

City of Spokane Valley

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2019



10210 E. Sprague Avenue
Spokane Valley, WA 99206
www.SpokaneValley.org

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Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Comprehensive Annual Financial Report
For the Fiscal Year Ended
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Ben Wick
Mayor

Mark S. Calhoun
City Manager

John Hohman
Deputy City Manager

Chelsie Taylor
Finance Director

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City of Spokane Valley, Washington
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Introductory Section



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Comprehensive Annual Financial Report - Fiscal Year 2019

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**CITY OF SPOKANE VALLEY, WA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

CITY OF SPOKANE VALLEY TABLE OF CONTENTS

Letter of Transmittal.....	i
Organizational Chart	ix
List of Elected Officials and Department Directors/Division Managers	x
<u>Financial Section</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	7
 Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	23
Statement of Activities.....	24
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	25
Reconciliation of Total Governmental Funds Balances to Statement of Net Position.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
<i>Proprietary Financial Statements:</i>	
Statement of Net Position - Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds.....	32
Statement of Cash Flows - Proprietary Funds	33
 Notes to Financial Statements	
Notes index	36
<u>Required Supplementary Section</u>	
 Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual:	
General Fund.....	73
Street Fund	74
Schedule of Proportionate Share Net Pension Liability (five year trend) PERS 1 & 2/3.....	75
Schedule of Employer Contributions (five year trend) PERS 1 & 2/3.....	77
 Supplementary Information	
Non-major Governmental funds, Special Revenue Funds, defined	80
Non- major Governmental funds, Capital Projects Funds, defined.....	81
Non- major Governmental funds, Debt Service Fund, defined	82
 Combining Financial Statements (Non-major):	
Combining Balance Sheet all Non-major Governmental Funds	84
Combining Balance Sheet Non-major Special Revenue Funds	85

Supplementary Information – continued

Combining Balance Sheet Non-major Capital Projects Funds	87
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Governmental Funds	89
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Special Revenue Funds	90
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Debt Service LTGO Bonds Fund	92
Combining Statement of Revenues, Expenditures & Changes in Fund Balances, Non-major Capital Projects Funds	93
Schedule of Revenues, Expenditures & Changes in Fund Balances, Non-Major Budget & Actual:	
Trails & Paths & Tourism Facilities Hotel/Motel Special Revenue Funds	95
Hotel/Motel & Solid Waste Special Revenue Funds	96
Peg & CenterPlace Operating Reserve Special Revenue Funds	97
Service Level Stabilization & Winter Weather Reserve Special Revenue Funds	98
Debt Service LTGO Bonds Fund, Debt Service Funds	99
REET 1 & REET 2 Capital Projects Funds	100
Street Capital & Parks Capital Projects Funds	101
Civic Buildings & Pavement Preservation, Capital Projects Funds	102
Capital Reserve & City Hall Construction, Capital Projects Funds	103
Railroad Grade Separation Capital Projects Funds	103
 Internal Service Funds defined.....	 105
Combining Statement of Net Position Equipment Rental & Replacement and Risk Management, Internal Service Funds	106
Combining Statement of Revenues, Expenses, and Changes in Net Position Equipment Rental & Replacement and Risk Management, Internal Service Funds	107
Combining Statement of Cash Flows Equipment Rental & Replacement and Risk Management, Internal Service Funds	108
 Statistical Section	
Statistical Section index	110
Net Position by Component (last 10 fiscal years)	111
Changes in Net Position (last 10 fiscal years)	112
Fund Balances of Governmental Funds (last 10 fiscal years)	114
Changes in Fund Balances of Governmental Funds (last 10 fiscal years)	115
Assessed Value & Estimated Actual Value of Taxable Property	116
Direct & Overlapping Property Tax Rates Governments	117
Principal Property Taxpayers (current year & 10 years ago)	118
Property Tax Levy and Collections	119
Ratios of Outstanding Debt by Type	120
Ratios of General Bonded Debt Outstanding	121
Direct & Overlapping Governmental Units (District) Debt	122
City of Spokane Valley's Legal Debt Margin Information	123
Demographic and Economic Statistics	124
Principal Employers (current year & 10 years ago)	125
Full-time Equivalent (FTE) Employees by Function and Program	126
Operating Indicators by Function	127
Capital Asset Statistics by Function and Program	128

September 21, 2020

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

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2019. 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 reports are 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. With an estimated population of 97,490 (WA State Office of Financial Management, April 2020), Spokane Valley is the 10th largest city in Washington state. 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 461 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, 2019:

Member	Position	Employer/Occupation	Total Time Served	Current Term Expires
Lewis R. Higgins	Mayor	Retired	5.90 years	12/31/21
Pam Haley	Deputy Mayor	Business Owner	2.51 years	12/31/21
Brandi Peetz	Councilmember	Office Manager	1.13 years	12/31/19
Arne Woodard	Councilmember	Real Estate Broker	7.74 years	12/31/19
Ben Wick	Councilmember	IT Manager/Publisher	5.00 years	12/31/21
Sam Wood	Councilmember	Appraiser	3.00 years	12/31/19
Linda Thompson	Councilmember	Director	1.13 years	12/31/21

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 is located in eastern Washington, in the central east area of Spokane County (the “County”), we are adjacent to the City of Spokane (“Spokane”) and 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 an estimated 2020 population of 223,600. The population of the County is estimated to be 522,600 in 2020. Both Spokane and the County have experienced steady annual growth in population.

Historically, much of the County’s economy relied heavily on the natural resource-related sectors of forest products and agriculture. While these industries continue to be important elements of the area’s economy, the County’s economy has diversified significantly due to the influx and growth of high technology firms, airlines, and service industries attracted by the region’s high-quality work force.

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 County is the largest labor market in Eastern Washington and Northern Idaho. Spokane’s economy survived “The Great Recession” and emerged more diversified. Steady growth is forecasted for the future. Spokane’s recovery is being led by five industries – advanced manufacturing, health services, finance/insurance, transportation/warehousing and education. Without the advantage of mega employers, these five industries have medium- sized employers that are flexible and efficient in their markets. The health sciences and future medical school development has been a game changer for Spokane-Spokane Valley MSA. High tech companies in manufacturing, scientific and technical industries are creating new jobs and expanding the economic base in 2019-2020. (*Source:* Washington State Employment Security Department Spokane County Profile)

In 2018 Amazon began construction on a fulfillment center which became operational in the fall of 2019. This fulfillment center located on the West Plains of Spokane County is a 2.6 million-square-foot, four-story robotic fulfillment center. While the construction of the facility is estimated to have created more than 700 construction related jobs, the larger employment impact is estimated to be around 2,000 jobs, with a potential influx during the peak season of up to 1,500 more. While the Amazon facility is not located in Spokane Valley, it is expected that this will have a positive impact on the region as a whole. (*Source:* www.spokanejournal.com/local-news/amazon-maintains-aggressive-place-on-spokane-project/)

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.

The East Sprague Avenue corridor offers a significant number of retail options, including a notable number of locally-owned businesses. There are more than 9,200 businesses registered to do business in Spokane Valley, with estimated gross annual retail sales in 2019 of \$2.8 billion. The City of Spokane Valley understands that continued economic growth is critical to its economy and quality of life. Creating a business-friendly environment to sustain and grow Spokane Valley businesses is the foremost goal of Spokane Valley's Economic Development.

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 22,000 students in more than 40 schools. For the class of 2019, East Valley School District has a 76.8% graduation rate, Central Valley School District has a graduation rate of 85.3%, while West Valley School District's graduation rate is at 96%, all consistently among the region's best. (Source: <https://washingtonstatereportcard.ospi.k12.wa.us/ReportCard/ViewSchoolOrDistrict>) Additionally, for the classes of 2018, 24% of East Valley School District students, 37% of Central Valley students, and 42% of West Valley Students go on to college. (Source: <https://erdc.wa.gov/data-dashboards/high-school-graduate-outcomes>)

The region is home to numerous universities and colleges, both public and private. Notable institutions include the private universities of Gonzaga and Whitworth. Two public Community Colleges serve students planning to transfer to a four-year institution and students looking for workforce training in high demand professions such as nursing, cooking and aviation maintenance. Eastern Washington University offers programs and student services in Cheney and at the Spokane campus. Both Washington State University and the University of Washington offer medical schools, along with other programs in their satellite campuses just east of downtown Spokane.

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.

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. 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 amended in 2017, 2018 and 2019.

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

The financial management policies that the City has adopted are multi-faceted. We will continue to provide basic levels of service with minimal resources. In order to accomplish this, many services are contracted. This helps keep personnel and overhead costs down by maintaining consistent staffing levels with minimal adjustment to respond to the ever-changing economy. Continuing the annual process of creating a six-year business plan allows management and Council to see how the decisions that are made today affect what is possible in the future. To maintain flexibility for the future, the City continues with the pay as you go philosophy and minimal debt. 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 the 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 City 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 94.13% 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 in 2013 through 2019, the City has transferred \$27,800,607 to our Capital Reserve Fund 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.

Beginning in 2012, the City initiated a pavement preservation program that utilized funding from the General Fund, Real Estate Excise Taxes, and capital project fund reserves. In 2019, our citizens saw again an aggressive program of repaving our roadways. Some may question paving roads that “don’t look so bad.” The truth is the best time to repave is before a road deteriorates to the point that full reconstruction is necessary. Full reconstruction can cost substantially more than pavement preservation efforts. That is why the City of Spokane Valley has committed critical financial resources to preservation of our transportation infrastructure.

One of the primary safety, traffic congestion, and economic development concerns for the City are the multiple at-grade railroad crossings located within city limits. The City’s focused efforts on finding funding for the Barker Road Grade Separation project has produced extraordinary results. In March of 2018, the City was informed it was awarded an additional \$9 million in 2018 TIGER funding. The Barker/BNSF grade separation project is one of just 41 projects nationwide to have received 2018 TIGER funding, and is the only one in the state of Washington. This funding brings the total amount of grant funding from both state and federal agencies for this project to \$26 million. With the budgeted city funds of \$3.6 million for this project, it is fully funded.

The City also continues its plans for another major grade separation project at Pines Road. With a current estimated cost for this project of about \$29 million, the City will require multiple partners to complete the crossing. Efforts to find partners has accumulated nearly \$5.04 million from two separate federal agencies for this project to fund the engineering and right-of-way phases of this project. An additional \$4.69 million in City funds have also been set aside for this project. With the currently available funds, work on the design is moving forward.

Parks and trails are also getting major investments as the City continues work on the implementation of the Browns Park Master Plan and the construction of the Appleway Trail. Browns Park is an 8.2-acre park located at the corner of Pines Road and 32nd Ave., and it currently features sixteen sand volleyball courts and a basketball court in addition to other park features. The updated Parks and Recreation Master Plan recommends developing Browns Park as a destination sand volleyball complex for our region. This has been accomplished with the

completion of the final eight sand volleyball courts in 2018. The park's splashpad was added in 2017 to serve the younger members of the community. Park improvements constructed in 2019 included a new perimeter path with lighting, two new picnic shelters, new restroom and a skate dot.

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. 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 final trail section (Evergreen to Sullivan) of the 5.1 mile stretch from University Road to Corbin Road. The multi-use pathway will be bordered with greenspace, and other features 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 March of 2019, the City of Spokane Valley adopted the Northeast Industrial Area Planned Action Ordinance (NIA-PAO) creating Chapter 21.60 of the Spokane Valley Municipal Code (SVMC). The purpose of the NIA-PAO was to further streamline the City's permit process by allowing industrial development projects to use the City's completed environmental analysis under the State Environmental Policy Act. The project was funded by a competitive grant from the Washington State Department of Commerce for \$114,200 and is expected to expedite the development of over 600 acres of industrial property. An economic impact analysis estimated that the development of this area would result in \$2 billion in economic output to Washington State, 9,800 new jobs, \$12.3 million in general fund revenues to the City and \$50.8 million in general fund revenues to Washington State over a 25-year period. As of July 2019, two projects took advantage of the analysis Katerra and the Spokesman Review Printing Facility.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The City issued a proclamation of emergency/disaster relating the COVID-19 Pandemic on March 16, 2020. On March 17, 2020, City Hall was closed to the public except by appointment, and the City began holding virtual Council meetings after the "Stay Home, Stay Healthy" order. Beginning the week of March 23, 2020, City staff implemented work from home schedules and these schedules are expected to continue in some capacity until the City can enter Phase 4 of the Governor's "Safe Start Washington" plan.

At this time, it is still too early to determine the full impact from the COVID-19 Pandemic on City revenues. However, staff believes that the COVID-19 Pandemic and the various limitations placed on gatherings and businesses by the Governor are and will continue to have a significant

negative effect on the local economy, which will certainly decrease the City's tax and fee revenue collections in 2020.

Acknowledgements

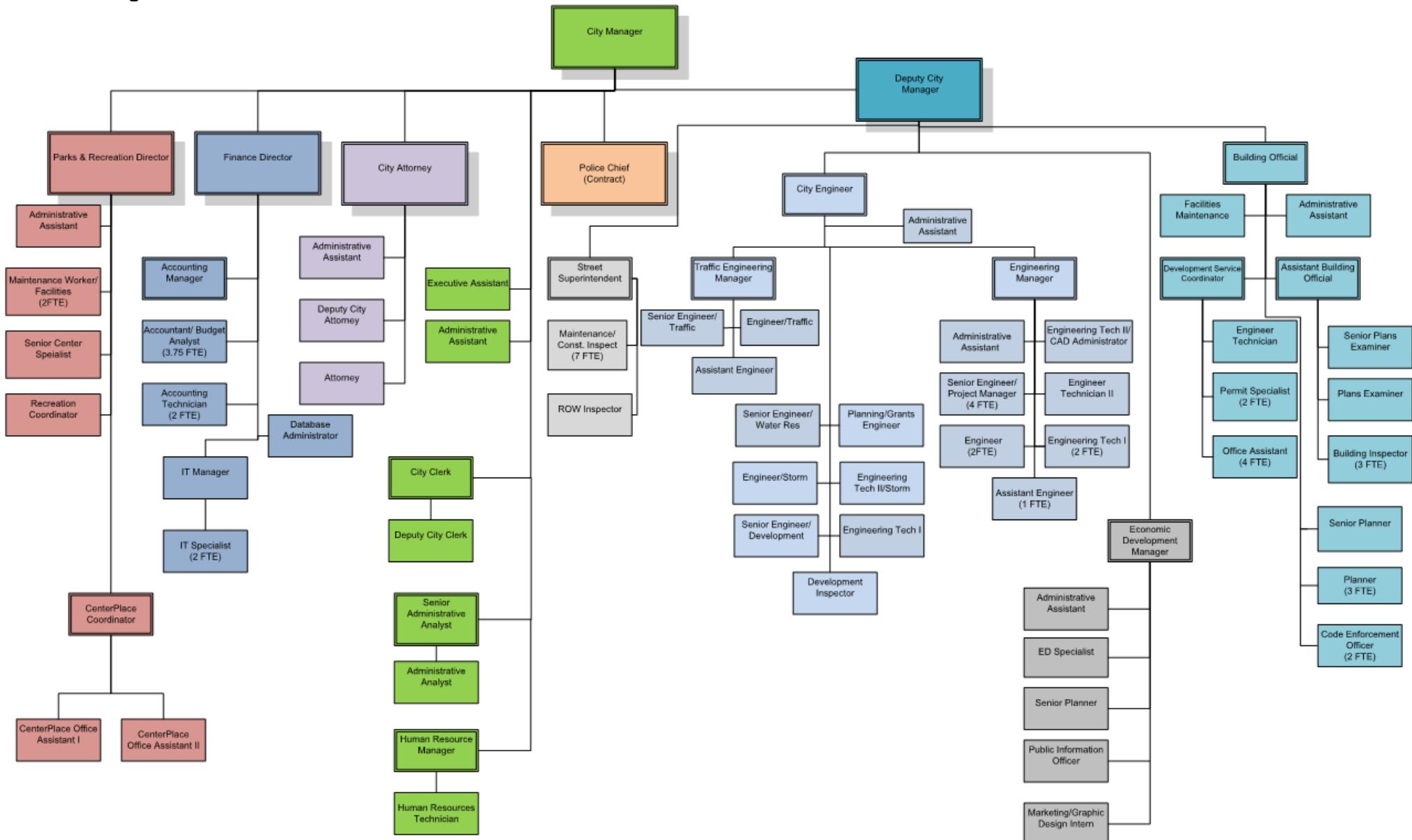
The preparation of the annual financial report was made possible by the dedicated efforts of the entire staff of the finance department and by the cooperation of the other City departments. Each staff member has our sincere appreciation for the contributions made in the preparation of this report. Without 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 Comprehensive Annual Financial Report.

Sincerely,

A handwritten signature in black ink that reads "Chelsie Taylor". The signature is fluid and cursive, with "Chelsie" on the top line and "Taylor" on the bottom line.

Chelsie Taylor, CPA
Finance Director
City of Spokane Valley

City of Spokane Valley, Washington
Comprehensive Annual Financial Report-Fiscal Year 2019
Organizational Chart



City of Spokane Valley, Washington
List of Elected Officials and Department Directors
December 31, 2019

Elected Officials



2019 City Council

***Sam Wood (Position 6), Brandi Peetz (Position 2), Arne Woodard (Position 3), Mayor Rod Higgins (Position 1),
Deputy Major Pam Haley (Position 5), Ben Wick (Position 4), Linda Thompson (Position 7)***

Department Directors and Division Managers

City Manager	Administration Department	Mark Calhoun
City Attorney	Administration Department	Cary Driskell
Deputy City Manager	Administration Department	John Hohman
City Clerk	Administration Department	Chris Bainbridge
Finance Director	Finance Department	Chelsie Taylor
Human Resources Manager	Administration Department	John Whitehead
Police Chief	Police Department	Dave Ellis
Fire Chief	Fire Department	Bryan Collins
Parks & Recreation Director	Parks & Recreation Department	Mike Stone
City Engineer	Engineering	Bill Helbig
Engineering Manager	Engineering	Gloria Mantz
Senior Engineer	Engineering	Henry Allen
Senior Engineer	Engineering	Chad Riggs
Senior Engineer-Traffic	Engineering	Jeremy Clark
Public Works Maintenance Superintendent	Engineering	Shane Arlt
Senior Planner	Community & Public Works	Lori Barlow
Economic Development Manager	Economic Development	Mike Basinger
Senior Transportation Planner	Economic Development	Adam Jackson
Public Information Officer	Economic Development	Leff Kleingartner
Building Official	Building Division	Jenny Nickerson
Assistant Building Official	Building Division	Michael Froemming

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Financial Section



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Introductory Section





Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 18, 2020

Mayor and City Council
City of Spokane Valley
Spokane Valley, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane Valley, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane Valley, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 13 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 18, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy
State Auditor
Olympia, WA

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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City of Spokane Valley, Washington
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***Management's
Discussion and Analysis***



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CITY OF SPOKANE VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

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, 2019. 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 2019 are as follows:

The City of Spokane Valley's financial position improved. At the end of the current fiscal year, assets exceeded liabilities by \$204,455 thousand (*net position*). Of this amount, \$65,541 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 \$15,857 thousand or 8.41% from the prior fiscal year, primarily explained by revenues continuing to outpace expenditures and the current year's increase in the City's net investment in capital assets.

At the close of the current fiscal year, the City of Spokane Valley's governmental funds reported combined fund balances of \$74,261 thousand, an increase of \$6,217 thousand in comparison with the prior year. Approximately 57.96% of this amount or \$43,045 thousand (*unassigned fund balance*) is available for spending at the City's discretion.

Also, at the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$43,045 thousand, or approximately 112.01% of the total general fund expenditures, and the net change in actual fund balance increased by \$609 thousand during the current fiscal year.

Total long-term liabilities for Governmental type activities decreased by \$936 thousand to \$15,697 thousand during the current fiscal year.

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.

The following figure summarizes the major features of the financial statements. This overview section below also describes the structure and contents of each of the statements in more detail.

	Government-wide Statement	Fund Financial Statements	
		Governmental	Proprietary
Scope	Entire entity (except fiduciary funds)	The day to day operating activities of the City for basic governmental services	The day to day operating activities of the City for business-type enterprises
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of deferred inflow and deferred outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues when cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 a private-sector business.

Statement of Net Position and Statement of Activities

The *statement of net position* presents financial information on all of 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-type Activities** – Most of the City’s programs and services are reported here, including general government, public safety, physical environment, transportation, economic environment, community development, and culture & 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 the funds of the City can be divided into two categories: governmental fund types, and proprietary fund types. 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 that account for the multitude of services provided to our 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 individual governmental funds. Information on the City’s six major governmental funds: General Fund, Street Fund, Street Capital Projects Fund, Parks Capital Projects Fund, Pavement Preservation 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.

The City’s two *Internal Service Funds*; Equipment Rental and Replacement and Risk Management accounts 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 of these 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.

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 combining and individual fund statements and schedules for other governmental and internal service funds. 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 \$204,456 thousand as of December 31, 2019. The following table summarizes and compares the City's net position for 2019 and 2018 (*see Table 1, below*):

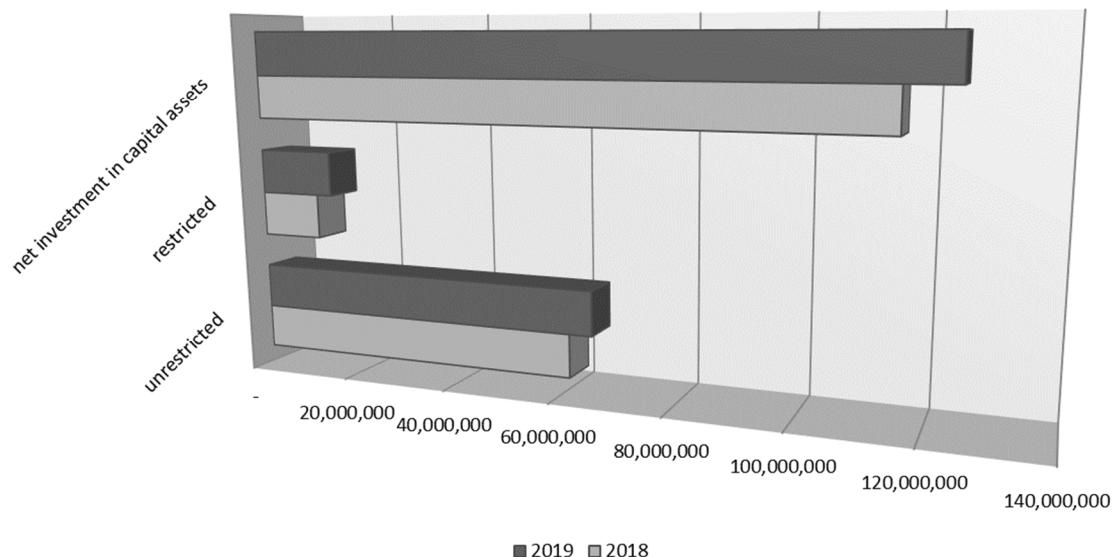
<i>Table 1</i>	City of Spokane Valley's Net Position (amounts in thousands)					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2019	2018
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 84,279	\$ 77,220	\$ 4,739	\$ 4,575	\$ 89,019	\$ 81,795
Capital assets (net of depreciation)	129,971	122,027	7,200	6,915	137,171	128,941
Total assets	214,250	199,247	11,939	11,490	226,190	210,736
Total deferred outflows of resources	848	574	34	25	883	599
Long-term liabilities	15,697	16,633	128	144	15,825	16,777
Other liabilities	4,695	4,012	276	334	4,971	4,346
Total liabilities	20,392	20,645	404	478	20,796	21,123
Total deferred inflows of resources	1,751	1,549	70	65	1,821	1,614
Net position:						
Net investment in capital, assets	117,239	108,679	7,200	6,915	124,440	115,594
Restricted	14,474	11,622	1	1	14,475	11,623
Unrestricted	61,243	57,326	4,298	4,055	65,541	61,381
Total net position	\$ 192,956	\$ 177,627	\$ 11,499	\$ 10,971	\$ 204,456	\$ 188,598

In this case, as of December 31, 2019, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$192,956 thousand in governmental activities and \$11,499 thousand in business-type activities. The largest portion of the City's net position, at 60.86%, is its investment in capital assets of \$124,440 thousand. This represents land and land improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure, 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 majority of these capital assets were donated by Spokane County at the time of incorporation in 2003. 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 \$14,475 thousand and 7.08% of total net position this is the smallest share of the City's net position. The remaining balance of \$65,541 thousand or 32.06% 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, 2019 and 2018



The City of Spokane Valley's total net position has increased by \$15,857 thousand or 8.41% 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-type and business-type activities.

Governmental-type Activities – During the current fiscal year total net position for governmental activities increased by \$15,329 thousand from the prior year for an ending balance of \$192,956 thousand. The increase in the overall net position of governmental activities is the result of management taking various steps (e.g., holding expenditures to levels consistent with prior years) as well as an increase in revenues from sales taxes and grants 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 the third largest sources of revenue combined, \$9,457 thousand or 13.52% of total governmental activities revenues. The major functions receiving intergovernmental program revenues were the Transportation and Culture & Recreation functions of the primary government. Transportation activity capital grants increased the current year by \$1,023 thousand compared to last year and primarily due to the timing of various projects.

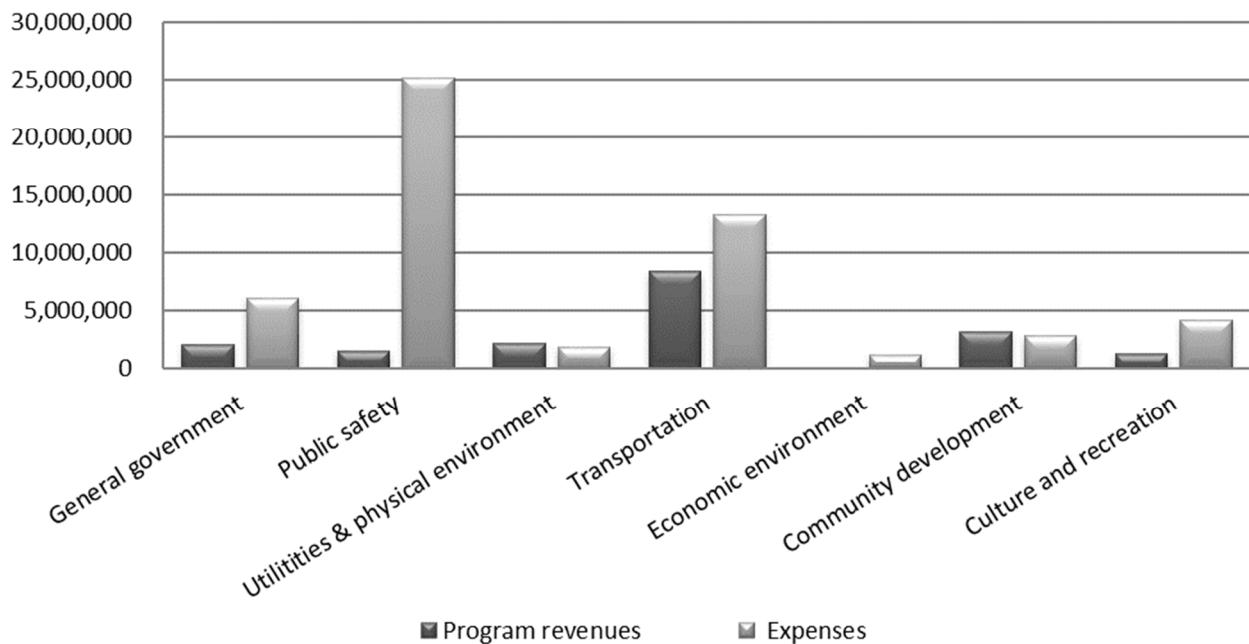
Property tax general revenues in the governmental funds account for \$12,107 thousand of the \$69,947 thousand total revenues (less transfers) for governmental-type activities, or 17.31% of total revenues, and the property tax general revenues increased by \$435 thousand. Sales Tax general revenue accounted for approximately \$27,411 thousand or 39.19% of total revenues in year 2019, the largest single source of revenue for the City of Spokane Valley. Excise and other taxes received were Real Estate Excise Taxes of \$3,375 thousand, Liquor Board Excise Tax of \$1,315 thousand, Telephone Utility Tax of \$1,564 thousand, Marijuana Excise Taxes of \$188 thousand, Leasehold Excise Taxes of \$22 thousand, Gambling Taxes of \$420 thousand, Hotel/Motel Taxes of \$1,206 thousand and Motor Fuel Excise Taxes of \$2,175 thousand for a General revenue share of \$10,264 thousand or 14.67% of total Program and General revenues. Significant increases in tax revenues as compared to 2018 were experienced by the City due to the strength of the economy in 2019.

The Transportation function accounted for \$13,257 thousand of the \$54,618 thousand in total expenses for governmental activities, or 24.27% of the total in expenses. The largest function was Public Safety, accounting for \$25,180 thousand and representing 46.10% of total governmental expenses and an increase of 1.2% in contracted Law Enforcement services compared to the prior year due primarily to inflation in contract costs (*see table 2, below*).

Table 2 City of Sparta Valley's Changes in Net Position as of December 31, 2019 and 2018 (amounts in thousands)

Revenues	Governmental Activities		Business-type Activities		Total		% Change
	2019	2018	2019	2018	2019	2018	
							2019-2018
Program revenues							
Charges for services	\$ 9,218	\$ 8,635	\$ 1,936	\$ 1,921	\$ 11,155	\$ 10,556	5.7%
Operating grants & contributions	557	535	520	463	1,077	998	7.9%
Capital grants & contributions	8,899	9,198	110	726	9,009	9,924	-9.2%
General revenues							
Taxes	49,782	48,441	-	-	49,782	48,441	2.8%
Donation of capital assets	-	239	-	-	-	239	-100.0%
Gain on sale of capital assets	-	28	-	-	-	28	-100.0%
Interest & investment earnings	1,490	1,103	86	69	1,576	1,172	34.5%
Total revenues	69,947	68,179	2,652	3,179	72,599	71,358	1.7%
Expenses							
General government	5,568	5,141	-	-	5,568	5,141	8.3%
Public safety	25,180	24,879	-	-	25,180	24,879	1.2%
Utilities & physical environment	1,873	2,295	-	-	1,873	2,295	-18.4%
Transportation	13,257	9,248	-	-	13,257	9,248	43.3%
Economic environment	1,167	1,417	-	-	1,167	1,417	-17.6%
Community development	2,809	2,486	-	-	2,809	2,486	13.0%
Culture and recreation	4,223	3,887	-	-	4,223	3,887	8.6%
Interest on long term debt	541	495	-	-	541	495	9.3%
Aquifer protection area	-	-	211	177	211	177	19.2%
Stormwater management	-	-	1,913	1,748	1,913	1,748	9.4%
Total expenses	54,618	49,848	2,124	1,925	56,742	51,773	9.6%
Increase (decrease) in net position before transfers	15,329	18,331	528	1,253	15,857	19,584	-19.0%
Transfers In (out)	-	13	-	(13)	-	-	0.0%
Increase (decrease) in net position	15,329	18,344	528	1,240	15,857	19,584	-19.0%
Net position - beginning	177,627	159,283	10,971	9,731	188,598	169,014	
Net position - ending	\$ 192,956	\$ 177,627	\$ 11,499	\$ 10,971	\$ 204,455	\$ 188,598	

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 in that the overall net position increased to reach an ending balance of \$11,499 thousand. The increase in net position for business-type activities (stormwater and aquifer protection funds) was \$528 thousand from the prior fiscal year. This is an increase in net position of 4.81% from the prior fiscal year. The increase in net position is indicative of revenues continuing to exceed expenditures.

Overall, revenues for the business-type activities were down compared to the previous year due to a large reduction in capital grants and contributions. In 2019 there were \$110 thousand in capital grants contributions compared to \$726 thousand in 2018 due to there being fewer grant funded projects occurring during 2019. Operating grants and contributions increased by \$57 thousand, and charges for services increased by \$16 thousand from 2018. In the business-type funds, the major program revenue sources were *charges for services* of \$1,936 thousand for the Stormwater Management Fund. This revenue consists primarily of the Stormwater Management Fee imposed upon real property. *Intergovernmental revenues* of \$630 thousand are mostly related to the Aquifer Protection Area Fund consisting of the Aquifer Area Protection Fee mandated by the voting public. Expenditures increased by \$199 thousand or 10.35% in 2019. This increase is primarily due to increased personnel costs in 2019 and an increase (as opposed to a decrease in 2018) in pension expense from adjustments in 2019 related to pension reporting.

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 of Spokane Valley's Council.

As of December 31, 2019, the City's total governmental funds reported a combined ending fund balance of \$74,261 thousand, a net increase of \$6,217 thousand in comparison with the prior year. Approximately 57.96% of this amount or \$43,045 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 (\$136 thousand), 2) restricted for particular purposes (\$14,474 thousand), 3) committed for particular purposes (\$23 thousand), or 4) assigned for particular purposes (\$16,584 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, 2019 & 2018 (amounts in thousands)

Table 3

	Fiscal Year	
	2019	2018
Unassigned	\$ 43,045	\$ 42,417
Assigned	-	-
Restricted	48	44
Nonspendable	134	157
Total fund balances	\$ 43,227	\$ 42,618

At the end of 2019, unassigned fund balance was \$43,045 thousand, while total fund balance increased to \$43,227 thousand. This increase of \$609 thousand is primarily due to increased sales tax collections and the strength of the economy in 2019. 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 68.13% of the total governmental funds expenditures, while total general fund balance of \$43,227 thousand represents approximately 68.42% of that same amount in total governmental funds expenditures.

All Remaining Governmental Funds Components of Fund Balance
December 31, 2019 & 2018 (amounts in thousands)

Table 4

	Fiscal Year	
	2019	2018
Unassigned	\$ -	\$ -
Assigned	16,584	13,854
Committed	23	500
Restricted	14,425	11,070
Nonspendable	2	2
Total fund balances	\$ 31,034	\$ 25,426

Major Governmental Funds

The General Fund – The fund balance of the City of Spokane Valley’s general fund increased by \$609 thousand, compared to last year, for the fiscal year ending December 31, 2019. The primary source of revenues for the General Fund are property and sales taxes. Overall, tax revenues in the General Fund increased by \$2,277 thousand as compared to 2018 due to the strong economy in 2019. License and permit revenues increased by \$434 thousand for the same reason. Expenditures, excluding transfers, increased by \$1,519 thousand as compared to 2018 primarily due to inflation of costs and the purchase and installation of generators at City Hall and the Precinct.

The Street Fund – had an ending actual fund balance of \$556 thousand, a net decrease in fund balance of \$229 thousand compared to the prior year. The primary sources of revenues for the Street fund are the telephone utility tax of \$1,564 thousand and the motor vehicle fuel tax of \$2,018 thousand in intergovernmental revenues. The change from the prior year was a decrease of 15.67% for telephone utility taxes and a decrease of 2.19% for motor vehicle fuel tax. There were two transfers in, including a transfer from the General Fund for the budgeted deficit in expenditures over revenues for 2019 and a transfer from the Winter Weather Reserve Fund to cover snow removal costs in excess of budget for 2019. Expenditures outpaced revenues, which contributed to the decrease in ending fund balance compared to last year.

Street Capital Projects Fund – had an ending fund balance of \$67 thousand. Revenues consisted primarily of transfers in and intergovernmental grants and totaled \$5,337 thousand. Expenditures totaled \$5,336 for various street projects. Expenditures and revenues were down as compared to 2018 due to the timing and size of capital projects from year to year.

Parks Capital Projects Fund – had an ending fund balance of \$79 thousand. Actual expenditures for the year totaled \$2,672 thousand for various parks projects. The sources of funds were transfers in of \$1,597 thousand to use for council approved projects as well as \$1,114 in intergovernmental grants.

Pavement Preservation Fund – had an ending fund balance of \$4,425 thousand. Expenditures for the year totaled \$7,977 thousand funded through transfers in of \$4,049 thousand and intergovernmental grants of \$3,666 thousand. Expenditures increased \$4,374 thousand due to the timing and size of the pavement preservation projects from year to year. Also, this was the first year of a residential street pavement preservation program funded through street wear fees on the City’s solid waste collection contract.

Capital Reserves Fund – had an ending fund balance of \$12,937 thousand. Actual expenditure for the year totaled \$3,480 thousand including transfers out. The primary source of funds was transfers in of \$7,216 thousand to use for various council approved street and parks projects.

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*. Unrestricted net position of the Stormwater Management Fund at December 31, 2019, was \$2,180 thousand and for the Aquifer Area Protection fund was \$2,118 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 three times during 2019 due to updates in budget estimates and timing differences in expenditures during the fiscal year.

Final budget compared to actual results: The most significant differences between final estimated revenues and actual revenues were as follows:

2019 Budget to Actual Comparison (amounts in thousands)					
Revenue Source	Final Estimated		Actual		Difference
	Revenues	Revenues	Revenues	Revenues	
Taxes	\$ 38,384	\$ 39,989	\$ 1,605		
Licenses and permits	3,102	4,363	1,261		
Intergovernmental revenues	1,960	2,229	269		
Charges for services	622	711	89		
Fines & forfeitures	568	504	(64)		
Investment Interest	300	917	617		
Miscellaneous	1,032	619	(413)		
	\$ 45,967	\$ 49,331	\$ 3,364		

In the Budget to Actual Schedule, revenues trended higher than expected in the 2019 budget by \$3,364 thousand, while the total expenditures were \$3,165 thousand (including transfers in/out) less than the amended budget. The difference in revenues is primarily due to the strength of the economy in 2019 and the resulting significant increases in tax and permit revenues. The difference in expenditures is primarily explained by the Public Safety budget including a fully staffed police department, but vacancies were experienced throughout the year. Ultimately, the General Fund in the Governmental funds statement reports an increase in excess of revenues over expenditures, positive variance with final budget of \$6,528 thousand. The positive budget to actual variances contributed to the overall increase in fund balance of \$609 thousand for 2019.

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, 2019, amounts to \$137,172 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, and construction in progress. The total increase in the city's investments in capital assets for the current fiscal year was \$8,229 thousand or 6.4% (*see table 5, following*).

Table 5:	City of Spokane Valley's Capital Assets (net of depreciation, amounts in thousands)								
	Governmental Activities				Business-type Activities				Total % Change
	2019		2018		2019		2018		
	\$ 10,530	\$ 9,607	\$ 6	\$ 6	\$ 10,536	\$ 9,613	\$ 21,191	\$ 5,710	9.6% -3.0% 1.2% 7.4% 9.2% 31.6%
Land	\$ 10,530	\$ 9,607	\$ 6	\$ 6	\$ 10,536	\$ 9,613	\$ 21,191	\$ 5,710	9.6% -3.0% 1.2% 7.4% 9.2% 31.6%
Buildings & leasehold improvements	20,290	20,906	272	285	20,562	21,191	5,778	5,710	
Improvements other than Buildings	5,778	5,710	-	-	5,778	5,710			
Infrastructure	86,049	79,934	6,661	6,372	92,710	86,306			
Machinery and Equipment	2,285	2,086	11	17	2,296	2,103			
Construction in Progress	5,039	3,783	250	236	5,289	4,020			
Total	\$ 129,971	\$ 122,027	\$ 7,200	\$ 6,915	\$ 137,172	\$ 128,942	6.4%		

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

- Construction in Progress increased by 31.6% or \$1,269 thousand due to the continuation and beginning for several construction projects.

- Machinery and Equipment increased by 9.2% or \$193 thousand due to the purchase of generators for City Hall and Precinct buildings and city wide traffic signal upgrades.
- Land increased by 9.6% or \$923 thousand due in part to the purchase of land to facilitate the construction of the Barker BNSF Grade Separation Project and for the purchase of land near the Spokane Valley Police Precinct building for future expansion of police activities.
- Infrastructure increased 7.4% or \$6,404 thousand for 2019 due mostly to the completion of several street construction and street preservation projects.
- Other categories of Capital Assets had decreases of less than 5%, primarily as a result of depreciation expense for the year.

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, 2019, the City had total Limited Tax General Obligation debt outstanding of \$11,715 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 \$555 thousand or (4.5%) during fiscal year 2019. (*See table 6, below*).

Table 6

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

	City of Spokane Valley's Outstanding Debt (amounts in thousands)						Total Percentage Change 2019-2018	
	Governmental Activities		Business-type Activities		Total			
	2019	2018	2019	2018	2019	2018		
General obligation bonds	\$ 11,715	\$ 12,270	\$ -	\$ -	\$ 11,715	\$ 12,270	-4.5%	
Bond premium	1,017	1,078	-	-	1,017	1,078	-5.7%	
Compensated absences	617	563	36	31	653	594	9.9%	
Net pension plan liabilities (GASB 68)	2,349	2,721	92	114	2,441	2,835	-13.9%	
Total	\$ 15,697	\$ 16,632	\$ 128	\$ 145	\$ 15,825	\$ 16,777	-5.7%	

In addition to the general obligation bonded debt and premium, the City's long-term liabilities also include compensated absences (vacation accruals) and net pension liabilities. Additional information on the City's long-term debt can be found in **Note 9 (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 2018 assessed valuation of the City of Spokane Valley for the levy year of 2019, for purposes of determining the legal debt margin is 9,351,389 thousand. Remaining debt capacities for the City under general voted and non-voted purposes (2.5%) is limited to: \$689,639 thousand.

The City of Spokane Valley maintains an Aa2 rating from Moody's for its non-voted general obligation debt. Additional information regarding debt limitations and capacities can be found in **Note 9 (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 2019-2020 fiscal year budgets.

As we all know, we present our annual financial reports this year in unprecedented times. The data presented in our financials is largely based on realities prior to the COVID-19 pandemic first found in March of 2020. As we march through the next few years our market and economy likely will return to normal, perhaps not to the place prior to COVID-19 but it will recover.

The outlook for the City of Spokane Valley economy was projected based on statistics generated in Spokane County. There is estimated to be over 4,906 businesses located in Spokane Valley with estimated taxable retail sales of \$2.8 billion for 2019. The City of Spokane Valley received \$27,411 thousand, an increase of \$1,609 thousand from the prior year, in general sales tax dollars for 2019. The City will see the effect of COVID-19 reflected in future tax collections, and sales tax revenues are expected to decrease significantly in the first half of 2019.

Overall, Spokane County gained about 5,000 jobs in 2019. The current year's increase in jobs left the county with an estimated average of 255,600 jobs for the year, which has surpassed the peak year of 2010 with 221,200 jobs. This builds on the 5,000 positions from 2018 and brings the County's area wide unemployment rate to 5.4%. Spokane County's fastest growing non-farm employment sector is construction, followed closely by production. These sectors are predicted to grow the most through 2021. Population growth has been steady within the City of Spokane Valley, increasing to 96,720 and growing 7.76% since 2010.

The total number of single family residential building permits in the Spokane County area-wide region (including the City of Spokane and the City of Spokane Valley) increased to 1,373 in 2019, from 1,346 issued in 2018. Additionally, total 2019 nonresidential building permits issued by the City of Spokane Valley were 392 compared to 475 in 2018.

The Real Estate market continues its upswing from the most recent low of 2011. Spokane County home sales have increased to 7,922. With an average selling price of \$283,600, single family home sale prices are at the highest over the past 16 years with 2008 being the previous high at \$206,303. For The median price of a home in the Spokane metropolitan area was approximately \$275,900 in 2019, which is lower than the U.S. median price of \$333,500.

The City of Spokane Valley's assessed value increased 8% to \$9.35 billion in 2019. The City's property tax levy rate for 2019 was near \$1.3027 per thousand of assessed value.

The City of Spokane Valley contracts with Spokane County and several public service districts for many city services including street maintenance, public safety, library, and fire protection. This allows the City to hold the number of full-time equivalent employees to 93.75. Employee salaries and related benefits are the leading cost for much of the city's operations. In a 2015 study, a comparison of 31 cities with a populations of 100,000 or less was conducted within the State of Washington and the City of Spokane Valley had the fewest number of employees based on Washington cities with a population greater than 50,000 and over.

No significant general fund tax increases were implemented in 2019. The telephone utility tax of 6% continues to be collected during 2019 in the City's Street Fund.

During the fiscal year of 2019, unassigned fund balance in the general fund was \$43,045 thousand. As noted in the City of Spokane Valley's 2020 budget document, the total recurring 2020 general fund expenditure budget is \$43,222 thousand as compared to \$41,961 thousand in 2019. This means that the general fund recurring expenditure budget only increased by 3.0% as compared to 2019. The 2020 budget presumes service levels that are consistent with those provided in 2019 with neither significant enhancements nor reductions in any area of operations. However, the 2020 budget was adopted prior to COVID-19, and it is still unknown what reductions in revenues will be from the pandemic and related economic policies. It is anticipated that revenues will be significantly lower than the 2020 budgeted amounts and expenditures may have to be adjusted downward as a result.

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
Comprehensive Annual Financial Report - Fiscal Year 2019

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City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Basic Financial Statements



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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City of Spokane Valley, Washington
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental		Business-type
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 74,186,713	\$ 4,629,427	\$ 78,816,140
Taxes receivable	6,289,631	31,028	6,320,659
Taxes delinquent-receivable	85,217	13,075	98,292
Accounts receivable, (net)	1,603,173	-	1,603,173
Interest receivable	91,673	5,527	97,200
Grants receivable	1,886,848	40,562	1,927,410
Prepays	135,815	19,845	155,660
Capital Assets:			
Land	10,529,858	6,023	10,535,881
Depreciable assets, (net)	114,401,897	6,944,589	121,346,486
Construction in progress	5,039,365	249,776	5,289,141
Total Assets	<u>\$ 214,250,190</u>	<u>\$ 11,939,852</u>	<u>\$ 226,190,042</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plans contributions	<u>848,397</u>	<u>34,451</u>	<u>882,848</u>
LIABILITIES			
Accounts payable	\$ 2,760,822	\$ 123,717	\$ 2,884,539
Interest payable	35,558	-	35,558
Deposits and other payables	1,232,550	87,370	1,319,920
Other accrued liabilities	665,637	28,927	694,564
Unearned revenues	-	36,437	36,437
Long-term liabilities:			
Due within one year	671,896	906	672,802
Due in more than one year	12,676,533	35,333	12,711,866
Net pension liabilities	<u>2,348,649</u>	<u>92,086</u>	<u>2,440,735</u>
Total Liabilities	<u>20,391,645</u>	<u>404,776</u>	<u>20,796,421</u>
DEFERRED INFLOWS OF RESOURCES			
Change in proportionate share of Pension Plans	<u>1,750,966</u>	<u>70,066</u>	<u>1,821,032</u>
NET POSITION			
Net Investment in capital assets	117,239,484	7,200,388	124,439,872
Restricted for:			
Capital projects, REET, roads & streets, solid waste	10,991,517	-	10,991,517
Parks & recreation programs	83,201	-	83,201
Hotel/motel tourism facilities	2,690,945	-	2,690,945
Hotel/motel tourism promotion	518,240	-	518,240
Comcast PEG, communications	128,255	-	128,255
Trails & paths	14,115	-	14,115
HRA AWC	47,283	769	48,052
Unrestricted	<u>61,242,936</u>	<u>4,298,304</u>	<u>65,541,240</u>
Total Net Position:	<u>192,955,976</u>	<u>11,499,461</u>	<u>204,455,437</u>

City of Spokane Valley, Washington
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	
			Grants & Contributions	Grants & Contributions				
Primary government:								
Governmental activities:								
General government	\$ 5,568,448	\$ 1,587,919	\$ 511,648	\$ -	\$ (3,468,881)	\$ -	\$ (3,468,881)	
Public safety	25,180,103	1,551,819	25,300	-	(23,602,984)	-	(23,602,984)	
Utilities and physical environment	1,872,548	1,765,925	-	404,722	298,099	-	298,099	
Transportation	13,257,110	416,922	10,944	7,955,052	(4,874,192)	-	(4,874,192)	
Economic environment	1,166,853	-	-	-	(1,166,853)	-	(1,166,853)	
Community development	2,808,769	3,174,532	-	-	365,763	-	365,763	
Culture and recreation	4,223,399	721,120	9,555	539,320	(2,953,404)	-	(2,953,404)	
Interest on long-term debt	540,983	-	-	-	(540,983)	-	(540,983)	
Total governmental activities	54,618,213	9,218,237	557,447	8,899,094	(35,943,435)	-	(35,943,435)	
Business-type activities:								
Aquifer protection area	211,276	-	469,429	101,715	-	359,868	359,868	
Stormwater management	1,912,847	1,936,362	50,185	8,561	-	82,261	82,261	
Total business-type activities	2,124,123	1,936,362	519,614	110,276	-	442,129	442,129	
Total primary government	\$ 56,742,336	\$ 11,154,599	\$ 1,077,061	\$ 9,009,370	(35,943,435)	442,129	(35,501,306)	
General revenues:								
Taxes:								
Property taxes				12,106,721	-	12,106,721		
Sales and use taxes				27,411,325	-	27,411,325		
Excise taxes				7,074,672	-	7,074,672		
Other taxes				3,189,278	-	3,189,278		
Interest and investment earnings				1,490,399	85,971	1,576,370		
Total general revenues				51,272,395	85,971	51,358,366		
Change in net position					15,328,960	528,100	15,857,060	
Net position--beginning of year					177,627,016	10,971,361	188,598,377	
Net position--ending					\$ 192,955,976	\$ 11,499,461	\$ 204,455,437	

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Balance Sheet

Governmental Funds

December 31, 2019

	General Fund	Street Fund	Street Capital Projects Fund	Parks Capital Projects Fund
Assets				
Cash and cash equivalents	\$ 39,960,223	\$ 746,426	\$ 2,027,748	\$ 796,553
Taxes receivable	5,492,013	433,345	-	-
Accounts receivable, (net)	732,639	110,267	553,659	-
Interest receivable	49,771	225	-	-
Due from other funds	2,350,000	-	-	-
Grants receivable	-	-	189,819	506,748
Prepays	134,063	1,484	-	-
Total Assets	\$ 48,718,709	\$ 1,291,747	\$ 2,771,226	\$ 1,303,301
Liabilities				
Liabilities:				
Accounts payable	\$ 1,027,921	\$ 375,514	\$ 99,438	\$ 1,008,063
Accrued wages and benefits payable	548,183	77,938	22,755	3,302
Due to other funds	-	-	2,350,000	-
Deposits and other payables	974,543	-	-	-
Retainage payable	40,736	129,986	18,011	52,925
Unearned revenues	2,900,108	152,044	213,620	160,384
Total Liabilities	5,491,491	735,482	2,703,824	1,224,674
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ 134,063	\$ 1,484	\$ -	\$ -
Restricted for:				
Comcast PEG contributions	-	-	-	-
Health Reimbursement Account	43,817	3,466	-	-
Parks & recreation programs	4,574	-	-	78,627
Railroad grade separation projects	-	-	-	-
Windstorm recovery 2015	-	-	-	-
Hotel/motel tourism facilities	-	-	-	-
Hotel/motel tourism promotion	-	-	-	-
Motor vehicle fuel tax roads & streets	-	551,315	-	-
New City Hall Bldg - 2016	-	-	-	-
Street Capital Construction	-	-	67,402	-
Street Capital Improvements P&M	-	-	-	-
Trails & paths	-	-	-	-
Capital projects REET 1&2 roads & streets	-	-	-	-
Committed to:				
Winter weather operations	-	-	-	-
Assigned to:				
Civic bldg capital replacement	-	-	-	-
Capital reserve improvements (city wide)	-	-	-	-
Street Capital Improvements P&M	-	-	-	-
Solid waste services	-	-	-	-
Unassigned	43,044,764	-	-	-
Total Fund Balances	43,227,218	556,265	67,402	78,627
Total Liabilities and Fund Balances	\$ 48,718,709	\$ 1,291,747	\$ 2,771,226	\$ 1,303,301

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Balance Sheet

Governmental Funds

December 31, 2019

	Pavement	Other		Total
	Preservation Fund	Capital Reserve Fund	Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,570,189	\$ 12,918,222	\$ 12,396,136	\$ 72,415,497
Taxes receivable	-	-	449,489	6,374,847
Accounts receivable, (net)	17,293	-	189,315	1,603,173
Interest receivable	612	18,594	20,277	89,479
Due from other funds	-	-	-	2,350,000
Grants receivable	980,461	-	209,820	1,886,848
Prepays	-	-	268	135,815
Total Assets	\$ 4,568,555	\$ 12,936,816	\$ 13,265,305	\$ 84,855,659
Liabilities				
Liabilities:				
Accounts payable	\$ 41,001	\$ -	\$ 207,608	\$ 2,759,545
Accrued wages and benefits payable	6,470	-	6,953	665,601
Due to other funds	-	-	-	2,350,000
Deposits and other payables	-	-	-	974,543
Retainage payable	16,349	-	-	258,007
Unearned revenues	79,534	-	80,984	3,586,674
Total Liabilities	143,354	-	295,545	10,594,370
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ -	\$ -	\$ 268	\$ 135,815
Restricted for:				
Comcast PEG contributions	-	-	128,255	128,255
Health Reimbursement Account	-	-	-	47,283
Parks & recreation programs	-	-	-	83,201
Railroad grade separation projects	-	-	1,008,638	1,008,638
Windstorm recovery 2015	-	-	-	-
Hotel/motel tourism facilities	-	-	2,690,945	2,690,945
Hotel/motel tourism promotion	-	-	518,240	518,240
Motor vehicle fuel tax roads & streets	-	-	-	551,315
New City Hall Bldg - 2016	-	-	-	-
Street Capital Construction	-	-	-	67,402
Street Capital Improvements P&M	2,174,098	-	-	2,174,098
Trails & paths	-	-	14,115	14,115
Capital projects REET 1&2 roads & streets	-	-	7,190,064	7,190,064
Committed to:				
Winter weather operations	-	-	23,336	23,336
Assigned to:				
Civic bldg capital replacement	-	-	855,985	855,985
Capital reserve improvements (city wide)	-	12,936,816	-	12,936,816
Street Capital Improvements P&M	2,251,103	-	-	2,251,103
Solid waste services	-	-	539,914	539,914
Unassigned	-	-	-	43,044,764
Total Fund Balances	4,425,201	\$ 12,936,816	\$ 12,969,760	\$ 74,261,289
Total Liabilities and Fund Balances	\$ 4,568,555	\$ 12,936,816	\$ 13,265,305	\$ 84,855,659

City of Spokane Valley, Washington
Reconciliation of the Balance sheet of Governmental Funds
To the Statement of Net Position
December 31, 2019

Total governmental fund balances: 74,261,289

*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.

129,971,120

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	2,565,623
Motor fuel taxes	152,686
Hotel/Motel taxes	<u>58,890</u>
Total	2,777,199

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

Property taxes	223,548
Intergovernmental	474,991
Charges for services	<u>110,936</u>
Total	809,475

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.

1,772,097

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	(11,715,000)
Interest payable	(35,558)
Net pension liabilities	(2,348,649)
Deferred inflows of resources	(1,750,966)
Deferred outflows of resources	848,397
Premium on bond issuance	(1,016,636)
Compensated Absences	<u>(616,793)</u>
Total	<u>(16,635,205)</u>

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

192,955,976

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Street Fund	Street Capital Projects Fund	Parks Capital Projects Fund
Revenues				
Taxes	\$ 39,989,389	\$ 1,563,981	\$ -	\$ -
Licenses and permits	4,362,736	-	-	-
Intergovernmental	2,229,172	2,151,401	2,474,447	1,114,049
Charges for services	710,507	84,704	308,885	-
Fines and forfeitures	503,770	-	-	-
Investment interest	916,684	4,022	586	83
Miscellaneous	618,691	23,333	228,953	-
Total Revenues	49,330,949	3,827,441	3,012,871	1,114,132
Expenditures				
Current:				
General government	5,190,429	-	-	-
Public safety	25,061,614	-	-	-
Utilities and physical environment	-	-	820,752	-
Transportation	1,072,201	5,440,357	347,028	-
Economic environment	942,138	-	-	-
Community development	2,808,769	-	-	-
Culture and recreation	2,908,989	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	600	-	-	-
Capital Outlay:				
Capital expenditures	443,398	143,335	3,504,911	754,331
Construction in progress	-	-	663,759	1,917,436
Total Expenditures	38,428,138	5,583,692	5,336,450	2,671,767
Excess of Revenues Over (Under) Expenditures	10,902,811	(1,756,251)	(2,323,579)	(1,557,635)
Other Financing Sources (Uses)				
Transfers In	70,422	1,527,544	2,323,940	1,596,968
Transfers (out)	(10,363,819)	-	-	-
Proceeds on Sale of Land	-	-	-	-
Total Other Financing Sources (Uses)	(10,293,397)	1,527,544	2,323,940	1,596,968
Net Change in Fund Balances (deficit)	609,414	(228,707)	361	39,333
Fund Balances Beginning of Year	42,617,804	784,972	67,041	39,294
Fund Balances End of Year	\$ 43,227,218	\$ 556,265	\$ 67,402	\$ 78,627

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Pavement Preservation Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ 4,588,823	\$ 46,142,193
Licenses and permits	-	-	79,498	4,442,234
Intergovernmental	3,665,905	-	1,898,427	13,533,401
Charges for services	-	-	1,765,928	2,870,024
Fines and forfeitures	-	-	-	503,770
Investment interest	49,593	225,908	264,684	1,461,560
Miscellaneous	-	-	-	870,977
Total Revenues	3,715,498	225,908	8,597,360	69,824,159
Expenditures				
Current:				
General government	-	-	38,170	5,228,599
Public safety	-	-	-	25,061,614
Utilities and physical environment	-	-	33,407	854,159
Transportation	1,289,699	-	-	8,149,285
Economic environment	-	-	207,000	1,149,138
Community development	-	-	-	2,808,769
Culture and recreation	-	-	-	2,908,989
Debt Service:				
Principal retirement	-	-	555,000	555,000
Interest	-	-	443,350	443,950
Capital Outlay:				
Capital expenditures	6,579,095	311,080	546,005	12,282,155
Construction in progress	107,746	-	1,050,028	3,738,969
Total Expenditures	7,976,540	311,080	2,872,960	63,180,627
Excess of Revenues Over (Under) Expenditures	(4,261,042)	(85,172)	5,724,400	6,643,532
Other Financing Sources (Uses)				
Transfers In	4,048,928	7,216,341	1,066,118	17,850,261
Transfers (out)	-	(3,169,273)	(4,743,769)	(18,276,861)
Proceeds on Sale of Land	-	-	-	-
Total Other Financing Sources (Uses)	4,048,928	4,047,068	(3,677,651)	(426,600)
Net Change in Fund Balances (deficit)	(212,114)	3,961,896	2,046,749	6,216,932
Fund Balances Beginning of Year	4,637,315	8,974,920	10,923,011	68,044,357
Fund Balances End of Year	\$ 4,425,201	\$ 12,936,816	\$ 12,969,760	\$ 74,261,289

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

City of Spokane Valley, Washington

*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, 2019*

Net change in fund balances - total governmental funds: 6,216,932

***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	(8,076,995)
Capital outlay	16,021,124
	7,944,129

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	28,733
Property taxes	(58,404)
Excise taxes	514
Other taxes	7,365
Miscellaneous	5,696
Capital-operating grants and contributions	(31,658)
	(47,754)

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:

555,000

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	(53,492)
Pension expense (GASB 68 adjustments)	593,830
Amortization expense on LTGO Bonds	(61,475)
Interest expense accrual	(35,558)
	443,305

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:

217,348

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

15,328,960

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statement of Net Position - Proprietary Funds

December 31, 2019

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds		
Assets					
Current Assets:					
Cash and cash equivalents	\$ 2,529,061	\$ 2,100,366	\$ 4,629,427	\$ 1,771,216	
Taxes delinquent-receivable	44,103	-	44,103	-	
Accounts receivable, (net)	-	-	-	-	
Interest receivable	3,186	2,341	5,527	2,194	
Grants receivable	4,194	36,368	40,562	-	
Prepays	19,845	-	19,845	-	
Total Current Assets	2,600,389	2,139,075	4,739,464	1,773,410	
Capital Assets:					
Land	223	5,800	6,023	-	
Buildings & structures	382,881	-	382,881	-	
Machinery and equipment	219,613	-	219,613	547,212	
Infrastructure	4,899,093	4,218,556	9,117,649	-	
Construction in progress	24,939	224,837	249,776	-	
Less accumulated depreciation	(1,840,994)	(934,560)	(2,775,554)	(191,555)	
Total capital assets	3,685,755	3,514,633	7,200,388	355,657	
(net of accumulated depreciation)					
Total Assets	\$ 6,286,144	\$ 5,653,708	\$ 11,939,852	\$ 2,129,067	
Deferred Outflows of Resources					
Deferred amounts related to pensions	34,451	-	34,451	-	
Total Deferred Outflows of Resources	\$ 34,451	\$ -	\$ 34,451	\$ -	
Liabilities					
Current Liabilities:					
Accounts payable	\$ 103,024	\$ 20,693	\$ 123,717	\$ 1,277	
Accrued payroll and benefits payable	28,845	82	28,927	36	
Deposits and other payables	32,100	-	32,100	-	
Retainage payables	55,270	-	55,270	-	
Unearned revenue	36,437	-	36,437	-	
Total Current Liabilities	255,676	20,775	276,451	1,313	
Long-term Liabilities:					
Compensated absences	36,239	-	36,239	-	
Net pension plan liabilities	92,086	-	92,086	-	
Total Long-term Liabilities	128,325	-	128,325	-	
Total Liabilities	384,001	20,775	404,776	1,313	
Deferred Inflows of Resources					
Deferred amounts related to pensions	70,066	-	70,066	-	
Total Deferred Inflows of Resources	70,066	-	70,066	-	
Net Position					
Investments in capital assets	3,685,755	3,514,633	7,200,388	355,657	
Restricted	769	-	769	-	
Unrestricted	2,180,004	2,118,300	4,298,304	1,772,097	
Total Net Position	\$ 5,866,528	\$ 5,632,933	\$ 11,499,461	\$ 2,127,754	

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities Enterprise Funds			Governmental Activities
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	Internal Service Funds
Operating Revenues				
Charges for services	\$ 1,936,362	\$ -	\$ 1,936,362	\$ 141,929
Intergovernmental revenues	50,185	469,429	519,614	-
Total Operating Revenues	1,986,547	469,429	2,455,976	141,929
Operating Expenses				
Personal services	419,740	-	419,740	31,105
Professional services	179,578	-	179,578	348,793
Materials and supplies	16,956	-	16,956	122
Other services and expenses	1,039,327	-	1,039,327	-
Depreciation and amortization	257,246	211,276	468,522	47,155
Total Operating Expenses	1,912,847	211,276	2,124,123	427,175
Operating Income (loss)	73,700	258,153	331,853	(285,246)
Non-Operating Revenues (Expenses)				
Intergovernmental revenues	8,561	101,715	110,276	-
Interest and investment income	48,642	37,329	85,971	28,839
Total Non-Operating Revenues (Expenses)	57,203	139,044	196,247	28,839
Income (loss) before Capital Contributions and Transfers	130,903	397,197	528,100	(256,407)
Transfers				
Transfers in	-	-	-	426,600
Transfers (out)	-	-	-	-
Change in Net Position	130,903	397,197	528,100	170,193
Net Position-Beginning of Year, January 1	5,735,625	5,235,736	10,971,361	1,957,561
Net Position-End of Year, December 31	\$ 5,866,528	\$ 5,632,933	\$ 11,499,461	\$ 2,127,754

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities Enterprise Funds			Governmental Activities
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 1,942,646	\$ (13,631)	\$ 1,929,015	\$ -
Cash paid to employees	(425,538)	34	(425,504)	(31,094)
Cash payments to suppliers for goods and services	(1,216,902)	(29,615)	(1,246,517)	(697)
Other cash receipts	40,743	469,429	510,172	-
Receipts from interfund activity	-	-	-	141,929
Other cash payments	(49,232)	(2,717)	(51,949)	-
<i>Net cash (used for) provided by operating activities</i>	291,717	423,500	715,217	110,138
Cash Flows from Noncapital Financing Activities				
Operating subsidies & transfers in (out) other funds	-	-	-	341,600
<i>Net cash (used for) noncapital financing activities</i>	-	-	-	341,600
Cash Flows from Capital and Related Financing Activities				
Capital grants	68,517	101,715	170,232	-
Acquisition, construction & (transfers) of capital assets	(423,585)	(330,179)	(753,764)	-
<i>Net cash provided by (used for) capital and related financing activities</i>	(355,068)	(228,464)	(583,532)	-
Cash Flows from Investing Activities				
Interest received	49,888	38,233	88,121	29,346
<i>Net cash provided by investing activities</i>	49,888	38,233	88,121	29,346
Net increase (decrease) in Cash and Cash Equivalents	(13,463)	233,269	219,806	481,084
Cash and Cash Equivalents - January 1, 2019	2,542,524	1,867,097	4,409,621	1,290,132
<i>Cash and Cash Equivalents - December 31, 2019</i>	\$ 2,529,061	\$ 2,100,366	\$ 4,629,427	\$ 1,771,216
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (loss)	\$ 73,700	\$ 258,153	\$ 331,853	\$ (285,246)
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>				
Depreciation	257,246	211,276	468,522	47,155
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>				
(Increase) Decrease: Customer receivables (net)	6,284	(13,631)	(7,347)	-
(Increase) Decrease: Operating grants receivables	-	-	-	-
(Increase) Decrease: Prepaid expenses	(29)	-	(29)	349,527
(Increase) Decrease: Deferred outflows related to pensions	(9,442)	-	(9,442)	-
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>				
Increase (Decrease): Accounts payable to suppliers	18,960	(29,615)	(10,655)	(1,309)
Increase (Decrease): Payroll and benefits payable	(11,328)	34	(11,294)	11
Increase (Decrease): Other accounts payables	-	-	-	-
Increase (Decrease): Deferred Inflows	(49,203)	(2,717)	(51,920)	-
Increase (Decrease): Compensated absences	5,529	-	5,529	-
Total adjustments	218,017	165,347	383,364	395,384
Net Cash Provided by (Used for) by Operating Activities	\$ 291,717	\$ 423,500	\$ 715,217	\$ 110,138

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Notes to the Financial Statements



City of Spokane Valley, Washington
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2019

NOTES TO THE FINANCIAL STATEMENTS

<u>Contents</u>	<u>Page</u>
Note 1: Summary of Significant Accounting policies.....	37
Note 2: Reconciliation of Government-Wide and Fund Financial Statements.....	44
Note 3: Deposits and Investments.....	47
Note 4: Property Taxes.....	48
Note 5: Capital Assets and Depreciation.....	49
Note 6: Pension Plans.....	53
Note 7: Risk Management.....	59
Note 8: Interfund Balances and Transfers.....	60
Note 9: Long-Term Obligations and Leases.....	62
Note 10: Contingencies and Litigation.....	65
Note 11: Receivable and Payable Balances.....	67
Note 12: Other Postemployment Benefits (OPEB).....	68
Note 13: Subsequent Events.....	70

City of Spokane Valley

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description of government-wide 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 non-fiduciary activities of the primary government. *Governmental-type activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges generated by external customers for support.

B. Reporting entity

The City of Spokane Valley, Washington (the City) was incorporated on March 31, 2003. The City operates under a Council – Manager Form of government. The City's major operations, as authorized under the laws of the State of Washington applicable to a non-charter city code, include planning and zoning, public safety, public works, and recreation and culture.

The accounting and reporting policies of the City relate to the accompanying financial statements of the City of Spokane Valley, Washington which have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governmental entities. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, the Financial Accounting Standards Board (FASB), when applicable, and the American Institute of Certified Public Accountants (AICPA) pronouncements that have been made applicable by GASB Statements or Interpretations. As required by GAAP the City's financial statements present the City of Spokane Valley – the primary government.

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

While separate government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) are presented to report the City's financial position and the results of operations, they are both interrelated. The governmental-type activities column incorporates data from the governmental funds and internal service funds, while business-type activities categorize data from the government's enterprise funds.

As a general 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. As discussed earlier, 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 created by those external customers.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, capital requirements, and particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Notes to Financial Statements

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

Separate fund financial statements are provided for governmental funds and proprietary funds. The City has no fiduciary funds. 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.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property 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 (*modified basis of accounting*).

The city reports the following *major governmental funds*:

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

The Street Fund: This Special revenue fund is responsible for the street operating and maintenance 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 2019 are the same or greater than provided for compared to 2018.

City of Spokane Valley

Notes to Financial Statements

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

Street Capital Projects Fund: accounts for the accumulation of resources used to finance the six-year transportation improvement plan. Revenues include transfers from the Capital and Special Capital Projects Fund, as well as Federal, State, and local grants.

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.

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.

Capital Reserve Fund: accounts for the accumulation of resources used to account for yet to be determined 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 fee. 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 government reports the following *non-major 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 revenues are from proceeds of general obligation bonds, grants from other agencies, and contributions from other funds.

Internal service funds: account for equipment replacement and risk management services provided to other departments on a cost reimbursement basis.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing 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 for enterprise funds and internal service funds 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.

Notes to Financial Statements

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

E. 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 2019 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 reaffirms 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 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.
- Before December 31st, the City Council, by a majority vote, adopts the budget by ordinance, establishing the budget appropriation 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 effect 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 three times during fiscal year 2019. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes. 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 States regulations.

City of Spokane Valley

Notes to Financial Statements

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

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

2. Investments

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

Investments for the City of Spokane Valley are reported at amortized cost at December 31, 2019. 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. Accrued interest receivable consists of amounts earned on investments, notes, 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. 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 the course of 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 8).

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 8).

City of Spokane Valley

Notes to Financial Statements

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

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, plant, 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 assets 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. Donated assets are recorded of 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 2019 that were included as part of the cost of capital assets under construction.

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

7. Deferred outflows/inflows of resources

The City of Spokane Valley currently has three sources that qualify for reporting as a deferred outflow/inflow of resources for fiscal year 2019 under this standard. These sources consist of traffic mitigation fees, Washington State Office of Public Defense grant funds received in advance, and proportionate share in net pension obligations as per GASB 68. At December 31, 2019, the City of Spokane Valley reported deferred outflows of \$882,848 for pension plans and deferred inflows of \$1,821,032 for the same plans for its proportionate share of the net pension liabilities.

8. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation. Vacation pay, which may be accumulated up to 360 hours, is payable upon resignation, retirement, or death. All vacation pay is accrued when incurred in the government-wide, proprietary and fund financial statements. An additional amount has been accrued for the city's share of Medicare taxes and the Social Security substitute plan related to vacation accruals. A liability for these amounts is reported in the government 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, 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

City of Spokane Valley

Notes to Financial Statements

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

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.

10. Other Accrued Liabilities

These accounts consist primarily of accrued wages and employee benefits and deposits payable (refer to note 11).

11. Long-Term Debt

Refer to note 9 – Long-Term Obligations and Leases.

12. Unearned Revenues

The unearned revenues account is used to offset receivables established in the governmental fund financial statement for certain revenues that are measurable but not considered available to finance payment of current obligations, and, therefore, are not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, this liability account is reduced and corresponding revenue is recorded. Unearned revenues represented in this manner on the accompanying financial statements are: uncollected property taxes levied, uncollected road taxes levied, sales and use taxes, motor fuel taxes, hotel/motel taxes, and reimbursement-type grants received outside the period of availability.

13. Net position flow assumption

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.

14. 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, before unrestricted fund balance can be used for the same purpose, 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.

15. Fund balance policies

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.

City of Spokane Valley

Notes to Financial Statements

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

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's highest level of decision-making authority.

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 authorize the Finance Director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. No formal or additional 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.

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.

Minimum Fund Balance — 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.

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. Differences that make reconciliations necessary include the two differing measurement focuses and basis of accounting, accrual and modified accrual between the statements.

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, 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 (\$16,635,205) 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	\$ (11,715,000)
Interest payable	(35,558)
Net pension liabilities	(2,348,649)
Deferred inflows of resources	(1,750,966)
Deferred outflows of resources	848,397
Premium on bond issuance	(1,016,636)
Compensated absences	<u>(616,793)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (16,635,205)</u>

Another element of that reconciliation explains the “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 \$1,772,097 difference are as follows:

Net position of the internal service fund	\$ 2,127,754
Less: Governmental type Internal Service Capital Assets	<u>(355,657)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 1,772,097</u>

Also, 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 \$129,971,120 difference are as follows:

Land	\$ 10,529,858
Construction in Progress	<u>5,039,365</u>
Total non-depreciable capital assets	<u>15,569,223</u>
Depreciable capital assets	\$ 389,445,019
Less: Accumulated depreciation-depreciable assets	<u>(275,043,122)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>114,401,897</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$129,971,120</u>

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 \$3,586,674 reconciled difference presented as follows:

City of Spokane Valley

Notes to Financial Statements

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

Unearned revenue-property tax	\$ 223,548
Unearned revenue-sales & use, motor fuel, and hotel/motel taxes	2,777,199
Unearned revenue-intergovernmental & charges for services	<u>585,927</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u>\$ 3,586,674</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 cost 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 \$7,944,129 difference are as follows:

Capital outlay	\$ 16,021,124
Depreciation expense	<u>(8,076,995)</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 7,944,129</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 (\$47,754) difference are as follows:

Unearned revenue-property taxes	\$ (58,404)
Unearned revenue-sales & use taxes	28,733
Unearned revenue-excise taxes	514
Unearned revenue-other taxes	7,365
Unearned revenue-charges for services	5,696
Unearned revenue-capital grants & contributions	<u>(31,658)</u>
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (47,754)</u>

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 \$443,305 difference are as follows:

City of Spokane Valley

Notes to Financial Statements

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

Compensated absences	\$ (53,492)
Pension expense (GASB 68)	593,830
Amortization expense on LTGO Bonds	(61,475)
Accrued interest on LTGO Bonds	<u>(35,558)</u>

Net adjustment to **increase** *net changes in fund balances - total*

governmental funds to arrive at *changes in net position of*

governmental activities

\$ 443,305

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 \$217,348 difference are as follows:

Revenues:

Interest and investment income & charges for services	\$ 170,768
Total Revenues	<u>170,768</u>

Expense and net transfer:

46,580

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

\$ 217,348

NOTE 3 – DEPOSITS AND INVESTMENTS:

As of December 31, 2019, the City of Spokane Valley had the following investments at amortized cost:

Investment Type <i>(amounts are in thousands)</i>	Maturities		
Certificated of deposit	0.74	\$	5,135
Local Government Investment Pool State of Washington	0.46		66,384
Total amortized cost of investments:			
Portfolio weighted average maturity	0.48	\$	71,519

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.

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 Washington State banks 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS *continued:*

The City of Spokane Valley's investment in the State Treasurer's investment pool was rated Aaa by Moody's. The City of Spokane Valley's investments in commercial paper was rated A1 by Standard & Poor's.

Concentration of credit risk: The City of Spokane Valley's investment policy does not allow for an investment in any one issuer that is in excess of the Federal Depository Insurance (FDIC) coverage and the Washington Public Deposit Protection Commission (PDPC) of the City's total investments.

Custodial credit risk-deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned or recovered. 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) or through collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington and provides an additional level of security for The City of Spokane Valley's deposits. As of December 31, 2019, the City of Spokane Valley's total bank balance of \$8,504,669 was insured and covered by the FDIC and the Washington State PDPC, pool and therefore was not exposed to any custodial credit risk-deposits. These banks 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.

Custodial credit risk-investments: Investments in the State's LGIP are shown on the entity-wide Statement of Net Position at amortized cost and comparable to a Rule 2a-7 money market fund regulated by The Securities and Exchange Commission (SEC, 17CFR.270.2a-7). The City's investments can be categorized to give an indication of risk assumed at year-end. Category 1 includes investments that are insured, registered, or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the City's name. The City had no Category 1, 2, or 3 type investments in their investment portfolio as of December 31, 2019.

The LGIP has an operations 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 principal.

NOTE 4 – PROPERTY TAXES:

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

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

Property taxes levied for the current year are recorded as a 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

City of Spokane Valley

Notes to Financial Statements

NOTE 4 – PROPERTY TAXES continued:

revenue in the applicable period. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer in January. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually. For 2019, the City's regular levy was \$12,182,436 based on the 2019 assessed value of \$9,351,389,045.

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 \$1.87 by the Spokane County Fire Districts #1 and #8, and \$.43 for Library Districts, which leaves the City with the authority to levy \$1.30 for its own purposes. This amount may be reduced for any of the following reasons:

- (1) The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.
- (2) Initiative 747 passed by the voters in November of 2001 limits the amount by which a taxing jurisdiction can increase the amount of its regular property tax levy to the lesser of the Implicit Price Deflator (IPD) or one percent, plus adjustments for new construction and annexations. Tax increases higher than one percent must be approved by the voters at an election held according to (RCW 84.55.050.) A simple majority vote is required.
- (3) The City may voluntarily levy taxes below the legal limit.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION:

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

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

City of Spokane Valley

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION *continued:*

Governmental-type Capital asset activity for the year ended December 31, 2019, is summarized as follows:

Governmental-type activities	Beginning			Ending Balance	
	Balance 1/1/2019	Additions	Reductions	Dec. 31, 2019	
Land (non-depreciable)	\$ 9,607,027	\$ 922,831	\$ -	\$ 10,529,858	
Construction in progress (CIP)	3,783,388	3,738,969	(2,482,992)	5,039,365	
Total non-depreciable assets	13,390,415	4,661,800	(2,482,992)	15,569,223	
Buildings	25,397,465	-	-	25,397,465	
Leasehold improvements	755,113	-	-	755,113	
Improvements other than buildings	13,181,161	808,452	-	13,989,613	
Infrastructure	331,066,106	12,484,312	-	343,550,418	
Machinery and equipment	5,219,744	549,553	(16,887)	5,752,410	
Total depreciable assets	375,619,589	13,842,317	(16,887)	389,445,019	
Total capital assets	\$ 389,010,004	\$ 18,504,117	\$ (2,499,879)	\$ 405,014,242	

<i>Less accumulated depreciation for:</i>	Beginning			Ending	
	Balance	1/1/2019	Additions	Reductions	12/31/2019
Buildings	\$ 5,021,474	\$ 571,302	\$ -	\$ 5,592,776	
Leasehold improvements	224,671	44,826	-	269,497	
Improvements other than buildings	7,471,569	740,242	-	8,211,811	
Infrastructure	251,131,786	6,369,799	-	257,501,585	
Machinery and equipment	3,133,514	350,826	(16,887)	3,467,453	
Total accumulated depreciation	\$ 266,983,014	\$ 8,076,995	\$ (16,887)	\$ 275,043,122	
Capital assets, net of accumulated depreciation	\$ 122,026,990	\$ 10,427,122	\$ (2,482,992)	\$ 129,971,120	

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, 2019, is summarized as follows:

Business-type activities:	Balance			Balance 12/31/2019
	1/1/2019	Additions	Reductions	
Land	\$ 5,800	\$ 223	\$ -	\$ 6,023
Construction in progress	236,306	230,383	(216,913)	249,776
Total non-depreciable	242,106	230,606	(216,913)	255,799
Buildings and structures	382,881	-	-	382,881
Infrastructure	8,377,578	740,071	-	9,117,649
Machinery and equipment	219,613	-	-	219,613
Total depreciable	8,980,072	740,071	-	9,720,143
Total capital assets	\$ 9,222,178	\$ 970,677	\$ (216,913)	\$ 9,975,942
(Less) accumulated depreciation for:				
Buildings and structures	\$ 98,380	\$ 12,787	\$ -	\$ 111,167
Infrastructure	2,005,712	450,481	-	2,456,193
Machinery and equipment	202,940	5,254	-	208,194
Total accumulated depreciation	2,307,032	468,522	-	2,775,554
Capital assets, net of accumulated depreciation	\$ 6,915,146	\$ 502,155	\$ (216,913)	\$ 7,200,388

Depreciation expense was charged to current functions of the primary government for 2019 as follows (includes Internal Service Funds Governmental type):

Govermental Activities:

General Government	\$ 532,751
Public Safety	112,889
Physical Utilities & Environmnt	1,011,015
Transportation	5,110,686
Economic Environment	2,598
Culture & Recreation	1,307,056
Total governmental activities current year depreciation expense	\$ 8,076,995

Business-type activity:

StormWater	\$ 257,246
Aquifer Protection Area	211,276
Total business-type activities current year depreciation expense	\$ 468,522

City of Spokane Valley

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION continued:

Construction commitments

The City of Spokane Valley was involved in many construction projects as of December 31, 2019. The projects include various street and park construction projects with a total of \$21,029,519 of contracts in place. At year end the City's commitments with contractors are as follows:

Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/19
Barker Rd/BNSF Grade Separation	2,496,891	1,705,532	791,359
Pines Rd Underpass @ BNSF & Trent	217,458	134,018	83,440
Sprague Street Pres - Sullivan to Corbin	1,458,803	1,415,231	43,572
Sullivan & Wellesley Intersection Improv	195,348	153,560	41,788
Mission - McDonald to Evergreen	713,925	687,370	26,555
North Sullivan ITS Project	25,489	13,597	11,892
Wellesley Sidewalk Project	726,849	666,457	60,392
Mission SW - Bowdish to Union	1,231,057	1,153,814	77,243
Appleway Trail-Evergreen to Sullivan	1,993,449	647,439	1,346,010
Evergreen - Mission Connector to Indiana	768,388	754,138	14,250
Euclid Avenue Preservation Project	1,120,125	1,097,241	22,884
Barker/I-90 Interchange	373,012	301,991	71,021
Barker Rd Widening - River to Euclid	73,002	22,159	50,843
Barker Rd Widening - Euclid to Trent	2,095,304	2,003,458	91,846
Indiana Ave Pres - Evergreen to Sullivan	31,344	24,531	6,812
Broadway Preservation: Havana to Fancher	12,207	10,296	1,911
University Pres-Dishman-Mica to 16th	3,383,642	3,332,415	51,227
2019 Local Access Streets (Midilome)	1,388,465	1,173,435	215,031
Adams Sidewalk Infill Project	9,700	7,801	1,899
Mullan Preservation: Broadway-Mission	12,295	7,420	4,876
Garland Avenue Extension	1,435,701	393,125	1,042,576
Browns Park 2019 Construction Imp.	1,052,874	502,624	550,250
Argonne Rd Concrete Pvmt Indiana to Mont	14,500	12,738	1,763
CenterPlace West Lawn Phase 2	132,625	86,007	46,618
CenterPlace Roof Repair	21,000	8,400	12,600
19-092 City Hall Generator Install	46,066	39,260	6,806
Total Construction Commitments	21,029,519	16,354,057	4,675,464

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.

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – PENSION PLANS:

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (2,440,735)
Pension assets	\$ -
Deferred outflows of resources	\$ 882,848
Deferred inflows of resources	\$ (1,821,032)
Pension expense/expenditures	\$ 420,433

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1

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

Notes to Financial Statements

NOTE 6 – PENSION PLANS *continued:*

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July - December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

PERS Plan 2/3

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

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

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

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – PENSION PLANS *continued:*

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.83%	7.41%
July - December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%

The City of Spokane Valley actual PERS plan contributions were \$347,991 to PERS Plan 1 and \$543,611 to PERS Plan 2/3 for the year ended December 31, 2019. The City did not have any current employees participating in PERS Plan 1 during 2019. 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 DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Notes to Financial Statements

NOTE 6 – PENSION PLANS *continued:*

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

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

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

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – PENSION PLANS *continued:*

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability

The table below presents the City of Spokane Valley proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City of Spokane Valley proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,304,558	\$ 1,840,233	\$ 1,437,370
PERS 2/3	\$ 4,605,610	\$ 600,502	\$ (2,685,954)

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, 2019, the City of Spokane Valley reported a total pension liability of \$2,440,735 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,840,233
PERS 2/3	\$ 600,502

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

	Proportionate Share 6/30/2018	Proportionate Share 6/30/2019	Change in Proportion
PERS 1	0.042511%	0.047856%	0.005345%
PERS 2/3	0.054837%	0.061822%	0.006985%

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – PENSION PLANS *continued:*

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

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City of Spokane Valley recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 335,127
PERS 2/3	\$ 85,306

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, 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	\$ -	\$ (122,943)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 169,524	\$ -
Total	\$ 169,524	\$ (122,943)

City of Spokane Valley

Notes to Financial Statements

NOTE 6 – PENSION PLANS continued:

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 172,045	\$ (129,105)
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (874,086)
Changes of assumptions	\$ 15,377	\$ (251,951)
Changes in proportion and differences between contributions & proportionate share of contributions	\$ 243,904	\$ (442,947)
Contributions subsequent to the measurement date	\$ 281,998	\$ -
Total	\$ 713,324	\$ (1,698,089)

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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	Year ended December 31	PERS 2/3
2020	(27,140)	2020	(311,171)
2021	(64,288)	2021	(490,526)
2022	(22,942)	2022	(240,868)
2023	(8,573)	2023	(148,393)
2024	-	2024	(98,690)
Thereafter	-	Thereafter	22,886
TOTAL	(122,943)	TOTAL	(1,266,762)

NOTE 7 – 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 163 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.

City of Spokane Valley

Notes to Financial Statements

NOTE 7 – RISK MANAGEMENT *continued:*

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

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

NOTE 8 – 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, 2019, were:

City of Spokane Valley

Notes to Financial Statements

NOTE 8 – INTERFUND BALANCES AND TRANSFERS continued:

	Due from other funds	Due to other funds
General fund	\$ 2,350,000	\$ -
Street fund	-	-
Street capital projects fund	-	2,350,000
Parks capital projects fund	-	-
Pavement preservation fund	-	-
Capital reserve fund	-	-
Nonmajor governmental funds	-	-
Total governmental funds	<u>\$ 2,350,000</u>	<u>\$ 2,350,000</u>
Stormwater management fund	\$ -	\$ -
Aquifer protection area fund	-	-
Internal service funds	-	-
Total business type & internal service	<u>\$ -</u>	<u>\$ -</u>
Total government - wide	<u><u>\$ 2,350,000</u></u>	<u><u>\$ 2,350,000</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 statutes or budget requires to collect them to the fund that the statute or budget requires to expend them from, (2) *transfers* restricted resources for the purpose of debt service from the funds collecting the receipts to the debt service fund for debt service payments, and (3) *transfers* unrestricted revenues collected in the general and street funds to finance various programs accounted for in other funds in accordance with budgetary authority.

City of Spokane Valley

Notes to Financial Statements

NOTE 8 – INTERFUND BALANCES AND TRANSFERS continued:

Interfund transfer activity for 2019 is as follows:

	Transfers-in	Transfers-out
General fund	\$ 70,422	\$ 10,363,819
Street fund	1,527,544	-
Street capital projects fund	2,323,940	-
Parks capital projects fund	1,596,968	-
Pavement preservation fund	4,048,928	-
Capital reserve fund	7,216,341	3,169,273
Nonmajor governmental funds	1,066,118	4,743,769
Total governmental funds	\$ 17,850,260	\$ 18,276,860
Stormwater management fund	\$ -	\$ -
Aquifer protection area fund	- -	-
Internal service funds	426,600	-
Total business type & internal service	\$ 426,600	\$ -
Total government - wide	\$ 18,276,860	\$ 18,276,860

The City made several one-time transfers during the year ending December 31, 2019. These one-time or infrequent transfers are included in the table above:

- Transfers of \$1,174,369 from the general fund to the parks capital projects fund for specific project related costs, including \$1,038,701 for improvements at Browns Park.
- Transfer of \$907,544 from the capital reserve fund to the street fund to cover the estimated deficit in recurring activity for 2019.

NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES:

Pension Obligations

The City's net pension liability for the year ended December 31, 2019, is \$2,440,735. Refer to note 6 for additional information and activity related to the City's pension plans.

General Obligation Bonds

The City of Spokane Valley issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. These General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5th majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (i.e., councilmanic bonds). In 2003, the City issued \$9,430,000 of councilmanic bonds to finance construction of the CenterPlace Community Center and for various street construction projects. The City expects to receive intergovernmental payments from the Spokane Public Facilities District pursuant to an inter-local agreement, dated July 2003, for \$7 million of the bonds.

City of Spokane Valley

Notes to Financial Statements

NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES continued:

In 2016 the City issued \$7,275,000 of general obligation bonds to partially finance the construction of a new City Hall building. As a result of favorable interest rate at the time of bond issuance, the bonds were issued at a premium of \$671,088.

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 removed subsequently 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 are currently outstanding as December 31, 2019, as follows:

Name of Issuance	Purpose	Interest Rate	Maturity	Debt Outstanding
LTGO'14 Refunding Bonds	Governmental Activities	2.00% - 4.00%	12/1/2033	\$4,980,000
LTGO'16 Bonds	Governmental Activities	2.00% - 4.00%	12/1/2045	\$6,735,000

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

Governmental - Type Activities			
	Principal	Interest	Total Requirements
2020	595,000	426,700	1,021,700
2021	635,000	408,850	1,043,850
2022	675,000	389,800	1,064,800
2023	725,000	364,550	1,089,550
2024	615,000	335,550	950,550
2025-2029	2,945,000	1,308,200	4,253,200
2030-2034	1,910,000	855,800	2,765,800
2035-2039	1,460,000	536,550	1,996,550
2040-2044	1,765,000	230,900	1,995,900
2045	390,000	11,700	401,700
Totals	\$11,715,000	\$ 4,868,600	\$ 16,583,600

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, 2019, is \$1,016,636.

City of Spokane Valley

Notes to Financial Statements

NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES continued:

Changes in Long-Term Liabilities

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

Governmental-Type Activities	Balance		Reductions	Balance		Amounts	
	1/1/2019	Additions		12/31/2019	Due within One Year		
Bonds and notes payable:							
GO refunding LTGO'14 bonds	\$ 5,375,000	\$ -	\$ (395,000)	\$ 4,980,000	\$ 430,000		
General obligation LTGO'16 bonds	6,895,000	-	(160,000)	6,735,000	165,000		
Premium on LTGO'14 refunding bonds	474,132	-	(39,106)	435,026	39,106		
Premium on LTGO'16 bonds	603,979	-	(22,369)	581,610	22,370		
Other liabilities:							
Net pension plan liabilities	2,721,230		(372,581)	2,348,649	-		
Compensated absences	563,301	53,492		616,793	15,420		
Governmental activities							
Long-term liabilities	\$16,632,642	\$ 53,492	\$ (989,056)	\$15,697,078	\$ 671,896		

Business-Type Activities	Balance		Reductions	Balance		Amounts	
	1/1/2019	Additions		12/31/2019	Due within One Year		
Net pension plan liabilities							
Net pension plan liabilities	113,619	-	(21,533)	92,086	-		
Compensated absences	30,710	5,529	-	36,239	906		
Business-type activities							
Long-term liabilities	\$ 144,329	\$ 5,529	\$ (21,533)	\$ 128,325	\$ 906		

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 2018 assessed valuation of the City for the Levy year of 2019, for purposes of determining the legal debt margin is \$9,351,389,045. 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 9 – LONG -TERM OBLIGATIONS AND LEASES continued:

The remaining voted and non-voted GO debt capacities for General purposes of the City at December 31, 2019, are as follows:

	Amount
General Purposes Voted and Non-voted Debt - 2.5%	\$ 222,069,726
Utility Voted Debt - 2.5%	233,784,726
Open Space and Park Facilities Voted Debt - 2.5%	233,784,726
Total Remaining Debt Capacity	<u>\$689,639,178</u>

Leases

The City of Spokane Valley leases buildings and other equipment under noncancelable operating lease agreements. Operating leases do not give rise to property rights or lease debt obligations, and therefore the results of these agreements are not reflected in the General Long-term Obligations of government activities. Total costs for such leases were \$71,447 for the fiscal year ending December 31, 2019. The future minimum lease payments for these leases are presented as follows:

Year Ending Dec. 31	Amount
2020	86,584
2021	86,584
2022	4,261
2023	4,261
2024	4,261
Total minimum future lease payments	<u>\$ 185,950</u>

NOTE 10 – 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.

In 2018, the City was named as a defendant in a lawsuit by the parents of one or more minor children relating to a motor vehicle accident on East Cataldo Avenue near the intersection of Barker Road and I-90. Plaintiffs allege errors to the road design and/or signage. One minor was seriously injured, although none of the injuries were life-threatening, and he appears to have recovered. The parties are currently in the discovery phase of the litigation process. The claimed damages are \$15 million. Trial is currently scheduled for May, 2021. The City has filed a motion for summary judgment, but has not been able to have it heard due to the effect of the pandemic on the court's schedule.

City of Spokane Valley

Notes to Financial Statements

NOTE 10 – CONTINGENCIES AND LITIGATION continued:

In September 2012, the City entered into an interlocal agreement with the Spokane County Library District (Library) for the purpose of acquiring an 8.4 acre parcel of land that would in the future be developed as a joint City park and library. In October 2012, the City then purchased the 8.4 acre parcel of land at a cost of approximately \$2.5 million and the Library gave the City \$744,047 for its proportional share of the 2.5 acres allocated to their estimated needs. At that time the City recorded the entire \$2.5 million purchase as land owned by the City and the \$744,047 received from the Library as deferred revenue with the understanding that when a joint site development plan was complete the City would recognize the \$744,047 received from the Library as revenue, transfer title for this land to the Library, and remove \$744,047 of land from its capital assets.

In January 2014, it was determined that the Library required an additional 0.32 acres of land, bringing their share of the original 8.4 acre purchase up to 2.82 acres. The Library paid the City an additional \$95,238 for the proportional share of the .32 acres relative to the purchase price of the entire 8.4 acre purchase. This brought the Library's share of the land purchase up to a total of 2.82 acres at a cost of \$839,285. At that point the City declared this 2.82 acres surplus to its needs, transferred title for this land to the Spokane County Library District, recognized \$839,285 as revenue and removed the land from capital assets. The interlocal agreement also provided that if the Library had not within five years following the acquisition of the land (in October 2017), secured voter approval of a construction bond for the library building and ancillary improvements, that the land would be re-conveyed back to the City at the same price paid by the Library (\$839,285). An amendment was made to the interlocal agreement in October 2017 which extended the agreement through October 2022 with the option to extend through October 2024. Through this amendment, the City also agreed to contribute \$1.3 million, of which the \$839,285 would be part, in frontage and/or joint site improvements on the Library site.

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 counsel, Shane McFetridge of Randall Danskin, who filed a claim on behalf of the City against the general contractor, Meridian Construction. Following discussions and additional analysis, the City filed suit against Meridian Construction, Architects West, Eight31 Consulting, and Allwest Testing relating to various construction defects. In addition, the City hired a contractor to install micropiles under that part of the foundation that was settling, which subsequent surveying has determined to have stopped the foundation from sinking further. The City is in the process of determining the cost for additional repairs to fix any damage caused by the settlement to the building. It is not clear at this point what those costs are, and the parties are actively working together to determine that.

City of Spokane Valley

Notes to Financial Statements

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES:

A) Receivables: Receivables at December 31, 2019, were as follows:

Governmental Type Activities	Accounts receivable (net)	Taxes receivable	Grants receivable	Due from other funds	Prepays & Other receivables	Deferred outflows	Total receivables
General fund	\$ 732,639	\$ 5,492,013	\$ -	\$ 2,350,000	\$ 183,834	\$ -	8,758,486
Street fund	110,267	433,345	-	-	1,709	-	545,321
Street capital projects fund	553,659	-	189,819	-	-	-	743,478
Parks capital projects fund	-	-	506,748	-	-	-	506,748
Pavement preservation fund	17,293		980,461		612	-	998,366
Capital Reserve fund	-	-	-	-	18,594	-	18,594
Other governmental funds	189,315	449,489	209,820	-	20,545	-	869,169

Reconciliation of balances in the fund financial statements to government-wide financial statements

Total Governmental type activities	\$ 1,603,173	\$ 6,374,848	\$ 1,886,848	\$ -	\$ 227,488	\$ 848,397	\$ 10,940,754
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Business Type Activities	Accounts receivable (net)	Taxes receivable	Grants receivable	Due from other funds	Prepays & Other receivables	Deferred outflows	Total receivables
Stormwater management fund	\$ -	\$ 44,103	\$ 4,194	\$ -	\$ 23,031	\$ 34,451	\$ 105,779
Aquifer protection area fund	-	-	36,368	-	2,341	-	38,709
Total Business type activities	\$ -	\$ 44,103	\$ 40,562	\$ -	\$ 25,372	\$ 34,451	\$ 144,488

B) Payables: Payables at December 31, 2019, were as follows:

Governmental Type Activities	Accounts payables	Salaries & benefits payable	Due to other funds	Deposits payables	Other liabilities	Unearned Revenues	Deferred inflows	Total Payables
General fund	\$ 1,027,921	\$ 548,183	\$ -	\$ 974,543	\$ 40,736	\$ 2,900,108	\$ -	\$ 5,491,491
Street fund	375,514	77,938	-		129,986	152,044	-	735,482
Street capital projects fund	99,438	22,755	2,350,000	-	18,011	213,620	-	2,703,824
Parks capital projects fund	1,008,063	3,302	-	-	52,925	160,384	-	1,224,674
Pavement preservation fund	41,001	6,470	-	-	16,349	79,534	-	143,354
Other governmental funds	207,608	6,953	-	-	-	80,984	-	295,545

Reconciliation of balances in the fund financial statements to government-wide financial statements

Total Governmental type activities	\$ 2,760,822	\$ 665,637	\$ -	\$ 974,543	\$ 293,565	\$ -	\$ 1,750,966	\$ 6,445,533
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Business Type Activities	Accounts payables	Salaries & benefits payable	Due to other funds	Deposits payables	Other liabilities	Unearned Revenues	Deferred inflows	Total
Stormwater management fund	\$ 103,024	\$ 28,845	\$ -	\$ 32,100	\$ 55,270	\$ 36,437	\$ 70,066	\$ 325,742
Aquifer protection area fund	20,693	82	-	-	-	-	-	20,775
Total Business type activities	\$ 123,717	\$ 28,927	\$ -	\$ 32,100	\$ 55,270	\$ 36,437	\$ 70,066	\$ 346,517

City of Spokane Valley

Notes to Financial Statements

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES *continued*:

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

Liability and receivable balances related to settle and adjust estimates as of December 31, 2019, are as follows:

Contract Year	(Liability) or Receivable Balance	New Estimate Made	Amount Settled in 2019	(Liability) or Receivable Balance
	1/1/19	12/31/19		
2015	(53,517)	-	-	(53,517)
2016	(24,587)	-	-	(24,587)
2017	809,486	-	(747,752)	61,734
2018	(268,146)	-	(445,210)	(713,356)
2019	-	192,394	-	192,394

For 2019, the City estimated that it would owe a net payable to the County on the contracted services for a total recorded payable of \$75,752, which was adjusted against the 2019 contract expenditures.

NOTE 12 – HEALTH AND WELFARE & OTHER POST EMPLOYMENT BENEFITS (OPEB):

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, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health,

City of Spokane Valley

Notes to Financial Statements

NOTE 12 – HEALTH AND WELFARE & OTHER POST EMPLOYMENT BENEFITS (OPEB) continued:

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 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with companion life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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

City of Spokane Valley

Notes to Financial Statements

NOTE 12 – HEALTH AND WELFARE & OTHER POST EMPLOYMENT BENEFITS (OPEB) continued:

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 89.25 FTEs in 2018, 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, 2019. 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, 2019.

NOTE 13 – SUBSEQUENT EVENTS:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The City issued a proclamation of emergency/disaster relating the COVID-19 Pandemic on March 16, 2020. On March 17, 2020, City Hall was closed to the public except by appointment, and the City began holding virtual Council meetings after the “Stay Home, Stay Healthy” order. Beginning the week of March 23, 2020, City staff implemented work from home schedules and these schedules are expected to continue in some capacity until the City can enter Phase 4 of the Governor’s “Safe Start Washington” plan.

At this time, it is still too early to determine the full impact from the COVID-19 Pandemic on City revenues. However, staff believes that the COVID-19 Pandemic and the various limitations placed on gatherings and businesses by the Governor are and will continue to have a significant negative effect on the local economy, which will certainly decrease the City's tax and fee revenue collections in 2020. Revenue impacts from the COVID-19 Pandemic are currently estimated at a decrease of \$8.4 million from the adopted 2020 Budget, primarily from decreases in sales taxes. Staff will continue to monitor and update these estimates.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Required Supplementary Information



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget to Actual

General Fund, Major Fund

For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 38,384,300	\$ 38,384,300	\$ 39,989,389	\$ 1,605,089
Licenses and permits	3,101,700	3,101,700	4,362,736	1,261,036
Intergovernmental revenues	1,959,800	1,959,800	2,229,172	269,372
Charges for services	621,700	621,700	710,507	88,807
Fines and forfeitures	568,100	568,100	503,770	(64,330)
Investment interest	300,000	300,000	916,684	616,684
Miscellaneous	531,300	1,031,800	618,691	(413,109)
<i>Total Revenues</i>	<i>45,466,900</i>	<i>45,967,400</i>	<i>49,330,949</i>	<i>3,363,549</i>
Expenditures				
Current:				
General government	5,274,542	5,960,275	5,190,429	(769,846)
Public safety	26,089,604	26,089,788	25,061,614	(1,028,174)
Transportation	1,206,797	1,232,273	1,072,201	(160,072)
Economic environment	1,235,772	1,247,737	942,138	(305,599)
Community development	2,859,042	2,891,818	2,808,769	(83,049)
Culture and recreation	3,019,862	3,033,830	2,908,989	(124,841)
Debt service:				
Interest	600	600	600	-
Capital Outlay:				
Capital expenditures	227,000	630,000	443,398	(186,602)
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<i>39,913,219</i>	<i>41,086,321</i>	<i>38,428,138</i>	<i>(2,658,183)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>5,553,681</i>	<i>4,881,079</i>	<i>10,902,811</i>	<i>6,021,732</i>
Other Financing Sources (Uses)				
Transfers in	70,422	70,422	70,422	-
Transfers (out)	(3,120,150)	(10,870,450)	(10,363,819)	(506,631)
<i>Total Other Financing Sources (Uses)</i>	<i>(3,049,728)</i>	<i>(10,800,028)</i>	<i>(10,293,397)</i>	<i>(506,631)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>2,503,953</i>	<i>(5,918,949)</i>	<i>609,414</i>	<i>6,528,363</i>
<i>Fund Balances Beginning of Year:</i>	<i>42,617,804</i>	<i>42,617,804</i>	<i>42,617,804</i>	<i>-</i>
<i>Fund Balances End of Year:</i>	<i>\$ 45,121,757</i>	<i>\$ 36,698,855</i>	<i>\$ 43,227,218</i>	<i>\$ 6,528,363</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Street Fund, Major Fund

For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 1,700,000	\$ 1,600,000	\$ 1,563,981	\$ (36,019)
Intergovernmental revenues	2,224,500	2,163,100	2,151,401	(11,699)
Charges for services	70,000	70,000	84,704	14,704
Investment interest	6,000	6,000	4,022	(1,978)
Miscellaneous	10,000	10,000	23,333	13,333
<i>Total Revenues</i>	<i>4,010,500</i>	<i>3,849,100</i>	<i>3,827,441</i>	<i>(21,659)</i>
Expenditures				
Current:				
Transportation	4,918,044	4,947,397	5,440,357	(492,960)
Debt Service:				
Principal retirement	-	-	-	-
Capital Outlay:				
Capital expenditures	-	70,000	143,335	(73,335)
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<i>4,918,044</i>	<i>5,017,397</i>	<i>5,583,692</i>	<i>(566,295)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(907,544)</i>	<i>(1,168,297)</i>	<i>(1,756,251)</i>	<i>(587,954)</i>
Other Financing Sources (Uses)				
Transfers in	907,544	1,027,544	1,527,544	500,000
Transfers (out)	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<i>907,544</i>	<i>1,027,544</i>	<i>1,527,544</i>	<i>(500,000)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>-</i>	<i>(140,753)</i>	<i>(228,707)</i>	<i>(87,954)</i>
<i>Fund Balances Beginning of Year</i>	<i>784,972</i>	<i>784,972</i>	<i>784,972</i>	<i>-</i>
<i>Fund Balances End of Year (Deficit)</i>	<i>\$ 784,972</i>	<i>\$ 644,219</i>	<i>\$ 556,265</i>	<i>\$ (87,954)</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

<i>City of Spokane Valley</i> <i>Schedule of Proportionate Share of Net Pension Liability</i> <i>PERS 1</i> <i>As of June 30, 2019</i> <i>Last 10 Fiscal Years¹</i>					
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Employer's proportion of the net pension liability (asset)	0.052995%	0.053037%	0.054158%	0.042511%	0.047856%
Employer's proportionate share of the net pension liability	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233
Total	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221
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%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	57.03%	61.24%	63.22%	67.12%
<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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

<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, 2019</i> <i>Last 10 Fiscal Years¹</i>					
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Employer's proportion of the net pension liability (asset)	0.068456%	0.067862%	0.069662%	0.054837%	0.061822%
Employer's proportionate share of the net pension liability	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502
Total	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	39.35%	51.58%	37.62%	14.78%	8.70%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%
<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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

<i>City of Spokane Valley</i> <i>Schedule of Employer Contributions</i> <i>PERS 1</i> <i>For the Year Ended December 31, 2019</i> <i>Last 10 Fiscal Years¹</i>						
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	
Statutorily or contractually required contributions	\$ 274,474	\$ 305,736	\$ 300,891	\$ 325,842	\$ 347,991	
Contributions in relation to the statutorily or contractually required contributions	\$ (274,474)	\$ (305,736)	\$ (300,891)	\$ (325,842)	\$ (347,991)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 6,520,390	\$ 6,628,805	\$ 6,142,722	\$ 6,824,257	\$ 7,173,062	
Contributions as a percentage of covered employee payroll	4.21%	4.61%	4.90%	4.77%	4.85%	
<i>City of Spokane Valley does not currently have active PERS 1 pension plan participants. As such, PERS 1 contributions represent the Unfunded Actuarial Liability (UAAL) 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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Supplementary Information



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Non-Major Special Revenue Funds

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

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

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

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

Solid Waste Fund ----- revenues are collected by way of a contract with Sunshine Recyclers and the City of Spokane Valley, effective as of November 17, 2014. The ten year contract imposes an annual administrative fee of \$125,000 for solid waste disposal and waste transfer services provided to the Valley Public by Sunshine Recyclers.

PEG Fund ----- restricted financial resources and capital contributions received quarterly under the City's cable franchise. The franchise grantee 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.

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
Comprehensive Annual Financial Report - Fiscal Year 2019

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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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.

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.

City Hall Construction Fund ----- Accounts for the accumulation of resources used to finance the construction of the new City Hall Building. Revenues include LTGO Bond issue proceeds.

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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Financial Statements
Non-Major Funds



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Balance Sheet

Non-major Governmental Funds

December 31, 2019

	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	\$ 3,728,847	\$ -	\$ 8,667,289	\$ 12,396,136
Taxes receivable	128,379	-	321,110	449,489
Accounts receivable, (net)	189,315	-	-	189,315
Interest receivable	7,278	-	12,999	20,277
Prepays	268	-	-	268
Grants receivable	-	-	209,820	209,820
Total Assets	\$ 4,054,087	\$ -	\$ 9,211,218	\$ 13,265,305
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 77,384	\$ -	\$ 130,224	\$ 207,608
Accrued payroll payable	2,099	-	4,854	6,953
Retainage payable	-	-	-	-
Unearned revenue	59,531	-	21,453	80,984
Total Liabilities	139,014	-	156,531	295,545
Fund Balances:				
Nonspendable:				
Prepaid Expenses	268	-	-	268
Restricted for:				
Trails & paths	14,115	-	-	14,115
Hotel & motel tourism facilities promotion	2,690,945	-	-	2,690,945
Hotel & motel tourism promotion	518,240	-	-	518,240
PEG capital uses	128,255	-	-	128,255
Capital projects REET 1 roads & streets	-	-	2,798,194	2,798,194
Capital projects REET 2 roads & streets	-	-	4,391,870	4,391,870
Civic facilities construction	-	-	-	-
Railroad grade separation projects	-	-	1,008,638	1,008,638
Committed to:				
Winter weather street operations	23,336	-	-	23,336
Assigned to:				
Solid waste services	539,914	-	-	539,914
Civic building capital replacement	-	-	855,985	855,985
Parks & recreation capital improvements	-	-	-	-
Street capital improvements p&m	-	-	-	-
Unassigned:				
Total Fund Balances	3,915,073	-	9,054,687	12,969,760
Total Liabilities and Fund Balances	\$ 4,054,087	\$ -	\$ 9,211,218	\$ 13,265,305

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Balance Sheet

Non-major Special Revenue Funds

December 31, 2019

Assets	Tourism Facilities			
	Trails & Paths		Hotel/Motel	
	Fund	Fund	Fund	Fund
Cash and cash equivalents	\$ 13,444	\$ 2,661,125	\$ 552,365	\$ 370,955
Taxes receivable	1,295	49,206	77,878	-
Accounts receivable, (net)	-	-	-	169,465
Interest receivable	17	3,301	722	2,455
Prepays	-	-	-	268
Total Assets	\$ 14,756	\$ 2,713,632	\$ 630,965	\$ 543,143
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 76,522	\$ 862
Accrued payroll payable	-	-	-	2,099
Retainage payable	-	-	-	-
Unearned revenue	641	22,687	36,203	-
Total Liabilities	641	22,687	112,725	2,961
Fund Balances:				
Nonspendable:				
Prepaid Expenses	-	-	-	268
Restricted for:				
Trails & paths	14,115	-	-	-
Hotel & motel tourism facilities promotion	-	2,690,945	-	-
Hotel & motel tourism promotion	-	-	518,240	-
PEG capital uses	-	-	-	-
Windstorm 2015 - FEMA grant	-	-	-	-
Committed to:				
Winter weather street operations	-	-	-	-
Assigned to:				
Solid waste services	-	-	-	539,914
Total Fund Balances	14,115	2,690,945	518,240	540,182
Total Liabilities and Fund Balances	\$ 14,756	\$ 2,713,632	\$ 630,965	\$ 543,143

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Balance Sheet

Non-major Special Revenue Funds - continued

December 31, 2019

	PEG Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 108,271	\$ 22,687	\$ 3,728,847
Taxes receivable	-	-	128,379
Accounts receivable, (net)	19,850	-	189,315
Interest receivable	134	649	7,278
Prepays	-	-	268
Total Assets	\$ 128,255	\$ 23,336	\$ 4,054,087
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 77,384
Accrued payroll payable	-	-	2,099
Retainage payable	-	-	-
Unearned revenue	-	-	59,531
Total Liabilities	-	-	139,014
Fund Balances:			
Nonspendable:			
Prepaid Expenses	-	-	268
Restricted for:			
Trails & paths	-	-	14,115
Hotel & motel tourism facilities promotion	-	-	2,690,945
Hotel & motel tourism promotion	-	-	518,240
PEG capital uses	128,255	-	128,255
Windstorm 2015 - FEMA grant	-	-	-
Committed to:			
Winter weather street operations	-	23,336	23,336
Assigned to:			
Solid waste services	-	-	539,914
Total Fund Balances	128,255	23,336	3,915,073
Total Liabilities and Fund Balances	\$ 128,255	\$ 23,336	\$ 4,054,087

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Balance Sheet

Non-major Capital Project Funds

December 31, 2019

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Civic Buildings Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 2,633,159	\$ 4,224,993	\$ 854,902
Taxes receivable	160,555	160,555	-
Interest receivable	4,480	6,322	1,083
Grants receivable	-	-	-
Total Assets	\$ 2,798,194	\$ 4,391,870	\$ 855,985
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-
Unearned revenue	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Restricted for:			
Capital projects REET 1 roads & streets	2,798,194	-	-
Capital projects REET 2 roads & streets	-	4,391,870	-
Railroad grade separation projects	-	-	-
Assigned to:			
Civic building capital replacement	-	-	855,985
Total Fund Balances	2,798,194	4,391,870	855,985
Total Liabilities and Fund Balances	\$ 2,798,194	\$ 4,391,870	\$ 855,985

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Balance Sheet

Non-major Capital Project Funds - continued

December 31, 2019

	City Hall Construction Fund	Railroad Grade Separation Projects Fund	Total Non-major Capital Projects Funds
Assets			
Cash and cash equivalents	\$ -	\$ 954,235	\$ 8,667,289
Taxes receivable	- -	- -	321,110
Interest receivable	- -	1,114	12,999
Grants receivable	- -	209,820	209,820
Total Assets	\$ -	\$ 1,165,169	\$ 9,211,218
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 130,224	\$ 130,224
Accrued payroll payable	- -	4,854	4,854
Unearned revenue	- -	21,453	21,453
Total Liabilities	- -	156,531	156,531
Fund Balances:			
Restricted for:			
Capital projects REET 1 roads & streets	- -	- -	2,798,194
Capital projects REET 2 roads & streets	- -	- -	4,391,870
Railroad grade separation projects	- -	1,008,638	1,008,638
Assigned to:			
Civic building capital replacement	- -	- -	855,985
Total Fund Balances	- -	1,008,638	9,054,687
Total Liabilities and Fund Balances	\$ -	\$ 1,165,169	\$ 9,211,218

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,198,135	\$ -	\$ 3,390,688	\$ 4,588,823
Licenses and permits	79,498	-	-	79,498
Intergovernmental revenues	18,879	432,150	1,447,398	1,898,427
Charges for services	1,765,928	-	-	1,765,928
Investment interest	88,982	-	175,702	264,684
Miscellaneous revenues	-	-	-	-
<i>Total Revenues</i>	<i>3,151,422</i>	<i>432,150</i>	<i>5,013,788</i>	<i>8,597,360</i>
Expenditures				
Current:				
General government	37,256	-	-	37,256
Public safety	-	-	-	-
Utilities and physical environment	33,407	-	-	33,407
Transportation	-	-	-	-
Economic environment	207,000	-	-	207,000
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	555,000	-	555,000
Interest expense	-	443,350	-	443,350
Bonds issuance costs	-	-	-	-
Capital Outlay:				
Capital expenditures	914	-	546,005	546,919
Construction in progress	-	-	1,050,028	1,050,028
<i>Total Expenditures</i>	<i>278,577</i>	<i>998,350</i>	<i>1,596,033</i>	<i>2,872,960</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>2,872,845</i>	<i>(566,200)</i>	<i>3,417,755</i>	<i>5,724,400</i>
Other Financing Sources				
Transfers In	395,000	566,200	104,918	1,066,118
Transfers (out)	(2,573,450)	-	(2,170,319)	(4,743,769)
<i>Total Other Financing Sources</i>	<i>(2,178,450)</i>	<i>566,200</i>	<i>(2,065,401)</i>	<i>(3,677,651)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>694,395</i>	<i>-</i>	<i>1,352,354</i>	<i>2,046,749</i>
<i>Fund Balances Beginning of Year</i>	<i>3,220,678</i>	<i>-</i>	<i>7,702,333</i>	<i>10,923,011</i>
<i>Fund Balances End of Year</i>	<i>\$ 3,915,073</i>	<i>\$ -</i>	<i>\$ 9,054,687</i>	<i>\$ 12,969,760</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended December 31, 2019

	Trails & Paths Fund	Tourism Facilities Hotel Motel/Fund	Hotel Motel Fund	Solid Waste Fund
Revenues				
Taxes	\$ -	\$ 454,283	\$ 743,852	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	8,512	-	-	-
Charges for services	-	-	-	1,765,928
Investment interest	186	43,590	8,459	24,752
<i>Total Revenues</i>	<i>8,698</i>	<i>497,873</i>	<i>752,311</i>	<i>1,790,680</i>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities and physical environment	-	-	-	33,407
Transportation	-	-	-	-
Economic environment	-	-	207,000	-
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>207,000</i>	<i>33,407</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>8,698</i>	<i>497,873</i>	<i>545,311</i>	<i>1,757,273</i>
Other Financing Sources				
Transfers in	-	275,000	-	-
Transfers (out)	-	-	(305,000)	(1,648,450)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>275,000</i>	<i>(305,000)</i>	<i>(1,648,450)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>8,698</i>	<i>772,873</i>	<i>240,311</i>	<i>108,823</i>
<i>Fund Balances Beginning of Year</i>	<i>5,417</i>	<i>1,918,072</i>	<i>277,929</i>	<i>431,359</i>
<i>Fund Balances End of Year</i>	\$ 14,115	\$ 2,690,945	\$ 518,240	\$ 540,182

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds - continued
For the Year Ended December 31, 2019

	PEG Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Revenues			
Taxes	\$ -	\$ -	\$ 1,198,135
Licenses and permits	79,498	-	79,498
Intergovernmental revenues	-	10,367	18,879
Charges for services	-	-	1,765,928
Investment interest	2,096	9,899	88,982
<i>Total Revenues</i>	<i>81,594</i>	<i>20,266</i>	<i>3,151,422</i>
Expenditures			
Current:			
General government	37,256	-	37,256
Public safety	-	-	-
Utilities and physical environment	-	-	33,407
Transportation	-	-	-
Economic environment	-	-	207,000
Culture and recreation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	914	-	914
Construction in progress	-	-	-
<i>Total Expenditures</i>	<i>38,170</i>	<i>-</i>	<i>278,577</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>43,424</i>	<i>20,266</i>	<i>2,872,845</i>
Other Financing Sources			
Transfers in	-	120,000	395,000
Transfers (out)	-	(620,000)	(2,573,450)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>(500,000)</i>	<i>(2,178,450)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>43,424</i>	<i>(479,734)</i>	<i>694,395</i>
<i>Fund Balances Beginning of Year</i>	<i>84,831</i>	<i>503,070</i>	<i>3,220,678</i>
<i>Fund Balances End of Year</i>	<i>\$ 128,255</i>	<i>\$ 23,336</i>	<i>\$ 3,915,073</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Debt Service Funds (LTGO Bonds Fund)
For the Year Ended December 31, 2019

	Debt Service LTGO Bonds Fund
Revenues	
Taxes	\$ -
Intergovernmental revenues	432,150
Investment interest	-
Miscellaneous revenues	-
<i>Total Revenues</i>	<u>432,150</u>
Expenditures	
Current:	
General government	-
Debt service:	
Principal retirement	555,000
Interest expense	443,350
Bonds issuance costs	-
Capital Outlay:	
Capital expenditures	-
Construction in progress	-
<i>Total Expenditures</i>	<u>998,350</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(566,200)</u>
Other Financing Sources	
Transfers In	566,200
Transfers (out)	-
<i>Total Other Financing Sources</i>	<u>566,200</u>
<i>Net Change in Fund Balances</i>	-
<i>Fund Balances Beginning of Year</i>	-
<i>Fund Balances End of Year</i>	<u>\$ -</u>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

For the Year Ended December 31, 2019

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Civic Bldgs Capital Projects Fund
Revenues			
Taxes	\$ 1,695,344	\$ 1,695,344	\$ -
Intergovernmental revenues	-	-	-
Investment interest	61,382	80,784	16,700
<i>Total Revenues</i>	<u>1,756,726</u>	<u>1,776,128</u>	<u>16,700</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Utilities and physical environment	-	-	-
Transportation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>1,756,726</u>	<u>1,776,128</u>	<u>16,700</u>
Other Financing Sources			
Transfers in	-	-	-
Transfers (out)	(1,438,800)	(624,478)	(18,452)
<i>Total Other Financing Sources</i>	<u>(1,438,800)</u>	<u>(624,478)</u>	<u>(18,452)</u>
<i>Net Change in Fund Balances (deficit)</i>	317,926	1,151,650	(1,752)
<i>Fund Balances Beginning of Year</i>	<u>2,480,268</u>	<u>3,240,220</u>	<u>857,737</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,798,194</u>	<u>\$ 4,391,870</u>	<u>\$ 855,985</u>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds - continued

For the Year Ended December 31, 2019

	City Hall Construction Fund	Railroad Grade Separation Projects Fund	Total Non-major Capital Projects Funds
Revenues			
Taxes	\$ -	\$ -	\$ 3,390,688
Intergovernmental revenues	-	1,447,398	1,447,398
Investment interest	953	15,883	175,702
<i>Total Revenues</i>	<u>953</u>	<u>1,463,281</u>	<u>5,013,788</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Utilities and physical environment	-	-	-
Transportation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	-	546,005	546,005
Construction in progress	-	1,050,028	1,050,028
<i>Total Expenditures</i>	<u>-</u>	<u>1,596,033</u>	<u>1,596,033</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>953</u>	<u>(132,752)</u>	<u>3,417,755</u>
Other Financing Sources			
Transfers in	-	104,918	104,918
Transfers (out)	<u>(88,589)</u>	-	<u>(2,170,319)</u>
<i>Total Other Financing Sources</i>	<u>(88,589)</u>	<u>104,918</u>	<u>(2,065,401)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>(87,636)</u>	<u>(27,834)</u>	<u>1,352,354</u>
<i>Fund Balances Beginning of Year</i>	<u>87,636</u>	<u>1,036,472</u>	<u>7,702,333</u>
<i>Fund Balances End of Year</i>	<u>\$ -</u>	<u>\$ 1,008,638</u>	<u>\$ 9,054,687</u>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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, 2019

	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	\$ -	\$ -	\$ -	\$ 390,000	\$ 454,283	\$ 64,283
Intergovernmental revenues	8,800	8,512	(288)	-	-	-
Investment interest	400	186	(214)	7,000	43,590	36,590
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>9,200</i>	<i>8,698</i>	<i>(502)</i>	<i>397,000</i>	<i>497,873</i>	<i>100,873</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
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>9,200</i>	<i>8,698</i>	<i>(502)</i>	<i>397,000</i>	<i>497,873</i>	<i>100,873</i>
Other Financing Sources						
Transfers In	-	-	-	275,000	275,000	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>275,000</i>	<i>275,000</i>	<i>-</i>
<i>Net Change in Fund Balances</i>	<i>9,200</i>	<i>8,698</i>	<i>(502)</i>	<i>672,000</i>	<i>772,873</i>	<i>100,873</i>
<i>Fund Balances Beginning of Year</i>	<i>5,417</i>	<i>5,417</i>	<i>-</i>	<i>1,918,072</i>	<i>1,918,072</i>	<i>-</i>
Fund Balances End of Year	\$ 14,617	\$ 14,115	\$ (502)	\$ 2,590,072	\$ 2,690,945	\$ 100,873

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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, 2019

	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)
Revenues						
Taxes	\$ 600,000	\$ 743,852	\$ 143,852	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	1,725,000	1,765,928	40,928
Investment interest	2,000	8,459	6,459	1,300	24,752	23,452
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>602,000</i>	<i>752,311</i>	<i>150,311</i>	<i>1,726,300</i>	<i>1,790,680</i>	<i>64,380</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	185,878	33,407	(152,471)
Economic environment	242,000	207,000	(35,000)	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>242,000</i>	<i>207,000</i>	<i>(35,000)</i>	<i>185,878</i>	<i>33,407</i>	<i>(152,471)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>360,000</i>	<i>545,311</i>	<i>185,311</i>	<i>1,540,422</i>	<i>1,757,273</i>	<i>216,851</i>
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers (out)	(305,000)	(305,000)	-	(1,648,450)	(1,648,450)	-
<i>Total Other Financing Sources</i>	<i>(305,000)</i>	<i>(305,000)</i>	<i>-</i>	<i>(1,648,450)</i>	<i>(1,648,450)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>55,000</i>	<i>240,311</i>	<i>185,311</i>	<i>(108,028)</i>	<i>108,823</i>	<i>216,851</i>
<i>Fund Balances Beginning of Year</i>	<i>277,929</i>	<i>277,929</i>	<i>-</i>	<i>431,359</i>	<i>431,359</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 332,929</i>	<i>\$ 518,240</i>	<i>\$ 185,311</i>	<i>\$ 323,331</i>	<i>\$ 540,182</i>	<i>\$ 216,851</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

PEG and CenterPlace Operating Reserve, Non-major Special Revenue Funds

For the Year Ended December 31, 2019

	PEG Special Revenue Fund			CenterPlace Operating Reserve Special Revenue Fund ¹		
	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	76,000	79,498	3,498	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	-	2,096	2,096	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>76,000</i>	<i>81,594</i>	<i>5,594</i>	<i>-</i>	<i>-</i>	<i>-</i>
Expenditures						
Current:						
General government	40,100	37,256	(2,844)	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	31,000	914	(30,086)	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>71,100</i>	<i>38,170</i>	<i>(32,930)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>4,900</i>	<i>43,424</i>	<i>38,524</i>	<i>-</i>	<i>-</i>	<i>-</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>4,900</i>	<i>43,424</i>	<i>38,524</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fund Balances Beginning of Year</i>	<i>84,831</i>	<i>84,831</i>	<i>-</i>	<i>300,000</i>	<i>300,000</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 89,731</i>	<i>\$ 128,255</i>	<i>\$ 38,524</i>	<i>\$ 300,000</i>	<i>\$ 300,000</i>	<i>\$ -</i>

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Service Level Stabilization and Winter Weather Reserve, Non-major Special Revenue Funds

For the Year Ended December 31, 2019

	Service Level Stabilization Reserve Special Revenue Fund			Winter Weather 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	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	10,367	10,367
Investment interest	-	-	-	5,000	9,899	4,899
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,000</i>	<i>20,266</i>	<i>15,266</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>-</i>	<i>-</i>	<i>-</i>	<i>500,000</i>	<i>-</i>	<i>(500,000)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(495,000)</i>	<i>20,266</i>	<i>515,266</i>
Other Financing Sources						
Transfers In	-	-	-	120,000	120,000	-
Transfers (out)	-	-	-	(120,000)	(620,000)	(500,000)
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(500,000)</i>	<i>(500,000)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(495,000)</i>	<i>(479,734)</i>	<i>15,266</i>
<i>Fund Balances Beginning of Year</i>	<i>5,500,000</i>	<i>5,500,000</i>	<i>-</i>	<i>503,070</i>	<i>503,070</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 5,500,000</i>	<i>\$ 5,500,000</i>	<i>\$ -</i>	<i>\$ 8,070</i>	<i>\$ 23,336</i>	<i>\$ 15,266</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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, 2019

	Debt Service			Variance with Final Budget Over (Under)	
	LTGO		Bonds Fund		
	Final Budgeted Amounts	Actual Amounts			
Revenues					
Taxes	\$ -	\$ -	\$ -	-	
Intergovernmental revenues	432,150	432,150		-	
Investment interest	-	-		-	
Miscellaneous revenues	-	-		-	
<i>Total Revenues</i>	432,150	432,150		-	
Expenditures					
Current:					
General government	-	-		-	
Transportation	-	-		-	
Economic environment	-	-		-	
Culture and recreation	-	-		-	
Debt service:					
Principal retirement	998,350	555,000		(443,350)	
Interest expense	-	443,350		443,350	
Bonds issuance costs	-	-		-	
Capital Outlay:					
Capital expenditures	-	-		-	
Construction in progress	-	-		-	
<i>Total Expenditures</i>	998,350	998,350		-	
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(566,200)	(566,200)		-	
Other Financing Sources					
Transfers In	566,200	566,200		-	
Transfers (out)	-	-		-	
<i>Total Other Financing Sources</i>	566,200	566,200		-	
<i>Net Change in Fund Balances</i>	-	-		-	
<i>Fund Balances Beginning of Year</i>	-	-		-	
Fund Balances End of Year	\$ -	\$ -	\$ -		

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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, 2019

	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	\$ 1,400,000	\$ 1,695,344	\$ 295,344	\$ 1,400,000	\$ 1,695,344	\$ 295,344
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	22,000	61,382	39,382	25,000	80,784	55,784
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,422,000</i>	<i>1,756,726</i>	<i>334,726</i>	<i>1,425,000</i>	<i>1,776,128</i>	<i>351,128</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>1,422,000</i>	<i>1,756,726</i>	<i>334,726</i>	<i>1,425,000</i>	<i>1,776,128</i>	<i>351,128</i>
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers (out)	(1,743,564)	(1,438,800)	304,764	(1,172,362)	(624,478)	547,884
<i>Total Other Financing Sources</i>	<i>(1,743,564)</i>	<i>(1,438,800)</i>	<i>304,764</i>	<i>(1,172,362)</i>	<i>(624,478)</i>	<i>547,884</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(321,564)</i>	<i>317,926</i>	<i>639,490</i>	<i>252,638</i>	<i>1,151,650</i>	<i>899,012</i>
<i>Fund Balances Beginning of Year</i>	<i>2,480,268</i>	<i>2,480,268</i>	<i>-</i>	<i>3,240,220</i>	<i>3,240,220</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 2,158,704</i>	<i>\$ 2,798,194</i>	<i>\$ 639,490</i>	<i>\$ 3,492,858</i>	<i>\$ 4,391,870</i>	<i>\$ 899,012</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2019

	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						
Transfers in	\$ 1,500,000	\$ 297,376	\$ (1,202,624)	-	\$ 1,173,120	\$ 1,173,120
Intergovernmental revenues	3,306,728	2,783,332	(523,396)	2,704,460	1,114,049	(1,590,411)
Charges for services	-	-	-	-	-	-
Investment interest	-	586	586	-	83	83
Miscellaneous revenues	1,663,821	228,953	(1,434,868)	-	-	-
<i>Total Revenues</i>	<i>6,470,549</i>	<i>3,310,247</i>	<i>(3,160,302)</i>	<i>2,704,460</i>	<i>2,287,252</i>	<i>(417,208)</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	28,450	820,751	(792,301)	-	-	-
Transportation	810,000	347,028	462,972	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	8,295,220	4,168,670	4,126,550	4,829,076	2,671,767	2,157,309
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>9,133,670</i>	<i>5,336,449</i>	<i>3,797,221</i>	<i>4,829,076</i>	<i>2,671,767</i>	<i>2,157,309</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(2,663,121)</i>	<i>(2,026,202)</i>	<i>636,919</i>	<i>(2,124,616)</i>	<i>(384,515)</i>	<i>1,740,101</i>
Other Financing Sources						
Transfers In	2,663,121	2,026,564	(636,557)	2,152,238	423,848	(1,728,390)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>2,663,121</i>	<i>2,026,564</i>	<i>(636,557)</i>	<i>2,152,238</i>	<i>423,848</i>	<i>(1,728,390)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>362</i>	<i>362</i>	<i>27,622</i>	<i>39,333</i>	<i>11,711</i>
<i>Fund Balances Beginning of Year</i>	<i>67,041</i>	<i>67,041</i>	<i>-</i>	<i>39,294</i>	<i>39,294</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 67,041</i>	<i>\$ 67,403</i>	<i>\$ 362</i>	<i>\$ 66,916</i>	<i>\$ 78,627</i>	<i>\$ 11,711</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

**Civic Buildings Capital Projects, Non-Major Capital Projects Fund & Pavement Preservation Capital Projects,
Major Capital Projects Fund**

For the Year Ended December 31, 2019

	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						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 2,882,991	\$ 2,882,991
Intergovernmental revenues	-	-	-	4,009,227	3,665,905	(343,322)
Charges for services	-	-	-	-	-	-
Investment interest	9,000	16,700	7,700	-	49,593	49,593
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>9,000</i>	<i>16,700</i>	<i>7,700</i>	<i>4,009,227</i>	<i>6,598,489</i>	<i>2,589,262</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	50,000	1,289,699	(1,239,699)
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	9,259,821	6,686,841	2,572,980
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>9,309,821</i>	<i>7,976,540</i>	<i>(1,333,281)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>9,000</i>	<i>16,700</i>	<i>7,700</i>	<i>(5,300,594)</i>	<i>(1,378,051)</i>	<i>3,922,543</i>
Other Financing Sources						
Transfers In	-	-	-	2,440,900	1,165,937	(1,274,963)
Transfers (out)	(18,452)	(18,452)	-	-	-	-
<i>Total Other Financing Sources</i>	<i>(18,452)</i>	<i>(18,452)</i>	<i>-</i>	<i>2,440,900</i>	<i>1,165,937</i>	<i>(1,274,963)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(9,452)</i>	<i>(1,752)</i>	<i>7,700</i>	<i>(2,859,694)</i>	<i>(212,114)</i>	<i>2,647,580</i>
<i>Fund Balances Beginning of Year</i>	<i>857,737</i>	<i>857,737</i>	<i>-</i>	<i>4,637,315</i>	<i>4,637,315</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 848,285</i>	<i>\$ 855,985</i>	<i>\$ 7,700</i>	<i>\$ 1,777,621</i>	<i>\$ 4,425,201</i>	<i>\$ 2,647,580</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Reserve Fund, Major Capital Projects Fund & City Hall Construction Fund, Non-Major Capital Projects Fund
For the Year Ended December 31, 2019

	Capital Reserve Fund			City Hall Construction Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Transfers in	\$ 18,452	\$ 18,452	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment interest	50,000	225,909	175,909	954	953	(1)
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>68,452</i>	<i>244,361</i>	<i>175,909</i>	<i>954</i>	<i>953</i>	<i>(1)</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	1,070,700	311,080	759,620	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>1,070,700</i>	<i>311,080</i>	<i>759,620</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(1,002,248)</i>	<i>(66,719)</i>	<i>(583,711)</i>	<i>954</i>	<i>953</i>	<i>(1)</i>
Other Financing Sources						
Transfers In	7,197,890	7,197,889	(1)	-	-	-
Transfers (out)	(4,550,580)	(3,169,273)	1,381,307	(88,590)	(88,589)	1
<i>Total Other Financing Sources</i>	<i>2,647,310</i>	<i>4,028,616</i>	<i>1,381,306</i>	<i>(88,590)</i>	<i>(88,589)</i>	<i>1</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>1,645,062</i>	<i>3,961,897</i>	<i>2,316,835</i>	<i>(87,636)</i>	<i>(87,636)</i>	<i>-</i>
<i>Fund Balances Beginning of Year</i>	<i>8,974,920</i>	<i>8,974,920</i>	<i>-</i>	<i>87,636</i>	<i>87,636</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 10,619,982</i>	<i>\$ 12,936,817</i>	<i>\$ 2,316,835</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Railroad Grade Separation Capital Projects Fund, Non-Major Capital Projects Fund

For the Year Ended December 31, 2019

**Railroad Grade Separation
Capital Projects Fund**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Intergovernmental revenues	\$ 2,954,923	\$ 1,447,398	\$ (1,507,525)
Investment interest	-	15,883	15,883
<i>Total Revenues</i>	<i>2,954,923</i>	<i>1,463,281</i>	<i>(1,491,642)</i>
Expenditures			
Current:			
General government	-	-	-
Utilities and physical environment	-	-	-
Transportation	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	-	546,005	(546,005)
Construction in progress	4,305,976	1,050,028	3,255,948
<i>Total Expenditures</i>	<i>4,305,976</i>	<i>1,596,033</i>	<i>2,709,943</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(1,351,053)</i>	<i>(132,752)</i>	<i>(4,201,585)</i>
Other Financing Sources			
Transfers In	451,053	104,918	(346,135)
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<i>451,053</i>	<i>104,918</i>	<i>(346,135)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(900,000)</i>	<i>(27,834)</i>	<i>872,166</i>
<i>Fund Balances Beginning of Year</i>	<i>1,036,472</i>	<i>1,036,472</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 136,472</i>	<i>\$ 1,008,638</i>	<i>\$ 872,166</i>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Net Position-Internal Service Funds

Equipment Rental and Replacement & Risk Management Funds

For the Year Ended December 31, 2019

	Governmental-type activities		
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,494,279	\$ 276,937	\$ 1,771,216
Prepaid expenditures	-	-	-
Interest receivable	1,850	344	2,194
Total Current Assets	1,496,129	277,281	1,773,410
Capital Assets:			
Machinery and equipment	547,212	-	547,212
Less: accumulated depreciation	(191,555)	-	(191,555)
Total Capital Assets	355,657	-	355,657
Total Assets	\$ 1,851,786	\$ 277,281	\$ 2,129,067
Liabilities			
Current Liabilities:			
Accounts payable	\$ -	\$ 1,277	\$ 1,277
Accrued payroll and benefits payable	36	-	36
Due to other funds	-	-	-
Total Current Liabilities	36	1,277	1,313
Total Liabilities	36	1,277	1,313
Net Position			
Net Investments in Capital Assets	355,657	-	355,657
Unrestricted	1,496,093	276,004	1,772,097
Total Net Position	1,851,750	276,004	2,127,754
Total Liabilities and Net Position	\$ 1,851,786	\$ 277,281	\$ 2,129,067

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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, 2019

Governmental-type activities			
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Operating Revenues:			
Charges for services (net of returns and allowances)	\$ 141,929	\$ -	\$ 141,929
Intergovernmental revenues	-	-	-
Total Operating Revenues	<u>141,929</u>	<u>-</u>	<u>141,929</u>
Operating Expenses:			
Personal services	-	31,105	31,105
Professional services	-	348,793	348,793
Material and supplies	122	-	122
Depreciation and amortization	47,155	-	47,155
Total Operating Expenses	<u>47,277</u>	<u>379,898</u>	<u>427,175</u>
Operating Income (loss)	<u>94,652</u>	<u>(379,898)</u>	<u>(285,246)</u>
Non-Operating Revenues (Expenses)			
Investment income	26,715	2,124	28,839
Total Non-Operating Revenues (Expenses)	<u>26,715</u>	<u>2,124</u>	<u>28,839</u>
Income (loss) before contributions and Transfers	<u>121,367</u>	<u>(377,774)</u>	<u>(256,407)</u>
Contributions and Transfers:			
Transfers in	36,600	390,000	426,600
Transfers (out)	-	-	-
Total contributions and transfers	<u>36,600</u>	<u>390,000</u>	<u>426,600</u>
Change in Net Position	<u>157,967</u>	<u>12,226</u>	<u>170,193</u>
Net Position-Beginning of Year	<u>1,693,783</u>	<u>263,778</u>	<u>1,957,561</u>
Net Position-End of Year	<u>\$ 1,851,750</u>	<u>\$ 276,004</u>	<u>\$ 2,127,754</u>

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Combining Statement of Cash Flows - Internal Service Funds

Equipment Rental and Replacement & Risk Management - Internal Service Funds

For the Year Ended December 31, 2019

	Governmental - Type Activities			Totals	
	Internal Service Funds				
	Equipment Rental and Replacement Fund	Risk Management Fund			
Cash Flows from Operating Activities					
Cash payments to employees	\$ 11	\$ (31,105)	\$ (31,094)		
Cash payments to suppliers for goods and services	(122)	(575)	(697)		
Cash received from customers	-	-	-		
Receipts from interfund activity	141,929	-	141,929		
<i>Net cash provided (used) by operating activities</i>	141,818	(31,680)	110,138		
Cash Flows from Noncapital Financing Activities					
Operating subsidies & transfers in (out) from other funds	36,600	305,000	341,600		
<i>Net Cash (used) provided by noncapital related financing activities</i>	36,600	305,000	341,600		
Cash Flows from Capital and Related Financing Activities					
Acquisition, construction & (transfers) of capital assets to governmental funds	-	-	-		
<i>Net Cash provided by capital related financing activities</i>	-	-	-		
Cash Flows from Investing Activities					
Interest received	27,105	2,241	29,346		
<i>Net Cash provided by investing activities</i>	27,105	2,241	29,346		
Net Increase (decrease) in Cash and Cash Equivalents	205,523	275,561	481,084		
Cash and Cash Equivalents - January 1, 2019	1,288,756	1,376	1,290,132		
Cash and Cash Equivalents - December 31, 2019	\$ 1,494,279	\$ 276,937	\$ 1,771,216		
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 94,652	\$ (379,898)	\$ (285,246)		
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>					
Depreciation	47,155	-	47,155		
<i>(Increase) Decrease in Assets:</i>					
Prepaid expenses	-	349,527	349,527		
<i>Increase (Decrease) in Liabilities:</i>					
Increase in: Accounts payable to suppliers	-	(1,309)	(1,309)		
<i>Increase (Decrease) in Liabilities:</i>					
Increase in: Salaries & Benefits payable	11	-	11		
Total adjustments	47,166	348,218	395,384		
Net Cash Provided (used) by Operating Activities	\$ 141,818	\$ (31,680)	\$ 110,138		

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

Statistical Section



City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

STATISTICAL SECTION

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

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

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
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 64,370	\$ 68,426	\$ 74,478	\$ 75,837	\$ 75,907	\$ 85,200	\$ 90,360	\$ 101,125	\$ 108,679	\$ 117,239
Restricted	6,896	5,654	5,104	4,985	5,128	5,731	13,238	8,833	11,622	14,474
Unrestricted	44,497	44,807	43,650	45,746	48,827	45,051	42,494	49,325	57,326	61,243
Total governmental activities	\$115,763	\$118,887	\$123,232	\$126,568	\$129,862	\$135,982	\$146,092	\$159,283	\$177,627	\$192,956
net position:	\$115,763	\$118,887	\$123,232	\$126,568	\$129,862	\$135,982	\$146,092	\$159,283	\$177,627	\$192,956

Business-type activities										
Net investment in capital assets	\$ 1,018	\$ 1,500	\$ 2,875	\$ 4,176	\$ 5,382	\$ 6,275	\$ 6,356	\$ 6,344	\$ 6,915	\$ 7,200
Restricted	4	4	-	-	-	-	-	-	2	1
Unrestricted	2,285	2,796	2,589	2,653	1,935	2,562	2,712	3,387	4,054	4,298
Total business-type activities	\$ 3,307	\$ 4,300	\$ 5,464	\$ 6,829	\$ 7,317	\$ 8,837	\$ 9,068	\$ 9,731	\$ 10,971	\$ 11,499
net position:	\$ 3,307	\$ 4,300	\$ 5,464	\$ 6,829	\$ 7,317	\$ 8,837	\$ 9,068	\$ 9,731	\$ 10,971	\$ 11,499

Primary government										
Net investment in capital assets	\$ 65,388	\$ 69,926	\$ 77,353	\$ 80,013	\$ 81,289	\$ 91,475	\$ 96,716	\$ 107,469	\$ 115,594	\$ 124,439
Restricted	6,900	5,658	5,104	4,985	5,128	5,731	13,238	8,833	11,624	14,475
Unrestricted	46,782	47,603	46,239	48,399	50,762	47,613	45,206	52,712	61,380	65,541
Total primary government	\$119,070	\$123,187	\$128,696	\$133,397	\$137,179	\$144,819	\$155,160	\$169,014	\$188,598	\$204,455
net position:	\$119,070	\$123,187	\$128,696	\$133,397	\$137,179	\$144,819	\$155,160	\$169,014	\$188,598	\$204,455

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 4,449	\$ 4,427	\$ 4,622	\$ 4,644	\$ 5,004	\$ 4,771	\$ 6,129	\$ 5,155	\$ 5,141	\$ 5,568
Public safety	21,186	22,614	21,722	22,486	22,190	22,144	23,173	21,583	24,879	25,180
Utilities & physical environment	3,083	3,187	2,939	3,028	2,462	4,942	3,368	4,500	2,295	1,873
Transportation	7,707	6,851	8,574	7,713	8,779	6,294	8,740	9,330	9,248	13,257
Economic environment	548	663	797	849	912	883	1,122	1,095	1,417	1,167
Community development	1,879	1,772	1,894	2,031	1,848	2,071	2,039	1,355	2,486	2,809
Culture and recreation	3,009	3,050	3,458	3,535	5,234	3,674	3,841	3,692	3,887	4,223
Interest on long-term debt	394	384	376	369	243	238	317	509	495	541
Total governmental activities expenses	42,255	42,948	44,382	44,655	46,672	45,016	48,729	47,219	49,848	54,618
Business-type activities:										
Aquifer protection area	-	-	-	306	982	126	154	171	177	211
Stormwater management	1,329	1,472	1,218	1,767	1,649	1,935	1,960	1,960	1,748	1,913
Total business-type activities expenses	1,329	1,472	1,218	2,073	2,631	2,061	2,114	2,131	1,925	2,124
Total primary government expenses	\$ 43,584	\$ 44,420	\$ 45,600	\$ 46,728	\$ 49,303	\$ 47,076	\$ 50,843	\$ 49,350	\$ 51,773	\$ 56,742
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,731	\$ 2,572	\$ 2,946	\$ 3,008	\$ 3,432	\$ 2,659	\$ 3,126	\$ 3,064	\$ 2,491	\$ 1,588
Public safety	2,057	1,647	1,651	1,553	1,473	1,388	1,318	1,159	1,299	1,552
Utilities & physical environment	87	106	84	98	934	230	222	296	1,496	1,766
Transportation	160	78	47	15	10	25	211	369	170	417
Economic environment	-	-	-	-	-	-	-	-	-	-
Community development	1,230	1,064	1,254	1,615	1,561	1,480	2,632	2,220	2,533	3,175
Culture and recreation	581	525	598	536	599	657	682	705	646	721
Operating grants and contributions	799	1,196	1,260	787	707	495	1,254	701	535	557
Capital grants and contributions	4,528	3,611	5,038	3,678	3,257	9,487	6,895	6,820	9,198	8,899
Total governmental activities program revenues	12,173	10,799	12,878	11,290	11,973	16,421	16,340	15,334	18,368	18,675
Business-type activities:										
Charges for services:										
Aquifer protection area	-	-	-	1	-	-	-	-	-	-
Stormwater management	1,748	1,833	1,835	1,873	1,867	1,861	1,898	1,895	1,920	1,936
Operating grants and contributions	-	65	622	956	476	584	450	784	1,189	520
Capital grants and contributions	20	726	50	620	814	1,410	-	97	-	110
Total business-type activities program revenues	1,768	2,624	2,507	3,450	3,157	3,855	2,348	2,776	3,109	2,566
Total primary government program revenues	\$ 13,941	\$ 13,423	\$ 15,385	\$ 14,740	\$ 15,130	\$ 20,276	\$ 18,688	\$ 18,110	\$ 21,477	\$ 21,241

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$(30,083)	\$(32,149)	\$(31,503)	\$(33,365)	\$(34,698)	\$(28,595)	\$(32,389)	\$(31,886)	\$(31,480)	\$(35,943)
Business-type activities	439	1,152	1,289	1,377	525	1,794	235	645	1,185	442
Total primary government net (expenses) /revenues	\$(29,644)	\$(30,997)	\$(30,214)	\$(31,988)	\$(34,173)	\$(26,800)	\$(32,154)	\$(31,241)	\$(30,295)	\$(35,501)

General Revenues and other Changes in Net Position

Governmental activities:

Taxes:										
Property taxes	\$ 10,781	\$ 10,676	\$ 10,802	\$ 10,886	\$ 11,042	\$ 11,274	\$ 11,430	\$ 11,602	\$ 11,671	\$ 12,107
Sales and use taxes	16,014	16,976	17,522	18,721	19,779	20,728	22,583	23,941	25,803	27,411
Excise taxes	3,342	3,273	3,271	3,329	3,616	4,397	4,807	5,636	7,682	7,075
Other taxes	4,080	3,862	3,847	3,670	3,459	3,459	3,417	3,369	3,285	3,189
Gain sale of capital assets, proceeds	-	-	-	-	-	-	-	-	28	-
Donation of capital assets	-	-	-	-	-	-	-	-	239	-
Interest and investment earnings	189	116	115	82	57	99	248	515	1,103	1,490
Transfers	90	161	128	13	39	13	13	13	13	-
Total governmental activities	34,496	35,064	35,685	36,701	37,992	39,970	42,498	45,076	49,824	51,272

Business-type activities:

Interest and investment earnings	7	3	3	2	1	2	10	31	69	86
Transfers	(90)	(161)	(128)	(13)	(39)	(13)	(13)	(13)	(13)	-
Total business-type activities	(83)	(158)	(125)	(11)	(38)	(11)	(3)	18	56	86
Total primary government	\$ 34,413	\$ 34,906	\$ 35,560	\$ 36,690	\$ 37,954	\$ 39,959	\$ 42,495	\$ 45,094	\$ 49,880	\$ 51,358

Change in Net Position

Governmental activities	\$ 4,413	\$ 2,916	\$ 4,182	\$ 3,336	\$ 3,294	\$ 11,376	\$ 10,109	\$ 13,191	\$ 18,344	\$ 15,329
<i>Change in accounting principles, note 1</i>	-	207	163	-	-	(5,519)	-	-	-	-
Business-type activities	356	994	1,163	1,366	487	1,783	232	662	1,241	528
Total primary government	\$ 4,769	\$ 4,117	\$ 5,508	\$ 4,702	\$ 3,781	\$ 7,640	\$ 10,341	\$ 13,853	\$ 19,585	\$ 15,857

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ 6	\$ 12	\$ 24	\$ 56	\$ 98	\$ 131	\$ 82	\$ 90	\$ 157	\$ 134
Restricted	204	123	180	204	255	24	80	38	44	48
Assigned	50	50	-	-	-	-	-	-	-	-
Unassigned	32,976	33,727	34,389	29,071	29,974	31,652	34,695	39,336	42,417	43,045
Total general fund	\$ 33,236	\$ 33,912	\$ 34,593	\$ 29,331	\$ 30,327	\$ 31,807	\$ 34,857	\$ 39,464	\$ 42,618	\$ 43,227
All other governmental funds										
Nonspendable	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 5	\$ 11	\$ 1	\$ 2
Restricted	6,682	5,519	4,900	4,725	4,774	5,557	13,070	8,349	11,071	14,425
Committed	501	502	503	503	504	444	237	4	500	23
Assigned	7,769	7,369	4,765	11,785	14,056	13,854	8,381	9,583	13,854	16,584
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other	\$ 14,957	\$ 13,390	\$ 10,168	\$ 17,013	\$ 19,334	\$ 19,874	\$ 21,693	\$ 17,947	\$ 25,426	\$ 31,034
Total fund balances	\$ 48,193	\$ 47,302	\$ 44,761	\$ 46,344	\$ 49,661	\$ 51,681	\$ 56,550	\$ 57,411	\$ 68,044	\$ 74,261

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$31,840	\$32,352	\$33,279	\$34,487	\$35,929	\$37,434	\$39,643	\$41,845	\$44,566	\$46,142
Licenses and permits	2,100	1,939	2,099	2,427	2,372	2,342	3,195	3,048	4,010	4,442
Intergovernmental	9,000	8,655	8,760	7,949	8,098	13,468	11,597	10,536	15,316	13,533
Charges for services	671	685	868	996	1,029	1,450	1,814	1,607	2,044	2,870
Fines and forfeitures	750	588	564	543	544	530	478	427	468	504
Investment interest	189	114	114	81	56	98	243	504	1,081	1,462
Miscellaneous	1,944	1,432	1,931	1,055	1,933	1,090	1,019	863	719	871
Total revenues	46,494	45,765	47,615	47,538	49,961	56,412	57,989	58,830	68,204	69,824
Expenditures										
Current:										
General government	4,047	3,993	4,203	4,232	4,508	4,539	5,134	4,891	4,828	5,229
Public safety	21,130	22,554	21,664	22,429	22,132	22,045	23,107	21,465	24,762	25,062
Utilities & physical environment	2,441	2,300	1,984	1,923	2,080	2,083	2,259	3,476	1,230	854
Transportation	3,199	3,923	5,349	4,172	4,453	4,144	4,524	4,704	4,288	8,149
Economic environment	506	634	759	815	902	825	1,095	1,125	1,392	1,149
Community development	1,879	1,772	1,894	2,031	1,848	2,071	2,039	1,355	2,486	2,809
Culture and recreation	2,323	2,301	2,536	2,599	2,582	2,788	2,851	2,743	2,806	2,909
Debt Service:										
Principal retirement	211	225	241	254	360	300	390	470	520	555
Interest expense	395	385	377	369	243	238	357	471	458	444
Refunding Bond issue costs	-	-	-	-	107	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	97	-	-	-
Capital Outlay:										
Capital expenditures	435	2,347	2,993	279	370	2,572	7,413	7,260	13,514	12,282
Construction in progress	6,714	6,246	8,128	6,547	6,832	12,476	11,489	9,712	1,299	3,739
Total expenditures	43,280	46,680	50,128	45,650	46,417	54,081	60,755	57,672	57,583	63,181
<i>Excess of revenues over (under) expenditures</i>	3,214	(915)	(2,513)	1,888	3,543	2,331	(2,766)	1,158	10,621	6,643
Other financing sources (uses)										
Proceeds on sale of land	-	-	-	-	-	-	-	-	405	-
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	4,293	5,127	5,314	10,251	7,388	11,917	8,364	11,840	12,749	17,850
Transfers out	(4,521)	(5,310)	(5,505)	(10,556)	(7,726)	(12,229)	(8,675)	(12,137)	(13,142)	(18,277)
Total other financing sources (uses)	(228)	(183)	(191)	(305)	(226)	(312)	7,635	(297)	12	(427)
Net change in fund balances	\$ 2,986	\$ (1,098)	\$ (2,704)	\$ 1,583	\$ 3,317	\$ 2,019	\$ 4,869	\$ 861	\$ 10,633	\$ 6,216
Debt service as a percentage of noncapital expenditures	1.71%	1.63%	1.61%	1.63%	1.57%	1.40%	1.82%	2.37%	2.34%	2.16%

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
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
2010	7,406,805,210	380,407,036	136,107,872	753,827,516	7,169,492,602	1.510
2011	7,363,382,369	390,295,527	155,027,290	767,757,542	7,140,947,644	1.503
2012	7,301,216,827	385,519,496	168,518,669	767,731,597	7,087,523,395	1.526
2013	7,098,461,705	395,557,119	164,764,545	736,958,074	6,921,825,295	1.578
2014	7,361,808,225	418,907,730	188,057,827	799,782,754	7,168,991,028	1.545
2015	7,599,597,739	440,541,679	182,240,486	828,408,322	7,393,971,582	1.526
2016	7,913,329,396	465,687,715	207,777,187	838,519,201	7,748,275,097	1.483
2017	8,308,078,597	477,211,542	209,217,972	870,020,448	8,124,487,663	1.434
2018	8,859,707,714	477,302,196	223,823,667	926,718,779	8,634,114,798	1.367
2019	9,653,316,121	485,761,065	243,083,335	1,030,771,476	9,351,389,045	1.303

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
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Direct and Overlapping Property Tax Rates Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

City of Spokane Valley Rates			Overlapping Rates ¹					
Fiscal Year	Basic Rate	Total Direct	Fire Districts	Spokane County	State School	School ² Districts (4)	County Library	Other/Special
2010	1.510	1.510	3.613	2.470	2.002	18.281	0.447	1.602
2011	1.503	1.503	3.621	2.572	2.241	20.317	0.500	1.657
2012	1.526	1.526	3.625	2.660	2.345	21.627	0.500	1.708
2013	1.578	1.578	3.632	3.032	2.445	22.416	0.500	1.747
2014	1.545	1.545	3.631	3.042	2.373	22.392	0.500	1.691
2015	1.526	1.526	3.625	3.186	2.264	22.617	0.500	1.636
2016	1.483	1.483	3.554	3.115	2.100	22.137	0.491	1.701
2017	1.434	1.434	3.489	3.090	2.000	22.325	0.476	1.675
2018	1.367	1.367	3.274	2.100	2.795	21.113	0.454	1.371
2019	1.303	1.303	3.069	2.280	2.518	15.536	0.432	1.318

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
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Principal Property Taxpayers ¹
Current Year and Ten Years Ago
December 31, 2019

Taxpayer	Business Type	2019			2010		
		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	\$ 327,852,602	1	3.51%	\$ 119,963,268	1	1.67%
Avista Corporation	Electric & Gas Utility	115,787,222	2	1.24%	48,154,068	4	0.67%
Spokane Valley Mall	Retail Malls	72,851,159	3	0.78%	60,185,757	3	0.84%
Park SPE, LLC	Real Estate Developer	69,439,150	4	0.74%	62,308,740	2	0.87%
Pinecroft, LLC	Commercial Real Estate Developer	38,995,230	5	0.42%	DND	-	DND
Wal-Mart Stores Inc.	Retail	37,773,522	6	0.40%	DND	-	DND
Enjoy The River, LLC	Real Estate Developer	38,000,090	7	0.41%	DND	-	DND
Cellco Partnership dba Verizon Wireless	Telephone Utility	36,957,419	8	0.40%	32,805,368	6	0.46%
Hal Valley Apartments, LLC	Real Estate Developer	35,278,780	9	0.38%	DND	-	DND
Wagstaff Inc.	Engineering & Manufacturing	34,903,721	10	0.37%	DND	-	DND
Spokane Valley Hospital & Medical Center	Health Care	-	-	-	33,948,739	5	0.47%
CPM Development Corp	Concrete & Asphalt	-	-	-	25,242,122	7	0.35%
Lowe's HIW Inc.	Retail	-	-	-	23,456,030	8	0.33%
Qwest Corporation	Telephone Utility	-	-	-	22,086,218	9	0.31%
Worthy Enterprises, LLC	Commercial Real Estate Developer	-	-	-	20,456,520	10	0.29%
Total:		\$ 807,838,895		8.64%	\$ 448,606,830		6.26%

Spokane Valley FY'2019 Levy Rate: 1.30274080047100

Total Assessed Value City of Spokane Valley	\$ 9,351,389,045	8.64%	\$ 7,169,492,602	6.26%
Total Assessed Value City of Spokane Valley all other Taxpayers	\$ 8,543,550,150	91.36%	\$ 6,720,885,772	93.74%

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Property Tax Levy and Collections ¹
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	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	10,836,664	10,596,232	97.78%	98,579	10,694,811	98.69%
2011	10,736,817	10,511,675	97.90%	82,060	10,593,735	98.67%
2012	10,824,167	10,606,471	97.99%	76,517	10,682,988	98.70%
2013	10,927,218	10,674,154	97.68%	102,956	10,777,110	98.63%
2014	11,079,836	10,889,763	98.28%	83,306	10,973,069	99.04%
2015	11,284,152	11,097,997	98.35%	85,010	11,183,007	99.10%
2016	11,470,220	11,274,184	98.29%	97,836	11,372,020	99.14%
2017	11,651,785	11,473,477	98.47%	99,881	11,573,358	99.33%
2018	11,804,402	11,708,947	99.19%	111,055	11,820,002	100.13%
2019	12,182,436	12,165,125	99.86%	68,196	12,233,321	100.42%

Note:

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Govermental Activities		Percentage of Personal Income	Total Primary Government Bonded Debt Per Capita	Spokane County MSA Est. Per Capita Income¹	Personal Income
	LTGO'14 Refunding Bonds and LTGO'16 Bonds	Total Primary Government				
2010	8,155,000	8,155,000	0.26%	90	35,203	3,177,196,200
2011	7,930,000	7,930,000	0.24%	88	36,635	3,292,258,960
2012	7,690,000	7,690,000	0.23%	85	37,990	3,409,479,150
2013	7,435,000	7,435,000	0.21%	81	38,099	3,550,269,450
2014	6,675,000	6,675,000	0.19%	73	40,028	3,596,117,350
2015	6,375,000	6,375,000	0.16%	68	41,681	3,890,504,540
2016	13,260,000	13,260,000	0.33%	141	42,894	4,038,899,040
2017	12,790,000	12,790,000	0.30%	135	44,552	4,227,539,280
2018	12,270,000	12,270,000	0.28%	128	46,466	4,451,907,460
2019	11,715,000	11,715,000	0.25%	121	48,462 ¹	4,687,266,636

1. Spokane County Metropolitan Statistical Area (MSA) annual per capita personal income. Source: Spokane County (www.spokanetrends.org).
Fiscal year 2019 estimated with a 4.30% increase in change per capita income from fiscal year 2018. Previous fiscal years adjusted to actual.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
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
2010	90,210	7,169,492,602	8,293,765	8,155,000	0.114%	90
2011	90,110	7,140,947,644	8,061,449	7,930,000	0.111%	88
2012	90,550	7,087,523,395	7,814,134	7,690,000	0.109%	85
2013	91,490	6,921,825,295	7,551,818	7,435,000	0.107%	81
2014	92,050	7,168,991,028	7,305,556	6,675,000	0.093%	73
2015	93,340	7,393,971,582	6,966,450	6,375,000	0.086%	68
2016	94,160	7,748,275,097	14,499,741	13,260,000	0.171%	141
2017	94,890	8,124,487,663	13,966,932	12,790,000	0.157%	135
2018	95,810	8,634,114,798	13,384,123	12,270,000	0.142%	128
2019	96,720	9,351,389,045	12,731,636	11,715,000	0.125%	121

1) Community Indicators Initiative of Spokane, Journal of Business.

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

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

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Direct and Overlapping Governmental Activities Debt ¹
As of December 31, 2019

Number of Issues	Governmental Unit	Net Debt	Earliest (Month/Year)	Oldest (Month/Year)	Applicable to	
		Outstanding			City of Spokane Valley Percentage	Amount
Direct Debt						
3	City of Spokane Valley	\$ 11,715,000	12/2016	12/2045	100.00%	\$ 11,715,000
Total Direct Debt:		11,715,000			100.00%	11,715,000
Overlapping Debt						
1	Fire District #1	569,295	3/2017	3/2022	70.83%	403,245
1	Fire District #8	275,000	10/2010	12/2020	6.90%	18,974
15	Spokane School District #81	526,655,000	11/2010	12/2035	3.70%	19,504,240
6	Central Valley School District #356	236,285,000	5/2012	12/2037	61.73%	145,855,438
3	East Valley School District #361	3,658,079	9/2006	6/2027	66.03%	2,415,281
11	West Valley School District #363	8,246,355	6/2011	12/2028	61.40%	5,063,314
Total Overlapping Debt:		775,688,729			22.34%	173,260,491
Total Direct and Overlapping Debt:		\$787,403,729			23.49%	\$184,975,491

1) Source: 2019 Spokane County Assessor's & Auditor's Office.

2) Source: 2019 Spokane County Auditor's Office, County wide Districts Overlapping Debt Schedules.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2018

Assessed Valuations: ¹

Assessed Value	\$ 9,351,389,045
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Total Assessed Value	<u>9,351,389,045</u>
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Legal Debt Margin ²

Debt Limitation: (2.5% of total assessed market value)	233,784,726
(Less:) Debt applicable to limitation ⁵	12,331,793

Legal Debt Margin	<u>221,452,933</u>
-------------------	--------------------

Fiscal Year

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 179,237,315	\$ 178,523,691	\$ 177,188,085	\$ 173,045,632	\$ 179,224,776	\$ 184,849,290	\$ 193,706,877	\$ 203,112,192	\$ 215,852,870	\$ 233,784,726
Total net debt applicable to limit	8,410,690	8,201,386	8,001,362	7,784,865	7,077,106	6,813,763	13,752,246	13,295,225	12,833,301	12,331,793
Legal debt margin	<u>\$ 170,826,625</u>	<u>\$ 170,322,305</u>	<u>\$ 169,186,723</u>	<u>\$ 165,260,767</u>	<u>\$ 172,147,670</u>	<u>\$ 178,035,527</u>	<u>\$ 179,954,631</u>	<u>\$ 189,816,967</u>	<u>\$ 203,019,569</u>	<u>\$ 221,452,933</u>

Total net debt applicable
to the limit as a % of

debt limit	4.69%	4.59%	4.52%	4.50%	3.95%	3.69%	7.10%	6.55%	5.95%	5.27%
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1) Source: Spokane County Assessor's Office.

2) See Note #9, Legal Debt Margin General Purposes voted and non-voted Debt @ 2.5%.

3) See Note #9, Legal Debt Margin Utility voted Debt @ 2.5%.

4) See Note #9, Legal Debt Margin Open Space and Park Facilities voted Debt @ 2.5%.

5) See Note #9, changes in Long-term liabilities year end balances for LTGO'14 & LTGO'16 + compensated absenses.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
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
2010	90,210	3,175,662,630	35,203	37.3	1,585,010,451	21,537	10.5%
2011	90,110	3,301,179,850	36,635	38.1	1,678,063,524	21,573	9.9%
2012	90,550	3,394,538,400	37,990	37.9	1,745,839,808	21,758	9.4%
2013	91,490	3,485,677,510	38,099	39.8	1,884,116,155	21,946	8.4%
2014	92,050	3,596,117,350	40,028	37.5	1,970,385,634	22,132	7.2%
2015	93,340	3,890,504,540	41,681	36.0	2,058,714,546	22,127	6.8%
2016	94,160	4,038,899,040	42,894	37.7	2,270,098,692	21,349	6.3%
2017	94,890	4,227,539,280	44,552	39.5	2,387,525,105	22,046	5.5%
2018	95,810	4,451,907,460	46,466	35.2	2,568,386,688	23,251	5.4%
2019	96,720	4,687,266,636	48,462	37.0	2,751,001,109	23,681	5.4%

1. Spokane County Metropolitan Statistical Area (MSA) annual per capita personal income. Source: Spokane County (www.spokanetrends.org).
Fiscal year 2019 estimated with a 4.30% increase in change per capita income from fiscal year 2018. 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)

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Principal Employers
Current Year and Ten Years Ago

Employer	2019			2010			
	FTE Employees	¹	Rank	Percentage of Total City Employment	FTE Employees	Rank	Percentage of Total City Employment
Central Valley School District	1,591		1	1.64%	1,230	2	1.36%
Kaiser Aluminum	950		2	0.98%	800	5	0.89%
Yokes Foods, Inc.	866		3	0.90%	408	8	0.45%
East Valley School District	533		4	0.55%	570	6	0.63%
West Valley School District	529		5	0.55%	DND	²	-
CPM Development Corporation	435		6	0.45%	DND	²	-
Numerica Credit Union	410		7	0.42%	DND	²	-
Wagstaff Inc.	402		8	0.42%	261	10	0.29%
Alorica Business Solutions	360		9	0.37%	DND	²	-
KeyTronicEMS	250		10	0.26%	DND	²	-
Wal-Mart Stores	DND	²	-	-	1,362	1	-
Avista Energy	-		-	-	950	3	1.05%
BNSF Railway Company	-		-	-	900	4	1.00%
Valley Hospital & Medical Center	-		-	-	457	7	0.51%
Appleway Automotive Group	-		-	-	285	9	0.32%
Total	6,326			6.54%	7,223		8.01%

1) Source for Data: Journal of Business Book of Lists January 2, 2020, Volume 35, issue 1. FTE employees as of Nov. 1, 2019.

2) DND: did not disclose.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Full-time Equivalent (FTE) Employees by Function and Program
Last Ten Fiscal Years

Function/Department/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Executive & Legislative										
City Manager / City Clerk	5	5	5	5	5	5	5	5	7	6.5
Legal	3	3	3	3	3	3	3	3	3.5	3.5
Interns ²	4.5	2	2	3	3	-	-	-	-	1
Operations & Administrative Services										
Deputy City Manager	8	7	7	6	6	6	6	6	3	1
Finance	12	11	11	10.75	11.75	11.75	11.75	11.75	11.75	11.75
Human Resources	2	2	2	2	2	2	2	2	2	2
Interns ²	1	2	2	1	1	-	-	-	-	-
Public Safety¹										
Public Safety	-	-	-	-	-	-	-	-	-	0.12
Utilities & Physical Environment										
Public Works	7.5	7.5	7	7	7.375	7.375	7.375	6.375	-	-
City Hall Operations & Maintenance	-	-	-	-	-	-	-	1	1	0.88
Transportation										
Street Fund & Street Capital Project Fund ²	8.5	8	8.5	8.5	8.875	9.225	9.225	9.225	10.725	15.825
Interns ²	-	1	1	1	1	-	-	-	-	-
CED & CPW-2018										
CED Administration	3	3	3	2	2	2	2	1	-	-
CED Building	14.75	12.75	12.75	11.5	12.5	14	14	15	-	-
CED & CPW Economic Development	-	-	-	-	-	2.5	2.65	4	6.375	6
CED Development Services	-	-	-	-	-	11	11	10	-	-
CED & CPW-2018 Building & Planning	9	8.5	8.5	8	8	-	-	-	18	20
CED & CPW-2018 Engineering	8	6	6	8	7	-	-	-	12.5	13.275
Culture and Recreation										
Parks Administration	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
CenterPlace	7	5	5	5	5	5	5	5	5	5
Interns ²	1	1	1	1	1	-	-	-	-	-
Stormwater										
Stormwater Management Fund	4	4.5	4.5	4.5	4.75	4.4	4.4	4.4	4.4	3.9
Interns ²	2	2	1	1	1	-	-	-	-	-
Total (FTEs)										
	95.75	87.25	87.25	85.25	87.25	87.25	87.4	87.75	89.25	93.75

Notes:

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
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety ¹										
Total number of crime offenses ²	5,183	6,237	5,390	5,691	5,691	5,014	5,561	5,927	5,414	5,742
Number of violent crimes per 1,000 ³	1.8	1.9	2.1	2.2	2.2	3.2	2.5	2.9	2.1	3.6
Property crimes per 1,000 ³	46.9	55.7	53.1	51.5	53.1	57.0	51.2	53.8	46.5	43.5
Commissioned officers per 1,000 ³	1.15	1.08	1.09	1.09	1.1	1.1	1.1	1.1	1.1	1.1
Full time commissioned officers ³	104	97	99	99	97	102	102	101	103	109
Building and permits ⁵										
Residential dwelling permits	599	603	1,331	1,415	1,438	1,722	1,892	1,288	1,009	961
Non-residential building permits	160	155	31	91	233	545	593	430	475	662
Mechanical permits	1,096	953	-	-	-	-	-	-	-	-
Plumbing permits	571	586	-	-	-	-	-	-	-	-
Mechanical/Plumbing commercial permits	-	-	-	315	357	305	341	421	372	355
Mechanical/Plumbing residential permits	-	-	-	1,160	1,437	1,404	1,523	2,393	1,902	1,880
Demolition permits	35	32	39	55	65	47	40	58	49	67
Grading permits	17	29	38	43	50	62	55	75	95	91
Miscellaneous sign permits	7	8	13	16	122	124	124	92	107	85
Transportation										
Highways & streets (surface in miles) ⁴	438	438	438	438	461	461	461	461	461	461
Lane miles maintained (per 1k population)	-	5.12	5.12	5.12	5.12	4.94	4.94	4.94	4.71	4.62
Street sweeping (in cubic yards removed)	-	-	-	804	874	1,370	1,450	1,310	930	1,360
Potholes repaired & patched	540	748	1,550	2,133	607	482	606	2,012	504	476
Street right-a-way inspections performed	-	-	-	5,513	7,322	9,459	10,901	13,980	13,657	12,658
Street right-a-way permits issued	261	390	467	652	712	724	768	996	1,090	979
Local Gov't road maintenance per capita \$1	\$43	\$11	\$41	\$45	\$47	\$43	\$48	\$53	\$47	\$56
Avg daily traffic counts I-90 at Sprague	107,000	108,000	108,000	108,000	114,000	118,000	107,000	121,000	124,000	106,000
Avg daily traffic counts I-90 at Pines	70,000	70,000	70,000	70,000	75,000	81,000	70,000	83,000	83,000	90,000
Avg daily traffic counts I-90 at Sullivan	66,000	63,000	63,000	63,000	70,000	75,000	66,000	79,000	89,000	95,000
Parks and recreation										
Parks reservations (fields, shelters, parks)	252	394	407	399	428	425	431	511	537	570
Total participants in aquatic programs ⁶	35,910	36,484	35,978	33,681	29,820	30,612	31,453	34,964	28,935	27,506
CenterPlace reservations (by # of events) ⁶	823	816	915	812	1,083	919	923	1,041	1,047	1,106
Centennial Trail (measured in miles)	7	7	7	7	7	7	7	7	7	7
Appleway Trail (measured in miles)	-	-	-	-	-	-	-	1	1	3.3
Stormwater										
Storm ditches (measured in miles)	11	11	11	11	11	11	11	11	12	12
Ponds	38	38	39	39	41	41	106	60	64	66
Swales (measured in miles)	10	10	11	11	12	12	12	20	21	23

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

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

³ Source: Community Indicators Initiative of Spokane (www.spokanetrends.org).

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.

City of Spokane Valley, Washington
Comprehensive Annual Financial Report - Fiscal Year 2019

City of Spokane Valley, Washington
Capital Asset Statistics by Function and Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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
Cement concrete pavement (<i>in centerline miles</i>)	6	6	7	7	7	7	7	8	7	7
Asphalt plant or road mix (<i>in centerline miles</i>)	335	335	334	334	334	365	371	371	365	365
Bituminous surface (<i>in centerline miles</i>)	87	87	88	88	88	84	82	81	88	88
Gravel or crushed rock (<i>in centerline miles</i>)	10	10	9	9	9	1	1	1	1	1
Bridges	4	4	4	4	4	4	4	4	16	16
Traffic Signals	86	86	86	86	85	85	86	87	87	87
Flashing Beacons School Zone	20	24	32	32	36	36	36	36	38	42
4-Way intersection control flashing beacons	4	4	4	4	3	3	3	3	3	3
Rectangular Rapid Flashing Beacons (RRFB)	-	-	14	14	14	16	16	18	20	24
Digital Message Sign (DMS)	1	1	1	1	1	1	1	1	1	1
Standalone Traffic Cameras	3	3	4	8	8	9	9	9	9	9
Standalone Radar Feedback Speed Signs	-	-	-	-	-	-	-	-	-	2
Culture and recreation										
Parks acreage ¹	172	172	172	172	172	180	180	180	191	254
Parks (acreage undeveloped park land) ¹	-	-	-	-	-	-	-	-	56.0	69.8
Parks (developed) ¹	10	10	11	11	11	11	11	11	11	11
Park shelters	9	10	12	14	14	14	14	14	14	15
Playgrounds	-	-	-	-	5	6	6	7	7	7
Multi-purpose fields	2	2	2	2	2	2	4	5	5	5
Park sculptures	2	2	2	2	2	3	3	3	2	4
Swimming pools	3	3	3	3	3	3	3	3	3	3
Splash Pads	-	-	-	4	4	4	4	4	4	4
Softball fields	4	4	4	4	4	3	3	3	3	3
Basketball courts	3	3	3	3	3	4	4	4	3	3
Volleyball courts	2	2	2	2	2	10	11	19	19	18
Tennis courts	2	2	2	2	2	4	4	4	3	3
Dog park	-	-	-	-	-	-	1	1	1	1
Horseshoe pit	-	1	1	1	1	1	1	1	1	1
Pickleball courts	-	-	-	-	-	-	1	1	1	1
Disc golf course	-	-	-	-	-	-	-	1	1	1
Trails (Appleway Trail)	-	-	-	-	-	-	1	1	1	1
Regional Convention Center (w/Senior Center) ²	1	1	1	1	1	1	1	1	1	1
Dance hall/arena	1	1	1	1	1	1	1	1	1	1
Horse arena	1	1	1	1	1	1	1	1	1	1
Stormwater management										
Drywells	7,376	7,262	7,189	7,439	6,751	5,738	7,263	7,472	7,441	7,609
Catchbasins	3,607	3,627	3,687	3,831	3,906	4,008	4,038	4,025	4,081	4,099
Curb/sidewalkdrops	2,473	2,479	2,487	2,801	2,932	3,116	3,148	3,153	3,309	3,487
Manhole & stormdrain covers (square & round)	11,154	11,162	11,175	11,270	12,589	13,028	11,620	11,580	11,683	11,737
Culverts	106	106	106	110	51	67	2	168	196	198
Pump systems	4	4	4	4	4	4	4	4	4	4
Stormwater pipe (not combined with sewer, mile)	24	24	25	27	12	12	29	30	30	31

¹ Park acreage information reported in the City's Park and Recreation Departments updated Master Plan (June 20, 2019).

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.