

City of Spokane Valley

Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2023



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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

City of Spokane Valley, Washington
Annual Comprehensive Financial Report
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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, 2023
TABLE OF CONTENTS

Letter of Transmittal	i
List of Elected Officials and Department Directors/Division Managers	ix
Organizational Chart.....	x
 <u>Financial Section</u>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	6
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	23
Reconciliation of Total Governmental Funds Balances to Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	26
Proprietary Funds Financial Statements:	
Statement of Net Position	27
Statement of Revenues, Expenses, and Changes in Net Position.....	28
Statement of Cash Flows	29
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position.....	30
Statement of Changes in Fiduciary Net Position.....	31
Notes to Financial Statements	
Notes index	33
 <u>Required Supplementary Section</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual:	
General Fund	71
Street Fund.....	72
Schedule of Proportionate Share Net Pension Liability (ten-year trend) PERS 1 & 2/3.....	73
Schedule of Employer Contributions (ten-year trend) PERS 1 & 2/3	75
 <u>Supplementary Information</u>	
Non-major Governmental funds, Special Revenue Funds, defined	78
Non-major Governmental funds, Debt Service Fund, defined	79
Non-major Governmental funds, Capital Projects Funds, defined	80
Combining Financial Statements (Non-major):	
Combining Balance Sheet all Non-major Governmental Funds.....	82
Combining Balance Sheet Non-major Special Revenue Funds.....	83
Combining Balance Sheet Non-major Debt Service Fund	85
Combining Balance Sheet Non-major Capital Projects Funds	86
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major	
Governmental Funds	88

Supplementary Information - continued

Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Special Revenue Funds.....	89
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Debt Service LTGO Bonds Fund	91
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Capital Projects Funds	92
Schedule of Revenues, Expenditures & Changes in Fund Balances, Non-Major Budget & Actual:	
Trails & Paths and Tourism Facilities Hotel/Motel Special Revenue Funds	94
Hotel/Motel and Solid Waste Special Revenue Funds	95
PEG and Affordable & Supportive Housing Special Revenue Funds	96
Tourism Promotion Area & Homeless Housing Program Special Revenue Funds.....	97
CenterPlace Operating Reserve & Service Level Stabilization Special Revenue Funds.....	98
Winter Weather Reserve Special Revenue Funds	99
Debt Service LTGO Bonds Fund, Debt Service Funds	100
REET 1 and REET 2 Capital Projects Funds	101
Street Capital and Parks Capital Projects Funds.....	102
Civic Buildings and Pavement Preservation, Capital Projects Funds.....	103
Capital Reserve and Railroad Grade Separation, Capital Projects Funds.....	104
Transportation Impact Fees and Economic Development, Capital Projects Funds.....	105
Internal Service Funds defined	106
Combining Statement of Net Position Equipment Rental & Replacement and Risk Management, Internal Service Funds.....	107
Combining Statement of Revenues, Expenses, and Changes in Net Position Equipment Rental & Replacement and Risk Management, Internal Service Funds	108
Combining Statement of Cash Flows Equipment Rental & Replacement and Risk Management, Internal Service Funds.....	109

Statistical Section

Statistical Section index	111
Net Position by Component (last 10 fiscal years).....	112
Changes in Net Position (last 10 fiscal years)	113
Fund Balances of Governmental Funds (last 10 fiscal years).....	115
Changes in Fund Balances of Governmental Funds (last 10 fiscal years).....	116
Assessed Value & Estimated Actual Value of Taxable Property	117
Direct & Overlapping Property Tax Rates Governments	118
Principal Property Taxpayers (current year & 10 years ago)	119
Property Tax Levy and Collections	120
Ratios of Outstanding Debt by Type	121
Ratios of General Bonded Debt Outstanding	122
Direct & Overlapping Governmental Units (District) Debt	123
City of Spokane Valley's Legal Non-voted Debt Margin Information	124
Demographic and Economic Statistics	125
Principal Employers (current year & 10 years ago).....	126
Full-time Equivalent (FTE) Employees by Function and Program	127
Operating Indicators by Function	128
Capital Asset Statistics by Function and Program.....	129

September 19, 2024

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, 2023. 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 2023 population estimate for the City of Spokane Valley, the 2023 estimated population is 107,400 and is the 9th 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 463 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, 2023:

Member	Position	Employer/Occupation	Total Time Served	Current Term Expires
Pam Haley	Mayor	Business Owner	7.50 years	12/31/25
Rod Higgins	Deputy Mayor	Retired	10.90 years	12/31/25
Arne Woodard	Councilmember	Real Estate Broker	12.75 years	12/31/23
Ben Wick	Councilmember	Publisher	10.00 years	12/31/25
Brandi Peetz	Councilmember	Office Manager	6.16 years	12/31/23
Tim Hattenburg	Councilmember	Retired	4.00 years	12/31/23
Laura Padden	Councilmember	Software Developer	2.00 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 2023 population estimates of 232,700. The population estimates of the County in 2023 is 554,600. 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 2023 and into 2024. (<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 4,788 licensed businesses in the City. In 2023, the largest industries in Spokane Valley are retail trade, health care and social assistance, government, manufacturing, construction, waste management and remediation, accommodation and food services, transportation and distribution, and wholesale trade. 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: <https://spokanevalleywa.gov/176/Business-Climate>)

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 “boombtown” 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 #70 on a list of top housing markets in 2024 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 20,000 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 2023.

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. 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 130.05% 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 \$47,868,004 to our Capital Reserve Fund over the years of 2013 through 2023 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, implemented in 2023, have the goal of stretching limited program funds to preserve more roadways.

The City 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 completed the construction of the \$26 million Barker Road/BNSF GSP in 2023. This project began in March 2021, and final closeout is anticipated in 2024. This project provides 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.

In looking at the Pines Road/ BNSF GSP project, the City received a federal \$21.7 million Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant from the US Department of Transportation in 2022. 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.

Spokane Valley Parks have continued to receive major investments as the City through a partnership with Spokane County Library District continue to frame the expansion of Balfour Park and a new Spokane Valley Public Library. The new library opened in June 2023 in the southwest corner of the park block at E. Sprague Avenue and N. Herald Road. The expansion of the park will integrate 5.6 acres of undeveloped adjacent land, making the total expanded Balfour Park approximately 8.3 acres when complete. Phase 1 improvements were completed in early 2024, which include many park infrastructure updates, a new park building which includes restrooms, mechanical room for the future splash pad and office for the Spokane Valley Police Department, the construction of an Events Plaza with a Veterans Memorial, and a sports pad for a future Rave mini-pitch soccer field. These improvements cost about \$5 million.

The City continues to look for and apply for grant funding to support the development of Phase 2 elements of Balfour Park, such as a signature playground and splash pad. The design for the full build-out of the park includes an outdoor amphitheater with a covered performance stage, signature playground, large picnic shelter, splash pad and sports courts, including pickleball, basketball and mini-pitch soccer.

Plans for Balfour Park's expansion date back to 2013 when the City and library district engaged a consultant to gather community input and develop a conceptual site plan for expanding the park and constructing a library. Residents had long voiced support for revitalizing this part of the city, often referred to as the "heart of Spokane Valley" and home to the city's first retail mall in the 1970s and 1980s. The City put the expansion on hold until the library district could secure funding for a new facility.

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.

In 2022, design began on a stormwater project along Sprague Avenue between City Hall and Balfour Park. In addition to the stormwater improvements, this project will install a signalized crosswalk between City Hall and Balfour Park, providing the connection between the Appleway Trail, City Hall, Balfour Park and the Spokane Valley Public Library. Construction began in June of 2024 and is planned to be completed in the late fall.

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. 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. An award of \$500,000 was received 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. Preliminary engineering for the Phase 2 improvements has begun.

In 2023, the City of Spokane Valley in a partnership with Spokane Sports began planning a cross-country sports complex on 46 acres of city-owned park property, acquired in 2020, and 16 acres

of adjacent Washington State Parks-owned property on the north side of the Spokane River at Flora Road. Once constructed, this facility will host middle school, high school, collegiate, post-collegiate and master's level events for local, regional and national athletes. The course design (planned to support 5K, 6K, 8K and 10K races) would incorporate the site's natural terrain along the scenic Spokane River. Cross country events begin in September and continue through late November. In the off-season, the complex will support sports clinics and practice opportunities. The facility will also host cyclocross events, a secondary sport in the planning phase, which are held in summer and mid-winter months.

The complex will attract significant visitors and generate tourism for hotels, restaurants and retail stores. The city will begin construction of the complex in fall 2024 and complete the initial course in August 2025. The City Council has earmarked \$4.4 million in lodging tax revenue to help construct the project and the Washington State Legislature recently approved a \$150,000 capital appropriation during the 2024 legislative session. Construction of the complex with some onsite amenities is estimated at about \$7 million. The City will seek grants and other available funding to fully complete the facility.

The cross course complex was identified in the city's Tourism Strategic Plan in August 2023 as the most favorable tourism asset for development in regard to return on investment. The Spokane region has a growing reputation as a sports-minded community with The Podium opening in 2022 and One Spokane Stadium in 2023.

Construction of a premier cross course facility will position the City to benefit from increased sports tourism. Area hotels, restaurants, retail shops and other businesses supported through tourism will see additional business from visiting teams and event attendees. Through independent research and discussion with regional and national coaches as well as sports governing bodies, Spokane Sports has identified 35 unique, competitive events that could be hosted at the cross country complex in Spokane Valley. Projected impacts based on hosting 6–10 events annually are described in the corresponding numbers.

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,



Chelsie Taylor, CPA
Finance Director
City of Spokane Valley

City of Spokane Valley, Washington
List of Elected Officials and Department Directors
December 31, 2023

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



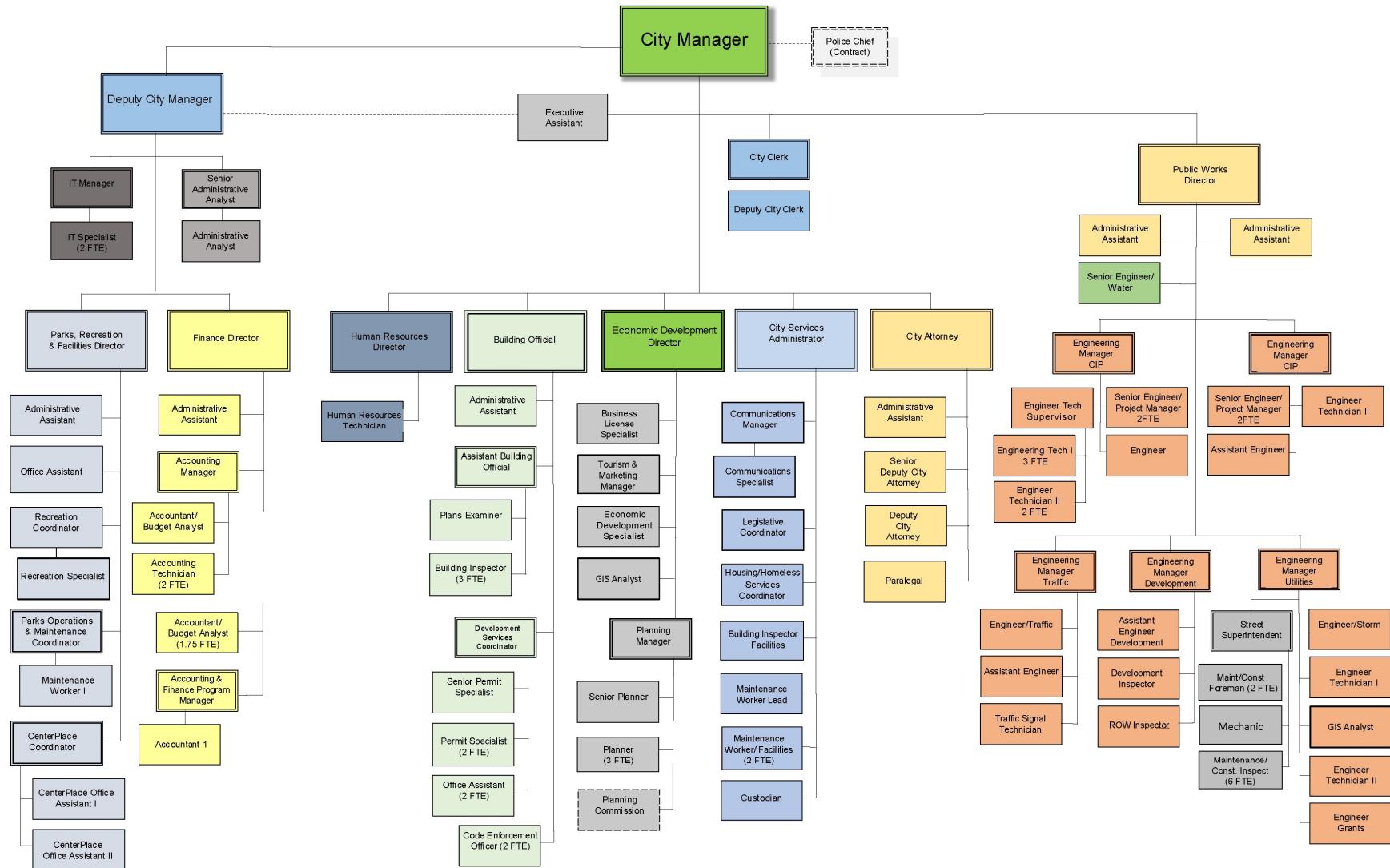
Laura Padden,
Position 7

2023 City Council

Department Directors and Key Staff

City Manager	Administration Department	John Hohman
Deputy City Manager	Administration Department	Erik Lamb
City Clerk	Administration Department	Marci Patterson
Community & Public Works Director	Community & Public Works	Bill Helbig
Parks & Recreation Director	Parks & Recreation Department	John Bottelli
Finance Director	Finance Department	Chelsie Taylor
Human Resources Director	Administration Department	John Whitehead
Building Official	Building Department	Jenny Nickerson
Economic Development Director	Economic Development	Mike Basinger
City Services Administrator	Administration Department	Gloria Mantz
City Attorney	Administration Department	Kelly Konkright
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 2023
Organizational Chart***



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023, 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, 2023, 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 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises 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 an opinion 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 basic 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 19, 2024, 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 left and "McCarthy" on the right, connected by a flourish.

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2024

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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



CITY OF SPOKANE VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

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, 2023. 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 2023 are as follows:

The City of Spokane Valley's financial position improved. At the end of the current fiscal year, assets exceeded liabilities by \$314,899 thousand (*net position*). Of this amount, \$96,423 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 \$40,898 thousand or 14.93% from the prior fiscal year, primarily explained by revenues continuing to outpace expenditures, especially grant revenues, 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 \$113,513 thousand, an increase of \$1,301 thousand in comparison with the prior year. Approximately 52.23% of this amount or \$59,293 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 \$68,265 thousand. This is approximately 109.17% of the total general fund expenditures. The net change in actual fund balance was an increase of \$7,274 thousand during the current fiscal year.

Total long-term liabilities for Governmental type activities decreased by \$877 thousand to \$12,128 thousand during the current fiscal year primarily due to principal payments on outstanding bonds and decreases 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 \$314,899 thousand as of December 31, 2023. The following table summarizes and compares the City's net position for 2023 and 2022 (*see Table 1, below*):

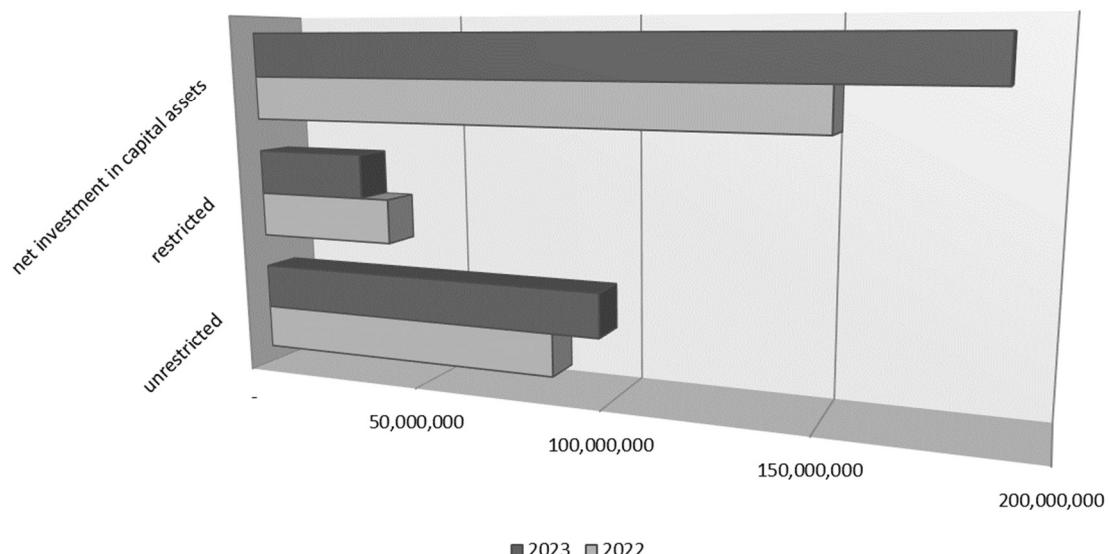
Table 1	City of Spokane Valley's Net Position (amounts in thousands)					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2023	2022
	2023	2022	2023	2022	2023	2022
Current assets	\$ 131,294	\$ 137,769	\$ 6,727	\$ 4,101	\$ 138,021	\$ 141,871
Noncurrent assets	2,733	2,431	137	82	2,870	2,514
Capital assets (net of depreciation)	186,187	152,737	11,539	9,534	197,726	162,271
Total assets	320,214	292,937	18,403	13,718	338,617	306,655
Total deferred outflows of resources	2,247	2,541	113	88	2,360	2,629
Long-term liabilities	12,128	13,005	128	100	12,256	13,105
Other liabilities	10,984	18,627	627	280	11,610	18,906
Total liabilities	23,111	31,631	755	380	23,866	32,011
Total deferred inflows of resources	2,130	3,178	82	94	2,212	3,272
Net position:						
Net investment in capital assets	176,239	142,022	11,539	9,534	187,778	151,556
Restricted	30,536	38,422	161	81	30,698	38,504
Unrestricted	90,444	80,223	5,979	3,718	96,423	83,941
Total net position	\$ 297,219	\$ 260,667	\$ 17,679	\$ 13,333	\$ 314,899	\$ 274,001

In this case, as of December 31, 2023, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$297,219 thousand in governmental activities and \$17,679 thousand in business-type activities. The largest portion of the City's net position, at 59.63%, is its net investment in capital assets of \$187,778 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 \$30,698 thousand and 9.75% of total net position this is the smallest share of the City's net position. The remaining balance of \$96,423 thousand or 30.62% 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, 2023 and 2022



The City of Spokane Valley's total net position has increased by \$40,899 thousand or 14.93% 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, 2023 and 2022 (amounts in thousands)

Revenues	Governmental Activities		Business-type Activities		Total		% Change
	2023	2022	2023	2022	2023	2022	
Program revenues							
Charges for services	\$ 15,792	\$ 11,192	\$ 5,585	\$ 2,031	\$ 21,377	\$ 13,223	61.67%
Operating grants & contributions	10,140	6,448	648	683	10,788	7,131	51.28%
Capital grants & contributions	10,171	8,057	796	68	10,967	8,125	34.98%
General revenues							
Taxes	60,801	62,782	-	-	60,801	62,782	-3.16%
Interest & investment earnings	5,666	1,893	231	60	5,897	1,953	201.95%
Loss on disposal of capital assets	(8)	-	-	-	(8)	-	0.00%
Donation of land	16,710	-	-	-	16,710	-	0.00%
Total revenues	119,273	90,372	7,260	2,843	126,533	93,215	35.74%
Expenses							
General government	11,360	7,044	-	-	11,360	7,044	61.27%
Public safety	35,263	30,989	-	-	35,263	30,989	13.79%
Social Service	5,368	295	-	-	5,368	295	1719.66%
Utilities & physical environment	1,240	1,144	-	-	1,240	1,144	8.39%
Transportation	14,990	14,664	-	-	14,990	14,664	2.22%
Economic environment	5,046	1,213	-	-	5,046	1,213	315.99%
Community development	3,065	3,025	-	-	3,065	3,025	1.32%
Culture and recreation	6,079	4,714	-	-	6,079	4,714	28.96%
Interest on long term debt	309	331	-	-	309	331	-6.65%
Aquifer protection area	-	-	386	559	386	559	-30.95%
Stormwater management	-	-	2,529	2,354	2,529	2,354	7.43%
Total expenses	82,721	63,421	2,914	2,913	85,634	66,334	29.10%
Increase (decrease) in net position	36,552	26,951	4,347	(70)	40,899	26,880	52.15%
Net position - beginning	260,667	233,716	13,333	13,404	274,000	247,120	
Net position - ending	\$ 297,219	\$ 260,667	\$ 17,679	\$ 13,333	\$ 314,899	\$ 274,000	

Governmental Activities – During the current fiscal year total net position for governmental activities increased by \$36,552 thousand from the prior year for an ending balance of \$297,219 thousand. The increase in the overall net position of governmental activities is primarily the result an increase in revenues from grant proceeds, sales taxes and charges for services, especially permitting revenues, to achieve such positive effects on the governmental activities ending net position.

The City's capital grants and operating grants and contribution revenues from Federal and State sources made up combined revenue of \$20,311 thousand or 17.03% of total governmental activities revenues, which is a substantial increase from the prior year due to the City reporting \$9,464 thousand of Coronavirus Local Fiscal Recovery (CLFR) funds in 2023, which is an increase of \$3,118 thousand from the prior year. The major function receiving the majority of intergovernmental program revenues was the Transportation function of the primary government. Transportation activity capital grants and Culture and Recreation capital grants increased in the current year by \$1,944 thousand and \$170 thousand, respectively, compared to last year primarily due to the timing of various grant funded projects.

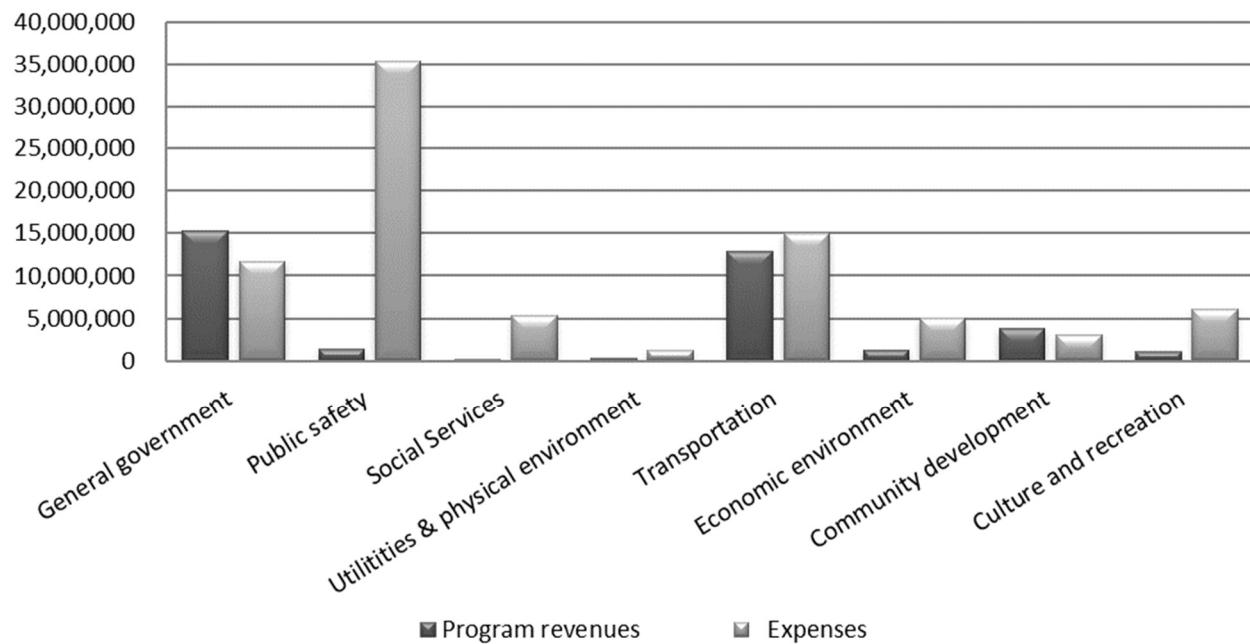
Property tax general revenues in the governmental activities account for \$13,445 thousand of the \$102,570 thousand total revenues (less loss on disposal and donations) for governmental-type activities, or 13.11% of total revenues. Sales Tax general revenue accounted for approximately \$37,015 thousand or 36.09% of total revenues in the year 2023, the largest single source of revenue for the City of Spokane Valley. Excise and other taxes received were Real Estate Excise Taxes of \$3,358 thousand, Liquor Board Excise Tax of \$1,573 thousand, Telephone Utility Tax of \$961 thousand, Marijuana Excise Taxes of \$272 thousand, Leasehold Excise Taxes of \$12 thousand, Gambling Taxes of \$544 thousand,

Hotel/Motel Taxes of \$1,499 thousand and Motor Fuel Excise Taxes of \$2,121 thousand for a General revenue share of \$10,340 thousand or 10.08% of total Program and General revenues.

Overall governmental general revenues increased by \$1,792 thousand as the City noted positive results in this category. Property taxes and sales taxes increased by \$96 thousand and \$120 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 \$2,145 thousand primarily due to a lower collection of real estate excise taxes with the higher mortgage rates, and a decrease in other taxes in the amount of \$51 thousand mostly due to decreases in telephone utility taxes and gambling taxes. There was an increase in interest income in the amount of \$3,774 thousand due to increasing interest rates related to inflation.

In terms of expenses, the largest function was Public Safety, accounting for \$35,263 thousand and representing 42.63% of the total \$82,721 thousand in governmental expenses. This function increased by 13.79% 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 \$14,990 thousand in expenses for governmental activities, or 18.12% of the total expenses. There was an increase of \$326 thousand in Transportation compared to 2022 which is primarily due to the increase capital project costs. The category with the largest increase in expense is social services, which is attributable to the award of several large contracts through funds freed up on the General Fund through the use of CLFR revenue replacement funding. The increase in social services was \$5,073 thousand or 1,717.68% compared to 2022. (*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 with an ending net position of \$17,679 thousand. This increase in net position for business-type activities (stormwater and aquifer protection funds) was \$4,346 thousand

from the prior fiscal year or 32.60%. The increase in net position is primarily due to the City assessing a higher stormwater fee beginning in January 2023. The total unrestricted net position increased by \$2,261 thousand.

Overall, revenues for the business-type activities were up compared to the previous year. In 2023 there were \$796 thousand in capital grants and contributions compared to \$68 thousand in 2022 due to there being an increase in grant funded projects occurring during 2023. In the business-type funds, the major program revenue source was charges for services of \$5,585 thousand which consists primarily of the Stormwater Management Fee imposed upon real property. As noted above, the City increased the Stormwater Management Fee rates in 2023 causing charges for services to increase by \$3,554 thousand from 2022. Operating grants and contributions of \$648 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.

Expenditures increased by \$1 thousand or 0.03% in 2023 as compared to the prior year. This increase is primarily due to the City focusing more on capital projects during 2023 and holding operating costs steady. The focus on capital projects can be seen in the increase in Net Investment in Capital Assets increasing by \$2,005 thousand during 2023. (*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, 2023, the City's total governmental funds reported a combined ending fund balance of \$113,513 thousand, a net increase of \$1,302 thousand in comparison with the prior year. Approximately 52.23% of this amount or \$59,293 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 (\$355 thousand), 2) restricted for particular purposes (\$27,210 thousand), 3) committed for purposes (\$549 thousand), or 4) assigned for particular purposes (\$26,105 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, 2023 & 2022 (amounts in thousands)

Table 3

	Fiscal Year	
	2023	2022
Unassigned	\$ 59,293	\$ 51,682
Assigned	8,972	-
Restricted	280	9,709
Nonspendable	333	213
Total fund balances	\$ 68,879	\$ 61,605

At the end of 2023, unassigned fund balance was \$59,293 thousand, while total fund balance increased to \$68,879 thousand. This increase of \$7,274 thousand in fund balance is primarily due to increased CLFR revenues, a settlement payment from Monsanto Corporation in the amount of \$3,549 thousand, 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 59.09% of the total governmental funds expenditures, while total general fund balance of \$68,879 thousand represents approximately 68.64% 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, 2023 & 2022 (amounts in thousands)

Table 4

	Fiscal Year	
	2023	2022
Assigned	17,133	24,574
Committed	549	32
Restricted	26,931	25,986
Nonspendable	22	15
Total fund balances	\$ 44,634	\$ 50,607

Major Governmental Funds

The General Fund – For the fiscal year ending December 31, 2023, the fund balance of the City of Spokane Valley's General Fund increased by \$7,274 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 \$599 thousand as compared to 2022 due to the strong sales 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 \$268 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 \$3,702 thousand due to the City reporting the CLFR Funds of \$9,464 thousand in 2023. Expenditures, excluding transfers, increased by \$15,611 thousand as compared to 2022, primarily due to the expenditures related to the CLFR funds in social services, and an increase in Law Enforcement expenditures.

The Street Fund – For the fiscal year ending December 31, 2023, the Street Funds had an ending fund balance of \$4,606 thousand, a net increase in fund balance of \$3,286 thousand compared to the prior year. The primary sources of revenues for the Street fund are the telephone utility tax of \$961 thousand,

the motor vehicle fuel tax of \$2,108 thousand in intergovernmental revenues, and street wear fees in charges for services of \$2,276 thousand. Compared to the prior year, there was a decrease of \$43 thousand or 4.25% in telephone utility taxes and an increase of \$19 thousand or 0.91% 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 2023 was less than seen in prior years. There was a change in the reporting of a street wear fee in 2023 so that the fee is now directly received into the Street Fund rather than the Solid Waste Fund, which accounts for the increase in charges for services of \$2,174 thousand as compared to 2022. There were four transfers in, including a transfer from the general fund for the budgeted operating deficit in expenditures over revenues for 2023 and a transfer from the Capital Reserve Fund for the costs of a pilot program for alternate pavement treatments. The other two transfers were from the Solid Waste Fund and Pavement Preservation Fund to move 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. To address this issue, the City formed a Transportation Benefit District at the end of 2023 and implemented a \$20 vehicle license tab fee which will start being collected in July 2024.

The Capital Reserve Fund – had an ending actual fund balance of \$11,996 thousand, a net decrease in fund balance of \$4,662 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 \$10,032 thousand was transferred from this fund to various capital projects in 2023.

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, 2023, was \$4,389 thousand while the Aquifer Area Protection fund was \$1,590 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 2023 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, miscellaneous revenues, general government expenditures, and transfers out. Intergovernmental revenues were increased by \$9,507 thousand, primarily due to an increase to reflect the Coronavirus Local Fiscal Recovery Funds (CLFR) and miscellaneous revenues increased \$3,560 thousand due to a settlement in a class action suit with Monsanto. General government expenditures were increased by \$10,355 thousand, which is also primarily due to the inclusion of CLFR related expenditures. The increase of \$6,318 thousand in transfers out consisted primarily of a transfer of excess reserves in the amount of \$5,358 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 2023 budget by \$7,412 thousand, while the total expenditures were \$831 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, miscellaneous revenues from the Monsanto settlement, and investment income. For expenditures, general government expenditures were less than budgeted and social services expenditures were more than expected in part due to all CLFR expenditures being budgeted in the general government but ultimately were expended partly in social services and economic environment. The remaining \$1,142 thousand that was underbudget in these categories is mainly 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 \$11,234 thousand. The positive budget to actual variances contributed to the overall increase in fund balance of \$7,274 thousand for 2023.

Table 5: **2023 Budget to Actual Comparison**
(amounts in thousands)

Revenue Source	Final Estimated		Actual Revenues	Difference
	Revenues	Revenues		
Taxes	\$ 48,262	\$ 50,898	\$	2,636
Licenses and permits	4,290	5,070		780
Intergovernmental revenues	12,018	12,141		123
Charges for services	613	837		224
Fines & forfeitures	477	467		(10)
Investment Interest	65	3,429		3,364
Miscellaneous	3,731	4,025		294
	\$ 69,456	\$ 76,868	\$	7,412

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, 2023, amounts to \$197,726 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 \$35,457 thousand or 21.85% (see table 6, following).

Table 6:	City of Spokane Valley's Capital Assets (net of depreciation, amounts in thousands)							
	Governmental Activities		Business-type Activities		Total		Total % Change	
	2023	2022	2023	2022	2023	2022		
Land	\$ 22,250	\$ 20,865	\$ 444	\$ 140	\$ 22,694	\$ 21,006	8.04%	
Buildings & leasehold improvements	19,404	19,791	221	233	19,625	20,024	-1.99%	
Improvements other than Buildings	6,658	7,562	-	-	6,658	7,562	-11.95%	
Infrastructure	123,120	91,337	10,272	8,873	133,392	100,210	33.11%	
Right-to-use leased computers	89	68	-	-	89	68	N/A	
Machinery and Equipment	3,705	2,904	133	18	3,838	2,922	31.35%	
Construction in Progress	10,962	10,208	469	269	11,431	10,478	9.10%	
Total	\$ 186,187	\$ 152,735	\$ 11,539	\$ 9,534	\$ 197,726	\$ 162,271	21.85%	

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

- Construction in Progress increased by 9.10% or \$953 thousand due to the continuation and addition of several new construction projects.
- Machinery and Equipment increased by 31.35% or \$916 thousand due to the purchase of city fleet vehicles/equipment, implementation of new timekeeping and financial management software, and speed and surveillance trailers for Spokane Valley Police Department.
- Land increased by 8.04% or \$1,688 thousand due acquisition of right of way for various capital projects.
- Infrastructure increased 33.11% or \$33,182 thousand for 2023 due the completion of several large street construction and street preservation projects, including the Barker Road Grade Separation project.

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, 2023, the City had total Limited Tax General Obligation debt outstanding of \$9,085 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 \$725 thousand or 7.39% during fiscal year 2023. (*See table 7, below*).

Table 7

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2023-2022
	2023	2022	2023	2022	2023	2022	
	\$ 9,085	\$ 9,810	\$ -	\$ -	\$ 9,085	\$ 9,810	-7.39%
General obligation bonds							
Bond premium	771	832	-	-	771	832	-7.33%
Lease liabilities	93	73	-	-	93	73	N/A
Compensated absences	1,001	887	69	52	1,070	939	13.95%
Net pension plan liabilities (GASB 68)	1,178	1,403	59	48	1,238	1,451	-14.68%
Total	\$ 12,128	\$ 13,005	\$ 128	\$ 100	\$ 12,256	\$ 13,105	-6.48%

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 2022 assessed valuation of the City of Spokane Valley for the levy year of 2023, for purposes of determining the legal debt margin is 16,292,741 thousand. Remaining debt capacities for the City under general voted and non-voted purposes (2.5%) is limited to \$1,212,871 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 2023-2024 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 the economy continues to see volatility now as inflation and interest rates continued to rise throughout 2022 and 2023 and into 2024.

The outlook for the City of Spokane Valley economy was projected based on statistics generated in Spokane County. There is estimated to be 4,530 businesses located in Spokane Valley with estimated taxable retail sales of \$3.83 billion for 2023. The City of Spokane Valley received \$37,015 thousand, an increase of \$120 thousand from the prior year, in sales tax dollars for 2023.

The labor force in the City has grown by 3,770 employees to 57,244 in 2023. The City of Spokane Valley ended 2023 with an average unemployment rate of 6.1%, 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 Services, employing 16,421 workers, Retail Trades at 9,716 employees and manufacturing with 7,347. The population estimates of the City continues its upward trend, increasing to an estimated 107,400 in 2023 from an estimated 102,976 in 2022.

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 1,275 from 1,357 in 2022. For nonresidential building permits issued for new construction by the City of Spokane Valley in 2023, there was a slight decrease from 28 in 2022 to 21 in 2023. The City is still 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 3.62% in 2023 compared to 11.02% in 2022, 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 continuing to slow down from the most recent high in 2018 of 8,343 home sales. Spokane County home sales have decreased to 5,538 in 2023. With an average selling price of \$438,358, 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. This is the first decrease in sales price seen in recent years.

The City of Spokane Valley's assessed value increased to \$16,293 million in 2023. The City's property tax levy rate for 2023 was near \$0.83 per thousand dollars 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 105.25. Employee salaries and related benefits are the leading cost for many of the city's operations.

No general fund tax increases were implemented in 2023. 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. The City created a Transportation Benefit District at the end of 2023 and implemented a \$20 vehicle license tab fee that will start being collected in July 2024 into a new Transportation Benefit District Fund to be used on street maintenance and capital improvements.

During the fiscal year of 2023, unassigned fund balance in the general fund was \$59,293 thousand. As noted in the City of Spokane Valley's 2024 budget document, the total recurring 2024 general fund expenditure budget is \$57,977 thousand as compared to \$53,766 thousand as amended in 2023. This means that the general fund recurring expenditure budget increased by 7.83% as compared to 2023. The 2024 budget presumes service levels that are consistent with those provided in 2023 with neither significant enhancements nor reductions in any area of operations. The 2024 budget was adopted with current economic conditions in mind, but it is still possible that inflationary pressures and uncertain revenue conditions could affect 2024 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 2023

Basic Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Government Wide Financial Statements

Statement of Net Position

December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 116,868,769	\$ 6,552,314	\$ 123,421,083
Taxes receivable	7,835,740	94,004	7,929,744
Taxes delinquent-receivable	286,662	11,263	297,925
Accounts receivable, (net)	2,778,464	-	2,778,464
Interest receivable	471,410	25,589	496,999
Grants receivable	2,360,399	18,772	2,379,171
Leases receivable	336,734	-	336,734
Prepays	355,443	25,171	380,614
Noncurrent Assets:			
Net pension plan asset	2,732,837	137,266	2,870,103
Capital Assets:			
Land	22,249,508	444,415	22,693,923
Depreciable assets, (net)	152,886,629	10,626,093	163,512,722
Leases (net)	88,953	-	88,953
Construction in progress	10,962,003	468,564	11,430,567
Total Assets	\$ 320,213,551	\$ 18,403,451	\$ 338,617,002
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,246,507	113,007	2,359,514
LIABILITIES			
Accounts payable	\$ 5,239,514	\$ 385,857	\$ 5,625,371
Interest payable	27,963	-	27,963
Deposits and other payables	4,589,530	96,278	4,685,808
Other accrued liabilities	929,702	49,613	979,315
Unearned revenues	196,803	94,852	291,655
Long-term liabilities:			
Due within one year	746,962	1,732	748,694
Due in more than one year	10,202,137	67,534	10,269,671
Net pension liabilities	1,178,481	59,193	1,237,674
Total Liabilities	23,111,092	755,059	23,866,151
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to leases	311,766	-	311,766
Deferred amounts related to pensions	1,648,101	81,920	1,730,021
Deferred amounts related to judgments & settlements	169,823	-	169,823
Total Deferred Inflows of Resources	2,129,690	81,920	2,211,610
NET POSITION			
Net Investment in capital assets	176,238,785	11,539,071	187,777,856
Restricted for:			
Capital projects, REET, roads & streets, RR Grade Sep	19,313,805	-	19,313,805
Parks & recreation programs	192,211	-	192,211
Tourism promotion	6,226,786	-	6,226,786
Comcast PEG, communications	237,912	-	237,912
Affordable & supportive housing	800,632	-	800,632
Homeless housing program	126,547	-	126,547
Coronavirus local fiscal recovery	158,971	-	158,971
Opioid crisis response	16,579	-	16,579
Trails & paths	48,620	-	48,620
Health reimbursement accounts	88,379	2,402	90,781
Net pension asset	3,325,989	158,911	3,484,900
Unrestricted	90,444,060	5,979,095	96,423,155
Total Net Position:	\$ 297,219,276	\$ 17,679,479	\$ 314,898,755

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Government Wide Financial Statements

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities		Total
Primary government:								
Governmental activities:								
General government	\$ 11,360,213	\$ 5,215,747	\$ 10,047,920	\$ -	\$ 3,903,454	\$ -	\$ 3,903,454	
Public safety	35,262,895	1,342,413	19,500	-	(33,900,982)	-	(33,900,982)	
Social Services	5,367,947	125,527	-	-	(5,242,420)	-	(5,242,420)	
Utilities and physical environment	1,240,154	282,922	-	-	(957,232)	-	(957,232)	
Transportation	14,990,331	2,809,082	3,086	10,000,998	(2,177,165)	-	(2,177,165)	
Economic environment	5,046,139	1,313,150	-	-	(3,732,989)	-	(3,732,989)	
Community development	3,064,684	3,821,009	-	-	756,325	-	756,325	
Culture and recreation	6,079,004	882,211	69,018	170,445	(4,957,330)	-	(4,957,330)	
Interest on long-term debt	309,144	-	-	-	(309,144)	-	(309,144)	
Total governmental activities	82,720,511	15,792,061	10,139,524	10,171,443	(46,617,483)	-	(46,617,483)	
Business-type activities:								
Aquifer protection area	385,620	-	515,898	621,476	-	751,754	751,754	
Stormwater management	2,527,935	5,585,386	132,500	174,166	-	3,364,117	3,364,117	
Total business-type activities	2,913,555	5,585,386	648,398	795,642	-	4,115,871	4,115,871	
Total primary government	\$ 85,634,066	\$ 21,377,447	\$ 10,787,922	\$ 10,967,085	\$ (46,617,483)	\$ 4,115,871	\$ (42,501,612)	
General revenues:								
Taxes:								
Property taxes				13,445,154	-	13,445,154		
Sales and use taxes				37,015,388	-	37,015,388		
Excise taxes				7,335,922	-	7,335,922		
Other taxes				3,004,564	-	3,004,564		
Interest and investment earnings				5,666,279	230,638	5,896,917		
Loss on disposal of capital assets				(8,023)	-	(8,023)		
Donation of capital assets				16,710,339	-	16,710,339		
Total general revenues				83,169,623	230,638	83,400,261		
Change in net position				36,552,140	4,346,509	40,898,649		
Net position--beginning of year				260,667,136	13,332,970	274,000,106		
Net position--ending				\$ 297,219,276	\$ 17,679,479	\$ 314,898,755		

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Governmental Funds

Balance Sheet

December 31, 2023

	General Fund	Street Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 72,259,020	\$ 4,679,921	\$ 11,687,711	\$ 26,423,749	\$ 115,050,401
Taxes receivable	7,208,357	364,681	-	549,364	8,122,402
Accounts receivable, (net)	2,139,309	365,314	-	273,683	2,778,306
Interest receivable	280,037	23,384	68,548	92,881	464,850
Leases receivable	336,734	-	-	-	336,734
Prepays	333,306	20,085	-	2,052	355,443
Grants receivable	-	-	-	2,360,399	2,360,399
Due from other funds	-	-	240,000	-	240,000
Total Assets	\$ 82,556,763	\$ 5,453,385	\$ 11,996,259	\$ 29,702,128	\$ 129,708,535
Liabilities					
Liabilities:					
Accounts payable	\$ 3,955,024	\$ 385,641	\$ -	\$ 891,089	\$ 5,231,754
Accrued wages and benefits payable	754,243	133,769	-	41,611	929,623
Deposits and other payables	4,314,589	-	-	-	4,314,589
Retainage payable	68,034	185,845	-	21,062	274,941
Unearned revenues	385,191	-	-	384,194	769,385
Due to other funds	-	-	-	240,000	240,000
Total Liabilities	\$ 9,477,081	\$ 705,255	\$ -	\$ 1,577,956	\$ 11,760,292
Deferred Inflows of Resources					
Deferred inflows for tax revenues	3,719,543	142,622	-	91,563	3,953,728
Deferred inflows for leases	311,766	-	-	-	311,766
Deferred inflows for judgments & settlements	169,823	-	-	-	169,823
Total Deferred Inflows of Resources	\$ 4,201,132	\$ 142,622	\$ -	\$ 91,563	\$ 4,435,317
Fund Balances					
Nonspendable:					
Prepaid expenses	\$ 333,306	\$ 20,085	\$ -	\$ 2,052	\$ 355,443
Restricted for:					
Affordable & supportive housing	-	-	-	800,632	800,632
Homeless housing program	-	-	-	126,547	126,547
Transportation Improvements	-	-	-	14,616,832	14,616,832
PEG capital uses	-	-	-	237,912	237,912
Coronavirus relief grant	158,971	-	-	-	158,971
Health reimbursement account	82,469	5,910	-	-	88,379
Motor vehicle fuel tax roads & streets	-	4,579,513	-	-	4,579,513
Opiod crisis response	16,579	-	-	-	16,579
Parks & recreation programs	21,765	-	-	170,446	192,211
Railroad grade separation projects	-	-	-	117,460	117,460
Tourism & economic development	-	-	-	6,226,786	6,226,786
Trails & paths	-	-	-	48,620	48,620
Committed to:					
Winter weather operations	-	-	-	548,568	548,568
Assigned to:					
Capital reserve improvements (city wide)	-	-	11,996,259	-	11,996,259
Civic buildings capital replacement	-	-	-	19,274	19,274
Parks & recreation programs	-	-	-	168,013	168,013
Solid waste services	-	-	-	1,194,256	1,194,256
Public safety	1,702,021	-	-	-	1,702,021
Affordable housing & homelessness	5,048,360	-	-	-	5,048,360
Infrastructure improvements	1,379,386	-	-	-	1,379,386
Social services	842,619	-	-	-	842,619
Street capital improvements P&M	-	-	-	3,755,211	3,755,211
Unassigned	59,293,074	-	-	-	59,293,074
Total Fund Balances	\$ 68,878,550	\$ 4,605,508	\$ 11,996,259	\$ 28,032,609	\$ 113,512,926
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 82,556,763	\$ 5,453,385	\$ 11,996,259	\$ 29,702,128	\$ 129,708,535

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2023

Total governmental fund balances: \$ 113,512,926

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.

186,187,093

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	3,275,910
Motor fuel taxes	143,223
Hotel/Motel taxes	66,103
Real estate excise taxes	228
Affordable & supportive housing taxes	<u>24,631</u>
Total	3,510,095

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

Property taxes	443,633
Intergovernmental	346,361
Charges for services	<u>226,221</u>
Total	1,016,215

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.

1,817,247

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	(9,085,000)
Interest payable	(27,963)
Lease liabilities	(92,576)
Net pension assets	2,732,837
Net pension liabilities	(1,178,481)
Deferred inflows of resources	(1,648,101)
Deferred outflows of resources	2,246,507
Premium on bond issuance	(770,732)
Compensated absences	<u>(1,000,791)</u>
Total	(8,824,300)

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

\$ 297,219,276

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	General Fund	Street Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 50,898,094	\$ 960,872	\$ -	\$ 5,045,187	\$ 56,904,153
Licenses and permits	5,070,071	-	-	56,295	5,126,366
Intergovernmental	12,141,252	2,108,179	-	9,983,258	24,232,689
Charges for services	837,420	2,276,042	-	2,718,826	5,832,288
Fines and forfeitures	467,013	-	-	-	467,013
Investment interest	3,429,170	122,690	803,377	1,253,600	5,608,837
Miscellaneous	4,024,586	31,456	-	-	4,056,042
Total Revenues	76,867,606	5,499,239	803,377	19,057,166	102,227,388
Expenditures					
Current:					
General government	11,346,244	-	-	38,964	11,385,208
Public safety	35,099,137	-	-	-	35,099,137
Social services	5,326,275	-	-	-	5,326,275
Utilities and physical environment	193,276	-	-	301,877	495,153
Transportation	1,032,141	6,940,266	-	803,835	8,776,242
Economic environment	2,062,888	-	-	2,965,659	5,028,547
Community development	3,046,242	-	-	-	3,046,242
Culture and recreation	3,532,085	-	-	839,592	4,371,677
Debt Service:					
Principal retirement	70,854	-	-	725,000	795,854
Interest	8,486	-	-	364,550	373,036
Capital Outlay:					
Capital expenditures	811,604	2,149,418	790,783	14,399,673	18,151,478
Construction in progress	-	-	-	7,494,783	7,494,783
Total Expenditures	62,529,232	9,089,684	790,783	27,933,933	100,343,632
Excess of Revenues Over (Under) Expenditures	14,338,374	(3,590,445)	12,594	(8,876,767)	1,883,756
Other Financing Sources (Uses)					
Lease financing	88,271	-	-	-	88,271
Transfers in	4,815,552	8,320,076	5,358,054	14,306,915	32,800,597
Transfers (out)	(11,968,363)	(1,443,329)	(10,032,409)	(10,027,064)	(33,471,165)
Total Other Financing Sources (Uses)	(7,064,540)	6,876,747	(4,674,355)	4,279,851	(582,297)
Net Change in Fund Balances (deficit)	7,273,834	3,286,302	(4,661,761)	(4,596,916)	1,301,459
Fund Balances Beginning of Year	61,604,716	1,319,206	16,658,020	32,629,525	112,211,467
Fund Balances End of Year	\$ 68,878,550	\$ 4,605,508	\$ 11,996,259	\$ 28,032,609	\$ 113,512,926

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

Net change in fund balances - total governmental funds: \$ 1,301,459

***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	(9,450,844)
Capital outlay	<u>25,646,261</u>
Total	16,195,417

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	(59,459)
Property taxes	(14,759)
Excise taxes	4,465
Other taxes	5,111
Miscellaneous	81,039
Donation of capital assets	16,710,339
Capital-operating grants and contributions	<u>(100,967)</u>
Total	16,625,769

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:

795,854

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	(113,660)
Pension expense	1,254,566
Amortization expense on LTGO bonds	61,476
Lease liabilities	(88,271)
Loss on disposal of capital assets	(8,023)
Interest expense accrual	<u>2,416</u>
Total	1,108,504

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:

525,137

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

\$ 36,552,140

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Proprietary Funds
Statement of Net Position
December 31, 2023

	Business-type Activities Enterprise Funds			Governmental Activities	
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	Internal Service Funds	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,927,677	\$ 1,624,637	\$ 6,552,314	\$ 1,818,368	
Taxes receivable	105,267	-	105,267	-	
Accounts receivable, (net)	-	-	-	158	
Interest receivable	20,248	5,341	25,589	6,560	
Grants receivable	-	18,772	18,772	-	
Prepays	25,171	-	25,171	-	
Total Current Assets	5,078,363	1,648,750	6,727,113	1,825,086	
Noncurrent Assets:					
Net pension assets	137,266	-	137,266	-	
Total Noncurrent Assets	137,266	-	137,266	-	
Capital Assets:					
Land	278,058	166,357	444,415	-	
Buildings & structures	382,881	-	382,881	-	
Machinery and equipment	365,467	-	365,467	1,844,710	
Infrastructure	6,607,111	8,396,381	15,003,492	-	
Construction in progress	178,107	290,457	468,564	-	
Less accumulated depreciation	(2,951,123)	(2,174,624)	(5,125,747)	(551,013)	
Total capital assets (net of accumulated depreciation)	4,860,501	6,678,571	11,539,072	1,293,697	
Total Assets	\$ 10,076,130	\$ 8,327,321	\$ 18,403,451	\$ 3,118,783	
Deferred Outflows of Resources					
Deferred amounts related to pensions	113,007	-	113,007	-	
Total Deferred Outflows of Resources	\$ 113,007	\$ -	\$ 113,007	\$ -	
Liabilities					
Current Liabilities:					
Accounts payable	\$ 329,131	\$ 56,726	\$ 385,857	\$ 7,760	
Accrued payroll and benefits payable	48,740	873	49,613	79	
Deposits and other payables	32,100	-	32,100	-	
Compensated absences, (current)	1,732	-	1,732	-	
Retainage payables	63,275	903	64,178	-	
Unearned revenue	94,852	-	94,852	-	
Total Current Liabilities	569,830	58,502	628,332	7,839	
Long-term Liabilities:					
Compensated absences	67,534	-	67,534	-	
Net pension plan liabilities	59,193	-	59,193	-	
Total Long-term Liabilities	126,727	-	126,727	-	
Total Liabilities	696,557	58,502	755,059	7,839	
Deferred Inflows of Resources					
Deferred amounts related to pensions	81,920	-	81,920	-	
Total Deferred Inflows of Resources	\$ 81,920	\$ -	\$ 81,920	\$ -	
Net Position					
Investments in capital assets	4,860,501	6,678,571	11,539,072	1,293,697	
Restricted for:					
Health reimbursement account	2,402	-	2,402	-	
Net pension asset	158,911	-	158,911	-	
Unrestricted	4,388,846	1,590,248	5,979,094	1,817,247	
Total Net Position	\$ 9,410,660	\$ 8,268,819	\$ 17,679,479	\$ 3,110,944	

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023

Business-type Activities Enterprise Funds				Governmental
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	Activities Internal Service Funds
Operating Revenues				
Charges for services	\$ 5,585,386	\$ -	\$ 5,585,386	\$ 369,100
Miscellaneous revenues	-	-	-	976
Intergovernmental revenues	-	515,898	515,898	-
Total Operating Revenues	5,585,386	515,898	6,101,284	370,076
Operating Expenses				
Personal services	597,594	-	597,594	49
Licenses and permits	45,640	-	45,640	-
Professional services	145,503	-	145,503	572,252
Materials and supplies	104,040	-	104,040	648
Other services and expenses	1,349,185	-	1,349,185	-
Depreciation and amortization	285,973	385,620	671,593	140,737
Total Operating Expenses	2,527,935	385,620	2,913,555	713,686
Operating Income (loss)	3,057,451	130,278	3,187,729	(343,610)
Non-Operating Revenues (Expenses)				
Intergovernmental revenues	306,666	621,476	928,142	-
Other contributions	-	-	-	-
Interest and investment income	172,947	57,691	230,638	57,442
Total Non-Operating Revenues (Expenses)	479,613	679,167	1,158,780	57,442
Income (loss) before Capital Contributions and Transfers	3,537,064	809,445	4,346,509	(286,168)
Transfers				
Transfers in	-	-	-	670,568
Change in Net Position	3,537,064	809,445	4,346,509	384,400
Net Position-Beginning of Year, January 1	5,873,596	7,459,374	13,332,970	2,726,544
Net Position-End of Year, December 31	\$ 9,410,660	\$ 8,268,819	\$ 17,679,479	\$ 3,110,944

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2023

	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	\$ 5,583,888	\$ -	\$ 5,583,888	\$ -	
Cash payments to employees	(557,722)	(4,805)	(562,527)	30	
Cash payments to suppliers for goods and services	(1,360,431)	29,626	(1,330,805)	(593,346)	
Other cash receipts	-	515,898	515,898	818	
Receipts from interfund activity	-	-	-	369,100	
Payments to interfund activity	(6,750)	-	(6,750)	-	
Other cash payments	(120,819)	-	(120,819)	-	
Net cash (used for) provided by operating activities	3,538,166	540,719	4,078,885	(223,398)	
Cash Flows from Noncapital Financing Activities					
Non capital grant receipts	132,500	(8,275)	124,225	-	
Operating subsidies & transfers in (out) other funds	-	-	-	670,568	
Net cash (used for) noncapital financing activities	132,500	(8,275)	124,225	670,568	
Cash Flows from Capital and Related Financing Activities					
Capital grants	174,165	621,476	795,641	-	
Acquisition, construction & (transfers) of capital assets	(1,551,241)	(1,125,339)	(2,676,580)	(553,031)	
Net cash provided by (used for) capital and related financing activities	(1,377,076)	(503,863)	(1,880,939)	(553,031)	
Cash Flows from Investing Activities					
Interest received	160,023	56,899	216,922	55,517	
Net cash provided by investing activities	160,023	56,899	216,922	55,517	
Net increase (decrease) in Cash and Cash Equivalents	2,453,613	85,480	2,539,093	(50,344)	
Cash and Cash Equivalents - January 1, 2023	2,474,064	1,539,157	4,013,221	1,868,712	
Cash and Cash Equivalents - December 31, 2023	\$ 4,927,677	\$ 1,624,637	\$ 6,552,314	\$ 1,818,368	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (loss)	\$ 3,057,451	\$ 130,278	\$ 3,187,729	\$ (343,610)	
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>					
Depreciation	285,973	385,620	671,593	140,737	
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>					
(Increase) Decrease: Customer receivables (net)	(62,019)	-	(62,019)	(158)	
(Increase) Decrease: Prepaid expenses	(2,591)	-	(2,591)	-	
(Increase) Decrease: Net pension asset	(54,792)	-	(54,792)	-	
(Increase) Decrease: Deferred outflows related to pensions	(24,687)	-	(24,687)	-	
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>					
Increase (Decrease): Accounts payable to suppliers	231,548	29,626	261,174	(20,446)	
Increase (Decrease): Accounts payable - other	67,534	-	67,534	-	
Increase (Decrease): Payroll and benefits payable	22,832	(4,805)	18,027	79	
Increase (Decrease): Compensated absences	17,039	-	17,039	-	
Increase (Decrease): Net pension liability	11,596	-	11,596	-	
Increase (Decrease): Deferred inflows related to pensions	(11,718)	-	(11,718)	-	
Total adjustments	480,715	410,441	891,156	120,212	
Net Cash Provided by (Used for) by Operating Activities	\$ 3,538,166	\$ 540,719	\$ 4,078,885	\$ (223,398)	

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Fiduciary Fund

Statement of Fiduciary Net Position

December 31, 2023

Custodial Fund - Passthrough Fees & Taxes		
Assets		
Cash and cash equivalents	\$	70,440
Accounts receivable, (net)		48,362
Total Assets	\$	118,802
Liabilities		
Accounts payable	\$	118,802
Total Liabilities	\$	118,802
Net Position		
Restricted for:		
Other governments		-
Total Net Position	\$	-

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2023

	Custodial Fund - Passthrough Fees & Taxes
Additions	
Fees collected for other governments	\$ 580,232
Leasehold taxes collected for other governments	21,294
Total Additions	<u>601,526</u>
Deductions	
Fees distributed to other governments	580,232
Leasehold taxes distributed to other governments	21,294
Total Deductions	<u>601,526</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 2023

Notes to the Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2023

NOTES TO THE FINANCIAL STATEMENTS

<u>Contents</u>	<u>Page</u>
Note 1: Summary of Significant Accounting policies	34
Note 2: Reconciliation of Government-Wide and Fund Financial Statements.....	42
Note 3: Deposits and Investments.....	46
Note 4: Property Taxes	47
Note 5: Capital Assets and Depreciation	48
Note 6: Construction Commitments	51
Note 7: Pension Plans	51
Note 8: Risk Management	58
Note 9: Interfund Balances and Transfers	59
Note 10: Long-Term Obligations.....	60
Note 11: Leases.....	64
Note 12: Subscription-Based Information Technology Arrangements	65
Note 13: Contingencies and Litigation	65
Note 14: Receivable and Payable Balances	66
Note 15: Health and Welfare and Other Post-Employment Benefits	67

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 2023 are the same or greater than provided for compared to 2022.

City of Spokane Valley

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 2023 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 2023. 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

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). Currently the City has investments in certificates of deposits and the LGIP.

Investments for the City of Spokane Valley are reported at amortized cost at December 31, 2023. 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.

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 2023 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. Managerial employees designated by the City Manager shall have the ability to carry forward or cash out upon separation an additional 60 hours of accrued vacation. 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 and one piece of land. 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. Currently the City's only nonspendable fund balance is prepaid expenses.

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, 2023, the City has implemented GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs). As part of this implementation, the City has updated the reporting requirements and notes in accordance with the new guidance. The implementation of GASB 96 has had no effect on the current year reporting. See Note 12.

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 (\$8,824,300) 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	\$ (9,085,000)
Interest payable	(27,963)
Leases payable	(92,576)
Net pension assets	2,732,837
Net pension liabilities	(1,178,481)
Deferred inflows of resources - pension	(1,648,101)
Deferred outflows of resources	2,246,507
Premium on bond issuance	(770,732)
Compensated absences	<u>(1,000,791)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (8,824,300)</u>

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 \$1,817,247 difference are as follows:

Net position of the internal service fund	\$ 3,110,944
Less: Governmental type Internal Service Capital Assets	<u>(1,293,697)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 1,817,247</u>

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 \$186,187,093 difference are as follows:

Land	\$ 22,249,508
Construction in Progress	<u>10,962,003</u>
Total non-depreciable capital assets	<u>33,211,511</u>
Depreciable capital assets	\$ 463,978,113
Less: Accumulated depreciation-depreciable assets	<u>(311,002,531)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>152,975,582</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$186,187,093</u>

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 \$4,526,310 reconciled difference presented as follows:

Unearned revenue-property tax	\$ 443,633
Unearned revenue-other taxes	3,510,095
Unearned revenue-intergovernmental & charges for services	<u>572,582</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 4,526,310</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 \$16,195,417 difference are as follows:

Capital outlay	\$ 25,646,261
Depreciation expense	<u>(9,450,844)</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>\$ 16,195,417</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 \$16,625,769 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	\$ (14,759)
Unearned revenue-sales & use taxes	(59,459)
Unearned revenue-excise taxes	4,465
Unearned revenue-other taxes	5,111
Unearned revenue-charges for services	81,039
Non-cash-donation of capital assets	16,710,339
Unearned revenue-capital grants & contributions	<u>(100,967)</u>

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

\$ 16,625,769

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 \$1,108,504 difference are as follows:

Compensated absences	\$ (113,660)
Pension expense (GASB 68)	1,254,566
Amortization expense on LTGO Bonds	61,476
Lease Liabilities	(88,271)
Loss on disposal of capital assets	(8,023)
Interest Expense Accrual	<u>2,416</u>

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

\$ 1,108,504

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 \$525,137 difference are as follows:

Revenues:

Interest and investment income & charges for services	\$ 427,518
Total Revenues	<u>427,518</u>

Expense and net transfer (less depreciation):

97,619

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

\$ 525,137

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, 2023, the City of Spokane Valley's total bank balance of \$10,457,624 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 (LGIP) operates in accordance with state law, with oversight from the Office of the Treasurer. The LGIP investments have a credit rating of Aaa in Moody's and AA+ or AAA 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 LGIP 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, 2023, the City of Spokane Valley had the following investments at amortized cost:

Investment Type <i>(amounts are in thousands)</i>	Maturities	
Certificates of deposit	0.04	\$ 5,356
Local Government Investment Pool State of Washington	0.48	<hr/> 109,264
Total amortized cost of investments:		<hr/> \$ 114,619
Portfolio weighted average maturity	0.46	

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 Aaa 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, 2023, the City had \$109,263,650 held by Washington State Treasurer in the LGIP, \$3,234,472 held by Northwest Bank in a certificate of deposit, and \$2,121,307 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 4 – PROPERTY TAXES continued:

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.

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 \$1.50 by the Spokane County Fire Districts #1 and #8, and \$0.34 for Library Districts, which leaves the City with the authority to levy \$1.76 for its own purposes.

For 2023, the City's regular levy was \$0.83 per \$1,000 on an assessed valuation of \$16,292,740,920 for a total regular levy of \$13,542,895.

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:

<i>Infrastructure:</i>	Historical Cost	Accumulated Depreciation	Balance after Depreciation Costs
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, 2023, is summarized as follows:

Governmental-type activities	Beginning			Ending Balance	
	Balance 1/1/2023	Additions	Reductions	12/31/2023	
Land (non-depreciable)	\$ 20,865,404	\$ 1,384,104	\$ -	\$ 22,249,508	
Construction in progress (CIP)	10,208,466	7,494,783	(6,741,246)	10,962,003	
Total non-depreciable assets	31,073,870	8,878,887	(6,741,246)	33,211,511	
Buildings	26,874,742	308,405	(80,234)	27,102,913	
Leasehold improvements	625,091	-	-	625,091	
Improvements other than buildings	18,521,996	76,336	-	18,598,332	
Infrastructure	369,820,598	38,839,281	-	408,659,879	
Right-to-use leased assets	114,480	88,271	(10,269)	192,482	
Machinery and equipment	7,349,359	1,459,698	(9,641)	8,799,416	
Total depreciable assets	423,306,266	40,771,991	(100,144)	463,978,113	
Total capital assets	\$ 454,380,136	\$ 49,650,878	\$ (6,841,390)	\$ 497,189,624	

<i>Less accumulated depreciation and amortization for:</i>	Beginning			Ending	
	Balance 1/1/2023	Additions	Reductions	12/31/2023	
Buildings	\$ 7,434,887	\$ 642,351	\$ (72,028)	\$ 8,005,210	
Leasehold improvements	273,954	44,826	-	318,780	
Improvements other than buildings	10,959,533	981,079	-	11,940,612	
Infrastructure	278,483,623	7,055,916	-	285,539,539	
Right-to-use leased assets	46,170	67,628	(10,269)	103,529	
Machinery and equipment	4,445,458	659,044	(9,641)	5,094,861	
Total accumulated depreciation	\$ 301,643,625	\$ 9,450,844	\$ (91,938)	\$ 311,002,531	
Capital assets, net of accumulated depreciation	\$ 152,736,511	\$ 40,200,034	\$ (6,749,452)	\$ 186,187,093	

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, 2023, is summarized as follows:

Business-type activities	Balance			Balance
	1/1/2023	Additions	Reductions	
Land	\$ 140,396	\$ 304,019	\$ -	\$ 444,415
Construction in progress	269,456	275,167	(76,059)	468,564
Total non-depreciable	409,852	579,186	(76,059)	912,979
Buildings and structures	382,881	-	-	382,881
Infrastructure	12,953,449	2,050,043	-	15,003,492
Machinery and equipment	242,057	123,410	-	365,467
Total depreciable	13,578,387	2,173,453	-	15,751,840
Total capital assets	\$13,988,239	\$ 2,752,639	\$ (76,059)	\$16,664,819
(Less) accumulated depreciation for:				
Buildings and structures	\$ 149,526	\$ 12,787	\$ -	\$ 162,313
Infrastructure	4,080,853	650,508	-	4,731,361
Machinery and equipment	223,775	8,298	-	232,073
Total accumulated depreciation	4,454,154	671,593	-	5,125,747
Capital assets, net of accumulated depreciation	\$ 9,534,085	\$ 2,081,046	\$ (76,059)	\$11,539,072

Depreciation expense was charged to current functions of the primary government for 2023 as follows (includes Internal Service Funds Governmental type):

Governmental Activities:

General Government	\$ 645,613
Public Safety	163,758
Physical Utilities & Environment	745,001
Transportation	6,191,002
Economic Environment	11,077
Culture & Recreation	1,694,393
Total governmental activities current year depreciation expense	\$ 9,450,844

Business-type activity:

StormWater	\$ 285,973
Aquifer Protection Area	385,620
Total business-type activities current year depreciation expense	\$ 671,593

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, 2023. The projects include various street and park construction projects with a total of \$32,244,109 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 12/31/23
Barker Rd/BNSF Grade Separation	4,082,182	4,035,268	46,914
Pines Rd Underpass @ BNSF & Trent	2,915,429	1,997,831	917,597
Sullivan & Wellesley Intersection Improv	25,000	4,268	20,732
Broadway Preservation: Havana to Fancher	12,207	10,296	1,911
Pines & Mission Intersection Improvments	1,928,998	251,009	1,677,989
Sullivan Rd/ SR 290 Interchange Project	3,480,688	339,191	3,141,497
Barker Road/Union Pacific Crossing	3,351,933	2,904,199	447,733
Balfour Park Improvements- Phase 1	4,513,531	3,991,765	521,766
Sullivan Preservation: Sprague-8th	3,857,962	3,656,293	201,669
City Hall Repairs	3,829,092	3,178,396	650,696
Sprague Avenue Stormwater	192,540	132,030	60,510
Sullivan Park Waterline	75,050	73,597	1,453
Barker Road Imp- City Limits to Appleway	73,131	47,220	25,911
Broadway Preservation- Fancher to Park	1,406,793	1,297,842	108,951
Bowdish Sidewalk 12th to 22nd	51,744	9,736	42,008
Broadway and Park Intersection	2,396,435	2,152,556	243,879
Balfour Facility	51,395	7,558	43,837
Total Construction Commitments	32,244,109	24,089,054	8,155,056

NOTE 7 – PENSION PLANS:

The following table represents the aggregate pension amounts for the year 2023:

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$ (1,237,674)	
Pension assets	\$ 2,870,103	
Deferred outflows of resources	\$ 2,359,514	
Deferred inflows of resources	\$ (1,730,021)	
Pension expense/expenditures	\$ (326,493)	

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-

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

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

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 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 - June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July - August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September - December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

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

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2	Employee 3
January - June 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	
July - August 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	9.39%	6.36%	
September - December 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	9.53%	6.36%	

The City of Spokane Valley actual PERS plan contributions were \$350,867 to PERS Plan 1 and \$659,628 to PERS Plan 2/3 for the year ended December 31, 2023. The City did not have any current employees participating in PERS Plan 1 during 2023. 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 2023 with a valuation date of June 30, 2022. 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 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime. Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension 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% was used to determine the total liability.

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
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's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Plan	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 1,729,125	\$ 1,237,674	\$ 808,754
PERS 2/3	\$ 3,121,581	\$ (2,870,103)	\$ (7,792,649)

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, 2023, the City reported its proportionate share of the total pension liabilities and assets as follows:

Plan	Liability (or Asset)
PERS 1	\$ 1,237,674
PERS 2/3	\$ (2,870,103)

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

Plan	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.052098%	0.054219%	0.002121%
PERS 2/3	0.067772%	0.070025%	0.002253%

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, 2023, the City of Spokane Valley recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 62,020
PERS 2/3	\$ (388,513)

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, 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	\$ -	\$ (139,615)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 154,311	\$ -
Total	\$ 154,311	\$ (139,615)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 584,637	\$ (32,068)
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (1,081,628)
Changes of assumptions	\$ 1,204,968	\$ (262,636)
Changes in proportion and differences between contributions & proportionate share of contributions	\$ 80,671	\$ (214,074)
Contributions subsequent to the measurement date	\$ 334,927	\$ -
Total	\$ 2,205,203	\$ (1,590,406)

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	Year ended December 31	PERS 2/3
2024	\$ (94,988)	2024	\$ (578,660)
2025	(119,459)	2025	(626,824)
2026	73,657	2026	880,150
2027	1,175	2027	304,362
2028	-	2028	297,766
Thereafter	-	Thereafter	3,076
TOTAL	\$ (139,615)	TOTAL	\$ 279,870

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 169 members.

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

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits. For the past three years no settlements, if any, have exceeded current coverage.

City of Spokane Valley

Notes to Financial Statements

NOTE 8 – RISK MANAGEMENT continued:

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.

There are situations where the City could retain additional risk of loss related to coverage limits or uninsured situations, the City has not identified, or calculated any specific liabilities related to potential loss.

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, 2023, were:

	Due from other funds	Due to other funds
Capital reserve fund	\$ 240,000	\$ -
RailRoad Grade Separation Project fund	-	240,000
Total governmental funds	\$ 240,000	\$ 240,000
Total government - wide	<u><u>\$ 240,000</u></u>	<u><u>\$ 240,000</u></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

City of Spokane Valley

Notes to Financial Statements

NOTE 9 – INTERFUND BALANCES AND TRANSFERS continued:

in the general and street funds to finance various programs accounted for in other funds in accordance with budgetary authority.

Interfund transfer activity for 2023 is as follows:

	Transfers-in	Transfers-out
General fund	\$ 4,815,552	\$ 11,968,363
Street fund	8,320,076	1,443,329
Capital reserve fund	5,358,054	10,032,409
Nonmajor governmental funds	<u>14,306,915</u>	<u>10,027,064</u>
Total governmental funds	<u>\$ 32,800,597</u>	<u>\$ 33,471,165</u>
Internal service funds	670,568	-
Total business type & internal service	<u>\$ 670,568</u>	<u>\$ -</u>
Total government - wide	<u>\$ 33,471,165</u>	<u>\$ 33,471,165</u>

The City made several one-time transfers during the year ending December 31, 2023. These one-time or infrequent transfers are included in the table above:

- Transfers of \$3,530,048 from the General Fund to the Street Fund to cover operating deficits from reduced revenues.
- Transfer of \$355,939 from the General Fund to Park Capital Projects Fund for Balfour Park construction.
- Transfer of \$5,358,054 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. to replenish the reserve.
- Transfer of \$1,372,761 from the Street Fund to the Pavement Preservation Fund for the Summerfield Local Streets project construction.
- Transfer of \$70,568 from the Street Fund to the Equipment Rental and Replacement Fund to acquire a new fleet vehicle.
- Transfer of \$1,862,929 from the Solid Waste Fund to the Street Fund to move solid waste related street wear fees for use in the Street Fund going forward.
- Transfer of \$2,677,099 from the Pavement Preservation Fund to the Street Fund to move solid waste related street wear fees for use in the Street Fund going forward.
- Transfer of \$1,400,000 from the Capital Reserve Fund to the General Fund for the acquisition of police vehicles.
- Transfer of \$4,312,623 from Capital Reserve to Parks Capital Projects Fund that will be applied toward Balfour Park construction.

NOTE 10 – LONG -TERM OBLIGATIONS:

A. Long-term Obligations

Pension Obligations

The City's net pension liability for the year ended December 31, 2023, is \$1,237,674. Refer to note 7 for additional information and activity related to the City's pension plans.

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – LONG -TERM OBLIGATIONS continued:

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, 2023, 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	\$3,040,000
LTGO'16 Bonds	Governmental Activities	2.00% - 4.00%	12/1/2045	\$6,045,000

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
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	515,000	236,400	751,400
2029 - 2033	2,115,000	933,600	3,048,600
2034 - 2038	1,405,000	592,750	1,997,750
2039 - 2043	1,705,000	291,900	1,996,900
2044 - 2045	765,000	34,650	799,650
Totals	<u>\$ 9,085,000</u>	<u>\$ 3,278,700</u>	<u>\$12,363,700</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, 2023, is \$770,732.

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, 2023, the following changes occurred in long-term liabilities:

Governmental-Type Activities	Balance				Amounts
	1/1/2023	Additions	Reductions	Balance	Due within One Year
Bonds and notes payable:					
GO refunding LTGO'14 bonds	3,585,000	-	(545,000)	3,040,000	430,000
Premium on LTGO'14 refunding bonds	317,708	-	(39,107)	278,601	27,860
General obligation LTGO'16 bonds	6,225,000	-	(180,000)	6,045,000	185,000
Premium on LTGO'16 bonds	514,500	-	(22,369)	492,131	22,370
Other liabilities:					
Lease Liabilities	72,518	88,271	(68,213)	92,576	56,712
Net pension plan liabilities	1,403,003	-	(224,522)	1,178,481	-
Compensated absences	887,131	113,660	-	1,000,791	25,020
Governmental activities					
Long-term liabilities	<u>\$13,004,860</u>	<u>\$ 201,931</u>	<u>\$ (1,079,211)</u>	<u>\$12,127,580</u>	<u>\$ 746,962</u>

Business-Type Activities	Balance				Amounts
	1/1/2023	Additions	Reductions	Balance	Due within One Year
Net pension plan liabilities					
Net pension plan liabilities	47,597	11,596	-	59,193	-
Compensated absences	52,227	17,039	-	69,266	1,732
Business-type activities					
Long-term liabilities	<u>\$ 99,824</u>	<u>\$ 28,635</u>	<u>\$ -</u>	<u>\$ 128,459</u>	<u>\$ 1,732</u>

For the Long-Term Liabilities other than debt in the City's Governmental-Type Activities, liquidation of the liabilities is primarily from the General Fund with a minor amount being a liability of the Street Fund. The Street Fund is responsible for \$26,087 of the additional compensated absences. Lease Liabilities are the sole responsibility of the General Fund.

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 2022 assessed valuation of the City for the Levy year of 2023, for purposes of determining the legal debt margin is \$16,292,740,920. 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, 2023, are as follows:

	Amount
General Purposes Voted and Non-voted Debt - 2.5%	\$ 398,233,523
Utility Voted Debt - 2.5%	407,318,523
Open Space and Park Facilities Voted Debt - 2.5%	<u>407,318,523</u>
Total Remaining Debt Capacity	<u>\$1,212,870,569</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 \$72,518. One additional lease was entered into during the year, with an initial lease liability calculated at \$88,271. As of December 31, 2023, the remaining lease liability was \$92,576. The City is required to make monthly principal and interest payments of \$6,867 on these leases. The City has calculated the interest rate on these leases to be 4.31% based on its borrowing rates prior to 2023 and 7.85% based on 2023 borrowing rate for the new lease. 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 \$192,482 and had accumulated amortization of \$103,529.

The future principal and interest payments as of December 31, 2023, were as follows:

Year ended December 31	Principal	Interest	Total
2024	\$ 56,712	\$ 4,506	\$ 61,218
2025	33,119	1,583	34,702
2026	2,745	19	2,764
2027	-	-	-
2028	-	-	-
TOTAL	\$ 92,576	\$ 6,108	\$ 98,684

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 2024, and the City will receive monthly payments of \$500 during this time. During the current fiscal year, the City recognized \$5,790, and \$210 in revenues for the lease and related interest.

During fiscal year 2022, 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 \$56,053 in lease revenue and \$14,780 in interest revenue during the current year related to this lease.

In the current year, the City of Spokane Valley entered into new lease agreement with F.W. Holdings, LLC d.b.a. Splash Down to provide recreational amenities at Valley Mission Park. The lease term is for five years and one hundred and sixty days. The City will receive payments ranging from \$1,000 to \$15,000 over the term of the lease. The City will recognize \$41,075, and \$9,925 in lease receivable and related interest over the term of the lease.

City of Spokane Valley

Notes to Financial Statements

NOTE 11 – LEASES continued:

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, 2023, the balance of the deferred inflows is \$311,766.

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

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

The City of Spokane Valley evaluated its SBITAs in order to determine the need to recognize these arrangements as other than short term SBITAs. While there were SBITAs identified, all agreements had terms that were either less than one year or had cancellable periods excluding them from the subscription terms.

NOTE 13 – 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) COSV v. Meridian Construction Co. 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. Multiple other issues with the construction have been subsequently identified and included in the lawsuit. The City's damages exceed \$15 million. The first mediation session was held in November 2023, but did not result in settlement. The parties are in the process of scheduling a second mediation to occur in early November 2024. The court has not set a trial date, but we are expecting trial to be set in the Summer or Fall of 2025 based on the availability of the parties' legal counsel.

(2) Keenan v. COSV. 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 injuries were significant, but not life threatening, and consisted of broken bones and soft-tissue damage. Plaintiff seeks monetary damages for, among other things, pain and suffering, medical expenses, and lost wages. In 2023, the City obtained summary judgment dismissal of the lawsuit on the grounds of that the City was immune from prosecution per the recreational immunity doctrine. Earlier in 2024, the Washington Court of Appeals in part affirmed and in part reversed the trial court's summary judgment order, and remanded the case back to trial court for further proceedings. Trial is set for November 4, 2024. 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 13 – CONTINGENCIES AND LITIGATION continued:

(3) Barcott Construction Co. v. COSV. In January 2023, the City was sued by Barcott Construction LLC for 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 City rejected a portion of the Plaintiff's work that did not comply with the plan specifications. Subsequently, the Plaintiff claimed that the City discriminated against a subcontractor and the plaintiff did not return to work for a number of days. The Plaintiff is claiming damages that equal to or exceed \$46,416.14. Discovery has been completed, including written discovery, expert witness discovery, and witness depositions. The City filed a motion for summary judgment dismissal on the grounds that there is no material fact that (a) the alleged discrimination is not a material breach of the contract authorizing Barcott to suspend performance, and even if it were a breach, the City immediately cured the same; and (b) Barcott breached the contract by walking off the job and not returning to complete its work.. The City is represented by Megan Clark of Etter McMahon through its WCIA liability insurance coverage. The Plaintiff is represented by Michael Zoretic of Zoretic Law. Trial is currently scheduled for July 29, 2024.

(4) COSV v. High-Est LLC. The City commenced an eminent domain action to acquire property needed to complete construction of a roundabout at Barker Road and Trent Avenue as part of the City's Barker Grade Separation Project. The parties continue to be unable to agree on the compensation due to the owner (High-Est LLC) as a result of the taking. The City's appraiser identifies the compensation due to be \$415,000 plus an additional amount related to construction for a potential total of \$512,492.00. The owner's appraiser claims the compensation due is \$1,685,000. Trial is currently set for December 2, 2024.

(5) Dixon-Adame v. COSV. On January 23, 2022, at the intersection of S. Bowdish Road and E. 16th Avenue, Defendant Landen Best was driving southbound with Alexis Mitchell, and Bryce Adame as passengers. The vehicle left the road and collided into a rock and then a tree. Best and Mitchell survived, but Adame was pronounced dead hours after the accident. Adame was not wearing a seatbelt. The Spokane County Sheriff's Office determined that the vehicle was traveling approximately 70 mph at the time of the accident, had bottomed out, and that the only way to bottom out the vehicle at that intersection was to run the stop sign at a high rate of speed. Cannabis was discovered in the vehicle, and law enforcement noted that Best was showing signs and indications of impairment by cannabis. A summons and complaint was filed on September 15, 2023, and trial is set for June 2, 2025. The plaintiff claims the City was negligent in the design, construction and maintenance of the roadway, and failed to safely maintain, regulate and control vehicular traffic. The tort claim form alleges damages at \$5 million. Through initial investigation, the City likely has a strong defense that will show the City in no way contributed to this unfortunate accident, and that the roadway design was safe, reasonable, and appropriate.

NOTE 14 – 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 14 – RECEIVABLE AND PAYABLE BALANCES continued:

Liability and receivable balances related to settle and adjust estimates as of December 31, 2023, are as follows:

Contract Year	(Liability) or Receivable Balance 1/1/2023	New Estimate Made	Amount Settled in 2023	(Liability) or Receivable Balance 12/31/2023
2019	190,939	-	8,851	199,790
2020	987,124	-	(1,303,784)	(316,660)
2021	(675,923)	-	477,551	(198,372)
2022	(3,923,733)	-	565,216	(3,358,517)
2023	-	(191,740)	-	(191,740)

For the 2023 contract year, the City estimates that it will have an additional net liability to the County on the contracted services of \$191,740, which was adjusted to the 2023 contract expenditures.

The City of Spokane Valley recorded a receivable in the amount of \$186,402 from the National Opioid settlement. Included in this total are settlements from Allergan, CVS, Walgreens, Walmart and Teva as well as the Distributor settlement. The City will be recording a receivable from the Johnson and Johnson settlement at a future date as the amount was not available at the time of financial statements preparation. In 2023, the City received payments in the amount of \$16,579 from the settlements. As of December 31, 2023, the Opioid settlement receivable balance is \$169,823.

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

NOTE 15 – 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.

As of December 31, 2023, 264 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 15 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

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 2023, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an individual stop loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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.

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

City of Spokane Valley

Notes to Financial Statements

NOTE 15 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

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 105.25 FTEs in 2023, 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, 2023. 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, 2023.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Required Supplementary Information



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund, Major Fund

For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 48,262,200	\$ 48,262,200	\$ 50,898,094	\$ 2,635,894
Licenses and permits	4,289,900	4,289,900	5,070,071	780,171
Intergovernmental revenues	2,511,000	12,018,000	12,141,252	123,252
Charges for services	613,200	613,200	837,420	224,220
Fines and forfeitures	476,600	476,600	467,013	(9,587)
Investment interest	65,000	65,000	3,429,170	3,364,170
Miscellaneous revenues	171,000	3,731,000	4,024,586	293,586
<i>Total Revenues</i>	<u>56,388,900</u>	<u>69,455,900</u>	<u>76,867,606</u>	<u>7,411,706</u>
Expenditures				
Current:				
General government	7,581,979	17,936,742	11,346,244	(6,590,498)
Public safety	34,605,792	34,861,983	35,099,137	237,154
Social services	454,335	366,771	5,326,275	4,959,504
Utilities & physical environment	178,018	178,018	193,276	15,258
Transportation	1,404,510	1,095,998	1,032,141	(63,857)
Economic environment	1,274,159	1,573,946	2,062,888	488,942
Community development	3,396,047	3,320,255	3,046,242	(274,013)
Culture and recreation	3,353,250	3,468,246	3,532,085	63,839
Debt service:				
Principal retirement	-	-	70,854	70,854
Interest	600	600	8,486	7,886
Capital Outlay:				
Capital expenditures	863,500	1,222,600	811,604	(410,996)
<i>Total Expenditures</i>	<u>53,112,190</u>	<u>64,025,159</u>	<u>62,529,232</u>	<u>(1,495,927)</u>
<i>Excess (Deficiency) of Revenues</i>	<u>3,276,710</u>	<u>5,430,741</u>	<u>14,338,374</u>	<u>8,907,633</u>
<i>Over (Under) Expenditures</i>				
Other Financing Sources (Uses)				
Lease financing	-	-	88,271	88,271
Transfers in	1,230,000	2,630,000	4,815,552	2,185,552
Transfers (out)	(5,702,998)	(12,021,379)	(11,968,363)	53,016
<i>Total Other Financing Sources (Uses)</i>	<u>(4,472,998)</u>	<u>(9,391,379)</u>	<u>(7,064,540)</u>	<u>2,326,839</u>
<i>Net Change in Fund Balances (Deficit)</i>	<u>(1,196,288)</u>	<u>(3,960,638)</u>	<u>7,273,834</u>	<u>11,234,472</u>
<i>Fund Balances Beginning of Year:</i>	<u>61,604,716</u>	<u>61,604,716</u>	<u>61,604,716</u>	<u>-</u>
<i>Fund Balances End of Year:</i>	<u>\$ 60,408,428</u>	<u>\$ 57,644,078</u>	<u>\$ 68,878,550</u>	<u>\$ 11,234,472</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Street Fund, Major Fund

For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget	
	Approved Original Budget	Final Amended Budget	Actual	Over (Under)	
Revenues					
Taxes	\$ 857,000	\$ 857,000	\$ 960,872	\$ 103,872	
Intergovernmental revenues	2,201,800	2,201,800	2,108,179	(93,621)	
Charges for services	95,000	1,795,000	2,276,042	481,042	
Investment interest	500	500	122,690	122,190	
Miscellaneous revenues	10,000	10,000	31,456	21,456	
<i>Total Revenues</i>	<i>3,164,300</i>	<i>4,864,300</i>	<i>5,499,239</i>	<i>634,939</i>	
Expenditures					
Current:					
Transportation	6,694,348	10,858,848	6,940,266	(3,918,582)	
Capital Outlay:					
Capital expenditures	90,000	180,030	2,149,418	1,969,388	
<i>Total Expenditures</i>	<i>6,784,348</i>	<i>11,038,878</i>	<i>9,089,684</i>	<i>(1,949,194)</i>	
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(3,620,048)</i>	<i>(6,174,578)</i>	<i>(3,590,445)</i>	<i>2,584,133</i>	
Other Financing Sources (Uses)					
Transfers in	3,530,048	8,320,076	8,320,076	-	
Transfers (out)	(58,000)	(1,713,955)	(1,443,329)	270,626	
<i>Total Other Financing Sources (Uses)</i>	<i>3,472,048</i>	<i>6,606,121</i>	<i>6,876,747</i>	<i>270,626</i>	
<i>Net Change in Fund Balances (Deficit)</i>	<i>(148,000)</i>	<i>431,543</i>	<i>3,286,302</i>	<i>2,854,759</i>	
<i>Fund Balances Beginning of Year:</i>	<i>1,319,206</i>	<i>1,319,206</i>	<i>1,319,206</i>	<i>-</i>	
<i>Fund Balances End of Year:</i>	<i>\$ 1,171,206</i>	<i>\$ 1,750,749</i>	<i>\$ 4,605,508</i>	<i>\$ 2,854,759</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, 2023</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	Fiscal Year 2023
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%	0.054219%
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	\$ 1,237,674
Total	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233	\$ 1,697,307	\$ 594,826	\$ 1,450,600	\$ 1,237,674
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	\$ 10,100,696
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%	12.25%
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%	80.16%
<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, 2023</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	Fiscal Year 2023
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%	0.070025%
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)	\$ (2,870,103)
Total	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502	\$ 796,628	\$ (6,237,960)	\$ (2,513,515)	\$ (2,870,103)
Covered payroll²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221	\$ 7,542,281	\$ 7,821,764	\$ 8,752,074	\$ 10,100,696
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%	-28.41%
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%	107.02%
<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, 2023</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	Fiscal Year 2023
Statutorily or contractually required contributions	\$ 274,474	\$ 305,736	\$ 300,891	\$ 325,842	\$ 347,991	\$ 355,541	\$ 341,702	\$ 341,387	\$ 350,867
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)	\$ (350,867)
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	\$ 10,670,902
Contributions as a percentage of covered employee payroll	4.21%	4.61%	4.90%	4.77%	4.85%	4.64%	4.23%	3.64%	3.29%
<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, 2023</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	Fiscal Year 2023
Statutorily or contractually required contributions	\$ 352,459	\$ 399,315	\$ 420,895	\$ 482,606	\$ 543,611	\$ 586,968	\$ 569,091	\$ 577,652	\$ 659,628
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)	\$ (659,628)
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	\$ 10,670,902
Contributions as a percentage of covered employee payroll	5.41%	6.02%	6.85%	7.07%	7.58%	7.67%	7.04%	6.16%	6.18%

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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 and 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.

Tourism Promotion Area Fund ----- Accounts for the receipts and expenditures of fees collected from lodging businesses. In the year 2022, qualified lodging businesses (40 or more lodging units) within the City of Spokane Valley submitted a petition to form a tourism promotion area (TPA). The Council adopted resolution 22-017 to establish and operate pursuant to Chapter 35.101 RCW, a Tourism Promotion Area fund. Revenues are calculated based on a daily lodging charge of \$4.00 and may only be used for tourism promotion and tourism-related activities.

Homeless Housing Program Fund ----- Accounts for the receipts and expenditures of document recording fees collected by Spokane County and passed through to the City based on the City's proportionate share of real estate excise tax (REET) collected on a monthly basis. In 2023 Council passed Resolution #23-009 to declare Council's intent to operate a local homeless and housing program, and assume collection of available document recording fees for this purpose. As part of operating a homeless and housing program, the City first needed to form a Homeless Housing Task Force and adopt a five-year homeless housing action plan that identifies how the City will work to eliminate homelessness consistent with the State's adopted strategic plan.

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
Annual Comprehensive Financial Report - Fiscal Year 2023

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.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Financial Statements
Non-Major Funds



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet

Non-major Governmental Funds
December 31, 2023

	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	\$ 9,085,181	\$ -	\$ 17,338,568	\$ 26,423,749
Taxes receivable	277,818	-	271,546	549,364
Accounts receivable, (net)	83,247	-	190,436	273,683
Interest receivable	36,343	-	56,538	92,881
Prepays	380	-	1,672	2,052
Grants receivable	-	-	2,360,399	2,360,399
Total Assets	\$ 9,482,969	\$ -	\$ 20,219,159	\$ 29,702,128
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 206,841	\$ -	\$ 684,248	\$ 891,089
Accrued payroll payable	1,092	-	40,519	41,611
Retainage payable	-	-	21,062	21,062
Due to other funds	-	-	240,000	240,000
Unearned revenue	-	-	384,194	384,194
Total Liabilities	207,933	-	1,370,023	1,577,956
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	91,335	-	228	91,563
Total Deferred Inflows of Resources	91,335	-	228	91,563
Fund Balances				
Nonspendable:				
Prepaid expenses	380	-	1,672	2,052
Restricted for:				
Trails & paths	48,620	-	-	48,620
Tourism & economic development	6,226,786	-	-	6,226,786
PEG capital uses	237,912	-	-	237,912
Affordable & supportive housing	800,632	-	-	800,632
Homeless housing program	126,547	-	-	126,547
Capital projects REET 1 roads & streets	-	-	5,860,590	5,860,590
Capital projects REET 2 roads & streets	-	-	5,278,630	5,278,630
Street capital construction	-	-	1,967,683	1,967,683
Parks and recreation	-	-	170,446	170,446
Street capital improvement P&M	-	-	372,136	372,136
Railroad grade separation projects	-	-	117,460	117,460
Transportation Improvements	-	-	1,137,793	1,137,793
Committed to:				
Winter weather street operations	548,568	-	-	548,568
Assigned to:				
Solid waste services	1,194,256	-	-	1,194,256
Parks and recreation	-	-	168,013	168,013
Civic building capital replacement	-	-	19,274	19,274
Street capital improvement P&M	-	-	3,755,211	3,755,211
Capital reserve improvements (City Wide)	-	-	-	-
Unassigned:				
Total Fund Balances	9,183,701	-	18,848,908	28,032,609
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	\$ 9,482,969	\$ -	\$ 20,219,159	\$ 29,702,128

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet
Non-major Special Revenue Funds
December 31, 2023

Assets	Tourism Facilities				
	Trails & Paths		Hotel/Motel		Solid Waste Fund
	Fund	Fund	Fund	Fund	
Cash and cash equivalents	\$ 47,835		\$ 4,894,601	\$ 576,102	\$ 1,159,548
Taxes receivable	1,195		56,702	87,234	-
Accounts receivable, (net)	-		-	-	36,633
Interest receivable	191		19,553	2,392	4,613
Prepays	-		-	-	380
Total Assets	\$ 49,221		\$ 4,970,856	\$ 665,728	\$ 1,201,174
					\$ 243,080
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -		\$ -	\$ 25,435	\$ 5,446
Accrued payroll payable	-		-	-	1,092
Total Liabilities	-		-	25,435	6,538
					5,168
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	601		26,041	40,062	-
Total Deferred Inflows of Resources	601		26,041	40,062	-
					-
Fund Balances					
Nonspendable:					
Prepaid expenses	-		-	-	380
Restricted for:					
Trails & paths	48,620		-	-	-
Tourism & economic development	-		4,944,815	600,231	-
PEG capital uses	-		-	-	237,912
Affordable & supportive housing	-		-	-	-
Homeless housing program	-		-	-	-
Committed to:					
Winter weather street operations	-		-	-	-
Assigned to:					
Solid waste services	-		-	-	1,194,256
Total Fund Balances	48,620		4,944,815	600,231	1,194,636
					237,912
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 49,221		\$ 4,970,856	\$ 665,728	\$ 1,201,174
					\$ 243,080

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet

Non-major Special Revenue Funds
December 31, 2023

(continued)

	Affordable & Supp. Housing Sales Tax Fund	Tourism Promotion Area Fund	Homeless Housing Program Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 775,556	\$ 763,345	\$ 92,623	\$ 546,394	\$ 9,085,181
Taxes receivable	46,608	86,079	-	-	277,818
Accounts receivable, (net)	-	-	33,555	-	83,247
Interest receivable	3,099	3,108	369	2,174	36,343
Prepays	-	-	-	-	380
Total Assets	\$ 825,263	\$ 852,532	\$ 126,547	\$ 548,568	\$ 9,482,969
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 170,792	\$ -	\$ -	\$ 206,841
Accrued payroll payable	-	-	-	-	1,092
Total Liabilities	-	170,792	-	-	207,933
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	24,631	-	-	-	91,335
Total Deferred Inflows of Resources	24,631	-	-	-	91,335
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	-	-	380
Restricted for:					
Trails & paths	-	-	-	-	48,620
Tourism & economic development	-	681,740	-	-	6,226,786
PEG capital uses	-	-	-	-	237,912
Affordable & supportive housing	800,632	-	-	-	800,632
Homeless housing program	-	-	126,547	-	126,547
Committed to:					
Winter weather street operations	-	-	-	548,568	548,568
Assigned to:					
Solid waste services	-	-	-	-	1,194,256
Total Fund Balances	800,632	681,740	126,547	548,568	9,183,701
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 825,263	\$ 852,532	\$ 126,547	\$ 548,568	\$ 9,482,969

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet
Non-major Debt Service Fund
December 31, 2023

	Debt Service	LTGO Bonds	
	Fund		
Assets			
Cash and cash equivalents	\$	-	
Taxes receivable	\$	-	
Accounts receivable, (net)	\$	-	
Interest receivable	\$	-	
Due from other funds	\$	-	
Grants receivable	\$	-	
Prepaid expenses	\$	-	
Total Assets	\$	-	
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$	-	
Retainage payable	\$	-	
Go bonds payable - current	\$	-	
Interest payable	\$	-	
Due to other funds	\$	-	
Other accrued liabilities	\$	-	
Total Liabilities	\$	-	
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	\$	-	

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet

Non-major Capital Project Funds
December 31, 2023

	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	\$ 5,700,253	\$ 5,120,777	\$ 971,717	\$ 355,819	\$ 19,038
Taxes receivable	135,773	135,773	-	-	-
Accounts receivable, (net)	-	-	16,050	-	-
Interest receivable	24,678	22,194	3,095	-	236
Grants receivable	-	-	1,318,823	170,446	-
Prepays	-	-	1,672	-	-
Total Assets	\$ 5,860,704	\$ 5,278,744	\$ 2,311,357	\$ 526,265	\$ 19,274
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 162,793	\$ 171,094	\$ -
Retainage payable	-	-	17,137	3,925	-
Accrued payroll payable	-	-	22,782	1,000	-
Unearned revenue	-	-	139,290	11,787	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	342,002	187,806	-
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	114	114	-	-	-
Total Deferred Inflows of Resources	114	114	-	-	-
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	1,672	-	-
Restricted for:					
Capital projects REET 1 roads & streets	5,860,590	-	-	-	-
Capital projects REET 2 roads & streets	-	5,278,630	-	-	-
Street capital construction	-	-	1,967,683	-	-
Parks and recreation	-	-	-	170,446	-
Street capital improvement P&M	-	-	-	-	-
Railroad grade separation projects	-	-	-	-	-
Transportation Improvements	-	-	-	-	-
Assigned to:					
Parks and recreation	-	-	-	168,013	-
Civic building capital replacement	-	-	-	-	19,274
Street capital improvement P&M	-	-	-	-	-
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	5,860,590	5,278,630	1,969,355	338,459	19,274
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,860,704	\$ 5,278,744	\$ 2,311,357	\$ 526,265	\$ 19,274

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Balance Sheet

Non-major Capital Project Funds
December 31, 2023

(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	\$ 4,015,831	\$ 6,770	\$ 1,135,348	\$ 13,015	\$ 17,338,568
Taxes receivable	-	-	-	-	271,546
Accounts receivable, (net)	29,700	144,686	-	-	190,436
Interest receivable	1,827	-	4,508	-	56,538
Grants receivable	372,136	498,994	-	-	2,360,399
Prepays	-	-	-	-	1,672
Total Assets	\$ 4,419,494	\$ 650,450	\$ 1,139,856	\$ 13,015	\$ 20,219,159
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 134,304	\$ 200,979	\$ 2,063	\$ 13,015	\$ 684,248
Retainage payable	-	-	-	-	21,062
Accrued payroll payable	14,401	2,336	-	-	40,519
Unearned revenue	143,442	89,675	-	-	384,194
Due to other funds	-	240,000	-	-	240,000
Total Liabilities	292,147	532,990	2,063	13,015	1,370,023
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	-	-	-	-	228
Total Deferred Inflows of Resources	-	-	-	-	228
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	-	-	1,672
Restricted for:					
Capital projects REET 1 roads & streets	-	-	-	-	5,860,590
Capital projects REET 2 roads & streets	-	-	-	-	5,278,630
Street capital construction	-	-	-	-	1,967,683
Parks and recreation	-	-	-	-	170,446
Street capital improvement P&M	372,136	-	-	-	372,136
Railroad grade separation projects	-	117,460	-	-	117,460
Transportation Improvements	-	-	1,137,793	-	1,137,793
Assigned to:					
Parks and recreation	-	-	-	-	168,013
Civic building capital replacement	-	-	-	-	19,274
Street capital improvement P&M	3,755,211	-	-	-	3,755,211
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	4,127,347	117,460	1,137,793	-	18,848,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,419,494	\$ 650,450	\$ 1,139,856	\$ 13,015	\$ 20,219,159

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended December 31, 2023

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues				
Taxes	\$ 1,687,467	\$ -	\$ 3,357,720	\$ 5,045,187
Licenses and permits	56,295	-	-	56,295
Intergovernmental revenues	8,306	527,200	9,447,752	9,983,258
Charges for services	1,714,849	-	1,003,977	2,718,826
Investment interest	436,636	-	816,964	1,253,600
<i>Total Revenues</i>	<i>3,903,553</i>	<i>527,200</i>	<i>14,626,413</i>	<i>19,057,166</i>
Expenditures				
Current:				
General government	38,964	-	-	38,964
Utilities and physical environment	301,877	-	-	301,877
Transportation	-	-	803,835	803,835
Economic environment	2,965,659	-	-	2,965,659
Culture and recreation	-	-	839,592	839,592
Debt service:				
Principal retirement	-	725,000	-	725,000
Interest expense	-	364,550	-	364,550
Capital outlay:				
Capital expenditures	23,450	-	14,376,223	14,399,673
Construction in progress	-	-	7,494,783	7,494,783
<i>Total Expenditures</i>	<i>3,329,950</i>	<i>1,089,550</i>	<i>23,514,433</i>	<i>27,933,933</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>573,603</i>	<i>(562,350)</i>	<i>(8,888,020)</i>	<i>(8,876,767)</i>
Other Financing Sources				
Transfers in	1,015,198	562,350	12,729,367	14,306,915
Transfers (out)	(2,405,297)	-	(7,621,767)	(10,027,064)
<i>Total Other Financing Sources</i>	<i>(1,390,099)</i>	<i>562,350</i>	<i>5,107,600</i>	<i>4,279,851</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(816,496)</i>	<i>-</i>	<i>(3,780,420)</i>	<i>(4,596,916)</i>
<i>Fund Balances Beginning of Year</i>	<i>10,000,197</i>	<i>-</i>	<i>22,629,328</i>	<i>32,629,525</i>
<i>Fund Balances End of Year</i>	<i>\$ 9,183,701</i>	<i>\$ -</i>	<i>\$ 18,848,908</i>	<i>\$ 28,032,609</i>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2023

	Trails & Paths Fund	Tourism Facilities Motel/Fund	Hotel Motel Fund	Solid Waste Fund	PEG Fund
Revenues					
Taxes	\$ -	\$ 588,684	\$ 905,678	\$ -	\$ -
Licenses and permits	-	-	-	-	56,295
Intergovernmental revenues	8,306	-	-	-	-
Charges for services	-	-	-	276,172	-
Investment interest	1,946	234,243	26,189	91,696	10,249
<i>Total Revenues</i>	<i>10,252</i>	<i>822,927</i>	<i>931,867</i>	<i>367,868</i>	<i>66,544</i>
Expenditures					
Current:					
General government	-	-	-	-	38,964
Utilities and physical environment	-	-	-	301,877	-
Transportation	-	-	-	-	-
Economic environment	-	2,000,000	309,702	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	-	-	-	-	23,450
Construction in progress	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>2,000,000</i>	<i>309,702</i>	<i>301,877</i>	<i>62,414</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>10,252</i>	<i>(1,177,073)</i>	<i>622,165</i>	<i>65,991</i>	<i>4,130</i>
Other Financing Sources					
Transfers in	-	515,198	-	-	-
Transfers (out)	-	(13,015)	(529,353)	(1,862,929)	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>502,183</i>	<i>(529,353)</i>	<i>(1,862,929)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>10,252</i>	<i>(674,890)</i>	<i>92,812</i>	<i>(1,796,938)</i>	<i>4,130</i>
<i>Fund Balances Beginning of Year</i>	<i>38,368</i>	<i>5,619,705</i>	<i>507,419</i>	<i>2,991,574</i>	<i>233,782</i>
<i>Fund Balances End of Year</i>	<i>\$ 48,620</i>	<i>\$ 4,944,815</i>	<i>\$ 600,231</i>	<i>\$ 1,194,636</i>	<i>\$ 237,912</i>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2023

(continued)

	Affordable & Supp. Housing Sales Tax Fund	Tourism Promotion Area Fund	Homeless Housing Program Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Revenues					
Taxes	\$ 193,105	\$ -	\$ -	\$ -	\$ 1,687,467
Licenses and permits	-	-	-	-	56,295
Intergovernmental revenues	-	-	-	-	8,306
Charges for services	-	1,313,150	125,527	-	1,714,849
Investment interest	29,958	24,547	1,020	16,788	436,636
<i>Total Revenues</i>	<i>223,063</i>	<i>1,337,697</i>	<i>126,547</i>	<i>16,788</i>	<i>3,903,553</i>
Expenditures					
Current:					
General government	-	-	-	-	38,964
Utilities and physical environment	-	-	-	-	301,877
Transportation	-	-	-	-	-
Economic environment	-	655,957	-	-	2,965,659
Culture and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	-	-	-	-	23,450
Construction in progress	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>655,957</i>	<i>-</i>	<i>-</i>	<i>3,329,950</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>223,063</i>	<i>681,740</i>	<i>126,547</i>	<i>16,788</i>	<i>573,603</i>
Other Financing Sources					
Transfers in	-	-	-	500,000	1,015,198
Transfers (out)	-	-	-	-	(2,405,297)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>500,000</i>	<i>(1,390,099)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>223,063</i>	<i>681,740</i>	<i>126,547</i>	<i>516,788</i>	<i>(816,496)</i>
<i>Fund Balances Beginning of Year</i>	<i>577,569</i>	<i>-</i>	<i>-</i>	<i>31,780</i>	<i>10,000,197</i>
<i>Fund Balances End of Year</i>	<i>\$ 800,632</i>	<i>\$ 681,740</i>	<i>\$ 126,547</i>	<i>\$ 548,568</i>	<i>\$ 9,183,701</i>

City of Spokane Valley, Washington***Annual Comprehensive Financial Report - Fiscal Year 2023******Combining Statement of Revenues, Expenditures and Changes in Fund Balances******Non-Major Debt Service Funds (LTGO Bonds Fund)******For the Year Ended December 31, 2023***

	Debt Service
	LTGO Bonds
	Fund
Revenues	
Taxes	\$ -
Intergovernmental revenues	527,200
Investment interest	-
Miscellaneous revenues	-
<i>Total Revenues</i>	<u>527,200</u>
Expenditures	
Current:	
General government	-
Debt service:	
Principal retirement	725,000
Interest expense	364,550
Capital outlay:	
Capital expenditures	-
Construction in progress	-
<i>Total Expenditures</i>	<u>1,089,550</u>
<i>Excess (Deficiency) of Revenues</i>	
<i>Over (Under) Expenditures</i>	<u>(562,350)</u>
Other Financing Sources	
Transfers in	562,350
Transfers (out)	-
<i>Total Other Financing Sources</i>	<u>562,350</u>
<i>Net Change in Fund Balances</i>	-
Fund Balances Beginning of Year	-
Fund Balances End of Year	<u>\$ -</u>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

For the Year Ended December 31, 2023

	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	\$ 1,678,860	\$ 1,678,860	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	5,845,214	158,658	-
Charges for services	-	-	429,806	-	-
Investment interest	274,630	305,243	50,219	1,158	4,850
<i>Total Revenues</i>	1,953,490	1,984,103	6,325,239	159,816	4,850
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	803,835	-	-
Culture and recreation	-	-	-	40,499	799,093
Economic environment	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	-	-	8,197,673	5,000	-
Construction in progress	-	-	475,857	4,826,914	-
<i>Total Expenditures</i>	-	-	9,477,365	4,872,413	799,093
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,953,490	1,984,103	(3,152,126)	(4,712,597)	(794,243)
Other Financing Sources					
Transfers in	-	-	3,178,330	4,873,755	-
Transfers (out)	(1,407,828)	(3,496,648)	-	-	(40,192)
<i>Total Other Financing Sources</i>	(1,407,828)	(3,496,648)	3,178,330	4,873,755	(40,192)
<i>Net Change in Fund Balances (deficit)</i>	545,662	(1,512,545)	26,204	161,158	(834,435)
<i>Fund Balances Beginning of Year</i>	5,314,928	6,791,175	1,943,151	177,301	853,709
<i>Fund Balances End of Year</i>	\$ 5,860,590	\$ 5,278,630	\$ 1,969,355	\$ 338,459	\$ 19,274

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

(continued)

For the Year Ended December 31, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,357,720
Intergovernmental revenues	2,643,915	799,965	-	-	9,447,752
Charges for services	-	144,686	429,485	-	1,003,977
Investment interest	138,460	-	42,404	-	816,964
<i>Total Revenues</i>	<i>2,782,375</i>	<i>944,651</i>	<i>471,889</i>	<i>-</i>	<i>14,626,413</i>
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	-	-	803,835
Culture and recreation	-	-	-	-	839,592
Economic environment	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay:					
Capital expenditures	5,204,353	969,197	-	-	14,376,223
Construction in progress	1,428,394	750,603	-	13,015	7,494,783
<i>Total Expenditures</i>	<i>6,632,747</i>	<i>1,719,800</i>	<i>-</i>	<i>13,015</i>	<i>23,514,433</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(3,850,372)</i>	<i>(775,149)</i>	<i>471,889</i>	<i>(13,015)</i>	<i>(8,888,020)</i>
Other Financing Sources					
Transfers in	4,039,118	625,149	-	13,015	12,729,367
Transfers (out)	(2,677,099)	-	-	-	(7,621,767)
<i>Total Other Financing Sources</i>	<i>1,362,019</i>	<i>625,149</i>	<i>-</i>	<i>13,015</i>	<i>5,107,600</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(2,488,353)</i>	<i>(150,000)</i>	<i>471,889</i>	<i>-</i>	<i>(3,780,420)</i>
<i>Fund Balances Beginning of Year</i>	<i>6,615,700</i>	<i>267,460</i>	<i>665,904</i>	<i>-</i>	<i>22,629,328</i>
<i>Fund Balances End of Year</i>	<i>\$ 4,127,347</i>	<i>\$ 117,460</i>	<i>\$ 1,137,793</i>	<i>\$ -</i>	<i>\$ 18,848,908</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	\$ -	\$ -	\$ -	\$ 600,000	\$ 588,684	\$ (11,316)
Intergovernmental revenues	8,700	8,306	(394)	-	-	-
Investment interest	100	1,946	1,846	5,000	234,243	229,243
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>8,800</i>	<i>10,252</i>	<i>1,452</i>	<i>605,000</i>	<i>822,927</i>	<i>217,927</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Economic environment	-	-	-	2,000,000	2,000,000	-
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>2,000,000</i>	<i>2,000,000</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>8,800</i>	<i>10,252</i>	<i>1,452</i>	<i>(1,395,000)</i>	<i>(1,177,073)</i>	<i>217,927</i>
Other Financing Sources						
Transfers in	-	-	-	515,198	515,198	-
Transfers (out)	-	-	-	-	(13,015)	(13,015)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>515,198</i>	<i>502,183</i>	<i>(13,015)</i>
<i>Net Change in Fund Balances</i>	<i>8,800</i>	<i>10,252</i>	<i>1,452</i>	<i>(879,802)</i>	<i>(674,890)</i>	<i>204,912</i>
<i>Fund Balances Beginning of Year</i>	<i>38,368</i>	<i>38,368</i>	<i>-</i>	<i>5,619,705</i>	<i>5,619,705</i>	<i>-</i>
<i>Fund Balances End of Year</i>	\$ 47,168	\$ 48,620	\$ 1,452	\$ 4,739,903	\$ 4,944,815	\$ 204,912

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	\$ 900,000	\$ 905,678	\$ 5,678	\$ -	\$ -	\$ -
Charges for services	-	-	-	225,000	276,172	51,172
Investment interest	1,000	26,189	25,189	4,000	91,696	87,696
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>901,000</i>	<i>931,867</i>	<i>30,867</i>	<i>229,000</i>	<i>367,868</i>	<i>138,868</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	229,000	301,877	72,877
Economic environment	309,702	309,702	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>309,702</i>	<i>309,702</i>	<i>-</i>	<i>229,000</i>	<i>301,877</i>	<i>72,877</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>591,298</i>	<i>622,165</i>	<i>30,867</i>	<i>-</i>	<i>65,991</i>	<i>65,991</i>
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	(545,198)	(529,353)	15,845	(1,862,929)	(1,862,929)	-
<i>Total Other Financing Sources</i>	<i>(545,198)</i>	<i>(529,353)</i>	<i>15,845</i>	<i>(1,862,929)</i>	<i>(1,862,929)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>46,100</i>	<i>92,812</i>	<i>46,712</i>	<i>(1,862,929)</i>	<i>(1,796,938)</i>	<i>65,991</i>
<i>Fund Balances Beginning of Year</i>	<i>507,419</i>	<i>507,419</i>	<i>-</i>	<i>2,991,574</i>	<i>2,991,574</i>	<i>-</i>
<i>Fund Balances End of Year</i>	\$ 553,519	\$ 600,231	\$ 46,712	\$ 1,128,645	\$ 1,194,636	\$ 65,991

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	\$ -	\$ -	\$ -	\$ 200,000	\$ 193,105	\$ (6,895)
Licenses and permits	71,000	56,295	(14,705)	-	-	-
Investment interest	-	10,249	10,249	-	29,958	29,958
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>71,000</i>	<i>66,544</i>	<i>(4,456)</i>	<i>200,000</i>	<i>223,063</i>	<i>23,063</i>
Expenditures						
Current:						
General government	39,500	38,964	(536)	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	33,500	23,450	(10,050)	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>73,000</i>	<i>62,414</i>	<i>(10,586)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(2,000)</i>	<i>4,130</i>	<i>6,130</i>	<i>200,000</i>	<i>223,063</i>	<i>23,063</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>(2,000)</i>	<i>4,130</i>	<i>6,130</i>	<i>200,000</i>	<i>223,063</i>	<i>23,063</i>
<i>Fund Balances Beginning of Year</i>	<i>233,782</i>	<i>233,782</i>	<i>-</i>	<i>577,569</i>	<i>577,569</i>	<i>-</i>
<i>Fund Balances End of Year</i>	\$ 231,782	\$ 237,912	\$ 6,130	\$ 777,569	\$ 800,632	\$ 23,063

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	Tourism Promotion Area Special Revenue Fund			Homeless Housing Program 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	1,200,000	1,313,150	113,150	-	125,527	125,527
Investment interest	-	24,547	24,547	-	1,020	1,020
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,200,000</i>	<i>1,337,697</i>	<i>137,697</i>	<i>-</i>	<i>126,547</i>	<i>126,547</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	800,000	655,957	(144,043)	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>800,000</i>	<i>655,957</i>	<i>(144,043)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>400,000</i>	<i>681,740</i>	<i>281,740</i>	<i>-</i>	<i>126,547</i>	<i>126,547</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>400,000</i>	<i>681,740</i>	<i>281,740</i>	<i>-</i>	<i>126,547</i>	<i>126,547</i>
<i>Fund Balances Beginning of Year</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances End of Year	\$ 400,000	\$ 681,740	\$ 281,740	\$ -	\$ 126,547	\$ 126,547

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	-	-	-	-	151,854	151,854
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	-	-	-	-	151,854	151,854
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>	-	-	-	-	151,854	151,854
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	-	-	-	-	-	-
<i>Net Change in Fund Balances (deficit)</i>	-	-	-	-	151,854	151,854
<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	\$ 5,651,854	\$ 151,854

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 2023

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, 2023

**Winter Weather Reserve
Special Revenue Fund**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Investment interest	1,100	16,788	15,688
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<i>1,100</i>	<i>16,788</i>	<i>15,688</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>(498,900)</i>	<i>16,788</i>	<i>515,688</i>
Other Financing Sources			
Transfers in	500,000	500,000	-
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<i>500,000</i>	<i>500,000</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>1,100</i>	<i>516,788</i>	<i>515,688</i>
<i>Fund Balances Beginning of Year</i>	<i>31,780</i>	<i>31,780</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 32,880</i>	<i>\$ 548,568</i>	<i>\$ 515,688</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	Debt Service LTGO Bonds Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	527,200	527,200	-
Investment interest	-	-	-
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<u>527,200</u>	<u>527,200</u>	<u>-</u>
Expenditures			
Current:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	725,000	725,000	-
Interest expense	364,550	364,550	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>1,089,550</u>	<u>1,089,550</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(562,350)</u>	<u>(562,350)</u>	<u>-</u>
Other Financing Sources			
Transfers in	562,350	562,350	-
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<u>562,350</u>	<u>562,350</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 2023

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, 2023

	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	\$ 1,500,000	\$ 1,678,860	\$ 178,860	\$ 1,500,000	\$ 1,678,860	\$ 178,860
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment interest	4,000	274,630	270,630	6,000	305,243	299,243
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,504,000</i>	<i>1,953,490</i>	<i>449,490</i>	<i>1,506,000</i>	<i>1,984,103</i>	<i>478,103</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>1,504,000</i>	<i>1,953,490</i>	<i>449,490</i>	<i>1,506,000</i>	<i>1,984,103</i>	<i>478,103</i>
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers (out)	(1,685,737)	(1,407,828)	(277,909)	(3,780,807)	(3,496,648)	(284,159)
<i>Total Other Financing Sources</i>	<i>(1,685,737)</i>	<i>(1,407,828)</i>	<i>(277,909)</i>	<i>(3,780,807)</i>	<i>(3,496,648)</i>	<i>(284,159)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(181,737)</i>	<i>545,662</i>	<i>727,399</i>	<i>(2,274,807)</i>	<i>(1,512,545)</i>	<i>762,262</i>
<i>Fund Balances Beginning of Year</i>	<i>5,314,928</i>	<i>5,314,928</i>	<i>-</i>	<i>6,791,175</i>	<i>6,791,175</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 5,133,191</i>	<i>\$ 5,860,590</i>	<i>\$ 727,399</i>	<i>\$ 4,516,368</i>	<i>\$ 5,278,630</i>	<i>\$ 762,262</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	9,521,716	5,845,214	(3,676,502)	326,890	158,658	(168,232)
Charges for services	451,007	429,806	(21,201)	-	-	-
Investment interest	-	50,219	50,219	-	1,158	1,158
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>9,972,723</i>	<i>6,325,239</i>	<i>(3,647,484)</i>	<i>326,890</i>	<i>159,816</i>	<i>(167,074)</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	89,502	803,835	714,333	-	-	-
Culture and recreation	-	-	-	-	40,499	40,499
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	13,185,357	8,197,673	(4,987,684)	6,670,255	5,000	(6,665,255)
Construction in progress	-	475,857	475,857	-	4,826,914	4,826,914
<i>Total Expenditures</i>	<i>13,274,859</i>	<i>9,477,365</i>	<i>(3,797,494)</i>	<i>6,670,255</i>	<i>4,872,413</i>	<i>(1,797,842)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(3,302,136)</i>	<i>(3,152,126)</i>	<i>150,010</i>	<i>(6,343,365)</i>	<i>(4,712,597)</i>	<i>1,630,768</i>
Other Financing Sources						
Transfers in	3,302,136	3,178,330	(123,806)	6,343,365	4,873,755	(1,469,610)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>3,302,136</i>	<i>3,178,330</i>	<i>(123,806)</i>	<i>6,343,365</i>	<i>4,873,755</i>	<i>(1,469,610)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>26,204</i>	<i>26,204</i>	<i>-</i>	<i>161,158</i>	<i>161,158</i>
<i>Fund Balances Beginning of Year</i>	<i>1,943,151</i>	<i>1,943,151</i>	<i>-</i>	<i>177,301</i>	<i>177,301</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 1,943,151</i>	<i>\$ 1,969,355</i>	<i>\$ 26,204</i>	<i>\$ 177,301</i>	<i>\$ 338,459</i>	<i>\$ 161,158</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	-	-	-	2,636,000	2,643,915	7,915
Charges for services	-	-	-	-	-	-
Investment interest	1,000	4,850	3,850	-	138,460	138,460
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	1,000	4,850	3,850	2,636,000	2,782,375	146,375
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	50,000	-	(50,000)
Culture and recreation	799,093	799,093	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	7,781,651	5,204,353	(2,577,298)
Construction in progress	-	-	-	-	1,428,394	1,428,394
<i>Total Expenditures</i>	799,093	799,093	-	7,831,651	6,632,747	(1,198,904)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(798,093)	(794,243)	3,850	(5,195,651)	(3,850,372)	1,345,279
Other Financing Sources						
Transfers in	-	-	-	4,742,755	4,039,118	(703,637)
Transfers (out)	(40,192)	(40,192)	-	(2,677,099)	(2,677,099)	-
<i>Total Other Financing Sources</i>	(40,192)	(40,192)	-	2,065,656	1,362,019	(703,637)
<i>Net Change in Fund Balances (deficit)</i>	(838,285)	(834,435)	3,850	(3,129,995)	(2,488,353)	641,642
<i>Fund Balances Beginning of Year</i>	853,709	853,709	-	6,615,700	6,615,700	-
<i>Fund Balances End of Year</i>	\$ 15,424	\$ 19,274	\$ 3,850	\$ 3,485,705	\$ 4,127,347	\$ 641,642

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	-	-	-	4,897,013	799,965	(4,097,048)
Charges for services	-	-	-	454,041	144,686	(309,355)
Investment interest	20,000	803,377	783,377	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>20,000</i>	<i>803,377</i>	<i>783,377</i>	<i>5,351,054</i>	<i>944,651</i>	<i>(4,406,403)</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	1,550,600	790,783	(759,817)	6,472,253	969,197	(5,503,056)
Construction in progress	-	-	-	-	750,603	750,603
<i>Total Expenditures</i>	<i>1,550,600</i>	<i>790,783</i>	<i>(759,817)</i>	<i>6,472,253</i>	<i>1,719,800</i>	<i>(4,752,453)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(1,530,600)</i>	<i>12,594</i>	<i>1,543,194</i>	<i>(1,121,199)</i>	<i>(775,149)</i>	<i>346,050</i>
Other Financing Sources						
Transfers in	5,358,054	5,358,054	-	941,642	625,149	(316,493)
Transfers (out)	(9,546,280)	(10,032,409)	(486,129)	-	-	-
<i>Total Other Financing Sources</i>	<i>(4,188,226)</i>	<i>(4,674,355)</i>	<i>(486,129)</i>	<i>941,642</i>	<i>625,149</i>	<i>(316,493)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(5,718,826)</i>	<i>(4,661,761)</i>	<i>1,057,065</i>	<i>(179,557)</i>	<i>(150,000)</i>	<i>29,557</i>
<i>Fund Balances Beginning of Year</i>	<i>16,658,020</i>	<i>16,658,020</i>	<i>-</i>	<i>267,460</i>	<i>267,460</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 10,939,194</i>	<i>\$ 11,996,259</i>	<i>\$ 1,057,065</i>	<i>\$ 87,903</i>	<i>\$ 117,460</i>	<i>\$ 29,557</i>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

	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	429,485	229,485	-	-	-
Investment interest	-	42,404	42,404	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>200,000</i>	<i>471,889</i>	<i>271,889</i>	<i>-</i>	<i>-</i>	<i>-</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	13,015	-	(13,015)
Construction in progress	-	-	-	-	13,015	13,015
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>13,015</i>	<i>13,015</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>200,000</i>	<i>471,889</i>	<i>271,889</i>	<i>(13,015)</i>	<i>(13,015)</i>	<i>-</i>
Other Financing Sources						
Transfers in	-	-	-	13,015	13,015	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>13,015</i>	<i>13,015</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>200,000</i>	<i>471,889</i>	<i>271,889</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fund Balances Beginning of Year</i>	<i>665,904</i>	<i>665,904</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 865,904</i>	<i>\$ 1,137,793</i>	<i>\$ 271,889</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>

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 2023

Combining Statement of Net Position-Internal Service Funds
Equipment Rental and Replacement & Risk Management Funds
For the Year Ended December 31, 2023

Governmental-type activities			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,359,470	\$ 458,898	\$ 1,818,368
Accounts receivable, (net)	158	-	158
Interest receivable	4,933	1,627	6,560
Total Current Assets	<u>1,364,561</u>	<u>460,525</u>	<u>1,825,086</u>
Capital Assets:			
Machinery and equipment	1,844,710	-	1,844,710
Less: accumulated depreciation	(551,013)	-	(551,013)
Total Capital Assets	<u>1,293,697</u>	<u>-</u>	<u>1,293,697</u>
Total Assets	<u>\$ 2,658,258</u>	<u>\$ 460,525</u>	<u>\$ 3,118,783</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 7,760	\$ -	\$ 7,760
Accrued payroll payable	79	-	79
Total Current Liabilities	<u>7,839</u>	<u>-</u>	<u>7,839</u>
Total Liabilities	<u>7,839</u>	<u>-</u>	<u>7,839</u>
Net Position			
Net Investments in Capital Assets	1,293,697	-	1,293,697
Unrestricted	<u>1,356,722</u>	<u>460,525</u>	<u>1,817,247</u>
Total Net Position	<u>2,650,419</u>	<u>460,525</u>	<u>3,110,944</u>
Total Liabilities and Net Position	<u>\$ 2,658,258</u>	<u>\$ 460,525</u>	<u>\$ 3,118,783</u>

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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, 2023

Governmental-type activities			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Operating Revenues:			
Charges for services (net of returns and allowances)	\$ 369,100	\$ -	\$ 369,100
Miscellaneous revenues	976	-	976
Total Operating Revenues	370,076	-	370,076
Operating Expenses:			
Personal services	-	49	49
Professional services	-	572,251	572,251
Materials and supplies	648	-	648
Depreciation and amortization	140,738	-	140,738
Total Operating Expenses	141,386	572,300	713,686
Operating Income (loss)	228,690	(572,300)	(343,610)
Non-Operating Revenues (Expenses)			
Investment income	52,639	4,803	57,442
Total Non-Operating Revenues (Expenses)	52,639	4,803	57,442
Income (loss) before contributions and Transfers	281,329	(567,497)	(286,168)
Contributions and Transfers:			
Transfers in	70,568	600,000	670,568
Total contributions and transfers	70,568	600,000	670,568
Change in Net Position	351,897	32,503	384,400
Net Position-Beginning of Year	2,298,522	428,022	2,726,544
Net Position-End of Year	\$ 2,650,419	\$ 460,525	\$ 3,110,944

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Combining Statement of Cash Flows - Internal Service Funds

Equipment Rental and Replacement & Risk Management - Internal Service Funds

For the Year Ended December 31, 2023

Governmental - Type Activities			
Internal Service Funds			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Cash Flows from Operating Activities			
Cash payments to employees	\$ 79	\$ (49)	\$ 30
Cash payments to suppliers for goods and services	(21,031)	(572,314)	(593,345)
Other cash receipts	818	-	818
Receipts from interfund activity	<u>369,100</u>	<u>-</u>	<u>369,100</u>
<i>Net cash provided (used) by operating activities</i>	<u><u>348,966</u></u>	<u><u>(572,363)</u></u>	<u><u>(223,397)</u></u>
Cash Flows from Noncapital Financing Activities			
Operating subsidies & transfers in (out) from other funds	<u>70,568</u>	<u>600,000</u>	<u>670,568</u>
<i>Net Cash (used) provided by noncapital related financing activities</i>	<u><u>70,568</u></u>	<u><u>600,000</u></u>	<u><u>670,568</u></u>
Cash Flows from Capital and Related Financing Activities			
Acquisition, construction & (transfers) of capital assets to governmental funds	<u>(553,031)</u>	<u>-</u>	<u>(553,031)</u>
<i>Net Cash provided by capital related financing activities</i>	<u><u>(553,031)</u></u>	<u><u>-</u></u>	<u><u>(553,031)</u></u>
Cash Flows from Investing Activities			
Interest received	<u>51,189</u>	<u>4,327</u>	<u>55,516</u>
<i>Net Cash provided by investing activities</i>	<u><u>51,189</u></u>	<u><u>4,327</u></u>	<u><u>55,516</u></u>
Net Increase (decrease) in Cash and Cash Equivalents	<u>(82,308)</u>	<u>31,964</u>	<u>(50,344)</u>
Cash and Cash Equivalents - January 1, 2023	<u>1,441,778</u>	<u>426,934</u>	<u>1,868,712</u>
Cash and Cash Equivalents - December 31, 2023	<u><u>\$ 1,359,470</u></u>	<u><u>\$ 458,898</u></u>	<u><u>\$ 1,818,368</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 228,690	\$ (572,300)	\$ (343,610)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	140,738	-	140,738
<i>(Increase) Decrease in Assets:</i>			
Increase in: Customer receivables	(158)	-	(158)
<i>Increase (Decrease) in Liabilities:</i>			
Decrease in: Accounts payable to suppliers	(20,383)	(63)	(20,446)
Increase in: Salaries & benefits payable	79	-	79
Total adjustments	<u>120,276</u>	<u>(63)</u>	<u>120,213</u>
Net Cash Provided (used) by Operating Activities	<u><u>\$ 348,966</u></u>	<u><u>\$ (572,363)</u></u>	<u><u>\$ (223,397)</u></u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

Statistical Section



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2023

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>	112 - 116
<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>	117 - 120
<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>	121 - 124
<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>	125 - 126
<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>	127 - 129
<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 2023

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 75,907	\$ 85,200	\$ 90,360	\$ 101,125	\$ 108,679	\$ 117,239	\$ 128,464	\$ 138,624	\$ 142,022	\$ 176,239
Restricted	5,128	5,731	13,238	8,833	11,622	14,474	16,407	29,627	38,422	30,536
Unrestricted	48,827	45,051	42,494	49,325	57,326	61,243	63,940	65,465	80,223	90,444
Total governmental activities										
net position:	\$ 129,862	\$ 135,982	\$ 146,092	\$ 159,283	\$ 177,627	\$ 192,956	\$ 208,811	\$ 233,716	\$ 260,667	\$ 297,219
Business-type activities										
Net investment in capital assets	\$ 5,382	\$ 6,275	\$ 6,356	\$ 6,344	\$ 6,915	\$ 7,200	\$ 7,405	\$ 9,882	\$ 9,534	\$ 11,539
Restricted	-	-	-	-	2	1	-	71	81	161
Unrestricted	1,935	2,562	2,712	3,387	4,054	4,298	4,280	3,450	3,718	5,979
Total business-type activities										
net position:	\$ 7,317	\$ 8,837	\$ 9,068	\$ 9,731	\$ 10,971	\$ 11,499	\$ 11,685	\$ 13,404	\$ 13,333	\$ 17,679
Primary government										
Net investment in capital assets	\$ 81,289	\$ 91,475	\$ 96,716	\$ 107,469	\$ 115,594	\$ 124,439	\$ 135,869	\$ 148,506	\$ 151,556	\$ 187,778
Restricted	5,128	5,731	13,238	8,833	11,624	14,475	16,407	29,698	38,504	30,698
Unrestricted	50,762	47,613	45,206	52,712	61,380	65,541	68,220	68,915	83,940	96,423
Total primary government										
net position:	\$ 137,179	\$ 144,819	\$ 155,160	\$ 169,014	\$ 188,598	\$ 204,455	\$ 220,496	\$ 247,120	\$ 274,000	\$ 314,899

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 5,004	\$ 4,771	\$ 6,129	\$ 5,155	\$ 5,141	\$ 5,568	\$ 9,760	\$ 4,421	\$ 7,044	\$ 11,360
Public safety	22,190	22,144	23,173	21,583	24,879	25,180	25,768	27,861	30,989	35,263
Social Services	-	-	-	-	-	-	-	116	295	5,368
Utilities & physical environment	2,462	4,942	3,368	4,500	2,295	1,873	1,075	1,130	1,144	1,240
Transportation	8,779	6,294	8,740	9,330	9,248	13,257	11,870	12,986	14,664	14,990
Economic environment	912	883	1,122	1,095	1,417	1,167	1,166	1,155	1,213	5,046
Community development	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846	3,025	3,065
Culture and recreation	5,234	3,674	3,841	3,692	3,887	4,223	3,684	4,209	4,714	6,079
Interest on long-term debt	243	238	317	509	495	541	364	346	331	309
Total governmental activities expenses	46,672	45,016	48,729	47,219	49,848	54,618	56,711	55,070	63,420	82,720
Business-type activities:										
Aquifer protection area	982	126	154	171	177	211	239	677	559	386
Stormwater management	1,649	1,935	1,960	1,960	1,748	1,913	1,993	1,761	2,354	2,528
Total business-type activities expenses	2,631	2,061	2,114	2,131	1,925	2,124	2,232	2,438	2,913	2,914
Total primary government expenses	\$ 49,303	\$ 47,076	\$ 50,843	\$ 49,350	\$ 51,773	\$ 56,742	\$ 58,943	\$ 57,509	\$ 66,334	\$ 85,634
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,432	\$ 2,659	\$ 3,126	\$ 3,064	\$ 2,491	\$ 1,588	\$ 1,712	\$ 2,057	\$ 2,011	\$ 5,216
Public safety	1,473	1,388	1,318	1,159	1,299	1,552	763	838	824	1,342
Social Services	-	-	-	-	-	-	-	-	-	126
Utilities & physical environment	934	230	222	296	1,496	1,766	1,779	2,688	2,263	283
Transportation	10	25	211	369	170	417	420	895	1,333	2,809
Economic environment	-	-	-	-	-	-	-	-	-	1,313
Community development	1,561	1,480	2,632	2,220	2,533	3,175	3,384	4,930	4,107	3,821
Culture and recreation	599	657	682	705	646	721	114	312	654	882
Operating grants and contributions	707	495	1,254	701	535	557	5,058	1,159	6,448	10,140
Capital grants and contributions	3,257	9,487	6,895	6,820	9,198	8,899	8,197	4,987	8,057	10,171
Total governmental activities program revenues	11,973	16,421	16,340	15,334	18,368	18,675	21,427	17,867	25,697	36,103
Business-type activities:										
Charges for services:										
Aquifer protection area	-	-	-	-	-	-	-	-	-	-
Stormwater management	1,867	1,861	1,898	1,895	1,920	1,936	1,911	2,026	2,031	5,585
Operating grants and contributions	476	584	450	784	1,189	520	427	997	683	648
Capital grants and contributions	814	1,410	-	97	-	110	61	1,116	68	796
Total business-type activities program revenues	3,157	3,855	2,348	2,776	3,109	2,566	2,399	4,139	2,782	7,029
Total primary government program revenues	\$ 15,130	\$ 20,276	\$ 18,688	\$ 18,110	\$ 21,477	\$ 21,241	\$ 23,826	\$ 22,006	\$ 28,479	\$ 43,132

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (expense)/revenue										
Governmental activities	\$(34,698)	\$(28,595)	\$(32,389)	\$(31,886)	\$(31,480)	\$(35,943)	\$(35,284)	\$(37,204)	\$(37,724)	\$(46,617)
Business-type activities	525	1,794	235	645	1,185	442	166	1,700	(131)	4,116
Total primary government net (expenses)/revenues	\$(34,173)	\$(26,800)	\$(32,154)	\$(31,241)	\$(30,295)	\$(35,501)	\$(35,118)	\$(35,503)	\$(37,855)	\$(42,501)
General Revenues and other Changes in Net Position										
<i>Governmental activities:</i>										
Taxes:										
Property taxes	\$ 11,042	\$ 11,274	\$ 11,430	\$ 11,602	\$ 11,671	\$ 12,107	\$ 12,386	\$ 12,685	\$ 13,349	\$ 13,445
Sales and use taxes	19,779	20,728	22,583	23,941	25,803	27,411	28,998	35,854	36,896	37,015
Excise taxes	3,616	4,397	4,807	5,636	7,682	7,075	6,982	9,978	9,481	7,336
Other taxes	3,459	3,459	3,417	3,369	3,285	3,189	2,377	2,841	3,056	3,005
Gain/(Loss) on disposal of capital assets	-	-	-	-	28	-	-	91	-	(8)
Donation of capital assets	-	-	-	-	239	-	-	575	-	16,710
Interest and investment earnings	57	99	248	515	1,103	1,490	397	99	1,893	5,666
Transfers	39	13	13	13	13	-	-	(15)	-	-
Total governmental activities	37,992	39,970	42,498	45,076	49,824	51,272	51,140	62,109	64,675	83,169
<i>Business-type activities:</i>										
Interest and investment earnings	1	2	10	31	69	86	19	3	60	231
Transfers	(39)	(13)	(13)	(13)	(13)	-	-	15	-	-
Total business-type activities	(38)	(11)	(3)	18	56	86	19	18	60	231
Total primary government	\$ 37,954	\$ 39,959	\$ 42,495	\$ 45,094	\$ 49,880	\$ 51,358	\$ 51,159	\$ 62,127	\$ 64,735	\$ 83,400
Change in Net Position										
<i>Governmental activities</i>	\$ 3,294	\$ 11,376	\$ 10,109	\$ 13,191	\$ 18,344	\$ 15,329	\$ 15,855	\$ 24,905	\$ 26,951	\$ 36,552
<i>Change in accounting principles, note 1</i>	-	(5,519)	-	-	-	-	-	-	-	-
<i>Business-type activities</i>	487	1,783	232	662	1,241	528	186	1,719	(71)	4,347
Total primary government	\$ 3,781	\$ 7,640	\$ 10,341	\$ 13,853	\$ 19,585	\$ 15,857	\$ 16,041	\$ 26,623	\$ 26,880	\$ 40,899

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 98	\$ 131	\$ 82	\$ 90	\$ 157	\$ 134	\$ 88	\$ 200	\$ 213	\$ 333
Restricted	255	24	80	38	44	48	2,187	8,188	9,709	280
Assigned	-	-	-	-	-	-	-	-	-	8,972
Unassigned	29,974	31,652	34,695	39,336	42,417	43,045	45,971	41,619	51,682	59,293
Total general fund	\$ 30,327	\$ 31,807	\$ 34,857	\$ 39,464	\$ 42,618	\$ 43,227	\$ 48,246	\$ 50,007	\$ 61,604	\$ 68,879
All other governmental funds										
Nonspendable	\$ -	\$ 19	\$ 5	\$ 11	\$ 1	\$ 2	\$ 4	\$ 9	\$ 15	\$ 22
Restricted	4,774	5,557	13,070	8,349	11,071	14,425	14,220	20,495	25,986	26,931
Committed	504	444	237	4	500	23	160	435	32	548
Assigned	14,056	13,854	8,381	9,583	13,854	16,584	14,692	19,383	24,574	17,133
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other	\$ 19,334	\$ 19,874	\$ 21,693	\$ 17,947	\$ 25,426	\$ 31,034	\$ 29,076	\$ 40,323	\$ 50,607	\$ 44,634
Total fund balances	\$ 49,661	\$ 51,681	\$ 56,550	\$ 57,411	\$ 68,044	\$ 74,261	\$ 77,322	\$ 90,330	\$ 112,211	\$ 113,513

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 35,929	\$ 37,434	\$ 39,643	\$ 41,845	\$ 44,566	\$ 46,142	\$ 46,597	\$ 57,560	\$ 58,578	\$ 56,904
Licenses and permits	2,372	2,342	3,195	3,048	4,010	4,442	4,661	6,289	5,403	5,126
Intergovernmental	8,098	13,468	11,597	10,536	15,316	13,533	16,514	10,264	18,003	24,233
Charges for services	1,029	1,450	1,814	1,607	2,044	2,870	2,202	4,096	4,168	5,832
Fines and forfeitures	544	530	478	427	468	504	417	444	403	467
Investment interest	56	98	243	504	1,081	1,462	390	98	1,867	5,609
Miscellaneous	1,933	1,090	1,019	863	719	871	718	657	850	4,056
Total revenues	49,961	56,412	57,989	58,830	68,204	69,824	71,499	79,408	89,273	102,227
Expenditures										
Current:										
General government	4,508	4,539	5,134	4,891	4,828	5,229	9,667	5,894	6,967	11,385
Public safety	22,132	22,045	23,107	21,465	24,762	25,062	25,640	27,793	30,790	35,099
Social Services	-	-	-	-	-	-	-	116	294	5,326
Utilities & physical environment	2,080	2,083	2,259	3,476	1,230	854	65	194	211	495
Transportation	4,453	4,144	4,524	4,704	4,288	8,149	6,281	7,194	8,362	8,776
Economic environment	902	825	1,095	1,125	1,392	1,149	1,122	1,152	1,323	5,029
Community development	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846	3,025	3,046
Culture and recreation	2,582	2,788	2,851	2,743	2,806	2,909	2,271	2,570	3,001	4,372
Debt Service:										
Principal retirement	360	300	390	470	520	555	595	635	719	796
Interest expense	243	238	357	471	458	444	427	409	395	373
Refunding Bond issue costs	107	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	97	-	-	-	-	-	-	-
Capital Outlay:										
Capital expenditures	370	2,572	7,413	7,260	13,514	12,282	14,237	15,215	8,640	18,151
Construction in progress	6,832	12,476	11,489	9,712	1,299	3,739	4,636	2,503	3,264	7,495
Total expenditures	46,417	54,081	60,755	57,672	57,583	63,181	67,965	66,521	66,990	100,343
<i>Excess of revenues over (under) expenditures</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>	<i>1,884</i>
Other financing sources (uses)										
Lease financing	-	-	-	-	-	-	-	-	48	88
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	7,388	11,917	8,364	11,840	12,749	17,850	13,065	23,816	14,073	32,801
Transfers out	(7,726)	(12,229)	(8,675)	(12,137)	(13,142)	(18,277)	(13,539)	(24,293)	(14,523)	(33,471)
Total other financing sources (uses)	(226)	(312)	7,635	(297)	12	(427)	(474)	(367)	(402)	(582)
Net change in fund balances	\$ 3,317	\$ 2,019	\$ 4,869	\$ 861	\$ 10,633	\$ 6,216	\$ 3,060	\$ 12,520	\$ 21,882	\$ 1,301
Debt service as a percentage of noncapital expenditures	1.57%	1.40%	1.82%	2.37%	2.34%	2.16%	2.13%	2.19%	2.06%	1.59%

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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 Value ¹	Total Direct Tax Rate ²
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
2023	16,797,293,294	551,594,846	291,538,614	1,347,685,834	16,292,740,920	0.831

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 2023

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
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
2023	0.831	0.831	2.780	1.445	2.213	12.951	0.342	1.058

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 2023

Principal Property Taxpayers¹

Current Year and Ten Years Ago

December 31, 2023

Taxpayer	Business Type	2023			2014		
		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	\$ 396,317,956	1	2.43%	\$ 260,978,436	1	3.64%
Avista Corporation	Electric & Gas Utility	144,417,634	2	0.89%	72,339,139	2	1.01%
Preylock Real Estate Holdings	Real Estate Developer	139,437,500	3	0.86%	DND	-	0.00%
Park SPE, LLC	Real Estate Developer	105,220,760	4	0.65%	66,198,520	4	0.92%
Twelve 925 East Mansfield owner I, LLC ETAl	Real Estate Developer	80,093,500	5	0.49%	DND	-	DND
Bella Tess, LLC	Real Estate Apartments	75,183,200	6	0.46%	DND	-	DND
Burlington Northern	Retail	54,562,911	7	0.33%	DND	-	DND
Enjoy! The River LLC	Landscaping	55,229,600	8	0.34%	DND	-	DND
Wagstaff Inc.	Engineering & Manufacturing	52,841,357	9	0.32%	DND	-	DND
Cedar Chateau/Creek/Springs Prop	Real Estate Apartments	38,031,476	10	0.23%	DND	-	DND
Spokane Valley Mall	Retail Malls	DND	-	DND	65,983,856	3	0.92%
Cellco Partnership dba Verizon Wireless	Telephone Utility	DND	-	DND	48,852,700	5	0.68%
Wal-Mart Stores Inc.	Retail	DND	-	DND	35,375,029	6	0.49%
Spokane Valley Hospital & Medical Center	Health Care	DND	-	DND	39,724,538	7	0.55%
Hanson Industries	Real Estate	DND	-	DND	26,132,170	8	0.36%
Indian Pointe LLC	Real Estate	DND	-	DND	24,640,990	9	0.34%
BNSF Railway Company	Railway	DND	-	DND	22,453,990	10	0.31%
Total:		\$ 1,141,335,894		7.01%	\$ 662,679,368		9.24%

Spokane Valley FY'2022 Levy Rate: 1.019307

Total Assessed Value City of Spokane Valley	\$ 16,292,740,920	7.01%	\$ 7,169,492,602	9.24%
Total Assessed Value City of Spokane Valley all other Taxpayers	\$ 15,151,405,026	92.99%	\$ 6,506,813,234	90.76%

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

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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
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%
2023	13,542,895	13,312,953	98.30%	103,806	13,416,759	99.07%

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 2023

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			
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	0.17%	92	54,223	5,807,283,300
2023	9,085,000	9,085,000	0.15%	85	54,680	5,872,612,284

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

Fiscal year 2023 estimated with a 0.84% increase in change per capita income from fiscal year 2022. Previous fiscal years adjusted to actual.

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

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
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
2023	107,400	16,292,740,920	9,855,732	9,085,000	0.056%	85

¹ Source: Total Population & Annual Growth Rate (www.spokanetrends.org)

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 2023

Direct and Overlapping Governmental Activities Debt¹

As of December 31, 2023

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	\$ 9,085,000	12/2016	12/2045	100.00%	\$ 9,085,000
Total Direct Debt:			9,085,000		100.00%	9,085,000
Overlapping Debt						
<i>1</i>	Fire District #1	²	-	3/2017	3/2022	<i>139.10%</i> -
<i>1</i>	Fire District #8	²	764,000	10/2010	12/2020	<i>6.57%</i> 50,199
<i>15</i>	Spokane School District #81	²	635,495,000	11/2010	12/2036	<i>3.50%</i> 22,231,043
<i>6</i>	Central Valley School District #356	²	208,780,100	5/2012	12/2037	<i>60.20%</i> 125,684,098
<i>3</i>	East Valley School District #361	²	1,728,085	9/2006	6/2027	<i>65.31%</i> 1,128,624
<i>11</i>	West Valley School District #363	²	2,741,641	6/2011	12/2029	<i>502.58%</i> 13,778,830
Total Overlapping Debt:			849,508,826		19.17%	162,872,794
Total Direct and Overlapping Debt:			\$ 858,593,826		20.03%	\$ 171,957,794

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 2023

Legal Non-voted Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2023

Assessed Valuations¹

Assessed Value: \$ 16,292,740,920

Total Assessed Value **16,292,740,920**

Legal Debt Margin²

Debt Limitation: (2.5% of total assessed market value) \$ 407,318,523

(Less:) Debt applicable to limitation ³ 9,085,000

Legal Debt Margin

398,233,523

Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 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	\$ 407,318,523
Total net debt applicable to limit	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	9,085,000
Legal debt margin	\$ 172,549,776	\$ 178,474,290	\$ 180,446,877	\$ 190,322,192	\$ 203,582,870	\$ 222,069,726	\$ 243,888,938	\$ 278,341,637	\$ 313,182,374	\$ 398,233,523

Total net debt applicable to the limit as a % of

debt limit	3.72%	3.45%	6.85%	6.30%	5.68%	5.01%	4.36%	3.63%	3.04%	2.23%
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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 2023

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Spokane County MSA Per Capita Income ¹	Median Age	Taxable Retail Sales ²	School Enrollment ³	City of Spokane Valley Unemployment Rate 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 ¹	37.5	2,751,001,109	23,681	5.4%
2020	102,976	5,111,110,784	49,634 ¹	37.0	2,910,785,762	22,867	8.8%
2021	104,500	5,618,965,000	53,770 ¹	37.9	3,561,603,923	22,571	5.6%
2022	107,100	5,807,283,300	54,223 ¹	38.1	3,631,765,386	22,814	4.7%
2023	107,400	5,872,612,284	54,680 ¹	38.1	3,661,720,308	22,646	4.2%

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

Fiscal year 2023 estimated with a 0.84% increase in change per capita income from fiscal year 2022. 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/eag.wa_spokane_msa.htm)

City of Spokane Valley, Washington

Annual Comprehensive Financial Report - Fiscal Year 2023

Principal Employers

Current Year and Ten Years Ago

Employer	2023			2014		
	FTE Employees	¹ Rank	Percentage of Total City Employment	FTE Employees	² Rank	Percentage of Total City Employment
Amazon.com Inc.³	3,724	1	3.47%	-	-	-
Central Valley School District⁴	1,557	2	1.45%	1,430	1	1.52%
Wal-Mart	1,422	3	1.32%	1,395	2	1.48%
Kaiser Aluminum	950	4	0.88%	850	3	0.90%
Yokes Foods, Inc.	754	5	0.70%	466	6	0.50%
East Valley School District	452	6	0.42%	456	7	0.49%
Numerica Credit Union	421	7	0.39%	DND	²	-
Wagstaff, Inc.	375	8	0.35%	320	10	0.34%
KeyTronic Corp.	268	9	0.25%	DND	²	-
Incyte Diagnostics	232	10	0.22%	DND	²	-
West Valley School District	-	-	-	500	4	0.53%
Valley Hospital & Medical Center	-	-	-	494	5	0.53%
CPM Development Corporation	-	-	-	410	8	0.44%
AutoNation	-	-	-	374	9	0.40%
Total	10,155		9.46%	6,695		7.13%

¹ Source for Data: Journal of Business Book of Lists; January 4, 2024; Volume 39, issue 1. FTE employees as of Nov. 1, 2023.

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 2023

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

Last Ten Fiscal Years

Function/Department/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Executive & Legislative										
City Manager / City Clerk	5	5	5	5	7	6.5	7.5	7.5	5.5	4.5
Legal	3	3	3	3	3.5	3.5	4	4	4	5
City Services	-	-	-	-	-	-	-	-	-	5
Interns ²	3	-	-	-	-	1	2	2	2	1
Operations & Administrative Services										
Deputy City Manager	6	6	6	6	3	1	1	1	3	3
Finance	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	9.75	9.75
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	-	-	-	-	-	-	-	-	3	3
Interns ²	1	-	-	-	-	-	-	-	-	-
Public Safety¹										
Public Safety	-	-	-	-	-	0.12	0.12	0.12	0.36	0.36
Utilities & Physical Environment										
Public Works	7.375	7.375	7.375	6.375	-	-	-	-	-	-
Facilities	-	-	-	1	1	0.88	0.88	1.88	2.8	2.8
Transportation										
Street Fund & Street Capital Project Fund	8.875	9.225	9.225	9.225	10.725	15.825	15.075	15.075	17.275	21
Interns ²	1	-	-	-	-	-	-	-	-	-
CED & CPW-2018										
CPW Administration	-	-	-	-	-	-	-	-	2	2
CPW Engineering	-	-	-	-	12.5	13.275	13.025	14.025	13.825	10.85
CPW Building	-	-	-	-	18	20	21	20	15	15
CPW Planning	-	-	-	-	-	-	-	-	5	5
Economic Development	-	-	-	-	6.375	6	6	5.77	6.77	4.77
CED Administration	2	2	2	1	-	-	-	-	-	-
CED Economic Development	-	2.5	2.65	4	-	-	-	-	-	-
CED Development Services	-	11	11	10	-	-	-	-	-	-
CED Engineering	7	-	-	-	-	-	-	-	-	-
CED Planning	8	-	-	-	-	-	-	-	-	-
CED Building	12.5	14	14	15	-	-	-	-	-	-
Interns ²	-	-	-	-	1	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	1.6	1.6	1.6	1.6
Senior Center	1	1	1	1	1	1	0.4	0.4	0.4	0.4
CenterPlace	5	5	5	5	5	5	5	5	4.84	4.84
Interns ²	1	-	-	-	-	-	-	-	-	-
Stormwater										
Stormwater Management Fund	4.75	4.4	4.4	4.4	4.4	3.9	3.9	4.13	4.13	9.38
Interns ²	1	-	-	-	-	-	-	-	-	-
Total (FTEs)	87.25	87.25	87.4	87.8	89.25	93.75	95.25	96.25	103.25	112.25

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 2023

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety ¹										
Total number of criminal offenses ²	5,691	5,014	5,561	5,927	5,414	5,742	5,772	5,005	5,672	4,880
Number of violent crimes per 1,000 ³	2.5	3.2	2.5	2.9	2.1	3.6	3.2	3.6	3.0	3.2
Property crimes per 1,000 ³	58.1	57.0	51.2	56.2	49.6	38.0	48.5	47.5	41.3	43.2
Commissioned officers per 1,000 ³	1.07	1.05	1.09	1.07	1.02	1.08	1.13	1.09	0.98	1.09
Full time commissioned officers ³	98	97	102	101	97	103	109	106	97	104
Building and permits ⁵										
Residential dwelling permits	1,438	1,722	1,892	1,288	1,009	961	264	622	531	453
Non-residential building permits	233	545	593	430	475	662	239	303	256	130
Mechanical/plumbing commercial permits	357	305	341	421	372	355	301	420	491	384
Mechanical/plumbing residential permits	1,437	1,404	1,523	2,393	1,902	1,880	1,970	2,212	1,990	2,011
Demolition permits	65	47	40	58	49	67	55	69	78	54
Grading permits	50	62	55	75	95	91	84	238	186	186
ROW	-	-	-	-	-	-	-	868	1,043	1,070
Miscellaneous sign permits	122	124	124	92	107	85	82	114	101	69
Re-roofing permits	-	-	-	-	-	-	494	801	780	724
Multi-family	-	-	-	-	-	-	31	101	86	87
Transportation										
Highways & streets (surface in miles) ⁴	461	461	461	461	461	461	461	462	462	463
Centerline miles maintained (per 1k population)	5.12	4.94	4.94	4.94	4.71	4.62	4.62	4.30	4.31	4.31
Street sweeping (in cubic yards removed)	874	1,370	1,450	1,310	930	1,360	1,180	1,011	842	980
Potholes repaired & patched	607	482	606	2,012	504	476	641	484	940	556
Street right-a-way inspections performed	7,322	9,459	10,901	13,980	13,657	12,658	13,363	9,833	12,763	9,902
Street right-a-way permits issued	712	724	768	996	1,090	979	967	967	1,243	1,194
Local Gov't road maintenance per capita \$1k	\$47	\$43	\$48	\$53	\$47	\$56	\$51	\$54	\$68	\$63
Avg daily traffic counts I-90 at Sprague	114,000	118,000	107,000	121,000	124,000	106,000	106,000	88,800	88,800	101,000
Avg daily traffic counts I-90 at Pines	75,000	81,000	70,000	83,000	83,000	90,000	90,000	85,000	96,518	85,000
Avg daily traffic counts I-90 at Sullivan	70,000	75,000	66,000	79,000	89,000	95,000	95,000	127,000	93,990	94,000
Parks and recreation										
Parks reservations (fields, shelters, parks)	428	425	431	511	537	570	-	⁷	593	690
Total participants in aquatic programs	29,820	30,612	31,453	34,964	28,935	27,506	-	⁷	5,412	10,981
CenterPlace reservations (by # of events) ⁶	1,083	919	923	1,041	1,047	1,106	224	397	822	1,187
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	5.1
Stormwater										
Storm ditches (measured in miles)	11	11	11	11	12	12	12	12	12	12
Ponds	41	41	106	60	64	66	110	115	115	400
Swales (measured in miles)	12	12	12	20	21	23	23	23	23	24

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

Annual Comprehensive Financial Report - Fiscal Year 2023

Capital Asset Statistics by Function and Program

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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 (in centerline miles)	7	7	7	8	7	7	7	4	5	5
Asphalt plant or road mix (in centerline miles)	334	365	371	371	365	365	365	444	444	444
Gravel or crushed rock (in centerline miles)	9	1	1	1	1	1	1	0.44	1	1
Bridges	15	15	15	15	15	15	15	15	15	15
Roundabouts ¹	-	-	-	-	-	-	-	5	6	6
Traffic Signals	85	85	86	87	87	87	87	86	87	87
Flashing beacons school zone	36	36	36	36	38	40	40	46	58	58
4-way intersection control flashing beacons	3	3	3	3	3	3	3	3	2	1
Rectangular Rapid Flashing Beacons (RRFB)	14	16	16	18	20	24	32	32	32	32
Digital Message Sign (DMS)	1	1	1	1	1	1	1	1	1	1
Standalone traffic cameras	8	9	9	9	9	9	9	10	10	10
Standalone radar feedback speed signs	-	-	-	-	-	2	2	3	5	2
Culture and recreation										
Parks acreage	172	180	180	180	191	254	301	344	347	347
Parks (acreage undeveloped park land)	-	-	-	-	56.0	69.8	116.0	158.1	161.6	161.6
Parks (developed)	11	11	11	11	11	11	11	11	11	11
Park shelters	14	14	14	14	14	15	18	18	18	18
Playgrounds	5	6	6	7	7	7	7	7	7	6
Multi-purpose fields	2	2	4	5	5	5	5	5	5	5
Park sculptures	2	3	3	3	2	4	4	4	4	5
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	3	3	3	3	3	3	3	3	3
Basketball courts	3	4	4	4	3	3	4	4	4	4
Volleyball courts	2	10	11	19	19	18	18	18	18	18
Tennis courts	2	4	4	4	3	3	3	3	3	3
Dog park	-	-	1	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	1
Disc golf course	-	-	-	1	1	1	1	1	1	1
Trails (Appleway Trail)	-	-	1	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	-	-	-	-
Stormwater management										
Drywells	6,751	5,738	7,263	7,472	7,441	7,609	7,592	7,592	7,579	7,754
Catchbasins	3,906	4,008	4,038	4,025	4,081	4,099	4,172	4,172	4,335	4,556
Curb/sidewalkdrops	2,932	3,116	3,148	3,153	3,309	3,487	3,534	3,534	3,576	4,207
Manhole & stormdrain covers (square & round)	12,589	13,028	11,620	11,580	11,683	11,737	11,943	11,943	12,107	12,517
Culverts	51	67	2	168	196	198	209	209	242	225
Pump systems	4	4	4	4	4	4	4	4	4	4
Stormwater pipe (not combined with sewer, miles)	12	12	29	30	30	31	31	31	35	41

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.