

City of Spokane Valley

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2021



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



City of Spokane Valley, Washington

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2021

Ben Wick
Mayor

Mark S. Calhoun
City Manager

John Hohman
Deputy City Manager

Chelsie Taylor
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Introductory Section



City of Spokane Valley, WA
Annual Comprehensive Financial Report
For the Fiscal year Ended December 31, 2021
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December 7, 2022

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

We are pleased to present the City's Annual Comprehensive Financial Report for the year ended December 31, 2021. 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. According to the 2021 population estimate for the City of Spokane Valley, the 2021 estimated population is 104,500 and is the 9th largest city in Washington. The incorporation of Spokane Valley was the largest in the state and the 2nd largest single incorporation in U.S. history at the time. The incorporated area of Spokane Valley encompasses approximately 38.5 square miles of land area, with room for residential, commercial and industrial expansion. Within the incorporated city limits, there are about 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, 2021:

Member	Position	Employer/Occupation	Total Time Served	Current Term Expires
Ben Wick	Mayor	IT Manager/Publisher	7.00 years	12/31/21
Brandi Peetz	Deputy Mayor	Office Manager	3.13 years	12/31/23
Lewis R. Higgins	Councilmember	Retired	7.90 years	12/31/21
Pam Haley	Councilmember	Business Owner	4.51 years	12/31/21
Arne Woodard	Councilmember	Real Estate Broker	9.74 years	12/31/23
Tim Hattenburg	Councilmember	Retired	2.00 years	12/31/23
Linda Thompson	Councilmember	Director	3.13 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 of Spokane Valley located in eastern Washington, in the central east area of Spokane County (the “County”) adjacent to the City of Spokane (“Spokane”). Due to the City’s proximity to Spokane, the economy of the City is greatly influenced by Spokane’s economy. Spokane is the second largest city in the State with a 2021 population estimates of 229,071. The population estimates of the County in 2021 is 546,040. Both Spokane and the County have experienced steady annual growth in population. (Source: United States Census Bureau)

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

Spokane Valley is home to a business-friendly environment including no local Business and Occupation (B&O) tax or corporate income tax. Its workforce is highly skilled, and the City is centrally located among several higher education programs, which ensures there is a pipeline of future talent. Spokane Valley has a total of 4,652 businesses. In 2021, the leading industries in Spokane Valley were Retail, Manufacturing, Health Care and Social Services, and Accommodation and Food Services. The City is well connected through a robust transportation infrastructure and has streamlined its permitting processes to fit the needs of industry and keep expenses low. (Source: <http://www.spokanevalleyed.org/business-climate/>)

In 2021 The Idaho Central Spokane Valley Performing Arts Center (ICSV PAC) publicly announced plans to build a \$48 million state-of-the-art performing arts center. The 59,000 square foot facility will be located in Mirabeau Park near CenterPlace and will house a 475+ seat Main Stage Theatre, a 200-seat flexible Studio Theatre, an Acting Conservatory for area youth, as well

as event/business meeting space. Groundbreaking occurred in August of 2022, and the Idaho Central Spokane Valley Performing Arts Center hopes to open its doors for its first theater production in the summer of 2024.

The Washington State Department of Commerce announced in a December 2021 news release, a \$350,000 grant to support expansion of a Spokane Valley-based clean tech company that captures carbon emissions. CarbonQuest Inc., headquartered in the city, has developed an innovative patent-pending technology called Building Carbon Capture System that can capture, separate, liquefy and store carbon that would otherwise be emitted into the atmosphere when a large building is heated.

CarbonQuest currently employs 12 people at its headquarters in Spokane Valley, with satellite offices in Seattle and New York. The \$350,000 grant from the Governor's Strategic Reserve Fund to Greater Spokane Incorporated will support CarbonQuest's plans to significantly expand its office and lab space from its current 5,000 square foot space to 35,000-50,000 square feet. The clean tech startup hopes to grow to more than 100 well-paying jobs over time as demand grows alongside efforts to decarbonize the economy.

Spokane Valley-based Crown West Realty, LLC, a full-service real estate investment, development, and management firm which owns and operates the massive Spokane Business & Industrial Park in the Valley has purchased an additional 40 acres industrial land on Barker Road in Spokane Valley. It plans to develop this into a 600,000 square-foot multibuilding industrial park. Groundbreaking on the first building was in 2021 with completion expected in 2022. Crown West has additional offices in New York, Phoenix, Denver, Tucson, and Washington's Tri-Cities.

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

CenterPlace Regional Event Center in Spokane Valley has added a new outdoor hardscape “event” plaza on its west lawn. The new space is a key part of the City of Spokane Valley's \$2.2 million in upgrades to the facility. The new space can host community events, theatre performances, outdoor movies, food trucks and more.

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

Major initiatives

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

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

Community Identity and Pride

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

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

Our region invests in all stages of education to instill a passion for knowledge that extends beyond the classroom and into the community. The result is a skilled workforce that is highly engaged, highly motivated, eager to make a difference and ready to get to work. K-12 schools have been recognized as leaders in the state and across the nation in K-12 education. Students can prepare for college and university coursework and earn college credits by taking elective advanced placement classes. Spokane Valley includes three school districts – East Valley School District, Central Valley School District, and West Valley School District. Combined they serve over 21,000 students in more than 40 schools.

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 over the next 20 years. A comprehensive plan is a required document for cities and counties in Washington State. The Plan comprises several individual elements. The City of Spokane Valley amends its Comprehensive Plan on an annual basis as permitted by State law. In addition to these regular amendments, the GMA requires counties and cities to periodically conduct a thorough review of their plans and regulations to bring them in line with any relevant changes in the GMA and to accommodate updated growth targets. Spokane Valley's Comprehensive Plan was updated during 2016 and amended annually through 2021.

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

The financial management policies that the City has adopted are multi-faceted. We will continue to provide basic levels of service with minimal resources. In order to accomplish this, many services are contracted. This helps keep personnel and overhead costs down by maintaining consistent staffing levels with minimal adjustment to respond to the ever-changing economy.

This allows current dollars to be spent on current and future projects, instead of tying up future dollars with debt payment on current projects. To make the pay as you go philosophy work to its full extent, current spending is leveraged with grant funding as often as possible. Finally, we use the extensive annual budget process to prioritize spending to minimize changes and additions to appropriations during the year.

The financial management policies are in place to help the City meet its financial objectives. We maintain a General Fund Ending Balance of at least 50% of recurring expenditures. This is roughly the equivalent of six months of general fund operations and was determined as a result of cash flow analysis. The City has also established a Service Level Stabilization Fund that can be used to support operations in times of economic hardship. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 97.00% of recurring expenditures. This is above policy guidelines set by the Council. City policy also indicates that if ending fund balance is in excess of 50% of recurring expenditures, the City may consider spending down the excess on one-time expenditures, generally capital in nature. Since this policy was adopted, the City has transferred \$38,916,950 to our Capital Reserve Fund over the years of 2013 through 2021 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 2021, 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 continued to focus efforts on acquiring funding for the Barker Road/BNSF and the Pines Road/BNSF Grade Separation projects (GSPs). These efforts have produced extraordinary results.

The City secured \$26 million dollars for the Barker Road/BNSF GSP from both state and federal agencies and construction for this project began in March of 2021. Construction is expected to be complete in the summer of 2022. When complete, this project will eliminate the grade crossings at Barker and Flora Roads.

The City also continues to make progress on the design and right-of-way phases for the Pines Rd/BNSF GSP which is estimated to cost \$40 million (assuming construction in 2023). The City will require multiple partners to complete this grade separation project. The City has set aside \$4.7 million of local funds for this project. Efforts to find partners has secured \$33 million from multiple federal agencies. The City continues to pursue all funding opportunities to breach the current funding gap of about \$2.3 million.

Parks and trails are also getting major investments as the City has completed implementation of the Browns Park Master Plan and continues to work on the construction of the Appleway Trail. Browns Park is an 8.2-acre park located at the corner of Pines Road and 32nd Ave. that includes sixteen sand volleyball courts and a basketball court in addition to other park features. The updated Parks and Recreation Master Plan recommended developing Browns Park as a destination sand volleyball complex for our region. This has been accomplished with the completion of the final eight sand volleyball courts in 2018. The park's splashpad was added in 2017 to serve the younger members of the community. The final two phases of park improvements were completed in 2021 and dedicated at a ribbon-cutting ceremony on July 2nd of that year. Parks saw a significant increase in utilization of Brown's Park in 2022 including record numbers of games and clinics coordinated through ERVA in the sand volleyball complex.

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

sections of the trail are funded through a combination of City funds, federal grants, and state grants. In 2022 the City also worked with Spokane County who owns the underlying right-of-way to amend the Inter-Local Agreement for the Trail to allow the City to issues licenses to local businesses to develop “parklets” along the trail corridor that would provide access for customers directly from the trail.

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

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

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

Pandemic Response

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

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

Acknowledgements

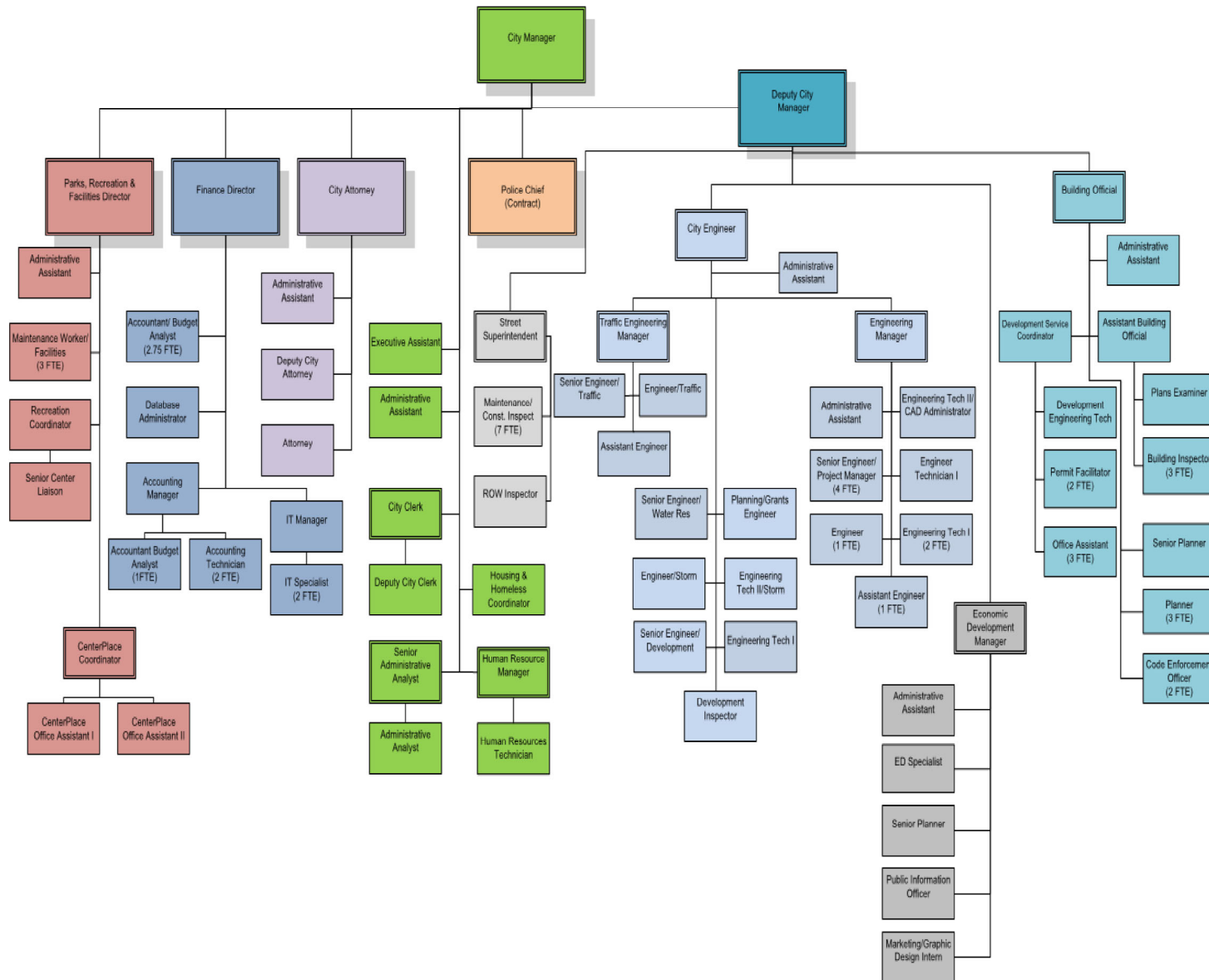
The preparation of the annual financial report was made possible by the dedicated efforts of the entire staff of the finance department and by the cooperation of the other City departments. Each staff member has our sincere appreciation for the contributions made in the preparation of this report. Without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

Sincerely,

A handwritten signature in dark ink, reading "Chelsie Taylor". The script is cursive and fluid, with the first name "Chelsie" written in a larger, more prominent style than the last name "Taylor".

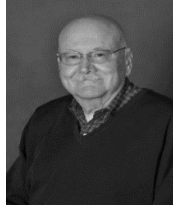
Chelsie Taylor, CPA
Finance Director
City of Spokane Valley

City of Spokane Valley, Washington
Annual Comprehensive Financial Report-Fiscal Year 2021
Organizational Chart



City of Spokane Valley, Washington
List of Elected Officials and Department Directors
December 31, 2021

Elected Officials



*Rod Higgins,
Position 1*



*Deputy Mayor Brandi Peetz,
Position 2*



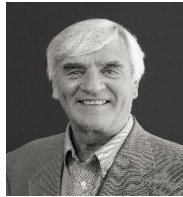
*Arne Woodard,
Position 3*



*Mayor Ben Wick,
Position 4*



*Pam Haley,
Position 5*



*Tim Hattenburg,
Position 6*



*Linda Thompson,
Position 7*

2021 City Council

Department Directors and Division Managers

City Manager
Deputy City Manager
City Attorney
Human Resources Manager
City Clerk
Building Official
Economic Development Manager
City Engineer
Engineering Manager
Finance Director
Accounting Manager
IT Manager
Parks & Recreation Director
Police Chief

Administration Department
Administration Department
Administration Department
Administration Department
Administration Department
Building Division
Economic Development
Engineering
Engineering
Finance Department
Finance Department
Information Technology
Parks & Recreation Department
Police Department

Mark Calhoun
John Hohman
Cary Driskell
John Whitehead
Chris Bainbridge
Jenny Nickerson
Mike Basinger
Bill Helbig
Gloria Mantz
Chelsie Taylor
Daniel Domrese
Chad Knodel
John Bottelli
Dave Ellis

Financial Section





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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane Valley as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major and the aggregate remaining fund information of the City of Spokane Valley, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 14 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 14. Our opinion is not modified with respect to this manner.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Other Information

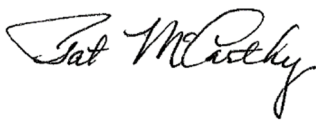
The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 5, 2022

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



CITY OF SPOKANE VALLEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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, 2021. 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 2021 are as follows:

The City of Spokane Valley's financial position improved. At the end of the current fiscal year, assets exceeded liabilities by \$247,120 thousand (*net position*). Of this amount, \$68,915 thousand represents the primary government's unrestricted net position, which may be used and is available to meet the City's ongoing activities and obligations to the citizens and creditors.

The City of Spokane Valley's total net position from Governmental and Business-type activities increased by \$26,623 thousand or 12.07% 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 \$90,330 thousand, an increase of \$13,008 thousand in comparison with the prior year, including a prior period adjustment of \$448 thousand. Approximately 46.07% of this amount or \$41,619 thousand (*unassigned fund balance*) is available for spending at the City's discretion.

For the general fund, the unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) was \$41,619 thousand. This is approximately 100.09% of the total general fund expenditures. The net change in actual fund balance was an increase of \$1,761 thousand during the current fiscal year.

Total long-term liabilities for Governmental type activities decreased by \$2,494 thousand to \$12,718 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.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Spokane Valley's finances, in a manner similar to 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 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 and recreation. These services are funded and supported primarily by taxes and intergovernmental revenues, including federal and state grants, and other shared revenues.
- ◆ **Business-type Activities** – These services are provided on a charge for goods or user fee services basis to recover all or a significant portion of the cost of services provided, including State Grants. The City's Stormwater Utility Management Fund and Aquifer Protection Area Fund activity is reported here.

Fund Financial Statements

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

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

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

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

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

The City’s two *Internal Service Funds*, Equipment Rental and Replacement Fund and Risk Management Fund account for the accumulated and allocated internal costs of fleet vehicles, computer equipment, and insurance claims. Also, both provide internally for the goods and services among the City’s various departments and functions. Because both 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. *These basic governmental fund financial statements can be found in the Basic section of this report.*

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

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

Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net position – As noted earlier, net position over time may serve as a useful indicator of the City of Spokane Valley's financial position. The City's total assets and deferred outflows exceeded total liabilities and deferred inflows by \$247,120 thousand as of December 31, 2021. The following table summarizes and compares the City's net position for 2021 and 2020 (*see Table 1, below*):

City of Spokane Valley's Net Position (amounts in thousands)						
Table 1	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current assets	\$ 108,837	\$ 90,743	\$ 3,818	\$ 5,004	\$ 112,656	\$ 95,746
Noncurrent assets	6,013	-	225	-	6,238	-
Capital assets (net of depreciation)	150,003	140,539	9,882	7,405	159,885	147,944
Total assets	264,854	231,282	13,925	12,408	278,779	243,690
Total deferred outflows of resources	865	935	34	38	899	973
Long-term liabilities	12,718	15,213	61	131	12,780	15,343
Other liabilities	12,861	7,183	252	590	13,113	7,773
Total liabilities	25,580	22,396	313	720	25,893	23,116
Total deferred inflows of resources	6,423	1,010	242	41	6,665	1,051
Net position:						
Net investment in capital,						
assets	138,624	128,464	9,882	7,405	148,507	135,869
Restricted	29,627	16,407	71	-	29,698	16,407
Unrestricted	65,465	63,941	3,450	4,280	68,915	68,221
Total net position	\$ 233,716	\$ 208,811	\$ 13,404	\$ 11,685	\$ 247,120	\$ 220,496

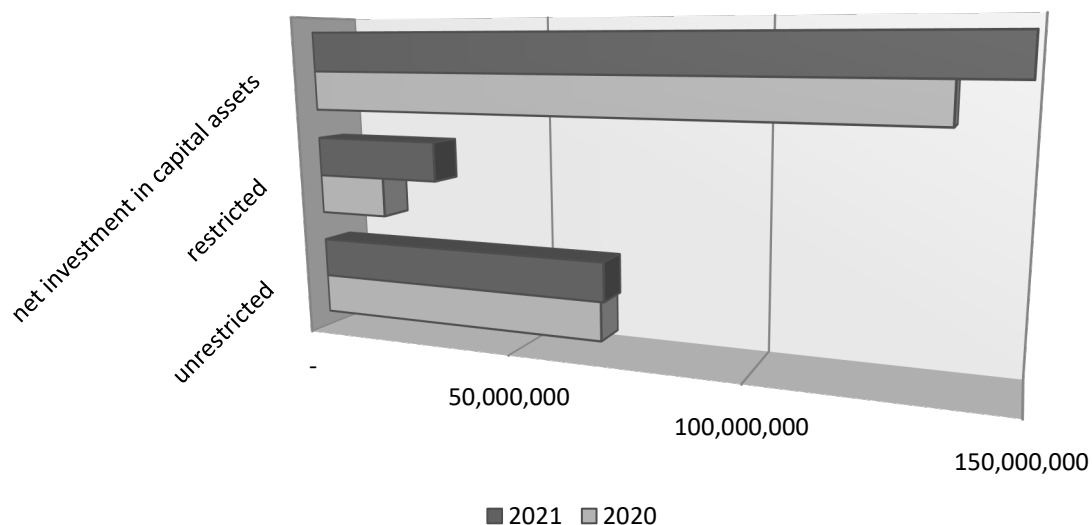
In this case, as of December 31, 2021, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$233,716 thousand in governmental activities and \$13,404 thousand in business-type activities. The largest portion of the City's net position, at 60.10%, is its investment in capital assets of \$148,507 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 \$29,698 thousand and 12.02% of total net position this is the smallest share of the City's net position. The remaining balance of \$68,915 thousand or 27.89% 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, 2021 and 2020



The City of Spokane Valley's total net position has increased by \$26,623 thousand or 12.07% from the prior year. This is primarily explained by revenues outpacing expenditures. More discussion will follow for the overall increase in net position in the sections for governmental and business-type activities.

City of Spokane Valley's Changes in Net Position
as of December 31, 2021 and 2020 (amounts in thousands)

	Governmental		Business-type		Total		%
	Activities		Activities		Total		Change
	2021	2020	2021	2020	2021	2020	2021-2020
Revenues							
Program revenues							
Charges for services	\$ 11,721	\$ 8,172	\$ 2,026	\$ 1,911	\$ 13,747	\$ 10,083	36.34%
Operating grants & contributions	1,159	5,058	997	426	2,157	5,484	-60.67%
Capital grants & contributions	4,987	8,197	1,116	61	6,102	8,259	-26.11%
General revenues							
Taxes	61,358	50,743	-	-	61,358	50,743	20.92%
Interest & investment earnings	99	397	3	19	102	416	-75.48%
Gain on Sale of Land	91	-	-	-	91	-	0.00%
Donation of land	575	-	-	-	575	-	0.00%
Total revenues	79,990	72,567	4,142	2,418	84,133	74,985	12.20%
Expenses							
General government	4,421	9,760	-	-	4,421	9,760	-54.70%
Public safety	27,861	25,768	-	-	27,861	25,768	8.12%
Utilities & physical environment	1,130	1,075	-	-	1,130	1,075	5.12%
Transportation	12,986	11,870	-	-	12,986	11,870	9.40%
Economic environment	1,155	1,166	-	-	1,155	1,166	-0.94%
Community development	2,846	3,024	-	-	2,846	3,024	-5.89%
Culture and recreation	4,209	3,684	-	-	4,209	3,684	14.25%
Social Service	116	-	-	-	116	-	0.00%
Interest on long term debt	346	364	-	-	346	364	-4.95%
Aquifer protection area	-	-	677	239	677	239	183.26%
Stormwater management	-	-	1,761	1,993	1,761	1,993	-11.64%
Total expenses	55,070	56,711	2,439	2,232	57,509	58,944	-2.43%
Increase (decrease) in net position before transfers	24,920	15,855	1,703	186	26,623	16,041	65.97%
Transfers In (out)	(15)	-	15	-	-	-	0.00%
Increase (decrease) in net position	24,905	15,855	1,719	186	26,623	16,041	65.97%
Net position - beginning	208,811	192,956	11,685	11,499	220,496	204,455	
Net position - ending	\$ 233,716	\$ 208,811	\$ 13,404	\$ 11,685	\$ 247,120	\$ 220,496	

Governmental Activities – During the current fiscal year total net position for governmental activities increased by \$24,905 thousand from the prior year for an ending balance of \$233,716 thousand. The increase in the overall net position of governmental activities is the result of management taking various steps (e.g., holding expenditures to levels consistent with prior years) as well as an increase in revenues from sales taxes and charges for services, especially permitting revenues, to achieve such positive effects on the governmental activities ending net position. These increases are due to positive economic factors seen as the economy has recovered from the COVID-19 pandemic.

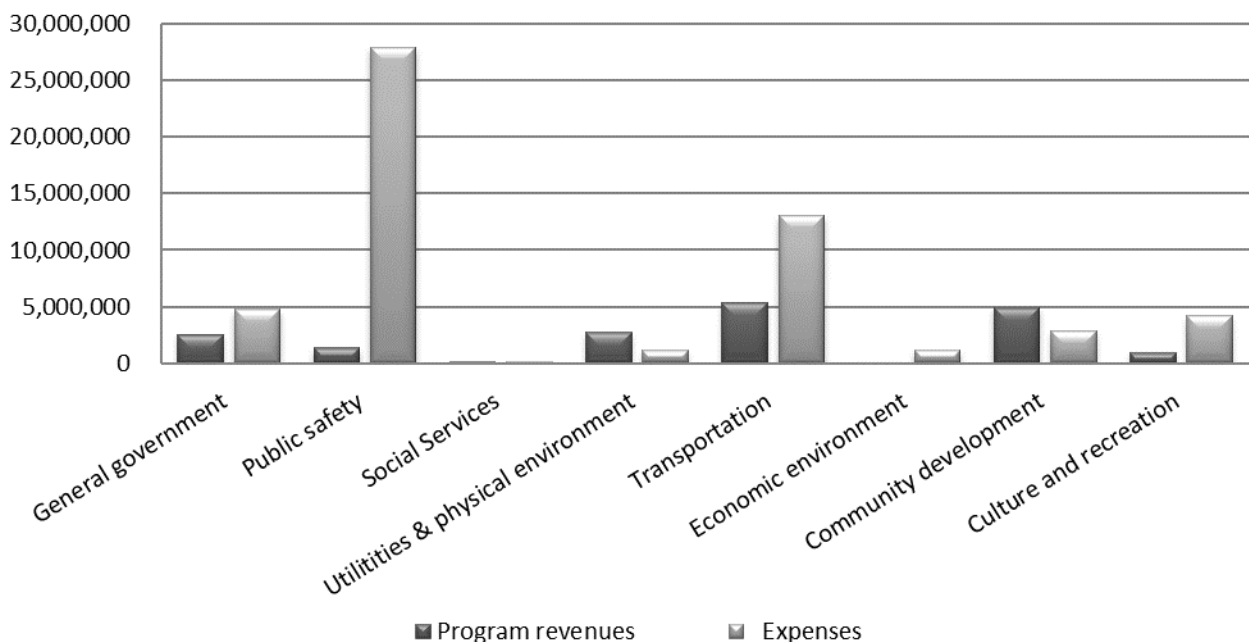
The City's capital grants and operating grants and contribution revenues from Federal and State sources made up combined revenue of \$6,146 thousand or 7.68% of total governmental activities revenues, which is a substantial decrease from the prior year due to the City reporting \$4,352 thousand of Coronavirus Relief Funds in 2020. The major function receiving the majority of intergovernmental program revenues was the Transportation function of the primary government. Transportation activity capital grants and Culture and Recreation capital grants decreased in the current year by \$1,421 thousand and \$619 thousand, respectively, compared to last year primarily due to the timing of various grant funded projects.

Property tax general revenues in the governmental activities account for \$12,685 thousand of the \$79,990 thousand total revenues (less transfers) for governmental-type activities, or 15.86% of total revenues. Sales Tax general revenue accounted for approximately \$35,854 thousand or 44.82% of total revenues in the year 2021, the largest single source of revenue for the City of Spokane Valley. Excise and other taxes received were Real Estate Excise Taxes of \$6,219 thousand, Liquor Board Excise Tax of \$1,481 thousand, Telephone Utility Tax of \$1,084 thousand, Marijuana Excise Taxes of \$213 thousand, Leasehold Excise Taxes of \$5 thousand, Gambling Taxes of \$491 thousand, Hotel/Motel Taxes of \$1,265 thousand and Motor Fuel Excise Taxes of \$2,061 thousand for a General revenue share of \$12,819 thousand or 16.03% of total Program and General revenues.

Overall governmental general revenues increased by \$10,983 thousand as the City noted positive results in this category after experiencing uneven effects of the COVID-19 pandemic on revenues during the prior year. Property taxes and sales taxes increased by \$299 thousand and \$6,856 thousand, respectively. Also, there were increases in excise taxes and other taxes in the amounts of \$2,996 thousand and \$463 thousand, respectively, while there was a decrease in interest income in the amount of \$297 thousand. The City also had donated property of \$575 thousand in 2021 which contributed to that increase.

In terms of expenses, the largest function was Public Safety, accounting for \$27,861 thousand and representing 50.59% of total governmental expenses of \$55,070 thousand. This function increased by 8.12% compared to the prior year due primarily to inflation in public safety contract costs. The Transportation function is the second largest function, and it accounted for \$12,986 thousand in expenses for governmental activities, or 23.58% of the total expenses. There was an increase of \$1,116 thousand in Transportation compared to 2020 which is primarily due to there being fewer costs that were capitalized as part of construction projects. (*see table 2, above*)

Program Revenues and Expenses - Governmental Activities



Business-type Activities – For the City of Spokane Valley’s business-type activities, the results for the current fiscal year were positive in that the overall net position increased to reach an ending balance of \$13,404 thousand. The increase in net position for business-type activities (stormwater and aquifer protection funds) was \$1,719 thousand from the prior fiscal year. This is an increase in net position of 14.71% from the prior fiscal year. The increase in net position is indicative of revenues continuing to exceed expenditures and due to a majority of expenses being capitalized, which is evidenced by net investment in capital assets increasing by \$2,477 thousand and unrestricted net position decreasing by \$830 thousand.

Overall, revenues for the business-type activities were up compared to the previous year. In 2021 there were \$1,116 thousand in capital grants and contributions compared to \$61 thousand in 2020 due to there being an increase in grant funded projects occurring during 2021. In the business-type funds, the major program revenue source was charges for services of \$2,026 thousand which consists primarily of the Stormwater Management Fee imposed upon real property. Charges for services increased by \$115 thousand from 2020 which is consistent with increase in property values and new development seen in the City. Operating grants and contributions of \$997 thousand are mostly related to the Aquifer Protection Area Fund consisting of the Aquifer Area Protection Fee mandated by the voting public. These fees are levied by Spokane County, and under a Memorandum of Agreement between the City and the County, a portion of those funds are allocated to the City. These revenues increased by \$571 thousand as compared to the prior year primarily due to a grant to help in the construction of the regional decant facility that will be owned and operated by the Washington State Department of Transportation.

Expenditures increased by \$207 thousand or 9.27% in 2021 as compared to the prior year. This increase is primarily due to increased costs related to contracted stormwater maintenance as well as costs related to the regional decant facility project. The decant facility project is not capitalized as will be owned by Washington State, and it will be ongoing into 2022. (*see table 2, above*)

FINANCIAL ANALYSIS OF THE CITY OF SPOKANE VALLEY’S FUNDS

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

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

As of December 31, 2021, the City’s total governmental funds reported a combined ending fund balance of \$90,330 thousand, a net increase of \$13,008 thousand in comparison with the prior year, including a prior period adjustment of \$488 thousand. Approximately 46.07% of this amount or \$41,619 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 (\$209 thousand), 2) restricted for particular purposes (\$28,683 thousand), 3) committed for purposes (\$435 thousand), or 4) assigned for particular purposes (\$19,383 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, 2021 & 2020 (amounts in thousands)

Table 3

	Fiscal Year	
	2021	2020
Unassigned	\$ 41,619	\$ 45,971
Assigned	-	-
Restricted	8,188	2,187
Nonspendable	200	87
Total fund balances	\$ 50,007	\$ 48,246

At the end of 2021, unassigned fund balance was \$41,619 thousand, while total fund balance increased to \$50,007 thousand. This increase of \$1,761 thousand in fund balance is primarily due to increased sales tax collections and while seeing a 2.81% decrease in general fund expenditures. 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 62.56% of the total governmental funds expenditures, while total general fund balance of \$50,007 thousand represents approximately 75.17% of that same amount in total governmental funds expenditures.

All Remaining Governmental Funds Components of Fund Balance
December 31, 2021 & 2020 (amounts in thousands)

Table 4

	Fiscal Year	
	2021	2020
Unassigned	\$ -	\$ -
Assigned	19,383	14,692
Committed	435	160
Restricted	20,495	14,220
Nonspendable	9	4
Total fund balances	\$ 40,323	\$ 29,076

Major Governmental Funds

The General Fund – The fund balance of the City of Spokane Valley's general fund increased by \$1,761 thousand, compared to last year, for the fiscal year ending December 31, 2021. The primary source of revenues for the General Fund are property and sales taxes. Overall, tax revenues in the General Fund increased by \$7,995 thousand as compared to 2020 due to the strong sales tax collections despite the continued effects from the COVID-19 pandemic. License and permits, which consist primarily of permitting revenues, increased by \$1,633 thousand due to a dramatic increase in development activity seen in the City over the past few years. Intergovernmental revenues decreased by \$3,365 thousand due to the City reporting the Coronavirus Relief Funds of \$4,352 thousand in the prior year. Expenditures, excluding transfers, decreased by \$1,200 thousand as compared to 2020, primarily due to Coronavirus Relief Funds expenditures in 2020 to address the COVID-19 pandemic. The significant Coronavirus Relief Funds related expenditures in 2020 would have been in primarily in the general government expenditures which were \$3,789 thousand lower in 2021.

The Street Fund – had an ending fund balance of \$1,156 thousand, a net increase in fund balance of \$397 thousand compared to the prior year. The primary sources of revenues for the Street fund are the telephone utility tax of \$1,084 thousand and the motor vehicle fuel tax of \$2,034 thousand in intergovernmental revenues. Compared to the prior year, there was a decrease of 21.88% for telephone utility taxes and an increase of 8.80% for motor vehicle fuel tax. There were two transfers in, including a transfer from the general fund for the budgeted operating deficit in expenditures over revenues for 2021 and a transfer from the Winter Weather Reserve Fund to cover snow removal costs in excess of budget for 2021. Expenditures continue to outpace revenues as costs continue to rise, and revenues generated by the telephone utilities tax continue to fall. Continued support by the general fund is anticipated in order for the street fund to be able to provide the citizens the quality roads they have grown to expect or a reduction in services will need to occur to offset the deficit in operating activity.

The Capital Reserve Fund – had an ending actual fund balance of \$14,522 thousand, a net increase in fund balance of \$6,019 thousand compared to the prior year. The primary source of revenues for the capital reserve fund are transfers in from the General Fund when ending fund balance is greater than 50% of General Fund recurring expenditures as outlined in the City's budget policy. This guideline helps the City set aside money for future capital projects on Council priorities from existing surplus funds. The expenditures of \$4,106 thousand from this fund in 2021 were related to land purchases for future parks and transportation projects. An additional \$1,123 thousand was transferred to various other capital 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*. The unrestricted net position of the Stormwater Management Fund on December 31, 2021 was \$2,330 thousand while the Aquifer Area Protection fund was \$1,120 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget: By State law, Title 35A of the Revised Code of Washington (RCW) requires all cities to prepare and adopt a balanced budget prior to the beginning of the City's fiscal year; the annual operating budget for the City is effective the first day of January. The City Council amended the original budget revenue and expenditures twice during 2021 due to updates in budget estimates and timing differences in expenditures during the fiscal year.

The most significant changes between the original and final budget in the General Fund were in tax revenues and transfers out. Tax revenues were increased by \$3,263 thousand to reflect actual tax revenues, especially sales taxes, coming in at higher amounts than expected during the COVID-19 pandemic. The increase of \$12,219 thousand in transfers out consisted primarily of a transfer of excess reserves above the City's minimum fund balance policy to the Capital Reserve Fund to be used on Council directed projects.

Final budget compared to actual results: In the Budget to Actual Schedule, revenues trended higher than expected in the 2021 budget by \$11,126 thousand, while the total expenditures were \$1,937 thousand (including transfers in/out) less than the amended budget. The difference in revenues is primarily due to the stronger than expected sales tax collections with the pandemic and stronger than expected permit revenues. The difference in expenditures is primarily explained by Culture and Recreation expenditures being budgeted expecting normal operations; however, activities were restricted due to the COVID-19 pandemic. Also, the Public Safety budget included 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 revenues over expenditures, positive variance with

final budget of \$13,064 thousand. The positive budget to actual variances contributed to the overall increase in fund balance of \$1,761 thousand for 2021.

2021 Budget to Actual Comparison
(amounts in thousands)

Revenue Source	Final Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 41,508	\$ 48,816	\$ 7,308
Licenses and permits	3,104	6,218	3,114
Intergovernmental revenues	1,899	3,381	1,482
Charges for services	629	288	(341)
Fines & forfeitures	498	444	(54)
Investment Interest	500	70	(430)
Miscellaneous	146	192	46
	<u>\$ 48,284</u>	<u>\$ 59,410</u>	<u>\$ 11,126</u>

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, 2021, amounts to \$159,885 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 \$11,941 thousand or 8.07% (*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		Total % Change	
	2021	2020	2021	2020	2021	2020	2021-2020	
Land	\$ 21,003	\$ 15,914	\$ 100	\$ 6	\$ 21,103	\$ 15,920	32.56%	
Buildings & leasehold improvements	19,842	20,447	246	259	20,088	20,706	-2.98%	
Improvements other than Buildings	8,444	8,040	-	-	8,444	8,040	5.02%	
Infrastructure	90,899	86,574	9,324	6,678	100,223	93,252	7.48%	
Machinery and Equipment	2,622	2,511	9	12	2,631	2,523	4.28%	
Construction in Progress	7,193	7,054	202	449	7,395	7,503	-1.44%	
Total	<u>\$ 150,003</u>	<u>\$ 140,539</u>	<u>\$ 9,882</u>	<u>\$ 7,405</u>	<u>\$ 159,885</u>	<u>\$ 147,944</u>	<u>8.07%</u>	

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

- Construction in Progress decreased by 1.44% or \$108 thousand due to the continuation and completion of several construction projects.
- Machinery and Equipment increased by 4.28% or \$108 thousand due to the purchase of snowplow blades, a storage cabinet for the maintenance shop, security cameras and surveillance systems for CenterPlace, City Hall, and Precinct buildings, including installation costs relating to each, and city-wide traffic signal upgrades.
- Land increased by 32.56% or \$5,183 thousand due primarily to the purchase of land for future park purposes, and for the purchase of property next to the Precinct building for future use.
- Infrastructure increased 7.48% or \$6,971 thousand for 2021 due mostly to the completion of street construction and street preservation projects.

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

Long-Term Liabilities: At December 31, 2021, the City had total Limited Tax General Obligation debt outstanding of \$10,485 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 \$635 thousand or 5.71% during fiscal year 2021. *(See table 6, below).*

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

Table 6

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2021-2020
General obligation bonds	\$10,485	\$11,120	\$ -	\$ -	\$10,485	\$11,120	-5.71%
Bond premium	894	955	-	-	894	955	-6.39%
Compensated absences	766	737	40	37	806	774	4.13%
Net pension plan liabilities (GASB 68)	573	2,400	21	94	595	2,494	-76.14%
Total	\$12,718	\$15,213	\$ 61	\$ 131	\$12,780	\$15,343	-16.70%

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 10 (Long-Term Obligations and Leases)* in the notes to the financial statements.

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

The 2020 assessed valuation of the City of Spokane Valley for the levy year of 2021, for purposes of determining the legal debt margin is 11,553,065 thousand. Remaining debt capacities for the City under general voted and non-voted purposes (2.5%) is limited to: \$855,995 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 10 (Legal Debt Margin)* in the notes to the financial statements.

ECONOMIC FACTORS

The following economic factors currently affect the City of Spokane Valley and were considered in developing the 2021-2022 fiscal year budgets.

As we all know, we present our annual financial report this year in continuing uncertain times. The data presented in our financials is largely based on realities of the world in the midst of the COVID-19 pandemic and recovery. 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 continue to recover.

The outlook for the City of Spokane Valley economy was projected based on statistics generated in Spokane County. There is estimated to be 4,652 businesses located in Spokane Valley with estimated taxable retail sales of \$3.56 billion for 2021. The City of Spokane Valley received \$35,854 thousand, an increase of \$6,856 thousand from the prior year, in general sales tax dollars for 2021.

The labor force in the City has grown by 1,551 employees to 50,614 in 2021. This is down from a 2017 high of 55,839. Spokane County ended 2021 with an average unemployment rate of 5.4%, down from a pandemic high of 15.8% in April of 2020, indicating a near return to normal on the employment front in the local area. The three leading industries for employment in Spokane Valley are retail with 8,393 jobs over 652 establishments, manufacturing with 6,372 jobs over 254 establishments, and health care and social services with 4,960 jobs across 469 establishments. The population estimates of the City continues its upward trend, increasing to an estimated 104,500 in 2021 from an estimated 102,976 in 2020.

The total number of single-family residential building permits issued in the Spokane County area-wide region (including the City of Spokane and the City of Spokane Valley) rose to 1,408 from 1,137 in 2020. For nonresidential building permits issued for new construction by the City of Spokane Valley in 2021, there was a significant decrease from 173 in 2020 to only 14 in 2021. This significant decrease can be attributed to higher raw materials prices and a shortage of available contractors. Both Spokane County and the City of Spokane saw decreases from 2020, yet Spokane Valley's was the most significant decrease in both raw numbers and percentage lost.

The Real Estate market continues its upswing from the most recent low of 2011. Spokane County home sales have increased to 8,238. With an average selling price of \$400,612, single family home sale prices have seen a dramatic increase over the years with consistent increases from the 14 year low in 2011 of \$167,456.

The City of Spokane Valley's assessed value increased 13.26% to \$11,553 million in 2021. The City's property tax levy rate for 2021 was near \$1.10143 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 96.25. 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 population 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 2021. The telephone utility tax of 6% continues to be collected during 2021 in the City's Street Fund, and collections of this tax continue to decline.

During the fiscal year of 2021, unassigned fund balance in the general fund was \$41,619 thousand. As noted in the City of Spokane Valley's 2022 budget document, the total recurring 2022 general fund expenditure budget is \$48,416 thousand as compared to \$44,973 thousand as amended in 2021. This means that the general fund recurring expenditure budget increased by 7.66% as compared to 2021. The 2022 budget presumes service levels that are consistent with those provided in 2021 with neither significant enhancements nor reductions in any area of operations. The 2022 budget was adopted with COVID-19 in mind, but it is still possible that reductions in revenues result from the pandemic and related economic policies.

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

Basic Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Government Wide Financial Statements

Statement of Net Position

December 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 97,973,478	\$ 2,987,329	\$ 100,960,807
Taxes receivable	8,113,368	30,869	8,144,237
Taxes delinquent-receivable	83,659	11,000	94,659
Accounts receivable, (net)	2,015,249	145,604	2,160,853
Interest receivable	6,130	188	6,318
Grants receivable	436,256	621,709	1,057,965
Prepays	209,284	21,614	230,898
Noncurrent Assets:			
Net pension plan asset	6,013,133	224,827	6,237,960
Capital Assets:			
Land	21,002,755	99,867	21,102,622
Depreciable assets, (net)	121,807,346	9,579,979	131,387,325
Construction in progress	7,193,068	202,311	7,395,379
Total Assets	\$ 264,853,726	\$ 13,925,297	\$ 278,779,023
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	864,761	33,893	898,654
LIABILITIES			
Accounts payable	\$ 2,526,520	\$ 91,041	\$ 2,617,561
Interest payable	32,483	-	32,483
Deposits and other payables	1,459,007	102,862	1,561,869
Other accrued liabilities	877,318	25,387	902,705
Unearned revenues	7,966,105	32,623	7,998,728
Long-term liabilities:			
Due within one year	715,632	998	716,630
Due in more than one year	11,429,307	38,940	11,468,247
Net pension liabilities	573,387	21,439	594,826
Total Liabilities	25,579,759	313,290	25,893,049
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	6,422,674	242,186	6,664,860
NET POSITION			
Net Investment in capital assets	138,624,485	9,882,157	148,506,642
Restricted for:			
Capital projects, REET, roads & streets, solid waste	14,501,288	-	14,501,288
Parks & recreation programs, & FEMA grants	627,503	-	627,503
Tourism promotion	4,837,194	-	4,837,194
Comcast PEG, communications	165,895	-	165,895
Affordable & supportive housing	367,327	-	367,327
Coronavirus Local Fiscal Recovery Fund	7,969,898	-	7,969,898
Public Safety	112,102	-	112,102
Trails & paths	29,558	-	29,558
Health Reimbursement Accounts	72,397	36,069	108,466
Net pension asset	943,840	35,289	979,129
Unrestricted	65,464,567	3,450,199	68,914,766
Total Net Position:	\$ 233,716,054	\$ 13,403,714	\$ 247,119,768

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Government Wide Financial Statements

Statement of Activities

For the Year Ended December 31, 2021

		Net (Expense) Revenue and Changes in Net Position					
		Program Revenues					
		Charges for Services	Operating	Capital			
			Grants & Contributions	Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs	Expenses						
Primary government:							
Governmental activities:							
General government	\$ 4,421,480	\$ 2,057,020	\$ 495,322	\$ -	\$ (1,869,138)	\$ -	\$ (1,869,138)
Public safety	27,861,024	837,693	510,633	-	(26,512,698)	-	(26,512,698)
Social Services	116,181	-	100,000	-	(16,181)	-	(16,181)
Utilities and physical environment	1,129,723	2,688,047	-	-	1,558,324	-	1,558,324
Transportation	12,986,024	895,435	-	4,403,564	(7,687,025)	-	(7,687,025)
Economic environment	1,154,714	-	-	-	(1,154,714)	-	(1,154,714)
Community development	2,845,547	4,930,086	13,831	-	2,098,370	-	2,098,370
Culture and recreation	4,209,406	312,229	39,545	583,247	(3,274,385)	-	(3,274,385)
Interest on long-term debt	346,385	-	-	-	(346,385)	-	(346,385)
Total governmental activities	55,070,484	11,720,510	1,159,331	4,986,811	(37,203,832)	-	(37,203,832)
Business-type activities:							
Aquifer protection area	677,388	-	901,643	1,116,215	-	1,340,470	1,340,470
Stormwater management	1,761,200	2,026,140	95,000	-	-	359,940	359,940
Total business-type activities	2,438,588	2,026,140	996,643	1,116,215	-	1,700,410	1,700,410
Total primary government	\$ 57,509,072	\$ 13,746,650	\$ 2,155,974	\$ 6,103,026	\$ (37,203,832)	\$ 1,700,410	\$ (35,503,422)

General revenues:

Taxes:

Property taxes	12,685,158	-	12,685,158
Sales and use taxes	35,853,799	-	35,853,799
Excise taxes	9,978,352	-	9,978,352
Other taxes	2,840,679	-	2,840,679
Interest and investment earnings	99,024	3,355	102,379
Gain on sale of land	91,193	-	91,193
Donation of land	575,240	-	575,240
Transfers	(14,926)	14,926	-
Total general revenues	62,108,519	18,281	62,126,800

Change in net position	24,904,687	1,718,691	26,623,378
Net position--beginning of year	208,811,367	11,685,023	220,496,390
Net position--ending	\$ 233,716,054	\$ 13,403,714	\$ 247,119,768

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Governmental Funds

Balance Sheet

December 31, 2021

	General	Street	Capital	Other	Total
	Fund	Fund	Reserve	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 55,930,575	\$ 1,571,870	\$ 14,521,441	\$ 24,130,577	\$ 96,154,463
Taxes receivable	6,918,776	394,646	-	883,605	8,197,027
Accounts receivable, (net)	1,607,428	168,953	-	238,868	2,015,249
Interest receivable	3,469	93	945	1,510	6,017
Prepays	199,796	9,130	-	358	209,284
Grants receivable	145,238	-	-	291,018	436,256
Total Assets	\$ 64,805,282	\$ 2,144,692	\$ 14,522,386	\$ 25,545,936	\$ 107,018,296
Liabilities					
Liabilities:					
Accounts payable	\$ 1,311,771	\$ 621,749	\$ -	\$ 592,483	\$ 2,526,003
Accrued wages and benefits payable	712,390	129,219	-	35,390	876,999
Deposits and other payables	1,228,202	-	-	-	1,228,202
Retainage payable	55,623	75,957	-	99,225	230,805
Unearned revenues	8,026,405	(9)	-	66,290	8,092,686
Total Liabilities	11,334,391	826,916	-	793,388	12,954,695
Deferred Inflows of Resources					
Deferred inflows for tax revenues	3,464,046	161,475	-	108,551	3,734,072
Total Deferred Inflows of Resources	3,464,046	161,475	-	108,551	3,734,072
Fund Balances					
Nonspendable:					
Prepaid expenses	\$ 199,796	\$ 9,130	\$ -	\$ 358	\$ 209,284
Restricted for:					
Affordable & supportive housing	-	-	-	367,327	367,327
Capital projects REET 1&2 roads & streets	-	-	-	9,189,604	9,189,604
Comcast PEG contributions	-	-	-	165,895	165,895
Coronavirus relief grant	7,969,898	-	-	-	7,969,898
Health reimbursement account	68,478	3,919	-	-	72,397
Motor vehicle fuel tax roads & streets	-	1,143,252	-	-	1,143,252
Parks & recreation programs	4,574	-	-	-	4,574
Public Safety	112,102	-	-	-	112,102
Railroad grade separation projects	-	-	-	589,792	589,792
Street capital construction	-	-	-	1,192,615	1,192,615
Street capital improvements P&M	-	-	-	2,681,210	2,681,210
Tourism & economic development	-	-	-	4,837,194	4,837,194
Trails & paths	-	-	-	29,558	29,558
Transportation improvements	-	-	-	294,607	294,607
Windstorm recovery	33,137	-	-	-	33,137
Committed to:					
Winter weather operations	-	-	-	434,887	434,887
Assigned to:					
Capital reserve improvements (city wide)	-	-	14,522,386	-	14,522,386
Civic bldg capital replacement	-	-	-	840,056	840,056
Parks & recreation programs	-	-	-	18,255	18,255
Solid waste services	-	-	-	1,139,761	1,139,761
Street capital improvements P&M	-	-	-	2,862,878	2,862,878
Unassigned	41,618,860	-	-	-	41,618,860
Total Fund Balances	50,006,845	1,156,301	14,522,386	24,643,997	90,329,529
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 64,805,282	\$ 2,144,692	\$ 14,522,386	\$ 25,545,936	\$ 107,018,296

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

*Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2021*

Total governmental fund balances:		\$ 90,329,529
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
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.		150,003,169
Certain earned tax revenues will be collected after year end and will not be available until after year end to pay for current expenditures; and therefore reported as unearned revenues in the funds. These revenues consist of:		
Sales and use taxes	3,204,664	
Motor fuel taxes	162,156	
Hotel/Motel taxes	82,552	
Real estate excise taxes	960	
Affordable & supportive housing taxes	24,357	
Total		3,474,689
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unearned in the funds:		
Property Taxes	259,382	
Intergovernmental	79,240	
Charges for services	47,342	
Total		385,964
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.		1,818,292
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	(10,485,000)	
Interest payable	(32,483)	
Net pension assets	6,013,133	
Net pension liabilities	(573,387)	
Deferred inflows of resources	(6,422,674)	
Deferred outflows of resources	864,761	
Premium on bond issuance	(893,684)	
Compensated Absences	(766,255)	
Total		(12,295,589)
Total Net position of Governmental Activities as shown on the Statement of Net Position:		\$ 233,716,054

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2021

	General Fund	Street Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 48,816,073	\$ 1,084,387	\$ -	\$ 7,659,070	\$ 57,559,530
Licenses and permits	6,217,608	-	-	71,252	6,288,860
Intergovernmental	3,381,489	2,034,260	-	4,848,573	10,264,322
Charges for services	288,115	115,307	-	3,692,860	4,096,282
Fines and forfeitures	444,341	-	-	-	444,341
Investment interest	70,407	555	8,303	18,494	97,759
Miscellaneous	192,037	282,509	-	182,454	657,000
Total Revenues	59,410,070	3,517,018	8,303	16,472,703	79,408,094
Expenditures					
Current:					
General government	5,855,831	-	-	38,519	5,894,350
Public safety	27,792,646	-	-	-	27,792,646
Social services	116,181	-	-	-	116,181
Utilities and physical environment	150,830	-	-	43,203	194,033
Transportation	1,061,545	5,637,383	-	494,888	7,193,816
Economic environment	981,097	-	-	171,208	1,152,305
Community development	2,845,547	-	-	-	2,845,547
Culture and recreation	2,530,539	-	-	39,359	2,569,898
Debt Service:					
Principal retirement	-	-	-	635,000	635,000
Interest	600	-	-	408,850	409,450
Capital Outlay:					
Capital expenditures	246,297	125,038	4,106,330	10,737,127	15,214,792
Construction in progress	-	-	-	2,503,370	2,503,370
Total Expenditures	41,581,113	5,762,421	4,106,330	15,071,524	66,521,388
Excess of Revenues Over (Under) Expenditures	17,828,957	(2,245,403)	(4,098,027)	1,401,179	12,886,706
Other Financing Sources (Uses)					
Proceeds from sale of land	-	-	109,403	-	109,403
Transfers in	9,516	2,642,405	11,129,943	10,034,406	23,816,270
Transfers (out)	(16,077,139)	-	(1,122,697)	(7,092,960)	(24,292,796)
Total Other Financing Sources (Uses)	(16,067,623)	2,642,405	10,116,649	2,941,446	(367,123)
Net Change in Fund Balances (deficit)	1,761,334	397,002	6,018,622	4,342,625	12,519,583
Fund Balances Beginning of Year	48,245,511	759,299	8,503,764	19,813,048	77,321,622
Correction of Error - Prior Period	-	-	-	488,324	488,324
Fund Balances End of Year	\$ 50,006,845	\$ 1,156,301	\$ 14,522,386	\$ 24,643,997	\$ 90,329,529

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*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, 2021*

Net change in fund balances - total governmental funds: **\$ 12,519,583**

**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	(8,919,657)	
Capital outlay	17,718,162	8,798,505

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	268,513	
Property taxes	(264,997)	
Excise taxes	19,502	
Other taxes	39,731	
Miscellaneous	(17,154)	
Donation of land	575,240	
Gain on sale of land	(18,210)	
Capital-operating grants and contributions	(240,090)	362,535

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: 635,000

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	(28,928)	
Pension expense	2,356,318	
Amortization expense on LTGO Bonds	61,477	
Interest expense accrual	1,588	2,390,455

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: 198,609

**Total Change in Net Position of Governmental Activities
as shown on the Statement of Activities:** **\$ 24,904,687**

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Proprietary Funds

Statement of Net Position

December 31, 2021

	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	\$ 2,567,016	\$ 420,313	\$ 2,987,329	\$ 1,819,015
Taxes receivable	41,869	-	41,869	-
Accounts receivable, (net)	-	145,604	145,604	-
Interest receivable	163	25	188	113
Grants receivable	-	621,709	621,709	-
Prepays	21,614	-	21,614	-
Total Current Assets	2,630,662	1,187,651	3,818,313	1,819,128
Noncurrent Assets:				
Net pension assets	224,827	-	224,827	-
Total Noncurrent Assets	224,827	-	224,827	-
Capital Assets:				
Land	25,223	74,644	99,867	-
Buildings & structures	382,881	-	382,881	-
Machinery and equipment	228,913	-	228,913	939,253
Infrastructure	5,481,053	7,277,792	12,758,845	-
Construction in progress	19,862	182,449	202,311	-
Less accumulated depreciation	(2,382,770)	(1,407,890)	(3,790,660)	(320,408)
Total capital assets	3,755,162	6,126,995	9,882,157	618,845
(net of accumulated depreciation)				
Total Assets	\$ 6,610,651	\$ 7,314,646	\$ 13,925,297	\$ 2,437,973
Deferred Outflows of Resources				
Deferred amounts related to pensions	33,893	-	33,893	-
Total Deferred Outflows of Resources	\$ 33,893	\$ -	\$ 33,893	\$ -
Liabilities				
Current Liabilities:				
Accounts payable	\$ 43,886	\$ 47,155	\$ 91,041	\$ 517
Accrued payroll and benefits payable	22,249	3,138	25,387	319
Deposits and other payables	32,100	-	32,100	-
Compensated absences, (current)	998	-	998	-
Retainage payables	53,243	17,519	70,762	-
Unearned revenue	32,623	-	32,623	-
Total Current Liabilities	185,099	67,812	252,911	836
Long-term Liabilities:				
Compensated absences	38,940	-	38,940	-
Net pension plan liabilities	21,439	-	21,439	-
Total Long-term Liabilities	60,379	-	60,379	-
Total Liabilities	245,478	67,812	313,290	836
Deferred Inflows of Resources				
Deferred amounts related to pensions	242,186	-	242,186	-
Total Deferred Inflows of Resources	242,186	-	242,186	-
Net Position				
Investments in capital assets	3,755,162	6,126,995	9,882,157	618,845
Restricted for:				
Health reimbursement account	36,069	-	36,069	-
Net pension asset	35,289	-	35,289	-
Unrestricted	2,330,360	1,119,839	3,450,199	1,818,292
Total Net Position	\$ 6,156,880	\$ 7,246,834	\$ 13,403,714	\$ 2,437,137

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	
Operating Revenues				
Charges for services	\$ 2,026,140	\$ -	\$ 2,026,140	\$ 108,800
Miscellaneous revenues	-	-	-	-
Intergovernmental revenues	-	522,357	522,357	-
Total Operating Revenues	2,026,140	522,357	2,548,497	108,800
Operating Expenses				
Personal services	242,984	6,504	249,488	7,398
Licenses and permits	42,222	-	42,222	-
Professional services	70,742	68,201	138,943	365,384
Materials and supplies	14,922	-	14,922	275
Other services and expenses	1,127,069	349,103	1,476,172	-
Depreciation and amortization	263,261	253,580	516,841	69,641
Total Operating Expenses	1,761,200	677,388	2,438,588	442,698
Operating Income (loss)	264,940	(155,031)	109,909	(333,898)
Non-Operating Revenues (Expenses)				
Intergovernmental revenues	95,000	1,337,636	1,432,636	-
Other contributions	-	157,865	157,865	-
Interest and investment income	2,133	1,222	3,355	1,266
Total Non-Operating Revenues (Expenses)	97,133	1,496,723	1,593,856	1,266
Income (loss) before Capital Contributions and Transfers	362,073	1,341,692	1,703,765	(332,632)
Transfers				
Transfers in	-	14,926	14,926	461,600
Change in Net Position	362,073	1,356,618	1,718,691	128,968
Net Position-Beginning of Year, January 1	5,794,807	5,890,216	11,685,023	2,308,169
Net Position-End of Year, December 31	\$ 6,156,880	\$ 7,246,834	\$ 13,403,714	\$ 2,437,137

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,157,800	\$ (145,604)	\$ 2,012,196	\$ -
Cash payments to employees	(114,742)	(11,107)	(125,849)	(7,198)
Cash payments to suppliers for goods and services	(1,323,018)	(603,065)	(1,926,083)	(367,160)
Other cash receipts	(220,940)	522,357	301,417	-
Receipts from interfund activity	-	-	-	108,800
Payments to interfund activity	(6,750)	-	(6,750)	-
Other cash payments	(85,874)	16,616	(69,258)	-
Net cash (used for) provided by operating activities	406,476	(220,803)	185,673	(265,558)
Cash Flows from Noncapital Financing Activities				
Non capital grant receipts	95,000	(497,207)	(402,207)	-
Operating subsidies & transfers in (out) other funds	-	14,926	14,926	461,600
Net cash (used for) noncapital financing activities	95,000	(482,281)	(387,281)	461,600
Cash Flows from Capital and Related Financing Activities				
Capital grants	-	1,337,636	1,337,636	-
Acquisition, construction & (transfers) of capital assets	(383,412)	(2,549,922)	(2,933,334)	(108,763)
Net cash provided by (used for) capital and related financing activities	(383,412)	(1,212,286)	(1,595,698)	(108,763)
Cash Flows from Investing Activities				
Interest received	2,200	1,412	3,612	1,298
Net cash provided by investing activities	2,200	1,412	3,612	1,298
Net increase (decrease) in Cash and Cash Equivalents	120,264	(1,913,958)	(1,793,694)	88,577
Cash and Cash Equivalents - January 1, 2021	2,446,752	2,334,271	4,781,023	1,730,438
Cash and Cash Equivalents - December 31, 2021	\$ 2,567,016	\$ 420,313	\$ 2,987,329	\$ 1,819,015
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (loss)	\$ 264,940	\$ (155,031)	\$ 109,909	\$ (333,898)
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>				
Depreciation	263,261	253,580	516,841	69,641
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>				
(Increase) Decrease: Customer receivables (net)	131,660	(145,604)	(13,944)	-
(Increase) Decrease: Operating grants receivables	-	-	-	-
(Increase) Decrease: Other operating receivables	-	-	-	-
(Increase) Decrease: Prepaid expenses	(551)	-	(551)	-
(Increase) Decrease: Net Pension Asset	(220,940)	-	(220,940)	-
(Increase) Decrease: Deferred outflows related to pensions	-	-	-	-
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>				
Increase (Decrease): Accounts payable to suppliers	(117,035)	(185,761)	(302,796)	(1,501)
Increase (Decrease): Accounts payable - other	(43,130)	16,616	(26,514)	-
Increase (Decrease): Payroll and benefits payable	125,162	(4,603)	120,559	200
Increase (Decrease): Other accounts payables	-	-	-	-
Increase (Decrease): Deferred Inflows	-	-	-	-
Increase (Decrease): Compensated absences	3,109	-	3,109	-
Total adjustments	141,536	(65,772)	75,764	68,340
Net Cash Provided by (Used for) by Operating Activities	\$ 406,476	\$ (220,803)	\$ 185,673	\$ (265,558)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Fiduciary Fund

Statement of Fiduciary Net Position

December 31, 2021

	Custodial Fund - Passthrough Fees & Taxes
Assets	
Cash and cash equivalents	\$ 9,687
Accounts receivable, (net)	22,699
Total Assets	\$ 32,386
Liabilities	
Accounts payable	\$ 32,386
Total Liabilities	\$ 32,386
Net Position	
Restricted for:	
Other governments	-
Total Net Position	\$ -

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2021

	Custodial Fund - Passthrough Fees & Taxes
Additions	
Fees collected for other governments	\$ 584,864
Leasehold taxes collected for other governments	4,989
Total Additions	589,853
Deductions	
Fees distributed to other governments	584,864
Leasehold taxes distributed to other governments	5,302
Total Deductions	590,166
Net increase (decrease) in fiduciary net position	(313)
Net Position - Beginning of Year, January 1	313
Net Position - End of Year, December 31	\$ -

Notes to the Financial Statements



City of Spokane Valley, Washington
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021

NOTES TO THE FINANCIAL STATEMENTS

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Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting entity

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 or capital requirements, or a particular function or segment. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

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

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

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

The Street Fund: is the Special revenue fund is responsible for the street operating and maintaining service levels of all Spokane Valley city streets and bridges. It utilizes the receipts received from the motor vehicle fuel tax (MVFT) distributed to the City in accordance with the State Revised Codes of Washington (RCW) 82.36.020 and receipts from the City Telephone Tax implemented in 2009. Most of the service levels to the city streets during 2021 are the same or greater than provided for compared to 2020.

Notes to Financial Statements

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

1. Government-Wide and Governmental Funds

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

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

2. Proprietary Funds

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Stormwater Management Fund and Aquifer Protection Area Fund are stormwater management fees, aquifer protection area fees from Spokane County, and government grants. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Budgetary Information

1. Budgetary basis of accounting

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

2. Procedures for adopting the original budget

The City's budget procedures are mandated by the Revised Code of Washington 35A.33. The following are key procedural steps in the City's budget development process. Note that the process and dates are for the 2021 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.

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

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

3. Amending the budget

The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. The City Manager is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of a fund, or that 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 twice during fiscal year 2021. 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 State regulations.

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

1. Cash and cash equivalents

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

2. Investments

As authorized by Washington state law, the City is allowed to invest in obligations of: the U.S. Treasury, commercial paper, certificates of deposits, 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, 2021. 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).

Notes to Financial Statements

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

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

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

5. Prepaid items

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

6. Capital assets

Capital assets include property, 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 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 at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary/business-type activities is included as part of the capitalized value of the assets constructed and the amount of interest capitalized depends on the specific circumstances (refer to note 5). There were no interest expenses incurred during 2021 that were included as part of the cost of capital assets under construction.

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

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

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

7. Deferred outflows/inflows of resources

The City of Spokane Valley currently has two sources that qualify for reporting as a deferred outflow/inflow of resources for fiscal year 2021. These sources consists of the proportionate share in net pension obligations in the government-wide statement of net position and derived tax revenues related to 2021 that were collected outside the period of availability in the governmental funds balance sheet.

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 governmental fund statements only if they have matured; for example, the result of an employee resignation and/or retirement.

9. Pensions

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

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

10. Other Accrued Liabilities

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

11. Long-Term Debt

Refer to note 10 – Long-Term Obligations and Leases.

12. Unearned Revenues

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

Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued:

13. Net position flow assumptions

Sometimes the City of Spokane Valley will fund outlays for a particular purpose from both restricted (e.g., grant proceeds or street construction and maintenance) and unrestricted resources. In order to calculate these amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which these resources are considered to be applied and used. The City considers restricted – net position to have been depleted before unrestricted – net position is applied.

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, 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.

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

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

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

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

Notes to Financial Statements

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

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

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

F. Accounting and reporting changes

For the reporting year ended December 31, 2021, the City has implemented GASB 98, *The Annual Comprehensive Financial Report*. As part of this implementation, the City has changed the name and acronym of the annual comprehensive financial report in accordance with guidance.

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

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

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

The governmental fund balance includes reconciliations between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, 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 (\$12,295,589) difference are as follows:

Bonds payable	\$ (10,485,000)
Interest payable	(32,483)
Net pension assets	6,013,133
Net pension liabilities	(573,387)
Deferred inflows of resources	(6,422,674)
Deferred outflows of resources	864,761
Premium on bond issuance	(893,684)
Compensated absences	<u>(766,255)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (12,295,589)</u>

Notes to Financial Statements

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

Another element of the reconciliation explains that “Internal service funds are used by management to charge the cost of certain activities, such as health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.” The details of the \$1,818,292 difference are as follows:

Net position of the internal service fund	\$ 2,437,137
Less: Governmental type Internal Service Capital Assets	<u>(618,845)</u>

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u><u>\$ 1,818,292</u></u>
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Another element of the reconciliation explains that capital assets used in governmental activities are not financial resources and the balance reflects the initial investment in capital assets and therefore “governmental funds do not report capital assets.” The details of the \$150,003,169 difference are as follows:

Land	\$ 21,002,755
Construction in Progress	<u>7,193,068</u>
Total non-depreciable capital assets	<u><u>28,195,823</u></u>
Depreciable capital assets	\$ 414,142,832
Less: Accumulated depreciation-depreciable assets	<u>(292,335,486)</u>
Total depreciable capital assets, net of accumulated depreciation	<u><u>121,807,346</u></u>

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$150,003,169</u></u>
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Another element certain earned tax revenues were collected, and other long-term assets will not be available until after the year end to pay for current expenditures, and therefore represent an acquisition of net position that applies to future period(s) and will not be recognized as an *inflow of resources (revenue)* until that time, and accordingly these items will be reported as *unearned revenues* in the governmental fund balance sheet. The details of the \$3,860,653 reconciled difference presented as follows:

Unearned revenue-property tax	\$ 259,382
Unearned revenue-other taxes	<u>3,474,689</u>
Unearned revenue-intergovernmental & charges for services	<u><u>126,582</u></u>

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u><u>\$ 3,860,653</u></u>
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Notes to Financial Statements

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

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 \$8,798,505 difference are as follows:

Capital outlay	\$ 17,718,162
Depreciation expense	<u>(8,919,657)</u>

Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 8,798,505</u>
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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 \$362,535 difference are as follows:

Unearned revenue-property taxes	\$ (264,997)
Unearned revenue-sales & use taxes	268,513
Unearned revenue-excise taxes	19,502
Unearned revenue-other taxes	39,731
Unearned revenue-charges for services	(17,154)
Unearned revenue-donation of land	575,240
Unearned revenue-gain on sale of land	(18,210)
Unearned revenue-capital grants & contributions	<u>(240,090)</u>

Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 362,535</u>
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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 \$2,390,455 difference are as follows:

Notes to Financial Statements

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

Compensated absences	\$ (28,928)
Pension expense (GASB 68)	2,356,318
Amortization expense on LTGO Bonds	61,477
Accrued interest on LTGO Bonds	<u>1,588</u>

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

\$ 2,390,455

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 \$198,609 difference are as follows:

Revenues:

Interest and investment income & charges for services	\$ 110,066
Total Revenues	<u>110,066</u>

Expense and net transfer (less depreciation):	<u>88,543</u>
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Net adjustment to **increase** *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*

\$ 198,609

NOTE 3 – DEPOSITS AND INVESTMENTS:

A. Deposits

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City of Spokane Valley would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The City’s deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As of December 31, 2021, the City of Spokane Valley’s total bank balance of \$14,893,382 was insured and covered by the FDIC and the Washington State PDPC pool and therefore was not exposed to any custodial credit risk. These banks deposits were in a State authorized public depository and were within the State limit of the depositories (bank’s) net worth per RCW 39.58.010 and RCW 39.58.135.

B. Investments

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

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS *continued*:

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

Investments are subject to the following risks:

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

As of December 31, 2021, the City of Spokane Valley had the following investments at amortized cost:

Investment Type		
<i>(amounts are in thousands)</i>		
	<u>Maturities</u>	
Certificates of deposit	1.11	\$ 5,092
Local Government Investment Pool State of Washington	0.47	81,867
Total amortized cost of investments:		
Portfolio weighted average maturity	0.51	\$ 86,959

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

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

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

As of December 31, 2021, the City had \$81,866,943 held by Washington State Treasurer in the LGIP, \$3,091,770 held by Northwest Bank in a certificate of deposit, and \$2,000,650 held by Gesa Credit Union in a certificate of deposit.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The City of Spokane Valley does not have a formal policy for concentration of credit risk.

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS continued:

Investments in Local Government Investment Pool (LGIP)

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

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

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

NOTE 4 – PROPERTY TAXES:

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

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

Property taxes are recorded as 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 revenue in the applicable period. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The tax rate for general City operations is limited by State law (RCW 84.52.043) to \$3.60 per \$1,000 of assessed valuation, deducting from there the levy of \$1.12 by the Spokane County Fire Districts #1 and #8, and \$0.50 for Library Districts, which leaves the City with the authority to levy \$1.90 for its own purposes.

For 2021, the City's regular levy was \$1.10 per \$1,000 on an assessed valuation of \$11,553,065,482 for a total regular levy of \$12,724,920.

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

City of Spokane Valley

Notes to Financial Statements

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

Governmental-type capital asset activity for the year ended December 31, 2021, is summarized as follows:

	Beginning			Ending Balance
Governmental-type activities	Balance 1/1/2021	Additions	Reductions	12/31/2021
Land (non-depreciable)	\$ 15,913,919	\$ 5,107,046	\$ (18,210)	\$ 21,002,755
Construction in progress (CIP)	7,054,023	2,503,370	(2,364,325)	7,193,068
Total non-depreciable assets	22,967,942	7,610,416	(2,382,535)	28,195,823
Buildings	26,202,409	(1,117)	-	26,201,292
Leasehold improvements	755,113	-	(130,022)	625,091
Improvements other than buildings	17,052,244	1,337,875	-	18,390,119
Infrastructure	350,830,580	11,288,111	-	362,118,691
Machinery and equipment	6,339,563	531,205	(63,129)	6,807,639
Total depreciable assets	401,179,909	13,156,074	(193,151)	414,142,832
Total capital assets	\$ 424,147,851	\$ 20,766,490	\$ (2,575,686)	\$ 442,338,655

City of Spokane Valley

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION continued:

	Beginning Balance 1/1/2021	Additions	Reductions	Ending Balance 12/31/2021
<i>Less accumulated depreciation for:</i>				
Buildings	\$ 6,196,276	\$ 603,453	\$ -	\$ 6,799,729
Leasehold improvements	314,323	-	(130,021)	184,302
Improvements other than buildings	9,012,681	933,317	-	9,945,998
Infrastructure	264,256,710	6,962,679	-	271,219,389
Machinery and equipment	3,828,989	420,208	(63,129)	4,186,068
Total accumulated depreciation	\$ 283,608,979	\$ 8,919,657	\$ (193,150)	\$ 292,335,486
Capital assets, net of accumulated depreciation	\$ 140,538,872	\$ 11,846,833	\$ (2,382,536)	\$ 150,003,169

Business-type capital asset activity for the year ended December 31, 2021, is summarized as follows:

Business-type activities;	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
Land	\$ 6,023	\$ 93,844	\$ -	\$ 99,867
Construction in progress	449,405	152,869	(399,963)	202,311
Total non-depreciable	455,428	246,713	(399,963)	302,178
Buildings and structures	382,881	-	-	382,881
Infrastructure	9,614,581	3,144,264	-	12,758,845
Machinery and equipment	225,791	3,122	-	228,913
Total depreciable	10,223,253	3,147,386	-	13,370,639
Total capital assets	\$10,678,681	\$ 3,394,099	\$ (399,963)	\$13,672,817
(Less) accumulated depreciation for:				
Buildings and structures	\$ 123,953	\$ 12,786	\$ -	\$ 136,739
Infrastructure	2,936,315	498,075	-	3,434,390
Machinery and equipment	213,551	5,980	-	219,531
Total accumulated depreciation	3,273,819	516,841	-	3,790,660
Capital assets, net of accumulated depreciation	\$ 7,404,862	\$ 2,877,258	\$ (399,963)	\$ 9,882,157

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION continued:

Depreciation expense was charged to current functions of the primary government for 2021 as follows (includes Internal Service Funds Governmental type):

Governmental Activities:

General Government	\$ 492,007
Public Safety	81,240
Physical Utilities & Environment	920,489
Transportation	5,780,894
Economic Environment	8,963
Culture & Recreation	<u>1,636,064</u>

Total governmental activities current year depreciation expense	<u>\$ 8,919,657</u>
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Business-type activity:

StormWater	\$ 263,261
Aquifer Protection Area	<u>253,580</u>

Total business-type activities current year depreciation expense	<u>\$ 516,841</u>
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Notes to Financial Statements

NOTE 6 – CONSTRUCTION COMMITMENTS:

The City of Spokane Valley was involved in many construction projects as of December 31, 2021. The projects include various street and park construction projects with a total of \$20,411,724 of contracts in place. The various street, bridge, and parks construction projects are being funded by state and local grants as well as existing resources in various City Funds. At year end the City's commitments with contractors are as follows:

Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/21
Barker Rd/BNSF Grade Separation	4,265,980	3,953,607	312,373
Sprague/Barker Intersection Improvement	113,113	64,873	48,240
Pines Rd Underpass @ BNSF & Trent	2,520,585	703,298	1,817,287
Sullivan & Wellesley Intersection Improv	25,000	4,268	20,732
Evergreen - Mission Connector to Indiana	19,900	19,803	97
Barker Rd Widening - River to Euclid	2,888,014	2,491,956	396,058
Broadway Preservation: Havana to Fancher	12,207	10,296	1,911
Argonne Rd Concrete Pvmnt Indiana to Mont	2,440,410	2,357,322	83,088
Pines & Mission Intersection Improvments	273,206	92,868	180,338
Regional Decant Facility Canopy	556,329	365,317	191,012
Local Access Streets: Barker Homes	1,644,438	1,523,231	121,206
Sullivan Rd/ SR 290 Interchange Project	318,953	189,663	129,290
Barker Road/Union Pacific Crossing	316,966	-	312,776
Balfour Park Frontage Improvements	753,862	644,048	109,813
Balfour Park Improvements- Phase 1	374,979	278,883	96,096
Appleway Stormwater Improvements	1,810,252	1,724,898	85,354
Wilbur Sidewalk: Boone to Mission	19,686	19,126	560
Sullivan Preservation: Sprague-8th	24,258	7,143	17,116
City Hall Repairs	25,000	-	25,000
Evergreen Road Preservation Project	1,632,294	1,508,537	123,757
Sprague Avenue Stormwater	78,964	64,060	14,904
Sullivan Park Waterline	75,050	20,868	54,182
Sprague Ave Preservation	14,260	7,963	6,298
Loop Trail Project	189,190	73,465	115,725
2022 Local Access Streets: Summerfield E	18,829	13,635	5,194
Total Construction Commitments	20,411,724	16,139,130	4,268,404

Notes to Financial Statements

NOTE 7 – PENSION PLANS:

The following table represents the aggregate pension amounts for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (594,826)
Pension assets	\$ 6,237,960
Deferred outflows of resources	\$ 898,654
Deferred inflows of resources	\$ (6,664,860)
Pension expense/expenditures	\$ (1,537,594)

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

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

Notes to Financial Statements

NOTE 7 – 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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July - December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

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

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

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

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

Notes to Financial Statements

NOTE 7 – PENSION PLANS *continued*:

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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.97%	7.90%
July - December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	10.25%	6.36%

The City of Spokane Valley actual PERS plan contributions were \$341,702 to PERS Plan 1 and \$569,091 to PERS Plan 2/3 for the year ended December 31, 2021. The City did not have any current employees participating in PERS Plan 1 during 2021. 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 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- *Inflation*: 2.75% total economic inflation; 3.50% salary inflation
- *Salary increases*: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- *Investment rate of return*: 7.4%

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 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 (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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, 2021, 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.

Notes to Financial Statements

NOTE 7 – 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/(Asset)

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

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 1,013,320	\$ 594,826	\$ 229,857
PERS 2/3	\$ (1,777,074)	\$ (6,237,960)	\$ (9,911,501)

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, 2021, the City reported its proportionate share of the total pension liabilities (assets) as follows:

Plan	Liability (or Asset)
PERS 1	\$ 594,826
PERS 2/3	\$ (6,237,960)

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

Plan	Proportionate Share 6/30/2020	Proportionate Share 6/30/2021	Change in Proportion
PERS 1	0.048075%	0.048707%	0.000632%
PERS 2/3	0.062288%	0.062620%	0.000332%

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1, in which the City does not participate.

Pension Expense

For the year ended December 31, 2021, the City of Spokane Valley recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ (86,555)
PERS 2/3	\$ (1,451,039)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, 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	\$ -	\$ (660,058)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 152,683	\$ -
Total	\$ 152,683	\$ (660,058)

Notes to Financial Statements

NOTE 7 – PENSION PLANS continued:

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 302,969	\$ (76,471)
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (5,213,471)
Changes of assumptions	\$ 9,116	\$ (442,998)
Changes in proportion and differences between contributions & proportionate share of contributions	\$ 172,195	\$ (271,862)
Contributions subsequent to the measurement date	\$ 261,691	\$ -
Total	\$ 745,971	\$ (6,004,802)

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

Year ended December 31	PERS 1
2022	\$ (174,850)
2023	(160,226)
2024	(151,500)
2025	(173,482)
2026	
Thereafter	
TOTAL	\$ (660,058)

Year ended December 31	PERS 2/3
2022	\$ (1,465,092)
2023	(1,371,423)
2024	(1,320,984)
2025	(1,357,201)
2026	(10,890)
Thereafter	5,068
TOTAL	\$ (5,520,522)

NOTE 8 – RISK MANAGEMENT:

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

Notes to Financial Statements

NOTE 8 – RISK MANAGEMENT continued:

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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 9 – INTERFUND BALANCES AND TRANSFERS:

Interfund Transfers

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

Notes to Financial Statements

NOTE 9 – INTERFUND BALANCES AND TRANSFERS continued:

Interfund transfer activity for 2021 is as follows:

	Transfers-in	Transfers-out
General fund	\$ 9,516	\$ 16,077,139
Street fund	2,642,405	-
Capital reserve fund	11,129,943	1,122,698
Nonmajor governmental funds	10,034,406	7,092,959
Total governmental funds	<u>\$ 23,816,270</u>	<u>\$ 24,292,796</u>
Stormwater management fund	\$ -	\$ -
Aquifer protection area fund	14,926	-
Internal service funds	461,600	-
Total business type & internal service	<u>\$ 476,526</u>	<u>\$ -</u>
Total government - wide	<u>\$ 24,292,796</u>	<u>\$ 24,292,796</u>

The City made several one-time transfers during the year ending December 31, 2021. These one-time or infrequent transfers are included in the table above:

- Transfers of \$2,552,600 from the General Fund to the Street Fund to cover operating deficits from reduced revenues.
- Transfers of \$89,805 from the Winter Weather Reserve Fund to the Street Fund to cover overages in snow removal costs.
- Transfers of \$1,201,684 from the Hotel/Motel Tax Fund to the Hotel/Motel Tax – Tourism Facilities Fund based on an action from City Council to set aside funds for future capital costs related to a tourism venue.
- Transfer of \$11,126,343 from the General Fund to the Capital Reserve Fund to fund various priority capital projects. These funds represent excess General Fund reserves above the City's minimum fund balance policy.
- Transfer of \$364,440 from the General Fund to Winter Weather Reserve Fund to replenish the reserve.

NOTE 10 – LONG-TERM OBLIGATIONS AND LEASES:

A. Long-term Obligations

Pension Obligations

The City's net pension liability for the year ended December 31, 2021, is \$594,826. Refer to note 7 for additional information and activity related to the City's pension plans.

General Obligation Bonds

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

Notes to Financial Statements

NOTE 10 – LONG-TERM OBLIGATIONS AND LEASES continued:

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

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

Refunded Bonds

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

General obligation and refunding bonds currently outstanding as of December 31, 2021, are as follows:

Name of Issuance	Purpose	Interest Rate	Maturity	Debt Outstanding
LTGO'14 Refunding Bonds	Governmental Activities	2.00% - 4.00%	12/1/2033	\$4,085,000
LTGO'16 Bonds	Governmental Activities	2.00% - 4.00%	12/1/2045	\$6,400,000

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

Governmental - Type Activities			
	Principal	Interest	Total Requirements
2022	675,000	389,800	1,064,800
2023	725,000	364,550	1,089,550
2024	615,000	335,550	950,550
2025	660,000	310,950	970,950
2026	705,000	284,550	989,550
2027 - 2031	2,445,000	1,100,050	3,545,050
2032 - 2036	1,595,000	717,150	2,312,150
2037 - 2041	1,580,000	417,350	1,997,350
2042 - 2045	1,485,000	113,100	1,598,100
Totals	\$10,485,000	\$ 4,033,050	\$14,518,050

Notes to Financial Statements

NOTE 10 – LONG-TERM OBLIGATIONS AND LEASES continued:

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, 2021, is \$893,684.

Changes in Long-Term Liabilities

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	Balance			Balance	Amounts
Governmental-Type Activities	1/1/2021	Additions	Reductions	12/31/2021	Due within One Year
Bonds and notes payable:					
GO refunding LTGO'14 bonds	\$ 4,550,000	\$ -	\$ (465,000)	\$ 4,085,000	\$ 465,000
General obligation LTGO'16 bonds	6,570,000	-	(170,000)	6,400,000	170,000
Premium on LTGO'14 refunding bonds	395,920	-	(39,106)	356,814	39,106
Premium on LTGO'16 bonds	559,240	-	(22,370)	536,870	22,370
Other liabilities:					
Net pension plan liabilities	2,400,117	-	(1,826,730)	573,387	-
Compensated absences	737,327	28,928	-	766,255	19,156
Governmental activities					
Long-term liabilities	\$ 15,212,604	\$ 28,928	\$ (2,523,206)	\$ 12,718,326	\$ 715,632

	Balance			Balance	Amounts
Business-Type Activities	1/1/2020	Additions	Reductions	12/31/2020	Due within One Year
Net pension plan liabilities	93,818	-	(72,379)	21,439	-
Compensated absences	36,829	3,109	-	39,938	998
Business-type activities					
Long-term liabilities	\$ 130,647	\$ 3,109	\$ (72,379)	\$ 61,377	\$ 998

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 2020 assessed valuation of the City for the Levy year of 2021, for purposes of determining the legal debt margin is \$11,553,065,482. 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.

Notes to Financial Statements

NOTE 10 – LONG-TERM OBLIGATIONS AND LEASES continued:

The remaining voted and non-voted GO debt capacities for General purposes of the City at December 31, 2021, are as follows:

	<u>Amount</u>
General Purposes Voted and Non-voted Debt - 2.5%	\$ 278,341,637
Utility Voted Debt - 2.5%	288,826,637
Open Space and Park Facilities Voted Debt - 2.5%	<u>288,826,637</u>
Total Remaining Debt Capacity	<u><u>\$855,994,911</u></u>

B. 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 \$66,280 for the fiscal year ending December 31, 2021. The future minimum lease payments for these leases are presented as follows:

<u>Year Ending Dec. 31</u>	<u>Amount</u>
2022	\$ 49,861
2023	37,897
2024	20,385
2025	4,366
2026	<u>4,261</u>
Total minimum future lease payments	\$ <u><u>116,770</u></u>

NOTE 11 – CONTINGENCIES AND LITIGATION:

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

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

(1) In 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. This case is scheduled to go to trial in late May, 2022. The claimed damages are \$15 million. The Court denied a motion for summary judgment by the City and WSDOT. The parties are anticipated to continue settlement discussions prior to trial.

Notes to Financial Statements

NOTE 11 – CONTINGENCIES AND LITIGATION continued:

(2) 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 0.32 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 March, 2021, the City and Library further amended the agreement to extend the terms through 2024 among other changes not pertinent to this disclosure. In February 2022, the Library received bids for construction of the new facility and started construction April 5, 2022. The City and Library are currently negotiating the terms of subsequent interlocal agreement to identify specific appropriate uses for the \$1.3 million provided by the City.

(3) In September 2017, the City moved into its newly constructed City Hall. In 2018, the City began noticing some cracks and other evidence of possible settlement of a small portion of the foundation, isolated around the curved front wall of the Council Chambers, and potentially in the front corner of the eastside lobby. The City hired outside legal counsel, Shane McFetridge of Randall Danskin, who filed a claim on behalf of the City against the general contractor, Meridian Construction. Following discussions and additional analysis, the City filed suit against Meridian Construction, Architects West, Eight31 Consulting, and Allwest Testing relating to various construction defects. In addition, the City hired a contractor to install micropiles under that part of the foundation that was settling, which subsequent surveying has determined to have stopped the foundation from sinking further. The City is in the process of determining the cost for additional repairs to fix any damage caused by the settlement to the building. The parties continue working to identify what those costs will be. The first mediation session was held in mid-March 2022, with additional sessions scheduled for November 2022. In the event the case does not settle, trial is set for March 2023.

(4) In 2020, the City was named as a defendant in a lawsuit by a tree removal company alleging various constitutional violations based on certain code enforcement actions taken by the City against the company. The City's code enforcement decisions were upheld in an administrative appeal to the Hearing Examiner, which was then appealed pursuant to the chapter 36.70C RCW (the Land Use Petition Act ("LUPA")). The LUPA petition was consolidated with the plaintiff's constitutional lawsuit. The plaintiff is seeking compensatory damages and punitive damages under 42 U.S.C. § 1983. Although plaintiff has not identified the total amount sought, they have identified damages between \$75,000 to \$135,000 for lost profits, pain and suffering, and damage to business reputation through initial discovery. The LUPA petition was dismissed in Superior Court in January 2022, and an interlocutory appeal was denied by Division III Court of Appeals on April 7, 2022. Any constitutional claims continue to be pending in Superior Court.

Notes to Financial Statements

NOTE 11 – CONTINGENCIES AND LITIGATION continued:

(5) In January 2022, the City was sued by Sarah and David Keenan relating to injuries alleged to have arisen from a bicycle accident on the Appleway Trail in 2021. It is very early in the proceedings, and the amount of damages being sought is not clear. The injuries were significant, but not life threatening, and consisted of broken bones and soft-tissue damage. No discovery has been made at this time, and the Plaintiff is represented by the law firm of Eymann, Allison, & Jones, P.S. The City is represented by Steve Lamberson of Etter McMahon, through its coverage with WCIA.

NOTE 12 – RECEIVABLE AND PAYABLE BALANCES:

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

Liability and receivable balances related to settle and adjust estimates as of December 31, 2021, are as follows:

Contract Year	(Liability) or Receivable Balance 1/1/2021	New Estimate Made	Amount Settled in 2021	(Liability) or Receivable Balance 12/31/2021
2015	(53,517)	-	(407)	(53,924)
2016	(24,587)	-	(19,997)	(44,584)
2017	61,734	-	(35,273)	26,461
2018	(832,021)	-	572,636	(259,385)
2019	285,708	-	(94,769)	190,939
2020	734,399	-	252,725	987,124
2021	-	(675,923)	-	(675,923)

For 2021, the City estimates that it will have a net Liability to the County on the contracted services for a total recorded Liability of \$675,923, which was adjusted to the 2021 contract expenditures.

NOTE 13 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB):

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

The City of Spokane Valley is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

Notes to Financial Statements

NOTE 13 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

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, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Service. The aggregate policy is for 200% of expected medical claims.

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

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

Notes to Financial Statements

NOTE 13 – HEALTH AND WELFARE AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) continued:

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 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 96.25 FTEs in 2021, 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, 2021. 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, 2021.

Notes to Financial Statements

NOTE 14 – COVID-19 PANDEMIC:

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

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

The City received an allocation of \$16 million from the Coronavirus State and Local Fiscal Recovery Funds (CLFR) through the American Rescue Plan Act (ARPA). Half of these funds were received by the City during 2021 with the other half expected in mid-2022. The City spent \$37,141 of CLFR funds in 2021, and City Council is continuing to work through the planning phase of how to direct the spending of the remainder.

The length of time these measures will continue to be in place and the full extent of the financial impact on the City of Spokane Valley is unknown at this time.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS – Correction of an error:

The City of Spokane Valley had received voluntary traffic mitigation fees to finance street capital projects. The fees were received from various private entities and were improperly recorded as unearned revenue. A correction in the amount of \$488,324 has been posted to properly record traffic mitigation fees as revenue in prior periods instead of the unearned revenue and deferred inflows. While these were reported incorrectly in the fund financial statements, the correction has no impact on the City’s overall net position as these amounts were converted to revenues in the Statement of Activities. The effect to all Governmental Funds in the previous period is:

Governmental Funds - Ending Fund Balance at 12/31/2020	\$ 77,321,622
Correction of Unearned Revenues to Revenues	448,324
Governmental Funds - Beginning Fund Balance at 1/1/2021	<u>\$ 77,769,946</u>

Required Supplementary Information



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund, Major Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget		
Revenues				
Taxes	\$ 38,245,400	\$ 41,508,200	\$ 48,816,073	\$ 7,307,873
Licenses and permits	3,104,088	3,104,088	6,217,608	3,113,520
Intergovernmental revenues	1,810,000	1,899,000	3,381,489	1,482,489
Charges for services	627,800	629,000	288,115	(340,885)
Fines and forfeitures	498,140	498,140	444,341	(53,799)
Investment interest	500,000	500,000	70,407	(429,593)
Miscellaneous revenues	635,991	145,591	192,037	46,446
<i>Total Revenues</i>	<u>45,421,419</u>	<u>48,284,019</u>	<u>59,410,070</u>	<u>11,126,051</u>
Expenditures				
Current:				
General government	5,819,834	5,905,198	5,855,831	(49,367)
Public safety	28,309,808	28,106,054	27,792,646	(313,408)
Social Services	26,500	43,500	116,181	72,681
Utilities & physical environment	150,830	150,830	150,830	-
Transportation	1,346,553	1,346,553	1,061,545	(285,008)
Economic environment	1,228,762	1,320,061	981,097	(338,964)
Community development	3,055,962	2,983,454	2,845,547	(137,907)
Culture and recreation	3,137,674	3,168,634	2,530,539	(638,095)
Debt service:				
Interest	600	600	600	-
Capital Outlay:				
Capital expenditures	326,700	498,308	246,297	(252,011)
<i>Total Expenditures</i>	<u>43,403,223</u>	<u>43,523,192</u>	<u>41,581,113</u>	<u>(1,942,079)</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>2,018,196</u>	<u>4,760,827</u>	<u>17,828,957</u>	<u>13,068,130</u>
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	9,516	(20,484)
Transfers (out)	(3,874,543)	(16,093,326)	(16,077,139)	(16,187)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,844,543)</u>	<u>(16,063,326)</u>	<u>(16,067,623)</u>	<u>(4,297)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>(1,826,347)</u>	<u>(11,302,499)</u>	<u>1,761,334</u>	<u>13,063,833</u>
<i>Fund Balances Beginning of Year:</i>	<u>48,245,511</u>	<u>48,245,511</u>	<u>48,245,511</u>	<u>-</u>
<i>Fund Balances End of Year:</i>	<u>\$ 46,419,164</u>	<u>\$ 36,943,012</u>	<u>\$ 50,006,845</u>	<u>\$ 13,063,833</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Street Fund, Major Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Approved Original Budget	Final Amended Budget		
Revenues				
Taxes	\$ 1,431,000	\$ 1,000,000	\$ 1,084,387	\$ 84,387
Intergovernmental revenues	2,192,600	1,930,600	2,034,260	103,660
Charges for services	70,000	70,000	115,307	45,307
Investment interest	4,000	4,000	555	(3,445)
Miscellaneous revenues	10,000	10,000	282,509	272,509
<i>Total Revenues</i>	<u>3,707,600</u>	<u>3,014,600</u>	<u>3,517,018</u>	<u>502,418</u>
Expenditures				
Current:				
Transportation	5,490,200	5,490,200	5,637,383	147,183
Capital Outlay:				
Capital expenditures	77,000	77,000	125,038	48,038
<i>Total Expenditures</i>	<u>5,567,200</u>	<u>5,567,200</u>	<u>5,762,421</u>	<u>195,221</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(1,859,600)</u>	<u>(2,552,600)</u>	<u>(2,245,403)</u>	<u>307,197</u>
Other Financing Sources (Uses)				
Transfers in	1,859,600	2,552,600	2,642,405	89,805
<i>Total Other Financing Sources (Uses)</i>	<u>1,859,600</u>	<u>2,552,600</u>	<u>2,642,405</u>	<u>89,805</u>
<i>Net Change in Fund Balances (deficit)</i>	-	-	397,002	397,002
<i>Fund Balances Beginning of Year</i>	<u>759,299</u>	<u>759,299</u>	<u>759,299</u>	<u>-</u>
<i>Fund Balances End of Year (Deficit)</i>	<u>\$ 759,299</u>	<u>\$ 759,299</u>	<u>\$ 1,156,301</u>	<u>\$ 397,002</u>

City of Spokane Valley
Schedule of Proportionate Share of Net Pension Liability
PERS 1
As of June 30, 2021
Last 10 Fiscal Years¹

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Employer's proportion of the net pension liability (asset)	0.052995%	0.053037%	0.054158%	0.042511%	0.047856%	0.048075%	0.048707%
Employer's proportionate share of the net pension liability	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233	\$ 1,697,307	\$ 594,826
Total	\$ 2,772,131	\$ 2,848,337	\$ 2,569,839	\$ 1,898,556	\$ 1,840,233	\$ 1,697,307	\$ 594,826
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221	\$ 7,542,281	\$ 7,821,764
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	44.60%	43.00%	39.95%	29.98%	26.66%	22.50%	7.60%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%
<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.

<p style="text-align: center;">City of Spokane Valley Schedule of Proportionate Share of Net Pension Liability PERS 2/3 As of June 30, 2021 Last 10 Fiscal Years ¹</p>							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Employer's proportion of the net pension liability (asset)	0.068456%	0.067862%	0.069662%	0.054837%	0.061822%	0.062288%	0.062620%
Employer's proportionate share of the net pension liability (asset)	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502	\$ 796,628	\$ (6,237,960)
Total	\$ 2,445,972	\$ 3,416,798	\$ 2,420,422	\$ 936,293	\$ 600,502	\$ 796,628	\$ (6,237,960)
Covered payroll ²	\$ 6,215,354	\$ 6,623,847	\$ 6,433,200	\$ 6,333,506	\$ 6,902,221	\$ 7,542,281	\$ 7,821,764
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	39.35%	51.58%	37.62%	14.78%	8.70%	10.56%	-79.75%
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%
Provided from note 2 of DRS Participating Employer Financial Information report (PEFI) for the % of each plan.							

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.

<p style="text-align: center;"><i>City of Spokane Valley</i> <i>Schedule of Employer Contributions</i> <i>PERS 1</i> <i>For the Year Ended December 31, 2021</i> <i>Last 10 Fiscal Years ¹</i></p>							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Statutorily or contractually required contributions	\$ 274,474	\$ 305,736	\$ 300,891	\$ 325,842	\$ 347,991	\$ 355,541	\$ 341,702
Contributions in relation to the statutorily or contractually required contributions	\$ (274,474)	\$ (305,736)	\$ (300,891)	\$ (325,842)	\$ (347,991)	\$ (355,541)	\$ (341,702)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,520,390	\$ 6,628,805	\$ 6,142,722	\$ 6,824,257	\$ 7,173,062	\$ 7,656,116	\$ 8,080,122
Contributions as a percentage of covered employee payroll	4.21%	4.61%	4.90%	4.77%	4.85%	4.64%	4.23%
City of Spokane Valley does not currently have active PERS 1 pension plan participants. As such, PERS 1 contributions represent the Unfunded Actuarial Liability (UAA) as calculated by The Department of Retirement Systems.							

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

<p style="text-align: center;"><i>City of Spokane Valley</i> <i>Schedule of Employer Contributions</i> <i>PERS 2/3</i> <i>For the Year Ended December 31, 2021</i> <i>Last 10 Fiscal Years ¹</i></p>							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Statutorily or contractually required contributions	\$ 352,459	\$ 399,315	\$ 420,895	\$ 482,606	\$ 543,611	\$ 586,968	\$ 569,091
Contributions in relation to the statutorily or contractually required contributions	\$ (352,459)	\$ (399,315)	\$ (420,895)	\$ (482,606)	\$ (543,611)	\$ (586,968)	\$ (569,091)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,520,390	\$ 6,628,805	\$ 6,142,722	\$ 6,824,257	\$ 7,173,062	\$ 7,656,116	\$ 8,080,122
Contributions as a percentage of covered employee payroll	5.41%	6.02%	6.85%	7.07%	7.58%	7.67%	7.04%

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

Supplementary Information



City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

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 collect 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.

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Non-Major Capital Project Funds

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

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

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

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

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

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

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

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

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

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

Combining Financial Statements ***Non-Major Funds***



City of Spokane Valley, Washington
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Combining Balance Sheet

Non-major Governmental Funds

December 31, 2021

	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	\$ 6,787,946	\$ -	\$ 17,342,631	\$ 24,130,577
Taxes receivable	197,173	-	686,432	883,605
Accounts receivable, (net)	187,465	-	51,403	238,868
Interest receivable	531	-	979	1,510
Prepays	358	-	-	358
Grants receivable	-	-	291,018	291,018
Total Assets	\$ 7,173,473	\$ -	\$ 18,372,463	\$ 25,545,936
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 89,116	\$ -	\$ 503,367	\$ 592,483
Accrued payroll payable	1,786	-	33,604	35,390
Retainage payable	-	-	99,225	99,225
Deferred inflows of resources	-	-	-	-
Unearned revenue	-	-	66,290	66,290
Total Liabilities	90,902	-	702,486	793,388
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	107,591	-	960	108,551
Total Deferred Inflows of Resources	107,591	-	960	108,551
Fund Balances				
Nonspendable:				
Prepaid expenses	358	-	-	358
Restricted for:				
Trails & paths	29,558	-	-	29,558
Tourism & economic development	4,837,194	-	-	4,837,194
PEG capital uses	165,895	-	-	165,895
Affordable & supportive housing	367,327	-	-	367,327
Capital projects REET 1 roads & streets	-	-	3,958,748	3,958,748
Capital projects REET 2 roads & streets	-	-	5,230,856	5,230,856
Street capital construction	-	-	1,192,615	1,192,615
Parks capital construction	-	-	-	-
Street capital improvement P&M	-	-	2,681,210	2,681,210
Railroad grade separation projects	-	-	589,792	589,792
Transportation Improvements	-	-	294,607	294,607
Committed to:				
Winter weather street operations	434,887	-	-	434,887
Assigned to:				
Solid waste services	1,139,761	-	-	1,139,761
Parks and recreation	-	-	18,255	18,255
Civic building capital replacement	-	-	840,056	840,056
Street capital improvement P&M	-	-	2,862,878	2,862,878
Capital reserve improvements (City Wide)	-	-	-	-
Unassigned:	-	-	-	-
Total Fund Balances	6,974,980	-	17,669,017	24,643,997
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,173,473	\$ -	\$ 18,372,463	\$ 25,545,936

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Balance Sheet

Non-major Special Revenue Funds

December 31, 2021

	Trails & Paths	Tourism Facilities		
	Fund	Hotel/Motel	Hotel/Motel	Solid Waste
	Fund	Fund	Fund	Fund
Assets				
Cash and cash equivalents	\$ 28,930	\$ 4,646,996	\$ 173,765	\$ 971,131
Taxes receivable	1,307	58,775	90,467	-
Accounts receivable, (net)	-	-	-	170,258
Interest receivable	2	217	87	158
Prepays	-	-	-	358
Total Assets	\$ 30,239	\$ 4,705,988	\$ 264,319	\$ 1,141,905
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 50,560	\$ -
Accrued payroll payable	-	-	-	1,786
Total Liabilities	-	-	50,560	1,786
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	681	33,794	48,759	-
Total Deferred Inflows of Resources	681	33,794	48,759	-
Fund Balances				
Nonspendable:				
Prepaid expenses	-	-	-	358
Restricted for:				
Trails & paths	29,558	-	-	-
Tourism & economic development	-	4,672,194	165,000	-
PEG capital uses	-	-	-	-
Affordable & supportive housing	-	-	-	-
Committed to:				
Winter weather street operations	-	-	-	-
Assigned to:				
Solid waste services	-	-	-	1,139,761
Total Fund Balances	29,558	4,672,194	165,000	1,140,119
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,239	\$ 4,705,988	\$ 264,319	\$ 1,141,905

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Balance Sheet

Non-major Special Revenue Funds

(continued)

December 31, 2021

	PEG Fund	Affordable & Supp. Housing Sales Tax Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 187,232	\$ 345,038	\$ 434,854	\$ 6,787,946
Taxes receivable	-	46,624	-	197,173
Accounts receivable, (net)	17,207	-	-	187,465
Interest receivable	12	22	33	531
Prepays	-	-	-	358
Total Assets	\$ 204,451	\$ 391,684	\$ 434,887	\$ 7,173,473
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 38,556	\$ -	\$ -	\$ 89,116
Accrued payroll payable	-	-	-	1,786
Total Liabilities	38,556	-	-	90,902
Deferred Inflows of Resources				
Deferred inflows for derived tax revenues	-	24,357	-	107,591
Total Deferred Inflows of Resources	-	24,357	-	107,591
Fund Balances				
Nonspendable:				
Prepaid expenses	-	-	-	358
Restricted for:				
Trails & paths	-	-	-	29,558
Tourism & economic development	-	-	-	4,837,194
PEG capital uses	165,895	-	-	165,895
Affordable & supportive housing	-	367,327	-	367,327
Committed to:				
Winter weather street operations	-	-	434,887	434,887
Assigned to:				
Solid waste services	-	-	-	1,139,761
Total Fund Balances	165,895	367,327	434,887	6,974,980
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 204,451	\$ 391,684	\$ 434,887	\$ 7,173,473

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Balance Sheet

Non-major Capital Project Funds

December 31, 2021

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Street Capital Projects Fund	Parks Capital Projects Fund	Civic Buildings Capital Projects Fund
Assets					
Cash and cash equivalents	\$ 3,615,717	\$ 4,887,661	\$ 1,124,428	\$ 256,262	\$ 840,003
Taxes receivable	343,216	343,216	-	-	-
Accounts receivable, (net)	-	-	-	-	-
Interest receivable	295	459	-	-	53
Grants receivable	-	-	206,894	-	-
Total Assets	\$ 3,959,228	\$ 5,231,336	\$ 1,331,322	\$ 256,262	\$ 840,056
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 25,594	\$ 212,166	\$ -
Retainage payable	-	-	40,480	24,259	-
Accrued payroll payable	-	-	17,448	1,582	-
Unearned revenue	-	-	55,185	-	-
Total Liabilities	-	-	138,707	238,007	-
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	480	480	-	-	-
Total Deferred Inflows of Resources	480	480	-	-	-
Fund Balances					
Restricted for:					
Capital projects REET 1 roads & streets	3,958,748	-	-	-	-
Capital projects REET 2 roads & streets	-	5,230,856	-	-	-
Street capital construction	-	-	1,192,615	-	-
Parks capital construction	-	-	-	-	-
Street capital improvement P&M	-	-	-	-	-
Railroad grade separation projects	-	-	-	-	-
Transportation Improvements	-	-	-	-	-
Assigned to:					
Parks and recreation	-	-	-	18,255	-
Civic building capital replacement	-	-	-	-	840,056
Street capital improvement P&M	-	-	-	-	-
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	3,958,748	5,230,856	1,192,615	18,255	840,056
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,959,228	\$ 5,231,336	\$ 1,331,322	\$ 256,262	\$ 840,056

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Balance Sheet

Non-major Capital Project Funds

(continued)

December 31, 2021

	Pavement Preservation Fund	Railroad Grade Separation Projects Fund	Transportation Impact Fees Fund	Economic Development Capital Projects Fund	Total Non-major Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 5,617,482	\$ 706,355	\$ 294,589	\$ 134	\$ 17,342,631
Taxes receivable	-	-	-	-	686,432
Accounts receivable, (net)	-	51,403	-	-	51,403
Interest receivable	154	-	18	-	979
Grants receivable	4,112	80,012	-	-	291,018
Total Assets	\$ 5,621,748	\$ 837,770	\$ 294,607	\$ 134	\$ 18,372,463
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 27,779	\$ 237,828	\$ -	\$ -	\$ 503,367
Retainage payable	34,486	-	-	-	99,225
Accrued payroll payable	11,283	3,157	-	134	33,604
Unearned revenue	4,112	6,993	-	-	66,290
Total Liabilities	77,660	247,978	-	134	702,486
Deferred Inflows of Resources					
Deferred inflows for derived tax revenues	-	-	-	-	960
Total Deferred Inflows of Resources	-	-	-	-	960
Fund Balances					
Restricted for:					
Capital projects REET 1 roads & streets	-	-	-	-	3,958,748
Capital projects REET 2 roads & streets	-	-	-	-	5,230,856
Street capital construction	-	-	-	-	1,192,615
Parks capital construction	-	-	-	-	-
Street capital improvement P&M	2,681,210	-	-	-	2,681,210
Railroad grade separation projects	-	589,792	-	-	589,792
Transportation Improvements	-	-	294,607	-	294,607
Assigned to:					
Parks and recreation	-	-	-	-	18,255
Civic building capital replacement	-	-	-	-	840,056
Street capital improvement P&M	2,862,878	-	-	-	2,862,878
Capital reserve improvements (City Wide)	-	-	-	-	-
Total Fund Balances	5,544,088	589,792	294,607	-	17,669,017
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,621,748	\$ 837,770	\$ 294,607	\$ 134	\$ 18,372,463

City of Spokane Valley, Washington
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,440,844	\$ -	\$ 6,218,226	\$ 7,659,070
Licenses and permits	71,252	-	-	71,252
Intergovernmental revenues	8,021	480,800	4,359,752	4,848,573
Charges for services	1,992,829	-	1,700,031	3,692,860
Investment interest	5,592	-	12,902	18,494
Miscellaneous revenues	-	-	182,454	182,454
<i>Total Revenues</i>	<u>3,518,538</u>	<u>480,800</u>	<u>12,473,365</u>	<u>16,472,703</u>
Expenditures				
Current:				
General government	38,519	-	-	38,519
Utilities and physical environment	43,203	-	-	43,203
Transportation	-	-	494,888	494,888
Economic environment	167,850	-	3,358	171,208
Culture and recreation	-	-	39,359	39,359
Debt service:				
Principal retirement	-	635,000	-	635,000
Interest expense	-	408,850	-	408,850
Capital Outlay:				
Capital expenditures	48,771	-	10,688,356	10,737,127
Construction in progress	-	-	2,503,370	2,503,370
<i>Total Expenditures</i>	<u>298,343</u>	<u>1,043,850</u>	<u>13,729,331</u>	<u>15,071,524</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>3,220,195</u>	<u>(563,050)</u>	<u>(1,255,966)</u>	<u>1,401,179</u>
Other Financing Sources				
Transfers In	1,566,124	563,050	7,905,232	10,034,406
Transfers (out)	(2,838,781)	-	(4,254,179)	(7,092,960)
<i>Total Other Financing Sources</i>	<u>(1,272,657)</u>	<u>563,050</u>	<u>3,651,053</u>	<u>2,941,446</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>1,947,538</u>	<u>-</u>	<u>2,395,087</u>	<u>4,342,625</u>
<i>Fund Balances Beginning of Year</i>	<u>5,027,442</u>	<u>-</u>	<u>14,785,606</u>	<u>19,813,048</u>
<i>Correction of Error - Prior Period</i>	<u>-</u>	<u>-</u>	<u>488,324</u>	<u>488,324</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 6,974,980</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,669,017</u></u>	<u><u>\$ 24,643,997</u></u>

City of Spokane Valley, Washington
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2021

	Trails & Paths Fund	Tourism Facilities Hotel Motel/Fund	Hotel Motel Fund	Solid Waste Fund
Revenues				
Taxes	\$ -	\$ 481,320	\$ 744,435	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	8,021	-	-	-
Charges for services	-	-	-	1,992,829
Investment interest	21	2,617	899	1,481
<i>Total Revenues</i>	<u>8,042</u>	<u>483,937</u>	<u>745,334</u>	<u>1,994,310</u>
Expenditures				
Current:				
General government	-	-	-	-
Utilities and physical environment	-	-	-	43,203
Transportation	-	-	-	-
Economic environment	-	-	167,850	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	-	-	-	-
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>167,850</u>	<u>43,203</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>8,042</u>	<u>483,937</u>	<u>577,484</u>	<u>1,951,107</u>
Other Financing Sources				
Transfers in	-	1,201,684	-	-
Transfers (out)	-	-	(1,211,200)	(1,537,776)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>1,201,684</u>	<u>(1,211,200)</u>	<u>(1,537,776)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>8,042</u>	<u>1,685,621</u>	<u>(633,716)</u>	<u>413,331</u>
<i>Fund Balances Beginning of Year</i>	<u>21,516</u>	<u>2,986,573</u>	<u>798,716</u>	<u>726,788</u>
<i>Fund Balances End of Year</i>	<u>\$ 29,558</u>	<u>\$ 4,672,194</u>	<u>\$ 165,000</u>	<u>\$ 1,140,119</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

(continued)

For the Year Ended December 31, 2021

	PEG Fund	Affordable & Supp. Housing Sales Tax Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
Revenues				
Taxes	\$ -	\$ 215,089	\$ -	\$ 1,440,844
Licenses and permits	71,252	-	-	71,252
Intergovernmental revenues	-	-	-	8,021
Charges for services	-	-	-	1,992,829
Investment interest	160	205	209	5,592
<i>Total Revenues</i>	<u>71,412</u>	<u>215,294</u>	<u>209</u>	<u>3,518,538</u>
Expenditures				
Current:				
General government	38,519	-	-	38,519
Utilities and physical environment	-	-	-	43,203
Transportation	-	-	-	-
Economic environment	-	-	-	167,850
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	48,771	-	-	48,771
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<u>87,290</u>	<u>-</u>	<u>-</u>	<u>298,343</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(15,878)</u>	<u>215,294</u>	<u>209</u>	<u>3,220,195</u>
Other Financing Sources				
Transfers in	-	-	364,440	1,566,124
Transfers (out)	-	-	(89,805)	(2,838,781)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>274,635</u>	<u>(1,272,657)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>(15,878)</u>	<u>215,294</u>	<u>274,844</u>	<u>1,947,538</u>
<i>Fund Balances Beginning of Year</i>	<u>181,773</u>	<u>152,033</u>	<u>160,043</u>	<u>5,027,442</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 165,895</u></u>	<u><u>\$ 367,327</u></u>	<u><u>\$ 434,887</u></u>	<u><u>\$ 6,974,980</u></u>

City of Spokane Valley, Washington
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Debt Service Funds (LTGO Bonds Fund)

For the Year Ended December 31, 2021

	Debt Service LTGO Bonds Fund
Revenues	
Taxes	\$ -
Intergovernmental revenues	480,800
Investment interest	-
Miscellaneous revenues	-
<i>Total Revenues</i>	<u>480,800</u>
Expenditures	
Current:	
General government	-
Debt service:	
Principal retirement	635,000
Interest expense	408,850
Capital Outlay:	
Capital expenditures	-
Construction in progress	-
<i>Total Expenditures</i>	<u>1,043,850</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(563,050)</u>
Other Financing Sources	
Transfers In	563,050
Transfers (out)	-
<i>Total Other Financing Sources</i>	<u>563,050</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
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

For the Year Ended December 31, 2021

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Street Capital Projects Fund	Parks Capital Projects Fund	Civic Buildings Capital Projects Fund
Revenues					
Taxes	\$ 3,109,113	\$ 3,109,113	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	3,485,774	593,260	-
Charges for services	-	-	1,325,140	-	-
Investment interest	2,828	5,137	218	20	692
Miscellaneous revenues	-	-	146,764	17,897	-
<i>Total Revenues</i>	<u>3,111,941</u>	<u>3,114,250</u>	<u>4,957,896</u>	<u>611,177</u>	<u>692</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	494,888	-	-
Culture and recreation	-	-	-	39,359	-
Economic environment	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital Outlay:					
Capital expenditures	-	-	5,017,364	1,092,271	-
Construction in progress	-	-	416,264	384,270	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>5,928,516</u>	<u>1,515,900</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>3,111,941</u>	<u>3,114,250</u>	<u>(970,620)</u>	<u>(904,723)</u>	<u>692</u>
Other Financing Sources					
Transfers in	-	-	1,607,509	847,401	-
Transfers (out)	(1,201,261)	(3,049,318)	-	-	(3,600)
<i>Total Other Financing Sources</i>	<u>(1,201,261)</u>	<u>(3,049,318)</u>	<u>1,607,509</u>	<u>847,401</u>	<u>(3,600)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>1,910,680</u>	<u>64,932</u>	<u>636,889</u>	<u>(57,322)</u>	<u>(2,908)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,048,068</u>	<u>5,165,924</u>	<u>67,402</u>	<u>75,577</u>	<u>842,964</u>
<i>Correction of Error - Prior Period</i>	<u>-</u>	<u>-</u>	<u>488,324</u>	<u>-</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 3,958,748</u></u>	<u><u>\$ 5,230,856</u></u>	<u><u>\$ 1,192,615</u></u>	<u><u>\$ 18,255</u></u>	<u><u>\$ 840,056</u></u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project Funds

(continued)

For the Year Ended December 31, 2021

	Pavement Preservation Fund	Railroad Grade Separation Projects Fund	Transportation Impact Fees Fund	Economic Development Capital Projects Fund	Total Non-major Capital Projects Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,218,226
Intergovernmental revenues	-	280,718	-	-	4,359,752
Charges for services	29,011	51,403	294,477	-	1,700,031
Investment interest	3,449	428	130	-	12,902
Miscellaneous revenues	-	17,793	-	-	182,454
<i>Total Revenues</i>	<u>32,460</u>	<u>350,342</u>	<u>294,607</u>	<u>-</u>	<u>12,473,365</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-
Transportation	-	-	-	-	494,888
Culture and recreation	-	-	-	-	39,359
Economic environment	-	-	-	3,358	3,358
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital Outlay:					
Capital expenditures	4,378,705	200,016	-	-	10,688,356
Construction in progress	85,988	1,616,848	-	-	2,503,370
<i>Total Expenditures</i>	<u>4,464,693</u>	<u>1,816,864</u>	<u>-</u>	<u>3,358</u>	<u>13,729,331</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(4,432,233)</u>	<u>(1,466,522)</u>	<u>294,607</u>	<u>(3,358)</u>	<u>(1,255,966)</u>
Other Financing Sources					
Transfers in	4,184,176	1,262,788	-	3,358	7,905,232
Transfers (out)	-	-	-	-	(4,254,179)
<i>Total Other Financing Sources</i>	<u>4,184,176</u>	<u>1,262,788</u>	<u>-</u>	<u>3,358</u>	<u>3,651,053</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>(248,057)</u>	<u>(203,734)</u>	<u>294,607</u>	<u>-</u>	<u>2,395,087</u>
<i>Fund Balances Beginning of Year</i>	<u>5,792,145</u>	<u>793,526</u>	<u>-</u>	<u>-</u>	<u>14,785,606</u>
	-	-	-	-	488,324
<i>Fund Balances End of Year</i>	<u>\$ 5,544,088</u>	<u>\$ 589,792</u>	<u>\$ 294,607</u>	<u>\$ -</u>	<u>\$ 17,669,017</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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, 2021

	Trails & Paths Special Revenue Fund			Tourism Facilities Hotel/Motel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 400,000	\$ 481,320	\$ 81,320
Intergovernmental revenues	8,700	8,021	(679)	-	-	-
Investment interest	200	21	(179)	2,500	2,617	117
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	8,900	8,042	(858)	402,500	483,937	81,437
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>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	8,900	8,042	(858)	402,500	483,937	81,437
Other Financing Sources						
Transfers In	-	-	-	1,157,000	1,201,684	44,684
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	-	-	-	1,157,000	1,201,684	44,684
<i>Net Change in Fund Balances</i>	8,900	8,042	(858)	1,559,500	1,685,621	126,121
<i>Fund Balances Beginning of Year</i>	21,516	21,516	-	2,986,573	2,986,573	-
<i>Fund Balances End of Year</i>	\$ 30,416	\$ 29,558	\$ (858)	\$ 4,546,073	\$ 4,672,194	\$ 126,121

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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, 2021

	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	\$ 750,000	\$ 744,435	\$ (5,565)	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	1,725,000	1,992,829	267,829
Investment interest	700	899	199	12,000	1,481	(10,519)
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>750,700</i>	<i>745,334</i>	<i>(5,366)</i>	<i>1,737,000</i>	<i>1,994,310</i>	<i>257,310</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	237,000	43,203	(193,797)
Economic environment	197,400	167,850	(29,550)	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>197,400</i>	<i>167,850</i>	<i>(29,550)</i>	<i>237,000</i>	<i>43,203</i>	<i>(193,797)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>553,300</i>	<i>577,484</i>	<i>24,184</i>	<i>1,500,000</i>	<i>1,951,107</i>	<i>451,107</i>
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers (out)	(1,187,000)	(1,211,200)	(24,200)	(1,537,776)	(1,537,776)	-
<i>Total Other Financing Sources</i>	<i>(1,187,000)</i>	<i>(1,211,200)</i>	<i>(24,200)</i>	<i>(1,537,776)</i>	<i>(1,537,776)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(633,700)</i>	<i>(633,716)</i>	<i>(16)</i>	<i>(37,776)</i>	<i>413,331</i>	<i>451,107</i>
<i>Fund Balances Beginning of Year</i>	<i>798,716</i>	<i>798,716</i>	<i>-</i>	<i>726,788</i>	<i>726,788</i>	<i>-</i>
<i>Fund Balances End of Year</i>	<i>\$ 165,016</i>	<i>\$ 165,000</i>	<i>\$ (16)</i>	<i>\$ 689,012</i>	<i>\$ 1,140,119</i>	<i>\$ 451,107</i>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2021

	PEG Special Revenue Fund			Affordable & Supportive Housing Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 193,000	\$ 215,089	\$ 22,089
Licenses and permits	79,000	71,252	(7,748)	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	-	160	160	-	205	205
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	79,000	71,412	(7,588)	193,000	215,294	22,294
Expenditures						
Current:						
General government	39,500	38,519	(981)	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	48,500	48,771	271	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	88,000	87,290	(710)	-	-	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(9,000)	(15,878)	(6,878)	193,000	215,294	22,294
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	-	-	-	-	-	-
<i>Net Change in Fund Balances</i>	(9,000)	(15,878)	(6,878)	193,000	215,294	22,294
<i>Fund Balances Beginning of Year</i>	181,773	181,773	-	152,033	152,033	-
<i>Fund Balances End of Year</i>	\$ 172,773	\$ 165,895	\$ (6,878)	\$ 345,033	\$ 367,327	\$ 22,294

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2021

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

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Winter Weather Reserve, Non-major Special Revenue Fund

For the Year Ended December 31, 2021

	Winter Weather Reserve Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Investment interest	1,900	209	(1,691)
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	1,900	209	(1,691)
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>	500,000	-	(500,000)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(498,100)	209	498,309
Other Financing Sources			
Transfers In	364,440	364,440	-
Transfers (out)	-	(89,805)	89,805
<i>Total Other Financing Sources</i>	364,440	274,635	(89,805)
<i>Net Change in Fund Balances (deficit)</i>	(133,660)	274,844	408,504
<i>Fund Balances Beginning of Year</i>	160,043	160,043	-
<i>Fund Balances End of Year</i>	\$ 26,383	\$ 434,887	\$ 408,504

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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, 2021

	Debt Service LTGO Bonds Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	480,800	480,800	-
Investment interest	-	-	-
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<u>480,800</u>	<u>480,800</u>	<u>-</u>
Expenditures			
Current:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	635,000	635,000	-
Interest expense	408,850	408,850	-
Bonds issuance costs	-	-	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>1,043,850</u>	<u>1,043,850</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(563,050)</u>	<u>(563,050)</u>	<u>-</u>
Other Financing Sources			
Transfers In	563,050	563,050	-
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<u>563,050</u>	<u>563,050</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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, 2021

	REET 1 Capital Projects Fund			REET 2 Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 2,000,000	\$ 3,109,113	\$ 1,109,113	\$ 2,000,000	\$ 3,109,113	\$ 1,109,113
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	3,000	2,828	(172)	5,500	5,137	(363)
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	2,003,000	3,111,941	1,108,941	2,005,500	3,114,250	1,108,750
Expenditures						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	-	-	-	-	-	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	2,003,000	3,111,941	1,108,941	2,005,500	3,114,250	1,108,750
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers (out)	(1,224,673)	(1,201,261)	(23,412)	(3,231,254)	(3,049,318)	(181,936)
<i>Total Other Financing Sources</i>	(1,224,673)	(1,201,261)	(23,412)	(3,231,254)	(3,049,318)	(181,936)
<i>Net Change in Fund Balances (deficit)</i>	778,327	1,910,680	1,132,353	(1,225,754)	64,932	1,290,686
<i>Fund Balances Beginning of Year</i>	2,048,068	2,048,068	-	5,165,924	5,165,924	-
<i>Fund Balances End of Year</i>	\$ 2,826,395	\$ 3,958,748	\$ 1,132,353	\$ 3,940,170	\$ 5,230,856	\$ 1,290,686

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2021

	Street Capital Projects Fund			Parks Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	6,843,308	3,485,774	(3,357,534)	525,260	593,260	68,000
Charges for services	-	1,325,140	1,325,140	-	-	-
Investment interest	-	218	218	-	20	20
Miscellaneous revenues	53,703	146,764	93,061	-	17,897	17,897
<i>Total Revenues</i>	<i>6,897,011</i>	<i>4,957,896</i>	<i>(1,939,115)</i>	<i>525,260</i>	<i>611,177</i>	<i>85,917</i>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	92,125	494,888	402,763	-	-	-
Culture and recreation	-	-	-	98,000	39,359	(58,641)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	8,878,190	5,017,364	(3,860,826)	1,829,767	1,092,271	(737,496)
Construction in progress	-	416,264	416,264	-	384,270	384,270
<i>Total Expenditures</i>	<i>8,970,315</i>	<i>5,928,516</i>	<i>(3,041,799)</i>	<i>1,927,767</i>	<i>1,515,900</i>	<i>(411,867)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(2,073,304)</i>	<i>(970,620)</i>	<i>1,102,684</i>	<i>(1,402,507)</i>	<i>(904,723)</i>	<i>497,784</i>
Other Financing Sources						
Transfers In	2,073,304	1,607,509	(465,795)	1,327,686	847,401	(480,285)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>2,073,304</i>	<i>1,607,509</i>	<i>(465,795)</i>	<i>1,327,686</i>	<i>847,401</i>	<i>(480,285)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>636,889</i>	<i>636,889</i>	<i>(74,821)</i>	<i>(57,322)</i>	<i>17,499</i>
<i>Fund Balances Beginning of Year</i>	<i>67,402</i>	<i>67,402</i>	<i>-</i>	<i>75,577</i>	<i>75,577</i>	<i>-</i>
<i>Correction of Error - Prior Period</i>	<i>-</i>	<i>488,324</i>	<i>488,324</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances End of Year	\$ 67,402	\$ 1,192,615	\$ 1,125,213	\$ 756	\$ 18,255	\$ 17,499

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2021

	Civic Buildings Capital Projects Fund			Pavement Preservation Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment interest	800	692	(108)	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	800	692	(108)	-	-	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	50,000	-	(50,000)
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	3,790,877	-	(3,790,877)
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	-	-	-	3,840,877	-	(3,840,877)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	800	692	(108)	(3,840,877)	-	3,840,877
Other Financing Sources						
Transfers In	-	-	-	4,184,176	-	(4,184,176)
Transfers (out)	(3,600)	(3,600)	-	-	-	-
<i>Total Other Financing Sources</i>	(3,600)	(3,600)	-	4,184,176	-	(4,184,176)
<i>Net Change in Fund Balances (deficit)</i>	(2,800)	(2,908)	(108)	343,299	-	(343,299)
<i>Fund Balances Beginning of Year</i>	842,964	842,964	-	5,792,145	5,792,145	-
<i>Fund Balances End of Year</i>	\$ 840,164	\$ 840,056	\$ (108)	\$ 6,135,444	\$ 5,792,145	\$ (343,299)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Reserve, Major Cap Projects Fund & Railroad Grade Separation Capital Projects, Non-Major Cap Projects Fund
For the Year Ended December 31, 2021

	Capital Reserve Fund Capital Projects Fund			Railroad Grade Separation Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,000,000	-	(1,000,000)	12,903,319	-	(12,903,319)
Charges for services	-	-	-	-	-	-
Investment interest	7,500	8,303	803	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	1,007,500	8,303	(999,197)	12,903,319	-	(12,903,319)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	4,884,600	4,106,330	(778,270)	14,156,154	-	(14,156,154)
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	4,884,600	4,106,330	(778,270)	14,156,154	-	(14,156,154)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(3,877,100)	(4,098,027)	(220,927)	(1,252,835)	-	1,252,835
Other Financing Sources						
Proceeds from sale of land	109,400	109,403	3	2,308,247	-	(2,308,247)
Transfers In	11,129,943	11,129,943	-	2,308,247	-	(2,308,247)
Transfers (out)	(2,804,417)	(1,122,697)	1,681,720	-	-	-
<i>Total Other Financing Sources</i>	8,434,926	10,116,649	1,681,723	4,616,494	-	(4,616,494)
<i>Net Change in Fund Balances (deficit)</i>	4,557,826	6,018,622	1,460,796	3,363,659	-	(3,363,659)
<i>Fund Balances Beginning of Year</i>	8,503,764	8,503,764	-	793,526	793,526	-
<i>Fund Balances End of Year</i>	\$ 13,061,590	\$ 14,522,386	\$ 1,460,796	\$ 4,157,185	\$ 793,526	\$ (3,363,659)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

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

For the Year Ended December 31, 2021

	Transportation Impact Fees Capital Projects Fund			Economic Development Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	150,000	-	(150,000)	-	-	-
Investment interest	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	150,000	-	(150,000)	-	-	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Economic environment	-	-	-	10,000	-	(10,000)
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	-	-	-	10,000	-	(10,000)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	150,000	-	(150,000)	(10,000)	-	10,000
Other Financing Sources						
Transfers In	-	-	-	10,000	-	(10,000)
Transfers (out)	(80,000)	-	80,000	-	-	-
<i>Total Other Financing Sources</i>	(80,000)	-	80,000	10,000	-	(10,000)
<i>Net Change in Fund Balances (deficit)</i>	70,000	-	(70,000)	-	-	-
<i>Fund Balances Beginning of Year</i>	-	-	-	-	-	-
<i>Fund Balances End of Year</i>	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -	\$ -

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Internal Service Funds

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

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

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

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

*Combining Statement of Net Position-Internal Service Funds
Equipment Rental and Replacement & Risk Management Funds
For the Year Ended December 31, 2021*

	Governmental-type activities		
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,426,220	\$ 392,795	\$ 1,819,015
Interest receivable	88	25	113
Total Current Assets	<u>1,426,308</u>	<u>392,820</u>	<u>1,819,128</u>
Capital Assets:			
Machinery and equipment	939,253	-	939,253
Less: accumulated depreciation	(320,408)	-	(320,408)
Total Capital Assets	<u>618,845</u>	<u>-</u>	<u>618,845</u>
Total Assets	<u>\$ 2,045,153</u>	<u>\$ 392,820</u>	<u>\$ 2,437,973</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 517	\$ -	\$ 517
Accrued payroll and benefits payable	319	-	319
Total Current Liabilities	<u>836</u>	<u>-</u>	<u>836</u>
Total Liabilities	<u>836</u>	<u>-</u>	<u>836</u>
Net Position			
Net Investments in Capital Assets	618,845	-	618,845
Unrestricted	<u>1,425,472</u>	<u>392,820</u>	<u>1,818,292</u>
Total Net Position	<u>2,044,317</u>	<u>392,820</u>	<u>2,437,137</u>
Total Liabilities and Net Position	<u>\$ 2,045,153</u>	<u>\$ 392,820</u>	<u>\$ 2,437,973</u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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, 2021

	Governmental-type activities		
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Operating Revenues:			
Charges for services (net of returns and allowances)	\$ 108,800	\$ -	\$ 108,800
Total Operating Revenues	<u>108,800</u>	<u>-</u>	<u>108,800</u>
Operating Expenses:			
Personal services	-	7,398	7,398
Professional services	-	365,384	365,384
Material and supplies	275	-	275
Depreciation and amortization	69,641	-	69,641
Total Operating Expenses	<u>69,916</u>	<u>372,782</u>	<u>442,698</u>
Operating Income (loss)	<u>38,884</u>	<u>(372,782)</u>	<u>(333,898)</u>
Non-Operating Revenues (Expenses)			
Investment income	1,148	118	1,266
Total Non-Operating Revenues (Expenses)	<u>1,148</u>	<u>118</u>	<u>1,266</u>
Income (loss) before contributions and Transfers	<u>40,032</u>	<u>(372,664)</u>	<u>(332,632)</u>
Contributions and Transfers:			
Transfers in	36,600	425,000	461,600
Total contributions and transfers	<u>36,600</u>	<u>425,000</u>	<u>461,600</u>
Change in Net Position	<u>76,632</u>	<u>52,336</u>	<u>128,968</u>
Net Position-Beginning of Year	<u>1,967,685</u>	<u>340,484</u>	<u>2,308,169</u>
Net Position-End of Year	<u><u>\$ 2,044,317</u></u>	<u><u>\$ 392,820</u></u>	<u><u>\$ 2,437,137</u></u>

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Combining Statement of Cash Flows - Internal Service Funds

Equipment Rental and Replacement & Risk Management - Internal Service Funds

For the Year Ended December 31, 2021

	Governmental - Type Activities		
	Internal Service Funds		
	Equipment Rental and Replacement Fund	Risk Management Fund	Totals
Cash Flows from Operating Activities			
Cash payments to employees	\$ 200	\$ (7,398)	\$ (7,198)
Cash payments to suppliers for goods and services	(708)	(366,452)	(367,160)
Receipts from interfund activity	108,800	-	108,800
<i>Net cash provided (used) by operating activities</i>	108,292	(373,850)	(265,558)
Cash Flows from Noncapital Financing Activities			
Operating subsidies & transfers in (out) from other funds	36,600	425,000	461,600
<i>Net Cash (used) provided by noncapital related financing activities</i>	36,600	425,000	461,600
Cash Flows from Capital and Related Financing Activities			
Acquisition, construction & (transfers) of capital assets to governmental funds	(108,763)	-	(108,763)
<i>Net Cash provided by capital related financing activities</i>	(108,763)	-	(108,763)
Cash Flows from Investing Activities			
Interest received	1,183	115	1,298
<i>Net Cash provided by investing activities</i>	1,183	115	1,298
Net Increase (decrease) in Cash and Cash Equivalents	37,312	51,265	88,577
Cash and Cash Equivalents - January 1, 2021	1,388,908	341,530	1,730,438
Cash and Cash Equivalents - December 31, 2021	\$ 1,426,220	\$ 392,795	\$ 1,819,015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 38,884	\$ (372,782)	\$ (333,898)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	69,641	-	69,641
<i>Increase (Decrease) in Liabilities:</i>			
Decrease in: Accounts payable to suppliers	(433)	(1,068)	(1,501)
Increase in: Salaries & Benefits payable	200	-	200
Total adjustments	69,408	(1,068)	68,340
Net Cash Provided (used) by Operating Activities	\$ 108,292	\$ (373,850)	\$ (265,558)

Statistical Section



STATISTICAL SECTION

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

CONTENTS	Page #
<i>Financial Trends</i>	108 - 112
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<i>Revenue Capacity</i>	113 - 116
<i>These schedules contain information to help the reader assess the government's most significant local revenue (inflow) source, property taxes.</i>	
<i>Debt Capacity</i>	117- 120
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<i>Demographic and Economic Information</i>	121 - 122
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<i>Operating Information</i>	123 - 125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 74,478	\$ 75,837	\$ 75,907	\$ 85,200	\$ 90,360	\$ 101,125	\$ 108,679	\$ 117,239	\$128,464	\$ 137,928
Restricted	5,104	4,985	5,128	5,731	13,238	8,833	11,622	14,474	16,407	29,627
Unrestricted	43,650	45,746	48,827	45,051	42,494	49,325	57,326	61,243	63,940	66,161
Total governmental activities										
net position:	\$ 123,232	\$ 126,568	\$ 129,862	\$ 135,982	\$ 146,092	\$ 159,283	\$ 177,627	\$ 192,956	\$208,811	\$ 233,716
Business-type activities										
Net investment in capital assets	\$ 2,875	\$ 4,176	\$ 5,382	\$ 6,275	\$ 6,356	\$ 6,344	\$ 6,915	\$ 7,200	\$ 7,405	\$ 9,882
Restricted	-	-	-	-	-	-	2	1	-	71
Unrestricted	2,589	2,653	1,935	2,562	2,712	3,387	4,054	4,298	4,280	3,450
Total business-type activities										
net position:	\$ 5,464	\$ 6,829	\$ 7,317	\$ 8,837	\$ 9,068	\$ 9,731	\$ 10,971	\$ 11,499	\$ 11,685	\$ 13,404
Primary government										
Net investment in capital assets	\$ 77,353	\$ 80,013	\$ 81,289	\$ 91,475	\$ 96,716	\$ 107,469	\$ 115,594	\$ 124,439	\$135,869	\$ 147,810
Restricted	5,104	4,985	5,128	5,731	13,238	8,833	11,624	14,475	16,407	29,698
Unrestricted	46,239	48,399	50,762	47,613	45,206	52,712	61,380	65,541	68,220	69,611
Total primary government										
net position:	\$ 128,696	\$ 133,397	\$ 137,179	\$ 144,819	\$ 155,160	\$ 169,014	\$ 188,598	\$ 204,455	\$220,496	\$ 247,120

Note: Totals may not foot due to rounding.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Expenses	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 4,622	\$ 4,644	\$ 5,004	\$ 4,771	\$ 6,129	\$ 5,155	\$ 5,141	\$ 5,568	\$ 9,760	\$ 4,421
Public safety	21,722	22,486	22,190	22,144	23,173	21,583	24,879	25,180	25,768	27,861
Social Services	-	-	-	-	-	-	-	-	-	116
Utilities & physical environment	2,939	3,028	2,462	4,942	3,368	4,500	2,295	1,873	1,075	1,130
Transportation	8,574	7,713	8,779	6,294	8,740	9,330	9,248	13,257	11,870	12,986
Economic environment	797	849	912	883	1,122	1,095	1,417	1,167	1,166	1,155
Community development	1,894	2,031	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846
Culture and recreation	3,458	3,535	5,234	3,674	3,841	3,692	3,887	4,223	3,684	4,209
Interest on long-term debt	376	369	243	238	317	509	495	541	364	346
Total governmental activities expenses	44,382	44,655	46,672	45,016	48,729	47,219	49,848	54,618	56,711	55,070
Business-type activities:										
Aquifer protection area	-	306	982	126	154	171	177	211	239	677
Stormwater management	1,218	1,767	1,649	1,935	1,960	1,960	1,748	1,913	1,993	1,761
Total business-type activities expenses	1,218	2,073	2,631	2,061	2,114	2,131	1,925	2,124	2,232	2,438
Total primary government expenses	\$ 45,600	\$ 46,728	\$ 49,303	\$ 47,076	\$ 50,843	\$ 49,350	\$ 51,773	\$ 56,742	\$ 58,943	\$ 57,509
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,946	\$ 3,008	\$ 3,432	\$ 2,659	\$ 3,126	\$ 3,064	\$ 2,491	\$ 1,588	\$ 1,712	\$ 2,057
Public safety	1,651	1,553	1,473	1,388	1,318	1,159	1,299	1,552	763	838
Utilities & physical environment	84	98	934	230	222	296	1,496	1,766	1,779	2,688
Transportation	47	15	10	25	211	369	170	417	420	895
Economic environment	-	-	-	-	-	-	-	-	-	-
Community development	1,254	1,615	1,561	1,480	2,632	2,220	2,533	3,175	3,384	4,930
Culture and recreation	598	536	599	657	682	705	646	721	114	312
Operating grants and contributions	1,260	787	707	495	1,254	701	535	557	5,058	1,159
Capital grants and contributions	5,038	3,678	3,257	9,487	6,895	6,820	9,198	8,899	8,197	4,987
Total governmental activities program revenues	12,878	11,290	11,973	16,421	16,340	15,334	18,368	18,675	21,427	17,867
Business-type activities:										
Charges for services:										
Aquifer protection area	-	1	-	-	-	-	-	-	-	-
Stormwater management	1,835	1,873	1,867	1,861	1,898	1,895	1,920	1,936	1,911	2,026
Operating grants and contributions	622	956	476	584	450	784	1,189	520	427	997
Capital grants and contributions	50	620	814	1,410	-	97	-	110	61	1,116
Total business-type activities program revenues	2,507	3,450	3,157	3,855	2,348	2,776	3,109	2,566	2,399	4,139
Total primary government program revenues	\$ 15,385	\$ 14,740	\$ 15,130	\$ 20,276	\$ 18,688	\$ 18,110	\$ 21,477	\$ 21,241	\$ 23,826	\$ 22,006

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$(31,503)	\$(33,365)	\$(34,698)	\$(28,595)	\$(32,389)	\$(31,886)	\$(31,480)	\$(35,943)	\$(35,284)	\$(37,204)
Business-type activities	1,289	1,377	525	1,794	235	645	1,185	442	166	1,700
Total primary government net (expenses) /revenues	\$(30,214)	\$(31,988)	\$(34,173)	\$(26,800)	\$(32,154)	\$(31,241)	\$(30,295)	\$(35,501)	\$(35,118)	\$(35,503)

General Revenues and other
Changes in Net Position

Governmental activities:

Taxes:										
Property taxes	\$ 10,802	\$ 10,886	\$ 11,042	\$ 11,274	\$ 11,430	\$ 11,602	\$ 11,671	\$ 12,107	\$ 12,386	\$ 12,685
Sales and use taxes	17,522	18,721	19,779	20,728	22,583	23,941	25,803	27,411	28,998	35,854
Excise taxes	3,271	3,329	3,616	4,397	4,807	5,636	7,682	7,075	6,982	9,978
Other taxes	3,847	3,670	3,459	3,459	3,417	3,369	3,285	3,189	2,377	2,841
Gain sale of capital assets, proceeds	-	-	-	-	-	-	28	-	-	91
Donation of capital assets	-	-	-	-	-	-	239	-	-	575
Interest and investment earnings	115	82	57	99	248	515	1,103	1,490	397	99
Transfers	128	13	39	13	13	13	13	-	-	(15)
Total governmental activities	35,685	36,701	37,992	39,970	42,498	45,076	49,824	51,272	51,140	62,109

Business-type activities:

Interest and investment earnings	3	2	1	2	10	31	69	86	19	3
Transfers	(128)	(13)	(39)	(13)	(13)	(13)	(13)	-	-	15
Total business-type activities	(125)	(11)	(38)	(11)	(3)	18	56	86	19	18
Total primary government	\$ 35,560	\$ 36,690	\$ 37,954	\$ 39,959	\$ 42,495	\$ 45,094	\$ 49,880	\$ 51,358	\$ 51,159	\$ 62,127

Change in Net Position

Governmental activities	\$ 4,182	\$ 3,336	\$ 3,294	\$ 11,376	\$ 10,109	\$ 13,191	\$ 18,344	\$ 15,329	\$ 15,855	\$ 24,905
<i>Change in accounting principles, note 1</i>	163	-	-	(5,519)	-	-	-	-	-	-
Business-type activities	1,163	1,366	487	1,783	232	662	1,241	528	186	1,719
Total primary government	\$ 5,508	\$ 4,702	\$ 3,781	\$ 7,640	\$ 10,341	\$ 13,853	\$ 19,585	\$ 15,857	\$ 16,041	\$ 26,623

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

City of Spokane Valley, Washington

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 24	\$ 56	\$ 98	\$ 131	\$ 82	\$ 90	\$ 157	\$ 134	\$ 88	\$ 200
Restricted	180	204	255	24	80	38	44	48	2,187	8,188
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	34,389	29,071	29,974	31,652	34,695	39,336	42,417	43,045	45,971	41,619
Total general fund	\$ 34,593	\$ 29,331	\$ 30,327	\$ 31,807	\$ 34,857	\$ 39,464	\$ 42,618	\$ 43,227	\$ 48,246	\$ 50,007
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 19	\$ 5	\$ 11	\$ 1	\$ 2	\$ 4	\$ 9
Restricted	4,900	4,725	4,774	5,557	13,070	8,349	11,071	14,425	14,220	20,495
Committed	503	503	504	444	237	4	500	23	160	435
Assigned	4,765	11,785	14,056	13,854	8,381	9,583	13,854	16,584	14,692	19,383
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other	\$ 10,168	\$ 17,013	\$ 19,334	\$ 19,874	\$ 21,693	\$ 17,947	\$ 25,426	\$ 31,034	\$ 29,076	\$ 40,323
Total fund balances	\$ 44,761	\$ 46,344	\$ 49,661	\$ 51,681	\$ 56,550	\$ 57,411	\$ 68,044	\$ 74,261	\$ 77,322	\$ 90,330

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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									
Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Taxes	\$ 33,279	\$ 34,487	\$ 35,929	\$ 37,434	\$ 39,643	\$ 41,845	\$ 44,566	\$46,142	\$46,597	\$ 57,560
Licenses and permits	2,099	2,427	2,372	2,342	3,195	3,048	4,010	4,442	4,661	6,289
Intergovernmental	8,760	7,949	8,098	13,468	11,597	10,536	15,316	13,533	16,514	10,264
Charges for services	868	996	1,029	1,450	1,814	1,607	2,044	2,870	2,202	4,096
Fines and forfeitures	564	543	544	530	478	427	468	504	417	444
Investment interest	114	81	56	98	243	504	1,081	1,462	390	98
Miscellaneous	1,931	1,055	1,933	1,090	1,019	863	719	871	718	657
Total revenues	47,615	47,538	49,961	56,412	57,989	58,830	68,204	69,824	71,499	79,408
Expenditures										
Current:										
General government	4,203	4,232	4,508	4,539	5,134	4,891	4,828	5,229	9,667	5,894
Public safety	21,664	22,429	22,132	22,045	23,107	21,465	24,762	25,062	25,640	27,793
Social Services	-	-	-	-	-	-	-	-	-	116
Utilities & physical environment	1,984	1,923	2,080	2,083	2,259	3,476	1,230	854	65	194
Transportation	5,349	4,172	4,453	4,144	4,524	4,704	4,288	8,149	6,281	7,194
Economic environment	759	815	902	825	1,095	1,125	1,392	1,149	1,122	1,152
Community development	1,894	2,031	1,848	2,071	2,039	1,355	2,486	2,809	3,024	2,846
Culture and recreation	2,536	2,599	2,582	2,788	2,851	2,743	2,806	2,909	2,271	2,570
Debt Service:										
Principal retirement	241	254	360	300	390	470	520	555	595	635
Interest expense	377	369	243	238	357	471	458	444	427	409
Refunding Bond issue costs	-	-	107	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	97	-	-	-	-	-
Capital Outlay:										
Capital expenditures	2,993	279	370	2,572	7,413	7,260	13,514	12,282	14,237	15,215
Construction in progress	8,128	6,547	6,832	12,476	11,489	9,712	1,299	3,739	4,636	2,503
Total expenditures	50,128	45,650	46,417	54,081	60,755	57,672	57,583	63,181	67,965	66,521
Excess of revenues over (under) expenditures	(2,513)	1,888	3,543	2,331	(2,766)	1,158	10,621	6,643	3,534	12,887
Other financing sources (uses)										
Proceeds on sale of land	-	-	-	-	-	-	405	-	-	109
Bonds issued, par value	-	-	-	-	7,275	-	-	-	-	-
Refunding bonds issued	-	-	7,035	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	671	-	-	-	-	-
Premium on refunding bonds issued	-	-	626	-	-	-	-	-	-	-
Pymts refunded bonds escrow agent	-	-	(7,549)	-	-	-	-	-	-	-
Transfers in	5,314	10,251	7,388	11,917	8,364	11,840	12,749	17,850	13,065	23,816
Transfers out	(5,505)	(10,556)	(7,726)	(12,229)	(8,675)	(12,137)	(13,142)	(18,277)	(13,539)	(24,293)
Total other financing sources (uses)	(191)	(305)	(226)	(312)	7,635	(297)	12	(427)	(474)	(367)
Net change in fund balances	\$ (2,704)	\$ 1,583	\$ 3,317	\$ 2,019	\$ 4,869	\$ 861	\$ 10,633	\$ 6,216	\$ 3,060	\$ 12,520
Debt service as a percentage of noncapital expenditures	1.61%	1.63%	1.57%	1.40%	1.82%	2.37%	2.34%	2.16%	2.13%	2.19%

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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
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
2020	10,571,772,651	507,662,007	253,326,744	1,132,403,863	10,200,357,539	1.216
2021	12,040,396,660	519,600,724	279,414,217	1,286,346,119	11,553,065,482	1.101

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

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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	School² Districts (4)	County Library	Other/Special
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
2020	1.216	1.216	3.067	2.331	2.830	16.189	0.500	1.837
2021	1.101	1.101	2.828	2.150	2.823	15.722	0.462	1.703

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

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

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

(Source: Spokane County Assessor's Office)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Principal Property Taxpayers¹

Current Year and Ten Years Ago

December 31, 2021

Taxpayer	Business Type	2021			2011		
		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	\$ 381,903,042	1	3.31%	\$ 129,806,401	1	1.81%
Avista Corporation	Electric & Gas Utility	137,863,452	2	1.19%	59,528,819	4	0.83%
Park SPE, LLC	Real Estate Developer	85,938,880	3	0.74%	62,871,640	2	0.88%
Bella Tess, LLC	Real Estate Apartments	59,757,600	4	0.52%	DND	0	DND
Spokane Valley Mall	Retail Malls	47,532,550	5	0.41%	61,241,328	3	0.85%
Wagstaff Inc.	Engineering & Manufacturing	45,989,216	6	0.40%	DND	-	DND
Pinecroft, LLC	Commercial Real Estate Developer	45,760,810	7	0.40%	DND	-	DND
Providence Health & Services	Health Care	44,554,178	8	0.39%	DND	-	DND
Katerra Construction LLC	Construction	44,270,250	9	0.38%	DND	-	DND
Enjoy The River, LLC	Real Estate Developer	42,755,200	10	0.37%	DND	-	DND
Burlington Northern	Retail	DND	-	DND	DND	-	DND
Wal-Mart Stores Inc.	Retail	DND	-	DND	22,371,634	8	0.31%
Cellco Partnership dba Verizon Wireless	Telephone Utility	DND	-	DND	34,957,859	5	0.49%
Hal Valley Apartments, LLC	Real Estate Developer	DND	-	DND	DND	-	DND
Spokane Valley Hospital & Medical Center	Health Care	DND	-	-	34,895,557	6	0.49%
CPM Development Corp	Concrete & Asphalt	-	-	-	31,677,071	7	0.44%
Lowe's HIW Inc.	Retail	-	-	-	22,694,764	9	0.32%
Qwest Corporation	Telephone Utility	-	-	-	21,904,806	10	0.31%
Total:		\$ 936,325,178		8.10%	\$ 481,949,879		6.72%

Spokane Valley FY'2021 Levy Rate: 1.10143233

91.90%

Total Assessed Value City of Spokane Valley	\$ 11,553,065,482	8.10%	\$ 7,169,492,602	6.72%
Total Assessed Value City of Spokane Valley all other Taxpayers	\$ 10,616,740,304	91.90%	\$ 6,687,542,723	93.28%

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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
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%
2020	12,399,226	12,085,298	97.47%	333,015	12,418,313	100.15%
2021	12,724,920	12,950,155	101.77%	109,869	13,060,024	102.63%

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Percentage of Personal Income	Total Primary Government Bonded Debt Per Capita	Spokane County MSA Est. Per Capita Income ¹	Personal Income
	LTGO'14 Refunding Bonds and LTGO'16 Bonds	Total Primary Government				
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	38,140	3,550,269,450
2014	6,675,000	6,675,000	0.19%	73	40,052	3,596,117,350
2015	6,375,000	6,375,000	0.16%	66	41,677	3,996,699,269
2016	13,260,000	13,260,000	0.32%	136	42,757	4,159,785,773
2017	12,790,000	12,790,000	0.29%	130	44,483	4,384,466,895
2018	12,270,000	12,270,000	0.26%	123	46,906	4,694,258,668
2019	11,715,000	11,715,000	0.24%	115	48,436	4,921,969,448
2020	11,120,000	11,120,000	0.22%	108	50,038	5,152,713,088
2021	10,485,000	10,485,000	0.19%	100	51,693	5,401,916,981

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

Fiscal year 2021 estimated with a 3.31% increase in change per capita income from fiscal year 2020. Previous fiscal years adjusted to actual.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

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
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
2020	97,490	10,200,357,539	12,075,160	11,120,000	0.109%	114
2021	104,500	11,553,065,482	11,378,684	10,485,000	0.091%	100

¹ Community Indicators Initiative of Spokane, Journal of Business.

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

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Direct and Overlapping Governmental Activities Debt¹

As of December 31, 2021

			Earliest	Oldest	Applicable to	
Number		Net Debt	Issue Date	Maturity Date	City of Spokane Valley	
of Issues	Governmental Unit	Outstanding	(Month/Year)	(Month/Year)	Percentage	Amount
Direct Debt						
3	City of Spokane Valley	\$ 11,251,255	12/2016	12/2045	100.00%	\$ 11,251,255
Total Direct Debt:		11,251,255			100.00%	11,251,255
Overlapping Debt						
1	Fire District #1	344,464	3/2017	3/2022	70.85%	244,050
1	Fire District #8	-	10/2010	12/2020	6.72%	-
15	Spokane School District #81	492,090,000	11/2010	12/2036	3.69%	18,169,625
6	Central Valley School District #356	230,945,000	5/2012	12/2037	61.57%	142,181,966
3	East Valley School District #361	7,693,735	9/2006	6/2027	66.64%	5,126,852
11	West Valley School District #363	4,113,969	6/2011	12/2029	61.12%	2,514,514
Total Overlapping Debt:		735,187,168			22.88%	168,237,007
Total Direct and Overlapping Debt:		\$ 746,438,423			24.05%	\$ 179,488,262

¹ Source: 2020 Spokane County Assessor's & Auditor's Office.

² Source: 2020 Spokane County Auditor's Office, County wide Districts Overlapping Debt Schedules.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Legal Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2020

Assessed Valuations: ¹

Assessed Value \$ 11,553,065,482

Total Assessed Value **11,553,065,482**

Legal Debt Margin ²

Debt Limitation: (2.5% of total assessed market value) \$ 288,826,637

(Less:) Debt applicable to limitation ⁵

Legal Debt Margin **11,251,255**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 177,188,085	\$ 173,045,632	\$ 179,224,776	\$ 184,849,290	\$ 193,706,877	\$ 203,112,192	\$ 215,852,870	\$ 233,784,726	\$ 255,008,938	\$ 288,826,637
Total net debt applicable to limit	8,001,362	7,784,865	7,077,106	6,813,763	13,752,246	13,295,225	12,833,301	12,331,793	11,857,327	11,251,255
Legal debt margin	\$ 169,186,723	\$ 165,260,767	\$ 172,147,670	\$ 178,035,527	\$ 179,954,631	\$ 189,816,967	\$ 203,019,569	\$ 221,452,933	\$ 243,151,611	\$ 277,575,382
Total net debt applicable to the limit as a % of debt limit	4.52%	4.50%	3.95%	3.69%	7.10%	6.55%	5.95%	5.27%	4.65%	3.90%

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 absences.

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Spokane County MSA Per Capita Income¹	Median Age	Taxable Retail Sales²	School Enrollment³	City of Spokane Valley Unemployment Rate⁴
2012	91,374	3,394,538,400	37,990	37.9	1,745,839,808	21,758	9.4%
2013	92,889	3,542,786,460	38,140	39.8	1,884,116,155	21,946	8.4%
2014	93,963	3,596,117,350	40,052	37.5	1,970,385,634	22,132	7.2%
2015	95,897	3,996,699,269	41,677	36.0	2,058,714,546	22,127	6.8%
2016	97,289	4,159,785,773	42,757	37.7	2,270,098,692	21,349	6.3%
2017	98,565	4,384,466,895	44,483	39.5	2,387,525,105	22,046	5.5%
2018	100,078	4,694,258,668	46,906	35.2	2,568,386,688	23,251	5.4%
2019	101,618	4,921,969,448	48,436	37.5	2,751,001,109	23,681	5.4%
2020	102,976	5,152,713,088	50,038	37.0	2,910,785,762	22,867	8.8%
2021	104,500	5,401,916,981	51,693	37.0	3,561,603,923	22,571	5.6%

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

Fiscal year 2021 estimated with a 3.31% increase in change per capita income from fiscal year 2020. Previous fiscal years adjusted to actual.

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

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

⁴ U.S. Department of Labor, Bureau of Labor Statistics, Spokane-City of Spokane Valley, WA Metropolitan statistical area (MSA) annual averages.
(www.bls.gov/eag/eag_wa_spokane_msa.htm)

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Principal Employers

Current Year and Ten Years Ago

Employer	2021			2012		
	FTE Employees ¹	Rank	Percentage of Total City Employment	FTE Employees	Rank	Percentage of Total City Employment
Central Valley School District ³	1,549	1	1.48%	1,270	2	1.39%
Wal-Mart	1,287	2	1.23%	1,484	1	1.62%
Kaiser Aluminum	900	3	0.86%	850	6	0.93%
Yokes Foods, Inc.	864	4	0.83%	456	9	0.50%
West Valley School District	513	5	0.49%	484	8	-
East Valley School District	499	6	0.48%	430	10	0.47%
Numerica Credit Union	458	7	0.44%	DND ²	-	-
Wagstaff, Inc.	319	8	0.31%	DND ²	-	-
CPM Development Corporation	294	9	0.28%	DND ²	-	-
Key Tronic Corporation	294	9	0.28%	DND ²	-	-
Avista Energy	-	-	-	1,086	3	1.19%
Safeway Inc.	-	-	-	1,040	4	1.14%
BNSF Railway Company	-	-	-	900	5	0.98%
Valley Hospital & Medical Center	-	-	-	509	7	0.56%
Total	6,977		6.68%	8,509		9.31%

¹ Source for Data: Journal of Business Book of Lists January 1, 2022, Volume 37, issue 1. FTE employees as of Nov. 1, 2021.

² DND: did not disclose

³ CVSD administration moved to a new building in Liberty Lake in 2021

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

Function/Department/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Executive & Legislative										
City Manager / City Clerk	5	5	5	5	5	5	7	6.5	7.5	7.5
Legal	3	3	3	3	3	3	3.5	3.5	4	4
Interns ²	2	3	3	-	-	-	-	1	2	2
Operations & Administrative Services										
Deputy City Manager	7	6	6	6	6	6	3	1	1	1
Finance	11	10.75	11.75	11.75	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	2	1	1	-	-	-	-	-	-	-
Public Safety¹										
Public Safety	-	-	-	-	-	-	-	0.12	0.12	0.12
Utilities & Physical Environment										
Public Works	7	7	7.375	7.375	7.375	6.375	-	-	-	-
City Hall Operations & Maintenance	-	-	-	-	-	1	1	0.88	0.88	1.88
Transportation										
Street Fund & Street Capital Project Fund ²	8.5	8.5	8.875	9.225	9.225	9.225	10.725	15.825	15.075	15.075
Interns ²	1	1	1	-	-	-	-	-	-	-
CED & CPW-2018										
CPW Engineering	-	-	-	-	-	-	12.5	13.275	13.025	14.025
CPW Economic Development	-	-	-	-	-	-	6.375	6	6	6
CPW Building & Planning	-	-	-	-	-	-	18	20	21	20
CED Administration	3	2	2	2	2	1	-	-	-	-
CED Economic Development	-	-	-	2.5	2.65	4	-	-	-	-
CED Development Services	-	-	-	11	11	10	-	-	-	-
CED Engineering	6	8	7	-	-	-	-	-	-	-
CED Planning	8.5	8	8	-	-	-	-	-	-	-
CED Building	12.75	11.5	12.5	14	14	15	-	-	-	-
Interns ²	-	-	-	-	-	-	1	1	1	1
Culture and Recreation										
Parks Administration	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	1	1	1.6	1.6
Senior Center	1	1	1	1	1	1	1	1	0.4	0.4
CenterPlace	5	5	5	5	5	5	5	5	5	5
Interns ²	1	1	1	-	-	-	-	-	-	-
Stormwater										
Stormwater Management Fund	4.5	4.5	4.75	4.4	4.4	4.4	4.4	3.9	3.9	4.1
Interns ²	1	1	1	-	-	-	-	-	-	-
Total (FTEs)	87.25	85.25	87.25	87.25	87.4	87.75	89.25	93.75	95.25	96.25

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

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

City of Spokane Valley, Washington
Annual Comprehensive Financial Report - Fiscal Year 2021

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety ¹										
Total number of crime offenses ²	5,390	5,691	5,691	5,014	5,561	5,927	5,414	5,742	5,772	5,005
Number of violent crimes per 1,000 ³	2.1	2.2	2.2	3.2	2.5	2.9	2.1	3.6	3.2	3.6
Property crimes per 1,000 ³	53.1	51.5	53.1	57.0	51.2	53.8	46.5	43.5	45.8	47.4
Commissioned officers per 1,000 ³	1.09	1.09	1.1	1.1	1.1	1.1	1.0	1.1	1.1	1.1
Full time commissioned officers ³	97	99	98	97	102	101	97	103	109	106
Building and permits ⁵										
Residential dwelling permits	1,331	1,415	1,438	1,722	1,892	1,288	1,009	961	264	622
Non-residential building permits	31	91	233	545	593	430	475	662	239	303
Mechanical permits	-	-	-	-	-	-	-	-	1,398	-
Plumbing permits	-	-	-	-	-	-	-	-	444	-
Mechanical/Plumbing commercial permits	-	315	357	305	341	421	372	355	301	420
Mechanical/Plumbing residential permits	-	1,160	1,437	1,404	1,523	2,393	1,902	1,880	128	2,212
Demolition permits	39	55	65	47	40	58	49	67	55	69
Grading permits	38	43	50	62	55	75	95	91	84	238
Miscellaneous sign permits	13	16	122	124	124	92	107	85	82	114
Re-Roofing Permits	-	-	-	-	-	-	-	-	494	801
Multi Family	-	-	-	-	-	-	-	-	31	101
Transportation										
Highways & streets (surface in miles) ⁴	438	438	461	461	461	461	461	461	461	462
Centerline miles maintained (per 1k population)	5.12	5.12	5.12	4.94	4.94	4.94	4.71	4.62	4.62	4.30
Street sweeping (in cubic yards removed)	-	804	874	1,370	1,450	1,310	930	1,360	1,180	1,011
Potholes repaired & patched	1,550	2,133	607	482	606	2,012	504	476	641	484
Street right-a-way inspections performed	-	5,513	7,322	9,459	10,901	13,980	13,657	12,658	13,363	9,833
Street right-a-way permits issued	467	652	712	724	768	996	1,090	979	967	967
Local Gov't road maintenance per capita \$1k	\$41	\$45	\$47	\$43	\$48	\$53	\$47	\$56	\$51	\$54
Avg daily traffic counts I-90 at Sprague	108,000	108,000	114,000	118,000	107,000	121,000	124,000	106,000	106,000	88,800
Avg daily traffic counts I-90 at Pines	70,000	70,000	75,000	81,000	70,000	83,000	83,000	90,000	90,000	85,000
Avg daily traffic counts I-90 at Sullivan	63,000	63,000	70,000	75,000	66,000	79,000	89,000	95,000	95,000	127,000
Parks and recreation										
Parks reservations (fields, shelters, parks)	407	399	428	425	431	511	537	570	- ⁷	593
Total participants in aquatic programs	35,978	33,681	29,820	30,612	31,453	34,964	28,935	27,506	- ⁷	5,412
CenterPlace reservations (by # of events) ⁶	915	812	1,083	919	923	1,041	1,047	1,106	224	397
Centennial Trail (measured in miles)	7	7	7	7	7	7	7	7	7	7
Appleway Trail (measured in miles)	-	-	-	-	1	1	3.3	3.3	5.1	5.1
Stormwater										
Storm ditches (measured in miles)	11	11	11	11	11	11	12	12	12	12
Ponds	39	39	41	41	106	60	64	66	110	115
Swales (measured in miles)	11	11	12	12	12	20	21	23	23	23

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

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

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

⁴ Highways & Streets measured in centerline miles.

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

⁶ CenterPlace is the City of Spokane Valley's Regional Community Center, and officially opened for business on September 25th, 2005. Events include: Meetings/Seminars, Community Events, Weddings/Receptions, Private Parties, Fundraisers, and other functions.

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

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Public safety building	1	1	1	1	1	1	1	1	1	1
Transportation										
Street facility building and yard	1	1	1	1	1	1	1	1	1	1
Cement concrete pavement (<i>in centerline miles</i>)	7	7	7	7	7	8	7	7	7	4
Asphalt plant or road mix (<i>in centerline miles</i>)	334	334	334	365	371	371	365	365	365	444
Gravel or crushed rock (<i>in centerline miles</i>)	9	9	9	1	1	1	1	1	1	0.44
Bridges	4	4	4	4	4	4	16	16	16	16
Traffic Signals	86	86	85	85	86	87	87	87	87	86
Flashing Beacons School Zone	32	32	36	36	36	36	38	40	40	46
4-Way intersection control flashing beacons	4	4	3	3	3	3	3	3	3	3
Rectangular Rapid Flashing Beacons (RRFB)	14	14	14	16	16	18	20	24	32	32
Digital Message Sign (DMS)	1	1	1	1	1	1	1	1	1	1
Standalone Traffic Cameras	4	8	8	9	9	9	9	9	9	10
Standalone Radar Feedback Speed Signs	-	-	-	-	-	-	-	2	2	3
Culture and recreation										
Parks acreage	172	172	172	180	180	180	191	254	301	344
Parks (acreage undeveloped park land)	-	-	-	-	-	-	56.0	69.8	116.0	158.1
Parks (developed)	11	11	11	11	11	11	11	11	11	11
Park shelters	12	14	14	14	14	14	14	15	18	18
Playgrounds	-	-	5	6	6	7	7	7	7	7
Multi-purpose fields	2	2	2	2	4	5	5	5	5	5
Park sculptures	2	2	2	3	3	3	2	4	4	4
Swimming pools	3	3	3	3	3	3	3	3	3	3
Splash Pads	-	4	4	4	4	4	4	4	4	4
Softball fields	4	4	4	3	3	3	3	3	3	3
Basketball courts	3	3	3	4	4	4	3	3	4	4
Volleyball courts	2	2	2	10	11	19	19	18	18	18
Tennis courts	2	2	2	4	4	4	3	3	3	3
Dog park	-	-	-	-	1	1	1	1	1	1
Horseshoe pit	1	1	1	1	1	1	1	1	1	1
Pickleball courts	-	-	-	-	1	1	1	1	1	1
Disc golf course	-	-	-	-	-	1	1	1	1	1
Trails (Appleway Trail)	-	-	-	-	1	1	1	1	1	1
Regional Convention Center (w/Senior Center) 1	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	-	-
Stormwater management										
Drywells	7,189	7,439	6,751	5,738	7,263	7,472	7,441	7,609	7,592	7,592
Catchbasins	3,687	3,831	3,906	4,008	4,038	4,025	4,081	4,099	4,172	4,172
Curb/sidewalkdrops	2,487	2,801	2,932	3,116	3,148	3,153	3,309	3,487	3,534	3,534
Manhole & stormdrain covers (square & round)	11,175	11,270	12,589	13,028	11,620	11,580	11,683	11,737	11,943	11,943
Culverts	106	110	51	67	2	168	196	198	209	209
Pump systems	4	4	4	4	4	4	4	4	4	4
Stormwater pipe (not combined with sewer, miles)	25	27	12	12	29	30	30	31	31	31

¹ 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.