

City of Spokane Valley

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022



10210 E. Sprague Avenue, Spokane Valley WA 99206
www.spokanevalleywa.gov

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

City of Spokane Valley, Washington
Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2022

Pam Haley
Mayor

John Hohman
City Manager

Erik Lamb
Deputy City Manager

Chelsie Taylor
Finance Director

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City of Spokane Valley, WA
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2022
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September 22, 2023

Honorable Mayor,
Members of the City Council,
And Citizens of the
City of Spokane Valley, Washington

We are pleased to present the City of Spokane Valley's (the "City") Annual Comprehensive Financial Report for the year ended December 31, 2022. This transmittal letter provides an overview of the report and financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it. The report is prepared in accordance with the Revised Code of Washington (RCW) 43.09.230.

The City maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce accurate and fairly represented financial statements in accordance with generally accepted accounting principles.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To the best of our knowledge and belief, the enclosed financial statements and all supporting schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

These financial statements have been audited by the Washington State Auditor's Office. This independent audit was conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards to provide an independent assessment of fair presentation of the City's financial position. The State Auditor's Office has issued an unqualified ("clean") opinion on the City's financial statements. The State Auditor's Office also performed the Federally-mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. An unqualified opinion was also issued for this audit. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Spokane Valley, incorporated on March 31, 2003, is located near the eastern border of the State of Washington. According to the 2022 population estimate for the City of Spokane Valley, the 2022 estimated population is 107,100 and is the 8th largest city in Washington. The incorporation of Spokane Valley was the largest in the state and the 2nd largest single incorporation in U.S. history at the time. The incorporated area of Spokane Valley encompasses approximately 38.5 square miles of land area, with room for residential, commercial, and industrial expansion. Within the incorporated city limits, there are about 462 miles of roadway. The City is a general-purpose government and provides public safety, street construction, pavement preservation, parks and recreation, stormwater, solid waste, and general administrative services.

The City of Spokane Valley is a non-charter code city and operates under a Council-Manager form of government. It is governed under the optional municipal code of RCW Chapter 35A. Under this form of government, legislative authority is concentrated in the elected City Council, which hires a professional administrator to implement its policies.

There are seven positions on the City Council, and all council positions are at-large positions. Councilmembers are generally elected to four-year terms, with elections held every two years. For continuity, position terms are staggered by two years so that all positions are not open for election at the same time. Biennially, at the first meeting of the calendar year, the City Council members choose a Mayor and a Deputy Mayor. Following is a list showing the Mayor and the six additional City Councilmembers and their term expiration dates as of December 31, 2022:

Member	Position	Employer/Occupation	Total Time Served	Current Term Expires
Pam Haley	Mayor	Business Owner	6.50 years	12/31/25
Rod Higgins	Deputy Mayor	Retired	9.90 years	12/31/25
Arne Woodard	Councilmember	Real Estate Broker	11.75 years	12/31/23
Ben Wick	Councilmember	Publisher	9.00 years	12/31/25
Brandi Peetz	Councilmember	Office Manager	5.16 years	12/31/23
Tim Hattenburg	Councilmember	Retired	3.00 years	12/31/23
Laura Padden	Councilmember	Software Developer	1.00 year	12/31/25

The City Council is required to adopt an initial budget for the fiscal year no later than December 31 preceding the beginning of the fiscal year on January 1. The annual budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction by the City Council to the staff and community. As a result, the City Council, staff, and public are involved in establishing the budget for the City of Spokane Valley.

The executive branch is led by the City Manager. The City Manager is hired by and is responsible to the City Council. The City Manager is responsible for overall administration of the City, such as carrying out City Council policy, administering the affairs of the City and directing, organizing, establishing, supervising, and administering all departments, agencies, and offices of the City.

Local economy

The City of Spokane Valley, located in eastern Washington, in the central east area of Spokane County (the “County”) adjacent to the City of Spokane (“Spokane”). Due to the City’s proximity to Spokane, the economy of the City is greatly influenced by Spokane’s economy. Spokane is the second largest city in the State with a 2022 population estimates of 230,900. The population estimates of the County in 2022 is 550,700. Both Spokane and the County have experienced steady annual growth in population. (Source: United States Census Bureau)

Spokane County is the largest labor market in Eastern Washington and Northern Idaho. Spokane serves as the economic hub of the County and as the regional trade center for an area commonly known as the “Inland Northwest,” consisting of portions of northeastern Washington, northern Idaho, western Montana, and southern British Columbia in Canada. Spokane and its metropolitan area provide higher education and research opportunities, high quality healthcare facilities, extensive support services for area residents and businesses and a large downtown retail and business core.

Spokane MSA (which includes Stevens and Pend Oreille counties) posted significant job increases in the last half of 2021. Business was impacted significantly from the COVID-19 pandemic during the first half of 2021 but rebounded significantly as restrictions were released during the second half of the year. Most Spokane jobs were listed as essential during the pandemic giving Spokane a good foundation for recovery. Those jobs include advanced manufacturing, professional and business services, and transportation and warehousing. Health services and education were also impacted, but probably more of a temporary impact, and returned to near pre-pandemic levels in 2022. Altogether, those five industries have medium-sized employers that are flexible and efficient in their markets. The health sciences and medical school development has been a game changer for Spokane. High-tech companies in manufacturing, scientific and technical industries are creating new jobs and continue to expand the economic base of the region through 2022 and into 2023. (<https://www.esd.wa.gov/labormarketinfo/county-profiles/spokane>)

Spokane Valley is home to a business-friendly environment including no local Business and Occupation (B&O) tax or corporate income tax. Its workforce is highly skilled, and the City is centrally located among several higher education programs, which ensures there is a pipeline of future talent. There are a total of 4,619 licensed businesses in the City. In 2021, the leading industries in Spokane Valley were Retail, Manufacturing, Health Care and Social Services, and Accommodation and Food Services. The City is well connected through a robust transportation infrastructure and has streamlined its permitting processes to fit the needs of industry and keep expenses low. (Source: <http://www.spokanevalleyed.org/business-climate/>)

In 2021 The Idaho Central Spokane Valley Performing Arts Center (ICSPAC) publicly announced plans to build a \$48 million state-of-the-art performing arts center. The 59,000 square foot facility will be located near CenterPlace and will house a 475+ seat Main Stage Theatre, a 200-seat flexible Studio Theatre, an Acting Conservatory for area youth, as well as event/business meeting space. Groundbreaking occurred in August of 2022, and the Idaho Central Spokane Valley Performing Arts Center hopes to open its doors for its first theater production in the summer of 2024.

A partnership between the City and Spokane County Library District (SCLD) continues to frame the expansion of Balfour Park and construction of a new Spokane Valley Library. The existing park is in the northeast corner of a city block at E. Main and N. Balfour Road. The expansion will integrate 5.6 acres of undeveloped adjacent land into the park, creating a library-park campus. During 2022 the City was under contract for construction engineering services for the Balfour Park Expansion. The consultant is part of the same team that designed the library for SCLD and the result has been an integrated design that incorporates the new library and park together as envisioned in the master plan concept. The consultant provided a 100% design set in anticipation for bidding Phase 1 of the project – park infrastructure - in late 2022. With the new library completing construction in mid-2023 the City began construction on the Balfour Park Expansion.

The City has an extensive retail tax base and is home to several major auto dealerships and the Spokane Valley Mall, which is a major retail draw to the region, and it has a wide capture area that draws visitors to the community.

Major initiatives

The City Council established direction for the City when it drafted a vision statement for Spokane Valley: A community of opportunity where individuals and families can grow and play and businesses will flourish and prosper.

The vision statement served as a guide for developing the City's values, which are:

Community Identity and Pride

Spokane Valley promotes an environment that supports the home and family, and job and education opportunities.

In 2021 Spokane Valley was ranked #31 on a SmartAsset list of rapidly growing “boomtown” cities in the United States. The city was the only Inland Northwest city to be ranked in the study, which was based on population growth, GDP growth and unemployment rates. In addition, a National Association of Realtors study recently ranked the Spokane/Spokane Valley market as one of the top 10 markets that showed resilience during the pandemic. And the Spokane Valley market was recently ranked #3 on a list of top housing markets in 2022 published by realtor.com.

Spokane Valley prides itself on quality neighborhoods and schools, along with strong business and retail centers. Friendly people, natural surroundings and beautiful weather are part of what make Spokane Valley a favorite destination for visitors from all over the world. With all four seasons represented, we have an abundance of recreational activities. There are four distinct ski resorts, 75 lakes within an hour's drive, and many hiking and biking trails to enjoy.

Our region invests in all stages of education to instill a passion for knowledge that extends beyond the classroom and into the community. The result is a skilled workforce that is highly engaged, highly motivated, eager to make a difference and ready to get to work. K-12 schools have been recognized as leaders in the state and across the nation in K-12 education. Students can prepare for college and university coursework and earn college credits by taking elective advanced

placement classes. Spokane Valley includes three school districts – East Valley School District, Central Valley School District, and West Valley School District. Combined they serve over 21,000 students in more than 40 schools.

Focus on the Future

Spokane Valley is a visionary city encouraging its citizens and their government to look to the future beyond the present generation, and to bring such ideas to public discussion, enhancing a sense of community identity.

Open, Collaborative Government

Spokane Valley values a “user-friendly” government, in which governance practices and general operations consider how citizens will be served in the most responsive, effective and courteous manner.

Long-term planning and Capital Projects

As part of long-range planning and Washington State’s Growth Management Act (GMA), Spokane Valley developed a Comprehensive Plan. The Comprehensive Plan is the City’s official statement concerning its vision for future growth and development over the next 20 years. A comprehensive plan is a required document for cities and counties in Washington State. The Plan comprises several individual elements. The City of Spokane Valley amends its Comprehensive Plan on an annual basis as permitted by State law. In addition to these regular amendments, the GMA requires counties and cities to periodically conduct a thorough review of their plans and regulations to bring them in line with any relevant changes in the GMA and to accommodate updated growth targets. Spokane Valley’s Comprehensive Plan was updated during 2016 and has been amended annually through 2022.

To assist the City with long-term financial planning, the City has adopted a set of Fiscal Policies that encompass both financial management and setting financial objectives. The City prides itself in being an example of how a City can function efficiently and economically while providing key services to the community.

The financial management policies that the City has adopted are multi-faceted. We will continue to provide basic levels of service with minimal resources. In order to accomplish this, many services are contracted. This helps keep personnel and overhead costs down by maintaining consistent staffing levels with minimal adjustment to respond to the ever-changing economy. This allows current dollars to be spent on current and future projects, instead of tying up future dollars with debt payment on current projects. To make the pay as you go philosophy work to its full extent, current spending is leveraged with grant funding as often as possible. Finally, we use the extensive annual budget process to prioritize spending to minimize changes and additions to appropriations during the year.

The financial management policies are in place to help the City meet its financial objectives. We maintain a General Fund Ending Balance of at least 50% of recurring expenditures. This is roughly the equivalent of six months of general fund operations and was determined as a result of cash

flow analysis. The City has also established a Service Level Stabilization Fund that can be used to support operations in times of economic hardship. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 97.00% of recurring expenditures. This is above policy guidelines set by the Council. City policy also indicates that if ending fund balance is in excess of 50% of recurring expenditures, the City may consider spending down the excess on one-time expenditures, generally capital in nature. Since this policy was adopted, the City has transferred \$42,509,950 to our Capital Reserve Fund over the years of 2013 through 2022 for use on various capital projects, such as the Appleway Trail, a new City Hall, and railroad grade separation projects at Barker and Pines roads.

The City's Pavement Preservation Program, utilizing funds from the General Fund, Real Estate Excise Taxes, and capital project reserves, continued its efforts in maintaining and repaving all road classifications throughout the City. As a follow-up to the aggressive program in 2021, the program began implementing recommendations from the 2021 Streets Sustainability Committee by planning for alternative surface treatments and alternative contracting methods for local street paving. These new program elements, to be implemented in 2023, have the goal of stretching limited program funds to preserve more roadways.

The City always prioritizes traffic and pedestrian safety for its citizens and visitors by continuing on-going programs for developing sidewalk projects throughout the City, intersection improvement projects at key locations, and moving forward on Grade Separation Projects (GSPs) along major corridors.

The City continued the construction of the \$26 million Barker Road/BNSF GSP, which began in March 2021, with final completion and closeout anticipated in 2023. This project, which began in earnest in 2017, will provide a safe transportation route through the City's Northeast Industrial Area by removing at-grade conflicts with trains at both Barker Road and Flora Road.

2022 also saw significant developments in the Pines Road/ BNSF GSP. To complete the project funding, the City received a federal \$21.7 million Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant from the US Department of Transportation. The City now has secured approximately \$47 million, all funding necessary for completing project. The 2022 surge in obtaining funds is attributable to many different funding partners, including US Department of Transportation, Federal Highway Administration, Federal Railroad Administration, Washington State, Avista Utilities, and BNSF. Design and right-of-way phases of the project continued to progress with an anticipated goal of beginning construction in 2024.

Parks and trails are also getting major investments as the City has completed implementation of the Browns Park Master Plan and continues to work on the construction of the Appleway Trail. Browns Park is an 8.2-acre park located at the corner of Pines Road and 32nd Ave. that includes sixteen sand volleyball courts and a basketball court in addition to other park features. The updated Parks and Recreation Master Plan recommended developing Browns Park as a destination sand volleyball complex for our region. This has been accomplished with the completion of the final eight sand volleyball courts in 2018. The park's splashpad was added in 2017 to serve the younger members of the community. The final two phases of park improvements were completed in 2021 and dedicated at a ribbon-cutting ceremony on July 2nd of that year. Parks saw a significant increase

in utilization of Brown's Park in 2022 including record numbers of games and clinics coordinated through ERVA in the sand volleyball complex.

Construction of the Appleway Trail has transformed the abandoned Milwaukee Railroad right-of-way into a paved multi-use pathway that runs east-west through the Sprague Avenue corridor along a 5.1 mile stretch from University Road to Corbin Road and continues easterly along an unimproved gravel stretch all the way to the city limits of the City of Liberty Lake. In 2012, the city began securing the necessary agreements and funding to develop the trail. A path completed in 2008 from Corbin Road to the city's eastern boundary was incorporated into the design. With Phase 1 of the new multi-use Appleway Trail having been completed in 2016, the City began work on two additional sections of the trail. While Phase 1 travels along the former Milwaukee railroad corridor from University Road to Pines Road, work in 2017 extended the trail to Evergreen. In 2018, the section from Sullivan to Tschirley was completed. In summer 2019, the city began the construction of the Evergreen to Sullivan section, which was completed in 2020. In 2022 a stormwater project further extended the trail westerly behind the Spokane Valley City Hall along Appleway Blvd to Farr Rd. The multi-use pathway will be bordered with greenspace, natural open space, and other amenities to create a linear park along the length of the trail. All sections of the trail are funded through a combination of City funds, federal grants, and state grants. In 2022 the City also worked with Spokane County who owns the underlying right-of-way to amend the Inter-Local Agreement for the Trail to allow the City to issue licenses to local businesses to develop "parklets" along the trail corridor that would provide access for customers directly from the trail.

Construction of the final phase of the new West Lawn and North Meadow at the CenterPlace Regional Events center was completed in December of 2020. The \$2.2 million expansion established a vibrant outdoor venue for larger community events, vendor fairs, performing arts, weddings, gatherings, and other economic activity. During the summers of 2021, for the first time will utilize each "First Friday" of the month saw food trucks and live music as a compliment to the Spokane Valley Farmers' Market. Additionally, several large private and community events utilized the space in 2022 generating new revenue and crowds of several hundred to over 1,000 participants. In December of 2022 the City hosted its first-ever Winter Market on the West Lawn Plaza at CenterPlace.

The City has also been hard at work acquiring property for future park purposes in anticipation of the future needs of the City's growing population. In 2020 the City acquired approximately 46 acres of property on the north side of the Spokane River from WSDOT for future park purposes and has begun planning for an envisioned "Spokane Valley River Loop Trail" that would run from the new park property on Flora all the way west to Spokane County's Plante's Ferry Park. Part of this acquisition was funded through a Local Parks Acquisition Grant from the State Recreation and Conservation Office's Washington Wildlife and Recreation Program. Together with pedestrian bridges at either end of the new trail the City could create a 10-mile loop with the Centennial Trail which would connect multiple park properties and create a 5-mile "river park" corridor to possibly include a whitewater park. This is a long-term project anticipated to cost in the neighborhood of \$17 million. City staff have already initiated talks with Washington State Parks as well as Kaiser Aluminum who would be critical partners in development of the trail.

Additionally, in 2021 and 2022 the City acquired four more park properties through strategic acquisitions and acceptance of generous donations. 17 Acres were acquired from the Central Valley School District in the Ponderosa Neighborhood on the south edge of the City filling an identified gap in park service areas in the 2019 Parks and Recreation Master Plan. Another 25 acres was donated to the City in the Summerfield area on the north edge of the City filling another identified gap in park service areas. A ½-acre parcel on the south bank of the Spokane River at Flora Rd was purchased from Spokane County providing a critical landing point for the future River Loop Trail upstream pedestrian bridge. Also in 2022, another donation of land was accepted from the Avista Corporation at Pines Rd and Trent Avenue on the south bank of the Spokane River that will provide the landing point for the downstream pedestrian bridge and additional Centennial Trail access.

In 2022 the City applied for and was awarded grant funding from the Washington State Recreation & Conservation Office in two categories for Phase 2 enhancements to Greenacres Park. \$500,000 was awarded in the Washington Wildlife & Recreation Program (WWRP) Local Parks category and \$1,000,000 was awarded from the Federal Land & Water Conservation Fund (LWCF) for a combined \$1.5 Million in grant funds towards an approximately \$2 Million park improvement project to add pickleball, tennis, and basketball Courts, expanded playground, splashpad, and parking areas, shade structures and paved pathways.

Pandemic Response

The City of Spokane Valley continues to monitor the continuing effects of coronavirus (COVID-19) pandemic to ensure helpful information is shared and necessary steps are taken to promote the safety of residents and employees. In addition to sharing information on the City's webpage, the city is utilizing Facebook, Twitter, and Instagram to provide updated news.

Despite COVID-19 restrictions and supply chain issues during the peak of the pandemic, the City of Spokane Valley has continued moving forward with its economic development efforts. The City was able to take advantage of various Federal Grant programs related to the pandemic. The City was allocated \$4.3 million under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In early 2021 the City was allocated an additional \$16 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan (ARPA). Half of that was received in summer 2021 with the remaining half received in summer 2022. SLFRF dollars must be used to respond to the COVID-19 pandemic and its negative impacts. Eligible expenses must be incurred by the City between March 3, 2021, and December 31, 2024. An expense is considered incurred if it is obligated by December 31, 2024. All obligated funds must be spent by December 31, 2026.

Acknowledgements

The preparation of the annual financial report was made possible by the dedicated efforts of the entire staff of the finance department and by the cooperation of the other City departments. Each staff member has our sincere appreciation for the contributions made in the preparation of this report. Without their assistance, this report would not have been possible. In closing, we would also like to thank the Spokane Valley City Council and the City Manager for their interest and support of our efforts to improve the City's Annual Comprehensive Financial Report.

Sincerely,

A handwritten signature in black ink that reads "Chelsie Taylor".

Chelsie Taylor, CPA
Finance Director
City of Spokane Valley

City of Spokane Valley, Washington
List of Elected Officials and Department Directors
December 31, 2022

Elected Officials



Deputy Mayor Rod Higgins,
Position 1



Brandi Peetz,
Position 2



Arne Woodard,
Position 3



Ben Wick,
Position 4



Mayor Pam Haley,
Position 5



Tim Hattenburg,
Position 6



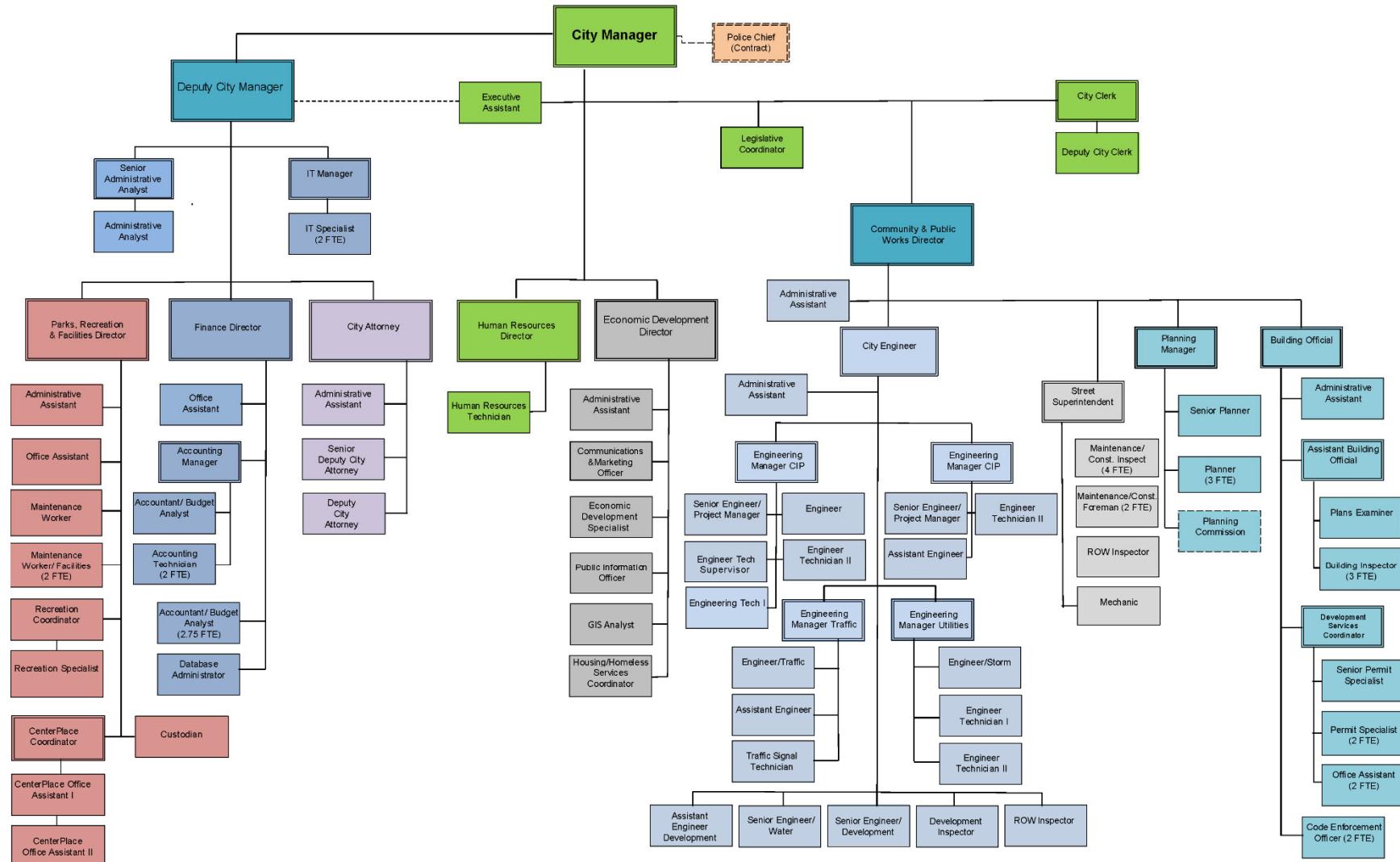
Laura Padden,
Position 7

2022 City Council

Department Directors and Key Staff

City Manager	Administration Department	John Hohman
Deputy City Manager	Administration Department	Erik Lamb
City Clerk	Administration Department	Chris Bainbridge
Community & Public Works Director	Community & Public Works	Bill Helbig
Parks & Recreation Director	Parks & Recreation Department	John Bottelli
Finance Director	Finance Department	Chelsie Taylor
Economic Development Director	Economic Development	Mike Basinger
City Attorney	Administration Department	Cary Driskell
Human Resources Director	Administration Department	John Whitehead
Accounting Manager	Finance Department	Daniel Domrese
IT Manager	Information Technology	Chad Knodel
Police Chief	Police Department	Dave Ellis

**City of Spokane Valley, Washington
Comprehensive Annual Financial Report-Fiscal Year 2022
Organizational Chart**



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Financial Section





Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Mayor and City Council
City of Spokane Valley
Spokane Valley, 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 Spokane Valley as of and for the year then ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 Spokane Valley, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 as listed in the table of contents 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 combining financial statements and schedules are presented for the purposes of additional analysis and are 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. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express opinions or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with "Pat" on the first line and "McCarthy" on the second line.

Pat McCarthy, State Auditor

Olympia, WA

September 22, 2023

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

***Management's
Discussion and Analysis***



CITY OF SPOKANE VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

As management of the City of Spokane Valley, Washington, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars. Also, this discussion contains comparative analysis based on information from the prior year.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2022 are as follows:

The City of Spokane Valley's financial position improved. At the end of the current fiscal year, assets exceeded liabilities by \$274,000 thousand (*net position*). Of this amount, \$83,940 thousand represents the primary government's unrestricted net position, which may be used and is available to meet the City's ongoing activities and obligations to the citizens and creditors.

The City of Spokane Valley's total net position from Governmental and Business-type activities increased by \$26,880 thousand or 10.88% from the prior fiscal year, primarily explained by revenues continuing to outpace expenditures and the current year's increase in the City's net investment in capital assets.

At the close of the current fiscal year, the City of Spokane Valley's governmental funds reported combined fund balances of \$112,211 thousand, an increase of \$21,882 thousand in comparison with the prior year. Approximately 46.06% of this amount or \$51,682 thousand (*unassigned fund balance*) is available for spending at the City's discretion.

For the general fund, the unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) was \$51,682 thousand. This is approximately 110.15% of the total general fund expenditures. The net change in actual fund balance was an increase of \$11,598 thousand during the current fiscal year.

Total long-term liabilities for Governmental type activities increased by \$287 thousand to \$13,005 thousand during the current fiscal year primarily due to increases in net pension liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the City as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions. The following discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Spokane Valley's finances, in a manner similar to private-sector businesses.

Statement of Net Position and Statement of Activities

The *statement of net position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the differences between them reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. Revenue generated by specific functions (charges for services, fines and forfeitures, grants and other contributions) is compared to the expenses for those functions to demonstrate how much each function either supports itself or relies on taxes and other general funding sources for support.

The change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished in capacity. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated. *These government-wide financial statements can be found in the Basic section of this annual financial report.*

In the statement of net position and the statement of activities, the City of Spokane Valley is divided into two distinct functions or types of *primary government*:

- ***Governmental Activities*** – Most of the City's programs and services are reported here, including general government, public safety, social services, physical environment, transportation, economic environment, community development, and culture and recreation. These services are funded and supported primarily by taxes and intergovernmental revenues, including federal and state grants, and other shared revenues.
- ***Business-type Activities*** – These services are provided on a charge for goods or user fee services basis to recover all or a significant portion of the cost of services provided, including State Grants. The City's Stormwater Utility Management Fund and Aquifer Protection Area Fund activity is reported here.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, and a fiscal accounting entity with a self-balancing set of accounts used to account for specific activities. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All individual funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the City's major funds. Based on the restriction of the use of resources and money, the City has established many funds to account for the multitude of services provided to residents.

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

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

The City maintains twenty-two individual governmental funds. Information on the City's three major governmental funds: General Fund, Street Fund, and Capital Reserve Fund are presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. *Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. These basic governmental fund financial statements can be found in the Basic section of this report.*

Proprietary Funds – The City of Spokane Valley maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Enterprise funds are used to account for goods and services provided to the citizens on a user fee basis. The City provides information on its two enterprise funds, the Stormwater Utility Management Fund and the Aquifer Protection Area Fund, both major funds, under proprietary funds.

Internal Service Funds – The City's two *Internal Service Funds*, Equipment Rental and Replacement Fund and Risk Management Fund account for the accumulated and allocated internal costs of fleet vehicles, computer equipment, and insurance claims. Also, both provide internally for the goods and services among the City's various departments and functions. Because both services predominantly benefit governmental-type functions rather than business-type functions in nature, they have been included within *governmental-type activities* in the government-wide financial statements. *These basic governmental fund financial statements can be found in the Basic section of this report.*

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the City of Spokane Valley's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Spokane Valley maintains one fiduciary fund. The Passthrough Fees and Taxes fund reports resources held by the City in a custodial capacity for other governments. *These basic governmental fund financial statements can be found in the Basic section of this report.*

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements. *The notes are located immediately following the basic financial statements.*

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budget to actual comparisons for the General Fund and other major governmental funds, as well as the City's progress in funding its obligation to provide pension benefits to its employees. *This information can be found immediately following the notes.*

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. *This information can be found in the supplemental section of this report.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net position – As noted earlier, net position over time may serve as a useful indicator of the City of Spokane Valley's financial position. The City's total assets and deferred outflows exceeded total liabilities and deferred inflows by \$274,000 thousand as of December 31, 2022. The following table summarizes and compares the City's net position for 2022 and 2021 (*see Table 1, below*):

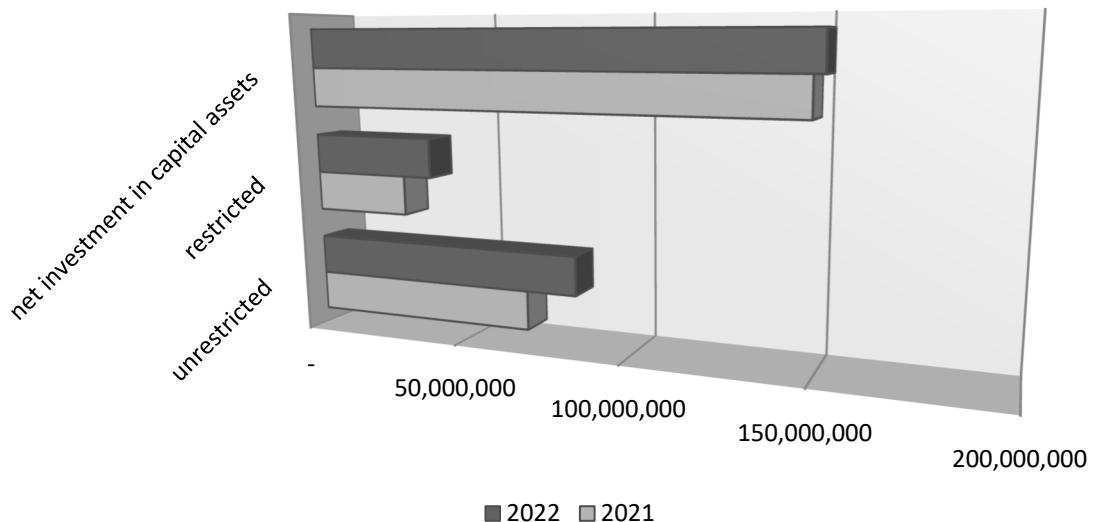
Table 1	City of Spokane Valley's Net Position (amounts in thousands)					
	Governmental		Business-type			
	Activities	2022	Activities	2021	Total	2021
Current assets	\$ 137,769	\$ 108,837	\$ 4,101	\$ 3,818	\$ 141,871	\$ 112,656
Noncurrent assets	2,431	6,013	82	225	2,514	6,238
Capital assets (net of depreciation)	152,737	150,003	9,534	9,882	162,271	159,885
Total assets	292,937	264,854	13,718	13,925	306,655	278,779
Total deferred outflows of resources	2,541	865	88	34	2,629	899
Long-term liabilities	13,005	12,718	100	61	13,105	12,780
Other liabilities	18,627	12,861	280	252	18,906	13,113
Total liabilities	31,631	25,580	380	313	32,011	25,893
Total deferred inflows of resources	3,178	6,423	94	242	3,272	6,665
Net position:						
Net investment in capital assets	142,022	138,624	9,534	9,882	151,556	148,507
Restricted	38,422	29,627	81	71	38,504	29,698
Unrestricted	80,223	65,465	3,718	3,450	83,941	68,915
Total net position	\$ 260,667	\$ 233,716	\$ 13,333	\$ 13,404	\$ 274,001	\$ 247,120

In this case, as of December 31, 2022, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$260,667 thousand in governmental activities and \$13,333 thousand in business-type activities. The largest portion of the City's net position, at 55.31%, is its net investment in capital assets of \$151,556 thousand. This represents land and land improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, infrastructure, and right-to-use lease assets, less any related outstanding debt that was used to acquire those assets. The City of Spokane Valley uses these capital assets to provide a variety of services to its citizens. 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 themselves cannot be used to liquidate these liabilities.

The portion of the City of Spokane Valley's net position classified as restricted are resources that are subject to external restrictions on how they may be used. At \$38,504 thousand and 14.05% of total net position this is the smallest share of the City's net position. The remaining balance of \$83,940 thousand or 30.64% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Spokane Valley's Net Position December 31, 2022 and 2021



The City of Spokane Valley's total net position has increased by \$26,880 thousand or 10.88% from the prior year. This is primarily explained by revenues outpacing expenditures. More discussion will follow for the overall increase in net position in the sections for governmental and business-type activities.

Table 2

**City of Spokane Valley's Changes in Net Position
as of December 31, 2022 and 2021 (amounts in thousands)**

Revenues	Governmental Activities		Business-type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Program revenues							
Charges for services	\$ 11,192	\$ 11,721	\$ 2,031	\$ 2,026	\$ 13,223	\$ 13,747	-3.81%
Operating grants & contributions	6,448	1,159	683	997	7,131	2,157	230.65%
Capital grants & contributions	8,057	4,987	68	1,116	8,125	6,102	33.15%
General revenues							
Taxes	62,782	61,358	-	-	62,782	61,358	2.32%
Interest & investment earnings	1,893	99	60	3	1,953	102	1814.71%
Gain on Sale of Land	-	91	-	-	-	91	-100.00%
Donation of land	-	575	-	-	-	575	-100.00%
Total revenues	90,372	79,990	2,843	4,142	93,215	84,133	10.79%
Expenses							
General government	7,044	4,421	-	-	7,044	4,421	59.33%
Public safety	30,989	27,861	-	-	30,989	27,861	11.23%
Social Service	295	116	-	-	295	116	154.31%
Utilities & physical environment	1,144	1,130	-	-	1,144	1,130	1.24%
Transportation	14,664	12,986	-	-	14,664	12,986	12.92%
Economic environment	1,213	1,155	-	-	1,213	1,155	5.02%
Community development	3,025	2,846	-	-	3,025	2,846	6.29%
Culture and recreation	4,714	4,209	-	-	4,714	4,209	12.00%
Interest on long term debt	331	346	-	-	331	346	-4.34%
Aquifer protection area	-	-	559	677	559	677	-17.43%
Stormwater management	-	-	2,354	1,761	2,354	1,761	33.67%
Total expenses	63,421	55,070	2,913	2,439	66,334	57,509	15.35%
Increase (decrease) in net position before transfers	26,951	24,920	(70)	1,703	26,880	26,623	0.97%
Transfers In (out)	-	(15)	-	15	-	-	0.00%
Increase (decrease) in net position	26,951	24,905	(70)	1,719	26,880	26,623	0.97%
Net position - beginning	233,716	208,811	13,404	11,685	247,120	220,496	
Net position - ending	\$ 260,667	\$ 233,716	\$ 13,333	\$ 13,404	\$ 274,000	\$ 247,120	

Governmental Activities – During the current fiscal year total net position for governmental activities increased by \$26,951 thousand from the prior year for an ending balance of \$260,667 thousand. The increase in the overall net position of governmental activities is the result of management taking various steps (e.g., holding expenditures to levels consistent with prior years) as well as an increase in revenues from sales taxes and charges for services, especially permitting revenues, to achieve such positive effects on the governmental activities ending net position. These increases are due to positive economic factors seen as the economy has recovered from the COVID-19 pandemic.

The City's capital grants and operating grants and contribution revenues from Federal and State sources made up combined revenue of \$14,505 thousand or 16.05% of total governmental activities revenues, which is a substantial increase from the prior year due to the City reporting \$6,346 thousand of Coronavirus Relief Funds in 2022. The major function receiving the majority of intergovernmental program revenues was the Transportation function of the primary government. Transportation activity capital grants increased and Culture and Recreation capital grants decreased in the current year by \$3,653 thousand and \$610 thousand, respectively, compared to last year primarily due to the timing of various grant funded projects.

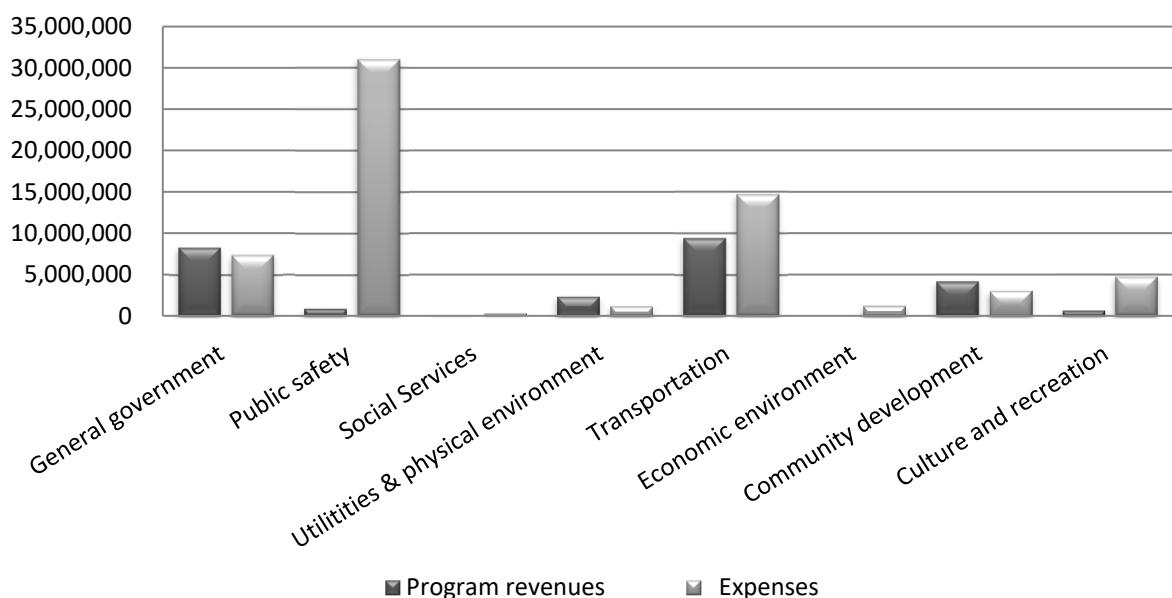
Property tax general revenues in the governmental activities account for \$13,349 thousand of the \$90,372 thousand total revenues (less transfers) for governmental-type activities, or 14.77% of total

revenues. Sales Tax general revenue accounted for approximately \$36,896 thousand or 40.83% of total revenues in the year 2022, the largest single source of revenue for the City of Spokane Valley. Excise and other taxes received were Real Estate Excise Taxes of \$5,579 thousand, Liquor Board Excise Tax of \$1,551 thousand, Telephone Utility Tax of \$1,004 thousand, Marijuana Excise Taxes of \$272 thousand, Leasehold Excise Taxes of \$5 thousand, Gambling Taxes of \$580 thousand, Hotel/Motel Taxes of \$1,472 thousand and Motor Fuel Excise Taxes of \$2,074 thousand for a General revenue share of \$12,537 thousand or 13.87% of total Program and General revenues.

Overall governmental general revenues increased by \$2,566 thousand as the City noted positive results in this category after experiencing uneven effects of the COVID-19 pandemic on revenues during the prior two years. Property taxes and sales taxes increased by \$664 thousand and \$1,042 thousand, respectively. The property tax increase is primarily attributable to new construction in the City while the sales tax increase is primarily due to higher prices from inflation as well as continued consumer spending. There was a decrease in excise taxes of \$497 thousand primarily due to a lower collection of real estate excise taxes with the higher mortgage rates, and an increase in other taxes in the amounts of \$215 thousand mostly due to an increase in hotel/motel taxes as people began to travel more after the pandemic. There was an increase in interest income in the amount of \$1,794 thousand due to increasing interest rates related to inflation.

In terms of expenses, the largest function was Public Safety, accounting for \$30,989 thousand and representing 48.86% of the total \$63,421 thousand in governmental expenses. This function increased by 11.23% compared to the prior year due primarily to inflation in public safety contract costs. The Transportation function is the second largest function, and it accounted for \$14,664 thousand in expenses for governmental activities, or 23.23% of the total expenses. There was an increase of \$1,678 thousand in Transportation compared to 2021 which is primarily due to the increase in Street Maintenance costs in the Street Fund. These increase can be attributed to a heavier amount of snowfall in both the end of the 2021-2022 winter and the early part of the 2022-2023 winter seasons causing a greater than budgeted need for snow removal on the City's streets. (*see table 2, above*)

Program Revenues and Expenses - Governmental Activities



Business-type Activities – For the City of Spokane Valley’s business-type activities, the results for the current fiscal year were positive despite the overall net position decreasing slightly to reach an ending balance of \$13,333 thousand. This small decrease in net position for business-type activities (stormwater and aquifer protection funds) was \$71 thousand from the prior fiscal year or 0.53%. The decrease in net position is primarily due to a decrease in capital and operating grants related to capital projects. A majority of the assets are being capitalized, which is evidenced by net investment in capital assets totaling \$9,534 thousand, which is 71.51% of the total net position of Business-type Activities. The total unrestricted net position increased by \$267 thousand. Unrestricted net position increasing with an overall decrease in total net position is an indication that operating activities were prioritized over capital investments in the current year. This is a result of fewer capital grant opportunities, which the City continually attempts to leverage for its capital investments.

Overall, revenues for the business-type activities were down compared to the previous year. In 2022 there were \$68 thousand in capital grants and contributions compared to \$1,116 thousand in 2021 due to there being a decrease in grant funded projects occurring during 2022. In the business-type funds, the major program revenue source was charges for services of \$2,031 thousand which consists primarily of the Stormwater Management Fee imposed upon real property. Charges for services increased by \$5 thousand from 2021 which is consistent with increase in property values and new development seen in the City. Operating grants and contributions of \$683 thousand are mostly related to the Aquifer Protection Area Fund consisting of the Aquifer Area Protection Fee mandated by the voting public. These fees are levied by Spokane County, and under a Memorandum of Agreement between the City and the County, a portion of those funds are allocated to the City. Operating grants decreased by \$314 thousand as compared to the prior year primarily due to a grant received in 2021 to help in the construction of a canopy at the regional decant facility located in the City. The regional decant facility was originally constructed by the City in 2014 through a partnership with the Washington State Department of Transportation, which owns the facility.

Expenditures increased by \$475 thousand or 19.47% in 2022 as compared to the prior year. This increase is primarily due to increased costs related to contracted stormwater maintenance as well as costs related to the regional decant facility project. The decant facility project is not capitalized as it will be owned by Washington State. (see table 2, above)

FINANCIAL ANALYSIS OF THE CITY OF SPOKANE VALLEY'S FUNDS

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

Governmental Funds - The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the year and represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City of Spokane Valley itself, or from a group or individual that has delegated authority to assign these resources to be used for particular purposes by the City’s Council.

As of December 31, 2022, the City’s total governmental funds reported a combined ending fund balance of \$112,211 thousand, a net increase of \$21,882 thousand in comparison with the prior year. Approximately 46.06% of this amount or \$51,682 thousand is composed of *unassigned fund balance*, which is available for spending at the City’s discretion. The City’s remainder or residual fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not spendable in form

(\$228 thousand), 2) restricted for particular purposes (\$35,696 thousand), 3) committed for purposes (\$32 thousand), or 4) assigned for particular purposes (\$24,574 thousand) *See tables 3 and 4 below.*

The General Fund is the ***primary operating governmental fund*** of the City of Spokane Valley where most receipts and payments of ordinary city operations are processed. *See table 3 below.*

General Fund Components of Fund Balance			
December 31, 2022 & 2021 (amounts in thousands)			
<i>Table 3</i>	Fiscal Year		
	2022	2021	
Unassigned	\$ 51,682	\$ 41,619	
Restricted	9,709	8,188	
Nonspendable	213	200	
Total fund balances	\$ 61,605	\$ 50,007	

At the end of 2022, unassigned fund balance was \$51,682 thousand, while total fund balance increased to \$61,605 thousand. This increase of \$11,598 thousand in fund balance is primarily due to increased sales tax collections and significant increases to interest income. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total governmental funds expenditures. Unassigned fund balance in the general fund represents approximately 77.15% of the total governmental funds expenditures, while total general fund balance of \$61,605 thousand represents approximately 91.96% of that same amount in total governmental funds expenditures. This meets the City's stated goal of having the general Fund ending fund balance be no less than 50% of recurring expenditures.

All Remaining Governmental Funds Components of Fund Balance			
December 31, 2022 & 2021 (amounts in thousands)			
<i>Table 4</i>	Fiscal Year		
	2022	2021	
Assigned	24,574	19,383	
Committed	32	435	
Restricted	25,986	20,495	
Nonspendable	15	9	
Total fund balances	\$ 50,607	\$ 40,323	

Major Governmental Funds

The General Fund – For the fiscal year ending December 31, 2022, the fund balance of the City of Spokane Valley's General Fund increased by \$11,598 thousand, compared to last year. The primary source of revenues for the General Fund are property and sales taxes. Overall, tax revenues in the General Fund increased by \$1,483 thousand as compared to 2021 due to the strong sales tax and real estate excise tax collections and increases in property taxes due to new construction in the City. License and permits, which consist primarily of permitting revenues, decreased by \$879 thousand primarily due to the significant decline in permitting activity after the dramatic increases in development activity seen in the City during the past few years. Intergovernmental revenues increased by \$5,058 thousand due to the City reporting the Coronavirus Local Fiscal Recovery Funds of \$5,714 thousand in 2022. The City also saw an increase in state shared revenues. Expenditures, excluding transfers, increased by \$5,337

thousand as compared to 2021, primarily due to the expenditures related to the Coronavirus Local Fiscal Recovery Funds, and an increase in Law Enforcement expenditures.

The Street Fund – had an ending fund balance of \$1,319 thousand, a net increase in fund balance of \$163 thousand compared to the prior year. The primary sources of revenues for the Street fund are the telephone utility tax of \$1,004 thousand and the motor vehicle fuel tax of \$2,089 thousand in intergovernmental revenues. Compared to the prior year, there was a decrease of \$81 thousand or 7.46% in telephone utility taxes and an increase of \$55 thousand or 2.69% for motor vehicle fuel tax. The City has continued to see a decrease in telephone utility taxes since they were implemented in 2009, however, the decrease in 2022 was less than seen in prior years. There were three transfers in, including a transfer from the general fund for the budgeted operating deficit in expenditures over revenues for 2022 and a transfer from the Winter Weather Reserve Fund to cover snow removal costs in excess of budget for 2022. The third transfer was from the Solid Waste Fund from the Solid Waste Road Wear Fee to fund Street Maintenance expenditures on local access streets. Expenditures continue to outpace revenues as costs continue to rise, and revenues generated by the telephone utilities tax continue to fall. Continued support by the general fund is anticipated for the street fund to be able to provide citizens the quality roads they have grown to expect or a reduction in services will need to occur to offset the deficit in operating activity in future years.

The Capital Reserve Fund – had an ending actual fund balance of \$16,658 thousand, a net increase in fund balance of \$2,136 thousand compared to the prior year. The primary source of revenues for the capital reserve fund are transfers in from the General Fund when ending fund balance is greater than 50% of General Fund recurring expenditures as outlined in the City's budget policy. This guideline helps the City set aside money for future capital projects on Council priorities from existing surplus funds. Approximately \$1,693 thousand was transferred from this fund to various capital projects in 2022.

Proprietary Funds - The City's enterprise funds, **Stormwater Management** and **Aquifer Protection Area** provide the same type of information found in the government-wide financial statements and are also *major proprietary funds*. The unrestricted net position of the Stormwater Management Fund on December 31, 2022, was \$2,197 thousand while the Aquifer Area Protection fund was \$1,521 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget: By State law, Title 35A of the Revised Code of Washington (RCW) requires all cities to prepare and adopt a balanced budget prior to the beginning of the City's fiscal year; the annual operating budget for the City is effective the first day of January. The City Council amended the original budget revenue and expenditures twice during 2022 due to updates in budget estimates and timing differences in expenditures during the fiscal year.

The most significant changes between the original and final budget in the General Fund were in intergovernmental revenues, general government expenditures, and transfers out. Intergovernmental revenues were increased by \$10,910 thousand, which is primarily due to an increase to reflect the Coronavirus Local Fiscal Recovery Funds (CLFR). General government expenditures were increased by \$8,233 thousand, which is also primarily due to the inclusion of CLFR related expenditures. The increase of \$3,947 thousand in transfers out consisted primarily of a transfer of excess reserves in the amount of \$3,593 thousand to the Capital Reserve Fund to be used on Council directed projects. This was the amount that the General Fund ending fund balance exceeded 50% of the General Funds recurring expenditures according to the City's minimum fund balance policy.

Final budget compared to actual results: In the Budget to Actual Schedule, revenues trended higher than expected in the 2022 budget by \$486 thousand, while the total expenditures were \$10,362 thousand (including transfers in/out) less than the amended budget. The difference in revenues is primarily due to the stronger than expected sales tax collections, permit revenues, and investment income. Intergovernmental revenues were less than expected by \$4,726 thousand due to the City not expending as much as expected in CLFR funds. For expenditures, the Public Safety budget included a fully staffed police department, but vacancies were experienced throughout the year. General government expenditures were less than expected due to the City not expending as much as expected in CLFR funds. Ultimately, the General Fund in the Governmental funds statement reports an increase in revenues over expenditures, positive variance with final budget of \$10,275 thousand. The positive budget to actual variances contributed to the overall increase in fund balance of \$11,598 thousand for 2022.

2022 Budget to Actual Comparison
(amounts in thousands)

Revenue Source	Final Estimated		Actual		Difference
	Revenues		Revenues		
Taxes	\$ 47,365		\$ 50,299		\$ 2,934
Licenses and permits	4,179		5,338		1,159
Intergovernmental revenues	13,166		8,439		(4,727)
Charges for services	616		595		(21)
Fines & forfeitures	485		403		(82)
Investment Interest	200		1,140		940
Miscellaneous	133		415		282
	\$ 66,144		\$ 66,629		\$ 486

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The City of Spokane Valley's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$162,271 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, right-to-use lease assets, machinery and equipment, and construction in progress. The total increase in the city's investments in capital assets for the current fiscal year was \$2,385 thousand or 1.49% (see table 5, following).

City of Spokane Valley's Capital Assets
(net of depreciation, amounts in thousands)

Table 5:	Governmental Activities		Business-type Activities		Total		Total % Change						
	2022		2021		2022								
	\$	20,865	\$	21,003	\$	140	\$	100	\$	21,006	\$	21,103	-0.46%
Land													
Buildings & leasehold improvements	19,791		19,842		233		246		20,024		20,088		-0.32%
Improvements other than Buildings	7,562		8,444		-		-		7,562		8,444		-10.45%
Infrastructure	91,337		90,899		8,873		9,324		100,210		100,223		-0.01%
Right-to-use leased computers	68		-		-		-		68		-		N/A
Machinery and Equipment	2,904		2,622		18		9		2,922		2,631		11.06%
Construction in Progress	10,208		7,193		269		202		10,478		7,395		41.69%
Total	\$ 152,735		\$ 150,003		\$ 9,534		\$ 9,882		\$ 162,271		\$ 159,885		1.49%

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

- Construction in Progress increased by 41.69% or \$3,083 thousand due to the continuation and addition of several new construction projects.
- Machinery and Equipment increased by 11.06% or \$291 thousand due to the purchase of city fleet vehicles/equipment, a new phone system, speed and surveillance trailers for Spokane Valley Police Department, and city-wide traffic signal upgrades.
- Land decreased by .46% or \$97 thousand due to the reevaluation of an asset that was previously anticipated to be demolished.
- Infrastructure decreased .01% or \$13 thousand for 2022 due mostly to the amount of depreciation being higher than additions from the completion of street construction and street preservation projects.

Additional information on the City's capital assets can be found in **Note 5 (Capital Assets)** to the financial statements.

Long-Term Liabilities: At December 31, 2022, the City had total Limited Tax General Obligation debt outstanding of \$9,810 thousand. This amount is backed by the full faith and credit of the City of Spokane Valley with debt service funded by general government revenues and contributions from the Public Facilities District. The City's general obligation bonds decreased by \$675 thousand or 6.44% during fiscal year 2022. (*See table 6, below*).

Table 6

**City of Spokane Valley's Outstanding Debt
(amounts in thousands)**

	City of Spokane Valley's Outstanding Debt (amounts in thousands)						Total Percentage Change 2022-2021	
	Governmental Activities		Business-type Activities		Total			
	2022	2021	2022	2021	2022	2021		
General obligation bonds	\$ 9,810	\$ 10,485	\$ -	\$ -	\$ 9,810	\$ 10,485	-6.44%	
Bond premium	832	894	-	-	832	894	-6.94%	
Lease liabilities	73	-	-	-	73	-	N/A	
Compensated absences	887	766	52	40	939	806	16.50%	
Net pension plan liabilities (GASB 68)	1,403	573	48	21	1,451	594	144.28%	
Total	\$ 13,005	\$ 12,718	\$ 100	\$ 61	\$ 13,105	\$ 12,780	2.54%	

In addition to the general obligation bonded debt and premium, the City's long-term liabilities also include lease liabilities, compensated absences (vacation accruals), and net pension liabilities. Additional information on the City's long-term debt can be found in **Note 10 (Long-Term Obligations and Leases)** in the notes to the financial statements.

Under Washington State statutes, general obligation indebtedness for general purposes is pursuant to a vote of the electorate and is limited to 2.5% of actual value of taxable property located within the City of Spokane Valley. Non-voted general-purpose indebtedness is limited to 1.5% of assessed valuation and the combination of voted and non-voted general-purpose indebtedness cannot exceed 2.5% of assessed valuation.

The 2021 assessed valuation of the City of Spokane Valley for the levy year of 2022, for purposes of determining the legal debt margin is 12,919,695 thousand. Remaining debt capacities for the City under general voted and non-voted purposes (2.5%) is limited to: \$959,167 thousand.

The City of Spokane Valley maintains an Aa1 rating from Moody's for its non-voted general obligation debt. Additional information regarding debt limitations and capacities can be found in **Note 10 (Legal Debt Margin)** in the notes to the financial statements.

ECONOMIC FACTORS

The following economic factors currently affect the City of Spokane Valley and were considered in developing the 2022-2023 fiscal year budgets.

As we all know, we present our annual financial report this year in continuing uncertain times. The data presented in our financials is largely based on realities of the world as it continues to recover from the COVID-19 pandemic. The economy continues to see volatility now as inflation and interest rates continued to rise throughout 2022 and into 2023.

The outlook for the City of Spokane Valley economy was projected based on statistics generated in Spokane County. There is estimated to be 4,619 businesses located in Spokane Valley with estimated taxable retail sales of \$3.63 billion for 2022. The City of Spokane Valley received \$36,896 thousand, an increase of \$1,042 thousand from the prior year, in sales tax dollars for 2022.

The labor force in the City has grown by 2,860 employees to 53,474 in 2022. The City of Spokane Valley ended 2022 with an average unemployment rate of 4.2%, down from a pandemic high of 15.8% in April of 2021, indicating a near return to normal on the employment front in the local area. The three leading industries for employment in Spokane Valley are retail with 8,465 jobs over 655 establishments, manufacturing with 7,956 jobs over 245 establishments, and health care and social services with 5,158 jobs across 458 establishments. The population estimates of the City continues its upward trend, increasing to an estimated 107,100 in 2022 from an estimated 104,500 in 2021.

The total number of single-family residential building permits issued in the Spokane County area-wide region (including the City of Spokane and the City of Spokane Valley) declined to 1,357 from 1,408 in 2021. For nonresidential building permits issued for new construction by the City of Spokane Valley in 2022, there was a slight increase from 14 in 2021 to 28 in 2022. This increase of 100% still leaves the City significantly below an eight-year high of 173 in 2020. Retail vacancy rates are a factor in this drop. With a retail vacancy rate of 11.02% in 2022 compared to 3.69% in 2020, there is less need for new construction. Continued high prices and a tight labor market are contributing factors in the slow return to non-residential construction.

The real estate market is slowing down from the most recent high in 2017. Spokane County home sales have decreased to 6,637. With an average selling price of \$451,593, single family home sale prices have seen a dramatic increase over the years with consistent increases from the 14-year low in 2011 of \$167,456.

The City of Spokane Valley's assessed value increased to \$12,920 million in 2022. The City's property tax levy rate for 2022 was near \$1.02 per thousand of assessed value.

The City of Spokane Valley contracts with Spokane County and several public service districts for many City services including street maintenance, public safety, library, and fire protection. This allows the City to hold the number of full-time equivalent employees to 103.25. Employee salaries and related benefits are the leading cost for many of the city's operations.

No general fund tax increases were implemented in 2022. The telephone utility tax of 6% continues to be collected during 2022 in the City's Street Fund, and collections of this tax continue to decline.

During the fiscal year of 2022, unassigned fund balance in the general fund was \$51,682 thousand. As noted in the City of Spokane Valley's 2023 budget document, the total recurring 2023 general fund expenditure budget is \$53,031 thousand as compared to \$50,059 thousand as amended in 2022. This

means that the general fund recurring expenditure budget increased by 5.94% as compared to 2022. The 2023 budget presumes service levels that are consistent with those provided in 2022 with neither significant enhancements nor reductions in any area of operations. The 2023 budget was adopted with current economic conditions in mind, but it is still possible that inflationary pressures could affect 2023 operations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Spokane Valley's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Spokane Valley
Finance Department
Chelsie Taylor, Finance Director
10210 E Sprague Ave.
Spokane Valley, Washington 99206

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Basic Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Government Wide Financial Statements

Statement of Net Position

December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 124,363,973	\$ 4,013,221	\$ 128,377,194
Taxes receivable	8,212,477	33,738	8,246,215
Taxes delinquent-receivable	82,797	9,511	92,308
Accounts receivable, (net)	2,714,275	-	2,714,275
Interest receivable	367,471	11,872	379,343
Grants receivable	1,438,044	10,498	1,448,542
Leases receivable	362,637	-	362,637
Prepays	227,807	22,579	250,386
Noncurrent Assets:			
Net pension plan asset	2,431,041	82,474	2,513,515
Capital Assets:			
Land	20,865,404	140,396	21,005,800
Depreciable assets, (net)	121,594,331	9,124,233	130,718,564
Leases (net)	68,310	-	68,310
Construction in progress	10,208,466	269,456	10,477,922
Total Assets	\$ 292,937,033	\$ 13,717,978	\$ 306,655,011
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,540,609	88,320	2,628,929
LIABILITIES			
Accounts payable	\$ 2,719,774	\$ 124,683	\$ 2,844,457
Interest payable	30,379	-	30,379
Deposits and other payables	5,090,762	89,265	5,180,027
Other accrued liabilities	850,952	31,586	882,538
Unearned revenues	9,935,519	34,332	9,969,851
Long-term liabilities:			
Due within one year	852,025	1,306	853,331
Due in more than one year	10,749,832	50,921	10,800,753
Net pension liabilities	1,403,003	47,597	1,450,600
Total Liabilities	\$ 31,632,246	\$ 379,690	\$ 32,011,936
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to leases	357,987	-	357,987
Deferred amounts related to pensions	2,673,273	93,638	2,766,911
Deferred amounts related to judgments & settlements	147,000	-	147,000
Total Deferred Inflows of Resources	\$ 3,178,260	\$ 93,638	\$ 3,271,898
NET POSITION			
Net Investment in capital assets	142,021,785	9,534,085	151,555,870
Restricted for:			
Capital projects, REET, roads & streets, RR Grade Sep	19,375,400	-	19,375,400
Parks & recreation programs	4,574	-	4,574
Tourism promotion	6,127,124	-	6,127,124
Comcast PEG, communications	233,782	-	233,782
Affordable & supportive housing	577,569	-	577,569
Coronavirus local fiscal recovery	9,626,196	-	9,626,196
Public safety	-	-	-
Trails & paths	38,368	-	38,368
Health reimbursement accounts	82,596	1,389	83,985
Net pension asset	2,356,832	79,926	2,436,758
Unrestricted	80,222,910	3,717,570	83,940,480
Total Net Position:	\$ 260,667,136	\$ 13,332,970	\$ 274,000,106

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Government Wide Financial Statements

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	
			Grants & Contributions	Grants & Contributions				
Primary government:								
Governmental activities:								
General government	\$ 7,044,332	\$ 2,010,635	\$ 6,266,685	\$ -	\$ 1,232,988	\$ -	\$ 1,232,988	
Public safety	30,989,382	824,151	70,292	-	(30,094,939)	-	(30,094,939)	
Social Services	295,319	-	97,830	-	(197,489)	-	(197,489)	
Utilities and physical environment	1,143,931	2,262,711	-	-	1,118,780	-	1,118,780	
Transportation	14,664,126	1,333,477	-	8,056,929	(5,273,720)	-	(5,273,720)	
Economic environment	1,213,454	-	-	-	(1,213,454)	-	(1,213,454)	
Community development	3,024,963	4,107,382	-	-	1,082,419	-	1,082,419	
Culture and recreation	4,713,901	653,819	13,076	-	(4,047,006)	-	(4,047,006)	
Interest on long-term debt	331,423	-	-	-	(331,423)	-	(331,423)	
Total governmental activities	63,420,831	11,192,175	6,447,883	8,056,929	(37,723,844)	-	(37,723,844)	
Business-type activities:								
Aquifer protection area	559,142	-	682,842	68,419	-	192,119	192,119	
Stormwater management	2,354,322	2,031,000	-	-	-	(323,322)	(323,322)	
Total business-type activities	2,913,464	2,031,000	682,842	68,419	-	(131,203)	(131,203)	
Total primary government	\$ 66,334,295	\$ 13,223,175	\$ 7,130,725	\$ 8,125,348	\$ (37,723,844)	\$ (131,203)	\$ (37,855,047)	
General revenues:								
Taxes:								
Property taxes				13,349,477	-	13,349,477		
Sales and use taxes				36,895,650	-	36,895,650		
Excise taxes				9,481,321	-	9,481,321		
Other taxes				3,055,846	-	3,055,846		
Interest and investment earnings				1,892,632	60,459	1,953,091		
Transfers				-	-	-	-	
Total general revenues				64,674,926	60,459	64,735,385		
Change in net position				26,951,082	(70,744)	26,880,338		
Net position--beginning of year				233,716,054	13,403,714	247,119,768		
Net position--ending				\$ 260,667,136	\$ 13,332,970	\$ 274,000,106		

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Governmental Funds

Balance Sheet

December 31, 2022

	General Fund	Street Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 71,803,164	\$ 1,967,111	\$ 16,614,550	\$ 32,110,436	\$ 122,495,261
Taxes receivable	7,275,714	368,677	-	650,883	8,295,274
Accounts receivable, (net)	1,889,000	182,820	-	642,455	2,714,275
Interest receivable	220,676	2,761	43,470	95,929	362,836
Leases receivable	362,637	-	-	-	362,637
Prepays	213,166	13,966	-	675	227,807
Grants receivable	-	-	-	1,438,044	1,438,044
Due from other funds	425,600	-	-	-	425,600
Total Assets	\$ 82,189,957	\$ 2,535,335	\$ 16,658,020	\$ 34,938,422	\$ 136,321,734
Liabilities					
Liabilities:					
Accounts payable	\$ 909,291	\$ 882,607	\$ -	\$ 899,670	\$ 2,691,568
Accrued wages and benefits payable	701,823	112,618	-	36,511	850,952
Deposits and other payables	4,803,134	-	-	-	4,803,134
Retainage payable	103,250	82,504	-	101,874	287,628
Unearned revenues	9,768,578	-	-	759,450	10,528,028
Due to other funds	-	-	-	425,600	425,600
Total Liabilities	16,286,076	1,077,729	-	2,223,105	19,586,910
Deferred Inflows of Resources					
Deferred inflows for tax revenues	3,794,178	138,400	-	85,792	4,018,370
Deferred inflows for leases	357,987	-	-	-	357,987
Deferred inflows for judgments & settlements	147,000	-	-	-	147,000
Total Deferred Inflows of Resources	4,299,165	138,400	-	85,792	4,523,357
Fund Balances					
Nonspendable:					
Prepaid expenses	\$ 213,166	\$ 13,966	\$ -	\$ 675	\$ 227,807
Restricted for:					
Affordable & supportive housing	-	-	-	577,569	577,569
Capital projects REET 1&2 roads & streets	-	-	-	12,106,103	12,106,103
PEG capital uses	-	-	-	233,782	233,782
Coronavirus relief grant	9,626,196	-	-	-	9,626,196
Health reimbursement account	78,615	3,981	-	-	82,596
Motor vehicle fuel tax roads & streets	-	1,301,259	-	-	1,301,259
Parks & recreation programs	4,574	-	-	-	4,574
Railroad grade separation projects	-	-	-	267,460	267,460
Street capital construction	-	-	-	1,942,856	1,942,856
Street capital improvements P&M	-	-	-	2,721,807	2,721,807
Tourism & economic development	-	-	-	6,127,124	6,127,124
Trails & paths	-	-	-	38,368	38,368
Transportation improvements	-	-	-	665,904	665,904
Committed to:					
Winter weather operations	-	-	-	31,780	31,780
Assigned to:					
Capital reserve improvements (city wide)	-	-	16,658,020	-	16,658,020
Civic buildings capital replacement	-	-	-	853,709	853,709
Parks & recreation programs	-	-	-	177,301	177,301
Solid waste services	-	-	-	2,991,194	2,991,194
Street capital improvements P&M	-	-	-	3,893,893	3,893,893
Unassigned	51,682,165	-	-	-	51,682,165
Total Fund Balances	61,604,716	1,319,206	16,658,020	32,629,525	112,211,467
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	\$ 82,189,957	\$ 2,535,335	\$ 16,658,020	\$ 34,938,422	\$ 136,321,734

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2022

Total governmental fund balances: \$ 112,211,467

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

Capital assets used in governmental activities are not financial resources.

This amount reflects the initial investment in capital assets and are not reported in the funds.

152,736,511

Certain earned tax revenues will be collected after year end and will not be available until after year end to pay for current expenditures; and therefore reported as unearned revenues in the funds.

These revenues consist of:

Sales and use taxes	3,335,786
Motor fuel taxes	138,984
Hotel/Motel taxes	60,992
Real estate excise taxes	2
Affordable & supportive housing taxes	<u>24,214</u>
Total	3,559,978

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unearned in the funds:

Property taxes	458,392
Intergovernmental	447,327
Charges for services	<u>145,182</u>
Total	1,050,901

Internal service funds are used by management to charge the cost of certain activities, such as equipment rental and self insurance, to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

1,845,141

Long-term liabilities, including capital leases payable, accrued interest payable, deferred inflows and outflows, and GASB68 net pension liabilities (NPL) are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(9,810,000)
Interest payable	(30,379)
Lease liabilities	(72,518)
Net pension assets	2,431,041
Net pension liabilities	(1,403,003)
Deferred inflows of resources	(2,673,273)
Deferred outflows of resources	2,540,609
Premium on bond issuance	(832,208)
Compensated absences	<u>(887,131)</u>
Total	(10,736,862)

***Total Net position of Governmental Activities as shown
on the Statement of Net Position:***

\$ 260,667,136

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2022

	General Fund	Street Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 50,298,696	\$ 1,003,537	\$ -	\$ 7,275,755	\$ 58,577,988
Licenses and permits	5,338,132	-	-	64,641	5,402,773
Intergovernmental	8,439,496	2,089,075	-	7,474,831	18,003,402
Charges for services	595,478	101,652	-	3,471,042	4,168,172
Fines and forfeitures	402,818	-	-	-	402,818
Investment interest	1,140,038	12,417	236,053	478,787	1,867,295
Miscellaneous	414,615	425,160	-	10,500	850,275
Total Revenues	66,629,273	3,631,841	236,053	18,775,556	89,272,723
Expenditures					
Current:					
General government	6,966,504	-	-	-	6,966,504
Public safety	30,789,558	-	-	-	30,789,558
Social services	294,015	-	-	-	294,015
Utilities and physical environment	148,194	-	-	62,757	210,951
Transportation	994,324	7,138,649	-	228,605	8,361,578
Economic environment	1,031,706	-	-	291,614	1,323,320
Community development	3,024,963	-	-	-	3,024,963
Culture and recreation	2,949,577	-	-	51,034	3,000,611
Debt Service:					
Principal retirement	43,820	-	-	675,000	718,820
Interest	5,202	-	-	389,800	395,002
Capital Outlay:					
Capital expenditures	670,482	186,207	-	7,783,282	8,639,971
Construction in progress	-	-	-	3,263,986	3,263,986
Total Expenditures	46,918,345	7,324,856	-	12,746,078	66,989,279
Excess of Revenues Over (Under) Expenditures	19,710,928	(3,693,015)	236,053	6,029,478	22,283,444
Other Financing Sources (Uses)					
Lease financing	48,494	-	-	-	48,494
Transfers in	619,518	3,855,920	3,593,000	6,004,498	14,072,936
Transfers (out)	(8,781,069)	-	(1,693,419)	(4,048,448)	(14,522,936)
Total Other Financing Sources (Uses)	(8,113,057)	3,855,920	1,899,581	1,956,050	(401,506)
Net Change in Fund Balances (deficit)	11,597,871	162,905	2,135,634	7,985,528	21,881,938
Fund Balances Beginning of Year	50,006,845	1,156,301	14,522,386	24,643,997	90,329,529
Fund Balances End of Year	\$ 61,604,716	\$ 1,319,206	\$ 16,658,020	\$ 32,629,525	\$ 112,211,467

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022*

Net change in fund balances - total governmental funds: \$ **21,881,938**

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

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 expense. This is the amount by which capital outlays and contributions exceeded depreciation in the current period:

Depreciation	(9,579,739)
Capital outlay	11,903,957
Total	2,324,218

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Sales and use taxes	130,979
Property taxes	199,019
Excise taxes	(24,130)
Other taxes	(21,561)
Miscellaneous	97,840
Capital-operating grants and contributions	368,079
Total	750,226

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

718,820

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	(120,876)
Pension expense	1,002,395
Amortization expense on LTGO bonds	61,475
Lease liabilities	(48,493)
Interest expense accrual	2,104
Total	896,605

Internal service funds are used by management to charge the costs of fleet and risk management individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities:

379,275

**Total Change in Net Position of Governmental Activities
as shown on the Statement of Activities:**

\$ **26,951,082**

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Proprietary Funds
Statement of Net Position
December 31, 2022

Business-type Activities Enterprise Funds						
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	Governmental Activities Internal Service Funds		
Assets						
Current Assets:						
Cash and cash equivalents	\$ 2,474,064	\$ 1,539,157	\$ 4,013,221	\$ 1,868,712		
Taxes receivable	43,249	-	43,249			
Interest receivable	7,324	4,548	11,872			
Grants receivable	-	10,498	10,498			
Prepays	22,579	-	22,579			
Total Current Assets	2,547,216	1,554,203	4,101,419			
Noncurrent Assets:						
Net pension assets	82,474	-	82,474			
Total Noncurrent Assets	82,474	-	82,474			
Capital Assets:						
Land	25,223	115,173	140,396			
Buildings & structures	382,881	-	382,881			
Machinery and equipment	242,057	-	242,057			
Infrastructure	5,590,275	7,363,174	12,953,449			
Construction in progress	19,947	249,509	269,456			
Less accumulated depreciation	(2,665,150)	(1,789,004)	(4,454,154)			
Total capital assets	3,595,233	5,938,852	9,534,085			
(net of accumulated depreciation)						
Total Assets	\$ 6,224,923	\$ 7,493,055	\$ 13,717,978			
	\$ 2,754,750					
Deferred Outflows of Resources						
Deferred amounts related to pensions	88,320	-	88,320			
Total Deferred Outflows of Resources	\$ 88,320	\$ -	\$ 88,320			
Liabilities						
Current Liabilities:						
Accounts payable	\$ 97,583	\$ 27,100	\$ 124,683	\$ 28,206		
Accrued payroll and benefits payable	25,908	5,678	31,586			
Deposits and other payables	32,100	-	32,100			
Compensated absences, (current)	1,306	-	1,306			
Retainage payables	56,262	903	57,165			
Unearned revenue	34,332	-	34,332			
Total Current Liabilities	247,491	33,681	281,172			
Long-term Liabilities:						
Compensated absences	50,921	-	50,921			
Net pension plan liabilities	47,597	-	47,597			
Total Long-term Liabilities	98,518	-	98,518			
Total Liabilities	346,009	33,681	379,690			
	28,206					
Deferred Inflows of Resources						
Deferred amounts related to pensions	93,638	-	93,638			
Total Deferred Inflows of Resources	93,638	-	93,638			
Net Position						
Investments in capital assets	3,595,233	5,938,852	9,534,085	881,403		
Restricted for:						
Health reimbursement account	1,389	-	1,389			
Net pension asset	79,926	-	79,926			
Unrestricted	2,197,048	1,520,522	3,717,570	1,845,141		
Total Net Position	\$ 5,873,596	\$ 7,459,374	\$ 13,332,970			
	\$ 2,726,544					

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	
Operating Revenues				
Charges for services	\$ 2,031,000	\$ -	\$ 2,031,000	\$ 323,625
Miscellaneous revenues	-	-	-	-
Intergovernmental revenues	-	514,576	514,576	-
Total Operating Revenues	2,031,000	514,576	2,545,576	323,625
Operating Expenses				
Personal services	356,858	1,999	358,857	66
Licenses and permits	43,149	-	43,149	-
Professional services	394,186	5,314	399,500	419,621
Materials and supplies	32,301	-	32,301	-
Other services and expenses	1,245,448	170,715	1,416,163	-
Depreciation and amortization	282,380	381,114	663,494	89,868
Total Operating Expenses	2,354,322	559,142	2,913,464	509,555
Operating Income (loss)	(323,322)	(44,566)	(367,888)	(185,930)
Non-Operating Revenues (Expenses)				
Intergovernmental revenues	-	194,618	194,618	-
Other contributions	-	42,067	42,067	-
Interest and investment income	40,038	20,421	60,459	25,337
Total Non-Operating Revenues (Expenses)	40,038	257,106	297,144	25,337
Income (loss) before Capital Contributions and Transfers	(283,284)	212,540	(70,744)	(160,593)
Transfers				
Transfers in	-	-	-	450,000
Change in Net Position	(283,284)	212,540	(70,744)	289,407
Net Position-Beginning of Year, January 1	6,156,880	7,246,834	13,403,714	2,437,137
Net Position-End of Year, December 31	\$ 5,873,596	\$ 7,459,374	\$ 13,332,970	\$ 2,726,544

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2022

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds		
Cash Flows from Operating Activities					
Cash received from customers	\$ 2,031,330	\$ 145,605	\$ 2,176,935	\$ -	\$ -
Cash payments to employees	(340,910)	540	(340,370)		(385)
Cash payments to suppliers for goods and services	(1,611,489)	(196,084)	(1,807,573)		(391,932)
Other cash receipts	-	514,576	514,576		-
Receipts from interfund activity	-	-	-		323,625
Payments to interfund activity	(6,750)	-	(6,750)		-
Other cash payments	(75,559)	(16,616)	(92,175)		-
<i>Net cash (used for) provided by operating activities</i>	(3,378)	448,021	444,643		(68,692)
Cash Flows from Noncapital Financing Activities					
Non capital grant receipts	-	653,278	653,278		-
Operating subsidies & transfers in (out) other funds	-	-	-		450,000
<i>Net cash (used for) noncapital financing activities</i>	-	653,278	653,278		450,000
Cash Flows from Capital and Related Financing Activities					
Capital grants	-	194,618	194,618		-
Acquisition, construction & (transfers) of capital assets	(122,451)	(192,971)	(315,422)		(352,426)
<i>Net cash provided by (used for) capital and related financing activities</i>	(122,451)	1,647	(120,804)		(352,426)
Cash Flows from Investing Activities					
Interest received	32,877	15,898	48,775		20,815
<i>Net cash provided by investing activities</i>	32,877	15,898	48,775		20,815
Net increase (decrease) in Cash and Cash Equivalents	(92,952)	1,118,844	1,025,892		49,697
Cash and Cash Equivalents - January 1, 2022	2,567,016	420,313	2,987,329		1,819,015
<i>Cash and Cash Equivalents - December 31, 2022</i>	\$ 2,474,064	\$ 1,539,157	\$ 4,013,221		\$ 1,868,712
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (loss)	\$ (323,322)	\$ (44,566)	\$ (367,888)	\$ (185,930)	
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>					
Depreciation	282,380	381,114	663,494		89,868
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>					
(Increase) Decrease: Customer receivables (net)	(1,379)	145,604	144,225		-
(Increase) Decrease: Prepaid expenses	(965)	-	(965)		-
(Increase) Decrease: Net pension asset	142,353	-	142,353		-
(Increase) Decrease: Deferred outflows related to pensions	(54,427)	-	(54,427)		-
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>					
Increase (Decrease): Accounts payable to suppliers	53,696	(20,055)	33,641		27,689
Increase (Decrease): Accounts payable - other	4,728	(16,616)	(11,888)		-
Increase (Decrease): Payroll and benefits payable	3,659	2,540	6,199		(319)
Increase (Decrease): Compensated absences	12,289	-	12,289		-
Increase (Decrease): Net pension liability	26,158	-	26,158		-
Increase (Decrease): Deferred inflows related to pensions	(148,548)	-	(148,548)		-
Total adjustments	319,944	492,587	812,531		117,238
Net Cash Provided by (Used for) by Operating Activities	\$ (3,378)	\$ 448,021	\$ 444,643		\$ (68,692)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Fiduciary Fund

Statement of Fiduciary Net Position

December 31, 2022

	Custodial Fund - Passthrough Fees & Taxes
Assets	
Cash and cash equivalents	\$ 15,833
Accounts receivable, (net)	19,966
Total Assets	<u>\$ 35,799</u>

Liabilities	
Accounts payable	\$ 35,799
Total Liabilities	<u>\$ 35,799</u>

Net Position

Restricted for:	
Other governments	-
Total Net Position	<u>\$ -</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2022

	Custodial Fund - Passthrough Fees & Taxes
Additions	
Fees collected for other governments	\$ 422,935
Leasehold taxes collected for other governments	10,475
Total Additions	<u>433,410</u>
Deductions	
Fees distributed to other governments	422,935
Leasehold taxes distributed to other governments	10,475
Total Deductions	<u>433,410</u>
Net increase (decrease) in fiduciary net position	<u>-</u>
Net Position - Beginning of Year, January 1	-
Net Position - End of Year, December 31	<u>\$ -</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Notes to the Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2022

NOTES TO THE FINANCIAL STATEMENTS

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City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting entity

The City of Spokane Valley, Washington (the City) was incorporated on March 31, 2003 and operates under the laws of the State of Washington applicable to Council – Manager Form of government. As required by the generally accepted accounting principles, the financial statements represent the City of Spokane Valley.

B. Basis of presentation - government-wide and fund financial statements

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

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

Generally, as a rule the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's Stormwater functions and various other functions and activities within the government. Elimination of these charges would distort the direct costs and program revenues reported in these various functions concerned.

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

The City of Spokane Valley reports the following major governmental funds:

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

The Street Fund: is the Special revenue fund responsible for the street operating and maintaining service levels of all Spokane Valley city streets and bridges. It utilizes the receipts received from the motor vehicle fuel tax (MVFT) distributed to the City in accordance with the State Revised Codes of Washington (RCW) 82.36.020 and receipts from the City Telephone Tax implemented in 2009. Most of the service levels to the city streets during 2022 are the same or greater than provided for compared to 2021.

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

Capital Reserve Fund: is the fund for the accumulation of resources for several future City of Spokane Valley capital projects. Revenues include transfers from the General Fund.

The City reports the following major proprietary funds:

The Stormwater Management Fund: accounts for the receipt and expenditure of the stormwater management fees. The expenditures are used for stormwater control, construction, and management.

The Aquifer Protection Area Fund: accounts for aquifer protection area fees collected by Spokane County and remitted to the City. The expenditures are used for projects that protect the aquifer.

Additionally, the City of Spokane Valley reports the following fund types:

Special revenue funds: account for revenue sources that are legally restricted or designated to finance particular activities.

Debt service fund: accounts for the resources accumulated and payments made for principal and interest on general government debt, except those to be accounted for in another fund.

Capital project funds: account for the acquisition or development of capital facilities for governmental activities. The major sources of revenue are grants from other agencies and contributions from other funds.

Internal service funds: account for fleet management and risk management services (including claims for workers' compensation, general liability, and property damage) provided to other departments of the City of Spokane Valley or to other governments on a cost-reimbursement basis.

Custodial fund: accounts for taxes and fees collected on behalf of other governments, which are then passed through to those governments.

C. Measurement focus, basis of accounting, and financial statement presentation

1. Government-Wide and Governmental Funds

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the proprietary fund 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 in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

The 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 they are collected within 30 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after the year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

Property taxes, sales taxes, franchise fees, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been satisfied, and the amount is received during the period or within the availability period for this revenue source, usually within 60 days of the fiscal year end. All other revenue items are considered to be measurable and available only when cash is received by the City.

2. Proprietary Funds

The proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a 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 of the Stormwater Management Fund and Aquifer Protection Area Fund are stormwater management fees, aquifer protection area fees from Spokane County, and government grants. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Budgetary Information

1. Budgetary basis of accounting

Annual appropriated budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The governmental funds are budgeted on the modified accrual basis of accounting, whereas the basis of accounting for proprietary funds is full accrual. Legal budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is established at the fund level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers are used to monitor expenditures for individual functions and activities by object class.

2. Procedures for adopting the original budget

The City's budget procedures are mandated by the Revised Code of Washington 35A.33. The following are key procedural steps in the City's budget development process. Note that the process and dates are for the 2022 budget process and may be changed for future processes:

- In April, the official "budget call" required by State law is made to all department directors or fund managers. Budget development instructions and other materials are provided to the departments at this time.
- In May, departments submit revenue and expenditure estimates to the Finance department. The City Council and City management staff discuss City goals and priorities and reaffirm overall City priorities, vision, and mission at a mid-year retreat. Additional policy guidance is provided throughout the year.
- In June, the City conducts the budget workshop with the Council.
- In July, the Finance department submits the preliminary budget to the City Manager.
- In August, the City Manager submits estimates on the current year's revenue and expenditures for the upcoming year to the council. During August, preliminary budget documents are prepared, printed and filed with the City Clerk. This proposed budget is presented to the City Clerk, and copies are made available to the public. The Council sets the dates of the preliminary and final budget hearings.

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

- Before December 31st, the City Council, by a majority vote, adopts the budget by ordinance, establishing the budget appropriations for the year.
- The approved budget is published and distributed during the first quarter of the following year. Copies are made available to the public.
- Monthly budget monitoring reports are produced by the Finance Department to report on actual performance compared to budget estimates and to identify any remedial actions that may be needed.

3. Amending the budget

The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. The City Manager is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council. When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding a public hearing.

The City's budget was amended twice during fiscal year 2022. The financial statements contain the original and final budget information. The original budget is the first completely appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes. Annual appropriations for all funds lapse at the end of the fiscal period even if they have related encumbrances. Unexpended resources must be re-appropriated and become part of the subsequent period's budget pursuant to Washington State regulations.

E. Assets, Liabilities, Unearned Revenues, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

The City considers all highly liquid assets including demand deposits, petty cash, certificates of deposit (CDs), investments in the Washington State Treasurer's Local Government Investment Pool (LGIP), and short-term investments with a maturity of three months or less from the date of acquisition, as cash and cash equivalents. These amounts are classified on the balance sheet or in the statement of net position within cash and cash equivalents in the various funds. The interest on these investments is prorated to the applicable funds and the City's policy has been to hold its investments until maturity in an attempt to reduce market fluctuation risk. Investments of the City can be drawn down on demand.

2. Investments

As authorized by Washington state law, the City is allowed to invest in obligations of: the U.S. Treasury, commercial paper, certificates of deposits, and the Washington State Treasurer's Local Government Investment Pool (LGIP).

Investments for the City of Spokane Valley are reported at amortized cost at December 31, 2022. The fair value of the LGIP portfolio is calculated by a master custodian or by an independent pricing service under contract with the State Treasurer's Office. The reported amortized value of the City's pool position in the State of Washington's LGIP is the same as the fair value of the pool shares (refer to note 3).

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 4 – Property Taxes. Accrued interest receivable consists of amounts earned on investments, notes, leases and contracts. Grants receivable consist of amounts due from other governments for work performed on reimbursement-type grants. Customer accounts receivable/payable consist of amounts owed from/to private individuals or organizations for goods and services, including amounts owed.

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued:*

Receivables have been reported *net* of estimated uncollectible accounts. Because property taxes and special assessments are considered liens on property, no estimated uncollectible amounts are established. Grants receivable are considered fully collectible, and no estimated uncollectible amounts are established.

4. Amounts due to and from other funds, interfund loans and advances receivable

During operations, the City of Spokane Valley has activity between funds for various purposes. Any residual balances outstanding at year end are reported as *due from/to other funds*. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental-type activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental-type activities column. Similarly, balances between the funds included in business-type activities (i.e., the proprietary funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column (refer to note 9).

Further, certain activity occurs during the year involving *transfers* of resources between funds. In the fund financial statements these amounts are reported at gross amounts of *transfers in/out*. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. *Transfers* between the funds included in governmental-type activities are eliminated so that only the net amount is included as transfers in the governmental-type activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column (refer to note 9).

5. Prepaid items

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

6. Capital assets

Capital assets include property, plants, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City defines capital assets, including infrastructure, as assets with an initial and individual cost of more than \$5,000, and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in note 11). Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Donated assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary/business-type activities is included as part of the capitalized value of the assets constructed and the amount of interest capitalized depends on the specific circumstances (refer to note 5). There were no interest expenses incurred during 2022 that were included as part of the cost of capital assets under construction.

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

Land and construction in progress (CIP) are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated service lives:

Buildings and improvements	10 - 60 years
Infrastructure	5 - 40 years
Light/heavy duty transportation equipment	5 - 10 years
Other equipment	2 - 20 years
Office and computer equipment	3 - 5 years
Right to use leased equipment	3 - 10 years

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. These represent the consumption of net assets that apply to a future period(s) and so will not be recognized as an expense/expenditure until then. The City of Spokane Valley has one item that qualify for reporting in this category. It is the deferred amounts related to pensions due to differences in estimated and actual earnings, changes in actuarial assumptions and other related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City of Spokane Valley has four items that qualify for reporting in this category. Deferred tax revenues are reported only in the governmental funds balance sheet. The governmental funds and the government wide financial statements both report deferred revenues from leases where the City is the lessor, and from amounts related to judgements that will be paid over a period of years. The deferred amounts related to pensions are only reported in the government wide statement of net position.

8. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation. Vacation pays, which may be accumulated up to 400 hours, is payable upon resignation, retirement, or death. All vacation pay is accrued when incurred in the government-wide, proprietary, and fund financial statements. An additional amount has been accrued for the City's share of Medicare taxes and the Social Security substitute plan related to vacation accruals. A liability for these amounts is reported in the governmental fund statements only if they have matured; for example, the result of an employee resignation and/or retirement.

9. 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 they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the City of Spokane Valley includes the net pension asset and the related deferred outflows and inflows.

10. Other Accrued Liabilities

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

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

11. Long-Term Debt

Refer to note 10 – Long-Term Obligations.

12. Leases

Lessee: The City of Spokane Valley is a lessee for multiple noncancelable leases of computer hardware. The City recognizes lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities when annual payments to one lessor for similar classes of hardware are \$5,000 or more.

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

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

- When the interest rate charged by the lessor is not provided, the City generally uses its borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The City of Spokane Valley monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

Key estimates and judgments include how the City of Spokane Valley determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

The City of Spokane Valley monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

13. Unearned Revenues

The unearned revenues account includes amounts recognized as receivable but not revenues because the revenue recognition criteria have not been met. When the revenue recognition criteria are met in future periods, this liability account is reduced, and the corresponding revenue is recorded. Unearned revenues represented in this manner on the accompanying financial statements include reimbursement-type grants received outside the period of availability or that have otherwise not met eligibility requirements for revenue recognition.

14. Net position flow assumptions

Sometimes the City of Spokane Valley will fund outlays for a particular purpose from both restricted (e.g., grant proceeds or street construction and maintenance) and unrestricted resources. In order to calculate these 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 these resources are considered to be applied and used. The City considers restricted net position to have been depleted before unrestricted net position is applied.

15. Fund balance flow assumptions

Sometimes the City of Spokane Valley will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the City's governmental fund financial statements, a flow assumption must be made about the order in which these resources are considered to be applied and used. When both restricted and unrestricted fund balances are available for use, the City depletes restricted fund balance first before using any of the components of unrestricted fund balance. Similarly, committed fund balance amounts are reduced first, followed by assigned fund balance, and then unassigned fund balance amounts are used when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be applied.

16. Fund balance policies

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of these financial resources for specific purposes. The City of Spokane Valley itself can establish limitations on the use of its financial resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council.

The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit a fund balance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council can by resolution or motion authorize the Finance Director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. No formal or additional

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

action is required by the City Council to remove an assignment. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

The City has a policy of maintaining a minimum General Fund ending fund balance of at least fifty percent of recurring general fund expenditures, which represents approximately six months of General Fund operations.

As discussed earlier, the City does not have a fund balance spending prioritization policy. Therefore, restricted resources are used first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Accounting and reporting changes

For the reporting year ended December 31, 2022, the City has implemented GASB 87 – Leases. As part of this implementation, the City has updated the reporting requirements and notes in accordance with the new guidance.

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

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

The governmental fund statements include reconciliations between the fund statements and the government-wide statements. The differences that make reconciliations between the statements necessary include the two differing measurement focuses and different basis of accounting, accrual and modified.

The governmental fund balance includes reconciliations between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, leases payable, net pension liabilities, deferred outflows and inflows, and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.” The details of the (\$10,736,862) difference are as follows:

City of Spokane Valley

Notes to Financial Statements

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

Bonds payable	\$ (9,810,000)
Interest payable	(30,379)
Leases payable	(72,518)
Net pension assets	2,431,041
Net pension liabilities	(1,403,003)
Deferred inflows of resources - pension	(2,673,273)
Deferred outflows of resources	2,540,609
Premium on bond issuance	(832,208)
Compensated absences	<u>(887,131)</u>

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (10,736,862)</u>
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Another element of the reconciliation explains that “Internal service funds are used by management to charge the cost of certain activities, such as health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.” The details of the \$1,845,141 difference are as follows:

Net position of the internal service fund	\$ 2,726,544
Less: Governmental type Internal Service Capital Assets	<u>(881,403)</u>

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 1,845,141</u>
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Another element of the reconciliation explains that capital assets used in governmental activities are not financial resources and the balance reflects the initial investment in capital assets and therefore “governmental funds do not report capital assets.” The details of the \$152,736,511 difference are as follows:

Land	\$ 20,865,404
Construction in Progress	<u>10,208,466</u>
Total non-depreciable capital assets	<u>31,073,870</u>
Depreciable capital assets	\$ 423,345,290
Less: Accumulated depreciation-depreciable assets	<u>(301,682,649)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>121,662,641</u>

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$152,736,511</u>
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City of Spokane Valley

Notes to Financial Statements

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

Another element certain earned tax revenues were collected, and other long-term assets will not be available until after the year end to pay for current expenditures, and therefore represent an acquisition of net position that applies to future period(s) and will not be recognized as an *inflow of resources (revenue)* until that time, and accordingly these items will be reported as *unearned revenues* in the governmental fund balance sheet. The details of the \$4,610,879 reconciled difference presented as follows:

Unearned revenue-property tax	\$ 458,392
Unearned revenue-other taxes	3,559,978
Unearned revenue-intergovernmental & charges for services	<u>592,509</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 4,610,879</u>

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 this reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the current period.” The details of this \$2,324,218 difference are as follows:

Capital outlay	\$ 11,903,957
Depreciation expense	<u>(9,579,739)</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 2,324,218</u>

Another element of the reconciliation states that “some long-term revenues in the statement of activities that do not provide current financial resources to governmental funds are not reported as revenues in the funds.” The details of this \$750,226 difference are as follows:

City of Spokane Valley

Notes to Financial Statements

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

Unearned revenue-property taxes	\$ 199,019
Unearned revenue-sales & use taxes	130,979
Unearned revenue-excise taxes	(24,130)
Unearned revenue-other taxes	(21,561)
Unearned revenue-charges for services	97,840
Unearned revenue-capital grants & contributions	<u>368,079</u>

Net adjustment to **increase** *net changes in fund balances- total governmental funds* to arrive at *changes in net position of governmental activities*

\$ 750,226

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$896,605 difference are as follows:

Compensated absences	\$ (120,876)
Pension expense (GASB 68)	1,002,395
Amortization expense on LTGO Bonds	61,475
Lease Liabilities	(48,493)
Interest Expense Accrual	<u>2,104</u>

Net adjustment to **increase** *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*

\$ 896,605

Another element of the reconciliation states the “internal service funds are used by management to charge the cost of certain activities, such as self-insurance and equipment rental and replacement, to individual funds.” The details of this \$379,275 difference are as follows:

Revenues:

Interest and investment income & charges for services	\$ 348,962
Total Revenues	<u>348,962</u>

Expense and net transfer (less depreciation):

30,313

Net adjustment to **increase** *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*

\$ 379,275

City of Spokane Valley

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS:

A. Deposits

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City of Spokane Valley 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's deposits and certificates of deposit are mostly covered by Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As of December 31, 2022, the City of Spokane Valley's total bank balance of \$22,548,140 was insured and covered by the FDIC, NCUA and the Washington State PDPC pool and therefore was not exposed to any custodial credit risk. These bank deposits were in a State authorized public depository and were within the State limit of the depositaries (bank's) net worth per RCW 39.58.010 and RCW 39.58.135.

B. Investments

State statutes authorize the City of Spokane Valley to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and the State Treasurer's Investment Pool.

The State Treasurer's Investment Pool (Pool) operates in accordance with state law, with oversight from the Office of the Treasurer. The Pool has a credit rating of Aa1 in Moody's and AA+ from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

Investments are subject to the following risks:

Interest rate risk: Interest rate risk is the risk the City of Spokane Valley may face should interest rate variances affect the fair value of investments. The City of Spokane Valley does not have a formal policy that addresses interest rate risk. In accordance with its investment policy, the City of Spokane Valley manages its exposure to declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio to less than six months.

As of December 31, 2022, the City of Spokane Valley had the following investments at amortized cost:

Investment Type <i>(amounts are in thousands)</i>	Maturities		
Certificates of deposit	0.73	\$	5,145
Local Government Investment Pool State of Washington	0.48		101,496
Total amortized cost of investments:			
Portfolio weighted average maturity	0.49	\$	106,641

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City of Spokane Valley does not have a formal policy that addresses credit risk.

As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligation of Washington State municipalities the State Treasurer's Local Government Investment Pool (LGIP Revised Code of Washington RCW 43.250), and certificates of deposit (CDs) with

City of Spokane Valley

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS continued:

Washington State banks, credit unions, and savings and loan institutions. Also, State law limits these investments to the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City of Spokane Valley's policy to limit its investments in these investment types to the highest ratings issued by NRSROs. The City of Spokane Valley's investment in the State Treasurer's investment pool was rated Aa1 by Moody's.

Custodial credit risks: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Spokane Valley 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 of Spokane Valley does not have a formal policy for custodial credit risk. The City of Spokane Valley maintains a deposit policy for custodial credit risk by limiting deposits and certificates of deposits to be covered by FDIC and NCUA or through collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As of December 31, 2022, the City had \$101,495,865 held by Washington State Treasurer in the LGIP, \$3,126,031 held by Northwest Bank in a certificate of deposit, and \$2,018,709 held by Gesa Credit Union in a certificate of deposit.

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 of Spokane Valley does not have a formal policy for concentration of credit risk.

Investments in Local Government Investment Pool (LGIP):

The City of Spokane Valley is a voluntary participant in the Local Government Investment Pool, 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 LGIP has an operation manual to describe operating policies and procedures for investing in the State pool. The minimum transaction size is \$5,000 for deposits and withdrawals. A notification to LGIP should be made at least a day prior to a large deposit/withdrawal of ten million or more. The State Treasurer will require reimbursement for the administration and recovery of costs associated with the operation of the LGIP. The administrative fee accrues daily from pool participants' earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from the principal.

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.

NOTE 4 – PROPERTY TAXES:

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. The County Assessor is responsible for determining what the individual property taxes are, based upon the monies requested by the taxing districts and the assessed valuation within these districts.

Taxes are levied annually on January 1st on property values assessed as of the prior year May 31st. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every four years. Taxes are due in two equal installments on April 30th and October 31st. Tax liens are automatic at the point the taxes are levied.

Property taxes are recorded as receivable when levied, offset by unearned revenue. Also, property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue in the applicable period.

City of Spokane Valley

Notes to Financial Statements

NOTE 4 – PROPERTY TAXES continued:

No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

The tax rate for general City operations is limited by State law (RCW 84.52.043) to \$3.60 per \$1,000 of assessed valuation, deducting from there the levy of \$1.46 by the Spokane County Fire Districts #1 and #8, and \$0.50 for Library Districts, which leaves the City with the authority to levy \$1.96 for its own purposes.

For 2022, the City's regular levy was \$1.02 per \$1,000 on an assessed valuation of \$12,919,694,944 for a total regular levy of \$13,169,141.

The Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION:

Donated capital assets received from Spokane County at the time of incorporation were recorded at cost and the accumulated depreciation at the time of transfer. The following schedule details capital assets donated and transferred during the year ended December 31, 2003:

	Historical Cost	Accumulated Depreciation	Balance after Depreciation Costs
<i>Infrastructure:</i>			
Roadways	\$ 187,732,531	\$ 127,418,027	\$ 60,314,504
Signs, signals, beacons	9,056,000	4,528,000	4,528,000
Crosswalks	130,084	13,008	117,076
Bridges	5,633,979	2,808,112	2,825,867
Total infrastructure	202,552,594	134,767,147	67,785,447
<i>Parks:</i>			
Land	1,548,655	-	1,548,655
Buildings	898,729	609,824	288,905
Improvements other than buildings	2,123,571	1,059,298	1,064,273
Machinery and equipment	3,337	3,003	334
Total parks	4,574,292	1,672,125	2,902,167
Total County assets donated	\$ 207,126,886	\$ 136,439,272	\$ 70,687,614

City of Spokane Valley

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION continued:

Governmental-type capital asset activity for the year ended December 31, 2022, is summarized as follows:

Governmental-type activities	Beginning			Ending Balance	
	Balance 1/1/2022	Additions	Reductions	12/31/2022	
Land (non-depreciable)	\$ 21,002,755	\$ 448,818	\$ (586,169)	\$ 20,865,404	
Construction in progress (CIP)	7,193,068	3,294,411	(279,013)	10,208,466	
Total non-depreciable assets	28,195,823	3,743,229	(865,182)	31,073,870	
Buildings	26,201,292	673,450	-	26,874,742	
Leasehold improvements	625,091	-	-	625,091	
Improvements other than buildings	18,390,119	145,955	(14,078)	18,521,996	
Infrastructure	362,118,691	7,701,907	-	369,820,598	
Right-to-use leased assets	65,986	48,494	-	114,480	
Machinery and equipment	6,807,639	808,530	(266,810)	7,349,359	
Total depreciable assets	414,208,818	9,378,336	(280,888)	423,306,266	
Total capital assets	\$ 442,404,641	\$ 13,121,565	\$ (1,146,070)	\$ 454,380,136	

<i>Less accumulated depreciation and amortization for:</i>	Beginning			Ending	
	Balance	1/1/2022	Additions	Reductions	12/31/2022
Buildings	\$ 6,799,729	\$ 635,158	\$ -	\$ 7,434,887	
Leasehold improvements	184,302	89,652	-	273,954	
Improvements other than buildings	9,945,998	1,018,325	(4,790)	10,959,533	
Infrastructure	271,219,389	7,264,234	-	278,483,623	
Right-to-use leased assets	-	46,170	-	46,170	
Machinery and equipment	4,186,068	526,200	(266,810)	4,445,458	
Total accumulated depreciation	\$ 292,335,486	\$ 9,579,739	\$ (271,600)	\$ 301,643,625	
Capital assets, net of accumulated depreciation	\$ 150,069,155	\$ 3,541,826	\$ (874,470)	\$ 152,736,511	

City of Spokane Valley

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION continued:

Business-type capital asset activity for the year ended December 31, 2022, is summarized as follows:

Business-type activities;	Balance			12/31/2022
	1/1/2022	Additions	Reductions	
Land	\$ 99,867	\$ 40,529	\$ -	\$ 140,396
Construction in progress	202,311	67,145	-	269,456
Total non-depreciable	302,178	107,674	-	409,852
Buildings and structures	382,881	-	-	382,881
Infrastructure	12,758,845	194,604	-	12,953,449
Machinery and equipment	228,913	13,144	-	242,057
Total depreciable	13,370,639	207,748	-	13,578,387
Total capital assets	\$13,672,817	\$ 315,422	\$ -	\$13,988,239
(Less) accumulated depreciation for:				
Buildings and structures	\$ 136,739	\$ 12,787	\$ -	\$ 149,526
Infrastructure	3,434,390	646,463	-	4,080,853
Machinery and equipment	219,531	4,244	-	223,775
Total accumulated depreciation	3,790,660	663,494	-	4,454,154
Capital assets, net of accumulated depreciation	\$ 9,882,157	\$ (348,072)	\$ -	\$ 9,534,085

Depreciation expense was charged to current functions of the primary government for 2022 as follows (includes Internal Service Funds Governmental type):

Governmental Activities:

General Government	\$ 599,537
Public Safety	185,874
Physical Utilities & Environment	765,703
Transportation	6,285,735
Economic Environment	8,963
Culture & Recreation	1,733,927
Total governmental activities current year depreciation expense	\$ 9,579,739

Business-type activity:

StormWater	\$ 282,380
Aquifer Protection Area	381,114
Total business-type activities current year depreciation expense	\$ 663,494

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – CONSTRUCTION COMMITMENTS:

The City of Spokane Valley was involved in many construction projects as of December 31, 2022. The projects include various street and park construction projects with a total of \$24,212,741 of contracts in place. The various street, bridge, and parks construction projects are being funded by state and local grants, as well as existing resources in various City Funds. At year end, the City's commitments with contractors are as follows:

Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/22
Barker Rd/BNSF Grade Separation	4,254,034	3,977,974	276,060
Sprague/Barker Intersection Improvement	2,039,285	1,975,463	63,822
Pines Rd Underpass @ BNSF & Trent	2,861,129	1,327,742	1,533,387
Sullivan & Wellesley Intersection Improv	25,000	4,268	20,732
Barker Rd Widening - River to Euclid	2,852,114	2,456,285	395,828
Broadway Preservation: Havana to Fancher	12,207	10,296	1,911
Argonne Rd Concrete Pvmt Indiana to Mont	2,429,427	2,348,443	80,983
Pines & Mission Intersection Improvments	289,317	225,620	63,696
Sullivan Rd/ SR 290 Interchange Project	328,963	309,073	19,890
Barker Road/Union Pacific Crossing	316,966	235,602	81,364
Balfour Park Frontage Improvements	713,141	670,792	42,349
Balfour Park Improvements- Phase 1	481,158	419,033	62,125
Appleway Stormwater Improvements	1,784,944	1,744,027	40,917
Wilbur Sidewalk: Boone to Mission	784,445	721,703	62,742
Sullivan Preservation: Sprague-8th	91,300	62,175	29,126
City Hall Repairs	365,083	294,244	70,839
Evergreen Road Preservation Project	1,607,864	1,511,469	96,395
Sullivan Park Waterline	75,050	73,597	1,453
Barker Road Imp- City Limits to Appleway	73,131	10,172	62,959
Sprague Ave Preservation	2,657,612	2,615,862	41,749
Loop Trail Project	150,153	49,608	100,545
8th Ave Sidewalk (Coleman to Park)	20,420	15,620	4,800
Total Construction Commitments	24,212,741	21,059,069	3,153,672

NOTE 7 – PENSION PLANS:

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

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$ (1,450,600)	
Pension assets	\$ 2,513,515	
Deferred outflows of resources	\$ 2,628,929	
Deferred inflows of resources	\$ (2,766,911)	
Pension expense/expenditures	\$ (128,969)	

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

State Sponsored Pension Plans

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

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

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

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

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

Contributions

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

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September - December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

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

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

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

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent.

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Each biennium, the state Pension funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

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

The City of Spokane Valley actual PERS plan contributions were \$341,386 to PERS Plan 1 and \$577,653 to PERS Plan 2/3 for the year ended December 31, 2022. The City did not have any current employees participating in PERS Plan 1 during 2022. These contributions represent amounts allocated to PERS Plan 1 by DRS for the Unfunded Actuarial Accrued Liability (UAAL) to support payments for prior employees under this plan.

Actuarial Assumptions

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

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

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

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

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

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

Discount Rate

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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, 2022. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

The estimated rates of return for the fiscal year ended June 30, 2022

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of Net Pension Liability/(Asset)

The table below presents the City of Spokane Valley's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 1,937,981	\$ 1,450,600	\$ 1,025,230
PERS 2/3	\$ 2,959,993	\$ (2,513,515)	\$ (7,010,348)

Pension Plan Fiduciary Net Position

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

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

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

Plan	Liability (or Asset)
PERS 1	\$ 1,450,600
PERS 2/3	\$ (2,513,515)

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

Plan	Proportionate Share 6/30/2021	Proportionate Share 6/30/2022	Change in Proportion
PERS 1	0.048707%	0.052098%	0.003391%
PERS 2/3	0.062620%	0.067772%	0.005152%

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1, in which the City does not participate.

Pension Expense

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

Plan	Pension Expense
PERS 1	\$ 751,010
PERS 2/3	\$ (879,979)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	\$ -
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (240,407)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 179,182	\$ -
Total	\$ 179,182	\$ (240,407)

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 622,790	\$ (56,900)
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (1,858,260)
Changes of assumptions	\$ 1,400,938	\$ (366,816)
Changes in proportion and differences between contributions & proportionate share of contributions	\$ 126,433	\$ (244,528)
Contributions subsequent to the measurement date	\$ 299,586	\$ -
Total	\$ 2,449,747	\$ (2,526,504)

Deferred outflows of resources related to pensions resulting from the City of Spokane Valley's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	Year ended December 31	PERS 2/3
2023	\$ (101,735)	2023	\$ (621,374)
2024	(92,402)	2024	(566,179)
2025	(115,916)	2025	(610,708)
2026	69,646	2026	847,383
2027	-	2027	289,965
Thereafter	-	Thereafter	284,570
TOTAL	\$ (240,407)	TOTAL	\$ (376,343)

NOTE 8 – RISK MANAGEMENT:

The City of Spokane Valley is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 166 members.

City of Spokane Valley

Notes to Financial Statements

NOTE 8 – RISK MANAGEMENT continued:

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

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

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 boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$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. For the past three years no settlements, if any, have exceeded current coverage.

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.

The City self-insures for unemployment compensation.

NOTE 9 – INTERFUND BALANCES AND TRANSFERS:

Interfund Balances

Sometimes during the course of operations, and as a part of the City's regular programmatic activity, one fund will sell goods, have work performed or services provided to another fund in return for equal or almost equal value. As a result of such exchanges, an interfund services provided and used applies to any residual balances outstanding at year end and the City reports this type of activity as *due from/to other funds*. Due to other fund and due from other fund balances at December 31, 2022, were:

City of Spokane Valley

Notes to Financial Statements

NOTE 9 – INTERFUND BALANCES AND TRANSFERS continued:

	Due from other funds	Due to other funds
General fund	\$ 425,600	\$ -
Debt Service fund	-	425,600
Total governmental funds	<u>\$ 425,600</u>	<u>\$ 425,600</u>
 Total government - wide	 <u>\$ 425,600</u>	 <u>\$ 425,600</u>

Interfund Transfers

Interfund transfers are the flow and reassignment of resources between funds without the exchange of equal or almost equal value between the funds, typically referred to as a *nonexchange transaction* or *nonreciprocal interfund activity*. The City (1) *transfers* revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them from, (2) *transfers* restricted resources for the purpose of debt service from the funds collecting the receipts to the debt service fund for debt service payments, and (3) *transfers* unrestricted revenues collected in the general and street funds to finance various programs accounted for in other funds in accordance with budgetary authority.

Interfund transfer activity for 2022 is as follows:

	Transfers-in	Transfers-out
General fund	\$ 619,518	\$ 8,781,069
Street fund	3,855,919	-
Capital reserve fund	3,593,000	1,693,419
Nonmajor governmental funds	<u>6,004,498</u>	<u>4,048,447</u>
Total governmental funds	<u>\$ 14,072,935</u>	<u>\$ 14,522,935</u>
 Internal service funds	 <u>450,000</u>	 -
Total business type & internal service	<u>\$ 450,000</u>	<u>\$ -</u>
 Total government - wide	 <u>\$ 14,522,935</u>	 <u>\$ 14,522,935</u>

The City made several one-time transfers during the year ending December 31, 2022. These one-time or infrequent transfers are included in the table above:

- Transfers of \$3,084,919 from the General Fund to the Street Fund to cover operating deficits from reduced revenues.
- Transfers of \$500,000 from the Winter Weather Reserve Fund to the Street Fund to cover overages in snow removal costs.
- Transfer of \$271,000 from the Solid Waste Fund to fund Street Maintenance covered by the Solid Waste Road Wear Fee.
- Transfers of \$273,000 from the Hotel/Motel Tax Fund to the Hotel/Motel Tax – Tourism Facilities Fund based on an action from City Council to set aside funds for future capital costs related to a tourism venue.
- Transfer of \$3,593,000 from the General Fund to the Capital Reserve Fund to fund various priority capital projects. These funds represent excess General Fund reserves above the City's minimum fund balance policy.
- Transfer of \$89,805 from the General Fund to Winter Weather Reserve Fund to replenish the reserve.

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – LONG -TERM OBLIGATIONS:

A. Long-term Obligations

Pension Obligations

The City's net pension liability for the year ended December 31, 2022, is \$1,450,600. Refer to note 7 for additional information and activity related to the City's pension plans.

General Obligation Bonds

The City of Spokane Valley issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. These general obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5th majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (i.e., councilmanic bonds).

In 2003, the City issued \$9,430,000 of councilmanic bonds to finance construction of the CenterPlace Community Center and for various street construction projects. The City expects to receive intergovernmental payments from the Spokane Public Facilities District pursuant to an inter-local agreement, dated July 2003, for \$7 million of the bonds with the remainder of the payments coming from real estate excise taxes. These bonds were defeased through a refunding bond issue in 2014.

In 2016, the City issued \$7,275,000 of general obligation bonds to partially finance the construction of a new City Hall. As a result of favorable interest rates at the time of bond issuance, the bonds were issued at a premium of \$671,088. These bonds are being repaid from general tax revenues.

Refunded Bonds

On August 27, 2014, the City of Spokane Valley issued \$7,035,000 of Limited Tax General Obligation 2014 Refunding Bonds to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the old \$7,435,000 of refunded debt. As a result, the refunded bonds are now considered defeased, retired, and the liability has been subsequently removed from the City of Spokane Valley's governmental activities financial statements of net position. This refunding was undertaken to reduce total debt service payments over the life of the bonds and resulted in an economic gain of \$1,283,730.

General obligation and refunding bonds currently outstanding as of December 31, 2022, are as follows:

Name of Issuance	Purpose	Interest Rate	Maturity	Debt Outstanding
LTGO'14 Refunding Bonds	Governmental Activities	2.00% - 4.00%	12/1/2033	\$3,585,000
LTGO'16 Bonds	Governmental Activities	2.00% - 4.00%	12/1/2045	\$6,225,000

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – LONG -TERM OBLIGATIONS continued:

The annual debt service requirements to maturity for general obligation and refunding bonds, are as follows:

Governmental - Type Activities			
	Principal	Interest	Total Requirements
2023	725,000	364,550	1,089,550
2024	615,000	335,550	950,550
2025	660,000	310,950	970,950
2026	705,000	284,550	989,550
2027	600,000	258,350	858,350
2028 - 2032	2,215,000	1,013,250	3,228,250
2033 - 2037	1,515,000	653,350	2,168,350
2038 - 2042	1,645,000	354,150	1,999,150
2043 - 2045	<u>1,130,000</u>	<u>68,550</u>	<u>1,198,550</u>
Totals	<u>\$ 9,810,000</u>	<u>\$ 3,643,250</u>	<u>\$13,453,250</u>

Long-term debt on the Statement of Net Position is presented net of any premium/discount incurred at the time of issuance. The 2014 LTGO'14 refunding bonds and 2016 LTGO'16 general obligation bonds were sold at a premium of \$1,278,847 and were reported at the net amount of \$1,341,656 including the underwriters discount expense. The premium will be amortized over the life of the bonds and the outstanding liability balance as of December 31, 2022, is \$832,208.

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – LONG-TERM OBLIGATIONS continued:

Changes in Long-Term Liabilities

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

Governmental-Type Activities	Balance				Amounts
	1/1/2022	Additions	Reductions	Balance	Due within One Year
Bonds and notes payable:					
GO refunding LTGO'14 bonds	4,085,000	-	(500,000)	3,585,000	545,000
General obligation LTGO'16 bonds	6,400,000	-	(175,000)	6,225,000	180,000
Premium on LTGO'14 refunding bonds	356,814	-	(39,106)	317,708	39,106
Premium on LTGO'16 bonds	536,870	-	(22,370)	514,500	22,370
Other liabilities:					
Lease Liabilities	67,844	48,494	(43,820)	72,518	43,371
Net pension plan liabilities	573,387	829,616	-	1,403,003	-
Compensated absences	766,255	120,876	-	887,131	22,178
Governmental activities					
Long-term liabilities	<u>\$12,786,170</u>	<u>\$ 998,986</u>	<u>\$ (780,296)</u>	<u>\$13,004,860</u>	<u>\$ 852,025</u>

Business-Type Activities	Balance				Amounts
	1/1/2022	Additions	Reductions	Balance	Due within One Year
Business-type activities					
Net pension plan liabilities	21,439	26,158	-	47,597	-
Compensated absences	39,938	12,289	-	52,227	1,306
Long-term liabilities	<u>\$ 61,377</u>	<u>\$ 38,447</u>	<u>\$ -</u>	<u>\$ 99,824</u>	<u>\$ 1,306</u>

Legal Debt Margin

RCW 39.36.020 provides cities with three segments of debt capacity, each equal to two and one-half percent of the city's assessed valuation, for a total debt capacity of seven and one-half percent.

The 2021 assessed valuation of the City for the Levy year of 2022, for purposes of determining the legal debt margin is \$12,919,694,944. Under State of Washington statutes general obligation indebtedness pursuant to a vote of the electorate is limited to 2.5% of actual value of taxable property located within the City. Indebtedness without a vote of the people is limited to 1.5% of actual value subject to the limitation that total general purpose indebtedness may not exceed 2.5% of total valuation. There is a 2.5% limitation each for utility purposes and open space and park facilities purposes.

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – LONG -TERM OBLIGATIONS continued:

The remaining voted and non-voted GO debt capacities for General purposes of the City at December 31, 2022, are as follows:

	Amount
General Purposes Voted and Non-voted Debt - 2.5%	\$ 313,182,374
Utility Voted Debt - 2.5%	322,992,374
Open Space and Park Facilities Voted Debt - 2.5%	<u>322,992,374</u>
Total Remaining Debt Capacity	<u>\$ 959,167,121</u>

NOTE 11 – LEASES:

Leases payable: The City of Spokane Valley routinely enters into various non-cancellable lease agreements for desktop computer hardware. The term length of these leases is typically between 36 and 48 months, are staggered in a way that there is a lease ending each year. At the beginning of the current year the remaining lease liability on leases with remaining terms greater than one year was calculated at \$67,844. One additional lease was entered into during the year, with an initial lease liability calculated at \$48,494. As of December 31, 2022, the remaining lease liability was \$72,518. The City is required to make monthly principal and interest payments of \$4,107 on these leases. The City has calculated the interest rate on these leases to be 4.31% based on its current borrowing rates. At the end of the lease term the City has the option to purchase some or all of the equipment at fair market value, which the City is reasonably certain it will not exercise. The value of the right-to-use assets at the end of the year was \$114,480 and had accumulated amortization of \$46,170.

The future principal and interest payments as of December 31, 2022, were as follows:

Year ended December 31	Principal	Interest	Total
2023	\$ 43,371	\$ 2,235	\$ 45,606
2024	27,501	597	28,098
2025	1,646	6	1,652
2026	-	-	-
2027	-	-	-
TOTAL	\$ 72,518	\$ 2,838	\$ 75,356

Leases receivable: At the beginning of the fiscal year, the City of Spokane Valley was leasing a building to a third party. The current lease term ends in December of 2023, and the City will receive monthly payments of \$500 during this time. During the current fiscal year the City recognized \$5,291, and \$304 in revenues for the lease and related interest.

During the current year, the City of Spokane Valley began leasing one of its buildings to a third party. The lease term is for five years, and the City will receive monthly payments of \$7,083.33. The City of Spokane Valley recognized \$25,160 in lease revenue and \$4,187 in interest revenue during the current year related to this lease.

The City of Spokane Valley has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of December 31, 2022, the balance of the deferred inflows is \$357,987.

The leases payable and leases receivable are fully recorded in the City's general fund.

City of Spokane Valley

Notes to Financial Statements

NOTE 12 – CONTINGENCIES AND LITIGATION:

In the normal course of governmental operations, the City has claims filed against it for various losses related to tort actions for such things as wrongful acts, injuries, or damages for which a civil action can be brought, and other routine legal proceedings. At any given point in time, there is a recurring volume of tort and other claims for compensation and damages against the City, which could impact expenditures. The City's Risk Management fund provides for these claims, and insurance is available to pay a portion of damages for certain types of claims. The collective impact of these claims is not likely to have a material impact on the City's financial position.

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the granting agencies and/or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management does not believe that such disallowances, if any, will be material.

(1) In September 2017, the City moved into its newly constructed City Hall. In 2018, the City began noticing some cracks and other evidence of possible settlement of a small portion of the foundation, isolated around the curved front wall of the Council Chambers, and potentially in the front corner of the eastside lobby. The City hired outside legal counsel, Shane McFetridge of Randall Danskin, who filed a claim on behalf of the City against the general contractor, Meridian Construction. Following discussions and additional analysis, the City filed suit against Meridian Construction, Architects West, Eight31 Consulting, and Allwest Testing relating to various construction defects. In addition, the City hired a contractor to install micropiles under that part of the foundation that was settling, which subsequent surveying has determined to have stopped the foundation from sinking further. The City is in the process of determining the cost for additional repairs to fix any damage caused by the settlement to the building. The parties continue working to identify what those costs will be. The first mediation session was held in mid-March 2022. Additional mediation is scheduled for late 2023. The trial is currently set for August 2024. The outcome is unknown at this time.

(2) In January 2022, the City was sued by Sarah and David Keenan relating to injuries alleged to have arisen from a bicycle accident on the Appleway Trail in 2021. The amount of damages being sought is not clear. The injuries were significant, but not life threatening, and consisted of broken bones and soft-tissue damage. The Plaintiff is represented by the law firm of Eymann, Allison, & Jones, P.S. The City is represented by Steve Lamberson of Etter McMahon, through its coverage with WCIA. Summary judgment was entered in favor of the City on July 29, 2022, and the Plaintiff has appealed that ruling to Division III of the Court of Appeals. The matter is currently in the briefing stage.

(3) In January 2023, the City was sued by Barcott Construction, LLC for claims relating to allegations of breach of contract, retaliation, quantum meruit, and unjust enrichment arising out of a contract for construction work for the City's project known as the "Barker-Union Pacific Crossing, Phase 1, CIP #0313." The Plaintiff is claiming damages that equal to or exceed \$46,416.14. The City has a number of defenses to the claims as the claims arise out of the obligations of the parties pursuant to the contract. It is very early on in the discovery process and trial is currently scheduled for March 2024.

(4) In April 2023, the City was presented with a claim for damages brought by Sakeleanna Dixon on behalf of the estate of Bryce P. Adame related to a fatal vehicle accident in January 2022. The claimant is claiming damages in the amount of \$5 million. The claim has been sent to WCIA. No lawsuit has been filed against the City at this time. The claimant is represented by Best Law, PLLC.

(5) In August of 2021, the City entered into a contract with RingCentral for the provision of phone services for 36 months with a potential 12 month renewal term. Approximately 12 months into the contract, the City contracted with a different phone service provider. No lawsuit has been filed, and it is early in the process, but the City has a number of defenses to the amount claimed by RingCentral. The City estimates that its maximum potential exposure is around \$63,000 not including attorneys' fees and costs.

City of Spokane Valley

Notes to Financial Statements

NOTE 13 – RECEIVABLE AND PAYABLE BALANCES:

Estimates related to Receivables: The City contracts with Spokane County for various services, including animal control, district court, emergency management, detention services, pretrial, prosecution, public defense, and law enforcement. Payments made on these contracts throughout the year are based upon costs incurred in the prior year and reconciled to actual costs incurred during the current year through a settle and adjust process. Because the reconciliation of the underlying supporting data between City and County staff is a time consuming process, an estimate is made at year end for the settle and adjust amounts expected for each service contract. The estimate is then recorded as either a liability or receivable, depending on whether the City estimates that additional funds will be owed to the County or that the City will receive a refund for overpayment, along with a corresponding increase or decrease in expenditure.

Liability and receivable balances related to settle and adjust estimates as of December 31, 2022, are as follows:

Contract Year	(Liability) or Receivable Balance 1/1/2022		Amount Settled in 2022	(Liability) or Receivable Balance 12/31/2022	
	New Estimate Made				
2015	(53,924)	-	53,924	-	
2016	(44,584)	-	44,584	-	
2017	26,461	-	(26,461)	-	
2018	(259,385)	-	259,385	-	
2019	190,939	-	-	190,939	
2020	987,124	-	-	987,124	
2021	(675,923)	-	-	(675,923)	
2022	-	(3,923,733)	-	(3,923,733)	

For the 2022 contract year, the City estimates that it will have an additional net liability to the County on the contracted services of \$3,923,733, which was adjusted to the 2022 contract expenditures.

Liability and receivable balances presented are related to governmental activities only.

NOTE 14 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A. Health & Welfare - Association of Washington Cities Employee Benefit Trust (“Trust”)

The City of Spokane Valley 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.

Notes to Financial Statements

NOTE 14 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

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

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

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, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Service. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the 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 Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (GASB). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

City of Spokane Valley

Notes to Financial Statements

NOTE 14 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

The AWC Trust HCP can be contacted at the following address:

AWC Employee Benefit Trust
1076 Franklin Street SE
Olympia, WA 98501
360-753-4137
wacities.org/Trust

OPEB Plan Description

Currently, eligible employees retiring from an AWC Trust member employer have several retiree medical plans from which to choose. The AWC Trust works directly with the retired employee, and no monies pass through the former employer. Additionally, the AWC Trust pools the health care costs of the retiree medical programs and rates the programs accordingly. For 2017, the AWC Trust Board of Trustees committed to a retiree medical plan subsidy of 25% for Regence/Asuris retiree plans, which was drawn from the accumulated medical reserve fund; however, this subsidy was eliminated as of January 1, 2018. (This subsidy was not included in the Regence retiree Medicare Advantage Plan, which is fully insured by Regence BlueShield with premium rates determined by the Centers of Medicare/Medicaid Services.) The medical reserves have accumulated over the years from excess premium contributions of employers, active employees and retirees in favorable claims years. The AWC Trust Board of Trustees can change their retiree medical plan subsidy policy in any given year.

The AWC Trust's retiree medical plans are available to former employees of AWC Trust member jurisdictions only. Additionally, the retiring employee must meet the retirement criteria established by the Board of Trustees, including age and years of service requirement of their pension program.

Based on these facts, the AWC Trust's contracted legal counsel (Perkins Coie LLP) and actuary (Aon-Hewitt), in their professional capacities, agreed that the AWC Trust qualifies as a Cost-Sharing Multiple-Employer Plan under GASB 74: A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards and costs, including benefit costs, are shared and are not attributed individually to the employers.

All employees of the City, which numbered 103.25 FTEs in 2022, are covered under the benefit terms of the plan; however, the City does not have any inactive employees participating in the plan as of December 31, 2022. All premiums under the plan are paid by the inactive employees participating in the plan, and therefore, the City has no contribution requirements. As the City has no contribution requirements to the plan and the retiree medical plan subsidy was eliminated as of January 1, 2018, the City has no OPEB liability.

Participating employers are not contractually required to contribute to the Trust. The retirees who elect coverage through the Trust pay 100 percent of the premium. As such, the City of Spokane Valley did not have any contributions to the Trust for the year ended December 31, 2022.

NOTE 15 – COVID-19 PANDEMIC:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions. The City issued a proclamation of emergency/disaster relating to the COVID-19 Pandemic on March 16, 2020. The City staff implemented work from home schedules and these schedules continued in some capacity into 2021 with the City fully opening to the public again during 2021. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed.

City of Spokane Valley

Notes to Financial Statements

NOTE 15 – COVID-19 PANDEMIC continued:

The pandemic and related precautionary measures affected the economy in the City of Spokane Valley. The City noted some decreases in revenues in certain areas, such as gambling taxes, recreation fees, utility taxes, and motor vehicle fuel taxes. However, the impacts on sales taxes, real estate excise taxes, and property taxes have been minimal or nonexistent. The City has remained economically stable and continues to adapt to the changing conditions. Conditions appeared to have recovered to pre-pandemic levels during 2022.

The City received an allocation of \$16 million from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan Act (ARPA). Half of these funds were received by the City during 2021 with the other half received in mid-2022. The City spent \$6,345,955 of SLFRF funds in 2022, and the City Council is continuing to work through the planning phase of how to direct the spending of the remainder.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Required Supplementary Information



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund, Major Fund

For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Approved		Final	
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 44,804,900	\$ 47,364,900	\$ 50,298,696	\$ 2,933,796
Licenses and permits	3,831,200	4,179,000	5,338,132	1,159,132
Intergovernmental revenues	2,255,500	13,165,500	8,439,496	(4,726,004)
Charges for services	652,400	616,000	595,478	(20,522)
Fines and forfeitures	509,200	484,700	402,818	(81,882)
Investment interest	96,000	200,000	1,140,038	940,038
Miscellaneous revenues	253,500	133,400	414,615	281,215
<i>Total Revenues</i>	<i>52,402,700</i>	<i>66,143,500</i>	<i>66,629,273</i>	<i>485,773</i>
Expenditures				
Current:				
General government	6,490,680	14,723,579	6,966,504	(7,757,075)
Public safety	31,657,248	31,616,388	30,789,558	(826,830)
Social services	307,859	305,329	294,015	(11,314)
Utilities & physical environment	148,200	148,200	148,194	(6)
Transportation	1,548,869	1,461,883	994,324	(467,559)
Economic environment	1,371,268	1,394,632	1,031,706	(362,926)
Community development	3,174,022	3,210,841	3,024,963	(185,878)
Culture and recreation	3,246,736	3,325,736	2,949,577	(376,159)
Debt service:				
Principal retirement	-	-	43,820	43,820
Interest	600	600	5,202	4,602
Capital Outlay:				
Capital expenditures	1,229,000	806,640	670,482	(136,158)
<i>Total Expenditures</i>	<i>49,174,482</i>	<i>56,993,828</i>	<i>46,918,345</i>	<i>(10,075,483)</i>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over (Under) Expenditures</i>				
<i>3,228,218</i>	<i>9,149,672</i>	<i>19,710,928</i>	<i>10,561,256</i>	
Other Financing Sources (Uses)				
Lease financing	-	-	48,494	48,494
Transfers in	1,430,000	994,000	619,518	(374,482)
Transfers (out)	(4,873,619)	(8,820,924)	(8,781,069)	39,855
<i>Total Other Financing Sources (Uses)</i>	<i>(3,443,619)</i>	<i>(7,826,924)</i>	<i>(8,113,057)</i>	<i>(286,133)</i>
<i>Net Change in Fund Balances (Deficit)</i>	<i>(215,401)</i>	<i>1,322,748</i>	<i>11,597,871</i>	<i>10,275,123</i>
<i>Fund Balances Beginning of Year:</i>	<i>50,006,845</i>	<i>50,006,845</i>	<i>50,006,845</i>	<i>-</i>
<i>Fund Balances End of Year:</i>	<i>\$ 49,791,444</i>	<i>\$ 51,329,593</i>	<i>\$ 61,604,716</i>	<i>\$ 10,275,123</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Street Fund, Major Fund

For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 932,000	\$ 932,000	\$ 1,003,537	\$ 71,537
Intergovernmental revenues	2,026,200	2,026,200	2,089,075	62,875
Charges for services	85,000	85,000	101,652	16,652
Investment interest	500	500	12,417	11,917
Miscellaneous revenues	10,000	160,000	425,160	265,160
<i>Total Revenues</i>	<i>3,053,700</i>	<i>3,203,700</i>	<i>3,631,841</i>	<i>428,141</i>
Expenditures				
Current:				
Transportation	5,794,119	6,479,619	7,138,649	659,030
Capital Outlay:				
Capital expenditures	165,500	165,500	186,207	20,707
<i>Total Expenditures</i>	<i>5,959,619</i>	<i>6,645,119</i>	<i>7,324,856</i>	<i>679,737</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(2,905,919)</i>	<i>(3,441,419)</i>	<i>(3,693,015)</i>	<i>(251,596)</i>
Other Financing Sources (Uses)				
Transfers in	2,820,419	3,355,919	3,855,920	500,001
Transfers (out)	(80,000)	(80,000)	-	80,000
<i>Total Other Financing Sources (Uses)</i>	<i>2,740,419</i>	<i>3,275,919</i>	<i>3,855,920</i>	<i>580,001</i>
<i>Net Change in Fund Balances (Deficit)</i>	<i>(165,500)</i>	<i>(165,500)</i>	<i>162,905</i>	<i>328,405</i>
<i>Fund Balances Beginning of Year:</i>	<i>1,156,301</i>	<i>1,156,301</i>	<i>1,156,301</i>	<i>-</i>
<i>Fund Balances End of Year:</i>	<i>\$ 990,801</i>	<i>\$ 990,801</i>	<i>\$ 1,319,206</i>	<i>\$ 328,405</i>

<i>City of Spokane Valley</i> <i>Schedule of Proportionate Share of Net Pension Liability</i> <i>PERS I</i> <i>As of June 30, 2022</i> <i>Last 10 Fiscal Years¹</i>									
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Employer's proportion of the net pension liability (asset)	0.052995%	0.053037%	0.054158%	0.042511%	0.047856%	0.048075%	0.048707%	0.052098%	
Employer's proportionate share of the net pension liability	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233	\$ 1,697,307	\$ 594,826	\$ 1,450,600	
Total	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233	\$ 1,697,307	\$ 594,826	\$ 1,450,600	
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221	\$ 7,542,281	\$ 7,821,764	\$ 8,752,074	
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	44.60%	43.00%	39.95%	29.98%	26.66%	22.50%	7.60%	16.57%	
Plan fiduciary net position as a percentage of the total pension liability	89.20%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	
<i>Provided from note 2 of DRS Participating Employer Financial Information report (PEFI) for the % of each plan.</i>									

¹ Until a full 10-year trend is compiled, only information for those years available is presented.

² Covered payroll reported changed from previous years due to changing reporting period to the Washington State Department of Retirement Systems' Measurement Date. Previous years were reported based on the City's fiscal year.

<i>City of Spokane Valley</i> <i>Schedule of Proportionate Share of Net Pension Liability</i> <i>PERS 2/3</i> <i>As of June 30, 2022</i> <i>Last 10 Fiscal Years¹</i>									
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Employer's proportion of the net pension liability (asset)	0.068456%	0.067862%	0.069662%	0.054837%	0.061822%	0.062288%	0.062620%	0.067772%	
Employer's proportionate share of the net pension liability (asset)	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502	\$ 796,628	\$ (6,237,960)	\$ (2,513,515)	
Total	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502	\$ 796,628	\$ (6,237,960)	\$ (2,513,515)	
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221	\$ 7,542,281	\$ 7,821,764	\$ 8,752,074	
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	39.35%	51.58%	37.62%	14.78%	8.70%	10.56%	-79.75%	-28.72%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%	
<i>Provided from note 2 of DRS Participating Employer Financial Information report (PEFI) for the % of each plan.</i>									

¹ Until a full 10-year trend is compiled, only information for those years available is presented.

² Covered payroll reported changed from previous years due to changing reporting period to the Washington State Department of Retirement Systems' Measurement Date. Previous years were reported based on the City's fiscal year.

<i>City of Spokane Valley</i> <i>Schedule of Employer Contributions</i> <i>PERS I</i> <i>For the Year Ended December 31, 2022</i> <i>Last 10 Fiscal Years¹</i>									
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Statutorily or contractually required contributions	\$ 274,474	\$ 305,736	\$ 300,891	\$ 325,842	\$ 347,991	\$ 355,541	\$ 341,702	\$ 341,387	
Contributions in relation to the statutorily or contractually required contributions	\$ (274,474)	\$ (305,736)	\$ (300,891)	\$ (325,842)	\$ (347,991)	\$ (355,541)	\$ (341,702)	\$ (341,387)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 6,520,390	\$ 6,628,805	\$ 6,142,722	\$ 6,824,257	\$ 7,173,062	\$ 7,656,116	\$ 8,080,122	\$ 9,376,318	
Contributions as a percentage of covered employee payroll	4.21%	4.61%	4.90%	4.77%	4.85%	4.64%	4.23%	3.64%	
<i>City of Spokane Valley does not currently have active PERS I pension plan participants. As such, PERS I contributions represent the Unfunded Actuarial Liability (UAL) as calculated by The Department of Retirement Systems.</i>									

¹ Until a full 10-year trend is compiled, only information for those years available is presented.

<i>City of Spokane Valley</i> <i>Schedule of Employer Contributions</i> <i>PERS 2/3</i> <i>For the Year Ended December 31, 2022</i> <i>Last 10 Fiscal Years¹</i>									
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Statutorily or contractually required contributions	\$ 352,459	\$ 399,315	\$ 420,895	\$ 482,606	\$ 543,611	\$ 586,968	\$ 569,091	\$ 577,652	
Contributions in relation to the statutorily or contractually required contributions	\$ (352,459)	\$ (399,315)	\$ (420,895)	\$ (482,606)	\$ (543,611)	\$ (586,968)	\$ (569,091)	\$ (577,652)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 6,520,390	\$ 6,628,805	\$ 6,142,722	\$ 6,824,257	\$ 7,173,062	\$ 7,656,116	\$ 8,080,122	\$ 9,376,318	
Contributions as a percentage of covered employee payroll	5.41%	6.02%	6.85%	7.07%	7.58%	7.67%	7.04%	6.16%	

¹ Until a full 10-year trend is compiled, only information for those years available is presented.

City of Spokane Valley, Washington
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Supplementary Information



Non-Major Special Revenue Funds

Special Revenue Funds: are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes and activities other than debt service or capital projects.

Trails & Paths Special Revenue Fund ----- Accounts for the receipts and expenditures from the State-Levied motor vehicle fuel tax distributed to the City according to State RCW 47.30.050. These revenues originate from a share of 0.42% from the motor vehicle fuel tax that's attributable to Street Maintenance. These funds are restricted for the primary purpose of constructing and maintaining new trails and paths throughout the City.

Tourism Facilities Hotel/Motel Tax Fund ----- Accounts for the receipts and expenditures related to a special excise tax of 1.3% on the sale or charge made for the furnishing of lodging under Washington State RCW 82.08. These resources may only be used for capital related expenditures for acquiring, constructing, making improvements to or other related capital expenditures for large sporting venues, or venues for tourism-related facilities.

Hotel/Motel Tax Fund ----- Accounts for both receipts and expenditures related to a special excise tax of two percent from the sale or charge made of furnishing lodging under State RCW 67.28.180. These funds are solely used for the purpose of paying all or any part of the cost from tourist promotion, acquisition or operation of tourism related facilities, and marketing those special events and festivals designed to attract more attention to the City increasing tourism.

Solid Waste Fund ----- Revenues primarily consist of administration and road wear fees for solid waste disposal and collection services within the City of Spokane Valley. These revenues are used to manage solid waste services as well as education programs for the general public.

PEG Fund ----- Restricted financial resources and capital contributions received quarterly under the City's cable franchise. The franchisee remits to the City as a capital contribution in support of the Public Education Government (PEG) capital requirements in an amount equal to \$0.35 per subscriber per month and to be paid to the City on a quarterly basis during the life of the franchise. These Capital contributions collected under this agreement are then allocated and used exclusively for PEG capital purposes. PEG capital uses include, in part, the set up of equipment in the City Council Chambers to allow Spokane Valley to broadcast Council meetings both in live and through subsequent reviews format via digital recordings on the City's website.

Affordable & Supportive Housing Sales Tax Fund ----- Accounts for the receipts and expenditures of a special sales tax. In the year 2020, the Council authorized the City to collect the affordable and supportive sales tax, which is a rebate of the State sales tax to cities and counties. The amount received by the City is up to 0.0146% of the taxable retail sales within the City capped at the 2019 fiscal year taxable retail sales. The City will receive these revenues for 20 years, and the revenues may only be used to support affordable housing within the City or for rental assistance as outlined in RCW 82.14.540.

Winter Weather Reserve Fund ----- Allocated reserve of money and financial resources specifically designated for the purpose of providing emergency road-infrastructure services during extreme and harsh winter weather circumstances.

City of Spokane Valley, Washington
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Non-Major Debt Service Funds

Debt Service Funds: are used to account for financial resources accumulated for the purposes of payments made to the principal and interest on long-term debt of the City of Spokane Valley's governmental funds.

LTGO Debt Service Fund ----- The City of Spokane Valley's Limited Tax General Obligation (LTGO) Debt Service Fund collects and distributes financial resources received and paid for the payment of long-term debt obligations. Revenue consists of funding received from the Public Facility District and City's revenue sources. These financial resources are used to pay the required annual obligations on outstanding LTGO bonds.

Non-Major Capital Project Funds

Capital Project Funds: are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities, improvements, and other capital assets.

REET 1 Capital Projects Fund ----- The Capital Projects Fund serves as a restricted REET 1 service and matching fund for various major construction projects. This fund accounts for the collection and expenditure of the real estate excise tax (REET) revenue, the 1st quarter of 1% is levied on all sales of real estate property within the city. This 1st quarter is a restricted portion of tax receipts collected, received, and spent on specific capital improvements identified in the City's Capital Improvements Plan.

REET 2 Capital Projects Fund ----- The Special Capital Projects Fund serves as a matching fund for various special construction projects. This fund accounts for the collection and expenditure of the real estate excise tax (REET) revenue, the 2nd quarter of 1% is levied on all sales of real estate property within the city. This 2nd quarter REET 2 is a restricted portion of tax receipts received, collected, and spent on specific capital improvements identified in the City's Capital Improvements Plan.

Street Capital Projects Fund ----- The Street Capital Projects Fund accounts for monies used to finance the six year transportation improvement plan. Revenues include transfers from the Arterial Street Fund, Capital Projects Fund and Special Capital Projects Fund, as well as Federal, State and local grants and private source contributions.

Parks Capital Projects Fund ----- Accounts for the City's park capital improvement projects funded by revenues that are allocated as reserve or specifically designated for Parks and Recreational Capital plans including: future expansion of parks, construction, improvements, and long-term maintenance of all the City's park facilities.

Civic Buildings Capital Projects Fund ----- Accounts for capital improvement projects funded by revenues allocated as a reserve or specifically designated for future expansion and construction of Civic Buildings for the City of Spokane Valley. Revenues are in the form of transfers from the General Fund.

Pavement Preservation Fund ----- Accounts for pavement preservation projects. Revenues include transfers from the General Fund, Street Fund, Civic Facilities Replacement Fund, REET 1 Capital Projects Fund, and REET 2 Capital Projects Fund, as well as Federal, State and local grants.

Railroad Grade Separation Projects Fund ----- The Railroad Grade Separation Projects Fund accounts for the design and construction costs of various railroad grade separation projects that are included in the Bridging the Valley concept. Revenues for this fund consist of grant proceeds and transfers in from other City funds, such as General Fund, REET 1 Capital Projects Fund, and the Capital Reserve Fund.

Transportation Impact Fees Fund ----- The Transportation Impact Fees Fund accounts for the collection of transportation impact fees allowed pursuant to RCW 82.02.050-82.02.110 and SVMC 22.100. These are fees specifically allowed to address impacts from new development and they may be imposed on all developments within a designated area. All fees collected must be applied to transportation system improvements.

Economic Development Capital Projects Fund ----- The Economic Development Capital Projects Fund accounts for capital projects that will boost tourism and increase economic development in the City.

Combining Financial Statements
Non-Major Funds



City of Spokane Valley, Washington
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Combining Balance Sheet

Non-major Governmental Funds
December 31, 2022

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,682,036	\$ -	\$ 22,428,400	\$ 32,110,436
Taxes receivable	192,150	-	458,733	650,883
Accounts receivable, (net)	207,318	425,600	9,537	642,455
Interest receivable	30,996	-	64,933	95,929
Prepays	380	-	295	675
Grants receivable	-	-	1,438,044	1,438,044
Total Assets	\$ 10,112,880	\$ 425,600	\$ 24,399,942	\$ 34,938,422
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 24,295	\$ -	\$ 875,375	\$ 899,670
Accrued payroll payable	2,598	-	33,913	36,511
Retainage payable	-	-	101,874	101,874
Due to other funds	-	425,600	-	425,600
Unearned revenue	-	-	759,450	759,450
Total Liabilities	26,893	425,600	1,770,612	2,223,105
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	85,790	-	2	85,792
Total Deferred Inflows of Resources	85,790	-	2	85,792
Fund Balances				
Nonspendable:				
Prepaid expenses	380	-	295	675
Restricted for:				
Trails & paths	38,368	-	-	38,368
Tourism & economic development	6,127,124	-	-	6,127,124
PEG capital uses	233,782	-	-	233,782
Affordable & supportive housing	577,569	-	-	577,569
Capital projects REET 1 roads & streets	-	-	5,314,928	5,314,928
Capital projects REET 2 roads & streets	-	-	6,791,175	6,791,175
Street capital construction	-	-	1,942,856	1,942,856
Street capital improvement P&M	-	-	2,721,807	2,721,807
Railroad grade separation projects	-	-	267,460	267,460
Transportation Improvements	-	-	665,904	665,904
Committed to:				
Winter weather street operations	31,780	-	-	31,780
Assigned to:				
Solid waste services	2,991,194	-	-	2,991,194
Parks and recreation	-	-	177,301	177,301
Civic building capital replacement	-	-	853,709	853,709
Street capital improvement P&M	-	-	3,893,893	3,893,893
Capital reserve improvements (City Wide)	-	-	-	-
Unassigned:	-	-	-	-
Total Fund Balances	10,000,197	-	22,629,328	32,629,525
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	\$ 10,112,880	\$ 425,600	\$ 24,399,942	\$ 34,938,422

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Balance Sheet
Non-major Special Revenue Funds
December 31, 2022

Assets	Tourism Facilities			
	Trails & Paths		Hotel/Motel	Hotel/Motel
	Fund	Fund	Fund	Fund
Cash and cash equivalents	\$ 37,640	\$ 5,569,128	\$ 469,176	\$ 2,804,142
Taxes receivable	1,201	58,955	85,685	-
Accounts receivable, (net)	-	-	-	191,814
Interest receivable	111	15,649	2,231	9,423
Prepays	-	-	-	380
Total Assets	\$ 38,952	\$ 5,643,732	\$ 557,092	\$ 3,005,759
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 12,708	\$ 11,587
Accrued payroll payable	-	-	-	2,598
Total Liabilities	-	-	12,708	14,185
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	584	24,027	36,965	-
Total Deferred Inflows of Resources	584	24,027	36,965	-
Fund Balances				
Nonspendable:				
Prepaid expenses	-	-	-	380
Restricted for:				
Trails & paths	38,368	-	-	-
Tourism & economic development	-	5,619,705	507,419	-
PEG capital uses	-	-	-	-
Affordable & supportive housing	-	-	-	-
Committed to:				
Winter weather street operations	-	-	-	-
Assigned to:				
Solid waste services	-	-	-	2,991,194
Total Fund Balances	38,368	5,619,705	507,419	2,991,574
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,952	\$ 5,643,732	\$ 557,092	\$ 3,005,759

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Balance Sheet

Non-major Special Revenue Funds
December 31, 2022

(continued)

	PEG Fund	Affordable & Supp. Housing Sales Tax Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 217,635	\$ 553,837	\$ 30,478	\$ 9,682,036
Taxes receivable	-	46,309	-	192,150
Accounts receivable, (net)	15,504	-	-	207,318
Interest receivable	643	1,637	1,302	30,996
Prepays	-	-	-	380
Total Assets	\$ 233,782	\$ 601,783	\$ 31,780	\$ 10,112,880
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 24,295
Accrued payroll payable	-	-	-	2,598
Total Liabilities	-	-	-	26,893
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	-	24,214	-	85,790
Total Deferred Inflows of Resources	-	24,214	-	85,790
Fund Balances				
Nonspendable:				
Prepaid expenses	-	-	-	380
Restricted for:				
Trails & paths	-	-	-	38,368
Tourism & economic development	-	-	-	6,127,124
PEG capital uses	233,782	-	-	233,782
Affordable & supportive housing	-	577,569	-	577,569
Committed to:				
Winter weather street operations	-	-	31,780	31,780
Assigned to:				
Solid waste services	-	-	-	2,991,194
Total Fund Balances	233,782	577,569	31,780	10,000,197
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 233,782	\$ 601,783	\$ 31,780	\$ 10,112,880

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Balance Sheet
Non-major Debt Service Fund
December 31, 2022

	Debt Service LTGO Bonds Fund
Assets	
Cash and cash equivalents	\$ -
Taxes receivable	-
Accounts receivable, (net)	425,600
Interest receivable	-
Due from other funds	-
Grants receivable	-
Prepaid expenses	-
Total Assets	\$ 425,600
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ -
Retainage payable	-
Go bonds payable - current	-
Interest payable	-
Due to other funds	425,600
Other accrued liabilities	-
Total Liabilities	\$ 425,600
Fund Balances:	
Restricted for:	
Arterial street projects	-
Trails & paths	-
Debt service LTGO bonds	-
Capital projects REET 1 roads & streets	-
Capital projects REET 2 roads & streets	-
Capital grants	-
Committed to:	
Winter weather street operations	-
Assigned to:	
Solid waste services	-
Civic city facilities replacement	-
Civic building capital replacement	-
Parks and recreation capital improvements	-
Unassigned:	-
Total Fund Balances	\$ -
Total Liabilities and Fund Balances	\$ 425,600

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Balance Sheet

Non-major Capital Project Funds

December 31, 2022

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Street Capital Projects Fund	Parks Capital Projects Fund	Civic Buildings Capital Projects Fund
Assets					
Cash and cash equivalents	\$ 5,066,332	\$ 6,538,929	\$ 2,264,117	\$ 271,542	\$ 851,194
Taxes receivable	229,367	229,366	-	-	-
Accounts receivable, (net)	-	-	9,537	-	-
Interest receivable	19,230	22,881	3,296	-	2,515
Grants receivable	-	-	921,492	-	-
Prepays	-	-	295	-	-
Total Assets	\$ 5,314,929	\$ 6,791,176	\$ 3,198,737	\$ 271,542	\$ 853,709
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 503,932	\$ 66,833	\$ -
Retainage payable	-	-	40,751	26,030	-
Accrued payroll payable	-	-	21,273	1,378	-
Unearned revenue	-	-	689,630	-	-
Total Liabilities	-	-	1,255,586	94,241	-
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	1	1	-	-	-
Total Deferred Inflows of Resources	1	1	-	-	-
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	295	-	-
Restricted for:					
Capital projects REET 1 roads & streets	5,314,928	-	-	-	-
Capital projects REET 2 roads & streets	-	6,791,175	-	-	-
Street capital construction	-	-	1,942,856	-	-
Street capital improvement P&M	-	-	-	-	-
Railroad grade separation projects	-	-	-	-	-
Transportation Improvements	-	-	-	-	-
Assigned to:					
Parks and recreation	-	-	-	177,301	-
Civic building capital replacement	-	-	-	-	853,709
Street capital improvement P&M	-	-	-	-	-
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	5,314,928	6,791,175	1,943,151	177,301	853,709
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,314,929	\$ 6,791,176	\$ 3,198,737	\$ 271,542	\$ 853,709

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Balance Sheet

Non-major Capital Project Funds
December 31, 2022

(continued)

	Pavement Preservation Fund	Railroad Grade Separation Projects Fund	Transportation Impact Fees Fund	Economic Development Capital Projects Fund	Total Non-major Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 6,642,462	\$ 127,325	\$ 666,499	\$ -	\$ 22,428,400
Taxes receivable	-	-	-	-	458,733
Accounts receivable, (net)	-	-	-	-	9,537
Interest receivable	15,042	-	1,969	-	64,933
Grants receivable	44,708	471,844	-	-	1,438,044
Prepays	-	-	-	-	295
Total Assets	\$ 6,702,212	\$ 599,169	\$ 668,468	\$ -	\$ 24,399,942
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 302,046	\$ 2,564	\$ -	\$ 875,375
Retainage payable	35,093	-	-	-	101,874
Accrued payroll payable	8,058	3,204	-	-	33,913
Unearned revenue	43,361	26,459	-	-	759,450
Total Liabilities	86,512	331,709	2,564	-	1,770,612
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	-	-	-	-	2
Total Deferred Inflows of Resources	-	-	-	-	2
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	-	-	295
Restricted for:					
Capital projects REET 1 roads & streets	-	-	-	-	5,314,928
Capital projects REET 2 roads & streets	-	-	-	-	6,791,175
Street capital construction	-	-	-	-	1,942,856
Street capital improvement P&M	2,721,807	-	-	-	2,721,807
Railroad grade separation projects	-	267,460	-	-	267,460
Transportation Improvements	-	-	665,904	-	665,904
Assigned to:					
Parks and recreation	-	-	-	-	177,301
Civic building capital replacement	-	-	-	-	853,709
Street capital improvement P&M	3,893,893	-	-	-	3,893,893
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	6,615,700	267,460	665,904	-	22,629,328
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,702,212	\$ 599,169	\$ 668,468	\$ -	\$ 24,399,942

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended December 31, 2022

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues				
Taxes	\$ 1,695,715	\$ -	\$ 5,580,040	\$ 7,275,755
Licenses and permits	64,641	-	-	64,641
Intergovernmental revenues	8,231	501,200	6,965,400	7,474,831
Charges for services	2,255,961	-	1,215,081	3,471,042
Investment interest	156,147	-	322,640	478,787
Miscellaneous revenues	-	-	10,500	10,500
<i>Total Revenues</i>	<i>4,180,695</i>	<i>501,200</i>	<i>14,093,661</i>	<i>18,775,556</i>
Expenditures				
Current:				
General government	-	-	-	-
Utilities and physical environment	62,757	-	-	62,757
Transportation	-	-	228,605	228,605
Economic environment	284,604	-	7,010	291,614
Culture and recreation	-	-	51,034	51,034
Debt service:				
Principal retirement	-	675,000	-	675,000
Interest expense	-	389,800	-	389,800
Capital outlay:				
Capital expenditures	-	-	7,783,282	7,783,282
Construction in progress	-	-	3,263,986	3,263,986
<i>Total Expenditures</i>	<i>347,361</i>	<i>1,064,800</i>	<i>11,333,917</i>	<i>12,746,078</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>3,833,334</i>	<i>(563,600)</i>	<i>2,759,744</i>	<i>6,029,478</i>
Other Financing Sources				
Transfers in	362,805	563,600	5,078,093	6,004,498
Transfers (out)	(1,170,922)	-	(2,877,526)	(4,048,448)
<i>Total Other Financing Sources</i>	<i>(808,117)</i>	<i>563,600</i>	<i>2,200,567</i>	<i>1,956,050</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>3,025,217</i>	<i>-</i>	<i>4,960,311</i>	<i>7,985,528</i>
<i>Fund Balances Beginning of Year</i>	<i>6,974,980</i>	<i>-</i>	<i>17,669,017</i>	<i>24,643,997</i>
<i>Fund Balances End of Year</i>	<i>\$ 10,000,197</i>	<i>\$ -</i>	<i>\$ 22,629,328</i>	<i>\$ 32,629,525</i>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2022

	Trails & Paths Fund	Tourism Facilities Motel/Fund	Hotel Motel Fund	Solid Waste Fund
Revenues				
Taxes	\$ -	\$ 591,849	\$ 901,685	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	8,231	-	-	-
Charges for services	-	-	-	2,255,961
Investment interest	579	82,662	11,320	43,191
<i>Total Revenues</i>	<u>8,810</u>	<u>674,511</u>	<u>913,005</u>	<u>2,299,152</u>
Expenditures				
Current:				
General government	-	-	-	-
Utilities and physical environment	-	-	-	62,757
Transportation	-	-	-	-
Economic environment	-	-	284,604	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital outlay:				
Capital expenditures	-	-	-	-
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>284,604</u>	<u>62,757</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>8,810</u>	<u>674,511</u>	<u>628,401</u>	<u>2,236,395</u>
Other Financing Sources				
Transfers in	-	273,000	-	-
Transfers (out)	-	-	(285,982)	(384,940)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>273,000</u>	<u>(285,982)</u>	<u>(384,940)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>8,810</u>	<u>947,511</u>	<u>342,419</u>	<u>1,851,455</u>
<i>Fund Balances Beginning of Year</i>	<u>29,558</u>	<u>4,672,194</u>	<u>165,000</u>	<u>1,140,119</u>
<i>Fund Balances End of Year</i>	<u>\$ 38,368</u>	<u>\$ 5,619,705</u>	<u>\$ 507,419</u>	<u>\$ 2,991,574</u>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2022

(continued)

	PEG Fund	Affordable & Supp. Housing Sales Tax Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Revenues				
Taxes	\$ -	\$ 202,181	\$ -	\$ 1,695,715
Licenses and permits	64,641	-	-	64,641
Intergovernmental revenues	-	-	-	8,231
Charges for services	-	-	-	2,255,961
Investment interest	3,246	8,061	7,088	156,147
<i>Total Revenues</i>	<i>67,887</i>	<i>210,242</i>	<i>7,088</i>	<i>4,180,695</i>
Expenditures				
Current:				
General government	-	-	-	-
Utilities and physical environment	-	-	-	62,757
Transportation	-	-	-	-
Economic environment	-	-	-	284,604
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital outlay:				
Capital expenditures	-	-	-	-
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>347,361</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>67,887</i>	<i>210,242</i>	<i>7,088</i>	<i>3,833,334</i>
Other Financing Sources				
Transfers in	-	-	89,805	362,805
Transfers (out)	-	-	(500,000)	(1,170,922)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>(410,195)</i>	<i>(808,117)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>67,887</i>	<i>210,242</i>	<i>(403,107)</i>	<i>3,025,217</i>
<i>Fund Balances Beginning of Year</i>	<i>165,895</i>	<i>367,327</i>	<i>434,887</i>	<i>6,974,980</i>
<i>Fund Balances End of Year</i>	<i>\$ 233,782</i>	<i>\$ 577,569</i>	<i>\$ 31,780</i>	<i>\$ 10,000,197</i>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Debt Service Funds (LTGO Bonds Fund)

For the Year Ended December 31, 2022

	Debt Service	
	LTGO Bonds	
	Fund	
Revenues		
Taxes	\$	-
Intergovernmental revenues		501,200
Investment interest		-
Miscellaneous revenues		-
		<hr/>
<i>Total Revenues</i>		<i>501,200</i>
Expenditures		
Current:		
General government		-
Debt service:		
Principal retirement		675,000
Interest expense		389,800
Capital outlay:		
Capital expenditures		-
Construction in progress		-
		<hr/>
<i>Total Expenditures</i>		<i>1,064,800</i>
<i>Excess (Deficiency) of Revenues</i>		
<i>Over (Under) Expenditures</i>		<i>(563,600)</i>
Other Financing Sources		
Transfers in		563,600
Transfers (out)		-
		<hr/>
<i>Total Other Financing Sources</i>		<i>563,600</i>
<i>Net Change in Fund Balances</i>		<i>-</i>
Fund Balances Beginning of Year		
Fund Balances End of Year		<hr/> <hr/> <hr/> <hr/>
	\$	-

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

For the Year Ended December 31, 2022

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Street Capital Projects Fund	Parks Capital Projects Fund	Civic Buildings Capital Projects Fund
Revenues					
Taxes	\$ 2,790,020	\$ 2,790,020	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	4,235,813	-	-
Charges for services	-	-	853,467	-	-
Investment interest	96,965	117,020	11,652	-	13,653
Miscellaneous revenues	-	-	-	-	-
<i>Total Revenues</i>	<u>2,886,985</u>	<u>2,907,040</u>	<u>5,100,932</u>	<u>-</u>	<u>13,653</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	228,605	-	-
Culture and recreation	-	-	-	51,034	-
Economic environment	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	-	-	4,233,906	96,307	-
Construction in progress	-	-	1,238,582	310,045	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>5,701,093</u>	<u>457,386</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>2,886,985</u>	<u>2,907,040</u>	<u>(600,161)</u>	<u>(457,386)</u>	<u>13,653</u>
Other Financing Sources					
Transfers in	-	-	1,350,697	616,432	-
Transfers (out)	<u>(1,530,805)</u>	<u>(1,346,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources</i>	<u>(1,530,805)</u>	<u>(1,346,721)</u>	<u>1,350,697</u>	<u>616,432</u>	<u>-</u>
<i>Net Change in Fund Balances (deficit)</i>	1,356,180	1,560,319	750,536	159,046	13,653
<i>Fund Balances Beginning of Year</i>	<u>3,958,748</u>	<u>5,230,856</u>	<u>1,192,615</u>	<u>18,255</u>	<u>840,056</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,314,928</u>	<u>\$ 6,791,175</u>	<u>\$ 1,943,151</u>	<u>\$ 177,301</u>	<u>\$ 853,709</u>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

(continued)

For the Year Ended December 31, 2022

	Pavement Preservation Fund	Railroad Grade Separation Projects Fund	Transportation Impact Fees Fund	Economic Development Capital Projects Fund	Total Non-major Capital Projects Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,580,040
Intergovernmental revenues	2,052,175	677,412	-	-	6,965,400
Charges for services	-	-	361,614	-	1,215,081
Investment interest	73,149	518	9,683	-	322,640
Miscellaneous revenues	-	10,500	-	-	10,500
<i>Total Revenues</i>	<u>2,125,324</u>	<u>688,430</u>	<u>371,297</u>	<u>-</u>	<u>14,093,661</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	-	-	228,605
Culture and recreation	-	-	-	-	51,034
Economic environment	-	-	-	7,010	7,010
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	3,394,605	58,464	-	-	7,783,282
Construction in progress	129,242	1,586,117	-	-	3,263,986
<i>Total Expenditures</i>	<u>3,523,847</u>	<u>1,644,581</u>	<u>-</u>	<u>7,010</u>	<u>11,333,917</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(1,398,523)</u>	<u>(956,151)</u>	<u>371,297</u>	<u>(7,010)</u>	<u>2,759,744</u>
Other Financing Sources					
Transfers in	2,470,135	633,819	-	7,010	5,078,093
Transfers (out)	-	-	-	-	(2,877,526)
<i>Total Other Financing Sources</i>	<u>2,470,135</u>	<u>633,819</u>	<u>-</u>	<u>7,010</u>	<u>2,200,567</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>1,071,612</u>	<u>(322,332)</u>	<u>371,297</u>	<u>-</u>	<u>4,960,311</u>
<i>Fund Balances Beginning of Year</i>	<u>5,544,088</u>	<u>589,792</u>	<u>294,607</u>	<u>-</u>	<u>17,669,017</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,615,700</u>	<u>\$ 267,460</u>	<u>\$ 665,904</u>	<u>\$ -</u>	<u>\$ 22,629,328</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Trails & Paths and Tourism Facilities Hotel/Motel, Non-Major Special Revenue Funds

For the Year Ended December 31, 2022

	Trails & Paths Special Revenue Fund			Tourism Facilities Hotel/Motel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 400,000	\$ 591,849	\$ 191,849
Intergovernmental revenues	8,000	8,231	231	-	-	-
Investment interest	100	579	479	2,500	82,662	80,162
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>8,100</i>	<i>8,810</i>	<i>710</i>	<i>402,500</i>	<i>674,511</i>	<i>272,011</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>8,100</i>	<i>8,810</i>	<i>710</i>	<i>402,500</i>	<i>674,511</i>	<i>272,011</i>
Other Financing Sources						
Transfers in	-	-	-	273,000	273,000	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>273,000</i>	<i>273,000</i>	<i>-</i>
<i>Net Change in Fund Balances</i>	<i>8,100</i>	<i>8,810</i>	<i>710</i>	<i>675,500</i>	<i>947,511</i>	<i>272,011</i>
<i>Fund Balances Beginning of Year</i>	<i>29,558</i>	<i>29,558</i>	<i>-</i>	<i>4,672,194</i>	<i>4,672,194</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 37,658</i>	<i>\$ 38,368</i>	<i>\$ 710</i>	<i>\$ 5,347,694</i>	<i>\$ 5,619,705</i>	<i>\$ 272,011</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Hotel/Motel and Solid Waste, Non-Major Special Revenue Funds

For the Year Ended December 31, 2022

	Hotel/Motel Special Revenue Fund			Solid Waste Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
			Over (Under)			Over (Under)
Revenues						
Taxes	\$ 600,000	\$ 901,685	\$ 301,685	\$ -	\$ -	\$ -
Charges for services	-	-	-	1,825,000	2,255,961	430,961
Investment interest	1,000	11,320	10,320	7,000	43,191	36,191
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>601,000</i>	<i>913,005</i>	<i>312,005</i>	<i>1,832,000</i>	<i>2,299,152</i>	<i>467,152</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	232,000	62,757	(169,243)
Economic environment	298,000	284,604	(13,396)	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>298,000</i>	<i>284,604</i>	<i>(13,396)</i>	<i>232,000</i>	<i>62,757</i>	<i>(169,243)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>303,000</i>	<i>628,401</i>	<i>325,401</i>	<i>1,600,000</i>	<i>2,236,395</i>	<i>636,395</i>
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	(303,000)	(285,982)	17,018	(1,860,519)	(384,940)	1,475,579
<i>Total Other Financing Sources</i>	<i>(303,000)</i>	<i>(285,982)</i>	<i>17,018</i>	<i>(1,860,519)</i>	<i>(384,940)</i>	<i>1,475,579</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>-</i>	<i>342,419</i>	<i>342,419</i>	<i>(260,519)</i>	<i>1,851,455</i>	<i>2,111,974</i>
<i>Fund Balances Beginning of Year</i>	<i>165,000</i>	<i>165,000</i>	<i>-</i>	<i>1,140,119</i>	<i>1,140,119</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 165,000</i>	<i>\$ 507,419</i>	<i>\$ 342,419</i>	<i>\$ 879,600</i>	<i>\$ 2,991,574</i>	<i>\$ 2,111,974</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

PEG and Affordable & Supportive Housing, Non-Major Special Revenue Funds

For the Year Ended December 31, 2022

	PEG Special Revenue Fund			Affordable & Supportive Housing Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 193,000	\$ 202,181	\$ 9,181
Licenses and permits	79,000	64,641	(14,359)	-	-	-
Investment interest	-	3,246	3,246	-	8,061	8,061
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>79,000</i>	<i>67,887</i>	<i>(11,113)</i>	<i>193,000</i>	<i>210,242</i>	<i>17,242</i>
Expenditures						
Current:						
General government	39,500	-	(39,500)	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	33,500	-	(33,500)	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>73,000</i>	<i>-</i>	<i>(73,000)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>6,000</i>	<i>67,887</i>	<i>61,887</i>	<i>193,000</i>	<i>210,242</i>	<i>17,242</i>
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Net Change in Fund Balances</i>	<i>6,000</i>	<i>67,887</i>	<i>61,887</i>	<i>193,000</i>	<i>210,242</i>	<i>17,242</i>
<i>Fund Balances Beginning of Year</i>	<i>165,895</i>	<i>165,895</i>	<i>-</i>	<i>367,327</i>	<i>367,327</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 171,895</i>	<i>\$ 233,782</i>	<i>\$ 61,887</i>	<i>\$ 560,327</i>	<i>\$ 577,569</i>	<i>\$ 17,242</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

CenterPlace Operating Reserve and Service Level Stabilization, Non-Major Special Revenue Funds

For the Year Ended December 31, 2022

	CenterPlace Operating Reserve Special Revenue Fund ¹⁾			Service Level Stabilization Reserve Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Investment interest	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	-	-	-	-	-	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	-	-	-	-	-	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	-	-	-
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	-	-	-	-	-	-
<i>Net Change in Fund Balances (deficit)</i>	-	-	-	-	-	-
<i>Fund Balances Beginning of Year</i>	300,000	300,000	-	5,500,000	5,500,000	-
<i>Fund Balances End of Year</i>	\$ 300,000	\$ 300,000	\$ -	\$ 5,500,000	\$ 5,500,000	\$ -

¹⁾ Fund Balances, CenterPlace Operating Reserve consolidated and collapsed into General Fund (GASB 54).

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Winter Weather Reserve, Non-major Special Revenue Fund

For the Year Ended December 31, 2022

**Winter Weather Reserve
Special Revenue Fund**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Investment interest	800	7,088	6,288
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<i>800</i>	<i>7,088</i>	<i>6,288</i>
Expenditures			
Current:			
General government	-	-	-
Transportation	500,000	-	(500,000)
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<i>500,000</i>	<i>-</i>	<i>(500,000)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(499,200)</i>	<i>7,088</i>	<i>506,288</i>
Other Financing Sources			
Transfers in	89,805	89,805	-
Transfers (out)	-	(500,000)	500,000
<i>Total Other Financing Sources</i>	<i>89,805</i>	<i>(410,195)</i>	<i>(500,000)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(409,395)</i>	<i>(403,107)</i>	<i>6,288</i>
<i>Fund Balances Beginning of Year</i>	<i>434,887</i>	<i>434,887</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 25,492</i>	<i>\$ 31,780</i>	<i>\$ 6,288</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

LTGO Bonds Fund (LTGO'2016 & LTGO'14 Refunding Bonds, Non-Major Debt Service Fund

For the Year Ended December 31, 2022

	Debt Service		
	LTGO Bonds Fund		Variance with Final Budget Over (Under)
	Final Budgeted Amounts	Actual Amounts	
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	501,200	501,200	-
Investment interest	-	-	-
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<u>501,200</u>	<u>501,200</u>	<u>-</u>
Expenditures			
Current:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	675,000	675,000	-
Interest expense	389,800	389,800	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>1,064,800</u>	<u>1,064,800</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(563,600)</u>	<u>(563,600)</u>	<u>-</u>
Other Financing Sources			
Transfers in	563,600	563,600	-
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<u>563,600</u>	<u>563,600</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

REET 1 and REET 2 Capital Projects, Non-Major Capital Projects Funds

For the Year Ended December 31, 2022

	REET 1 Capital Projects Fund			REET 2 Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 2,000,000	\$ 2,790,020	\$ 790,020	\$ 2,000,000	\$ 2,790,020	\$ 790,020
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment interest	2,000	96,965	94,965	5,000	117,020	112,020
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>2,002,000</i>	<i>2,886,985</i>	<i>884,985</i>	<i>2,005,000</i>	<i>2,907,040</i>	<i>902,040</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>2,002,000</i>	<i>2,886,985</i>	<i>884,985</i>	<i>2,005,000</i>	<i>2,907,040</i>	<i>902,040</i>
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	(1,311,176)	(1,530,805)	219,629	(2,058,143)	(1,346,721)	(711,422)
<i>Total Other Financing Sources</i>	<i>(1,311,176)</i>	<i>(1,530,805)</i>	<i>219,629</i>	<i>(2,058,143)</i>	<i>(1,346,721)</i>	<i>(711,422)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>690,824</i>	<i>1,356,180</i>	<i>665,356</i>	<i>(53,143)</i>	<i>1,560,319</i>	<i>1,613,462</i>
<i>Fund Balances Beginning of Year</i>	<i>3,958,748</i>	<i>3,958,748</i>	<i>-</i>	<i>5,230,856</i>	<i>5,230,856</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 4,649,572</i>	<i>\$ 5,314,928</i>	<i>\$ 665,356</i>	<i>\$ 5,177,713</i>	<i>\$ 6,791,175</i>	<i>\$ 1,613,462</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Street Capital Projects & Parks Capital Projects, Non-Major Capital Projects Funds

For the Year Ended December 31, 2022

	Street Capital Projects Fund			Parks Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	6,283,904	4,235,813	(2,048,091)	-	-	-
Charges for services	-	853,467	853,467	-	-	-
Investment interest	-	11,652	11,652	-	-	-
Miscellaneous revenues	1,312,810	-	(1,312,810)	-	-	-
<i>Total Revenues</i>	<i>7,596,714</i>	<i>5,100,932</i>	<i>(2,495,782)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	154,705	228,605	73,900	-	-	-
Culture and recreation	-	-	-	-	51,034	51,034
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	8,885,740	4,233,906	(4,651,834)	733,006	96,307	(636,699)
Construction in progress	-	1,238,582	1,238,582	-	310,045	310,045
<i>Total Expenditures</i>	<i>9,040,445</i>	<i>5,701,093</i>	<i>(3,339,352)</i>	<i>733,006</i>	<i>457,386</i>	<i>(275,620)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(1,443,731)</i>	<i>(600,161)</i>	<i>843,570</i>	<i>(733,006)</i>	<i>(457,386)</i>	<i>275,620</i>
Other Financing Sources						
Transfers in	1,443,731	1,350,697	(93,034)	813,006	616,432	(196,574)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>1,443,731</i>	<i>1,350,697</i>	<i>(93,034)</i>	<i>813,006</i>	<i>616,432</i>	<i>(196,574)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>750,536</i>	<i>750,536</i>	<i>80,000</i>	<i>159,046</i>	<i>79,046</i>
<i>Fund Balances Beginning of Year</i>	<i>1,192,615</i>	<i>1,192,615</i>	<i>-</i>	<i>18,255</i>	<i>18,255</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 1,192,615</i>	<i>\$ 1,943,151</i>	<i>\$ 750,536</i>	<i>\$ 98,255</i>	<i>\$ 177,301</i>	<i>\$ 79,046</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Civic Buildings Capital Projects & Pavement Preservation Capital Projects, Non-Major Capital Projects Funds

For the Year Ended December 31, 2022

	Civic Buildings Capital Projects Fund			Pavement Preservation Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	1,029,000	2,052,175	1,023,175
Charges for services	-	-	-	-	-	-
Investment interest	1,300	13,653	12,353	-	73,149	73,149
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,300</i>	<i>13,653</i>	<i>12,353</i>	<i>1,029,000</i>	<i>2,125,324</i>	<i>1,096,324</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	50,000	-	(50,000)
Culture and recreation	560,000	-	(560,000)	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	5,426,844	3,394,605	(2,032,239)
Construction in progress	-	-	-	-	129,242	129,242
<i>Total Expenditures</i>	<i>560,000</i>	<i>-</i>	<i>(560,000)</i>	<i>5,476,844</i>	<i>3,523,847</i>	<i>(1,952,997)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(558,700)</i>	<i>13,653</i>	<i>572,353</i>	<i>(4,447,844)</i>	<i>(1,398,523)</i>	<i>3,049,321</i>
Other Financing Sources						
Transfers in	-	-	-	4,421,119	2,470,135	(1,950,984)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,421,119</i>	<i>2,470,135</i>	<i>(1,950,984)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(558,700)</i>	<i>13,653</i>	<i>572,353</i>	<i>(26,725)</i>	<i>1,071,612</i>	<i>1,098,337</i>
<i>Fund Balances Beginning of Year</i>	<i>840,056</i>	<i>840,056</i>	<i>-</i>	<i>5,544,088</i>	<i>5,544,088</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 281,356</i>	<i>\$ 853,709</i>	<i>\$ 572,353</i>	<i>\$ 5,517,363</i>	<i>\$ 6,615,700</i>	<i>\$ 1,098,337</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Reserve, Major Cap Projects Fund & Railroad Grade Separation Capital Projects, Non-Major Cap Projects Fund
For the Year Ended December 31, 2022

	Capital Reserve Fund Capital Projects Fund			Railroad Grade Separation Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,000,000	-	(1,000,000)	1,803,214	677,412	(1,125,802)
Charges for services	-	-	-	187,511	-	(187,511)
Investment interest	10,000	236,053	226,053	-	518	518
Miscellaneous revenues	-	-	-	-	10,500	10,500
<i>Total Revenues</i>	<i>1,010,000</i>	<i>236,053</i>	<i>(773,947)</i>	<i>1,990,725</i>	<i>688,430</i>	<i>(1,302,295)</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	759,600	-	(759,600)	3,006,052	58,464	(2,947,588)
Construction in progress	-	-	-	-	1,586,117	1,586,117
<i>Total Expenditures</i>	<i>759,600</i>	<i>-</i>	<i>(759,600)</i>	<i>3,006,052</i>	<i>1,644,581</i>	<i>(1,361,471)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>250,400</i>	<i>236,053</i>	<i>(14,347)</i>	<i>(1,015,327)</i>	<i>(956,151)</i>	<i>59,176</i>
Other Financing Sources						
Transfers in	3,593,000	3,593,000	-	785,912	633,819	(152,093)
Transfers (out)	(2,474,421)	(1,693,419)	781,002	-	-	-
<i>Total Other Financing Sources</i>	<i>1,118,579</i>	<i>1,899,581</i>	<i>781,002</i>	<i>785,912</i>	<i>633,819</i>	<i>(152,093)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>1,368,979</i>	<i>2,135,634</i>	<i>766,655</i>	<i>(229,415)</i>	<i>(322,332)</i>	<i>(92,917)</i>
<i>Fund Balances Beginning of Year</i>	<i>14,522,386</i>	<i>14,522,386</i>	<i>-</i>	<i>589,792</i>	<i>589,792</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 15,891,365</i>	<i>\$ 16,658,020</i>	<i>\$ 766,655</i>	<i>\$ 360,377</i>	<i>\$ 267,460</i>	<i>\$ (92,917)</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Transportation Impact Fees & Economic Development Capital Projects, Non-Major Capital Projects Funds

For the Year Ended December 31, 2022

	Transportation Impact Fees Capital Projects Fund			Economic Development Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	200,000	361,614	161,614	-	-	-
Investment interest	-	9,683	9,683	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>200,000</i>	<i>371,297</i>	<i>171,297</i>	<i>-</i>	<i>-</i>	<i>-</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Economic environment	-	-	-	46,642	7,010	(39,632)
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>46,642</i>	<i>7,010</i>	<i>(39,632)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>200,000</i>	<i>371,297</i>	<i>171,297</i>	<i>(46,642)</i>	<i>(7,010)</i>	<i>39,632</i>
Other Financing Sources						
Transfers in	-	-	-	46,642	7,010	(39,632)
Transfers (out)	(41,551)	-	41,551	-	-	-
<i>Total Other Financing Sources</i>	<i>(41,551)</i>	<i>-</i>	<i>41,551</i>	<i>46,642</i>	<i>7,010</i>	<i>(39,632)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>158,449</i>	<i>371,297</i>	<i>212,848</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fund Balances Beginning of Year</i>	<i>294,607</i>	<i>294,607</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances End of Year	\$ 453,056	\$ 665,904	\$ 212,848	\$ -	\$ -	\$ -

Internal Service Funds

Internal service funds: are used to account for the financing of goods, services, and operations provided by one department or agency to other departments or agencies of the government and its other governmental units, on a cost reimbursement basis.

Equipment Rental & Replacement Fund ----- The City of Spokane Valley's Equipment Rental & Replacement Fund (ER&R) accounts for the activities and costs of maintaining and replacing the City's vehicles and equipment for all City departments. The fund accumulates resources for vehicle and equipment replacements and purchases. Funds or Departments using the vehicle or equipment pay associated replacement fees.

Replacement funds have been set aside on the telephone system, computer network system, desktop computers, and vehicles. Maintenance and service charges for copiers, telephones, and internet are also charged to the fund. The ER&R Fund also finances and administers a fleet of pool cars for use by City Departments.

Risk Management Fund ----- The City of Spokane Valley's Risk Management Fund has been established to account for insurance costs, claims settlement, and administration of a risk management safety program. This fund also accounts for the funding of unemployment claims through the State of Washington.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Net Position-Internal Service Funds
Equipment Rental and Replacement & Risk Management Funds
For the Year Ended December 31, 2022

Governmental-type activities			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,441,778	\$ 426,934	\$ 1,868,712
Interest receivable	3,484	1,151	4,635
Total Current Assets	1,445,262	428,085	1,873,347
Capital Assets:			
Machinery and equipment	1,291,679	-	1,291,679
Less: accumulated depreciation	(410,276)	-	(410,276)
Total Capital Assets	881,403	-	881,403
Total Assets	\$ 2,326,665	\$ 428,085	\$ 2,754,750
Liabilities			
Current Liabilities:			
Accounts payable	\$ 28,143	\$ 63	\$ 28,206
Total Current Liabilities	28,143	63	28,206
Total Liabilities	28,143	63	28,206
Net Position			
Net Investments in Capital Assets	881,403	-	881,403
Unrestricted	1,417,119	428,022	1,845,141
Total Net Position	2,298,522	428,022	2,726,544
Total Liabilities and Net Position	\$ 2,326,665	\$ 428,085	\$ 2,754,750

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Revenues, Expenses, and Changes in Net Position

Equipment Rental and Replacement & Risk Management - Internal Service Funds

For the Year Ended December 31, 2022

Governmental-type activities			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Operating Revenues:			
Charges for services (net of returns and allowances)	\$ 323,625	\$ -	\$ 323,625
Total Operating Revenues	<u>323,625</u>	<u>-</u>	<u>323,625</u>
Operating Expenses:			
Personal services	-	66	66
Professional services	-	419,621	419,621
Depreciation and amortization	89,868	-	89,868
Total Operating Expenses	<u>89,868</u>	<u>419,687</u>	<u>509,555</u>
Operating Income (loss)	<u>233,757</u>	<u>(419,687)</u>	<u>(185,930)</u>
Non-Operating Revenues (Expenses)			
Investment income	20,448	4,889	25,337
Total Non-Operating Revenues (Expenses)	<u>20,448</u>	<u>4,889</u>	<u>25,337</u>
Income (loss) before contributions and Transfers	<u>254,205</u>	<u>(414,798)</u>	<u>(160,593)</u>
Contributions and Transfers:			
Transfers in	-	450,000	450,000
Total contributions and transfers	-	450,000	450,000
Change in Net Position	<u>254,205</u>	<u>35,202</u>	<u>289,407</u>
Net Position-Beginning of Year	<u>2,044,317</u>	<u>392,820</u>	<u>2,437,137</u>
Net Position-End of Year	<u>\$ 2,298,522</u>	<u>\$ 428,022</u>	<u>\$ 2,726,544</u>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Combining Statement of Cash Flows - Internal Service Funds

Equipment Rental and Replacement & Risk Management - Internal Service Funds

For the Year Ended December 31, 2022

Governmental - Type Activities			
Internal Service Funds			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Cash Flows from Operating Activities			
Cash payments to employees	\$ (319)	\$ (66)	\$ (385)
Cash payments to suppliers for goods and services	27,626	(419,558)	(391,932)
Receipts from interfund activity	323,625	-	323,625
<i>Net cash provided (used) by operating activities</i>	350,932	(419,624)	(68,692)
Cash Flows from Noncapital Financing Activities			
Operating subsidies & transfers in (out) from other funds	-	450,000	450,000
<i>Net Cash (used) provided by noncapital related financing activities</i>	-	450,000	450,000
Cash Flows from Capital and Related Financing Activities			
Acquisition, construction & (transfers) of capital assets to governmental funds	(352,426)	-	(352,426)
<i>Net Cash provided by capital related financing activities</i>	(352,426)	-	(352,426)
Cash Flows from Investing Activities			
Interest received	17,052	3,763	20,815
<i>Net Cash provided by investing activities</i>	17,052	3,763	20,815
Net Increase (decrease) in Cash and Cash Equivalents	15,558	34,139	49,697
Cash and Cash Equivalents - January 1, 2022	1,426,220	392,795	1,819,015
Cash and Cash Equivalents - December 31, 2022	\$ 1,441,778	\$ 426,934	\$ 1,868,712
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 233,757	\$ (419,687)	\$ (185,930)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	89,868	-	89,868
<i>Increase (Decrease) in Liabilities:</i>			
Increase in: Accounts payable to suppliers	27,626	63	27,689
Decrease in: Salaries & Benefits payable	(319)	-	(319)
Total adjustments	117,175	63	117,238
Net Cash Provided (used) by Operating Activities	\$ 350,932	\$ (419,624)	\$ (68,692)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Statistical Section



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

STATISTICAL SECTION

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

CONTENTS	Page #
<i>Financial Trends</i>	111 - 115
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<i>Revenue Capacity</i>	116 - 119
<i>These schedules contain information to help the reader assess the government's most significant local revenue (inflow) source, property taxes.</i>	
<i>Debt Capacity</i>	120 - 123
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<i>Demographic and Economic Information</i>	124 - 125
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<i>Operating Information</i>	126 - 128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 75,837	\$ 75,907	\$ 85,200	\$ 90,360	\$ 101,125	\$ 108,679	\$ 117,239	\$ 128,464	\$ 138,624	\$ 142,022
Restricted	4,985	5,128	5,731	13,238	8,833	11,622	14,474	16,407	29,627	38,422
Unrestricted	45,746	48,827	45,051	42,494	49,325	57,326	61,243	63,940	65,465	80,223
Total governmental activities										
net position:	\$ 126,568	\$ 129,862	\$ 135,982	\$ 146,092	\$ 159,283	\$ 177,627	\$ 192,956	\$ 208,811	\$ 233,716	\$ 260,667
Business-type activities										
Net investment in capital assets	\$ 4,176	\$ 5,382	\$ 6,275	\$ 6,356	\$ 6,344	\$ 6,915	\$ 7,200	\$ 7,405	\$ 9,882	\$ 9,534
Restricted	-	-	-	-	-	2	1	-	71	81
Unrestricted	2,653	1,935	2,562	2,712	3,387	4,054	4,298	4,280	3,450	3,718
Total business-type activities										
net position:	\$ 6,829	\$ 7,317	\$ 8,837	\$ 9,068	\$ 9,731	\$ 10,971	\$ 11,499	\$ 11,685	\$ 13,404	\$ 13,333
Primary government										
Net investment in capital assets	\$ 80,013	\$ 81,289	\$ 91,475	\$ 96,716	\$ 107,469	\$ 115,594	\$ 124,439	\$ 135,869	\$ 148,506	\$ 151,556
Restricted	4,985	5,128	5,731	13,238	8,833	11,624	14,475	16,407	29,698	38,504
Unrestricted	48,399	50,762	47,613	45,206	52,712	61,380	65,541	68,220	68,915	83,940
Total primary government										
net position:	\$ 133,397	\$ 137,179	\$ 144,819	\$ 155,160	\$ 169,014	\$ 188,598	\$ 204,455	\$ 220,496	\$ 247,120	\$ 274,000

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 4,644	\$ 5,004	\$ 4,771	\$ 6,129	\$ 5,155	\$ 5,141	\$ 5,568	\$ 9,760	\$ 4,421	\$ 7,044
Public safety	22,486	22,190	22,144	23,173	21,583	24,879	25,180	25,768	27,861	30,989
Social Services	-	-	-	-	-	-	-	-	116	295
Utilities & physical environment	3,028	2,462	4,942	3,368	4,500	2,295	1,873	1,075	1,130	1,144
Transportation	7,713	8,779	6,294	8,740	9,330	9,248	13,257	11,870	12,986	14,664
Economic environment	849	912	883	1,122	1,095	1,417	1,167	1,166	1,155	1,213
Community development	2,031	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846	3,025
Culture and recreation	3,535	5,234	3,674	3,841	3,692	3,887	4,223	3,684	4,209	4,714
Interest on long-term debt	369	243	238	317	509	495	541	364	346	331
Total governmental activities expenses	44,655	46,672	45,016	48,729	47,219	49,848	54,618	56,711	55,070	63,420
Business-type activities:										
Aquifer protection area	306	982	126	154	171	177	211	239	677	559
Stormwater management	1,767	1,649	1,935	1,960	1,960	1,748	1,913	1,993	1,761	2,354
Total business-type activities expenses	2,073	2,631	2,061	2,114	2,131	1,925	2,124	2,232	2,438	2,913
Total primary government expenses	\$ 46,728	\$ 49,303	\$ 47,076	\$ 50,843	\$ 49,350	\$ 51,773	\$ 56,742	\$ 58,943	\$ 57,509	\$ 66,334
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,008	\$ 3,432	\$ 2,659	\$ 3,126	\$ 3,064	\$ 2,491	\$ 1,588	\$ 1,712	\$ 2,057	\$ 2,011
Public safety	1,553	1,473	1,388	1,318	1,159	1,299	1,552	763	838	824
Utilities & physical environment	98	934	230	222	296	1,496	1,766	1,779	2,688	2,263
Transportation	15	10	25	211	369	170	417	420	895	1,333
Community development	1,615	1,561	1,480	2,632	2,220	2,533	3,175	3,384	4,930	4,107
Culture and recreation	536	599	657	682	705	646	721	114	312	654
Operating grants and contributions	787	707	495	1,254	701	535	557	5,058	1,159	6,448
Capital grants and contributions	3,678	3,257	9,487	6,895	6,820	9,198	8,899	8,197	4,987	8,057
Total governmental activities program revenues	11,290	11,973	16,421	16,340	15,334	18,368	18,675	21,427	17,867	25,697
Business-type activities:										
Charges for services:										
Aquifer protection area	1	-	-	-	-	-	-	-	-	-
Stormwater management	1,873	1,867	1,861	1,898	1,895	1,920	1,936	1,911	2,026	2,031
Operating grants and contributions	956	476	584	450	784	1,189	520	427	997	683
Capital grants and contributions	620	814	1,410	-	97	-	110	61	1,116	68
Total business-type activities program revenues	3,450	3,157	3,855	2,348	2,776	3,109	2,566	2,399	4,139	2,782
Total primary government program revenues	\$ 14,740	\$ 15,130	\$ 20,276	\$ 18,688	\$ 18,110	\$ 21,477	\$ 21,241	\$ 23,826	\$ 22,006	\$ 28,479

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	\$ (33,365)	\$ (34,698)	\$ (28,595)	\$ (32,389)	\$ (31,886)	\$ (31,480)	\$ (35,943)	\$ (35,284)	\$ (37,204)	\$ (37,724)
Business-type activities	1,377	525	1,794	235	645	1,185	442	166	1,700	(131)
Total primary government net (expenses) /revenues	\$ (31,988)	\$ (34,173)	\$ (26,800)	\$ (32,154)	\$ (31,241)	\$ (30,295)	\$ (35,501)	\$ (35,118)	\$ (35,503)	\$ (37,855)
General Revenues and other Changes in Net Position										
<i>Governmental activities:</i>										
Taxes:										
Property taxes	\$ 10,886	\$ 11,042	\$ 11,274	\$ 11,430	\$ 11,602	\$ 11,671	\$ 12,107	\$ 12,386	\$ 12,685	\$ 13,349
Sales and use taxes	18,721	19,779	20,728	22,583	23,941	25,803	27,411	28,998	35,854	36,896
Excise taxes	3,329	3,616	4,397	4,807	5,636	7,682	7,075	6,982	9,978	9,481
Other taxes	3,670	3,459	3,459	3,417	3,369	3,285	3,189	2,377	2,841	3,056
Gain sale of capital assets, proceeds	-	-	-	-	-	28	-	-	91	-
Donation of capital assets	-	-	-	-	-	239	-	-	575	-
Interest and investment earnings	82	57	99	248	515	1,103	1,490	397	99	1,893
Transfers	13	39	13	13	13	13	-	-	(15)	-
Total governmental activities	36,701	37,992	39,970	42,498	45,076	49,824	51,272	51,140	62,109	64,675
<i>Business-type activities:</i>										
Interest and investment earnings	2	1	2	10	31	69	86	19	3	60
Transfers	(13)	(39)	(13)	(13)	(13)	(13)	-	-	15	-
Total business-type activities	(11)	(38)	(11)	(3)	18	56	86	19	18	60
Total primary government	\$ 36,690	\$ 37,954	\$ 39,959	\$ 42,495	\$ 45,094	\$ 49,880	\$ 51,358	\$ 51,159	\$ 62,127	\$ 64,735
Change in Net Position										
Governmental activities	\$ 3,336	\$ 3,294	\$ 11,376	\$ 10,109	\$ 13,191	\$ 18,344	\$ 15,329	\$ 15,855	\$ 24,905	\$ 26,951
<i>Change in accounting principles, note 1</i>	-	-	(5,519)	-	-	-	-	-	-	-
Business-type activities	1,366	487	1,783	232	662	1,241	528	186	1,719	(71)
Total primary government	\$ 4,702	\$ 3,781	\$ 7,640	\$ 10,341	\$ 13,853	\$ 19,585	\$ 15,857	\$ 16,041	\$ 26,623	\$ 26,880

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

City of Spokane Valley, Washington

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 56	\$ 98	\$ 131	\$ 82	\$ 90	\$ 157	\$ 134	\$ 88	\$ 200	\$ 213
Restricted	204	255	24	80	38	44	48	2,187	8,188	9,709
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	29,071	29,974	31,652	34,695	39,336	42,417	43,045	45,971	41,619	51,682
Total general fund	\$ 29,331	\$ 30,327	\$ 31,807	\$ 34,857	\$ 39,464	\$ 42,618	\$ 43,227	\$ 48,246	\$ 50,007	\$ 61,604
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ 19	\$ 5	\$ 11	\$ 1	\$ 2	\$ 4	\$ 9	\$ 15
Restricted	4,725	4,774	5,557	13,070	8,349	11,071	14,425	14,220	20,495	25,986
Committed	503	504	444	237	4	500	23	160	435	32
Assigned	11,785	14,056	13,854	8,381	9,583	13,854	16,584	14,692	19,383	24,574
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other	\$ 17,013	\$ 19,334	\$ 19,874	\$ 21,693	\$ 17,947	\$ 25,426	\$ 31,034	\$ 29,076	\$ 40,323	\$ 50,607
Total fund balances	\$ 46,344	\$ 49,661	\$ 51,681	\$ 56,550	\$ 57,411	\$ 68,044	\$ 74,261	\$ 77,322	\$ 90,330	\$ 112,211

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

City of Spokane Valley, Washington

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 34,487	\$ 35,929	\$ 37,434	\$ 39,643	\$ 41,845	\$ 44,566	\$ 46,142	\$ 46,597	\$ 57,560	\$ 58,578
Licenses and permits	2,427	2,372	2,342	3,195	3,048	4,010	4,442	4,661	6,289	5,403
Intergovernmental	7,949	8,098	13,468	11,597	10,536	15,316	13,533	16,514	10,264	18,003
Charges for services	996	1,029	1,450	1,814	1,607	2,044	2,870	2,202	4,096	4,168
Fines and forfeitures	543	544	530	478	427	468	504	417	444	403
Investment interest	81	56	98	243	504	1,081	1,462	390	98	1,867
Miscellaneous	1,055	1,933	1,090	1,019	863	719	871	718	657	850
Total revenues	47,538	49,961	56,412	57,989	58,830	68,204	69,824	71,499	79,408	89,273
Expenditures										
Current:										
General government	4,232	4,508	4,539	5,134	4,891	4,828	5,229	9,667	5,894	6,967
Public safety	22,429	22,132	22,045	23,107	21,465	24,762	25,062	25,640	27,793	30,790
Social Services	-	-	-	-	-	-	-	-	116	294
Utilities & physical environment	1,923	2,080	2,083	2,259	3,476	1,230	854	65	194	211
Transportation	4,172	4,453	4,144	4,524	4,704	4,288	8,149	6,281	7,194	8,362
Economic environment	815	902	825	1,095	1,125	1,392	1,149	1,122	1,152	1,323
Community development	2,031	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846	3,025
Culture and recreation	2,599	2,582	2,788	2,851	2,743	2,806	2,909	2,271	2,570	3,001
Debt Service:										
Principal retirement	254	360	300	390	470	520	555	595	635	719
Interest expense	369	243	238	357	471	458	444	427	409	395
Refunding Bond issue costs	-	107	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	97	-	-	-	-	-	-
Capital Outlay:										
Capital expenditures	279	370	2,572	7,413	7,260	13,514	12,282	14,237	15,215	8,640
Construction in progress	6,547	6,832	12,476	11,489	9,712	1,299	3,739	4,636	2,503	3,264
Total expenditures	45,650	46,417	54,081	60,755	57,672	57,583	63,181	67,965	66,521	66,990
<i>Excess of revenues over (under) expenditures</i>	<i>1,888</i>	<i>3,543</i>	<i>2,331</i>	<i>(2,766)</i>	<i>1,158</i>	<i>10,621</i>	<i>6,643</i>	<i>3,534</i>	<i>12,887</i>	<i>22,283</i>
Other financing sources (uses)										
Lease financing	-	-	-	-	-	-	-	-	-	48
Proceeds on sale of land	-	-	-	-	-	405	-	-	109	-
Bonds issued, par value	-	-	-	7,275	-	-	-	-	-	-
Refunding bonds issued	-	7,035	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	671	-	-	-	-	-	-
Premium on refunding bonds issued	-	626	-	-	-	-	-	-	-	-
Pymts refunded bonds escrow agent	-	(7,549)	-	-	-	-	-	-	-	-
Transfers in	10,251	7,388	11,917	8,364	11,840	12,749	17,850	13,065	23,816	14,073
Transfers out	(10,556)	(7,726)	(12,229)	(8,675)	(12,137)	(13,142)	(18,277)	(13,539)	(24,293)	(14,523)
Total other financing sources (uses)	(305)	(226)	(312)	7,635	(297)	12	(427)	(474)	(367)	(402)
Net change in fund balances	\$ 1,583	\$ 3,317	\$ 2,019	\$ 4,869	\$ 861	\$ 10,633	\$ 6,216	\$ 3,060	\$ 12,520	\$ 21,882
Debt service as a percentage of noncapital expenditures	1.63%	1.57%	1.40%	1.82%	2.37%	2.34%	2.16%	2.13%	2.19%	2.06%

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	State Assessed Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value¹	Total Direct Tax Rate²
2013	7,098,461,705	395,557,119	164,764,545	736,958,074	6,921,825,295	1.578
2014	7,361,808,225	418,907,730	188,057,827	799,782,754	7,168,991,028	1.545
2015	7,599,597,739	440,541,679	182,240,486	828,408,322	7,393,971,582	1.526
2016	7,913,329,396	465,687,715	207,777,187	838,519,201	7,748,275,097	1.483
2017	8,308,078,597	477,211,542	209,217,972	870,020,448	8,124,487,663	1.434
2018	8,859,707,714	477,302,196	223,823,667	926,718,779	8,634,114,798	1.367
2019	9,653,316,121	485,761,065	243,083,335	1,030,771,476	9,351,389,045	1.303
2020	10,571,772,651	507,662,007	253,326,744	1,132,403,863	10,200,357,539	1.216
2021	12,040,396,660	519,600,724	279,414,217	1,286,346,119	11,553,065,482	1.101
2022	13,471,800,081	511,067,937	284,512,760	1,347,685,834	12,919,694,944	1.019

¹ It is the policy of the Spokane County's Assessor's Office to value property at 100% of market value. As a result, assessed and actual values are the same. (Source: Spokane County Assessor's Office)

² Total direct tax rate is per \$1,000 of assessed value.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Direct and Overlapping Property Tax Rates Governments

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

City of Spokane Valley Rates			Overlapping Rates¹					
Fiscal Year	Basic Rate	Total Direct	Fire Districts	Spokane County	State School	School² Districts (4)	County Library	Other/Special
2013	1.578	1.578	3.632	3.032	2.445	22.416	0.500	1.747
2014	1.545	1.545	3.631	3.042	2.373	22.392	0.500	1.691
2015	1.526	1.526	3.625	3.186	2.264	22.617	0.500	1.636
2016	1.483	1.483	3.554	3.115	2.100	22.137	0.491	1.701
2017	1.434	1.434	3.489	3.090	2.000	22.325	0.476	1.675
2018	1.367	1.367	3.274	2.100	2.795	21.113	0.454	1.371
2019	1.303	1.303	3.069	2.280	2.518	15.536	0.432	1.318
2020	1.216	1.216	3.067	2.331	2.830	16.189	0.500	1.837
2021	1.101	1.101	2.828	2.150	2.823	15.722	0.462	1.703
2022	1.019	1.019	2.705	1.993	2.660	15.166	0.425	1.660

¹ Overlapping rates are those of local and county governments that apply to property owners with the City of Spokane Valley.

Not all overlapping rates apply to all Spokane Valley property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

² Four separate School Districts operate within the City's boundary.

(Source: Spokane County Assessor's Office)

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Principal Property Taxpayers¹

Current Year and Ten Years Ago

December 31, 2022

Taxpayer	Business Type	2022			2012		
		Total Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Total Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kaiser Aluminum, Inc.	Aluminum Manufacturer	\$ 400,564,056	1	3.10%	\$ 129,806,401	1	1.81%
Avista Corporation	Electric & Gas Utility	140,053,494	2	1.08%	59,528,819	4	0.83%
Preylock Real Estate Holdings	Real Estate Developer	127,386,630	3	0.99%	DND	-	DND
Park SPE, LLC	Real Estate Developer	97,989,750	4	0.76%	62,871,640	2	0.88%
Bella Tess, LLC	Real Estate Apartments	54,963,200	5	0.43%	DND	-	DND
Providence Health & Services	Health Care	54,103,292	6	0.42%	DND	-	DND
Burlington Northern	Retail	46,187,114	7	0.36%	DND	-	DND
Wagstaff Inc.	Engineering & Manufacturing	47,517,091	8	0.37%	DND	-	DND
Blue Varsity Capital LLC	CLT manufacturing	46,774,740	9	0.36%	DND	-	DND
Spokane Valley Mall	Retail Malls	44,044,090	10	0.34%	61,241,328	3	0.85%
Wal-Mart Stores Inc.	Retail	DND	-	DND	22,371,634	8	0.31%
Cellco Partnership dba Verizon Wireless	Telephone Utility	DND	-	DND	34,957,859	5	0.49%
Spokane Valley Hospital & Medical Center	Health Care	DND	-	DND	34,895,557	6	0.49%
CPM Development Corp	Concrete & Asphalt	-	-	-	31,677,071	7	0.44%
Lowe's HIW Inc.	Retail	-	-	-	22,694,764	9	0.32%
Qwest Corporation	Telephone Utility	-	-	-	21,904,806	10	0.31%
Total:		\$ 1,059,583,457		8.20%	\$ 481,949,879		6.72%

Spokane Valley FY'2022 Levy Rate: 1.019307

Total Assessed Value City of Spokane Valley	\$ 12,919,694,944	8.20%	\$ 7,169,492,602	6.72%
Total Assessed Value City of Spokane Valley all other Taxpayers	\$ 11,860,111,487	91.80%	\$ 6,687,542,723	93.28%

¹ Source: Spokane County Assessor's and Treasurer's Department

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Property Tax Levy and Collections¹

Last Ten Fiscal Years

Fiscal Year Ended 31-Dec	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	10,927,218	10,674,154	97.68%	102,956	10,777,110	98.63%
2014	11,079,836	10,889,763	98.28%	83,306	10,973,069	99.04%
2015	11,284,152	11,097,997	98.35%	85,010	11,183,007	99.10%
2016	11,470,220	11,274,184	98.29%	97,836	11,372,020	99.14%
2017	11,651,785	11,473,477	98.47%	99,881	11,573,358	99.33%
2018	11,804,402	11,511,773	97.52%	111,055	11,622,828	98.46%
2019	12,182,436	11,977,663	98.32%	68,196	12,045,860	98.88%
2020	12,399,226	11,958,296	96.44%	333,015	12,291,311	99.13%
2021	12,724,920	12,526,709	98.44%	109,869	12,636,579	99.31%
2022	13,169,141	12,993,487	98.67%	88,671	13,082,158	99.34%

¹ Source: Spokane County Assessor's Department, monthly Property Tax Statements (EOY statement).

² Subsequent collections are calculated from January through May of the following fiscal year.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Govermental Activities			Total Primary Government Bonded Debt Per Capita	Spokane County MSA Est. Per Capita Income ¹	Personal Income
	LTGO'14 Refunding Bonds and LTGO'16 Bonds	Total Primary Government	Percentage of Personal Income			
2013	7,435,000	7,435,000	0.21%	81	37,243	3,550,269,450
2014	6,675,000	6,675,000	0.19%	73	38,912	3,596,117,350
2015	6,375,000	6,375,000	0.17%	66	40,146	3,849,880,962
2016	13,260,000	13,260,000	0.33%	136	41,094	3,997,994,166
2017	12,790,000	12,790,000	0.31%	130	42,471	4,186,154,115
2018	12,270,000	12,270,000	0.28%	123	44,357	4,439,159,846
2019	11,715,000	11,715,000	0.25%	115	46,117	4,686,317,306
2020	11,120,000	11,120,000	0.22%	108	49,634	5,111,110,784
2021	10,485,000	10,485,000	0.19%	100	53,770	5,618,965,000
2022	9,810,000	9,810,000	0.16%	92	58,251	6,238,644,913

¹ Spokane County Metropolitan Statistical Area (MSA) annual per capita personal income. Source: Spokane County (www.spokanetrends.org).

Fiscal year 2022 estimated with a 7.46% increase in change per capita income from fiscal year 2021. Previous fiscal years adjusted to actual.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

*Ratios of General Bonded Debt Outstanding
 To Assessed Value and Bonded Debt Per Capita
 Last Ten Fiscal Years*

Fiscal Year	Population ¹	Total Taxable Assessed Value ²	Gross Bonded Debt ³	Net Direct Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Direct Bonded Debt Per Capita
2013	91,490	6,921,825,295	7,551,818	7,435,000	0.107%	81
2014	92,050	7,168,991,028	7,305,556	6,675,000	0.093%	73
2015	93,340	7,393,971,582	6,966,450	6,375,000	0.086%	68
2016	94,160	7,748,275,097	14,499,741	13,260,000	0.171%	141
2017	94,890	8,124,487,663	13,966,932	12,790,000	0.157%	135
2018	95,810	8,634,114,798	13,384,123	12,270,000	0.142%	128
2019	96,720	9,351,389,045	12,731,636	11,715,000	0.125%	121
2020	97,490	10,200,357,539	12,075,160	11,120,000	0.109%	114
2021	104,500	11,553,065,482	11,378,684	10,485,000	0.091%	100
2022	107,100	12,919,694,944	10,642,208	9,810,000	0.076%	92

¹ Community Indicators Initiative of Spokane, Journal of Business.

² Source: Spokane County Assessor's Office, Spokane County.

³ Includes Premium and discount on both LTGO Bonds (Refunding LTGO'14 & LTGO'16 City Hall Bonds).

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Direct and Overlapping Governmental Activities Debt¹

As of December 31, 2022

Number of Issues	Governmental Unit	Net Debt Outstanding	Earliest (Month/Year)	Oldest (Month/Year)	Applicable to	
					City of Spokane Valley	Percentage
Direct Debt						
3	City of Spokane Valley	\$ 9,810,000	12/2016	12/2045	100.00%	\$ 9,810,000
Total Direct Debt:			9,810,000			100.00% 9,810,000
Overlapping Debt						
1	Fire District #1	-	3/2017	3/2022	70.57%	-
1	Fire District #8	833,000	10/2010	12/2020	6.58%	54,816
15	Spokane School District #81	606,315,000	11/2010	12/2036	3.67%	22,233,318
6	Central Valley School District #356	217,156,300	5/2012	12/2037	60.98%	132,416,756
3	East Valley School District #361	3,747,054	9/2006	6/2027	66.66%	2,497,763
11	West Valley School District #363	4,532,776	6/2011	12/2029	60.21%	2,729,381
Total Overlapping Debt:			832,584,130			19.21% 159,932,033
Total Direct and Overlapping Debt:			\$ 842,394,130			20.15% \$ 169,742,033

¹ Source: 2022 Spokane County Assessor's & Auditor's Office.

² Source: 2022 Spokane County Auditor's Office, County wide Districts Overlapping Debt Schedules.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Legal Non-voted Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2022

Assessed Valuations¹

Assessed Value:

\$ 12,919,694,944

Total Assessed Value

12,919,694,944

Legal Debt Margin²

Debt Limitation: (2.5% of total assessed market value)

\$ 322,992,374

(Less:) Debt applicable to limitation³

9,810,000

Legal Debt Margin

313,182,374

Fiscal Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 173,045,632	\$ 179,224,776	\$ 184,849,290	\$ 193,706,877	\$ 203,112,192	\$ 215,852,870	\$ 233,784,726	\$ 255,008,938	\$ 288,826,637	\$ 322,992,374
Total net debt applicable to limit	7,435,000	6,675,000	6,375,000	13,260,000	12,790,000	12,270,000	11,715,000	11,120,000	10,485,000	9,810,000
Legal debt margin	\$ 169,186,723	\$ 165,260,767	\$ 172,147,670	\$ 178,035,527	\$ 179,954,631	\$ 189,816,967	\$ 203,019,569	\$ 221,452,933	\$ 278,341,637	\$ 313,182,374

Total net debt applicable to the limit as a % of debt limit

4.52%	4.50%	3.95%	3.69%	7.10%	6.55%	5.95%	5.27%	3.63%	3.04%
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¹ Source: Spokane County Assessor's Office.

² See Note #10, Legal Debt Margin General Purposes voted and non-voted Debt @ 2.5%.

³ See Note #10, changes in Long-term liabilities year end balances for LTGO'14 & LTGO'16.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Spokane County MSA Per Capita Income¹	Median Age	Taxable Retail Sales²	School Enrollment³	City of Spokane Valley Unemployment Rate⁴
2013	92,889	3,459,465,027	37,243	39.8	1,884,116,155	21,946	8.4%
2014	93,963	3,596,117,350	38,912	37.5	1,970,385,634	22,132	7.2%
2015	95,897	3,849,880,962	40,146	36.0	2,058,714,546	22,127	6.8%
2016	97,289	3,997,994,166	41,094	37.7	2,270,098,692	21,349	6.3%
2017	98,565	4,186,154,115	42,471	39.5	2,387,525,105	22,046	5.5%
2018	100,078	4,439,159,846	44,357	35.2	2,568,386,688	23,251	5.4%
2019	101,618	4,686,317,306	46,117	37.5	2,751,001,109	23,681	5.4%
2020	102,976	5,111,110,784	49,634	37.0	2,910,785,762	22,867	8.8%
2021	104,500	5,618,965,000	53,770	37.9	3,561,603,923	22,571	5.6%
2022	107,100	6,238,644,913	58,251	37.9	3,631,765,386	22,814	4.7%

¹ Spokane County Metropolitan Statistical Area (MSA) annual per capita personal income. Source: Spokane County (www.spokanetrends.org).

Fiscal year 2022 estimated with a 7.46% increase in change per capita income from fiscal year 2021. Previous fiscal years adjusted to actual.

² Department of Revenue Washington, State Taxable Retail Sales Statistical Reports look-up (annual City/County Retail Sales report City location #3213).

³ Source: Market Fact Book, Journal of Business (Central Valley, East Valley, and West Valley school districts including Private School enrollment).

⁴ U.S. Department of Labor, Bureau of Labor Statistics, Spokane-City of Spokane Valley, WA Metropolitan statistical area (MSA) annual averages.

(www.bls.gov/eag/cag.wa_spokane_msa.htm)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2022

Principal Employers

Current Year and Ten Years Ago

Employer	2022			2013		
	FTE Employees	Rank	Percentage of Total City Employment	FTE Employees	Rank	Percentage of Total City Employment
Amazon.com Inc.³	3,724	1	3.48%	-	-	-
Central Valley School District⁴	1,656	2	1.55%	1,427	1	1.56%
Wal-Mart	1,422	3	1.33%	1,393	2	1.52%
Kaiser Aluminum	950	4	0.89%	800	4	0.87%
Yokes Foods, Inc.	754	5	0.70%	484	7	0.53%
Numerica Credit Union	495	6	0.46%	DND ²	-	-
East Valley School District	476	7	0.44%	483	8	0.53%
Wagstaff, Inc.	365	8	0.34%	DND ²	-	-
CPM Development Corporation	342	9	0.32%	400	9	0.44%
Alliance Machine Systems	300	10	0.28%	DND ²	-	-
Avista Energy	-	-	-	1,056	3	1.15%
West Valley School District	DND ²	-	-	497	5	0.54%
Valley Hospital & Medical Center	-	-	-	495	6	0.54%
AutoNation	-	-	-	360	10	0.39%
Total	10,484		9.79%	7,395		8.08%

¹ Source for Data: Journal of Business Book of Lists; January 5, 2023; Volume 38, issue 1. FTE employees as of Nov. 1, 2022.

² DND: did not disclose

³ Data provided is a combined total for two locations in Spokane and Spokane Valley

⁴ CVSD administration moved to a new building in Liberty Lake in 2021

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Full-time Equivalent (FTE) Employees by Function and Program

Last Ten Fiscal Years

Function/Department/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Executive & Legislative										
City Manager / City Clerk	5	5	5	5	5	7	6.5	7.5	7.5	5.5
Legal	3	3	3	3	3	3.5	3.5	4	4	4
Interns ²	3	3	-	-	-	-	1	2	2	2
Operations & Administrative Services										
Deputy City Manager	6	6	6	6	6	3	1	1	1	3
Finance	10.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	9.75
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	-	-	-	-	-	-	-	-	-	3
Interns ²	1	1	-	-	-	-	-	-	-	-
Public Safety¹										
Public Safety	-	-	-	-	-	-	0.12	0.12	0.12	0.36
Utilities & Physical Environment										
Public Works	7	7.375	7.375	7.375	6.375	-	-	-	-	-
City Hall Operations & Maintenance	-	-	-	-	1	1	0.88	0.88	1.88	2.8
Transportation										
Street Fund & Street Capital Project Fund ²	8.5	8.875	9.225	9.225	9.225	10.725	15.825	15.075	15.075	17.275
Interns ²	1	1	-	-	-	-	-	-	-	-
CED & CPW-2018										
CPW Administration	-	-	-	-	-	-	-	-	-	2
CPW Engineering	-	-	-	-	-	12.5	13.275	13.025	14.025	13.825
CPW Building	-	-	-	-	-	18	20	21	20	15
CPW Planning	-	-	-	-	-	-	-	-	-	5
Economic Development	-	-	-	-	-	6.375	6	6	5.77	6.77
CED Administration	2	2	2	2	1	-	-	-	-	-
CED Economic Development	-	-	2.5	2.65	4	-	-	-	-	-
CED Development Services	-	-	11	11	10	-	-	-	-	-
CED Engineering	8	7	-	-	-	-	-	-	-	-
CED Planning	8	8	-	-	-	-	-	-	-	-
CED Building	11.5	12.5	14	14	15	-	-	-	-	-
Interns ²	-	-	-	-	-	1	1	1	1	1
Culture and Recreation										
Parks Administration	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	1	1.6	1.6	1.6
Senior Center	1	1	1	1	1	1	1	0.4	0.4	0.4
CenterPlace	5	5	5	5	5	5	5	5	5	4.84
Interns ²	1	1	-	-	-	-	-	-	-	-
Stormwater										
Stormwater Management Fund	4.5	4.75	4.4	4.4	4.4	4.4	3.9	3.9	4.13	4.13
Interns ²	1	1	-	-	-	-	-	-	-	-
Total (FTEs)	85.25	87.25	87.25	87.4	87.8	89.25	93.75	95.25	96.25	103.25

¹ The City contracts with Spokane County for law enforcement services and fire protection is provided by Fire Districts 1 & 8.

² Interns to various department programs are NOT included in total for FTE's.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2022

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety ¹										
Total number of crime offenses ²	5,691	5,691	5,014	5,561	5,927	5,414	5,742	5,772	5,005	5,672
Number of violent crimes per 1,000 ³	2.2	2.5	3.2	2.5	2.9	2.1	3.6	3.2	3.6	3.0
Property crimes per 1,000 ³	53.1	58.1	57.0	51.2	56.2	47.3	43.8	46.3	44.8	40.8
Commissioned officers per 1,000 ³	1.09	1.07	1.05	1.09	1.07	1.02	1.08	1.13	1.09	0.98
Full time commissioned officers ³	99	98	97	102	101	97	103	109	106	97
Building and permits ⁵										
Residential dwelling permits	1,415	1,438	1,722	1,892	1,288	1,009	961	264	622	531
Non-residential building permits	91	233	545	593	430	475	662	239	303	256
Mechanical/plumbing commercial permits	315	357	305	341	421	372	355	301	420	491
Mechanical/plumbing residential permits	1,160	1,437	1,404	1,523	2,393	1,902	1,880	1,970	2,212	1,990
Demolition permits	55	65	47	40	58	49	67	55	69	78
Grading permits	43	50	62	55	75	95	91	84	238	186
ROW	-	-	-	-	-	-	-	-	868	1,043
Miscellaneous sign permits	16	122	124	124	92	107	85	82	114	101
Re-roofing permits	-	-	-	-	-	-	-	494	801	780
Multi-family	-	-	-	-	-	-	-	31	101	86
Transportation										
Highways & streets (surface in miles) ⁴	438	461	461	461	461	461	461	461	462	462
Centerline miles maintained (per 1k population)	5.12	5.12	4.94	4.94	4.94	4.71	4.62	4.62	4.30	4.31
Street sweeping (in cubic yards removed)	804	874	1,370	1,450	1,310	930	1,360	1,180	1,011	842
Potholes repaired & patched	2,133	607	482	606	2,012	504	476	641	484	940
Street right-a-way inspections performed	5,513	7,322	9,459	10,901	13,980	13,657	12,658	13,363	9,833	12,763
Street right-a-way permits issued	652	712	724	768	996	1,090	979	967	967	1,243
Local Gov't road maintenance per capita \$1k	\$45	\$47	\$43	\$48	\$53	\$47	\$56	\$51	\$54	\$68
Avg daily traffic counts I-90 at Sprague	108,000	114,000	118,000	107,000	121,000	124,000	106,000	106,000	88,800	88,800
Avg daily traffic counts I-90 at Pines	70,000	75,000	81,000	70,000	83,000	83,000	90,000	90,000	85,000	96,518
Avg daily traffic counts I-90 at Sullivan	63,000	70,000	75,000	66,000	79,000	89,000	95,000	95,000	127,000	93,990
Parks and recreation										
Parks reservations (fields, shelters, parks)	399	428	425	431	511	537	570	-	593	690
Total participants in aquatic programs	33,681	29,820	30,612	31,453	34,964	28,935	27,506	-	5,412	10,981
CenterPlace reservations (by # of events) ⁶	812	1,083	919	923	1,041	1,047	1,106	224	397	822
Centennial Trail (measured in miles)	7	7	7	7	7	7	7	7	7	7
Appleway Trail (measured in miles)	-	-	-	1	1	3.3	3.3	5.1	5.1	5.1
Stormwater										
Storm ditches (measured in miles)	11	11	11	11	11	12	12	12	12	12
Ponds	39	41	41	106	60	64	66	110	115	115
Swales (measured in miles)	11	12	12	12	20	21	23	23	23	23

¹ Public Safety and Police Protection services contracted through Spokane County Sheriff's Office.

² Offenses include: Motor vehicle theft, Larceny theft, Burglary, Simple & Aggravated assault, Robbery, Rape, and Murder (Source: Journal of Business Market Fact Book).

³ Source: Community Indicators Initiative of Spokane (www.spokanetrends.org). Data reported for previous year.

⁴ Highways & Streets measured in centerline miles.

⁵ Building Department converted over to a New Permitting Software in FY '2012. Includes plumbing and mechanical permits issued as other residential valuations.

⁶ CenterPlace is the City of Spokane Valley's Regional Community Center, and officially opened for business on September 25th, 2005. Events include:

Meetings/Seminars, Community Events, Weddings/Receptions, Private Parties, Fundraisers, and other functions.

⁷ Park reservations and Aquatic programs were suspended in 2020 due to the COVID-19 pandemic.

City of Spokane Valley, Washington
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Capital Asset Statistics by Function and Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Public safety building	1	1	1	1	1	1	1	1	1	1
Transportation										
Street facility building and yard	1	1	1	1	1	1	1	1	1	1
Cement concrete pavement (<i>in centerline miles</i>)	7	7	7	7	8	7	7	7	4	5
Asphalt plant or road mix (<i>in centerline miles</i>)	334	334	365	371	371	365	365	365	444	444
Gravel or crushed rock (<i>in centerline miles</i>)	9	9	1	1	1	1	1	1	0.44	1
Bridges	15	15	15	15	15	15	15	15	15	15
Roundabouts ¹	-	-	-	-	-	-	-	-	5	6
Traffic Signals	86	85	85	86	87	87	87	87	86	87
Flashing beacons school zone	32	36	36	36	36	38	40	40	46	58
4-way intersection control flashing beacons	4	3	3	3	3	3	3	3	3	2
Rectangular Rapid Flashing Beacons (RRFB)	14	14	16	16	18	20	24	32	32	32
Digital Message Sign (DMS)	1	1	1	1	1	1	1	1	1	1
Standalone traffic cameras	8	8	9	9	9	9	9	9	10	10
Standalone radar feedback speed signs	-	-	-	-	-	-	2	2	3	5
Culture and recreation										
Parks acreage	172	172	180	180	180	191	254	301	344	347
Parks (acreage undeveloped park land)	-	-	-	-	-	56.0	69.8	116.0	158.1	161.6
Parks (developed)	11	11	11	11	11	11	11	11	11	11
Park shelters	14	14	14	14	14	14	15	18	18	18
Playgrounds	-	5	6	6	7	7	7	7	7	7
Multi-purpose fields	2	2	2	4	5	5	5	5	5	5
Park sculptures	2	2	3	3	3	2	4	4	4	4
Swimming pools	3	3	3	3	3	3	3	3	3	3
Splash Pads	4	4	4	4	4	4	4	4	4	4
Softball fields	4	4	3	3	3	3	3	3	3	3
Basketball courts	3	3	4	4	4	3	3	4	4	4
Volleyball courts	2	2	10	11	19	19	18	18	18	18
Tennis courts	2	2	4	4	4	3	3	3	3	3
Dog park	-	-	-	1	1	1	1	1	1	1
Horseshoe pit	1	1	1	1	1	1	1	1	1	1
Pickleball courts	-	-	-	1	1	1	1	1	1	1
Disc golf course	-	-	-	-	1	1	1	1	1	1
Trails (Appleway Trail)	-	-	-	1	1	1	1	1	1	1
Regional Convention Center (w/Senior Center) ²	1	1	1	1	1	1	1	1	1	1
Dance hall/arena	1	1	1	1	1	1	1	1	1	1
Horse arena	1	1	1	1	1	1	1	-	-	-
Stormwater management										
Drywells	7,439	6,751	5,738	7,263	7,472	7,441	7,609	7,592	7,592	7,579
Catchbasins	3,831	3,906	4,008	4,038	4,025	4,081	4,099	4,172	4,172	4,335
Curb/sidewalkdrops	2,801	2,932	3,116	3,148	3,153	3,309	3,487	3,534	3,534	3,576
Manhole & stormdrain covers (square & round)	11,270	12,589	13,028	11,620	11,580	11,683	11,737	11,943	11,943	12,107
Culverts	110	51	67	2	168	196	198	209	209	242
Pump systems	4	4	4	4	4	4	4	4	4	4
Stormwater pipe (not combined with sewer, miles)	27	12	12	29	30	30	31	31	31	35

¹ Roundabouts added to capital asset tracking in 2021. Two Roundabouts within City limits are maintained by the WA State Department of Transportation.

² Senior Center activities are housed within the 54,000 sq. ft. CenterPlace Facility.

Note: Park shelter totals were updated in 2019 for previous years to reflect total number of shelters. Previously only rentable shelters were reported.