

STANDING COMMITTEE MINUTES
City of Spokane
Finance & Administration Committee
April 19, 2021

Attendance

Council Member Becky Wilkerson, Council Member Candace Mumm, Council President Breean Beggs, Council Member Karen Stratton, Council Member Kate Burke, Council Member Lori Kinnear, Council Member Michael Cathcart, Mark Carlos, Tonya Wallace, Hannahlee Allers, Amie Blain, Alisha Shaw, Brandi Pritchard, Breanna Perry, Brian McGinn, Garrett Jones, Jacob Hensley, Kristen Becker, Marlene Feist, Michael Sloon, Michelle Hughes, Paul Ingiosi, Shauna Harshman, Tara Alfano, Kelly Collins, and Tyler Benner

I. Call to Order

This meeting started at 1:17 p.m. and was conducted through Webex.

II. Approval of Minutes

Meeting Minutes for March 15, 2021 were approved.

III. Consent Items Approved without Discussion:

- A. Ordinance Repealing Capital Fund Accounts
- B. K&L Gates – Outside Counsel Contract Amendment
- C. Purchase of CAT Backhoe
- D. Overhead Door/NationServe Contract Renewal

IV. Discussion Requests

- A. SBO for Mail Courier – Mike Sloon
Mike Sloon advised this was approved in 2020, but required additional work with Local 270. He advised this is for .5 FTE and is part of the current budget. Please see the agenda packet for documents submitted to the committee.
- B. SBO for Water Yards East Parking Upgrade – Steve Burns
Steve Burns explained this is a request to move from the Unappropriated Reserves account to the Fixed Assets account. CP Beggs requested more information regarding the reasoning for this due to the expense. Steve explained that previous plans have not been carried through, and with this being next to the District 81 School under construction, it is a good location. Marlene Feist provided more insight into the need for the lot in this location, and she explained that it will make the Water Department valuable in the neighborhood. CM Mumm mentioned that this will provide free parking for employees at this location, and there is an equity issue since employees at other locations do not have free parking. Marlene Feist advised all employees have free bus passes, and there are other sites that offer free parking for employees, such as the Nelson Service Center. She also advised that it is an improvement that is consistent with other parking areas. CP Beggs requested a cost breakdown. Steve Burns advised that the current estimate is an engineer's estimate. Please see the agenda packet for documents submitted to the committee.
- C. SBO for 2021 Windstorm Expenses – Paul Ingiosi
Please see the agenda packet for documents submitted to the committee.

- D. SBO for Parks & Recreation/Golf SIP Carryover – Michelle Hughes
Michelle explained the background behind the previous carryovers, and that this item is a housekeeping item for the final draw, which is the next item on the agenda. Please see the agenda packet for documents submitted to the committee.
- E. Resolution for Final SIP Loan Draw for Golf Courses – Michelle Hughes
Please see the agenda packet for documents submitted to the committee.
- F. SBO for Ulupalakua Lease Extension for Spokane EnVision Site – CP Beggs
CP Beggs explained that the lease is in the City’s name, and the City will sign an agreement with Spokane Workforce Center for reimbursement for the time period of December 1, 2020 through May 31, 2021. After May 31, 2021, Spokane County is interested in splitting costs with the City to continue. CM Kinnear asked if anyone has an update on the site’s success since it is a very expensive project, and there seems to be a lot of space. CP Beggs confirmed that documentation can be obtained to show the progress. CM Stratton stated that she has visited the site personally and that it is very impressive. She said they have set up a food bank, and she has referred constituents to the site. Please see the agenda packet for documents submitted to the committee.
- G. Lease Extension for Spokane EnVision Site – CP Beggs
Please see the agenda packet for documents submitted to the committee.
- H. Hearing Examiner ILA – Brian McGinn
Brian McGinn explained a backup Hearing Examiner is needed, and this agreement is very similar to other City agreements for Hearing Examiner services. Please see the agenda packet for documents submitted to the committee.
- I. SMC for Parking and Fee Schedule – Kris Becker
Kris Becker explained this is resulting from the 2019 parking study. Please see the agenda packet for documents submitted to the committee.
- J. Fastenal Value Blankets – Thea Prince
Thea Prince explained this is a value blanket that can be used by multiple departments for vending machines for employees. She explained we have used Fastenal for the last five years.
- K. Source of Income Ordinance – CP Beggs
CP Beggs explained that this is an expansion of Section 8 protection to Rental Assistance. He also mentioned that since the state recently passed the “Just Cause” eviction language, this ordinance may not be needed. CM Cathcart asked if this expense is being covered by the City 100%. CP Beggs confirmed the City is covering the expense 100%, and that landlords would not be responsible for any portion. CM Stratton discussed with CP Beggs about possibly using federal dollars. Please see the agenda packet for documents submitted to the committee.

V. Committee Briefs

- A. SAO Exit Report – Tyler Benner and SAO Representatives
Tyler Benner introduced the SAO team. They included Alisha Shaw, Breanna Perry, Tara Alfano, Kelly Collins, and Brandi Pritchard. CM Kinnear and CP Beggs have requested additional information regarding the City directors and staff involved in the discussions and interviews. Council members discussed future process discussions. Please see the agenda packet and attached presentation for documents submitted to the committee. The final version of the State Auditor’s report can be found [here](#).

- B. Priority Based Budgeting – Tonya Wallace
Tonya Wallace presented the Priority Based budgeting plan for 2021. CM Kinnear requested moving the final approval up to the middle of December 2021, from December 31, 2021. CM Cathcart asked for clarification regarding the Council meetings, and Tonya confirmed they are full Council meetings. CP Beggs mentioned that the Capital Budget process was a difficult process last year, and he asked for Council input prior to it being taken to the Planning Commission. He also suggested having a dedicated discussion regarding the Public Safety Levy. CP Beggs requested an update on the funding for the consulting RFP for Police and Fire overtime. Tonya advised that project will be commencing within the next 60 days, due to being postponed during the Questica project. CM Mumm requested an update on playground equipment and related budgeting. Tonya Wallace advised she will work to provide a timely update on this item. Please see the agenda packet for documents submitted to the committee.

VI. Standing Topic Discussions

- A. COVID Monthly Update – Marlene Feist
Marlene Feist provided a COVID update. CM Mumm discussed with Marlene possible opportunities to provide information related to COVID, such as testing and vaccination, to the public. CM Cathcart and Marlene discussed reopening plans for employees. Please see the attached presentation.
- B. Monthly Financial Reports – Paul Ingiosi
Paul Ingiosi reviewed the monthly financial reports. Please see the agenda packet and attached presentation for documents submitted to the committee.
- C. Quarterly Investment Update – Jake Hensley
Please see the agenda packet and attached presentation for documents submitted to the committee.
- D. SIP Loan Update – Jake Hensley
Please see the agenda packet for documents submitted to the committee.

VII. Adjournment

The meeting was adjourned at 3:02 p.m. The next meeting is scheduled for May 17, 2021 at 1:15 p.m.

Prepared by:

Amie Blain

Approved by:



Chair

Council Member Betsy Wilkerson

For further information contact: Amie Blain, 509-625-6585



Exit Conference: City of Spokane

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2019 through December 31, 2019 - see draft report.

Audit Highlights

- We appreciate the City's commitment to safeguarding public funds and developing control systems that ensure compliance with laws and regulations.
- We would like to thank the City directors, management, and staff for their professionalism and for making every effort to provide us with requested documents timely.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal/>

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$150,000 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in May 2021 and will cover the following general areas:

- Financial Statement [including Comprehensive Annual Financial Report Opinion Letter]
- Federal Programs

The estimated cost for the next audit based on current rates is \$260,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Kelly Collins, CPA, Director of Local Audit, (564) 999-0807, Kelly.Collins@sao.wa.gov

Brandi Pritchard, CFE, Assistant Director of Local Audit, (360) 489-4591, Brandi.Pritchard@sao.wa.gov

Alisha Shaw, Program Manager, (509) 329-3702, Alisha.Shaw@sao.wa.gov

Tara Alfano, Assistant Audit Manager, (509) 329-3702, Tara.Alfano@sao.wa.gov

Breanna Perry, Audit Lead, (509) 329-3702, Breanna.Perry@sao.wa.gov

AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the City could make improvements. These recommendations are included with our report as a finding.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the City of Spokane from January 1, 2019 through December 31, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the City's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

The City contacted the State Auditor's Office in March 2020 requesting a special review of activities in the Community Housing and Human Services (CHHS) Department because of concerns Department staff raised. Specifically, the concerns related to the procurement of public works contracts, evaluation and award of sub-recipient agreements, potential conflicts of interest and inappropriate payments for contracted services.

Based on our risk assessment for the year ended December 31, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- CHHS Department – public works procurement, awarding of sub-recipient agreements, conflicts of interest, and compliance with contract payment terms

- Procurement – sole source exemptions, purchases and public works project change orders
- Utility billing – credit program eligibility and billing adjustments
- Accounts payable – fuel and travel credit card expenditures, employee travel reimbursements, and payroll and vendor electronic funds transfers
- Compliance with the allowable use of federal grant funds – Congestion Mitigation and Air Quality Program
- Police Department cash receipting – timeliness and completeness of deposits and use of fee schedules

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2019-001 The City’s Community Housing and Human Services Department bypassed established internal controls regarding procurement of public works contracts, conflicts of interest, sub-recipient agreements, and contractor payments.

Background

The City’s Community Housing and Human Services Department (Department) oversees services and community partnerships to support low to moderate income populations in Spokane. In fiscal year 2019, the Department operated on a \$9 million budget. The Department awards grant and local funds through agreements with sub-recipients that provide services to the community. The Department also manages properties and public works projects related to these services. The Department experienced turnover in the Department Director position three times from 2016 through 2019.

City Department directors are responsible for designing and following internal controls that provide reasonable assurance of compliance with state laws and City policies and of safeguarding public resources.

The City contacted the State Auditor’s Office in March 2020, requesting a special review of activities in the Department because of concerns Department staff raised. Specifically, the concerns related to the procurement of public works contracts, evaluation and award of sub-recipient agreements, potential conflicts of interest and inappropriate payments for contracted services.

Description of Condition

Public works procurement

For public works projects, the City’s purchasing policy requires informal competition using the small works roster when project costs are between \$10,000 and \$300,000.

Our audit found the Department did not comply with City policy and procedure for two public works contracts awarded in 2019. Specifically, for these public works contracts for flooring repairs of \$11,400 and \$13,300, the Department could not provide documentation to demonstrate it performed informal solicitations, as City policy requires.

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Sub-recipient agreements

The Department does not have adopted policies or written procedures for awarding sub-recipient agreements for necessary services. The Department’s informal practice is to solicit services from sub-recipients by posting a request for proposals (RFP) on the City’s website and then performing risk assessments and evaluations of proposals received to select the most qualified sub-recipient.

We reviewed three sub-recipient agreements approved in 2019 of \$881,482, \$740,000 and \$495,841 for warming center and shelter operations. The Department could not provide evidence it followed its practice and solicited an RFP or performed a competitive bidding process for these agreements.

Conflict of interest

The City’s Municipal Code and state law prohibit municipal officers or employees from participating in the making of contracts in which the officer or employee has a beneficial or personal interest, either directly or indirectly. The Municipal Code requires employees to notify supervisors or appointing authorities of potential conflicts of interest and for supervisors or appointing authorities to resolve and document the disposition of the potential conflicts of interest.

In our review of the three sub-recipient agreements noted above, we found two of the agreements awarded had an appearance of a conflict of interest, which may violate the City’s Municipal Code and state law. Further, there was no documentation to evidence the Department or City resolved the potential conflicts of interest. Specifically, we noted:

- In November 2019, the Department recommended for award a \$740,000 agreement to a sub-recipient, despite the Department identifying the sub-recipient as “high risk” during a July 2019 selection process. According to the Pre-Award Applicant Risk Assessment Summary form, the sub-recipient was deemed high risk, in part, due to an unclear relationship with a charitable organization the sub-recipient identified as a partner. Additionally, according to Department staff, a City Council member participated in the July 2019 award process. The Public Disclosure Commission website shows that the founders of the charitable organization contributed to the City Council member’s mayoral election campaign in 2019. Although the City did not award the July 2019 agreement to the sub-recipient, this relationship still existed at the time the Department recommended, and the City awarded, the November 2019 agreement to the high risk sub-recipient.

- The Department also recommended for award one sub-recipient agreement for \$495,841 in November 2019. According to Department staff, a Department Director responsible for the shelter and warming center programs participated in awarding the agreement and then left the City for employment with the sub-recipient. We noted the Department Director left the City in October 2019 before the City approved the agreement.

Gifts of public funds

The Washington State Constitution, Article 8, Section 7 prohibits local governments from giving any money or credit to or in aid of any individual, association, company or corporation except for the necessary support of the poor and infirm. The Department awarded one consulting agency agreement of \$15,000 in 2017 to provide free housing legal clinics to citizens, and the agreement terms stated the “City will reimburse the consultant at actual cost for expenditures that are pre-approved by the City in writing and are necessary and directly applicable to the work required by this agreement . . .

The Department reimbursed the consulting agency for two mortgage payments and one car loan payment for one of the agency’s employees in 2017 totaling \$2,453, which are personal, non-business expenses. According to Department staff, a Department Director approved making the payments to the consulting agency as an alternative form of compensation for the employee’s service hours worked under the agreement, contrary to the express terms of the agreement.

Cause of Condition

According to the City, Department staff felt pressure and influence from Department directors, and those Department directors felt pressure and influence from a City Council member to approve projects, contracts, agreements and transactions that bypassed established internal controls, Department practices and the City’s adopted policies and procedures.

Effect of Condition

Public works procurement

Because the Department did not comply with the City’s purchasing policy and procedure, it cannot ensure it allowed for fair and equitable opportunities for contractors to submit quotes on public works projects and that it received the lowest responsible bidder for the projects.

Sub-recipient agreements

Without written policies and procedures, the Department cannot ensure employees follow a consistent and equitable process to evaluate, select and award agreements to the most qualified sub-recipients.

Conflict of interest

The City Council member and Department Director did not comply with the City's Municipal Code to notify supervisors or appointing authorities in writing when they identified the appearance of conflicts of interest. Therefore, there was no resolution and disposition of the potential conflicts before City employees and elected officials participated in awarding sub-recipient agreements. Any actual or potential conflicts of interest could violate the City's Municipal Code and state law.

Gifting of public funds

In 2017, the Department did not comply with agreement terms to reimburse the consulting agency for the actual cost of expenditures that are necessary and directly applicable to the work required by the agreement. The Department did not have any other documentation showing the City pre-approved these costs as allowable business expenses or that the consulting agency had performed the agreed upon services in accordance with the agreement terms for the amounts paid. Further, the Department's reimbursement to the consulting agency for personal expenses might be considered a gift of public funds and might violate the State Constitution.

Recommendations

The Department should follow its established internal controls and practices and comply with City policies and procedures. Specifically, the Department should:

- Follow the City's purchasing policy and procedure for the procurement of public works projects
- Establish written policies or procedures to ensure employees use a consistent and equitable process to evaluate, select and award agreements to sub-recipients
- Ensure employees and elected officials notify supervisors or appointing authorities in writing when they have actual or potential conflicts of interest and resolve and document the disposition of such conflicts of interest in accordance with the City's Municipal Code
- Communicate methods that allow employees to report improper actions or concerns

- Reimburse consultants for actual and appropriate business expenses and maintain documentation to demonstrate consultants perform necessary and applicable work in accordance with agreement terms

City's Response

The Community, Housing and Human Services Department (CHHS) of the City of Spokane appreciates the State Auditor's Office for its comprehensive and timely response to the request to evaluate the process and procedures related to public works procurement processes, conflicts of interest, sub-recipient agreements and the gifting of public funds. Though this work was initiated by the City of Spokane, your recommendations for how we can improve the delivery of services and provide appropriate oversight and accountability is appreciated and will guide departmental procedures moving forward. Thank you for the opportunity to respond to the audit recommendations. We acknowledge the findings and have developed a course of action that will ensure CHHS staff are fully educated and aware of the methods to report improper actions or raise concerns. This audit response specifically addresses the following areas:

1) Public Works Procurement

Within six months of the date indicated on this response letter, the CHHS department, in collaboration with other subject-matter expert department and disciplines for development, review, and implementation, will:

- *Establish protocol and implement a training program facilitated by the City's Purchasing department that addresses and aligns with specific sections of the City's adopted policies and procedures with the City's Procurement of Goods, Services and Works outlined in Spokane Municipal Code Title 07, Chapter 06. The training program will be designed in a manner that promotes proficiency and understanding of the established protocol.*
- *Collaborate with Human Resources and the Purchasing department to ensure that all staff have been provided training on Personnel Policies and Procedures regarding how to report fraud, waste, abuse and whistleblower protections.*
- *Include a training program in onboarding of future CHHS department employees facilitated by the City's Purchasing department that addresses and aligns with specific sections of the City's adopted policies and procedures with the City's Procurement of Goods, Services and Works outlined in Spokane Municipal Code Title 07, Chapter 06. The training program will be designed in a manner that promotes proficiency and understanding of the established protocol.*

- *Require current and future staff to participate in and acknowledge completion of training through and electronic training platform.*

Additionally, annually CHHS department leadership and employees will:

- *Review current or updated specific sections of the City's adopted policies and procedures with the City's Procurement of Goods, Services and Works outlined in Spokane Municipal Code Title 07, Chapter 06.*
- *Review current or updated Personnel policies and procedures regarding how to report fraud, waste, abuse and whistleblower protections.*

2.) Sub-recipient Agreements

Within six months of the date indicated on this response letter, the CHHS department, in collaboration with other subject-matter expert departments and disciplines for development, review, and implementation, will develop and implement written policies and procedures related to sub-recipient agreement selections based on funder requirements and established best practices that include a transparent process. These policies and procedures will:

- *Require employees to use a consistent and equitable process to evaluate, select and award agreements to sub-recipients.*
- *Require all selection committee members, including elected officials, to acknowledge with their signature having received and read conflict of interest policies and procedures. In addition to receiving and reading the policy, members should sign a form declaring any potential conflicts and fitness to participate in that specific award process. These documents will be retained as part of the RFP process.*
- *Ensure consultants are reimbursed for actual and appropriate business expenses and maintain documentation to demonstrate consultants perform necessary and applicable work in accordance with agreement terms. The program manager shall sign or electronically approve the payment for processing and review by a separate, independently managed department.*

3.) Conflict of Interest

Within six months of the date indicated on this response letter, the CHHS department employees and elected officials will:

- *Review the notification process and written documentation requirements for actual and potential conflicts of interest in accordance with specific sections Spokane Municipal Code.*
- *Review and acknowledge specific sections of The Washington State Constitution, Article 8, Section 7, Revised Code of Washington Law 42.23.030 and Spokane Municipal Code Title 01, Chapter 04A, Section 030*

addressing Code of Ethics and Prohibited Conduct, prohibited interest in contracts and credit not be loaned to states.

- *Sign a form indicating acknowledgement of reading aforementioned City municipal codes and understanding disposition of conflicts of interests. In addition to receiving and reading the policy, members should sign a form declaring any potential conflicts and fitness to participate in that specific award process. These documents will be retained as part of the RFP process.*

Additionally, future employees of the CHHS department and elected officials will:

- *Be informed of this process during the onboarding and training process.*
- *Provide ongoing education and review updated policies regarding conflict of interest.*

4.) Gifting of Public Funds

Within six months of the date indicated on this response letter, the CHHS department will:

- *Require current employees to attend and complete the Gifting of Public Funds training provided by Municipal Research and Services Center (MRSC) that references The Washington State Constitution, Article 8, Section 7 and Spokane Municipal Code Title 01, Chapter 04A, Section 030 addressing Code of Ethics and Prohibited Conduct. Following the training, employees will be required to sign a form acknowledging the training.*
- *Provide CHHS department specific training with a detailed process for CHHS leadership and staff members to use if an invoice or document is in question. The training program will be designed in a manner that promotes proficiency and understanding of the established protocol.*

Moving forward, employees of the CHHS department will:

- *Attend and complete the Gifting of Public Funds training provided by MRSC as part of the onboarding and training process.*
- *Require employees to stay proficient by participating in updated or refresher MRSC trainings or information regarding changes and best practices for use of public funds.*

Finally, as an overall measure, the City's Performance Audit team will be periodically engaged to review and identify other potential control gaps requiring attention and mitigation. That team will work with the CHHS Department and City Council to proactively strengthen any identified training and process needs. The City will also renew efforts to raise awareness of ways employees can raise

concerns to their supervisors, human resources, and/or anonymously through contracted resources as desired and appropriate.

We appreciate the State Auditors due diligence and thorough assessment of CHHS operations and the recommendations provided to guide policies and procedures moving forward.

Auditor’s Remarks

We appreciate the City being proactive in identifying risks and bringing these concerns to our attention. The City was very helpful during our review and we appreciate its commitment to strengthening internal controls and its policies and procedures. We will continue to work with the City as it implements policies and procedures and are committed to providing any guidance or resources we can to help the City establish strong control systems. We will review the status of corrective action taken during our next audit.

Applicable Laws and Regulations

City Purchasing Policy, Section 5.3.4, Public Works, states:

- All informal competition purchases in this category require the use of the Small Works Roster.
- Purchases \$10,000 or less do not require competition.
- Purchases over \$10,000 to \$300,000 require informal competition.
- Purchases over \$300,000 require formal competition.

City Purchasing Policy, Section 5.2, Purchasing Code of Ethics, states in part:

- Employees making procurements for the City shall conduct themselves in an ethical manner as follows:
 - They shall not participate in the selection, award or administration of a purchase if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee or member of the employee's immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for contract.
 - They will behave with impartiality, fairness, openness, integrity, and professionalism in their dealings with suppliers.

City Municipal Code, Chapter 01.04A Code of Ethics, Section 01.04A.030 Prohibited Conduct, states in part:

The following shall constitute a violation of this Code of Ethics:

A. General Prohibition Against Conflicts of Interest.

In order to avoid becoming involved or implicated in a conflict of interest or impropriety, or an appearance of conflict of interest or impropriety, no current City officer or employee shall have an interest, financial or otherwise, direct or indirect, or engage in a business or transaction or professional activity, or incur an obligation of any nature, that might be seen as conflicting with the City officer or employee's proper discharge of his or her official duties, the conduct of official City business or as adverse to the interests of the City. Performance of a legally required duty by a City officer or employee shall not be considered a violation of the Code of Ethics.

1. Any employee who becomes aware that he or she might have a potential conflict of interest that arises in the course of his or her official duties shall notify in writing his or her supervisor or appointing authority of the potential conflict.
2. Upon receipt of such a notification, the supervisor or appointing authority shall take action to resolve the potential conflict of interest within a reasonable time, which may include, but is not limited to, designating an alternative employee to perform the duty that is involved in the potential conflict. The supervisor or appointing authority shall document the disposition of the potential conflict in writing in files maintained by the appointing authority. The supervisor or appointing authority may request an advisory opinion from the Ethics Commission before addressing and resolving of the potential conflict.

B. Personal Interests in Contracts Prohibited.

No City officer or employee shall participate in his or her capacity as a City officer or employee in the making of a

contract in which he or she has a personal interest, direct or indirect, or performs in regard to such a contract some function requiring the exercise of discretion on behalf of the City. Except, that this prohibition shall not apply where the City officer or employee has only a remote interest in the contract, and where the fact and extent of such interest is disclosed and noted in the official minutes or similar records of the City prior to formation of the contract, and thereafter the governing body authorizes, approves or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the City officer(s) having the remote interest as defined below.

D. Personal Influence in Contract Selection Prohibited.

No City officer or employee shall influence the City's selection of, or its conduct of business with, a corporation, person or firm having or proposing to do business with the City if the City officer or employee has a personal interest in or with the corporation, person or firm, unless such interest is a remote interest and where the fact and extent of such interest is disclosed and noted in the official minutes or similar records of the City prior to formation of the contract, as defined in the preceding section. Provided, however, that no City officer or employee may receive anything of value from the City as a result of any contract to which the City shall be a party except for the City officer or employee's salary or lawful compensation.

RCW 42.23.030 – Interest in contracts prohibited, states in part:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein.

Washington State Constitution, Article 8, Section 7 – Credit Not to Be Loaned states:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm, or become directly or indirectly the owner of any stock in or bonds of any association, company or corporation.

RELATED REPORTS

Financial

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

A financial statement audit over the City's pension trust fund, Spokane Employees' Retirement System, was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE CITY

The City of Spokane is the second largest city in the state with an estimated population of 222,000 residents. The City was incorporated in 1881 and adopted its first charter in 1910. The City provides police, fire, inspection, street, library, parks and recreation, traffic engineering, water, sewer, solid waste and general administrative services. In 2001, the City changed to a strong-mayor form of government.

An elected, seven-member Council and an independently elected Mayor govern the City. The Council appoints management to oversee the City’s daily operations and its 2,100 employees. For fiscal year 2019, the City operated on an annual general fund budget of approximately \$183.6 million.

Contact information related to this report	
Address:	City of Spokane 808 W. Spokane Falls Blvd. Spokane, WA 99201-3304
Contact:	Sally Stopher, Director of Grants, Contracts and Purchasing
Telephone:	509-625-6032
Website:	www.spokanecity.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Spokane at <http://portal.sao.wa.gov/ReportSearch>.



CITY OF SPOKANE
808 W. SPOKANE FALLS BLVD.
SPOKANE, WASHINGTON 99201-3327
509.625.6250

March 15, 2021

Washington State Auditor's Office
316 W. Boone Avenue, Ste. 680
Spokane, WA 99201

To the Office of the Washington State Auditor:

We are providing this letter in connection with your accountability audit of the City of Spokane for the period from January 1, 2019 through December 31, 2019. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.


We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

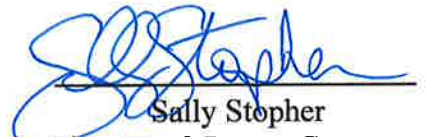
1. We have provided you with unrestricted access to people you wished to speak with and made available requested and relevant information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible material noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.
10. We are responsible for taking corrective action on audit findings and have developed a corrective action plan.



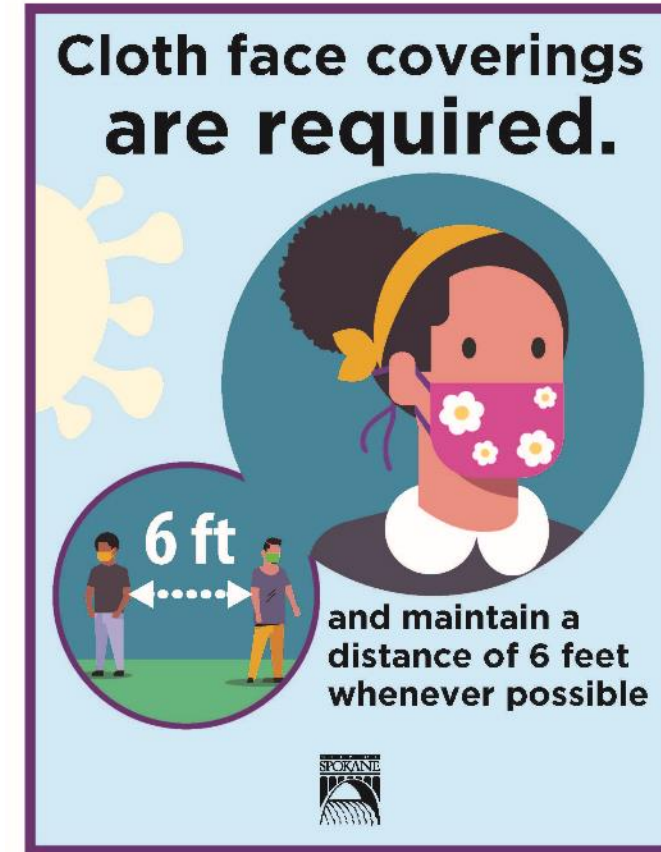
Nadine Woodward
Mayor



Sally Stopher
Director of Grants, Contracts,
and Purchasing

Managing through COVID

- Making plans to reopen public counters:
 - City Hall – Floors 1 and 3
 - Fire Station 1
- Services:
 - 3-1-1, utility billing, taxes & licenses, dvlpr services center, etc.
- Tentative Reopening Date = May 3
 - Dependent on staying in Phase 3
- What would it look like:
 - Soft reopening
 - Initially limited hours
 - Some services may require appointments
 - Adherence to best practices – masking, physical distancing
 - Distancing dots, plexiglass dividers, extra cleaning
- Plans are being reviewed; more details to come



From: [Ingiosi, Paul](#)
To: [City Council Members and Staff](#)
Cc: [Wallace, Tonya](#); [Blain, Amie](#)
Subject: March 2021 Financial Report - Finance Committee - 4/19/21
Date: Monday, April 19, 2021 3:09:11 PM
Attachments: [3. Finance Committee 4-19-21 Monthly Reports - March 2021.pdf](#)

Council Members and Staff,

Attached is the PDF version of the PowerPoint we shared at today's Finance & Administration Committee meeting.

A couple of quick notes:

- Page 4, Fines & Forfeits (Traffic & Parking Violations) actually had the highest year-to-date dollar variance; Business Taxes (Taxes on Private Utilities) were actually second
- Page 6, this shows the month-to-month percent changes in sales tax distribution (Spokane's March 2021 was 21% less than February 2021)
- Page 8, this shows the year-to-year percent changes in sales tax distribution (Spokane's March 2021 was 1% more than March 2020)

Please let us know if you have any questions or comments.

-Paul

Paul Ingiosi
Director of Management and Budget
Finance Department
City of Spokane
(509) 625-6061 – Office
(509) 655-0061 – Mobile

Finance Committee

Monthly Reports – March 2021

FINANCE AND ADMINISTRATION

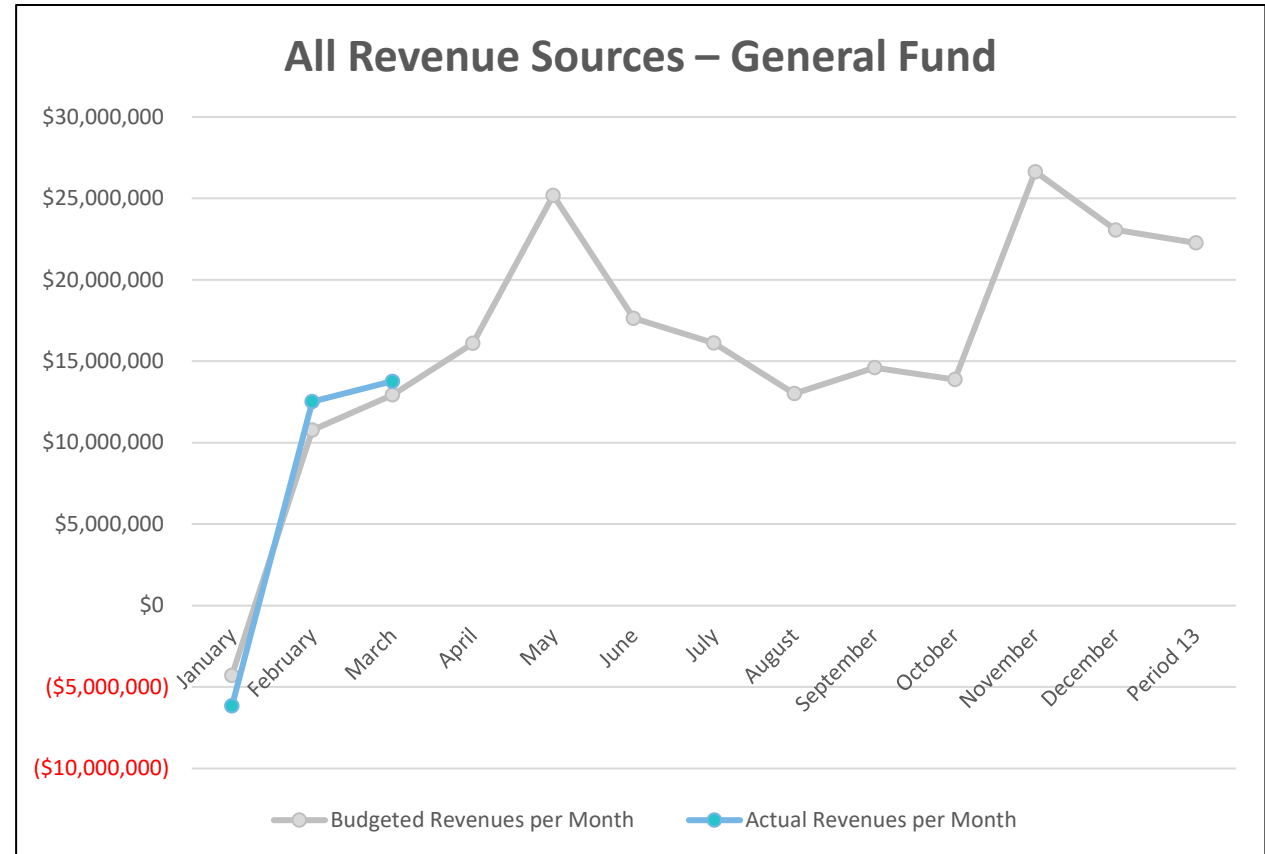
APRIL 19, 2021

Monthly General Fund Report

- GF Revenues are approximately 2% above budget through March
 - \$20.1 million collected against \$19.7 million budget
 - Primarily due to timing of charges and revenue received
 - Sales, Property, and Utility are approximately 2% below budget through March
- GF Expenditures are approximately 4% below budget through March
 - \$46 million in expenses against \$48 million budget
 - Salaries and Benefits - \$2.5 million under budget
- Uniform OT – Through March, Police and Fire had spent 21% and 51% of their respective annual OT budgets

Monthly General Fund Report - Revenue

- Through March 2021, total General Fund revenue is approximately \$400,000 above budget (2.3%)
- Total General Fund revenue is up 6.5% as compared to FY20



Revenue Category	2021 Current Budget	YTD Projection	YTD Actuals	YTD Variance	Actuals Vs. Prior Year
<u>Sales Tax</u>	51,063,259	3,721,847	3,821,242	99,395	268,268
<i>Local Retail Sales Tax</i>	46,814,259	3,525,655	3,494,095	(31,560)	130,653
<u>Property Tax</u>	47,349,955	156,964	142,973	(13,991)	(11,462)
<u>Interfund Taxes</u>	44,250,000	5,016,902	5,173,768	156,866	487,703
<u>Business Taxes</u>	24,339,000	4,920,589	4,537,857	(382,732)	(162,751)
<i>Taxes on Private Utilities</i>	24,077,000	4,901,589	4,533,994	(367,595)	(165,654)
<u>Charges for Services</u>	19,179,591	2,091,248	3,359,935	1,268,688	1,590,640
<u>Licenses & Permits</u>	6,784,900	1,455,639	1,268,214	(187,425)	(107,425)
<i>Business Registrations</i>	4,073,000	994,764	1,022,954	28,190	96,940
<i>Franchise Fees</i>	2,423,000	400,783	179,432	(221,351)	(213,416)
<u>Miscellaneous Revenue</u>	4,301,982	830,179	668,838	(161,341)	(462,175)
<i>Interest Earnings</i>	3,138,600	633,773	400,627	(233,146)	(559,668)
<u>Intergovernmental Revenues</u>	4,064,023	230,741	664,140	433,399	9,681
<i>Marijuana Use Tax</i>	440,000	108,997	113,642	4,645	1,558
<u>Fines & Forfeits</u>	2,098,650	916,258	463,976	(452,282)	(77,342)
<i>Traffic & Parking Violations</i>	1,830,500	801,967	395,736	(406,232)	(55,774)
<u>Other Taxes</u>	1,395,800	337,479	26,744	(310,735)	(162,874)
<i>Admission Tax</i>	1,050,000	371,452	26,537	(344,915)	(162,808)
<u>Operating Transfer-In</u>	3,074,108	0	0	0	0
Non-Budgeted/Other	40,000	0	1,483	1,483	
TOTAL	207,941,268	19,677,847	20,129,172	451,325	1,372,262


Quarterly Investment Report

Q1 – AS OF MARCH 31, 2021

APRIL 19, 2021



Objectives (Page 1)

 **CITY OF SPOKANE**
Quarterly Investment Report
As of March 31, 2021

April 19, 2021

This report presents the City's investment portfolio for the quarter ending March 31, 2021. It has been prepared to comply with regulations contained in Washington State RCW 35.39 and Spokane Municipal Code Chapter 7.15. The report includes all investments managed by the City. As required, the report provides information on the investment type, issuer, maturity date, cost, and current market value for each security.

The investment objectives of the City of Spokane are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all operating and capital spending requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The City follows the practice of pooling cash and investments for all funds under its direct control. Interest earned on pooled cash and investments is allocated monthly to the various funds based on the respective fund's average monthly investment balance. It is common for governments to pool the cash and investments of various funds to improve investment performance. By pooling funds, the city is able to benefit from economies of scale, diversification, liquidity, and ease of administration.

The City retains direct control of its investments. Primarily, investments are held by the City in a safekeeping account with Bank of New York Mellon. Exceptions to this rule would include investments held by trustees related to bond financings, which are held by US Bank, and Spokane Investment Pool Loans.

Investment Portfolio Benefits all Funds

The City's cash and investment portfolio represents money from all City funds with the exception of Employee Retirement, Police Pension, and Fire Pension funds. City funds include the General Fund, enterprise funds, internal service funds, capital projects funds, and other funds which are restricted to specific purposes.

In general, monies held by the City are either allocated by the City Council for spending or are purposefully retained in reserve. For example, the money in the Capital Outlay Funds have been identified to provide particular capital projects for the community and there is a plan for spending down the cash balance as the projects progress. In the General Fund, approximately \$21.1 million is purposefully held in reserve to meet the City's contingency reserve policy of 10% of operating expenditures. In addition, approximately \$7.4 million is purposefully held to meet the City's Revenue Stabilization policy of 3.5% of operating revenues.

1

1. SAFETY

- Preservation of capital, through diversification


2. Liquidity

- Meet all reasonably anticipated operating and capital spending requirements

3. Return

- Attaining a commensurate rate of return throughout budgetary and economic cycles

General Fund Investment Balances (Page 1)

 **CITY OF SPOKANE**
Quarterly Investment Report
As of March 31, 2021

April 19, 2021

This report presents the City's investment portfolio for the quarter ending March 31, 2021. It has been prepared to comply with regulations contained in Washington State RCW 35.39 and Spokane Municipal Code Chapter 7.15. The report includes all investments managed by the City. As required, the report provides information on the investment type, issuer, maturity date, cost, and current market value for each security.

The investment objectives of the City of Spokane are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all operating and capital spending requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The City follows the practice of pooling cash and investments for all funds under its direct control. Interest earned on pooled cash and investments is allocated monthly to the various funds based on the respective fund's average monthly investment balance. It is common for governments to pool the cash and investments of various funds to improve investment performance. By pooling funds, the city is able to benefit from economies of scale, diversification, liquidity, and ease of administration.

The City retains direct control of its investments. Primarily, investments are held by the City in a safekeeping account with Bank of New York Mellon. Exceptions to this rule would include investments held by trustees related to bond financings, which are held by US Bank, and Spokane Investment Pool Loans.

Investment Portfolio Benefits all Funds

The City's cash and investment portfolio represents money from all City funds with the exception of Employee Retirement, Police Pension, and Fire Pension funds. City funds include the General Fund, enterprise funds, internal service funds, capital projects funds, and other funds which are restricted to specific purposes.

In general, monies held by the City are either allocated by the City Council for spending or are purposefully retained in reserve. For example, the money in the Capital Outlay Funds have been identified to provide particular capital projects for the community and there is a plan for spending down the cash balance as the projects progress. In the General Fund, approximately \$21.1 million is purposefully held in reserve to meet the City's contingency reserve policy of 10% of operating expenditures. In addition, approximately \$7.4 million is purposefully held to meet the City's Revenue Stabilization policy of 3.5% of operating revenues.

1

Contingency Reserve

10% of Budgeted Operating Expenditures + Investment Earnings

- \$21.1 Million

Revenue Stabilization

3.5% of Budgeted Operating Revenues + Investment Earnings

- \$7.4 Million

Current Cash And Investment Summary (Page 2)

Quarterly Investment Report
Current Cash and Investment Summary

The following is a summary of the City's cash and investments based on market value as of March 31, 2021, compared with the prior quarter.

	December 31, 2020	March 31, 2021	Percent of Total
Cash	\$84,927,534	\$65,684,641	16.17%
Fixed Income	274,144,596	296,759,380	73.00%
SIP Loans	41,763,648	43,763,648	10.77%
TOTAL	\$400,835,778	\$406,207,669	100.00%

There are a number of factors which result in changes in cash and investment balances from month to month and quarter to quarter. Often they are the result of the receipt of revenues or a large disbursement. Some major City revenues are received on a periodic rather than a monthly basis. For example, the majority of City Property Taxes are received in May and November of each year. On the disbursement side, payments for bonded indebtedness or large capital projects can reduce the portfolio substantially in the quarter that they occur. Significant fluctuations of this type will be discussed in the following section of this report.

Securities in the City's portfolio are priced according to market values provided by Bank of New York Mellon at the end of each month. In some cases, the City may have investments with a current market value that is greater or less than the recorded value. These changes in market value are due to fluctuations in the marketplace having no effect on yield, as the City does not intend to sell securities prior to maturity. Nevertheless, these market changes will impact the total value of the portfolio as reported. At March 31, 2021, the market value of the portfolio was \$7,504,897 more than the cost basis. The difference is an unrealized gain due to the inverse relationship between interest rates and market values as it relates to the fixed income portion of the City's investment portfolio.

The portfolio's average yield to maturity as of March 31, 2021 was 1.20%. The effective rate of return for the 1st quarter was 1.23%.

As of March 31, 2021, the investment portfolio was in compliance with all State laws, the City's Statement of Investment Policy and the City's investment management plan.

Summary of Activity for the Quarter and Future Liquidity

With the exception of tax receipts which have been impacted by the COVID-19 environment and related deferral programs, cash receipts and disbursements are generally consistent with past trends for the quarter. The cash management program contains enough liquidity to meet at least the next three months of expected expenditures by the City.

Transactions:

- **Maturities:**
 - \$5 Mil FHLMC Zero Coupon, due 1/15/2021 – 1.840% YTM
- **Calls:**
 - \$4 Mil FFCB .23, due 12/31/2021 – .264% YTM
- **Purchases:**
 - \$5 Mil – FFCB .59, due 2/17/26 (callable at 8/17/2021) – .633% YTM
 - \$5 Mil – FAMC .22, due 12/15/23 – .220% YTM
 - \$5 Mil – FFCB .11, due 3/1/23 (callable at 9/1/21) – .130% YTM
 - \$5 Mil – FFCB .10, due 2/24/23 - .141% YTM
 - \$5 Mil – FFCB .10, due 2/24/23 - .140% YTM

	December 31, 2020	March 31, 2021	Percent of Total
Cash	\$84,927,534	\$65,684,641	16.17%
Fixed Income	274,144,596	296,759,380	73.06%
SIP Loans	41,763,648	43,763,648	10.77%
TOTAL	\$400,835,778	\$406,207,669	100.00%

Transactions:

- **Maturities:**
 - \$5 Mil FHLMC Zero Coupon, due 1/15/2021 – 1.840% YTM
- **Calls:**
 - \$4 Mil FFCB .23, due 12/31/2021 – .264% YTM
- **Purchases:**
 - \$5 Mil – FFCB .59, due 2/17/26 (callable at 8/17/2021) – .633% YTM
 - \$5 Mil – FAMC .22, due 12/15/23 – .220% YTM
 - \$5 Mil – FFCB .11, due 3/1/23 (callable at 9/1/21) – .130% YTM
 - \$10 Mil – FFCB .10, due 2/24/23 - .141% YTM
 - \$10 Mil – FFCB .10, due 2/24/23 - .140% YTM

Current Cash And Investment Summary (Page 2)

Quarterly Investment Report
Current Cash and Investment Summary

The following is a summary of the City's cash and investments based on market value as of March 31, 2021, compared with the prior quarter.

	December 31, 2020	March 31, 2021	Percent of Total
Cash	\$84,927,534	\$65,084,641	16.17%
Fixed Income	274,144,596	290,739,380	73.00%
SP Loans	41,763,648	43,763,648	10.77%
TOTAL	\$400,835,778	\$400,207,669	100.00%

There are a number of factors which result in changes in cash and investment balances from month to month and quarter to quarter. Often they are the result of the receipt of revenues or a large disbursement. Some major City revenues are received on a periodic rather than a monthly basis. For example, the majority of City Property Taxes are received in May and November of each year. On the disbursement side, payments for bonded indebtedness or large capital projects can reduce the portfolio substantially in the quarter that they occur. Significant fluctuations of this type will be discussed in the following section of this report.

Securities in the City's portfolio are priced according to market values provided by Bank of New York Mellon at the end of each month. In some cases, the City may have investments with a current market value that is greater or less than the recorded value. These changes in market value are due to fluctuations in the marketplace having no effect on yield, as the City does not intend to sell securities prior to maturity. Nevertheless, these market changes will impact the total value of the portfolio as reported. At March 31, 2021, the market value of the portfolio was \$7,504,897 more than the cost basis. The difference is an unrealized gain due to the inverse relationship between interest rates and market values as it relates to the fixed income portion of the City's investment portfolio.

The portfolio's average *yield to maturity* as of March 31, 2021 was 1.20%. The effective rate of *return* for the 1st quarter was 1.23%.

As of March 31, 2021, the investment portfolio was in compliance with all State laws, the City's Statement of Investment Policy and the City's investment management plan.

Summary of Activity for the Quarter and Future Liquidity

With the exception of tax receipts which have been impacted by the COVID-19 environment and related deferral programs, cash receipts and disbursements are generally consistent with past trends for the quarter. The cash management program contains enough liquidity to meet at least the next three months of expected expenditures by the City.

Transactions:

- Maturities:
 - \$5 Mil FHLMC Zero Coupon, due 1/15/2021 – 1.840% YTM
- Calls:
 - \$4 Mil FFCB .23, due 12/31/2021 – .264% YTM
- Purchases:
 - \$5 Mil – FFCB .59, due 2/17/26 (callable at 8/17/2021) – .633% YTM
 - \$5 Mil – FAMC .72, due 12/15/23 – .220% YTM
 - \$5 Mil – FFCB .11, due 3/1/23 (callable at 9/1/21) – .130% YTM

2

Unrealized Gain

Difference due to inverse relationship between interest rates and market values as it relates to the fixed income portion of the portfolio.

• **\$7.504 Million**

Yield to Maturity (YTM)

(Weighted Avg.) Total return anticipated on bonds if held to maturity.

• **1.20%**

Effective Rate of Return

Rate of return for Quarter Ending, March 31, 2021

• **1.23%**

Composition (Page 5)

CITY OF SPOKANE
As of March 31, 2021

SUMMARY OF INVESTMENTS

CITY OF SPOKANE INVESTMENT PORTFOLIO			
	Percent of Portfolio	Current Yield	Market Value
Checking Account	NA	NA	\$1,220,785
Investments			
Local Government Investment Pool	15.9%	0.11%	\$64,463,857
US Bank- Treasurer's Cash	0.0%	0.00%	-
Federal Agency Coupon Securities	56.4%	1.28%	228,444,949
Federal Agency Strip Bonds	9.4%	2.76%	38,031,631
Treasury Coupon Securities	7.5%	1.62%	30,282,800
SIP Loans	10.8%	0.84%	43,763,648
Total Investments	100.0%	1.20%	\$404,986,884
Total Checking Account + Investments			\$406,207,669

SUMMARY OF INVESTMENT PORTFOLIO LIQUIDITY

INVESTMENT AGING		
	Percent of Portfolio	Market Value
Overnight	15.9%	\$4,463,857
Within Three Months	2.1%	8,575,354
Three to Six Months	6.2%	25,042,295
Six Months to One Year	11.5%	46,477,370
One to Five Years	46.5%	190,317,804
Over Five Years	18.8%	76,111,155
TOTAL	100.0%	\$404,986,884

CITY OF SPOKANE INVESTMENT PORTFOLIO			
	Percent of Portfolio	Current Yield	Market Value
Checking Account	NA	NA	\$1,220,785
Investments			
Local Government Investment Pool	15.9%	0.11%	\$64,463,857
US Bank- Treasurer's Cash	0.0%	0.00%	-
Federal Agency Coupon Securities	56.4%	1.28%	228,444,949
Federal Agency Strip Bonds	9.4%	2.76%	38,031,631
Treasury Coupon Securities	7.5%	1.62%	30,282,800
SIP Loans	10.8%	0.84%	43,763,648
Total Investments	100.0%	1.20%	\$404,986,884
Total Checking Account + Investments			\$406,207,669

Liquidity (Page 5)

CITY OF SPOKANE
As of March 31, 2021

SUMMARY OF INVESTMENTS

CITY OF SPOKANE INVESTMENT PORTFOLIO			
	Percent of Portfolio	Current Yield	Market Value
Checking Account	NA	NA	\$1,220,785
Investments			
Local Government Investment Pool	15.9%	0.11%	\$64,463,857
US Bank- Treasurer's Cash	0.0%	0.00%	-
Federal Agency Coupon Securities	55.4%	1.28%	228,444,049
Federal Agency Strip Bonds	9.4%	2.75%	38,031,031
Treasury Coupon Securities	7.5%	1.62%	30,282,800
SIP Loans	10.8%	0.84%	43,763,848
Total Investments	100.0%	1.20%	\$404,986,884
Total Checking Account + Investments			\$406,207,669

SUMMARY OF INVESTMENT PORTFOLIO LIQUIDITY

INVESTMENT AGING		
	Percent of Portfolio	Market Value
Overnight	15.9%	64,463,857
Within Three Months	2.1%	8,575,354
Three to Six Months	6.2%	25,042,286
Six Months to One Year	11.5%	46,477,370
One to Five Years	48.5%	196,317,864
Over Five Years	15.8%	64,110,155
TOTAL	100.0%	\$404,986,884

5

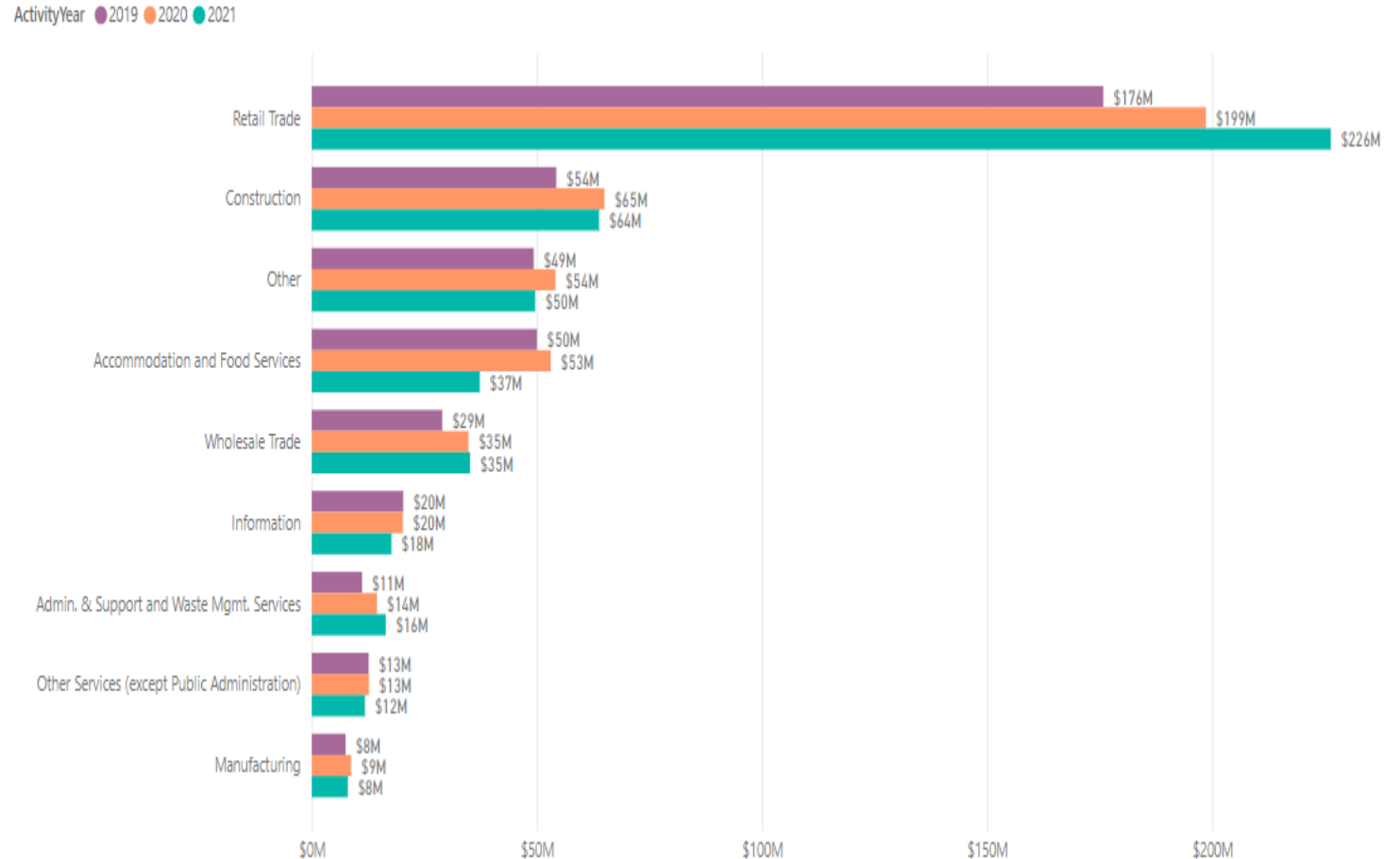
INVESTMENT AGING		
	Percent of Portfolio	Market Value
Overnight	15.9%	64,463,857
Within Three Months	2.1%	8,575,354
Three to Six Months	6.2%	25,042,286
Six Months to One Year	11.5%	46,477,370
One to Five Years	48.5%	196,317,864
Over Five Years	15.8%	64,110,155
TOTAL	100.0%	\$404,986,884

Summary

Questions

Monthly General Fund Report – Taxable Sales

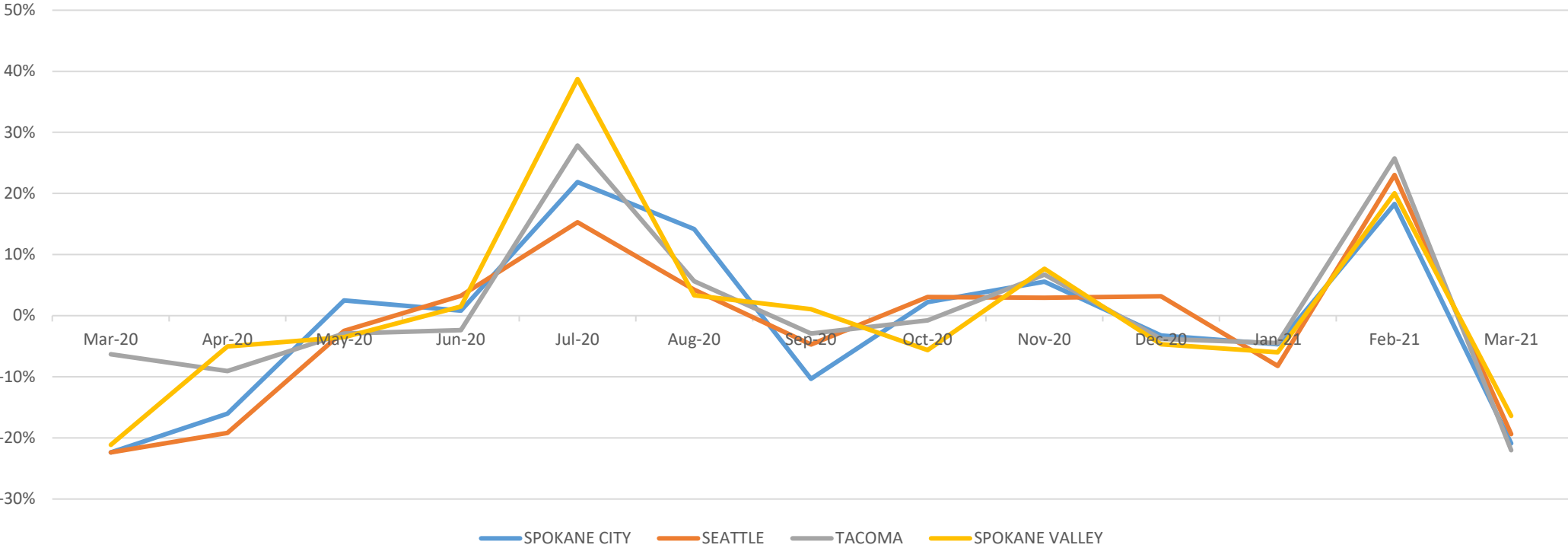
- Taxable Sales for January 2021 were up 1% compared to January 2020
- Through January:
 - Retail Trade +14%
 - Construction -1.9%
 - Accommodation and Food Services -29.7%
- Total Taxable Sales for January were approximately \$466 million, an increase of \$4.4 million over 2020



Monthly General Fund Report – Sales Tax

SALES TAX REPORT		2020										2021			12-Month Change
	Approx. Annual (\$ in millions)	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
BENTON COUNTY	\$ 12.3	-23%	-18%	21%	5%	-1%	32%	-13%	-11%	45%	-20%	-13%	31%	-7%	29%
KENNEWICK	\$ 20.2	-27%	-4%	-2%	-6%	31%	2%	12%	-13%	13%	-5%	-2%	20%	-24%	11%
CLARK COUNTY	\$ 40.1	-22%	-9%	8%	-1%	17%	12%	5%	-6%	5%	-5%	-4%	25%	-19%	21%
VANCOUVER	\$ 43.4	-23%	-10%	1%	-3%	21%	9%	-1%	-4%	11%	-4%	-5%	25%	-19%	13%
KING COUNTY	\$ 132.0	-20%	-18%	2%	0%	22%	6%	-1%	-1%	5%	-2%	-7%	26%	-23%	-2%
SEATTLE	\$ 237.7	-22%	-19%	-2%	3%	15%	4%	-5%	3%	3%	3%	-8%	23%	-19%	-7%
PIERCE COUNTY	\$ 69.0	-17%	-12%	9%	3%	24%	6%	2%	-7%	6%	-5%	5%	11%	-19%	15%
TACOMA	\$ 49.5	-6%	-9%	-3%	-2%	28%	6%	-3%	-1%	7%	-4%	-4%	26%	-22%	8%
SPOKANE COUNTY	\$ 35.9	-23%	-10%	9%	0%	28%	8%	-2%	-5%	5%	-7%	-3%	16%	-18%	14%
SPOKANE CITY	\$ 49.5	-22%	-16%	2%	1%	22%	14%	-10%	2%	6%	-3%	-5%	18%	-21%	1%
SPOKANE VALLEY	\$ 25.1	-21%	-5%	-4%	1%	39%	3%	1%	-6%	8%	-5%	-6%	20%	-16%	23%
YAKIMA COUNTY	\$ 13.7	-16%	-3%	8%	6%	12%	3%	-2%	-1%	7%	-8%	-8%	16%	-19%	6%
YAKIMA CITY	\$ 18.7	-19%	-3%	4%	2%	18%	7%	-7%	-1%	11%	-6%	-7%	16%	-15%	14%

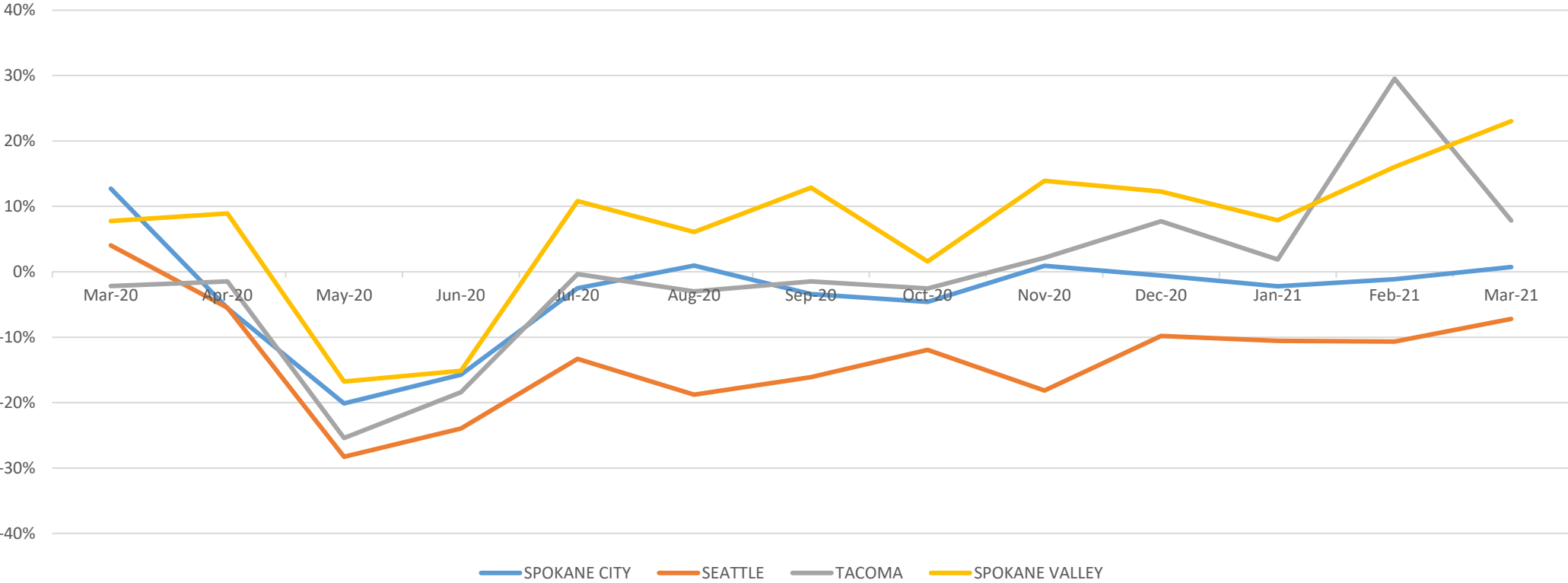
Monthly General Fund Report – Sales Tax



Monthly General Fund Report – Sales Tax

SALES TAX REPORT		2020										2021		
	Approx. Annual (\$ in millions)	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
BENTON COUNTY	\$ 12.3	-5%	-8%	-2%	-13%	-37%	-11%	-1%	-4%	3%	13%	-6%	8%	29%
KENNEWICK	\$ 20.2	11%	12%	-19%	-18%	0%	-7%	11%	-5%	6%	9%	5%	8%	11%
CLARK COUNTY	\$ 40.1	6%	4%	-10%	-4%	3%	9%	16%	13%	14%	14%	17%	18%	21%
VANCOUVER	\$ 43.4	9%	4%	-16%	-12%	5%	1%	8%	3%	8%	11%	12%	8%	13%
KING COUNTY	\$ 132.0	8%	-1%	-22%	-13%	-3%	-8%	-3%	-2%	-3%	-1%	-1%	1%	-2%
SEATTLE	\$ 237.7	4%	-5%	-28%	-24%	-13%	-19%	-16%	-12%	-18%	-10%	-11%	-11%	-7%
PIERCE COUNTY	\$ 69.0	10%	0%	-13%	-3%	13%	11%	19%	9%	15%	14%	26%	19%	15%
TACOMA	\$ 49.5	-2%	-1%	-25%	-18%	0%	-3%	-1%	-3%	2%	8%	2%	30%	8%
SPOKANE COUNTY	\$ 35.9	15%	2%	-5%	-13%	11%	5%	1%	7%	5%	3%	9%	6%	14%
SPOKANE CITY	\$ 49.5	13%	-6%	-20%	-16%	-3%	1%	-3%	-5%	1%	-1%	-2%	-1%	1%
SPOKANE VALLEY	\$ 25.1	8%	9%	-17%	-15%	11%	6%	13%	2%	14%	12%	8%	16%	23%
YAKIMA COUNTY	\$ 13.7	8%	13%	-2%	7%	4%	5%	6%	8%	6%	5%	2%	9%	6%
YAKIMA CITY	\$ 18.7	10%	5%	-12%	-7%	3%	6%	5%	2%	8%	7%	4%	9%	14%

Monthly General Fund Report – Sales Tax



Monthly General Fund Report - Expense

- Through March 2021, total General Fund expenses are approximately \$2M below budget (4.2%)
- By category:
 - Salary & Benefits -12%
 - Supplies -45%
 - Services +13%

