7,614	73,236
2026	77,676	5,935	83,611	60,741	5,819	66,560
2027	76,405	(193)	76,212	60,222	4,143	64,365
2028	-	-	-	34,620	2,483	37,104
2029	-	-	-	19,560	1,513	21,073
2030 and beyond	-	-	-	33,473	1,404	34,877
Total	\$471,715	\$18,232	\$489,947	\$274,239	\$22,976	\$297,215

NOTE 13 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024	Due Within One-Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$10,303,890	-	\$1,411,492	\$8,892,146	\$1,253,236
Bond premiums	589,043	-	82,911	506,132	-
Total bonds payable	10,892,933	-	1,494,655	9,398,530	1,253,236
Compensated absences	2,025,595	1,317,704	23,800	3,319,499	1,850,713
Worker's compensation claims	402,623	1,154,177	683,226	873,574	504,940
Leases	283,301	41,501	44,212	280,590	43,197
SBITA	813,903	-	342,188	471,715	317,639
Total pension liability	1,619,588	-	573,533	1,046,055	87,270
Total OPEB liability	15,177,321	191,571	1,924,472	13,444,420	938,161
Net pension liability	1,493,260	-	433,422	1,059,838	-
Governmental activity long-term liabilities	\$32,708,524	\$2,704,953	\$5,519,256	\$29,894,221	\$4,995,155
Business-type Activities					
Bonds payable:					
General obligation bonds	5,650,450	-	899,346	4,751,104	822,354
Revenue Bonds	5,470,000	-	260,000	5,210,000	275,000
Premiums	637,641	-	52,205	585,436	-
Total bonds payable	11,758,091	-	1,211,552	10,546,539	1,097,354
PW loans wastewater	6,436,657	-	658,133	5,778,524	661,074
Landfill closure	3,803,784	266,525	-	4,070,309	-
Leases	1,559,264	-	185,966	1,373,298	193,728
SBITA	340,046	-	65,807	274,239	65,623
DM loans water	16,414,187	124,062	1,249,374	15,288,875	1,264,655
PW loan landfill	1,763,200	-	117,547	1,645,653	117,547
Pollution remediation	2,152,109	-	17,533	2,134,576	143,358
Compensated absences	543,476	373,425	22,094	521,382	494,031
Total pension liability	202,448	-	41,516	160,932	13,426
Total OPEB liability	1,969,576	17,860	-	1,987,436	138,685
Net pension liability	544,695	-	129,846	414,849	-
Business-type activity long-term liabilities	\$47,487,533	\$781,872	\$3,699,367	\$44,570,041	\$4,189,482

*The change in the compensated absences liability is presented as a net change.

The City's internal service funds are split between governmental and business-type activities. The long-term liabilities for governmental and business-type activities are included in the above totals. At year-end, \$179,976 of internal service funds compensated absences are included in the totals above. Also, for governmental activities, claims and judgments, leases, subscription-based information technology agreements, pension, and OPEB are generally liquidated by the general fund and street fund.

NOTE 14 – INTERFUND BALANCES AND TRANSFERS

Interfund loans provide upfront, one-time funding for physical improvements from idle equipment replacement funds. Each loan will be repaid over time from the fund receiving the physical improvement benefit and tends to be shorter-term in nature. The total interfund loan balance includes \$39,516, due within one year, and \$205,113, due in more than one year, from the date of the financial statements.

A. Interfund Balances

Interfund loan balances on December 31, 2024, are as follows:

Receivable Fund	Amount	Payable Fund	Amount
Equipment Replacement	\$244,629	Non-Major Government	\$244,629
Total	\$244,629	Total	\$244,629

B. Interfund Transfers

Interfund transfers on December 31, 2024, are as follows:

Transfers From:	Transfers To:						Totals From:
	General Fund	Major Street Const	Non-Major Gov't	Water/Wastewater	Other Enterprise	Internal Service	
General Fund	\$ -	\$ 1,270,000	\$ 3,741,093	\$ -	\$ 118,000	\$ -	\$ 5,129,093
Major Gov't	-	-	194,873	196,700	-	-	391,573
Non-Major Gov't	23,932	756,452	375,068	-	852,354	185,000	2,192,806
Water/Wastewater	-	1,493,529	-	-	-	-	1,493,529
Ambulance	230,512	-	-	-	-	-	230,512
Other Enterprise	-	14,851	-	-	-	-	14,851
Internal Services	86,724	-	-	-	-	-	86,724
Total Transfers:	\$ 341,168	\$ 3,534,832	\$ 4,311,034	\$ 196,700	\$ 970,354	\$ 185,000	\$ 9,539,087

Transfers between funds in 2024 were 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 unrestricted General Fund revenues to finance various programs that the government must account for in other funds following budgetary authorizations, including amounts provided as matching funds for various grant programs and funding street construction projects, 3) move amounts between funds to finance construction projects per the City's construction budget, and 4) transfer excess proceeds from finished construction projects back to the contributing funds.

During the year that ended December 31, 2024, the General Fund transferred \$1,270,000 to the Street Construction Fund to fulfill its commitment to fund the design phase of construction for the Myra Road expansion project. In addition, the General Fund transferred \$1,000,000 to the General Construction Fund to start the Library Rebuild/Remodel project.

NOTE 15 – RECEIVABLE AND PAYABLE BALANCES

A. Receivables

Receivables on December 31, 2024, were as follows:

	Governmental Activities	Business-type Activities	Total
Taxes Receivable			
Property taxes	\$ 345,467	\$ -	\$ 345,467
Sales and B&O taxes	2,930,240	-	2,930,240
Total Taxes Receivable	\$3,275,707	\$ -	\$ 3,275,707
Receivables (net of allowance for uncollectible)			
Accounts receivable	\$ 191,924	\$ 299,544	\$ 491,468
Other receivables	937,139	4,030,502	4,967,642
Interest receivable	225,361	20,474	245,836
Total Other Receivables	\$ 1,354,425	\$ 4,350,521	\$ 5,704,945
Total Receivables	\$ 4,630,131	\$ 4,350,521	\$ 8,980,652

For the chart above for business-type activities the other receivable balance is made up from utility billing receivable. Receivables for the Ambulance Fund are reported as net of allowance for uncollectible accounts. The city uses historical collection rates and estimates that 49.4% of the receivables, or \$162,869 on December 31, 2024, will ultimately prove uncollectible for the Ambulance Fund.

B. Payables

Payables on December 31, 2024, were as follows:

	Governmental Activities	Business-type Activities	Total
Other Accrued Liabilities			
Accounts payable	\$ 2,697,124	\$ 1,189,191	\$ 3,886,316
Employee Wages and Benefits	2,350,546	791,831	3,142,378
Other Liabilities	175,135	48,215	223,350
Total	\$ 5,222,805	\$ 2,029,238	\$ 7,252,043

NOTE 16 – CLOSURE AND POST-CLOSURE

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

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

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

Closure and Post-Closure Costs: Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City must record a portion of these closure and post-closure costs each year as an expense. That expense calculation is based on the landfill capacity used in the reported period. The City must also recognize a liability directly related to the cumulative capacity consumed at the landfill. A permit modification for Area 7 was submitted to the Department of Health and the DOE in December 2016 for Cell 3. The expansion permit was formally approved by the DOE on February 22, 2017. With this expansion (constructed in the spring/summer of 2017), Area 7 has a total permitted capacity of 1,813,000 cubic yards. As of November 15, 2024, Area 7 is approximately 82.0% 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) are estimated at \$4,947,509 (in 2024 dollars). However, when adjusted for the estimated capacity used between the survey date and December 31, 2024, the estimated capacity filled is 82.3%, the amount of the liability for closure is \$1,265,427, and post-closure is \$2,804,883. As of December 31, 2024, cash, and investments of \$6,189,881 have 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.

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

NOTE 17 – 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 2024.

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 in the calculation include anticipated post-remediation monitoring, annual inspections, and payments to the DOE.

Pursuant to GASB Statement 49, the City is reporting \$143,358 in current liability and \$1,991,218 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 2024, the City reserved \$1,361,967 in a financial assurance account to cover monitoring expenditures, which DOE reviewed.

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

The IWL/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 IWL/Burdine property stating that contaminated soil was reportedly found on the IWL/Burdine property. Remedial studies were performed, and the City was granted an inert landfill permit for the IWL/Burdine property in 2006, requiring the City to perform groundwater monitoring in 2006 through 2007.

In 2012 the City received a \$200,000 Integrated Planning Grant from DOE to study whether the IWL/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 IWL/Burdine property. In 2021, the City closed the site with the DOE and the Department of Health. At this time, it is not anticipated that there will be a requirement for remediation of the site.

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

NOTE 18 – CONTINGENCIES AND LITIGATIONS

The city has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the city may have to make payment. In the opinion of the management, the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

A. Litigation

The City has claims and lawsuits pending at this time, which could result in liability for the City over the next few years. The amount of these claims cannot be reasonably estimated at this time, and management estimates that the potential claims not covered by the insurance resulting from such litigation would not materially affect the financial statements of the City. The City is not aware of any material claims that need to be accrued at this time.

B. Contingent Liability

As discussed in Long-Term Debt Note 10, the city is contingently liable for repayment of refunded debt.

The City has received several Federal and State grants for specific purposes. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City of Walla Walla management believes that such disallowances, if any, will be immaterial.

C. Pollution Remediation

Please see Note 17, regarding pollution remediation obligations for the City.

NOTE 19 - 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. This program aims to incentivize the creation of affordable and improved housing quality and prevent displacement for citizens in the most need. The City has a comprehensive program with specific project eligibility and exemption duration parameters.

The City Council passed Ordinance 2005-11 on June 8, 2005, establishing eligibility criteria which include, at a minimum, the property must be in the downtown area according 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. Suppose the property meets the eligibility criteria and the owner continues to fulfill affordable housing requirements. In that case, the property will receive a 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, according to Washington State law, these taxes were reallocated to other property taxpayers.

As of December 31, 2024, the City's projects that are currently subject to property and use tax abatement are as follows:

Tax Abatement Program	Property Tax Abated 12/31/2024
Property Tax Exemption for Affordable Multi-Family Housing	\$44,183

NOTE 20 - ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. GASB Implementation

The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for U.S. state and local governments. In 2024, the City reviewed the GASB pronouncements effective for the reporting year 2024. The summary of current accounting and financial reporting standards is shown below.

GASB	Description	Implementation Notes
101	Compensated Absences	Implemented
102	Certain Risk Disclosures	No Change

B. Correction of an Error in Previously Issued Finance Statements

During fiscal year 2024, the City identified an error in the Wallula Radio Site lease asset amortization calculation. Following the straight-line depreciation/amortization method, the lease asset was fully

amortized in one year instead of over its useful life of five years. The effect of that error is shown in the table below.

During the current year, the City implemented GASB 101, Compensated Absences. In addition to the value of unused vacation time owed at termination and the percentage of sick leave owed to employees that have worked for the City longer than ten years the City is recognizing an estimated amount of sick leave earned as of year-end that employees will use as time off in future years as part of the compensated absence liability. The effects of the change in accounting principle are summarized in the Implementation of GASB 101 column in the table below.

Adjustment to and Restatements of Beginning Balances

	12/31/2023			12/31/2023
	Net Position/Fund Balance As Previously Reported	Implementation of GASB 101	Error Correction	Net Position/Fund Balance as Restated
Government-wide				
Governmental activities	\$ 118,473,480	\$ (1,317,704)	\$ 14,838	\$ 117,170,614
Business-type activities	178,591,058	(373,425)	-	178,217,633
Total primary government	\$ 297,064,538	\$ (1,691,129)	\$ 14,838	\$ 295,388,247
Governmental Funds				
Major Funds:				
General Fund	11,347,788	-	-	11,347,788
Street Construction	2,009,660	-	-	2,009,660
Non-major Funds	9,050,116	-	-	9,050,116
Total governmental funds	\$ 22,407,565	\$ -	\$ -	\$ 22,407,564
Proprietary Funds				
Major Funds:				
Ambulance	1,906,327	(194,690)	-	1,711,637
Landfill	12,138,835	(37,633)	-	12,101,202
Sanitation	2,720,390	(32,723)	-	2,687,667
Water/Wastewater	125,708,500	(66,192)	-	125,642,308
Non-major Funds	16,016,718	(26,844)	-	15,989,874
Internal Service Funds	27,156,122	(153,441)	14,838	27,002,681
Total proprietary funds	\$ 185,646,892	\$ (511,523)	\$ 14,838	\$ 185,135,369

NOTE 21- SUBSEQUENT EVENTS

In February of 2025, the City received a \$10,000,000 loan grant combination from the Department of Commerce Public Works Trust Fund to complete the construction phase of Myra Road. The award is split between a \$1,000,000 grant and a \$9,000,000 loan. The loan has a 20-year payback period with a 1.38% interest rate. In addition, the City also received a \$1,981,760 Transportation Improvement Board grant for this project.

In April 2025, the City Council accepted a \$6,980,000 Clean Water State Revolving Loan from the Department of Ecology for the Phase 2 Upgrade of the Wastewater Treatment Plant. The loan has a 20-year payback period and a 1.2% interest rate.

The City remains in contract negotiations with the IAFF union for their expired December 31, 2024 contract.

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.082995%	0.089277%	0.090794%	0.095589%	0.094548%	0.097637%	0.096921%	0.095323%	0.094658%	0.092117%
Employer's proportionate share of the net pension liability (asset)	\$ 1,474,687	\$ 2,037,955	\$ 2,528,038	\$ 1,167,365	\$ 3,338,055	\$ 3,754,489	\$ 4,328,525	\$ 4,523,151	\$ 5,083,581	\$ 4,818,576
TOTAL	1,474,687	2,037,955	2,528,038	1,167,365	3,338,055	3,754,489	4,328,525	4,523,151	5,083,581	4,818,576
Covered payroll	16,405,596	15,753,548	14,861,825	14,227,862	14,092,049	13,529,785	12,755,063	11,870,367	11,277,102	10,430,823
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.99%	12.94%	17.01%	8.20%	23.69%	27.75%	33.94%	38.10%	45.08%	46.20%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

PERS 2/3
As of June 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.106140%	0.112289%	0.115309%	0.120159%	0.119545%	0.123261%	0.120879%	0.119835%	0.118477%	0.116406%
Employer's proportionate share of the net pension liability (asset)	\$ (3,498,983)	\$ (4,602,370)	\$ (4,276,558)	\$ (11,969,770)	\$ 1,528,912	\$ 1,197,283	\$ 2,063,901	\$ 4,163,693	\$ 5,965,223	\$ 4,159,253
TOTAL	(3,498,983)	(4,602,370)	(4,276,558)	(11,969,770)	1,528,912	1,197,283	2,063,901	4,163,693	5,965,223	4,159,253
Covered payroll	16,405,596	15,604,463	14,730,822	14,099,700	13,963,413	13,403,446	12,632,163	11,752,101	11,168,410	10,329,845
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-21.33%	-29.49%	-29.03%	-84.89%	10.95%	8.93%	16.34%	35.43%	53.41%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

City of Walla Walla
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.092597%	0.094126%	0.099446%	0.099969%	0.101817%	0.102666%	0.102813%	0.101943%	0.104522%	0.105656%
Employer's proportionate share of the net pension liability (asset)	\$ (2,633,356)	\$ (2,793,682)	\$ (2,852,721)	\$ (3,424,507)	\$ (1,922,823)	\$ (2,029,307)	\$ (1,866,572)	\$ (1,546,700)	\$ (1,076,875)	\$ (1,273,388)
State's proportionate share of the net pension liability (asset) associated with the employer	(17,811,954)	(18,896,397)	(19,295,733)	(23,163,280)	(13,005,928)	(13,726,185)	(12,625,447)	(10,461,838)	(7,283,959)	(8,613,165)
TOTAL	(20,445,310)	(21,690,079)	(22,148,454)	(26,587,787)	(14,928,751)	(15,755,492)	(14,492,019)	(12,008,538)	(8,360,834)	(9,886,553)
Covered payroll	-	-	-	-	-	-	-	-	-	-
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension	168.48%	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

LEOFF 2
As of June 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.235326%	0.244262%	0.260195%	0.261191%	0.256457%	0.269990%	0.276442%	0.303723%	0.273693%	0.277581%
Employer's proportionate share of the net pension liability (asset)	\$ (4,407,056)	\$ (5,858,863)	\$ (7,071,314)	\$ (15,171,055)	\$ (5,231,348)	\$ (6,254,839)	\$ (5,612,375)	\$ (4,214,691)	\$ (1,591,881)	\$ (2,852,978)
State's proportionate share of the net pension liability (asset) associated with the employer	(2,859,945)	(3,741,410)	(4,580,643)	(9,786,986)	(3,345,051)	(4,096,082)	(3,633,907)	(2,733,991)	(1,037,790)	(137,841)
TOTAL	(7,267,001)	(9,600,273)	(11,651,958)	(24,958,041)	(8,576,399)	(10,350,921)	(9,246,282)	(6,948,682)	(2,629,671)	(2,990,819)
Covered payroll	11,302,757	10,782,514	10,621,970	10,067,025	9,714,997	9,426,922	9,139,727	9,503,747	8,291,300	8,056,482
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension	109.27%	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

City of Walla Walla
Schedule of Employer Contributions
PERS 1
As of December 31, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 453,558	\$ 552,296	\$ 581,491	\$ 631,853	\$ 682,828	\$ 700,787	\$ 675,228	\$ 611,015	\$ 555,681	\$ 480,611
Contributions in relation to the statutorily or contractually required contributions	(453,558)	(552,296)	(581,491)	(631,853)	(682,828)	(700,787)	(675,228)	(611,015)	(555,681)	(480,611)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	16,512,494	16,146,007	15,266,377	14,521,020	14,068,187	13,895,819	13,174,059	12,350,656	11,501,607	11,021,440
Contributions as a percentage of covered payroll	2.75%	3.42%	3.81%	4.35%	4.85%	5.04%	5.13%	4.95%	4.83%	4.36%

PERS 2/3
As of December 31, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 1,050,195	\$ 1,021,354	\$ 962,849	\$ 1,025,843	\$ 1,104,588	\$ 1,058,819	\$ 978,142	\$ 827,402	\$ 709,084	\$ 602,117
Contributions in relation to the statutorily or contractually required contributions	(1,050,195)	(1,021,354)	(962,849)	(1,025,843)	(1,104,588)	(1,058,819)	(978,142)	(827,402)	(709,084)	(602,117)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	16,512,494	16,059,455	15,140,372	14,384,575	13,949,127	13,766,786	13,049,726	12,229,108	11,385,254	10,917,363
Contributions as a percentage of covered payroll	6.36%	6.36%	6.36%	7.13%	7.92%	7.69%	7.50%	6.77%	6.23%	5.52%

City of Walla Walla
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 671,683	\$ 556,767	\$ 550,751	\$ 522,499	\$ 531,482	\$ 477,230	\$ 496,212	\$ 476,302	\$ 454,340	\$ 413,118
Contributions in relation to the statutorily or contractually required contributions	\$ (671,683)	\$ (556,767)	\$ (550,751)	\$ (522,499)	\$ (531,482)	\$ (477,230)	\$ (496,212)	\$ (476,302)	\$ (454,340)	\$ (413,118)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,094,946	\$ 10,866,837	\$ 10,748,062	\$ 10,158,238	\$ 10,289,935	\$ 9,154,391	\$ 9,394,473	\$ 9,266,556	\$ 8,995,544	\$ 8,192,390
Contributions as a percentage of covered payroll	5.13%	5.12%	5.12%	5.14%	5.17%	5.21%	5.28%	5.14%	5.05%	5.04%

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

1. For 2024, the inflation rate assumption, overall salary increase assumption, and the long term rate of return, had no changes from the previous year.

2. The total pension liability for June 30, 2023 actuarial valuation was determined using the following assumptions.

Actuarial Valuation Date: June 30, 2023

Measurement Date: June 30, 2024

Actuarial Cost Method: Entry-age normal

Asset Valuation Method: 8-year graded smoothed fair value

Assumptions

Inflation: 2.75%

Investment rate of return: 7.0%

Discount rate: 7.0%

Cost of living adjustments: CPI increase, maximum 3.0%

Salary increases were based on a 3.25% COLA rounded to the nearest penny. Mortality rates for active members, retirees, survivors, and disabled annuitants were based on Pub.H-2010 mortality rates.

City of Walla Walla
Schedule of Changes in Total Pension Liability and Related Ratios
Firemens' Pension
For the year ended December 31, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability - beginning	\$ 1,822,036	\$ 1,839,223	\$ 2,551,192	\$ 2,646,771	\$ 2,493,341	\$ 2,300,950	\$ 2,493,691	\$ 2,421,095	\$ 2,562,170	\$ 2,639,822
Service cost	-	-	-	-	-	-	-	-	-	-
Interest	57,592	66,205	49,557	51,473	65,482	89,419	84,158	87,360	86,680	89,494
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(504,222)	0	(426,011)	-	116,687	-	-	116,552	-	-
Changes of assumptions or other inputs	(67,723)	65,476	(188,066)	-	165,074	235,220	(97,018)	53,390	(55,042)	-
Benefit payments,	(100,696)	(148,868)	(147,449)	(147,052)	(193,813)	(132,248)	(179,881)	(184,706)	(172,713)	(167,146)
Other changes	-	-	-	-	-	-	-	-	-	-
Net change in total pension liability	(615,049)	(17,187)	(711,969)	(95,579)	153,430	192,391	(192,741)	72,596	(141,075)	(77,652)
Total pension liability - ending	\$ 1,206,987	\$ 1,822,036	\$ 1,839,223	\$ 2,551,192	\$ 2,646,771	\$ 2,493,341	\$ 2,300,950	\$ 2,493,691	\$ 2,421,095	\$ 2,562,170
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total 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:

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

City of Walla Walla
 Schedule of Changes in Total OPEB Liability and Related Ratios
 LEOFF 1 Medical
 For the year ended December 31, 2024
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 17,146,857	\$ 16,827,395	\$ 19,874,312	\$ 20,745,315	\$ 20,389,815	\$ 20,797,992	\$ 21,676,292
Service cost	-	-	-	-	-	-	-
Interest	605,886	577,794	418,334	446,525	693,927	784,605	757,571
Changes in benefit terms	-	-	-	-	-	-	-
experience data and	(1,216,526)	761,667	(2,445,820)	(230,415)	798,003	(134,815)	(596,534)
Benefit payments	(1,104,361)	(1,019,959)	(1,019,431)	(1,087,003)	(1,136,430)	(1,057,967)	(1,039,337)
Other changes	-	-	-	-	-	-	-
Total OPEB liability - ending	\$ 15,431,856	\$ 17,146,897	\$ 16,827,395	\$ 19,874,422	\$ 20,745,315	\$ 20,389,815	\$ 20,797,992
Covered employee payroll	-	-	-	-	-	-	-
Total OPEB liability as a % of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule

- * Until a full 10-year trend is compiled, only information for those years available is presented.
- * No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.
- * The City has no active employees participating in the City-sponsored plans, therefore, there is no covered-employee payroll.

**City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Passed through Washington State Department of Natural Resources)	Cooperative Forestry Assistance	10.664	N/A	330	-	330	-	1, 7
CDBG - Entitlement/Special Purpose Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-53- 0025	-	16,560	16,560	-	1, 5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-53- 0025	-	29,738	29,738	-	1, 7
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-53- 0025	-	307,988	307,988	-	1, 7
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-53- 0025	-	281,365	281,365	-	1, 7
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-53- 0025	-	65,651	65,651	-	1, 7

The accompanying notes are an integral part of this schedule.

**City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Total CDBG - Entitlement/Special Purpose Grants Cluster:				-	701,302	701,302	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Passed through Washington State Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-171	13,954	-	13,954	-	1, 7
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Passed through Department of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY24-CLG- WALLAWALLA	9,997	-	9,997	-	1, 7
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Passed through Washington State Recreation and Conservation)	Outdoor Recreation Acquisition, Development and Planning	15.916	P22AP02178	13,860	-	13,860	-	1, 7
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Passed through Washington State Department of Commerce)	Crime Victim Assistance	16.575	24-31219-033	94,518	-	94,518	-	1, 7
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Passed through Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F23-31103-049	16,122	-	16,122	-	1, 7

The accompanying notes are an integral part of this schedule.

**City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	-	4,905	-	4,905	-	1, 7
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Passed through Washington State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-213	94,575	-	94,575	-	1, 7
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG -03907-JAGX	-	7,192	7,192	-	1, 7
			Total ALN 16.738:	94,575	7,192	101,767	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	LA10867	202,081	-	202,081	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	STPUS-HIPUS- 7198 (003)/LA10071	5,705	-	5,705	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	LA11042	83,022	-	83,022	-	1, 2, 7

The accompanying notes are an integral part of this schedule.

City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	LA10929	52,748	-	52,748	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	BHM-9936 (007)/LA 10554	126,305	-	126,305	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	NHPP-7190 (013)/LA10515	2,517,888	-	2,517,888	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Passed through Washington Dept of Transportation)	Highway Planning and Construction	20.205	NHPP-7183 (003)/LA10503	1,689,772	-	1,689,772	-	1, 2, 7
			Total ALN 20.205:	4,677,521	-	4,677,521	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	2,179,896	2,179,896	-	1, 2, 7

The accompanying notes are an integral part of this schedule.

**City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES, THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES (via Passed through Office of Secretary of State Library)	Grants to States	45.310	G-8192	2,000	-	2,000	-	1, 2, 7
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES, THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES (via Passed through Office of Secretary of State Library)	Grants to States	45.310	G-8180	400	-	400	-	1, 2, 7
Total ALN 45.310:				2,400	-	2,400	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Passed through Washington Military Department)	BRIC: Building Resilient Infrastructure and Communities	97.047	D24-24	89,833	-	89,833	-	1, 7
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Passed through Washington Military Department)	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2023-CY- 00042	60,404	-	60,404	-	1, 7
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Passed through the Department of the Military)	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2022-CY- 00017	16,250	-	16,250	-	1, 7

The accompanying notes are an integral part of this schedule.

**City of Walla Walla
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 97.137:	76,654	-	76,654	-	
			Total Federal Awards Expended:	5,089,764	2,893,295	7,983,059	-	

The accompanying notes are an integral part of this schedule.

City of Walla Walla
Schedule Of Expenditures Of Federal Awards
For the Year Ended December 31, 2024

NOTE 1 - Basis of Accounting

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

NOTE 2 - Federal Indirect Cost Rate

The City of Walla Walla has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 - Revolving Loan - Program Income

The City has a revolving loan program for low income housing renovation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. There were no loan funds disbursed this year, and no program income received.

NOTE 7 - Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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