



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Spokane

For the period January 1, 2021 through December 31, 2021

*Published September 29, 2022*

Report No. 1031211



Find out what's new at SAO  
by scanning this code with  
your smartphone's camera



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

September 29, 2022

Mayor and City Council  
City of Spokane  
Spokane, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the City of Spokane's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Summary Schedule of Prior Audit Findings .....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	8
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	11
Independent Auditor's Report on the Financial Statements.....	14
Financial Section.....	18
About the State Auditor's Office.....	186

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## City of Spokane January 1, 2021 through December 31, 2021

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Spokane are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

#### Federal Awards

##### Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State And Local Fiscal Recovery Funds
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,192,877.

The City qualified as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



**Accounting  
Department**

808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3304  
(509) 625-6320  
FAX (509) 625-6939

**Michelle Murray**  
Accounting Director

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

### **City of Spokane January 1, 2021 through December 31, 2021**

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2020 – December 31, 2020	<b>Report Reference No.:</b> 1029500	<b>Finding Ref. No.:</b> 2020-001	<b>CFDA Number(s):</b> 21.019
<b>Federal Program Name and Granting Agency:</b> COVID-19 Coronavirus Relief Fund U.S. Department of the Treasury		<b>Pass-Through Agency Name:</b> WA State Department of Commerce	
<b>Finding Caption:</b> The City charged the Coronavirus Relief Fund for subrecipients’ indirect costs that were unallowable.			
<b>Background:</b> In March 2020, the Department of Commerce awarded Coronavirus Relief Fund (CRF) contract number 20-6541C-328 to the City. The agreement terms allowed the City to charge a 10 percent indirect cost rate to the award. However, the U.S. Department of the Treasury updated its guidance for the CRF program on September 2, 2020 and recipients could not apply their indirect cost rates to payments received from CRF as of this date. The Department of Commerce subsequently updated its guidance, which required recipients to correct any reimbursement requests that included indirect costs that they submitted after this date. Under the CRF program, the City established seven subrecipient agreements that allowed subrecipients to claim reimbursement from the City for indirect costs at the 10 percent indirect cost rate. The City reimbursed these subrecipients \$87,384 for indirect costs and charged the costs to the program. The City did not correct amounts claimed for reimbursement during 2020 as the awarding agency required; therefore, we questioned these costs.			

**Status of Corrective Action: (check one)**☒ Fully  
Corrected☐ Partially  
Corrected☐ Not Corrected☐ Finding is considered no  
longer valid**Corrective Action Taken:**

*City of Spokane upon learning that a change in legislation changed indirect costs from being eligible to unallowable by the State Auditor's Office, the City of Spokane prepared corrected billings, submitted to Department of Commerce, and they were accepted by the Department of Commerce prior to the report date of the Fiscal Year 2020 Audit. Therefore the City considers this issue to be fully corrected and no further action is needed.*

*The City appreciates the time and effort the State Auditor's Office put forth while conducting the audit and working with staff to ensure the City is compliant with all federal rules, laws, and regulations.*

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **City of Spokane January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Spokane  
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 22, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Spokane Employees' Retirement System (SERS), a pension benefit fiduciary fund of the City, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,



or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

In addition, we noted certain matters that we have reported to the management of the City in a separate letter dated September 22, 2022.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

September 22, 2022

## INDEPENDENT AUDITOR'S REPORT

### Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

**City of Spokane**  
**January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Spokane  
Spokane, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the City of Spokane, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 22, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Spokane January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Spokane  
Spokane, 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, as of year 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, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, 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.

We did not audit the financial statements of the Spokane Employees' Retirement System (SERS), which represents 50 percent, 62 percent and 18 percent, respectively, of the assets, net position and revenues of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SERS, is based solely on the report of the other auditors.

### **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.

### **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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional



procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Information**

The other information comprises the Schedule for General Fund Accounts Balance Sheet, Schedule of General Fund Accounts Statement of Revenues, Expenditures, and Changes in Fund Balances and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for each fund included in the General Fund Accounts but does not include the basic financial statements and our auditor’s report thereon. Management is responsible for the other information included with the financial statements. Our opinions on the basic financial statements do not cover this other information, and, we do not express an opinion or provide any assurance thereon.

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

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 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. 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 the effectiveness of the City’s 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.

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

September 22, 2022

## FINANCIAL SECTION

### City of Spokane January 1, 2021 through December 31, 2021

#### REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

#### BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Activities – 2021

Balance Sheet – Governmental Funds – 2021

Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds – 2021

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – 2021

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds – 2021

Statement of Net Position – Proprietary Funds – 2021

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – 2021

Statement of Cash Flows – Proprietary Funds – 2021

Statement of Fiduciary Net Position – Fiduciary Funds – 2021

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2021

Notes to the Financial Statements – 2021

#### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Accounts– 2021

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – American Recovery Plan – 2021

Schedule of Changes in the Net Pension Liability and Related Ratios – SERS, Firefighters' Pension and Police Pension – 2021

Schedule of City's Proportionate Share of the Net Pension Liability (Asset) – LEOFF 1 and LEOFF 2 – 2021

Schedule of Employer Contributions – SERS, Firefighters' Pension, Police Pension, LEOFF 1 and LEOFF 2 – 2021

Schedule of Investment Returns – Spokane Employee Retirement System (SERS), Fire and Police – 2021  
Schedule of Changes in the City’s Firefighters’ Retirement Net OPEB Liability and Related Ratios – 2021  
Schedule of Changes in the City’s Police Retirement Net OPEB Liability and Related Ratios – 2021  
Schedule of Changes in the City’s Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust – 2021  
Other Postemployment Benefit – Schedule of Employer Contributions – Firefighters’ Pension and Police Pension – 2021  
Schedule of Investment Returns for OPEB held in trust – Fire OPEB and Police OPEB – 2021  
Notes to the Required Supplementary Information – 2021

## **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2021  
Notes to the Schedule of Expenditures of Federal Awards – 2021  
Schedule for General Fund Accounts Balance Sheet – 2021  
Schedule of General Fund Accounts Statement of Revenues, Expenditures, and Changes in Fund Balances – 2021  
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual– each fund included in the General Fund Accounts – 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Spokane, Washington (the City)'s annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City as of and for the fiscal year ended December 31, 2021. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$2.4 billion (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$2.2 billion includes property, equipment and infrastructure, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$100.4 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$77.5 million which became positive in 2021 and is attributable to the increase total assets plus deferred outflows of \$142.0 million while liabilities plus deferred inflows only increased by of \$46.7 million for governmental activities combined with increase of total assets plus deferred outflows of \$3.0 million along with a decrease in total liabilities plus deferred inflows of \$30.3 million in business activities. The unrestricted net position represents the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported a total ending fund balance of \$222.4 million this year, a decrease of \$16.3 million from the prior year. Revenues increased by \$24.1 million overall. Tax revenue increased by \$28.6 million. Investment earnings decreased by \$15.4 million. Intergovernmental revenue, licenses and permits, charges for service, fines and miscellaneous revenues increased by \$10.8 million. Other financing sources increased by \$2.0 million. This last category of funding, which includes sale of assets, and transfers in, contains revenues that are often not normal ongoing revenues, but rather occur only as necessary in any particular year.

Taxes	\$ 28.6 million
Licenses & Permits	\$ 0.6 million
Intergovernmental	\$ 9.2 million
Charges for Service	\$ 3.4 million
Fines & Forfeitures	\$ 3.7 million
Miscellaneous	\$ (6.1) million
Investment earnings	\$(15.4) million
Other Financing Sources	\$ 2.0 million

- At the end of the current fiscal year, the fund balance for the General Fund totaled \$53.4 million, excluding the nonspendable and restricted categories, which is 28.5% of General Fund expenditures excluding transfers.
- Overall, the City maintained a relatively strong financial position during the COVID-19 pandemic. The uncertainty of the long-term financial impact of the pandemic will require the City to continuously review and restructure programs to ensure the delivery of the most needed services in the most efficient and effective manner.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

## **Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

### **Government-wide Financial Statements**

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by property, sales and utility taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, transportation, economic environment, social services, and culture and recreation. Business-type activities include the utility services, golf courses, and the building services funds. The internal service funds provide services to other funds within the City are reported in governmental activities at the government-wide financial reporting level.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

**Governmental funds** are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The Schedule of Revenues, Expenditures and Changes in Fund Balance budgetary comparisons (budget to actual) are included in the Required Supplementary Information for the major governmental funds. These schedules demonstrate compliance with the City's adopted and final revised budget.

**Proprietary funds** are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City proprietary funds are classified as either enterprise funds or internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The internal service funds provide services to other funds of the City.

**Fiduciary funds** include five single-employer defined benefit pension plans for City employees as well as various custodial funds. The City reports these funds however they are not available for City use.

### Notes To The Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

### Financial Analysis of the City as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end is \$2,367.9 million as shown below.

	Governmental Activities		Business-Type Activities		Total	
Summary of Net Position (in thousands)	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current and other assets	481,669	364,624	186,192	168,781	667,861	533,405
Capital assets	1,650,172	1,619,884	1,001,432	1,011,789	2,651,604	2,631,672
Total assets	2,131,841	1,984,508	1,187,624	1,180,569	3,319,465	3,165,077
<b>DEFERRED OUTFLOWS</b>	30,687	36,061	12,055	16,092.85	42,742	52,154
Total assets and deferred outflows	2,162,528	2,020,569	1,199,678	1,196,662	3,362,207	3,217,231
<b>LIABILITIES</b>						
Current liabilities	20,954	31,359	8,824	9,729	29,779	41,087
Long term liabilities	472,089	486,288	337,538	359,594	809,627	845,883
Total liabilities	493,043	517,647	346,363	369,323	839,406	886,970
<b>DEFERRED INFLOWS</b>	129,562	58,288	25,359	32,718	154,921	91,006
Total liabilities and deferred inflows	622,605	575,935	371,721	402,041	994,326	977,976
<b>NET POSITION</b>						
Net investment in capital assets	1,437,364	1,438,067	752,610	748,787	2,189,974	2,186,855
Restricted	100,444	73,989	-	-	100,444	73,989
Unrestricted	2,116	(67,423)	75,347	45,834	77,463	(21,589)
Total net position	1,539,924	1,444,633	827,957	794,622	2,367,880	2,239,255

The City continues to maintain a healthy current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 23.0 and 21.1 for business type activities. For the City overall, the current ratio is 22.4. We consider these ratios to be very strong.

### Governmental Activities

Net position increased by \$95.3 million for governmental activities and is attributable to a large unrealized gain on investments recovering from the loss reported in the prior period and lost containment efforts due to the COVID-19 pandemic.

### Business-Type Activities

The \$33.3 million increase in business activities' net position is primarily attributable to revenues exceeding expenses in the Water/Sewer fund and an increase in capital assets.

It should be noted that 93.3% of the governmental activities' net position is related to the net investment in capital assets. The City uses these capital assets to provide services to its citizens. With business-type activities, the City has committed 90.9% of its net position on capital. Capital assets in the business-type activities primarily provide utility services, but they also generate revenues for these funds. The net investment in capital assets makes up 92.5% of the City's total net position.

The following page provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
Change in Net Position (in thousands)	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program revenues						
Charges for services	40,244	34,357	266,893	256,722	307,137	291,079
Operating grants and contributions	77,251	27,262	18	396	77,269	27,657
Capital grants and contributions	9,222	12,422	1,756	244	10,978	12,666
General revenues						
Taxes	263,603	234,722	-	-	263,603	234,722
Interest and investment Earnings	(1,484)	17,483	808	934	(676)	18,417
<b>Total revenues</b>	<b>388,836</b>	<b>326,245</b>	<b>269,475</b>	<b>258,296</b>	<b>658,311</b>	<b>584,541</b>
<b>EXPENSES</b>						
General government	(35,280)	(28,068)	-	-	(35,280)	(28,068)
Judicial	(3,712)	(4,770)	-	-	(3,712)	(4,770)
Public safety	(108,791)	(132,444)	-	-	(108,791)	(132,444)
Transportation	(61,084)	(65,293)	-	-	(61,084)	(65,293)
Economic environment	(31,217)	(12,674)	-	-	(31,217)	(12,674)
Social services	(16,589)	(17,759)	-	-	(16,589)	(17,759)
Culture and recreation	(34,436)	(29,478)	-	-	(34,436)	(29,478)
Interest on long term debt	(8,416)	(9,644)	-	-	(8,416)	(9,644)
Water/Sewer	-	-	(136,049)	(136,020)	(136,049)	(136,020)
Solid Waste	-	-	(75,917)	(81,560)	(75,917)	(81,560)
Other business activities	-	-	(11,185)	(9,899)	(11,185)	(9,899)
<b>Total expenses</b>	<b>(299,524)</b>	<b>(300,129)</b>	<b>(223,151)</b>	<b>(227,479)</b>	<b>(522,675)</b>	<b>(527,607)</b>
<b>Excess (deficiency) of revenues over expenses before contributions &amp; transfers</b>	<b>89,312</b>	<b>26,117</b>	<b>46,324</b>	<b>30,817</b>	<b>135,636</b>	<b>56,934</b>

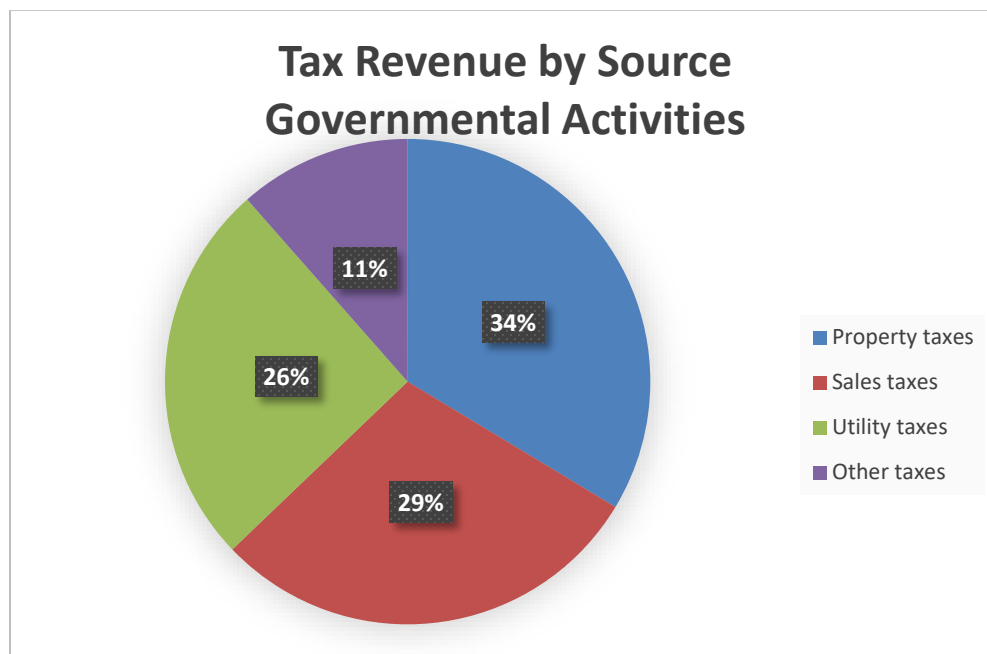
**Table continued from previous page**

Transfers	7,834	7,485	(7,834)	(7,485)	-	-
<b>Increase (decrease) in net position</b>	<b>97,146</b>	<b>33,602</b>	<b>38,490</b>	<b>23,332</b>	<b>135,636</b>	<b>56,934</b>
Prior period adjustment	(1,856)	(7,080)	(5,155)	(613)	(7,011)	(7,693)
Net Position-January 1	1,444,633	1,418,112	794,622	771,903	2,239,255	2,190,015
Net Position-December 31	1,539,924	1,444,633	827,957	794,622	2,367,880	2,239,255

## GOVERNMENTAL REVENUES

The City is heavily reliant on three types of taxes to support governmental operations—more than 67.8% of the governmental activities revenue is derived from taxes. Charges for services represented 20.3% of these revenues, grants and contributions represented 12.3% and interest earnings made up the remaining (.4%).

A breakdown of tax revenue is shown below.



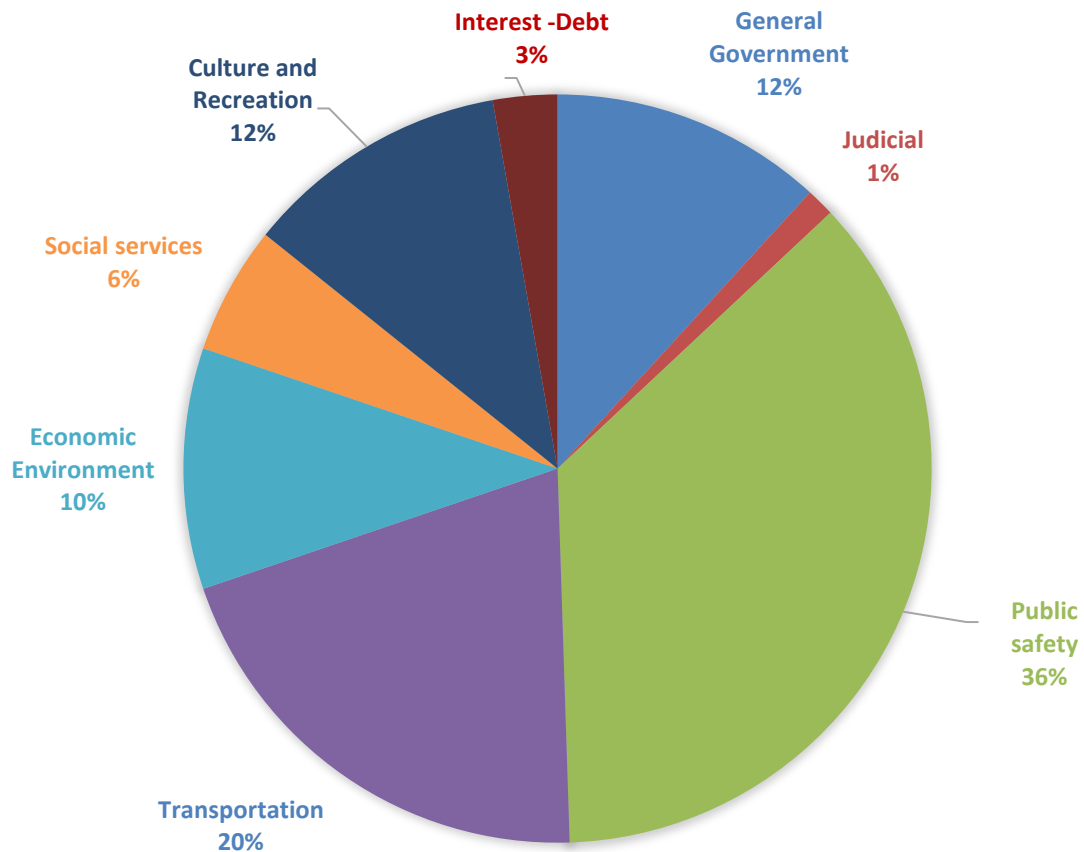
For governmental activities, program revenues cover approximately 43% of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues cover 57% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

## GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety continues to be a major priority of the City followed by transportation (streets) and culture and recreation (parks and libraries). At year-end, the allocation by program function is as follows:

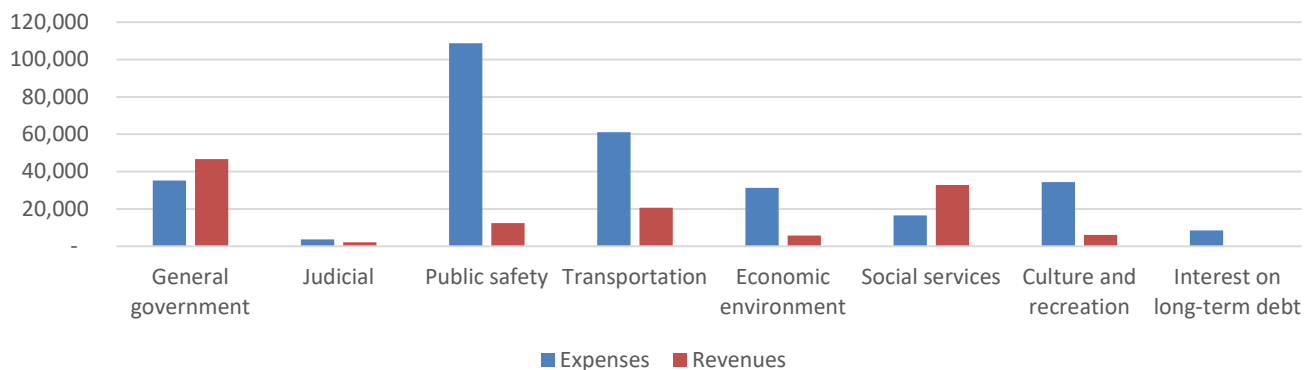


## EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



The following chart presents the revenues and expenses of each of the City's programs. This net cost illustrates the financial burden that is placed on the City's taxpayers by each of these functions.

## Program Revenues & Expenses: Governmental Activities



Program revenues fell short of program expenses in all functions, except Social Services in 2021. Program revenues have not covered program expenses in any year prior to 2019, as these expenditures by the city benefit all city residents and businesses.

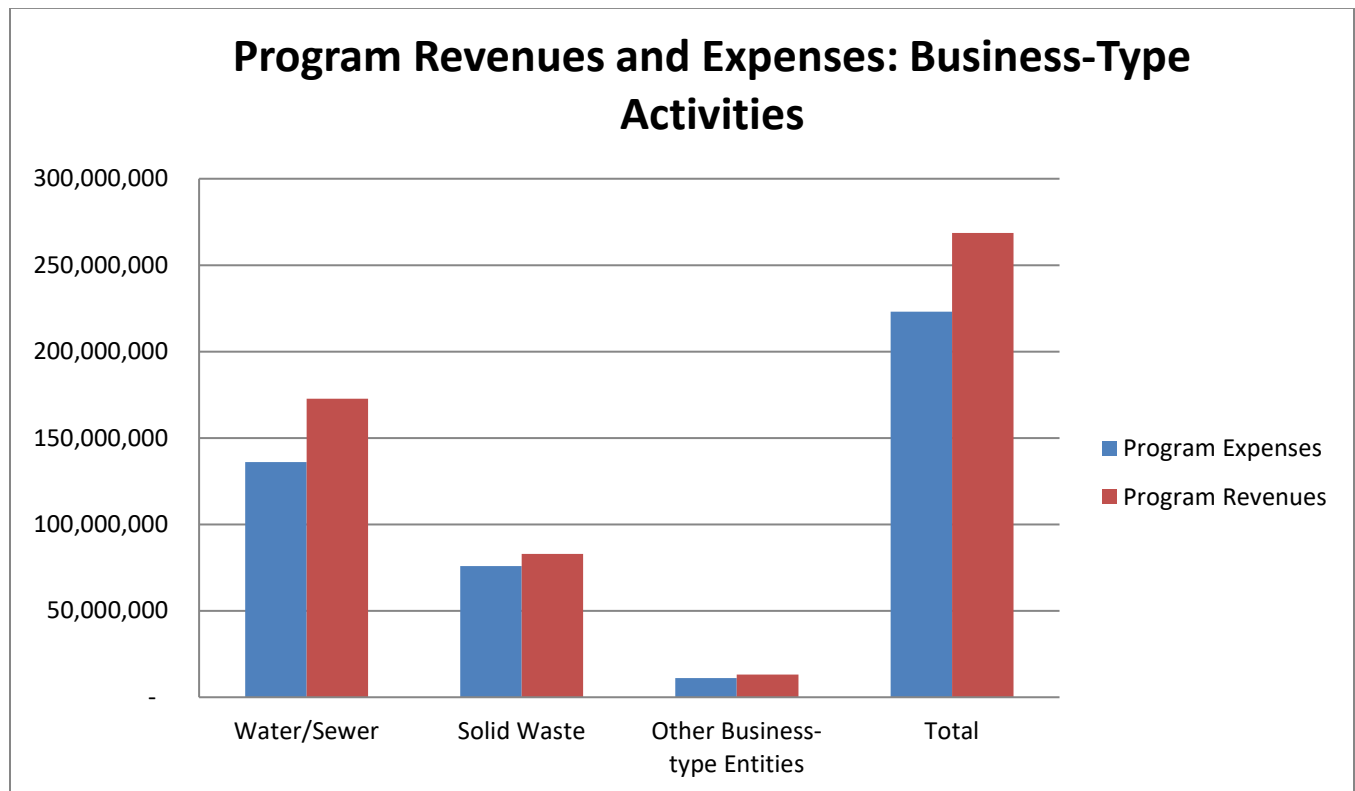
### **BUSINESS-TYPE ACTIVITIES Revenues vs. Costs**

For all enterprise funds, the City reports a current ratio of 21.1, which is a healthy ratio. The business-type activities report capitalized assets of \$1,001.4 billion, which provide a variety of services to the citizens of Spokane as well as some populations outside the City limits.

The business-type activities report \$75.3 million in unrestricted net position, which provide these funds with adequate resources to maintain service levels and invest in future infrastructure requirements.

The operating revenues for the City's business-type activities increased by \$17.7 million or an increase of 7.5% over the prior year while operating expenses increased by \$.7 million or .31% over 2020. As a result, net operating income was \$30.5 million compared to \$13.6 million in 2020.

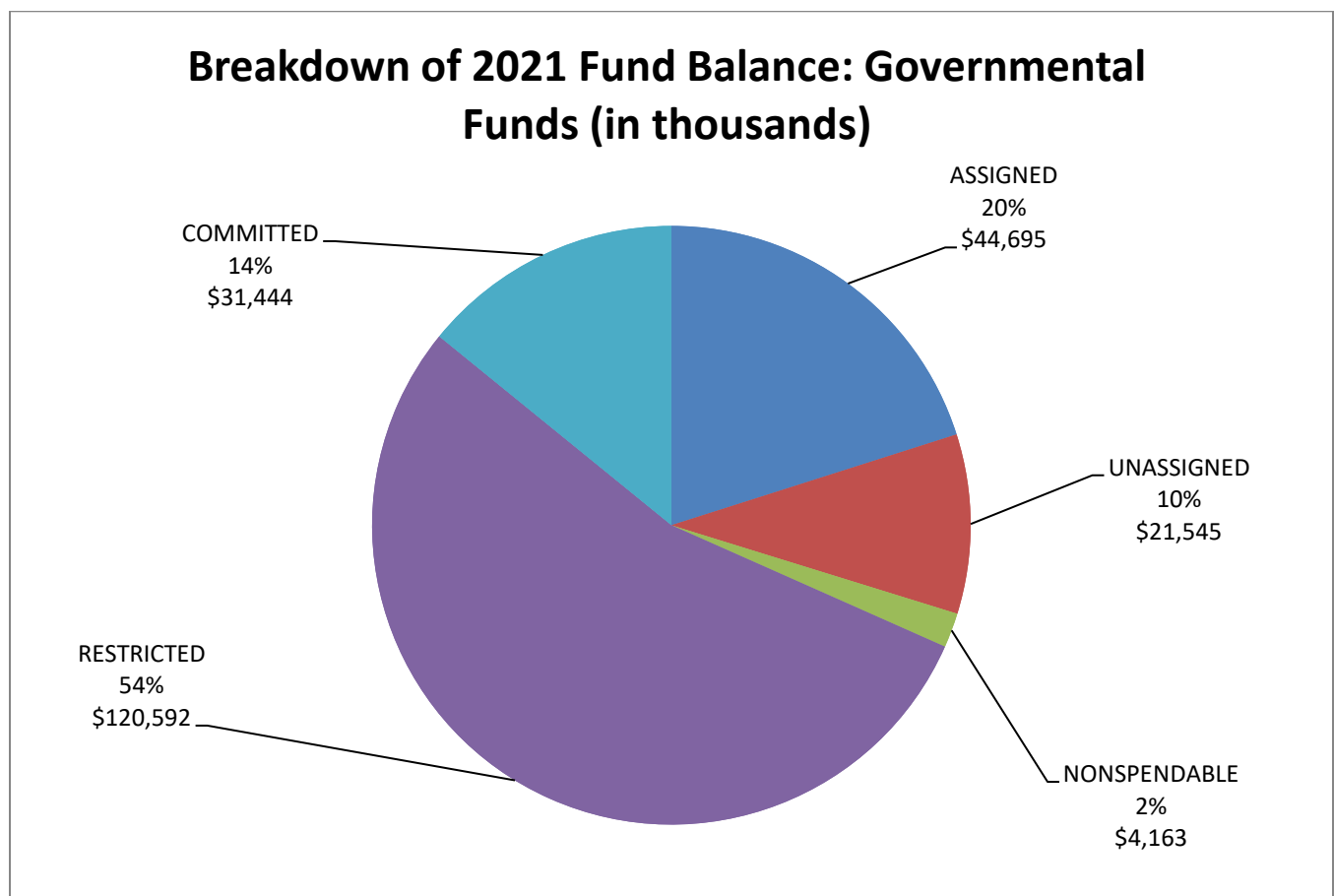
The chart below presents the revenues and expenses of each of the City's business-type activities. This net cost illustrates whether revenues are sufficient to meet current expenses.



## Financial Analysis of the City's Funds

### Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$222.4 million. Of this total, \$44.7 million is assigned and \$21.5 million is unassigned. This unassigned amount represents approximately 10% of the total fund balance, and this constitutes a fund balance that is accessible to meet the City's needs. The remainder of the governmental funds' fund balance includes \$4.2 million "not in spendable form" for items that are not expected to be converted to near-term cash such as internal loans; \$120.6 million restricted by external parties, including grantors and creditors, and \$31.4 million committed by the City's elected officials for specific purposes.



### Major Governmental Funds

The **General Fund** is the City's primary operating fund and the largest source of day-to-day service delivery. Pursuant to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has combined several special revenue funds with the general fund for financial reporting purposes. A schedule of the funds included in the General Fund information is included as a supplemental schedule. The fund balance of the General Fund decreased by \$ 4.2 million in 2021.

Committed, assigned and unassigned fund balance in the General Fund was \$53.4 million, which as a percentage of expenditures was 28.5% of annual operations, compared with 29.4% at the end of 2020. The General Fund reserves are still considered adequate, and provide the City's management with the ability to effectively manage the economic slowdown and budgetary challenges that are facing many businesses and governments at this time. During the strong economic years in the middle of the previous decade, the City's management and elected officials committed to building a robust reserve to ensure the long-term financial health of the General Fund, and the fund balance at the end of 2021 reflects the results of this commitment. The steps taken to achieve this result and how the reserve has been managed during the current economic situation are discussed in the *Budgetary Highlights* section of this analysis.

### ***The Proprietary Funds***

The City reports four primary enterprise funds, two of which are considered major funds. These two funds provide the utility services of water/sewer and solid waste to the citizens of Spokane. The City also maintains thirteen internal service funds.

The **Water/Sewer Fund** - The water/sewer fund reports net position of \$756.6 million, with a \$706.4 million net investment in capital assets (i.e., the book value of the capital assets less related debt). The current ratio for this fund is 4.1, which provides this fund with adequate resources to cover cash flow issues.

The water/sewer fund reported operating income of \$27.3 million. The City's management and elected officials are strategically balancing the amount of utility expenses that the citizens of Spokane can afford with the need to maintain service delivery, maintain and improve the utility's infrastructure, and provide for growth. Currently, this involves setting utility rate increases to be consistent with the consumer price index and aggressively managing operating expenses. The aggressive management of operating expenses allows for operating revenues to be directed towards investments in the utility's infrastructure. The sewer system is subject to regulatory requirements that will require significant capital improvements over the next several years. Part of the 2021 operating income will be directed towards those regulatory requirements in the coming years.

The **Solid Waste Fund** – The solid waste fund reports net position of \$41.4 million. The net investment in capital assets (i.e., the book value of the capital assets less related debt) is \$40.9 million with the remainder being unrestricted net position. The current ratio for this fund is 4.5, which provides this fund with adequate resources to cover cash flow requirements.

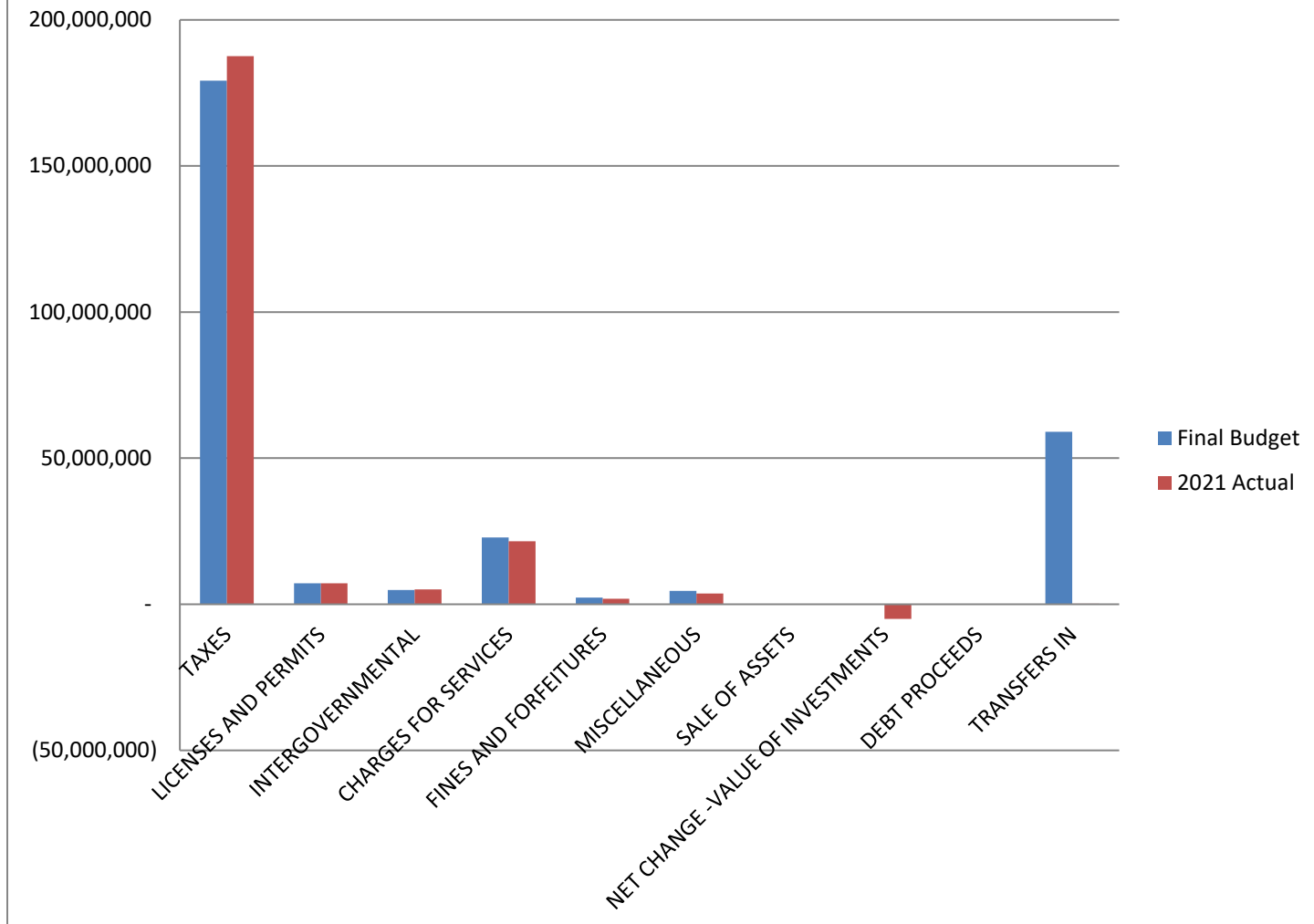
The solid waste fund reported an operating income for the first time in years of \$2.5 million.

### **Budgetary Highlights**

The **General Fund** – In 2021, the original General Fund Revenue budget (excluding transfers and other financing sources) was \$5.3 million less than the 2020 actual results. In addition, the 2021 original expenditure budget (excluding transfers and other financing uses) was \$3.7 million less than the 2020 actual results. There was a favorable budget variance in taxes, licenses and permits, and intergovernmental revenues supporting a stronger economy starting to recover from the COVID-19 pandemic.

For the past several years, the City has strived to develop a budget that limits expenditures to anticipated revenue for the current year. The City Council amended both the revenue and expenditure budgets during 2021; the amendments resulted in a 1% change between the original and final budget for revenues, and a 8% change for expenditures.

## General Fund 2021 Revenues Final Budget vs Actual

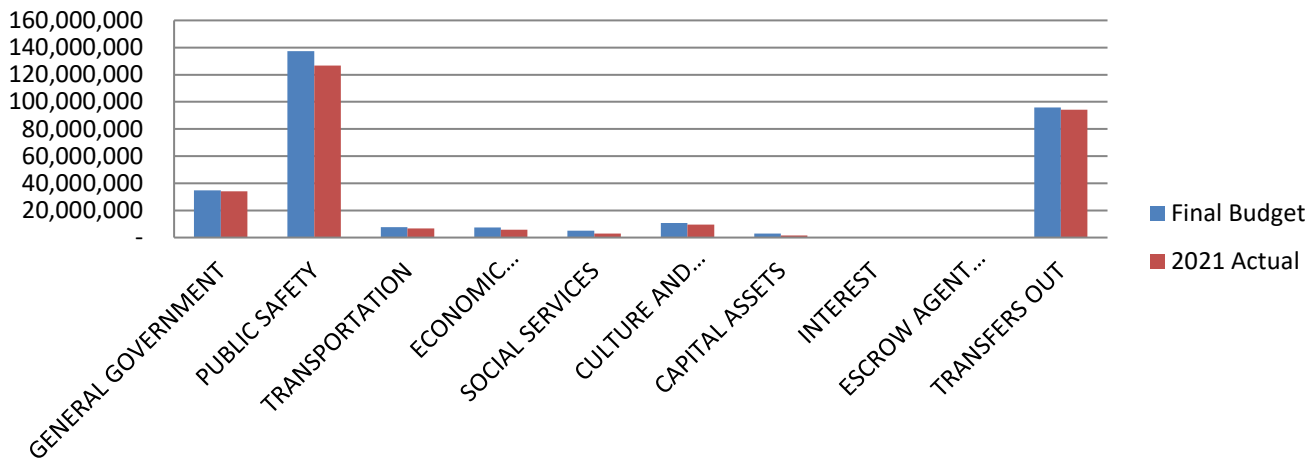


The actual revenues (including transfers in) were approximately \$3.8 million less than the actual expenditures (including transfers out), or 1.4% excess of expenditures over revenues.

Excluding the effects of transfers in/out and escrow payments, the City had positive expenditure variances of \$18.6 million between the final budget and the actual amounts in all categories except Interest, which realized a \$0.003 million unfavorable variance. Generally, the positive variances are related to reduced expenditures across most of the general fund, as the City's management and Council continue to recognize the effects of prior revenue shortfalls and have adjusted expenditures accordingly.

As indicated by the budgetary operating statement, the City staff considers the annual budget to be an extremely important document and attempts to include in the budget their best estimate of revenue and expenditures. The City is also utilizing longer term budgetary projections to help the management and City Council make strategically sound budget decisions.

## General Fund 2021 Expenses Final Budget vs Actual



### Capital Assets and Debt Administration

#### Capital assets

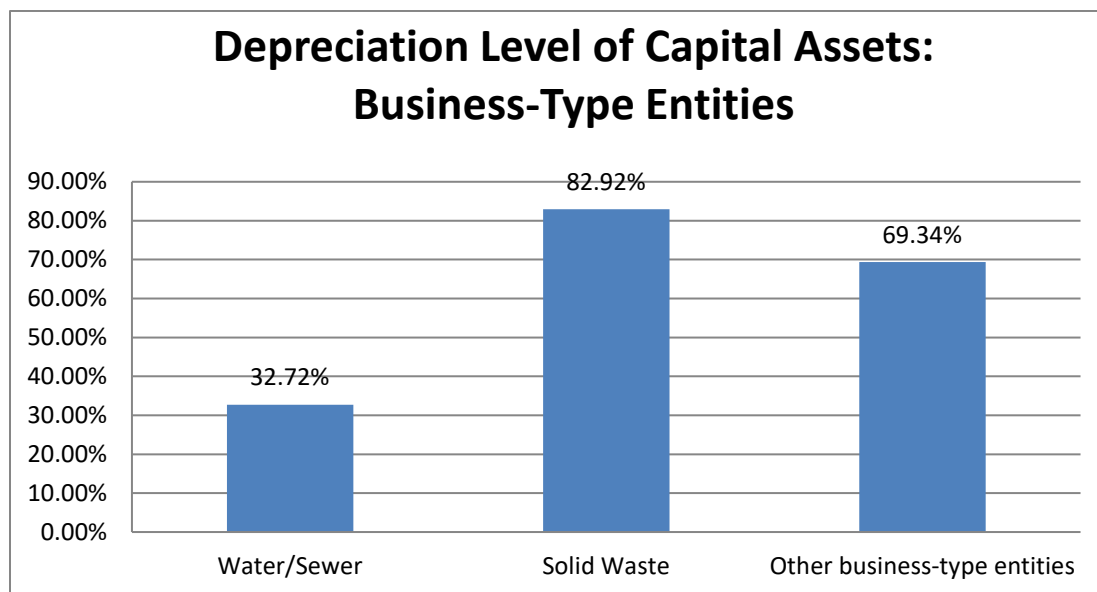
The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2021, was \$1,437.4 million and \$752.6 million, respectively. See Note 4 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

The following table provides a summary of capital assets.

	Governmental Activities		Business-Type Activities		Total	
Summary of Capital Assets (in thousands)	2021	2020	2021	2020	2021	2020
<b>NON-DEPRECIABLE ASSETS</b>						
Land	\$ 844,107	\$ 843,205	\$ 15,571	\$ 15,562	\$ 859,678	\$ 858,768
Construction in progress	67,290	65,768	21,173	184,954	88,463	250,722
<b>Total non-depreciable assets</b>	<b>911,397</b>	<b>908,973</b>	<b>36,743</b>	<b>200,516</b>	<b>948,141</b>	<b>1,109,489</b>
<b>DEPRECIABLE ASSETS</b>						
Buildings	147,127	118,617	540,646	376,182	687,772	494,799
Other improvements	129,827	115,092	120,381	116,886	250,208	231,978
Machinery and equipment	116,298	113,112	178,908	177,185	295,206	290,297
Infrastructure	1,168,386	1,150,218	800,215	773,536	1,968,601	1,923,754
Intangible assets	7,303	6,428	114	114	7,416	6,542
<b>Total depreciable assets</b>	<b>1,568,940</b>	<b>1,503,467</b>	<b>1,640,263</b>	<b>1,443,903</b>	<b>3,209,203</b>	<b>2,947,369</b>
<b>Total cost of capital assets</b>	<b>2,480,337</b>	<b>2,412,440</b>	<b>1,677,006</b>	<b>1,644,419</b>	<b>4,157,343</b>	<b>4,056,859</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>(830,165)</b>	<b>(791,722)</b>	<b>(675,574)</b>	<b>(632,630)</b>	<b>(1,505,739)</b>	<b>(1,424,352)</b>
<b>Total book value of capital assets</b>	<b>\$ 1,650,172</b>	<b>\$ 1,620,718</b>	<b>\$ 1,001,432</b>	<b>\$ 1,011,789</b>	<b>\$ 2,651,604</b>	<b>\$ 2,632,507</b>
<b>Percentage depreciated</b>	<b>53%</b>	<b>53%</b>	<b>41%</b>	<b>44%</b>	<b>47%</b>	<b>48%</b>

At December 31, 2021 and December 31, 2020, the depreciable capital assets for governmental activities were both 53%, respectively.

With the City's business-type activities, 41% of the asset values were depreciated at December 31, 2021 and 44% depreciated December 31, 2020, respectively. These percentages indicate that the City is maintaining and replacing their assets at a favorable rate. The percentage of depreciated assets for each of the three enterprise funds that report capital assets is as follows:



### ***Long-term debt***

At the end of the fiscal year, the City had long-term debt outstanding of \$486.7 million. Of this amount, \$219.4 million or 45.1% is backed by the full faith and credit of the City (general obligation bonds) with debt service fully funded by voter-approved property taxes or general government revenue. The other major component of \$248.8 million is supported by pledged revenues generated primarily by the business-type activities of the City (revenue bonds and loans from other governments).

	Governmental Activities		Business-Type Activities		Total	
Outstanding Borrowings	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 205,038,655	\$ 209,568,846	-	-	205,038,655	\$ 209,568,846
Deferred amounts	14,313,988	14,748,405	-	-	14,313,988	14,748,405
Direct borrowings	18,124,500	21,601,900	-	-	18,124,500	21,601,900
Capital leases	-	-	288,337	361,595	288,337	361,595
Revenue bonds	-	-	135,325,000	142,880,000	135,325,000	142,880,000
Deferred amounts	-	-	13,011,122	14,511,470	13,011,122	14,511,470
Other government/bank loans	376,471	489,388	100,197,823	105,248,527	100,574,294	105,737,916
Total	\$ 237,853,615	\$ 246,408,539	\$ 248,822,282	\$ 263,001,592	\$ 486,675,897	\$ 509,410,131

Long-term debt decreased by \$22.7 million during 2021, which was the result normal debt payments.

See Note 9 for additional information about the City's long-term debt.

### **Economic Conditions Affecting the City**

Since one of the primary revenue streams for the City is sales tax, the City's sales tax revenues are subject to changes in the economy. Sales taxes are an "elastic" revenue stream; tax collections are higher in a flourishing economy and are lower in a depressed economy. While enjoying a strong economy in the middle of the last decade, the City of Spokane for the last several years has been dealing with the slow recovery from the nation-wide economic downturn. The City's management and elected officials are responding to the economic conditions with a balanced approach including cutting expenses, encouraging new business activity by minimizing tax increases, and using reserve balances strategically.

### **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, please contact the City's Office of Finance, 808 West Spokane Falls Boulevard, Spokane, WA 99201.



**City of Spokane, Washington**  
**Statement of Net Position**  
**December 31, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 107,347,273	\$ 38,954,138	\$ 146,301,411
Equity in pooled investments	152,242,600	60,313,617	212,556,217
Receivables (net)	54,756,274	33,729,124	88,485,398
Internal balances	(29,729,711)	29,729,711	-
Inventories	3,264,913	6,406,795	9,671,708
Prepays	8,200	2,509	10,709
Net Pension Asset	174,325,293	-	174,325,293
Restricted Assets:			
Receivables, noncurrent	19,454,452	13,293	19,467,745
Equity in pooled investments, restricted	-	11,280,008	11,280,008
Capital Assets (Note 4):			
Non-depreciable assets	911,397,127	36,743,420	948,140,547
Depreciable assets, net of depreciation	738,774,977	964,688,763	1,703,463,740
Total capital assets, net of depreciation	1,650,172,104	1,001,432,183	2,651,604,287
Noncurrent equity in pooled investments, restricted	-	5,762,318	5,762,318
<b>Total Assets</b>	<b>2,131,841,398</b>	<b>1,187,623,696</b>	<b>3,319,465,094</b>
<b>DEFERRED OUTFLOWS</b>			
Pensions	29,955,694	11,769,814	41,725,508
Opeb	731,343	284,729	1,016,072
<b>Total deferred outflows</b>	<b>30,687,037</b>	<b>12,054,543</b>	<b>42,741,580</b>
<b>Total Assets Plus Deferred Outflows</b>	<b>2,162,528,435</b>	<b>1,199,678,239</b>	<b>3,362,206,674</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	14,900,450	5,400,060	20,300,510
Unearned revenue	-	25,466	25,466
Other liabilities, current	6,053,856	3,398,744	9,452,600
Long term liabilities (Note 9):			
Due within one year	29,563,703	17,725,529	47,289,232
Due within more than one year	442,524,942	319,812,760	762,337,702
<b>Total Liabilities</b>	<b>493,042,951</b>	<b>346,362,559</b>	<b>839,405,510</b>
<b>DEFERRED INFLOWS</b>			
Pensions	125,128,794	24,239,014	149,367,808
Sale of Future Revenue	13,872	204,520	218,392
Bond refundings	1,609,321	-	1,609,321
Opeb	2,809,981	915,299	3,725,280
<b>Total deferred inflows</b>	<b>129,561,968</b>	<b>25,358,833</b>	<b>154,920,801</b>
<b>Total Liabilities Plus Deferred Inflows</b>	<b>622,604,919</b>	<b>371,721,392</b>	<b>994,326,311</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,437,363,776	752,609,900	2,189,973,676
Restricted for:			
Capital projects	53,766,989	-	53,766,989
Debt service	8,946,562	-	8,946,562
Grants/other	27,065,543	-	27,065,543
Impact Fees	28,338	-	28,338
Police and firefighters' pension	1,935,045	-	1,935,045
Public Safety & Crime Reduction	3,790,961	-	3,790,961
Other	4,910,167	-	4,910,167
Unrestricted	2,116,135	75,346,947	77,463,082
<b>Total Net Position</b>	<b>\$ 1,539,923,516</b>	<b>\$ 827,956,847</b>	<b>\$ 2,367,880,363</b>

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

City of Spokane, Washington  
Statement of Activities  
For the Fiscal Period Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 35,279,762	\$ 7,825,781	\$ 38,833,417	\$ 5,470	\$ 11,384,906	\$ -	\$ 11,384,906
Judicial	3,712,298	2,091,773	96,975	-	(1,523,550)	-	(1,523,550)
Public safety	108,790,724	10,172,031	2,126,652	161,622	(96,330,419)	-	(96,330,419)
Transportation	61,083,837	12,140,958	5,612	8,577,684	(40,359,583)	-	(40,359,583)
Economic environment	31,216,650	160,913	5,634,618	-	(25,421,119)	-	(25,421,119)
Social services	16,588,506	2,310,432	30,516,764	-	16,238,690	-	16,238,690
Culture and recreation	34,436,248	5,542,085	37,336	476,970	(28,379,857)	-	(28,379,857)
Interest on long-term debt	8,416,391	-	-	-	(8,416,391)	-	(8,416,391)
<b>Total governmental activities</b>	<b>299,524,416</b>	<b>40,243,973</b>	<b>77,251,374</b>	<b>9,221,746</b>	<b>(172,807,323)</b>	<b>-</b>	<b>(172,807,323)</b>
<b>Business-Type Activities:</b>							
Water/Sewer	136,048,818	170,999,619	12,594	1,755,936	-	36,719,331	36,719,331
Solid Waste	75,917,386	82,852,954	4,101	-	-	6,939,669	6,939,669
Other business-type activities	11,184,530	13,040,240	1,000	-	-	1,856,710	1,856,710
<b>Total business-type activities</b>	<b>223,150,734</b>	<b>266,892,813</b>	<b>17,695</b>	<b>1,755,936</b>	<b>-</b>	<b>45,515,710</b>	<b>45,515,710</b>
<b>Total government</b>	<b>\$ 522,675,150</b>	<b>\$ 307,136,786</b>	<b>\$ 77,269,069</b>	<b>\$ 10,977,682</b>	<b>(172,807,323)</b>	<b>45,515,710</b>	<b>(127,291,613)</b>
<b>General revenues:</b>							
Property taxes					88,671,058	-	88,671,058
Sales taxes					76,996,501	-	76,996,501
Utility taxes					67,637,428	-	67,637,428
Other taxes					30,298,504	-	30,298,504
Investment earnings					(1,484,309)	808,250	(676,059)
Transfers					7,833,716	(7,833,716)	-
<b>Total general revenues and transfers</b>					<b>269,952,898</b>	<b>(7,025,466)</b>	<b>262,927,432</b>
<b>Change in Net Position</b>					<b>97,145,575</b>	<b>38,490,244</b>	<b>135,635,819</b>
<b>Net Position - beginning</b>					<b>1,444,633,494</b>	<b>794,621,650</b>	<b>2,239,255,144</b>
Prior period adjustment					<b>(1,855,553)</b>	<b>(5,155,047)</b>	<b>(7,010,600)</b>
<b>Net Position - beginning (restated)</b>					<b>1,442,777,941</b>	<b>789,466,603</b>	<b>2,232,244,544</b>
<b>Net Position - ending</b>					<b>\$ 1,539,923,516</b>	<b>\$ 827,956,847</b>	<b>\$ 2,367,880,363</b>

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

**City of Spokane, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2021**

	General Fund	American Recovery Plan	2018 UTGO Library Capital Bond
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,750,817	\$ -	\$ 2,128,444
Deposits with fiscal agents/trustees	10,226	-	-
Equity in pooled investments	15,076,023	32,952,912	25,266,304
Taxes receivable	16,354,885	-	-
Special assessment receivable	-	-	-
Accounts receivable	3,161,716	-	-
Interest receivable	491,245	-	138,365
Due from other funds	7,553,651	-	-
Interfund loan receivable	9,898,153	1,084,990	593,133
Due from other governments	464,405	-	-
Advances to other funds	2,709,141	4,531,049	2,476,994
Inventories	-	-	-
Prepays	7,000	-	-
Notes/contract receivable (non-current)	92,916	-	-
<b>Total Assets</b>	<b>67,570,178</b>	<b>38,568,951</b>	<b>30,603,240</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets Plus Deferred Outflows of Resources</b>	<b>\$ 67,570,178</b>	<b>\$ 38,568,951</b>	<b>\$ 30,603,240</b>
<b>LIABILITIES</b>			
Accounts/vouchers payable	\$ 3,907,052	\$ -	\$ 1,075,435
Due to other funds	1,084,023	-	139
Due to other governments	1,134,158	-	-
Interfund loan payable	-	-	-
Other accrued liabilities	2,974,265	-	-
Other current liabilities	575,832	-	-
<b>Total Liabilities</b>	<b>9,675,330</b>	<b>-</b>	<b>1,075,574</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	1,514,696	-	-
Unavailable Revenues Special Assessments	-	-	-
Unavailable Revenues Impact Fees	-	-	-
Unavailable Revenues Grants	-	38,495,972	-
Revenues not available	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,514,696</b>	<b>38,495,972</b>	<b>-</b>
<b>Total Liabilities Plus Deferred Inflows of Resources</b>	<b>11,190,026</b>	<b>38,495,972</b>	<b>1,075,574</b>
<b>Fund Balance</b>			
Nonspendable	2,716,141	-	-
Restricted - capital projects	-	-	29,527,666
Restricted - police & firefighters' pension	-	-	-
Restricted- public safety & crime reduction	-	-	-
Restricted - grants	304,729	72,979	-
Restricted - impact fees	-	-	-
Restricted - debt service	-	-	-
Restricted - Other	-	-	-
Committed	-	-	-
Assigned	30,365,811	-	-
Unassigned	22,993,471	-	-
<b>Total Fund Balance</b>	<b>56,380,152</b>	<b>72,979</b>	<b>29,527,666</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 67,570,178</b>	<b>\$ 38,568,951</b>	<b>\$ 30,603,240</b>

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

**City of Spokane, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2021**

	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 63,104,002	\$ 76,983,263
Deposits with fiscal agents/trustees	101,299	111,525
Equity in pooled investments	38,041,594	111,336,833
Taxes receivable	7,531,901	23,886,786
Special assessment receivable	408,986	408,986
Accounts receivable	7,331,646	10,493,362
Interest receivable	50,963	680,573
Due from other funds	11,068,360	18,622,011
Interfund loan receivable	1,299,249	12,875,525
Due from other governments	12,286,011	12,750,416
Advances to other funds	5,425,811	15,142,995
Inventories	1,445,915	1,445,915
Prepays	1,200	8,200
Notes/contract receivable (non-current)	19,361,536	19,454,452
<b>Total Assets</b>	<u>167,458,473</u>	<u>304,200,842</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>
<b>Total Assets Plus Deferred Outflows of Resources</b>	<u>\$ 167,458,473</u>	<u>\$ 304,200,842</u>
<b>LIABILITIES</b>		
Accounts/vouchers payable	\$ 4,429,358	\$ 9,411,845
Due to other funds	11,053,105	12,137,267
Due to other governments	26,765	1,160,923
Interfund loan payable	9,249,430	9,249,430
Other accrued liabilities	559,767	3,534,032
Other current liabilities	1,105,339	1,681,171
<b>Total Liabilities</b>	<u>26,423,764</u>	<u>37,174,668</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes	578,865	2,093,561
Unavailable Revenues Special Assessments	408,986	408,986
Unavailable Revenues Impact Fees	2,327,888	2,327,888
Unavailable Revenues Grants	802,827	39,298,799
Revenues not available	457,192	457,192
<b>Total Deferred Inflows of Resources</b>	<u>4,575,758</u>	<u>44,586,426</u>
<b>Total Liabilities Plus Deferred Inflows of Resources</b>	<u>30,999,522</u>	<u>81,761,094</u>
<b>Fund Balance</b>		
Nonspendable	1,447,115	4,163,256
Restricted - capital projects	44,387,458	73,915,124
Restricted - police & firefighters' pension	1,935,045	1,935,045
Restricted- public safety & crime reduction	3,790,961	3,790,961
Restricted - grants	26,687,753	27,065,461
Restricted - impact fees	28,338	28,338
Restricted - debt service	8,946,562	8,946,562
Restricted - Other	4,910,167	4,910,167
Committed	31,444,405	31,444,405
Assigned	14,329,530	44,695,341
Unassigned	(1,448,383)	21,545,088
<b>Total Fund Balance</b>	<u>136,458,951</u>	<u>222,439,748</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 167,458,473</u>	<u>\$ 304,200,842</u>

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

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

<b>Total Fund Balance of Governmental Funds</b>	<b>\$</b>	<b>222,439,748</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Non-depreciable assets	902,988,815	
Depreciable assets	1,452,243,327	
Less: Accumulated depreciation	<u>(767,120,876)</u>	
Total capital assets		1,588,111,266
Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resources and therefore is not reported in the funds.		
		174,325,293
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the funds.		
Pensions	26,267,544	
Opeb	662,477	26,930,021
Deferred inflows of resources represent an acquisition of fund equity that will be reported as an inflow of resources in a future period and therefore are not reported in the funds.		
Property Taxes	7,929,357	
Special Assessments	408,986	
Impact Fees	2,327,888	
Grants	39,298,799	
Revenues Collected for future sales	457,192	
Refunding debt	(1,609,321)	
Opeb	(2,588,604)	
Pensions	<u>(117,533,333)</u>	(71,309,036)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		28,416,118
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Bonds payable	(205,038,655)	
Notes from Direct Borrowings	(18,124,500)	
Deferred amounts on bond issuance	(14,313,989)	
Due to other governments	(376,471)	
Revitalization Areas	(2,202,182)	
Pollution Remediation	(1,620,000)	
OPEB (other postemployment benefits) liability	(88,006,829)	
Net pension obligation	(80,956,550)	
Accrued interest on bonds	(591,601)	
Compensated absences	<u>(17,759,117)</u>	
Total long term liabilities		<u>(428,989,894)</u>
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,539,923,516</u></b>

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

**City of Spokane, Washington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2021**

	General Fund	American Recovery Plan	2018 UTGO Library Capital Bond
<b>REVENUES</b>			
Taxes	\$ 187,614,232	\$ -	\$ -
Licenses and permits	7,165,988	-	-
Intergovernmental	5,106,848	1,999,580	-
Charges for services	21,615,809	-	-
Fines and forfeitures	1,891,820	-	-
Miscellaneous	3,728,314	232,979	480,481
Net inc(dec) in market value of investments	(4,961,486)	-	(1,093,541)
<b>Total Revenues</b>	<b>222,161,525</b>	<b>2,232,559</b>	<b>(613,060)</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	34,045,961	-	-
Public safety	126,743,053	1,779,580	-
Transportation	6,667,869	-	-
Economic environment	5,866,753	-	-
Social services	2,881,444	-	-
Culture and recreation	9,650,013	-	-
<b>Capital outlays</b>	<b>1,566,236</b>	<b>-</b>	<b>36,427,939</b>
<b>Debt service:</b>			
Principal	-	-	-
Interest	2,522	-	-
<b>Total Expenditures</b>	<b>187,423,851</b>	<b>1,779,580</b>	<b>36,427,939</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>34,737,674</b>	<b>452,979</b>	<b>(37,040,999)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	118,519	-	-
Transfers in	151,156	-	-
Transfers out	(38,797,472)	(380,000)	(260,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(38,527,797)</b>	<b>(380,000)</b>	<b>(260,000)</b>
<b>Net change in fund balance</b>	<b>(3,790,123)</b>	<b>72,979</b>	<b>(37,300,999)</b>
<b>Fund Balance - beginning</b>	<b>60,170,275</b>	<b>-</b>	<b>66,828,665</b>
Prior Period Adjustment	-	-	-
<b>Fund balance - ending</b>	<b>\$ 56,380,152</b>	<b>\$ 72,979</b>	<b>\$ 29,527,666</b>

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

**City of Spokane, Washington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2021**

	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>		
Taxes	\$ 63,427,967	\$ 251,042,199
Licenses and permits	866,629	8,032,617
Intergovernmental	53,561,894	60,668,322
Charges for services	13,582,069	35,197,878
Fines and forfeitures	7,087,151	8,978,971
Miscellaneous	6,518,578	10,960,352
Net inc(dec) in market value of investments	(229,033)	(6,284,060)
<b>Total Revenues</b>	<u>144,815,255</u>	<u>368,596,279</u>
<b>EXPENDITURES</b>		
<b>Current:</b>		
General government	6,099,841	40,145,802
Public safety	18,571,534	147,094,167
Transportation	32,797,020	39,464,889
Economic environment	25,917,104	31,783,857
Social services	14,628,931	17,510,375
Culture and recreation	18,325,581	27,975,594
<b>Capital outlays</b>	25,700,904	63,695,079
<b>Debt service:</b>		
Principal	8,438,712	8,438,712
Interest	8,433,781	8,436,303
<b>Total Expenditures</b>	<u>158,913,408</u>	<u>384,544,778</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(14,098,153)</u>	<u>(15,948,499)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of capital assets	24,577	143,096
Transfers in	51,181,975	51,333,131
Transfers out	(11,967,396)	(51,404,868)
<b>Total Other Financing Sources (Uses)</b>	<u>39,239,156</u>	<u>71,359</u>
<b>Net change in fund balance</b>	25,141,003	(15,877,140)
<b>Fund Balance - beginning</b>	111,317,948	238,316,888
Prior Period Adjustment	-	-
<b>Fund balance - ending</b>	<u><u>\$ 136,458,951</u></u>	<u><u>\$ 222,439,748</u></u>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Fiscal year Ended December 31, 2021

**Change in fund balance - governmental funds** **\$ (15,877,140)**  
Amounts reported for governmental activities in the Statement of Net Position 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 and reported as depreciation expense. In the current period, capital outlays did not exceed depreciation expense:

Capital outlays	68,815,707	
Depreciation expense	(36,240,504)	
		32,575,203

In the Statement of Activities, only the loss on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in fund balance differs from the change in net position by the cost of capital assets sold.

Capital assets sold	(7,038,148)	
Less accumulated depreciation	5,658,403	
		(1,379,745)

Some revenues in the governmental funds that were not available until the current year were reported in prior years in the Statement of Activities.

Some revenues in the governmental funds that were earned in the current year but are unavailable should be reported in the current year Statement of Activities.	40,036,798
--	------------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount payments exceeded proceeds:

Issuance of debt with refunding	-	
Principal repayments - general obligation debt	4,530,191	
Principal repayments - direct borrowing	3,477,400	
Principal repayments - due to other governments	112,917	
Principal repayments - Revitalization Areas	318,204	8,438,712

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 the governmental funds.

(Increase) decrease in OPEB Expense	4,211,877	
(Increase) decrease in compensated absences	(1,362,177)	
(Increase) decrease in deferred amounts on existing bond issuance	434,416	
(Increase) decrease in accrued interest	19,912	
(Increase) decrease in Pension Expense	39,478,633	
(Increase) decrease in refunding amortization	365,949	43,148,610

Internal service funds are used by management to charge the costs of certain activities such as fleet management and insurance to individual funds. The net gain of internal service funds is reported with governmental activities.

(9,796,863)

<b>Change in net position of governmental activities</b>	<b>\$ 97,145,575</b>
--	----------------------

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



**City of Spokane, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2021**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities Internal Service</b>
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 28,578,721	\$ 3,761,230	\$ 6,563,272	\$ 38,903,223	\$ 28,443,284
Deposits with fiscal agents	50,915	-	-	50,915	1,809,201
Equity in pooled investments	41,398,763	15,223,613	3,691,241	60,313,617	40,905,767
Taxes Receivable	-	-	-	-	-
Liens Receivable	-	-	518,890	518,890	-
Accounts receivable	18,824,048	9,717,628	199,154	28,740,830	318,620
Interest receivable	64,011	22,263	2,943	89,217	40,963
Due from other funds	660,351	392,294	203,052	1,255,697	2,744,218
Interfund loan receivable	1,657,373	744,098	116,595	2,518,066	1,325,991
Due from other governments	4,334,125	44,658	1,404	4,380,187	160,285
Inventories	3,864,272	2,446,569	95,954	6,406,795	1,818,998
Prepayments	-	2,509	-	2,509	180,487
Equity in pooled investments, restricted	9,581,989	1,698,019	-	11,280,008	-
Total current assets	109,014,568	34,052,881	11,392,505	154,459,954	77,747,814
<b>Noncurrent assets:</b>					
Non depreciable capital assets:					
Land	12,495,858	1,777,194	1,297,730	15,570,782	6,742,065
Construction in progress	19,734,277	1,438,361	-	21,172,638	1,666,247
Depreciable capital assets:					
Property, plant, and equipment	586,844,134	236,286,703	16,803,329	839,934,166	99,120,887
Infrastructure	800,214,827	-	-	800,214,827	10,285,361
Capitalized software	-	-	-	-	7,290,342
Intangible assets	113,766	-	-	113,766	-
Less accumulated depreciation	(464,438,245)	(198,584,618)	(12,551,133)	(675,573,996)	(63,044,063)
Total capital assets	954,964,617	40,917,640	5,549,926	1,001,432,183	62,060,839
<b>Other noncurrent assets</b>					
Noncurrent equity in pooled investments restricted	-	5,762,318	-	5,762,318	-
Other noncurrent assets	-	13,293	-	13,293	-
Advances to other funds	6,921,390	3,107,440	486,913	10,515,743	5,537,496
Total noncurrent assets	961,886,007	49,800,691	6,036,839	1,017,723,537	67,598,335
<b>Total assets</b>	<b>1,070,900,575</b>	<b>83,853,572</b>	<b>17,429,344</b>	<b>1,172,183,491</b>	<b>145,346,149</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	6,813,423	3,712,926	1,243,465	11,769,814	3,688,150
Opneb Outflows	179,597	83,463	21,669	284,729	68,866
<b>Total deferred outflows of resources</b>	<b>6,993,020</b>	<b>3,796,389</b>	<b>1,265,134</b>	<b>12,054,543</b>	<b>3,757,016</b>
<b>Total assets plus deferred outflows of resources</b>	<b>1,077,893,595</b>	<b>87,649,961</b>	<b>18,694,478</b>	<b>1,184,238,034</b>	<b>149,103,165</b>

**City of Spokane, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2021**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities Internal Service</b>
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	2,468,584	2,512,427	419,051	5,400,062	3,735,967
Claims and judgments payable	-	-	-	-	18,055,637
Compensated absences	253,789	56,520	68,154	378,463	123,626
Capital lease payable	-	-	68,466	68,466	-
Due to other funds	5,986,306	2,265,658	152,547	8,404,511	2,080,148
Interfund loan payable	-	-	236,461	236,461	38,429,923
Due to other governments	5,712,189	-	-	5,712,189	110
Revenue bonds payable	9,581,989	-	-	9,581,989	-
Total opeb liability	54,899	25,516	6,612	87,027	21,065
Accrued landfill postclosure liability	-	1,897,396	-	1,897,396	-
Accrued interest	555,692	-	160	555,852	30,488
Other accrued liabilities	803,667	473,285	169,280	1,446,232	368,675
Other current liabilities	886,293	308,089	202,277	1,396,659	439,490
Total current liabilities	26,303,408	7,538,891	1,323,008	35,165,307	63,285,129
<b>Noncurrent Liabilities:</b>					
Revenue bonds payable	138,754,133	-	-	138,754,133	-
Due to other government units	94,485,635	-	-	94,485,635	-
Compensated absences	4,112,625	2,144,595	702,608	6,959,828	2,466,945
Noncurrent capital lease payable	-	-	219,871	219,871	-
Net pension liability	41,313,185	22,513,321	7,539,746	71,366,252	22,363,102
Noncurrent total opeb liability	1,720,040	799,433	207,182	2,726,655	659,979
Noncurrent accrued landfill postclosure liability	-	5,300,386	-	5,300,386	-
Total noncurrent liabilities	280,385,618	30,757,735	8,669,407	319,812,760	25,490,026
<b>Total Liabilities</b>	<b>306,689,026</b>	<b>38,296,626</b>	<b>9,992,415</b>	<b>354,978,067</b>	<b>88,775,155</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	14,031,715	7,646,480	2,560,819	24,239,014	7,595,461
Opeb	577,338	268,303	69,658	915,299	221,377
Sale of Future Revenue	25,466	-	204,520	229,986	13,872
<b>Total deferred inflows of resources</b>	<b>14,634,519</b>	<b>7,914,783</b>	<b>2,834,997</b>	<b>25,384,299</b>	<b>7,830,710</b>
<b>Total liabilities plus deferred inflows of resources</b>	<b>321,323,545</b>	<b>46,211,409</b>	<b>12,827,412</b>	<b>380,362,366</b>	<b>96,605,865</b>
<b>NET POSITION</b>					
Net investments in capital assets	706,430,672	40,917,640	5,261,588	752,609,900	62,060,839
Restricted for unspent bond proceeds	-	-	-	-	-
Unrestricted	50,139,378	520,912	605,478	51,265,768	(9,563,539)
<b>Total Net Position</b>	<b>\$ 756,570,050</b>	<b>\$ 41,438,552</b>	<b>\$ 5,867,066</b>	<b>803,875,668</b>	<b>\$ 52,497,300</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				24,081,179	
Net position of business-type activities				<u>\$ 827,956,847</u>	

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

**City of Spokane, Washington**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended December 31, 2021**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>					
Charges for goods and services	\$ 161,812,665	\$ 80,264,822	\$ 12,657,407	\$ 254,734,894	\$ 92,064,381
Total operating revenues	161,812,665	80,264,822	12,657,407	254,734,894	92,064,381
<b>OPERATING EXPENSES</b>					
Salaries and wages	26,608,247	14,359,321	5,850,414	46,817,982	15,672,723
Personnel benefits	8,518,732	4,864,373	1,914,695	15,297,800	5,266,706
Supplies	6,999,302	4,710,998	418,111	12,128,411	9,175,219
Other services and charges	62,127,954	44,007,326	3,395,883	109,531,163	17,061,439
Depreciation/amortization	29,611,916	9,165,231	385,126	39,162,273	7,331,064
Risk transfer payments	633,662	614,897	-	1,248,559	11,984,676
Claims processing	-	-	-	-	2,849,953
Payments to claimants and beneficiaries	-	-	-	-	37,439,583
Total operating expenses	134,499,813	77,722,146	11,964,229	224,186,188	106,781,363
Operating Income (Loss)	27,312,852	2,542,676	693,178	30,548,706	(14,716,982)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	520,287	249,218	38,745	808,250	454,770
Gain (loss) on disposition of capital assets	(20,409)	36,936	675	17,202	79,509
Interest expense	(6,500,213)	-	(2,200)	(6,502,413)	(352,286)
Other nonoperating revenue	1,920,467	2,717,233	892,926	5,530,626	3,056,020
Total nonoperating revenues (expenses)	(4,079,868)	3,003,387	930,146	(146,335)	3,238,013
Income (loss) before capital contributions and transfers	23,232,984	5,546,063	1,623,324	30,402,371	(11,478,969)
Capital contributions	10,822,378	-	-	10,822,378	343,624
Transfers in	731,408	50,000	53,794	835,202	10,523,106
Transfers out	(7,131,643)	(1,455,408)	(81,867)	(8,668,918)	(4,085,413)
Total contributions and transfers	4,422,143	(1,405,408)	(28,073)	2,988,662	6,781,317
Change in Net Position	27,655,127	4,140,655	1,595,251	33,391,033	(4,697,652)
<b>Net Position - beginning</b>	734,019,315	37,317,161	4,303,206	775,639,682	57,460,733
Prior Period Adjustment	(5,104,392)	(19,264)	(31,391)	(5,155,047)	(265,781)
<b>Net Position - beginning (restated)</b>	728,914,923	37,297,897	4,271,815		57,194,952
<b>Net Position - ending</b>	<u>\$ 756,570,050</u>	<u>\$ 41,438,552</u>	<u>\$ 5,867,066</u>		<u>\$ 52,497,300</u>
			Change in Net Position	33,391,033	
			Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	5,099,211	
			Change in net position of business-type activities	<u>\$ 38,490,244</u>	

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

**City of Spokane, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended December 31, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 160,127,264	\$ 78,713,275	\$ 12,709,561	\$ 251,550,100	\$ 93,392,205
Payments to suppliers for services	(72,477,830)	(55,665,973)	(3,521,603)	(131,665,406)	(75,333,905)
Payments to employees	(38,173,449)	(21,224,093)	(7,267,285)	(66,664,827)	(21,246,034)
Other receipts (payments)	-	-	-	-	(25,502)
Net cash provided (used) by operating activities	49,475,985	1,823,209	1,920,673	53,219,867	(3,213,236)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental sources	18,394	4,101	825	23,320	101,693
Other nonoperating sources	151,937	2,719,332	891,926	3,763,195	3,255,980
Transfers in (out)	(5,080,055)	(1,405,408)	(28,073)	(6,513,536)	9,000
Net cash provided (used) by noncapital financing activities	(4,909,724)	1,318,025	864,678	(2,727,021)	3,366,673
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Proceeds from disposal of capital assets	112,471	235,391	675	348,537	338,845
Proceeds from loans, notes, and lease purchase payable	372,196	-	-	372,196	5,700,000
Capital grants and contributions received	8,618,366	-	-	8,618,366	-
Acquisition and construction of capital assets	(27,135,649)	(1,849,072)	(370,665)	(29,355,386)	(8,169,900)
Principal paid on intergovernmental loans	(5,766,769)	-	-	(5,766,769)	-
Principal paid on revenue bonds	(7,555,000)	-	-	(7,555,000)	-
Principal paid on capital leases	-	-	(130,362)	(130,362)	-
Principal paid on interfund loans	-	-	(51,560)	(51,560)	(8,745,704)
Interest paid on interfund loans	-	-	(2,234)	(2,234)	(349,574)
Interest paid on revenue bonds	(2,043,250)	-	-	(2,043,250)	-
Interest paid on intergovernmental loans	(5,992,528)	-	-	(5,992,528)	-
Transfers in (out)	2,447,261	-	-	2,447,261	6,428,693
Net cash provided (used) by capital and related financing activities	(36,942,902)	(1,613,681)	(554,146)	(39,110,729)	(4,797,640)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(15,096,753)	(3,749,218)	(38,745)	(18,884,716)	(1,474,824)
Proceeds from sales and maturities of investments	22,320,875	3,342,949	1,704,105	27,367,929	14,215,485
Interest received	520,287	249,218	38,745	808,250	454,770
Net cash provided (used) by investing activities	7,744,409	(157,051)	1,704,105	9,291,463	13,195,431
Net increase (decrease) in cash and cash equivalents	15,367,768	1,370,502	3,935,310	20,673,580	8,551,228
Cash and cash equivalents - January 1	13,210,953	2,390,728	2,627,962	18,229,643	19,892,056
Cash and cash equivalents - December 31	\$ 28,578,721	\$ 3,761,230	\$ 6,563,272	\$ 38,903,223	\$ 28,443,284
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 27,312,852	\$ 2,542,676	\$ 693,178	\$ 30,548,706	\$ (14,716,982)
<b>Adjustments to Reconcile Operating Income</b>					
Depreciation & amortization	29,611,916	9,165,231	385,126	39,162,273	7,331,064
Prior period adjustment	-	-	-	-	(25,502)
Other Expenses	-	-	-	-	-
<b>Change in Assets: Decrease (Increase)</b>					
Receivables, net of allowance	(1,685,401)	(1,551,547)	68,944	(3,168,004)	661,941
Deposits with fiscal agents	-	-	-	-	(4,844)
Inventories	(305,528)	(124,151)	(25,996)	(455,675)	(29,308)
Prepayments	-	700	-	700	70,635
<b>Change in Deferred Outflows : Decrease (Increase)</b>	2,388,850	1,369,222	280,237	4,038,309	1,086,357
<b>Change in Liabilities: Increase (Decrease)</b>					
Payables	(3,530,855)	(7,065,608)	1,023,487	(9,572,976)	4,364,985
<b>Change in Deferred Inflows: Increase (Decrease)</b>	(4,315,849)	(2,513,314)	(504,303)	(7,333,466)	(1,951,582)
<b>Net Cash provided (used) by operating activities</b>	<b>\$ 49,475,985</b>	<b>\$ 1,823,209</b>	<b>\$ 1,920,673</b>	<b>\$ 53,219,867</b>	<b>\$ (3,213,236)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ 5,068,752	\$ -	\$ -	\$ 5,068,752	\$ 3,462

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

**City of Spokane, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2021**

	<b>Pension and Other Employee Benefit Plans</b>	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>			
Cash	\$ 1,679,030	\$ 68,264	\$ 344,551
Short term investments	2,374,702	-	-
Deposits with fiscal agents/trustees	-	-	82,958
Receivables, pension and other employee benefit plans:			
Interest and dividends	348,160	-	-
Taxes receivable	275,000	-	-
Due from other governments	26,558	-	6,793
Other receivables	721	-	65,180
Investments, noncurrent, at fair value:			
U.S. fixed income	57,590,579	-	-
International fixed income	2,933,016	-	-
Fixed Income Mutual Funds	23,218,830	-	-
U.S. equities	14,776,343	-	-
Real estate	33,697,767	-	-
International equities	533,560	-	-
Equity Mutual Funds	189,233,918	-	-
Alternatives	83,699,635	-	-
Total investments	405,683,648	-	-
Capital assets:			
Software	477,000	-	-
Other improvements	17,539	-	-
Accumulated depreciation	(256,039)	-	-
Investments, noncurrent, all other funds:			
<b>Total Assets</b>	<b>410,626,319</b>	<b>68,264</b>	<b>499,482</b>
<b>LIABILITIES</b>			
Accounts/vouchers payable	264,328	-	218,004
Due to other governments	171	-	248,629
Compensated absences	62,125	-	-
Other accrued liabilities	5,667	-	19,686
Other current liabilities	30,961	-	13,163
<b>Total Liabilities</b>	<b>363,252</b>	<b>-</b>	<b>499,482</b>
<b>NET POSITION</b>			
Net position held in trust for:			
Pension benefits	399,714,169	-	
Postemployment benefits	10,548,898	-	
Individuals, organizations, and other governments	-	68,264	
<b>Total Net Position</b>	<b>\$ 410,263,067</b>	<b>\$ 68,264</b>	

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

**City of Spokane, Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the fiscal year ended December 31, 2021**

	Pension Trust Funds	Private-purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 17,191,031	\$ -	\$ (25)
Plan members	11,519,708	-	-
Intergovernmental revenue	320,003	-	-
Medicare retiree drug subsidy	514,947	-	-
Miscellaneous	392,710	-	-
Private contributions	-	9,814	-
Total Contributions	29,938,399	9,814	(25)
Investment Earnings:			
Net increase (decrease) in fair value of investments	41,006,297	-	-
Interest and dividends	5,401,542	-	-
Less: Investment expense	(649,566)	-	-
Total Investment Earnings:	45,758,273	-	-
Court fees collected for other governments	-	-	1,026,831
Permit Fees Collected for other gov'ts	-	-	625,109
Special Assessments Collected for other gov'ts	-	-	1,438,758
Taxes Collected for other gov'ts	-	-	62,840
<b>Total Additions</b>	75,696,672	9,814	3,153,513
<b>DEDUCTIONS</b>			
Pension Benefits	35,181,478	-	-
Medical and dental benefits	5,791,406	-	-
Pension refunds	741,019	-	-
Medical and dental administration	313,679	-	-
Administrative expenses	795,882	-	-
Court Fees paid to other governments	-	-	1,026,831
Permit Fees paid to other gov'ts	-	-	420,400
Special Assessments paid to other gov'ts	-	-	1,438,733
Taxes paid to other gov'ts	-	-	267,549
<b>Total Deductions</b>	42,823,464	-	3,153,513
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	32,873,208	9,814	-
<b>Fund Balance - beginning</b>	377,389,859	58,450	-
<b>Net position - ending</b>	\$ 410,263,067	\$ 68,264	\$ -

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

## Note 1

### Summary of Significant Accounting Policies

The City of Spokane was incorporated November 29, 1881 with a population of 1,000 people and an area of two square miles. Today, over 100 years later, the City's population is approximately 227,579 people within an area of about 70.07 square miles. The City's first charter was adopted December 28, 1910, with a Commission form of government. On January 1, 2001 the City began operating under the Strong Mayor-Council form of government that was adopted November 7, 2000.

The accounting policies of the City of Spokane conform to generally accepted accounting principles, as applicable to governments. The accompanying summary of the City of Spokane's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

Effective for fiscal year 2021 reporting, the City evaluated the following new standards issued by the Governmental Accounting Standards Board (GASB):

*GASB 89 Accounting for Interest Cost Incurred before the end of a Construction Period.* This statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest incurred before the end of a construction period. This statement is not applicable to the City of Spokane as interest is expensed in the period it is incurred.

*GASB 91 Conduit Debt Obligations.* This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosure. This statement is not applicable to the City of Spokane as it does not have any conduit debt.

*GASB 93 Replacement of Interbank Offered Rates.* This statement is to address the accounting and financial reporting effects that result from the replacement of IBORS with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. This statement is not applicable to the City of Spokane as it does not have debt with variable rates.

*GASB 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for internal revenue Code Section 457 Deferred Compensation Plans.* This statement is to provide and increased consistency and comparability related to the reporting of fiduciary component units in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement is not applicable to the City of Spokane.

#### A. REPORTING ENTITY

The accompanying financial statements of the City of Spokane include all funds, activities and functions over which the City's executive and legislative bodies exercise oversight responsibility. Oversight responsibility is derived from the City's power and includes, but is not limited to: (a) financial interdependency, (b) selection of governing authority, (c) designation of management, (d) ability to significantly influence operations, and (e) accountability for fiscal matters.

The most significant manifestation of oversight is financial interdependency. This includes the responsibility for financing deficits, entitlement to surpluses, and guarantees of "moral responsibility" for debt.

Included in the accompanying financial statements are several funds that are administered by independent boards. These include the Library fund, Parks fund, Employees' Retirement fund, Firefighters' Pension fund, and the Police Pension fund. These organizations meet the criteria for inclusion in the City's financial statements.

The following organizations are not part of the City of Spokane and are excluded from the accompanying financial statements:

### **Community Colleges of Spokane**

The governing body is appointed by the Governor of the State of Washington. The City has no oversight responsibility nor does any financial interdependency exist between the two entities.

### **Spokane School District #81**

The voters of the school district elect the governing body and taxes are levied by the school district itself. The City has no oversight responsibility nor does any financial interdependency exist between the two entities.

### **Spokane Housing Authority**

The governing body is appointed by the Mayor of the City. It is an independent entity that does not have taxing authority, but can issue bonds. State law provides that liabilities incurred by them be satisfied from their assets and that no person shall have any right of action against the City on account of their debts, obligations and liabilities. The City does not, therefore, have oversight responsibility nor does any financial interdependency exist between the two entities.

### **Spokane Transit Authority**

The governing body is appointed jointly by the City and Spokane County. Small cities in the Spokane Transit Authority service area also elect a representative. The City has no oversight responsibility nor does any financial interdependency exist.

### **Spokane Public Facilities District**

The governing board consists of five members. Two are appointed by the City, two by Spokane County, and the fifth member is selected by the other four members. The City has no oversight responsibility nor does any financial interdependency exist.

### **Fiduciary Component Units**

A fiduciary component unit does not function as an integral part of the primary government and engaged in fiduciary activities and all financial information is located in the City's Fiduciary Fund Statements.

The City has the following three Fiduciary Component Units.

Spokane Employee Retirement System (SERS) is a single-employer defined benefit pension plan covering employees. SERS provides retirement, death, and disability benefits to its participants.

Police Pension and OPEB System is a single- employer defined benefit pension plan that provides retirement and medical benefits to all uniformed police who were hired prior to March 1, 1970.

Fire Pension and OPEB System is a single-employer defined benefit pension plan that provides retirement and medical benefits to all firefighters who were hired prior to March 1, 1970.

### **Joint Ventures**

The City participates in 3 joint ventures. These include the Spokane International Airport, the Spokane Regional Transportation Council and the West Plains-Airport Area Public Development Authority. The Spokane Regional Transportation Council is accounted for by the City in a Custodial fund. The Spokane International Airport and the West Plains-Airport Area Public Development Authority are not part of the City and are excluded from the accompanying financial statements. See Note 11, Joint Ventures, which more fully describes these organizations.



## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

The city presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial statements report information on all activities of the primary government unit and its component units, if any. The accompanying fiduciary funds are not included in the government-wide financial statements. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

#### **Statement of Net Position**

The Statement of Net Position presents the City's assets/deferred outflows and liabilities/deferred inflows. As a general rule, balances between governmental and business-type activities are eliminated.

Assets and liabilities are presented in order of liquidity. Net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) are classified into three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- Restricted net position results when constraints are placed on an asset's use either by external parties or by law through enabling legislation.
- Unrestricted net position consists of amounts that do not meet the definition of the two preceding categories.

#### **Statement of Activities**

The Statement of Activities reports the extent to which each major city program is supported by general city revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a city resident or taxpayer or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program are also considered program revenues.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation and risk management insurance programs and the various other city programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

### **Fund Financial Statements**

The City presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

## Major Governmental Funds

- **General Fund** is the City's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **American Rescue Plan** accounts for monies received under the American Rescue Plan Act (ARPA) to provide support to State, territorial, local and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses
- **2018 UTGO Library Capital Bond Fund** accounts for monies received from proceeds of general obligation bonds to finance improvements to and expansion of the Spokane Public Library facilities.

## Major Enterprise Funds

- **Water/Sewer Fund** accounts for the operation and construction of the water and wastewater distribution systems, the hydroelectric facilities, and the wastewater treatment facility, and accounts for all revenues and expenses incurred in its operation.
- **Solid Waste Fund** is used to account for the collection and disposal of the City's refuse, including curbside and yard waste recycling. The operation of the waste-to-energy facility is also accounted for in this fund.

## Operating and Nonoperating Revenues and Expenses

The City's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. All revenue and expenses not meeting this definition are reported as nonoperating, including interest expense and interest income.

The City includes the following governmental and proprietary fund types within nonmajor funds.

## Nonmajor Governmental Funds

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of city programs including the City's street program, parks department, and community development programs.
- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the City's bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major city-owned facilities (other than those financed by proprietary funds).

## Nonmajor Proprietary Funds

- **Enterprise Funds** account for the City's business type operations for which a fee is charged to external users for goods or services such as golf and building permits.
- **Internal Service Funds** account for the City's risk management, data processing, accounting, utility billing, fleet services, and other services provided by one department to other departments of the City on a cost-reimbursement basis.

## Fiduciary Funds

The City reports the following fiduciary funds:

- **Pension (and other Employee Benefit) Trust Funds** are used to report resources that are required to be held in trust by the city for the members and beneficiaries of its defined benefit and other employee benefits plans. Included in this category are the Employees' Retirement Fund, the Firefighters' Pension and OPEB Funds, and the Police Pension and OPEB Funds.
- **Private-Purpose Trust Fund** is used to report trust arrangements, other than pension trusts, under which trust principal and income benefit individuals, private organizations, or other governments. Included in this category is the Finch Arboretum Trust Fund.
- **Custodial Funds** account for resources held by the city in a custodial capacity for other governments, private organizations, or individuals. Included in this category are the Parking and Business District Fund, the Spokane Regional Transportation Council Fund, Municipal Court Fund, Building Code Regulation Fund, Local Remittances Fund, and Utility Billing Assistance Fund.

The fiduciary funds are not included in the government-wide financial statements

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the City uses 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 related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the city uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets and liabilities are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay for liabilities of the current period. Primary revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, federal grants in aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenues from licenses, permits, and fees are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the eligibility criteria is met. Expenditure-driven grant revenue is considered available if it can be collected by the city at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collected within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31 however due to the pandemic of COVID-19 deadlines were extended to June 3 and December 31. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, un-matured interest on general long-term obligations is recognized when due, and certain compensated absences, other postemployment benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available expendable financial resources.

The City reports deferred inflows of resources on the balance sheet of its governmental funds under certain conditions. Deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for revenue recognition in the current period. Deferred inflows of resources also arise when resources are received by the city before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and trust funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on their respective statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Net position for trust funds are held in trust for external individuals and organizations.

All proprietary and trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

#### **Excess of Expenditures Over Appropriations**

The following governmental fund reported excess expenditures and other uses over appropriations for the year ended December 31, 2021:

<b>Fund</b>	<b>Amount</b>
GO Bond Redemption	158
<b>Total</b>	<b>158</b>

#### **Funds with Deficit Fund Balance/Net Position**

The following funds reported deficit fund balance/net position as of December 31, 2021:

<b>Fund</b>	<b>Amount</b>
Capital Improvements 2015 Parks	1,448,383
Building Services Fund	4,181
Public Works Utilities Fund	1,720,049
Reprographics Fund	186,307
Purchasing & Stores Fund	1,061,098
Accounting Services Fund	5,297,451
My Spokane	1,391,537
Project Management Office	186,474
<b>Total</b>	<b>11,295,480</b>

The net position deficit for the Building Services, Public Works Utilities, Reprographics, Purchasing & Stores, My Spokane, Project Management Office and Accounting Services Funds is due to the recognition of the net pension liability related to the City's Employee's Retirement System pursuant to GASB 68 and the net OPEB liability related to the City's Retiree Medical Plan 2 pursuant to GASB 75. It is unknown if/when the deficit will be recovered.

#### **D. BUDGETARY INFORMATION**

Annual appropriated budgets are adopted for all funds within the City, including the General, Special Revenue, Debt Service, and Capital Projects funds. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only.

The budget basis is substantially the same as the basis of accounting in all governmental funds.

The City follows these policies and procedures in establishing the budgetary data reported in the financial statements:

1. Prior to November 1, the Mayor submits to the City Council a preliminary budget and budget message and files it with the City Clerk.
2. Public hearings are conducted to obtain taxpayers comments.
3. Prior to January 1, the budget is legally adopted through passage of an ordinance. The City is required by state law to adopt a balanced budget.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council.
5. A comparison of budget to actual is used as a management control device during the year for all funds.
6. The expenditures of a given fund may not legally exceed its appropriations.
7. 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 applicable for the fiscal year.
8. The level of control for adopted budgets is at the fund level.
9. Any unexpended appropriation balances automatically lapse at year-end.

#### **Encumbrances**

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. Encumbrances at year-end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Encumbrances outstanding at year-end for unfulfilled obligations of the current year budget are re-appropriated in the succeeding year.

## **E. ASSETS, LIABILITIES, AND NET POSITION**

### **1. Cash and Equivalents**

It is the City's policy to invest all temporary cash surpluses. This amount is classified on the balance sheet as equity in pooled investments. The interest on these investments is credited to the General Fund. Cash and equivalents include cash on hand, cash in banks, and petty cash funds.

### **2. Investments**

The City Treasurer invests all temporary cash surpluses. For reporting purposes, these pooled investments are stated at fair value or amortized cost, which approximates fair value.

All other noncurrent investments are valued at fair value. Fair values are based on published market prices or from national security exchanges and security pricing services. Additional disclosure describing investments is provided in Note 2.

### **3. Receivables**

Accounts receivable are stated net of allowances for uncollectible accounts. Estimated unbilled accounts receivable for the Water, Sewer and Solid Waste funds have been recognized as revenue. Accrued interest receivable consists of amounts earned on investments, notes and contracts at year end.

### **4. Amounts Due to and from Other Funds and Governments and Interfund Loans**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either *Interfund Loans Receivable*, *Advances to Other Funds*, *Interfund Loan Payable* or *Due To/From Other Funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Loans between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### **5. Inventories**

Inventories are valued at average cost. The inventories of governmental funds, parks fund, proprietary funds, water warehouse, water meter shop, wastewater treatment plant and utilities garage are maintained on a perpetual inventory system. Other reported inventories are determined by physical count.

Reported inventories in governmental funds consist of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased (purchase method). Reported inventories in these funds are fully offset by a fund balance reserve, which indicates they are unavailable for appropriation. A comparison to market value is not considered necessary.

### **6. Restricted Assets**

The proceeds of enterprise fund revenue bonds, as well as other resources, are restricted by applicable bond ordinances for construction costs and debt service payments. The current portion of related liabilities is shown as Payables from Restricted Assets. Owners and operators of Solid Waste Landfill units are required under the Washington Administrative Code to establish financial assurance for closure and post-closure monitoring of those units.

The restricted assets of the enterprise funds are composed of the following:

<b>Fund</b>	<b>Amount</b>
Equity in Pooled Investments - Landfill Liability	7,460,337
Current portion of revenue bonds payable	9,581,989
<b>Total</b>	<b>17,042,326</b>

7. Other Noncurrent Assets

Other Long-Term Assets include long-term Contracts Receivable in the Sewer fund and Other Long-Term Assets in the Solid Waste fund.

8. Unavailable Revenue

Unavailable revenue includes deferred inflows of resources such as property taxes and special assessment receivables.

9. Capital Assets (see Note 4)

Except as noted below, it is the City's policy to capitalize:

- All land;
- All city computers
- All additions and improvements to the city's road system;
- Intangible assets;
- Buildings, building improvements, and leasehold improvements with a cost of \$5,000 or more; and
- All other capital assets with a unit cost of \$5,000 or greater

Capital assets such as property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives.

<b>Category</b>	<b>Useful Life (in Years)</b>
Buildings & Improvements	50-60
Infrastructure	40-60
Light/Heavy Duty Vehicles	5-10
Other Equipment	2-20
Heavy Equipment	10
Water Mains	60
Water Hydrants	50-60
Sewer Interceptors	100

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

#### 10. Compensated Absences

Employees accrue ten days of vacation leave per year for up to five years of service. From five to twenty years, three to four weeks are accrued depending on length of service; five weeks are accrued at the beginning of the twentieth year, and six weeks are accrued at the beginning of the thirtieth year. An employee may accumulate paid vacation leave not to exceed two hundred hours or two times the employee's annual leave accrual, whichever is greater. The City has a policy of payment of the full amount of unused vacation leave up to the maximum accrual allowed upon termination or retirement.

The sick leave policy of the City varies according to the contract provisions of the various bargaining units. The most generous provision provides vesting, after five years of service, of 25% of the recorded sick leave at the date of resignation, and 40% upon retirement. There is no cash payment until resignation or retirement and the maximum payout cannot be in excess of 960 hours for any employee.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. An additional amount has been accrued for the government's share of Social Security and Medicare Taxes relating to the vacation and sick leave accrual.

#### 11. Long-Term Liabilities (See Note 9)

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or bonds-outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



## 12. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the government-wide and proprietary fund statements of net position relates to debt refunding and pensions.

Deferred outflows on debt refunding result when the net carrying value of refunded debt exceeds its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the city's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. City contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

Deferred outflows on OPEB are recorded when there is a difference between expected and actual earnings changes in assumptions and difference between projected and actual earnings on plan investments. When these amounts increase OPEB expense they are labeled an outflow. These outflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all the employees that are provided with benefits through the OPEB plan at the beginning of the measurement period.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the city relate to unavailable revenue, debt refunding, and pensions.

Unavailable revenue arises only under the modified accrual basis of accounting, and so is reported only on the governmental funds balance sheet. Governmental funds report deferred inflows for unavailable revenues primarily from two sources: taxes and long-term receivables. These amounts are recognized as inflows of resources in the periods that the amounts become available.

Deferred inflows on refunding result when the reacquisition price of the refunding debt exceeds the net carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the city's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

Deferred inflows on OPEB are recorded when there is a difference between expected and actual earnings changes in assumptions and difference between projected and actual earnings on plan investments. When these amounts decrease OPEB expense they are labeled an inflow. These inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes

in assumptions are amortized over the average remaining service lives of all the employees that are provided with benefits through the OPEB plan at the beginning of the measurement period.

### 13. Governmental Fund Balance

The City's governmental fund balance balances are classified according to the relative constraints that control how amounts can be spent. Classifications include:

- **Nonspendable.** Balances that either are not in a spendable form or are legally or contractually required to remain intact.
- **Restricted.** Balances that are restricted for specific purposes by the constitution, enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed.** Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the city, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- **Assigned.** Balances that are constrained by management to be used for specific purposes, but are neither restricted nor committed. Because the city's CFO is identified by the City of Spokane's Municipal Code as the custodian of all city funds, it is the CFO's responsibility (or their delegate) to provide the proper record keeping services needed to appropriately segregate and identify all fund balances overseen by the custodian.
- **Unassigned.** Residual balances that are not constrained in the other classifications.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first followed by assigned and unassigned resources respectively.

The detail of the governmental funds committed and assigned fund balances at December 31, 2021 are shown below:

Fund Balance	General Fund	American Rescue Plan	2018 UTGO Library Capital Bond	Nonmajor Government Funds	Total
<i>Nonspendable:</i>					
Interfund loans receivable	2,709,141	-	-	-	2,709,141
Inventories	-	-	-	1,445,915	1,445,915
Prepays	7,000	-	-	1,200	8,200
<b>Total Nonspendable Fund Balance</b>	<b>2,716,141</b>	<b>-</b>	<b>-</b>	<b>1,447,115</b>	<b>4,163,256</b>
<i>Restricted for:</i>					
Capital projects	-	-	29,527,666	44,387,458	73,915,124
Debt service	-	-	-	8,946,562	8,946,562
Impact Fees	-	-	-	28,338	28,338
Grants	304,729	72,979	-	26,687,753	27,065,461
Police/firefighters' pension	-	-	-	1,935,045	1,935,045
Public safety/crime reduction	-	-	-	3,790,961	3,790,961
Other	-	-	-	4,910,167	4,910,167
<b>Total Restricted Fund Balance</b>	<b>304,729</b>	<b>72,979</b>	<b>29,527,666</b>	<b>90,686,284</b>	<b>120,591,658</b>

Committed for:					
Revenue stabilization	-	-	-	-	-
City facilities	-	-	-	117,926	117,926
Communication	-	-	-	1,397,589	1,397,589
Transportation	-	-	-	12,198,161	12,198,161
Public safety	-	-	-	14,449,776	14,449,776
Culture and recreation	-	-	-	3,280,953	3,280,953
<b>Total Committed Fund Balance</b>	-	-	-	<b>31,444,405</b>	<b>31,444,405</b>
Assigned for:					
Contingency reserve	21,065,706	-	-	-	21,065,706
General Government	4,626,034	-	-	-	4,626,034
Library capital replacement	4,674,071	-	-	-	4,674,071
Human Services	-	-	-	2,982,600	2,982,600
Law enforcement	-	-	-	428	428
Culture and recreation	-	-	-	149,639	149,639
City facilities/improvement	-	-	-	11,173,765	11,173,765
Other purposes	-	-	-	23,098	23,098
<b>Total Assigned Fund Balance</b>	<b>30,365,811</b>	-	-	<b>14,329,530</b>	<b>44,695,341</b>
Unassigned:	<b>22,993,471</b>	-	-	<b>(1,448,383)</b>	<b>21,545,088</b>
<b>Total</b>	<b>56,380,152</b>	<b>72,979</b>	<b>29,527,666</b>	<b>136,458,951</b>	<b>222,439,748</b>

Fund Balance has been restated as follows:

	Fund Balance at 12/31/2020	Fund Reclassification	Fund Balance as restated 01/01/2021
<b>Governmental Funds</b>			
General Fund	\$ 60,568,786	\$ (398,511)	\$ 60,170,275
Arterial Streets	11,415,074	172,705	11,587,779
Facilities Management	14,873,334	389,646	15,262,980
<b>Total</b>	<b>\$ 86,857,194</b>	<b>\$ 163,840</b>	<b>\$ 87,021,034</b>

#### 14. Budgetary Reserves/Control

Contingency Reserve. This account was established in 2001 in the Spokane Municipal Code. At each budget cycle commencing with year 2001 and every year thereafter, an amount from the unappropriated general fund fund balance at each year end shall be appropriated to the contingency reserve account. Additional funds may be added to the contingency reserve account in such amounts and at such additional times during the ensuing budget year in accordance with standard emergency budget ordinance procedures.

Disbursements from this account are for the purpose of meeting extraordinary expenditures and are governed by the following criteria:

1. Unforeseen circumstances arising after the adoption of the annual budget which require an unavoidable and non-continuing allocation; or
2. Unforeseen emergency threatening health and/or safety of the citizens; or

3. Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or
4. Significant operating efficiencies can be achieved resulting in clearly identified near-term and offsetting cost savings. Appropriations from this account are only approved by the standard emergency budget ordinance procedure.

Revenue Stabilization. At each and every year, commencing with the 2008 budget, amounts from the unappropriated general fund fund balance shall be appropriated to the revenue stabilization account until such time the account is funded to the targeted funding level. The initial targeted funding level within the revenue stabilization account was three and one-half percent of budgeted general fund revenues.

Disbursements from the revenue stabilization account may be made to mitigate a general fund revenue shortfall deemed by the City Council to meet the following criteria:

1. Revenue shortfall results from revenue collections considered to be materially short of the amount budgeted, or the revenue shortfall results from projected baseline (existing) budgeted revenues for any ensuing year increasing by less than the assumed long-term revenue growth rate in the City's six-year general fund projection for the immediate year; and
2. The revenue shortfall is expected to persist through the end of the fiscal year; and
3. The revenue shortfall is reasonably expected to persist for a period no longer than three years. A revenue shortfall expected to persist beyond three years shall be directly addressed in the current annual budget process through long-term budget measures.

Disbursements from the revenue stabilization account may include amounts budgeted in the general fund to supplement revenue shortfalls that occur in other city funds. Appropriations from this account are only approved by the standard emergency budget ordinance procedure.

Strategic Reserve. At each and every year, commencing with the year 2020 , amounts from the unappropriated general fund's current year positive variance, net of non-cash items shall be appropriated to the strategic reserve account until such time the account is funded to the targeted funding level. The initial targeted funding level within the strategic reserve account is one percent of current year budgeted general fund revenues.

Disbursements from the strategic reserve account may be made for the following purposes:

1. To fund strategic programs or initiatives in the areas of housing, environmental protection, innovation, or
2. Any other project, program, or initiative determined by City Council to be of strategic significance to the City or its people.

Park Fund Reserve. The Parks Fund is overseen by an independent board of commissioners. This board approved a reserve of three percent of the annual budget to be maintained for emergencies, risk management and economic uncertainty. All appropriations from this reserve account require prior Parks Board approval unless previously specifically authorized for expenditure in the annual budget.

## 15. Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations which have not yet been fulfilled, cancelled, or discharged. At December 31, 2021, \$56.8 million was carried forward to the subsequent budget year as follows, and have been classified as assigned fund balance unless the fund's net position was already classified as restricted net position as follows:

<b>Fund</b>	<b>Amount</b>
General Fund	4,626,034
2018 UTGO Library Capital Bond Fund	7,574,148
Nonmajor Governmental Funds	44,559,180
<b>Total</b>	<b>56,759,362</b>

#### **F. Other Significant Accounting Policies**

##### **Budgeting, Accounting and Reporting System (BARS)**

The State of Washington Office of State Auditor was granted authority pursuant to the Revised Code of Washington (RCW 43.09.200 and 43.09.230) to prescribe the Budgeting, Accounting and Reporting System (BARS). The purpose of the BARS manual is to provide for uniformity in budgeting, accounting and reporting by all local government entities within the State of Washington. The City has established its own chart of accounts for accounting purposes and converts to BARS accounts for State reporting.

## Note 2

### Cash and Investments

#### Deposits and Investments

The City has the authority to invest in pooled investments (Treasurer's Cash Investments) individual securities and fund investments. The Chief Financial Officer manages the Spokane Investment Pool (an internal investment pool) and has the authority to determine the availability of funds for pooled and fund investments along with individual security purchases and take into consideration such needs as requests of individual fund managers, current cash needs, and asset/liability matching necessary to optimize interest earnings. Interest earnings on Treasurer's Cash Investments are credited to the General Fund.

#### Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The City deposits funds only with State of Washington financial institutions approved as qualified public depositories by the Washington State Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool. The City's bank balance is insured by the FDIC up to \$250,000 and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000.

The City's investment policy requires that all investments be held by the City's third party safekeeping agent in the City's name. The City policy states that all security transactions will be settled "delivery versus payment" by the City's safekeeping bank. As of December 31, 2021, all of the \$229.6 million investments in U.S. agency debt obligations were registered, and held by its safekeeping agent in the City's name. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

#### Investment Policy

##### City Treasurer Investments

The City's investment portfolio is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the primary objectives of safety and liquidity. Core investments are limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

Authority to manage the City's investment program is derived from Spokane Municipal Code 7.15 which delegates responsibility for the City's investment program to the City Investment Committee and daily management responsibility assigned to the City Treasurer. City investment decisions are governed by the "prudent person rule".

There were no significant investment policy changes during the reporting period.

**Employees' Retirement System**

The Spokane Employees' Retirement System's (SERS) investment management policy is set by the Board of Administration. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS' investments are governed by the "prudent person rule". SERS investments are categorized by type to give an indication of the level of risk assumed by SERS.

The Board of Administration for SERS maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. In fulfilling its responsibilities, the Board of Administration has contracted with investment managers, a custodian, an actuarial firm, an independent investment consultant and an auditor. Investment manager contracts include specific guidelines regarding the investments under management. All investments are held in custody. The independent investment consultant monitors the fund on a regular basis and provides quarterly reports to staff and the Board. The SERS' chief investment officer (CIO), who also serves as the Retirement Director, monitors the fund on a regular basis.

The Spokane Employees' Retirement System's policy regarding the allocation of invested assets is established, and may be amended, by a majority vote of the SERS Board. It is the policy of the SERS Board to pursue an investment strategy that meets the projected return requirements while minimizing volatility by diversifying the portfolio across a broad selection of distinct asset classes. The SERS investment policy limits the use of cash equivalents to meeting liquidity requirements and reviews rebalancing needs at least quarterly. There was no change investment policy during the reporting period.

**Firefighters' Pension System**

The Firefighters' Trust Fund investments are restricted by RCW 41.16.040 and other RCWs as listed in RCW 41.16.040. Authorized investments include investment grade securities issued by the United States, state, municipal corporations, other public bodies, corporate bonds and other investments authorized by RCW. Per the Board's policy, all fixed income securities shall be investment grade or higher at the time of purchase. The overall portfolio average quality must be A+ or higher. There were no significant investment policy changes during the reporting period.

**Police Pension System**

The Police Pension System assets are held in cash to pay monthly pension benefits and all other claims as they are received. The Police System is funded by property taxes that are irrevocable once contributed.

**Investments****City Treasurer Investments**

State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, bankers' acceptances, commercial paper, and repurchase agreements. The pension trust funds operate under different guidelines. City investments and those of the pension trust funds are all reported at fair value. Below is a list of city investment limitations.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio</b>
US Treasury Securities	5 years	100%
Federal Agency Securities	5 years	90%
Individual Issues	5 years	10%
Individual Agency	5 years	40%
FDIC Guaranteed Senior Debt	5 years	30%
Individual Issuer	5 years	10%
Washington State Local Government Investment Pool	90 Days	100%
Non-Negotiable CDs (PDPC Qualified)	5 years	60%
Individual Issuing Bank	5 years	10%
PDPC Financial Institution Accounts	5 years	10%
Banker's Acceptables (must be A1/P1)	5 years	10%
Individual Banks	5 years	2%
Repurchase Agreements	5 years	25%
General Obligation Debt - State/Local	5 years	10%
City of Spokane Notes/Bonds	5 years	15%
Commerical Paper (must be A1/P1)	5 years	10%
Individual Issuer	5 years	2%

### **Employees' Retirement System**

The SERS Board has an asset allocation policy that includes an allocation to alternative investments. Funding of these limited partnerships began in 2007 and continues on an ongoing basis. The term "alternative investments" encompasses a broad category of investments other than traditional asset classes of equities, fixed income and real estate. Each alternative investment that SERS enters into has been carefully studied by the System's independent investment consultant, reviewed by staff, and approved the Board. The asset allocation study that was modeled by the independent consultant demonstrated that alternative assets can add value to the portfolio over time through diversification and higher expected returns. The CIO and Board believe that the use of alternative investments increases the expected return of the plan compared to investing only in traditional asset classes.



The following table shows the City's cash and investments at December 31, 2021:

Deposit Type	Value
<b>Reconciliation of Restricted/Unrestricted Cash and Investments:</b>	
Cash	\$ 143,834,770
Petty Cash	495,000
Deposits with Fiscal Agents	1,971,641
Investments	229,598,542
	<b>375,899,953</b>

### **Interest Rate Risk**

Interest rate risk is the risk the City may face should interest rate variances affect the fair value of investments. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in the market interest rates.

### **City Treasurer Investments**

According to its investment policy, the City manages its exposure to interest rate risk by “purchasing a combination of shorter-term and longer-term investments.” The City focuses on timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

### **Employees' Retirement System**

Although the SERS Investment Policy does not specifically limit interest rate risk, the System's fixed income portfolio is professionally managed with an expected range of interest rate risk within the portfolio. In addition, the portfolio is closely monitored by the independent consultant and the staff.

### **Spokane Firefighters' Trust Fund**

The Fire investment policy targets that the average portfolio duration will be 2.5 to 5 years, with no duration limits on individual holdings.

### **Police Pension System**

The Police investment policy requires all assets to be held in cash which does not have any interest rate risk.

The City is in compliance with its policies.

The following table shows the City's invested assets and the pension fund assets by investment type, fair value, segmented maturities, and by the average effective duration as of December 31, 2021.

		Maturity				
Interest Rate Risk	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Effective Duration (in years)
City Treasurer Investments Categorized						
US Government Agencies	185,914,252	24,153,965	161,760,287	-	-	1.87
US Government Treasuries	4,943,150	-	4,943,150	-	-	1.94
Strip Bonds	38,741,140	-	17,652,668	21,088,472	-	6.35
Total investments categorized	229,598,542	24,153,965	184,356,105	21,088,472	-	
Pension Trust Funds						
Employees' Retirement System						Average Maturity
Fixed Income Mutual Funds	23,218,830	23,218,830	-	-	-	6.67
Corporate Notes and Bonds	10,930,043	311,612	3,680,158	2,713,369	4,224,904	12.18
Asset Backed Securities	7,233,237	-	1,819,972	1,186,041	4,227,224	19.83
Governmental CMOs	3,402,236	-	-	94,633	3,307,603	26.13
Municipal Bonds	1,709,705	313,249	569,317	443,900	383,239	5.41
Mortgage Backed Securities						
Government Pass Through	1,153,470	-	-	692,260	461,210	15.97
U.S. Government Treasuries	2,692,618	1,627,310	112,520	7,351	945,437	10.64
Total investments categorized	50,340,139	25,471,001	6,181,967	5,137,554	13,549,617	
Investments not required to be categorized:						
Cash equivalents	1,795,164	-	-	-	-	
Equity securities	204,543,822	-	-	-	-	
Real estate	33,697,767	-	-	-	-	
Alternative investments	83,699,635	-	-	-	-	
Total investments not categorized	323,736,388	-	-	-	-	
Total Investments	374,076,527	25,471,001	6,181,967	5,137,554	13,549,617	
Firefighters' Pension System						
US Government Treasuries	15,321,002	8,571,927	2,341,189	1,350,970	3,056,916	Average Maturity
Mortgage Backed Securities						2.78
Government Pass Through	1,903,355	-	254,472	-	1,648,883	13.38
Government CMOs	2,931,746	-	51,928	-	2,879,818	9.72
Corporate Bonds/Notes	12,035,088	265,845	2,181,530	2,413,424	7,174,289	5.53
Asset Backed Securities	1,211,094	-	-	305,942	905,152	7.30
Total investments categorized	33,402,285	8,837,772	4,829,119	4,070,336	15,665,058	
Investments not required to be categorized:						
Cash equivalents	539,953	-	-	-	-	-
Total investments not categorized	539,953	-	-	-	-	
Total Investments	33,942,238	8,837,772	4,829,119	4,070,336	15,665,058	
Police Pension System						
Investments not required to be categorized:						
Cash equivalents	39,585	-	-	-	-	-
Total Investments	39,585	-	-	-	-	

## Credit Risk

### City Treasurer Investments

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the end of the year 2021 for each type of investment.

AAA is the highest rating for bonds. The Bank Certificates of Deposit (CD) and Demand Deposit Accounts (DDA) are protected by the Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000. All CD and DDA deposits not covered by FDIC are covered by the Washington State Public Deposit Protection Commission (PDPC) of the State of Washington. The PDPC is a statutory authority established under the Revised Code of Washington (RCW) 39.58. It constitutes a fully insured or fully collateralized pool.

All securities registered in the City's name carry a minimum rating of Aa2/AA from Moody's and/or Standard and Poor's respectively.

### Employees' Retirement System

Although the SERS Investment Policy does not specifically address credit risk, this risk is mitigated by closely monitoring the credit quality ratings of its fixed income portfolios and by setting criteria for fixed income manager selection. SERS' fixed income assets are comprised of one institutional mutual fund and one separately managed account targeting different levels of credit risk.

### Spokane Firefighters' Trust Fund

The Fire investment policy requires that all fixed income securities shall be investment grade or higher at the time of purchase. Specifically, fixed income securities shall not be rated lower than BBB- by Standard & Poor's rating at the time of purchase and any securities subsequently downgraded require specific written permission to hold. The average quality for the overall portfolio must be A+ or higher.

### Police Pension System

The Police investment policy requires that all assets are held in cash which bears no credit risk.

The City is in compliance with its policies.

The following table shows the City's internal investment pool assets and the Pension Fund assets by credit rating and fair value as of December 31, 2021.

Investment Type	Fair Value	Investment Credit Rating						Not Rated
		AAA	AA+	A	BBB	BB	B	
US Government Agencies	185,914,252	-	151,531,313	-	-	-	-	34,382,939
U.S. Government Treasuries	4,943,150	-	-	-	-	-	-	4,943,150
Strip Bonds	38,741,140	-	8,961,170	-	-	-	-	29,779,969
<b>Total</b>	<b>229,598,542</b>	<b>-</b>	<b>160,492,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,106,058</b>
<b>Employees' Retirement System</b>								
Fixed Income Mutual Funds	23,218,830	-	-	-	-	-	-	23,218,830
Corporate Notes and Bonds	10,930,043	-	479,054	3,473,690	6,639,288	-	-	338,011
Asset Backed Securities	7,233,237	2,979,337	-	-	-	-	-	4,253,900
Governmental CMOs	3,402,236	-	-	-	-	-	-	3,402,236
Municipal Bonds	1,709,705	215,042	1,294,944	28,480	171,239	-	-	-
Mortgage Backed Securities								
Governmental Passthrough	1,153,470	92,361	-	-	-	-	-	1,061,109
U.S. Government Treasuries	2,692,618	-	-	-	-	-	-	2,692,618
<b>Total</b>	<b>50,340,139</b>	<b>3,286,740</b>	<b>1,773,998</b>	<b>3,502,170</b>	<b>6,810,527</b>	<b>-</b>	<b>-</b>	<b>34,966,704</b>
<b>Firefighters' Pension System</b>								
US Government Treasuries	15,321,002	-	15,321,002	-	-	-	-	-
Mortgage Backed Securities								
Government Pass Through	1,903,355	-	1,903,355	-	-	-	-	-
Government CMOs	2,931,745	-	2,931,745	-	-	-	-	-
Corporate Bonds/Notes	12,035,089	187,101	1,096,902	4,126,189	6,624,897	-	-	-
Asset Backed Securities	1,211,094	-	442,352	462,800	305,942	-	-	-
<b>Total</b>	<b>33,402,285</b>	<b>187,101</b>	<b>21,695,356</b>	<b>4,588,989</b>	<b>6,930,839</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Concentration of Credit Risk

### City Treasurer Investments

Concentration risk disclosure is required for all investments in any one issue that is five percent or more of the total of the City's investments. The following include Financial, State, or Municipal Government and Government Sponsored Agencies. The City did not have any holdings in organizations that represent five percent or more of the City's total investments.

### Employees' Retirement System

SERS' has no holdings by an issuer that represent five percent or more of SERS' investments. SERS holdings in organizations that manage five percent or more of the Plan's net assets at December 31, 2021 were:

Organization	% of Net Position
<b>City of Spokane Employees' Retirement System</b>	
Fidelity Investments	12.8%
Hotchkis & Wiley	9.2%
Sterling Capital Management	9.0%
Artisan Partners	7.9%
American Funds	6.8%
Evanston Capital Management	6.0%
Principal Global Investments	5.2%
MFS Investment Management	5.2%

### Firefighters' Pension System

The Firefighters' Trust Fund holdings in issuers that represent five percent or more of the Plan's net assets at December 31, 2021 were:

Organization	% of Net Position
<b>City of Spokane Firefighter's Pension System</b>	
US Treasury Notes	45.1%
Fannie Mae	10.5%

### Police Pension System

The Police Pension System did not have any holdings in organizations that represent five percent or more of the System's fiduciary net position.

## Foreign Currency Risk

### City Treasurer Investments

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

The City investment policy requires all assets to be held in US Dollars. At December 31, 2021, there were no holdings exposed to foreign currency risk.

### Employees' Retirement System

At December 31, 2021, 28.9% of the System's portfolio is invested in foreign issued securities, which primarily consist of equities, fixed income and alternative investments. The SERS Investment Policy does not specifically address foreign currency risk; however, the System considers foreign currency risk during the selection and monitoring process of fund managers. The fair value of the foreign investments as of December 31, 2021 was:

Category	Total Investments	US Issues	Foreign Issues	% Foreign
Cash	1,795,164	1,795,164	0	0.00%
Fixed Income	50,340,139	46,651,986	3,688,153	7.30%
Equities	204,543,822	118,843,368	85,700,454	41.90%
Real Estate	33,697,767	33,697,767	0	0.00%
Alternatives	83,699,636	65,122,533	18,577,103	22.20%
<b>Total</b>	<b>374,076,528</b>	<b>266,110,818</b>	<b>107,965,710</b>	<b>28.86%</b>

### Spokane Firefighters' Trust Fund

The Fire investment policy does not allow investments in foreign issuances. At December 31, 2021, there were no holdings exposed to foreign currency risk.

### Police Pension System

The investment policy requires all asset to be held in US Dollars. At December 31, 2021, there were no holdings exposed to foreign currency risk.

### Spokane Investment Pool

This is an internal investment pool that is utilized for the investment of funds at the fund level. Fund ownership is measured by the actual amount of funds invested. The investment strategy is at the directive of the Chief Financial Officer. The interest earnings of the pool are allocated across the Special Revenue (excluding specific grant related funds), Debt Service, Capital Project, Internal Service and Enterprise Funds based on the average book value of fund investments multiplied by the average of the last 84 months of the State LGIP's monthly rate in effect as of 12/31/2021. The General Fund and Grant Related funds excluded above receive the full calculated rate of the pool with any excess earnings being allocated directly to the General Fund. Unrealized Gains and losses are allocated based on the percentage of book value owned by the funds that are selected to participate. In 2021, the selected funds were Treasurer's Cash, General Fund, Community Development Block Grants, CDBG Revolving Loan, Home Program, Housing Assistance Program, Housing Trust Grant, the Park Bond, and the Library Bond.

## **Investments in Local Government Investment Pool (LGIP)**

The City of Spokane is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy annually and proposed changes are reviewed by the LGIP advisor Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized costs which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments at amortized costs. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98540-0200, online at <http://www.tre.wa.gov>.

### **Fair Value Measurement**

The city categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. In accordance with GASB Statement 72 – Fair Value Measurement and Application, the following hierarchy is utilized:

- Level 1 – Quoted prices for an identical asset in an active market
- Level 2 – Market value where prices are determined using observable inputs
- Level 3 – Market value where prices are determined using unobservable inputs

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fixed income and equity investments classified as Level 1 in the fair value hierarchy are valued directly from a predetermined primary external pricing vendor.

Investments classified as Level 2 represent proportional ownership in a Collective Investment Trust (CIT). All assets in the CIT have observable prices in active markets, with the fair value of the CIT representing a proportionate share of all underlying assets held in the CIT.

The following table presents fair value measurements as of December 31, 2021:

		Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investment by fair value level	12/31/2021	(Level 1)	(Level 2)	(Level 3)	(NAV)
US Government Agencies	185,914,252	185,914,252	-	-	-
US Government Treasuries	4,943,150	4,943,150	-	-	-
Strip Bonds	38,741,140	38,741,140	-	-	-
<b>Total</b>	<b>229,598,542</b>	<b>229,598,542</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pension Trust Funds</b>					
<b>Employees' Retirement System</b>					
Cash Equivalents	1,795,164	1,795,164	-	-	-
<b>Total Cash Equivalents</b>	<b>1,795,164</b>	<b>1,795,164</b>	<b>-</b>	<b>-</b>	<b>-</b>
US Government	7,248,324	-	7,248,324	-	-
US Corporate Fixed Income	9,235,857	-	9,235,857	-	-
International Fixed Income	1,694,186	-	1,694,186	-	-
Asset Backed Securities	7,233,237	-	7,233,237	-	-
Municipal Bonds	1,709,705	-	1,709,705	-	-
Fixed Income Mutual Funds	23,218,830	23,218,830	-	-	-
<b>Total Fixed Income</b>	<b>50,340,139</b>	<b>23,218,830</b>	<b>27,121,309</b>	<b>-</b>	<b>-</b>
US Common Stock	30,739,638	14,776,343	-	-	15,963,295
International Common Stock	12,317,404	533,560	-	-	11,783,844
Equity Mutual funds	161,486,780	145,523,485	15,963,295	-	-
<b>Total Equities</b>	<b>204,543,822</b>	<b>160,833,388</b>	<b>15,963,295</b>	<b>-</b>	<b>27,747,139</b>
<b>Real estate</b>	33,697,767	19,398,925	-	-	14,298,842
<b>Alternative investments</b>	83,699,636	-	-	-	83,699,636
<b>Total - All Investments</b>	<b>374,076,528</b>	<b>205,246,307</b>	<b>43,084,604</b>	<b>-</b>	<b>125,745,617</b>
<b>Firefighters' Pension System</b>					
US Government Treasuries	15,321,002	-	15,321,002	-	-
Mortgage Backed Securities					
Government Pass Through	1,903,355	-	1,903,355	-	-
Government CMOs	2,931,745	-	2,931,745	-	-
Corporate Bonds/Notes	12,035,089	-	12,035,089	-	-
Asset Backed Securities	1,211,094	-	1,211,094	-	-
<b>Total</b>	<b>33,402,285</b>	<b>-</b>	<b>33,402,285</b>	<b>-</b>	<b>-</b>

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investment Category	Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Equity Fund	27,747,138	-	Monthly, Annually	15-90 Days
Long/Short Hedge Fund	26,033,782	-	Quarterly	60-65 Days
Real Estate Fund	14,298,842	5,267,787	N/A, Quarterly with queue	90 days
Absolute Return Hedge Fund	26,338,751	-	Monthly, Quarterly, Semi- Annually	30-45 Days
Closed-End Hedge Fund	1,008,579	2,780,081	N/A	N/A
Fixed Income Fund	30,318,523	-	Quarterly	90 Days
<b>Total</b>	<b>125,745,615</b>	<b>8,047,868</b>		

Equity Fund: One international fund and one US fund that invest long-only in less liquid markets seeking to capture an illiquidity premium. The international fund is a fund of funds and is valued based on the net asset value provided for each of the underlying units. The US fund unit net asset value is based on the value of the underlying holdings.

Long/Short Hedge Fund: Three funds that invest long and short to generate outsize risk-adjusted returns. Two funds are valued at net asset value of units held based on underlying holdings. One fund is a fund of funds and is valued based on the net asset value provided for each of the underlying units.

Real Estate Fund: Five funds that invest primarily in commercial real estate properties and debt instruments. The fair values of these funds has been determined using net assets valued based on the appraised value of the holdings. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years.

Absolute Return Hedge Fund: Four funds that seek to generate consistent positive returns with low volatility and low net market exposure. Each fund's unit net asset value is based on the value of the underlying holdings.

Closed-End Hedge Fund: One fund that invests primarily in medical royalty streams or securities associated with the royalties. The fair value of the funds is determined using discounted cash flow models based on expected future cash flows. The fund is not eligible for redemption. Distributions are received as underlying investments within the funds generate cash flows, which on average can occur over the span of 5 to 10 years.

Fixed Income Fund: One fund that invests in less liquid or distressed debt securities. The US fund unit net asset value is based on the value of the underlying holdings.



## Note 3

### 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. The property tax timeline is as follows:

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
<sup>1</sup> April 30	First of two equal installment payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
<sup>1</sup> October 31	Second of two equal installment payments due
<sup>1</sup> Due to COVID-19 the first 2021 property tax installment was extended to May 31	

In governmental funds, property taxes are recorded as receivables when levied, offset by a deferred inflow of resources. Property taxes collected within 60 days after year-end are considered measurable and available and are recognized as revenues in the fund statements. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. Special levies approved by the voters are not subject to the limitations listed above. The following special levies exist:

- Emergency Medical Services
- General Obligation Bonds
- Park Bond (UTGO 2015 Bond)
- Library Bond (UTGO 2018 Bond)

The following table reflects the levy amounts and tax assessments that will be collected in the subsequent year. See additional information in Schedule 6 of the statistical section.

Property Tax Levy Type	Total Levy (in thousands)	Amount per \$1,000 Assessed Valuation
Regular	63,663	2.660570
Regular Senior Lift	6,470	0.273068
EMS	9,224	0.385474
Bond	3,191	0.137317
Park Bond	6,123	0.258427
Total	<b>88,671</b>	<b>3.714856</b>

## Note 4

### Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Capital Assets	Jan 01, 2021 Beginning Balance	Increases	Decreases	Dec 31, 2021 Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital assets not being depreciated</b>				
Land	843,205,397	901,439	-	<b>844,106,836</b>
Construction in progress	65,767,830	46,407,731	(44,885,270)	<b>67,290,291</b>
<b>Total capital assets, not being depreciated</b>	<b>908,973,227</b>			<b>911,397,127</b>
<b>Capital assets, being depreciated:</b>				
Buildings	118,616,599	28,509,925	-	<b>147,126,524</b>
Accumulated depreciation	(50,144,510)	(2,564,579)	-	<b>(52,709,089)</b>
Net buildings	68,472,089			<b>94,417,435</b>
Other improvements	115,091,940	14,991,654	(256,547)	<b>129,827,047</b>
Accumulated depreciation <sup>1</sup>	(58,857,878)	(7,856,372)	102,423	<b>(66,611,827)</b>
Net other improvements <sup>1</sup>	56,234,062			<b>63,215,220</b>
Machinery and equipment	113,111,628	10,130,255	(6,943,844)	<b>116,298,039</b>
Accumulated depreciation <sup>1</sup>	(76,292,585)	(7,893,371)	6,565,338	<b>(77,620,618)</b>
Net machinery and equipment <sup>1</sup>	36,819,043			<b>38,677,421</b>
Infrastructure	1,150,218,337	18,643,094	(475,648)	<b>1,168,385,783</b>
Accumulated depreciation <sup>1</sup>	(605,476,102)	(24,795,214)	427,092	<b>(629,844,224)</b>
Net infrastructure <sup>1</sup>	544,742,235			<b>538,541,559</b>
Intangible assets	6,428,295	874,229	-	<b>7,302,524</b>
Accumulated amortization	(2,917,150)	(462,032)	-	<b>(3,379,182)</b>
Net intangible assets	3,511,145			<b>3,923,342</b>
<b>Total Capital assets, being depreciated (net)<sup>1</sup></b>	<b>709,778,574</b>			<b>738,774,977</b>
<b>Governmental Activities, Capital Assets (net)<sup>1</sup></b>	<b>1,618,751,801</b>			<b>1,650,172,104</b>

<sup>1</sup>Beginning Balance Restated

Capital Assets	Jan 01, 2021 Beginning Balance	Increases	Decreases	Dec 31, 2021 Ending Balance
<b>BUSINESS-TYPE ACTIVITIES cont.</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 15,562,277	\$ 8,506	\$ -	\$ 15,570,783
Construction in progress	184,953,907	24,094,552	(187,875,822)	21,172,637
<b>Total capital assets, not being depreciated</b>	200,516,184			36,743,420
<b>Capital assets, being depreciated:</b>				
Buildings	376,182,001	164,463,519	-	540,645,520
Accumulated depreciation	(231,220,721)	(10,789,277)	-	(242,009,998)
Net buildings	144,961,280			298,635,522
Other improvements	116,885,718	3,495,421	-	120,381,139
Accumulated depreciation <sup>1</sup>	(71,729,504)	(4,441,722)	-	(76,171,226)
Net other improvements <sup>1</sup>	45,156,214			44,209,913
Machinery and equipment	177,185,204	3,440,926	(1,718,623)	178,907,507
Accumulated depreciation <sup>1</sup>	(117,745,327)	(8,836,933)	1,402,284	(125,179,976)
Net machinery and equipment <sup>1</sup>	59,439,877			53,727,531
Infrastructure	773,535,816	26,932,185	(253,174)	800,214,827
Accumulated depreciation <sup>1</sup>	(217,132,744)	(15,092,066)	103,027	(232,121,783)
Net infrastructure <sup>1</sup>	556,403,072			568,093,044
Intangible assets	113,766	-	-	113,766
Accumulated amortization	(88,738)	(2,275)	-	(91,013)
Net intangible assets	25,028			22,753
<b>Total Capital assets, being depreciated (net)</b>	805,985,471			964,688,763
<b>Business-Type Activities, Capital Assets (net)</b>	\$ \$ 1,006,501,655			\$ 1,001,432,183
<b>DEPRECIATION</b>				
<b>Governmental Activities:</b>				
General government				\$ 1,387,961
Judicial				133,488
Public safety				3,992,042
Transportation				26,344,987
Economic environment				1,152,705
Social Services				423,377
Culture and recreation				10,137,009
<b>Total Depreciation Expense - Governmental Activities</b>				\$ 43,571,568
<b>Business-Type Activities:</b>				
Water/Sewer				\$ 29,611,916
Solid Waste				9,165,231
Other				385,126
<b>Total Depreciation Expense - Business-Type Activities</b>				\$ 39,162,273

The City paid \$6,502,413 in interest expense related to business-type activities during 2021. None of this balance was capitalized.

## Note 5

### Pension Plans

#### A. GENERAL

The City administers three single-employer, defined benefit retirement plans:

- Spokane Employees' Retirement System (SERS)
- Spokane Firefighters' Pension
- Spokane Police Relief and Pension

The Law Enforcement Officers' and Fire Fighters' (LEOFF) system is a contributory multi-employer cost-sharing system operated by the State of Washington.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2021:

Aggregate Pension Amounts – All Plans		
Pension liabilities	\$	(174,685,904)
Pension assets		174,325,293
Deferred outflows of resources		41,725,508
Deferred inflows of resources		(149,367,808)
Pension expense/expenditures		(24,794,357)

#### B. PLAN DESCRIPTIONS

##### Spokane Employees' Retirement System

The Spokane Employees' Retirement System (SERS) is a single employer defined benefit pension plan covering employees of the City of Spokane, administered in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code (SMC).

SERS is a pension trust fund of the City of Spokane and is presented within the fiduciary funds of the City's comprehensive annual financial report. SERS has separate legal standing. The City is financially accountable for SERS because a financial burden is imposed on the City using the criteria of financial accountability. SERS has determined that there are no entities that require inclusion within its financial statements.

All permanent employees of the City, including employees of the Plan, are required to join SERS with the exception of elected officials who have the option to join SERS and police or firefighters who are members of the Washington State Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

Management of SERS is vested in the SERS Board, which consists of seven members—three members are elected by active employee plan members, three members are appointed by the Spokane City Council, and one member (who may not be an elected official or employee of the city) is appointed by the other six Board members.

SERS provides retirement, death, and disability benefits. All employees hired before January 1, 2009, who participate in SERS, are eligible for service retirement after completing five years of service if they are age 50 or older. Their retirement benefits are calculated by multiplying 2.15% of the member's highest consecutive two-year average salary by the member's years of creditable service, not to exceed 64.50%. Employees hired prior to January 1, 2009, have a choice at retirement of choosing a 2.15% multiplier with a service cap of 30 years or a 2.00% multiplier with a service cap of 35 years.

All employees hired on or after January 1, 2009 but before January 1, 2015, who participate in SERS, are eligible for service retirement after completing five years of service and are age 50 or older; however, this group of employees must have their age, plus years of service, equal to 75 or reach the normal retirement age of 62. Their retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive two-year average salary by the member's years of creditable service, to a maximum of 70.00%.

All employees hired on or after January 1, 2015 but before January 1, 2018, who participate in SERS, are eligible for service retirement after completing seven years of service and are age 50 or older; however, this group of employees must have their age plus years of service equal to 80 or reach the normal retirement age of 65. Their retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive three-year average salary by the member's years of creditable service, to a maximum of 70.00%.

All employees hired on or after January 1, 2018, who participate in SERS, are eligible for service retirement after completing seven years of service and reach the normal retirement age of 65. Early retirement, with no reduction of benefits, may be elected when an employee's age plus years of service equal to 90 before or if they are age 50 or older and have completed 30 years of service. A reduced early retirement may be elected with benefits reduced by 2.5% per year for each year before the retiree would be eligible for full retirement. Their retirement benefits are calculated by multiplying 2.00% by the member's years of creditable service times the member's highest consecutive three-year average salary, with an annual cap on overtime plus base pay equal to 120% of base pay. The maximum of retirement factor is 80.00%.

For all employee groups, benefits may be reduced on an actuarially equivalent basis according to the retirement annuity option selected for themselves and their beneficiaries.

The SERS Board of Administration considers issuing an ad hoc adjustment for retiree benefits each year. The Board can grant an ad hoc adjustment if the AAL funded ratio is 90% or greater and remains above 90% after the ad hoc adjustment is granted. The AAL funded ratio was less than 90% as of December 31, 2021. The last ad hoc retiree adjustment occurred in 2001. Based on the current AAL funded ratio, it will take continued significant favorable experience in the investment markets or a future increase in contribution levels to raise the funded ratio above the ad hoc threshold.

### **Firefighters' Pension System**

The Firefighters' Pension System is a single-employer defined benefit pension plan established and administered by the City in accordance with the requirements of the Revised Code of Washington.

The plan provides retirement and medical benefits to all firefighters who were hired prior to March 1, 1970 (Pre-LEOFF officers). Firefighters hired on or after March 1, 1970 but before October 1, 1977, (LEOFF 1 officers) receive their pensions from the State of Washington and medical coverage from the City of Spokane. Firefighters hired after October 1, 1977 (LEOFF 2 officers) are not covered by these plans. According to RCW 41.26.090, "[a]ny member having five or more service credit years and having attained the age of fifty years shall be eligible for a service retirement allowance and shall be retired upon the member's written request effective the first day following the date upon which the member is separated from service."

The plan provides death, disability, and medical benefits. The City is responsible for the medical expenses for active and retired employees covered under this plan.

The Board consists of five members—the Mayor or his/her designated representative who shall be an elected official of the City, the City Clerk, the Chairperson of finance of City Council and two regularly employed or retired firefighters. The two firefighters select a third eligible member who serves as an alternate in the event of the absence of one of the firefighters.

The Firefighters' Pension Board was established pursuant to the authority of RCW 41.16.020, and its powers, duties and responsibilities are established by state law.

The State of Washington contributes 25% of taxes collected on fire insurance premiums to the Firefighters' Pension System and is considered a non-employer contributing entity. The revenue received through this tax amounted to \$320,003 in 2021.

### **Police Relief and Pension System**

The Police Relief and Pension System is a single-employer defined benefit pension plan established and administered by the City in accordance with the requirements of the Revised Code of Washington.

The plan provides retirement and medical benefits to all uniformed police who were hired prior to March 1, 1970 (Pre-LEOFF officers). Police hired on or after March 1, 1970 but before October 1, 1977 (LEOFF 1 officers), receive their pensions from the State of Washington and medical coverage from the City of Spokane. Police hired after October 1, 1977 (LEOFF 2 officers) are not covered by these plans. According to RCW 41.26.090, "[a]ny member having five or more service credit years and having attained the age of fifty years shall be eligible for a service retirement allowance and shall be retired upon the member's written request effective the first day following the date upon which the member is separated from service."

The plan provides death, disability, and medical benefits. The City is responsible for the medical expenses for active and retired employees covered under this plan.

The Board consists of seven members—the Mayor or his/her designated representative who shall be an elected official of the City, the Council President, the City Clerk, the City Treasurer and three active or retired members of the Police Department.

The Police Pension Board was established pursuant to the authority of RCW 41.20.010 and its powers, duties and responsibilities are established by state law.

### **Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2**

LEOFF was established in 1970 by the State Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

#### **LEOFF 1**

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

<b>Term of Service</b>	<b>Percent of Final Average Salary</b>
20 or more years	2.0%
More than 10 but less than 20 years	1.5%
More than 5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

## LEOFF 2

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other 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. LEOFF 2 members are vested after the completion of five years of eligible service.

## Plan Membership

Membership of each City administered plan in which the city is a contributing employer, as of the last actuarial valuation, is as follows:

Plan	Inactive Members or Beneficiaries Receiving Benefits	Inactive Members Entitled To But Not Receiving Benefits	Active Plan Members	Total Members	Membership as of the latest actuarial valuation
Employees' Retirement System	1,534	134	1,494	3,162	12/31/2021
Firefighters' Pension System	108	-	-	108	12/31/2021
Police Pension System	98	-	-	98	12/31/2021
<b>Total</b>	<b>1,740</b>	<b>134</b>	<b>1,494</b>	<b>3,368</b>	

## C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, employee and employer contributions are recorded as revenues in the period in which payroll is due and benefit payments, including refunds of employee contributions, are recognized when due and payable. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date. Investments are reported at fair value.

### Stand Alone Statements

The methods and assumptions required for financial reporting are the same methods and assumptions used in determining a plan's funding requirement and are described in the publicly available financial statements for SERS and actuarial reports for the Police and Firefighters' pension plans administered by the City of Spokane. Those stand-alone statements for the SERS retirement systems may be obtained by writing to the Retirement Department, City Hall, 808 West Spokane Falls Blvd, Suite 604, Spokane, Washington, 99201 or by calling (509) 625-6330.

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 that includes financial statements and required supplementary information for each plan. The DRS comprehensive annual financial report may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

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



### Use of Estimates

Management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at year end, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## D. DEPOSITS AND INVESTMENTS

### Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested is presented in a table below for all plans.

### SERS, Firefighters', and Police Pension

The long-term expected rate of return on pension plan investments was determined using statistical methods to determine the best-estimate future real rate of return (net of pension plan investment expense and inflation) based on long-term performance of the major asset classes. These returns are used to determine the estimated portfolio return based on the target asset allocation percentage of each asset class.

### LEOFF 1 & 2

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.

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, is shown in the table below:

	SERS	Firefighters'	Police	LEOFF 1	LEOFF 2
Rate of return	13.70%	-1.06%	1.00%	31.32%	31.65%

### Estimated Rates of Return

Below are the estimated real rates of return for the various pension plans as of December 31, 2021:

Long-Term Expected Real Rate of Return	SERS	Firefighters'	Police	LEOFF 1 <sup>1</sup>	LEOFF 2 <sup>1</sup>
Global equity	6.00%	-	-	6.30%	6.30%
US fixed income	1.50%	1.50%	-	2.20%	2.20%
Long Biased	4.00%	-	-	-	-
Opportunistic Credit	7.00%	-	-	-	-
Real estate	2.20%	-	-	5.80%	5.80%
Private equity	-	-	-	9.30%	9.30%
Tangible assets	-	-	-	5.10%	5.10%

<sup>1</sup>The inflation component used to create the table is 2.2 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

**Investments**

Each plan's investments may be used only for the benefit of the members of that plan in accordance with the terms of the plan.

No investments were made in loans to or leases with any Plan official, government employer official, or party related to a Plan official.

**Spokane Employees' Retirement System**

The SERS investment management policy is set by the Board of Administration. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS' investments are governed by the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the System. SERS' investments are categorized by type to give an indication of the level of risk assumed by the System.

Investments of the pension trust funds are reported at fair market value. The Board of Administration maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. In fulfilling its responsibilities, the Board of Administration has contracted with investment managers, a custodian, an independent investment consultant and an auditor. Investment manager contracts include specific guidelines regarding the investments under management. All investments are held in custody. The independent investment consultant monitors the fund on a regular basis and provides quarterly reports to staff and the Board. The SERS' Retirement Director monitors the fund on a regular basis.

The Board has an asset allocation policy that includes an allocation to alternative investments. Funding of these limited partnerships began in 2007 and continues on an ongoing basis. The term "alternative investments" encompasses a broad category of nontraditional investments. Each alternative investment that SERS enters into has been carefully studied by the System's independent investment consultant, has been reviewed by staff, and approved the Board. The asset allocation study that was modeled by the independent consultant demonstrated that alternative assets can add value to the portfolio over time through diversification and higher expected returns. The Retirement Director and Board believe that the use of alternative investments increases the expected return of the plan compared to investing only in traditional asset classes.

**Firefighters' Pension System**

The investment management policy is set by the Board of Administration. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. Investments are governed by the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the System.

Investments of the trust funds are reported at fair market value. The Board of Administration maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. In fulfilling its responsibilities, the Board of Administration has contracted with an investment manager, a custodian, and an independent investment consultant. The investment manager contract includes specific guidelines regarding the investments under management. All investments are held in custody. The independent investment consultant monitors the fund on a regular basis and provides annual reports to staff and the Board. The Retirement Director monitors the fund on a regular basis.

**Police Relief and Pension System**

The Police Pension System assets are held in cash to pay monthly pension benefits and all other claims as they are received. The Police System is funded by property taxes that are irrevocable once contributed.

## Target Asset Allocations

The target asset allocations as of December 31, 2021 were:

Target Allocation	SERS	Firefighters'	Police	LEOFF 1	LEOFF 2
US equity	32%	-	-	-	-
Global equity	22%	-	-	32%	32%
US fixed income	23%	100%	-	20%	20%
Global fixed income	0%	-	-	-	-
Long/short and special opportunities	14%	-	-	-	-
Absolute return	-	-	-	-	-
Real estate	9%	-	-	18%	18%
Private equity	-	-	-	23%	23%
Commodities	-	-	-	-	-
Tangible assets	-	-	-	7%	7%
Cash	-	-	-	-	-
	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>

## Methods Used to Value Investments

All fixed income, common stock, and short-term investments are reflected in the Statement of Fiduciary Net Position and are listed at fair market value. Fixed income securities and common stock traded on national exchanges are valued at the last reported sales price. This market value methodology of pricing is performed by Interactive Data Corporation on a daily basis. Bloomberg and Merrill Lynch are also pricing sources. Investments that do not have an established market are reported at estimated fair value.

Certain investments, such as mutual funds and limited partnerships, deduct their management fees before the fund itself reports net investment income for the period. These investment expenses are netted against investment income in the Statement of Changes in Fiduciary Net Position to arrive at a net investment income amount.

Investments are exposed to various risks, such as interest rate, market, credit, and regulatory risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect total net position and the amounts reported in the Statement of Fiduciary Net Position. See Note 2 for additional information related to interest rate and credit risk.

## E. NET PENSION LIABILITY (ASSET)

The components of the net pension liability (asset) was calculated based on the actuarial reports dated December 31, 2021 for SERS, Firefighters' and Police, and dated as of June 30, 2021 for LEOFF Plan 1 & 2 are shown in the table below.

Net pension liability (Asset)					
Component	SERS	Firefighters'	Police	LEOFF 1 <sup>1</sup>	LEOFF 2 <sup>1</sup>
Total pension liability	516,665,282	10,894,431	1,953,193	36,388,084	308,877,304
Plan fiduciary net position	339,928,008	23,659,411	1,717,751	68,208,061	438,617,640
LESS (Public Facilities District)	(219,079)	-	-	-	-
LESS (SREC)	(2,067,733)	-	-	-	-
Net pension liability (asset)	<b>174,450,462</b>	<b>(12,764,980)</b>	<b>235,442</b>	<b>(31,819,977)</b>	<b>(129,740,336)</b>
Plan fiduciary net position as a % of total pension liability	65.79%	217.17%	87.95%	187.45%	142.00%
<sup>1</sup> Total pension liability (TPL) calculated by the Office of the State Actuary (OSA)					

The amount of the asset reported above for LEOFF Plans 1 and 2 reflect a reduction for State pension support provided to the City of Spokane. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City of Spokane were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(31,819,977)	(129,740,336)
State's proportionate share of the net pension asset associated with the employer	(215,229,533)	(82,959,116)
TOTAL	<b>(247,049,510)</b>	<b>(212,699,452)</b>

At December 31, 2021 the City of Spokane's proportionate share of the collective net pension liabilities (assets) was as follows:

	Proportionate Share 12/31/20	Proportionate Share 12/31/21	Change in Proportion
LEOFF 1	0.942276%	0.928898%	-0.013378%
LEOFF 2	1.722845%	2.233662%	0.510817%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

## **F. ACTUARIAL ASSUMPTIONS**

### **SERS, Firefighters & Police Pension Systems**

The total net pension liability was determined by an actuarial evaluation using the following actuarial assumptions, applied to all periods in the measurement. For all three plans, the measurement date was December, 31, 2020.

#### **LEOFF 1 & 2**

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 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%

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 of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout 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.

	Employees' Retirement System	Firefighters' Pension System	Police Pension System	LEOFF 1	LEOFF 2
Valuation date	12/31/2021	12/31/2021	12/31/2021	6/30/2020	6/30/2020
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	frozen initial liability	aggregate
Amortization method					
Funding	Level % of pay over not more than 30 years	30-year, closed as of January 1, 2007	30-year, closed as of January 1, 2007	level %	n/a
Remaining amortization years (closed)	22	n/a	16	4	n/a
Asset valuation method	Expected value method with 5-year smoothing and 90-110% market value corridor	Fair market value	Fair market value	8-year graded smoothed fair value	8-year graded smoothed fair value
Actuarial assumptions					
Investment rate of return	7.5%	3.0%	3.0%	7.50%	7.40%
Projected salary increases <sup>2</sup>	2.5-12.0%	n/a	n/a	3.50%	3.50%
Economic inflation	2.25%	2.25%	2.250%	2.75%	2.75%
Cost of living adjustments	0.0%	Based upon 3.5% increase assumption when appropriate, for PPF benefits.	Based upon 3.5% increase assumption when appropriate, for PPF benefits.	CPI Increase	CPI Increase, maximum 3%
		Based upon inflation assumption for some PPF benefits and all LEOFF benefits.	Based upon inflation assumption for some PPF benefits and all LEOFF benefits.		
Mortality	RP - 2000 Fully Generational Mortality Tables	RP-2000 Mortality Tables for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA.	RP-2000 Mortality Tables for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA.	RP-2000 Mortality Tables, Combined Healthy Table and Combined Disabled Table	RP-2000 Mortality Tables, Combined Healthy Table and Combined Disabled Table
<sup>2</sup> Expected to grow by promotions and longevity for LEOFF 1 and 2					

## G. DISCOUNT RATE

### Spokane Employees' Retirement System

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current 10.0%

contribution rate and that city contributions will be made at the same rate. The contribution rate for all participants and the City increased to 10.25% on December 26, 2021. The contribution rate is now tied to the Actuarially Determined Contribution (ADC) rate as determined by the Plan's actuary in the annual valuation. These changes were sufficient to eliminate the projected depletion of assets and return the discount rate to the 7.50% assumed rate of return.

#### **Firefighters' Pension System**

The discount rate used to measure the total pension liability was 3.0%. This discount rate was used for calculations pursuant to GASB 67 & 68 as the plan assets are not projected to be depleted prior to payment of the final benefits.

#### **Police Relief and Pension System**

The discount rate used to measure the total pension liability was 3.0%. This discount rate was used for calculations pursuant to GASB 67 & 68 as the plan assets are not projected to be depleted prior to payment of the final benefits.

#### **LEOFF 1 & 2**

The discount rate used to measure the total pension liability was 7.4%. 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% was used to determine the total liability.

#### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table represents the net pension liability calculated using the blended discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

<b>Net Pension (Asset) Liability Sensitivity to the Discount Rate</b>				
<b>Plan</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>Current Discount Rate</b>
SERS <sup>1</sup>	230,465,485	176,737,274	130,882,728	7.50%
Firefighters'	(11,657,225)	(12,764,980)	(13,717,315)	3.00%
Police	383,483	235,442	104,867	3.00%
LEOFF 1	(28,646,388)	(31,819,977)	(34,565,669)	7.40%
LEOFF 2	(81,814,348)	(129,740,336)	(168,982,159)	7.40%

<sup>1</sup>SERS data includes amount related to the Public Facilities District (PFD) and Spokane Regional Emergency Communications (SREC) \$219,079 and \$2,067,733 of the current discount are PFD and SREC, respectively.

## H. PENSION EXPENSE

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

Description	SERS	Firefighters'	Police
Service Cost	10,326,519	-	-
Interest Cost	36,091,730	390,535	74,812
Benefit Changes	-	-	-
Experience loss (gain)	894,773	(2,156,517)	(518,204)
Change in Assumptions	-	-	-
Contributions-Employer	-	-	-
Contributions-Employee	(10,659,281)	-	-
<b>Net Investment Income:</b>		-	-
Expected Return on Investments	(23,395,558)	(653,354)	(48,238)
Investment (gain) loss expensed	(2,079,906)	(266,674)	9,303
Investment (gain) loss deferred	-	-	-
Benefits paid, including refunds of employee contributions	-	-	-
Administrative Expense	619,135	40,144	37,167
Amortization	(12,263,029)	(154,779)	(93,483)
Other Changes	-	-	-
<b>Total Pension Expense</b>	<b>(465,617)</b>	<b>(2,800,645)</b>	<b>(538,643)</b>
LESS (PFD)	577	-	-
LESS (SREC)	5,447	-	-
<b>Total Pension Expense</b>	<b>(459,593)</b>	<b>(2,800,645)</b>	<b>(538,643)</b>

For the year ended December 31, 2021 the City recognized pension expense for the following state plans:

Pension Expense	
LEOFF 1	(4,488,183)
LEOFF 2	(16,507,293)
<b>TOTAL</b>	<b>(20,995,476)</b>

## I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the city's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. City contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

Deferred inflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed



five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the city's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

At December 31, 2021, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources.

	SERS		Firefighters'		Police	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	165,238	-	75,467
Change of Assumptions	(60,027,494)	16,543,991	-	-	-	-
Differences Between Expected and Actual Experience	-	12,603,750	(2,087,443)	-	(424,275)	-
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	776,699	(377,144)	-	-	-	-
City Contributions Subsequent to the Measurement Date	-	-	-	-	-	-
<b>Total</b>	<b>(59,250,795)</b>	<b>28,770,597</b>	<b>(2,087,443)</b>	<b>165,238</b>	<b>(424,275)</b>	<b>75,467</b>

	LEOFF 1		LEOFF 2	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(9,722,962)	-	(61,861,125)	-
Change of Assumptions	-	-	(6,170,457)	56,084
Differences Between Expected and Actual Experience	-	-	(685,668)	5,884,526
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	(9,165,082)	4,478,252
Contributions subsequent to the measurement date	-	-	-	2,295,344
<b>Total</b>	<b>(9,722,962)</b>	<b>-</b>	<b>(77,882,333)</b>	<b>12,714,206</b>

Deferred outflows of resources related to pension resulting from the City'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:

Amortization of Deferred (Inflows) and Deferred Outflows							
	SERS			Firefighters'		Police	
Recognition Period (Years)	6.0	6.0	5.0	9.48	5.0	10.67	5.0
Year	(Inflow)	Outflows	Outflows	(Inflows)	Outflows	(Inflows)	Outflows
2022	(26,504,741)	3,940,223	9,221,765	(609,977)	114,776	(115,606)	27,293
2023	(24,086,945)	1,881,821	9,221,767	(609,977)	50,461	(115,606)	22,325
2024	(7,250,582)	1,881,821	(102,804)	(600,816)	-	(115,606)	16,546
2025	(1,332,518)	1,881,821	(62,332)	(266,674)	-	(77,457)	9,303
2026	(76,009)	906,516	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>(59,250,795)</b>	<b>10,492,202</b>	<b>18,278,396</b>	<b>(2,087,443)</b>	<b>165,238</b>	<b>(424,275)</b>	<b>75,467</b>

	LEOFF 1		LEOFF 2	
Recognition Period (Years)	5.0	5.0	5.0	5.0
Year	(Inflows)	Outflows	(Inflows)	Outflows
2022	(2,582,767)	-	(18,277,128)	1,283,499
2023	(2,362,415)	-	(17,151,955)	1,283,499
2024	(2,229,160)	-	(16,301,833)	1,283,499
2025	(2,548,620)	-	(18,132,559)	1,283,499
2026	-	-	(2,000,587)	1,283,499
Thereafter	-	-	(6,018,271)	4,001,368
<b>Total Deferred (Inflows)/Outflows</b>	<b>(9,722,962)</b>	<b>-</b>	<b>(77,882,333)</b>	<b>10,418,862</b>

## J. FUNDING POLICIES

The tables at the end of this section provide the actual contribution rates for all plans (expressed as a percentage of current year covered payroll) at the close of December 31, 2021.

### Spokane Employees' Retirement System

Member and employer contribution rates are established by SMC Chapter 4.14. The funding of SERS is currently based on the entry age normal method. SERS funding objective is to achieve and maintain an actuarial liability funded status between 90% and 110%. Member contributions are 10.0% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 10.0% of eligible compensation for a combined total of 20.0%. Effective December 26, 2021, the annual Contribution Rate was changed to a combined total of 20.5%. Member contributions are 10.25% of eligible compensation and the City contributes 10.25% of eligible compensation. It is contemplated that the contribution by the City will, when added to the member's contribution, plus other revenues, be enough to properly fund the retirement benefits set forth. Combined contributions from employees and the employer were \$23.0 million in 2021 and \$21.3 million in 2020.

There are no long-term contracts for contributions outstanding and no legally required reserves.

### Firefighters' Pension System

The City of Spokane is obligated by ordinance and RCW to make all required contributions to the plans. The major sources of funding for the Firefighters' Pension fund are property taxes, investment earnings, and the State fire insurance premium tax. Currently, there are no required employee contributions made to these pension plans.

The plan is fully funded with \$34.9 million in total net assets, including those available for other post-employment benefits (see Note 6).

#### **Police Relief and Pension System**

The City of Spokane is obligated by ordinance and RCW to make all required contributions to the plans. The major sources of funding for the Police Pension fund is local retail sales and use tax. Currently, there are no required employee contributions made to these pension plans.

#### **Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2**

LEOFF 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2021.

The City's actual contributions to LEOFF 2 were \$4.67 million for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' fiscal year ending June 30, 2021, the state contributed \$78.2 million to LEOFF Plan 2. The amount recognized by the City for its proportionate share of this amount is \$2.9 million.

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

The required contribution rates expressed as a percentage of current-year covered payroll as of December 31, 2021 are as follows:

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
Employees' Retirement System <sup>1</sup>	10.00%	10.00%
Firefighters' Pension System	0.16%	0.00%
Police Pension System	0.16%	0.00%
LEOFF 1 <sup>2</sup>	0.18%	0.00%
LEOFF 2 <sup>2</sup>	5.30%	8.53%
<sup>1</sup> Effective December 26, 2021, SERS annual contribution rate was changed to 20.5% of payroll (10.25% paid by employee, 10.25% paid by payroll).		
<sup>2</sup> The employer rate includes the employer administrative expense fee currently set at 0.18%		

## K. EMPLOYER CONTRIBUTIONS PAID

The following table presents the City's contributions to cost-sharing plans in accordance with the funding policy. There are no long-term contracts for contributions for any of the retirement plans administered by the City.

Actual Contributions	2021	2020	2019	2018
Employees' Retirement System	11,519,708	10,659,281	9,824,717	9,187,420
Firefighters' Pension System	1,439,343	498,064	1,616,355	2,827,071
Police Pension System	550,519	409,076	687,434	487,803
LEOFF 1	-	-	-	-
LEOFF 2	4,668,483	3,988,973	3,687,000	3,667,460

## L. CHANGES IN BENEFIT PROVISIONS

All employees hired on or after January 1, 2018, who participate in SERS, are eligible for service retirement after completing seven years of service and reach the normal retirement age of 65. Early retirement, with no reduction of benefits, may be elected when an employee's age plus years of service equal to 90 before or if they are age 50 or older and have completed 30 years of service. A reduced early retirement may be elected with benefits reduced by 2.5% per year for each year before the retiree would be eligible for full retirement. Their retirement benefits are calculated by multiplying 2.00% by the member's years of creditable service times the member's highest consecutive three-year average salary, with an annual cap on overtime plus base pay equal to 120% of base pay. The maximum of retirement factor is 80.00%.

## M. GASB 68 SUMMARY RECONCILIATION

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
Employees' Retirement System	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Balance, Beginning of Year (Dec 31, 2019)	496,987,271	317,542,366	179,444,905	38,781,148	78,078,168	-
Changes for the year:						
Service Cost	10,326,519	-	10,326,519	-	-	10,326,519
Interest Cost	36,091,730	-	36,091,730	-	-	36,091,730
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	5,368,635	-	5,368,635	4,473,862	-	894,773
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	10,659,281	(10,659,281)	-	-	-
Contributions-Employee	-	10,659,281	(10,659,281)	-	-	(10,659,281)
Net Investment Income	-	33,795,088	(33,795,088)	-	-	-
Expected Return on Investments	-	-	-	-	-	(23,395,558)
Investment (gain) loss expensed	-	-	-	-	-	(2,079,906)
Investment (gain) loss deferred	-	-	-	-	8,319,624	-
Benefits paid, including refunds of employee contributions	(32,108,873)	(32,108,873)	-	-	-	-
Administrative Expense	-	(619,135)	619,135	-	-	619,135
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(14,107,269)	(26,370,298)	(12,263,029)
Net Changes	19,678,011	22,385,642	(2,707,631)	(9,633,407)	(18,050,674)	
Balance, End of Year (Dec 31, 2020)	516,665,282	339,928,008	176,737,274	29,147,741	60,027,494	(465,617)
LESS (Public Facilities District)			(219,079)	(36,131)	(74,409)	577
LESS (SREC)			(2,067,733)	(341,013)	(702,290)	5,447
Balance, End of Year (Dec 31, 2020) Net of PFD & SREC			174,450,462	28,770,597	59,250,795	(459,593)

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
<b>Firefighters' Pension System</b>	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability (NPL)/(Asset)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
Balance, Beginning of Year (Dec 31, 2019)	13,370,030	21,884,239	(8,514,209)	353,760	1,364,047	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	390,535	-	390,535	-	-	390,535
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(2,156,517)	-	(2,156,517)	-	-	(2,156,517)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	538,208	(538,208)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	1,986,725	(1,986,725)	-	-	-
Expected Return on Investments	-	-	-	-	-	(653,354)
Investment (gain) loss expensed	-	-	-	-	-	(266,674)
Investment (gain) loss deferred	-	-	-	-	1,066,697	-
Benefits paid, including refunds of employee contributions	(709,617)	(709,617)	-	-	-	-
Administrative Expense	-	(40,144)	40,144	-	-	40,144
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(188,522)	(343,301)	(154,779)
<b>Net Changes</b>	<b>(2,475,599)</b>	<b>1,775,172</b>	<b>(4,250,771)</b>	<b>(188,522)</b>	<b>723,396</b>	
Balance, End of Year (Dec 31, 2020)	<b>10,894,431</b>	<b>23,659,411</b>	<b>(12,764,980)</b>	<b>165,238</b>	<b>2,087,443</b>	<b>(2,800,645)</b>

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
<b>Police Pension System</b>	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability (NPL)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
Balance, Beginning of Year (Dec 31, 2019)	2,589,439	1,499,806	1,089,633	60,378	539,881	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	74,812	-	74,812	-	-	74,812
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(518,204)	-	(518,204)	-	-	(518,204)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	446,243	(446,243)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	1,723	(1,723)	-	-	-
Expected Return on Investments	-	-	-	-	-	(48,238)
Investment (gain) loss expensed	-	-	-	-	-	9,303
Investment (gain) loss deferred	-	-	-	37,212	-	-
Benefits paid, including refunds of employee contributions	(192,854)	(192,854)	-	-	-	-
Administrative Expense	-	(37,167)	37,167	-	-	37,167
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(22,123)	(115,606)	(93,483)
<b>Net Changes</b>	<b>(636,246)</b>	<b>217,945</b>	<b>(854,191)</b>	<b>15,089</b>	<b>(115,606)</b>	
Balance, End of Year (Dec 31, 2020)	<b>1,953,193</b>	<b>1,717,751</b>	<b>235,442</b>	<b>75,467</b>	<b>424,275</b>	<b>(538,643)</b>

## Note 6

### Defined Benefit Other Post-Employment Benefit (OPEB) Plans

#### Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB). For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position for the City of Spokane's Firefighter's and Police Retiree Benefits Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2021:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ (91,501,555)
OPEB assets	-
Deferred outflows of resources	1,016,072
Deferred inflows of resources	(3,725,280)
OPEB expense/expenditures	606,661

#### Plan Descriptions

The Firefighters', Police Pension Systems and Retiree Medical Plan 2 are single-employer defined benefit funds established and administered by the City in accordance with the requirements of the Revised Code of Washington. The Firefighters' and Police Pension System other post-employment benefit (OPEB) plans are accounted for in their respective pension funds.

The Police and Fire other post-employment benefit plans provide medical benefits to all firefighters and uniformed police who were hired prior to March 1, 1970. Police and firefighters hired on or after March 1, 1970, but before October 1, 1977, receive their pensions from the State of Washington and medical coverage from the City of Spokane. Police and firefighters hired after October 1, 1977, are not covered by these plans. These OPEB plans are closed to new entrants. Both plans provide death, disability and medical benefits.

The Retiree Medical Plan 2 is a single-employer defined benefit plan not administered by any trust and is an unfunded liability.

The Retiree Medical Plan 2 other post-employment benefit plan provides Pre-Medicare retirees the ability to choose between two plans, Premiera (PPO) and Group Health (HMO). Coverage stops at Medicare eligibility. Retirees pay the full rate for these plans. Only certain employee groups are currently covered by the Retiree Medical Plan 2 based on the benefit being negotiated in the recent union contracts. The current covered employee groups and rates are as follows as of the beginning of the current plan year:

Current Covered Employee Groups			Rates for 2021	
Union 270 - Clerical				
Union 270 - Labor				Group
Union 270 - Library			Premera	Health
Exempt Confidential		Retiree	\$ 720.32	\$ 741.47
Library Managerial		Retiree and Spouse	\$ 1,566.52	\$ 1,613.07
Exempt A - SM&PA				
Managerial B - SM&PA				
Mayor, Council and Elected Officials				
Police Lieutenants and Captains				
Police Guild				
Prosecutor's Association - SCPA				

Eligibility for benefits in the Retiree Medical Plan 2 is based on the employee's date of hire and the union they are members of at the time of retirement. Different eligibility conditions for the different employee groups are:

Retiree Medical Plan 2 Eligibility requirements									
1. Non-LEOFF Employees									
a. Hired Prior to January 1, 2009	The attainment of age 50 and completion of 5 years of service								
b. Hired between January 1, 2009 and January 1, 2015	The attainment of age 62 and the completions of 5 years of service, or age plus years of service equal or exceeds 75 points								
c. Hired between January 1, 2015 and December 31, 2017	The attainment of age 65 and the completions of 7 years of service, or age plus years of service equal or exceeds 80 points								
c. Hired on or after January 1, 2018	The attainment of age 65 and the completions of 7 years of service, or age plus years of service equal or exceeds 90 points								
2. LEOFF Employees	The attainment of age 53 and the completion of 5 years of service, or the attainment of age 50 and completion of 20 years of service								

At December 31, 2021, the following employees were covered by the benefit terms:

Plan	Inactive Members or Beneficiaries Receiving Benefits	Inactive Members Entitled To But Not Receiving Benefits	Active Plan Members	Total Members	Membership as of the latest actuarial valuation
Firefighters' Pension System	182	-	-	182	1/1/2021
Police Pension System	143	-	-	143	1/1/2021
<b>Total</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>325</b>	

Plan	Active	Retiree	Surviving Spouse	Total Members	Membership as of the latest actuarial valuation
Retiree Medical Plan 2	1,732	44	-	1,776	1/1/2021

### Funding Policy

The City is obligated by ordinance and the Revised Code of Washington to make all required contributions to the Firefighters' and Police benefit plans. The major sources of funding for these plans are property taxes, investment earnings, the State fire insurance premium tax, and local retail sales and use taxes. There are no required employee contributions made to these plans.

The City is obligated to make all required contributions to the Retiree Medical Plan 2 benefit plans as per negotiated by each labor union and ratified by City Council.

The Actuarially determined contribution is based on the funding policy. Since the plans are not currently funded, the Actuarially Determined Contributions for the fiscal years ending December 31, 2021 and December 31, 2020 for the plans are shown in the following tables.

2021 Funded Status (in thousands)	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
Actuarial valuation date	1/1/2021	1/1/2021	1/1/2021
Actuarial value of plan assets	\$ 12,085	\$ -	\$ -
Actuarial accrued liability (AAL)	43,349	51,167	9,070
Unfunded actuarial accrued liability (UAAL)	31,264	51,167	9,070
Funded ratio	27.88%	0.00%	0.00%
Actual contributions	2,805	2,302	376
Covered payroll	N/A	N/A	109,026
UAAL as a percentage of covered payroll	N/A	N/A	8.32%

2020 Funded Status (in thousands)	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
Actuarial valuation date	1/1/2020	1/1/2020	1/1/2020
Actuarial value of plan assets	\$ 12,555	\$ -	\$ -
Actuarial accrued liability (AAL)	48,633	51,643	9,672
Unfunded actuarial accrued liability (UAAL)	36,078	51,643	9,672
Funded ratio	25.82%	0.00%	0.00%
Actual contributions	2,696	2,706	226
Covered payroll	N/A	N/A	106,596
UAAL as a percentage of covered payroll	N/A	N/A	9.07%



### Actuarial Determined Contribution

	Firefighters' Pension System	2021	2020
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	60,698	62,917
	3. Total normal cost: (1) = (2)	60,698	62,917
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 42,712,571	\$ 48,632,910
	b. Value of plan assets for recommended contribution	12,084,689	12,555,320
	c. Unfunded/(surplus) liability: (a)-(b)	30,627,882	36,077,590
	2. Amortization period in years	16	17
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	2,367,293	2,660,373
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) - B(4)</b>	\$ 2,427,991	\$ 2,723,290
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2021	12/31/2020
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	72,840	81,699
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	2,500,831	2,804,989
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

	<b>Police Pension System</b>	<b>2021</b>	<b>2020</b>
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	-	-
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 46,516,461	\$ 51,195,680
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	46,516,461	51,195,680
	2. Amortization period in years	16	17
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	3,595,354	3,775,186
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) - B(4)</b>	\$ 3,595,354	\$ 3,775,186
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2021	12/31/2020
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	107,861	113,256
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	3,703,215	3,888,442
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

	<b>Retiree Medical Plan 2</b>	<b>2021</b>	<b>2020</b>
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ 659,691	\$ 625,753
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	659,691	625,753
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 9,070,290	\$ 9,672,172
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	9,070,290	9,672,172
	2. Amortization period in years	30	30
	3. Discount rate	2.00%	2.75%
	4. Amortization amount	397,047	464,871
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) - B(4)</b>	\$ 1,056,738	\$ 1,090,624
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2021	12/31/2020
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	21,135	29,992
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	1,077,873	1,120,616
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

### Actuarial Information and Significant Actuarial Assumptions

The City's net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Firefighters' OPEB</b>	<b>Police OPEB</b>	<b>Retiree Medical Plan 2</b>
Inflation	2.25% per year	2.25% per year	2.0% per year
Salary increases	N/A	N/A	N/A
Investment rate of return	3.00% per year	N/A	N/A
Discount Rate	2.83% per year	2.00% per year	2.00% per year
Healthcare cost trend rates	7.50% for 2021, decreasing each year to an ultimate rate of 4.5% for 2041 and later years.	7.50% for 2021, decreasing each year to an ultimate rate of 4.5% for 2041 and later years.	8.0% for 2021, decreasing 0.5% per year to an ultimate rate of 5.00% for 2027 and later years.

Mortality	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table, Fully Generational Projection, using 50% of Projection Scale AA, with ages set back one year for males and forward one year for females.	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table, Fully Generational Projection, using 50% of Projection Scale AA, with ages set back one year for males and forward one year for females.	Mortality rates were based on the Society of Actuaries 1994 Group Annuity Mortality static table for Non-LEOFF members and the RP-2000 Combined Mortality table, fully generational projection with Scale BB, with male rates set back one year and female rates set forward one year for LEOFF members.
Actuarial Experience	The actuarial demographic assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2016.	The actuarial demographic assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2016.	Since this is a relatively new plan, the actuarial assumptions are the same as the pension plan assumptions for this valuation. Once the plan has enough years of experience on its own, an experience study will be completed.
Expected Rate of Return	The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding expected inflation.	Since the plan is not currently funded, there is no long-term expected rate of return on plan investments for this valuation.	Since the plan is not currently funded, the long-term expected rate of return on plan investments is 0.0% for this valuation.
Discount Rate	The discount rate used to measure the total OPEB liability was 2.83%. The projection of cash flows used to determine the discount rate assumed the City future contributions will be made at rates equal to 70% of the annual benefit payments expected to be paid from the trust. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted for current members during the 2043 fiscal year. Therefore, the long-term expected rate of return of 3.00% was used to discount funded projected benefit payments and the municipal bond rate of 2.00% was used to discount unfunded projected benefit payments to determine the total OPEB liability. The single effective discount rate used for the accounting valuation was 2.83%.	Since the plan is not currently funded, the discount rate is equal to the 20-year municipal bond rate in effect for the beginning of the plan year. Rates were taken from the Fidelity GOAA 20 Years index.	Since the plan is not currently funded, the discount rate is equal to the 20-year municipal bond rate in effect for the beginning of the plan year.

The long-term expected rate of return on OPEB plan investments for the Firefighter's other post-employment benefits plan was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Firefighters' OPEB		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and short-term investments	11.73%	1.00%
Domestic Equities	0.00%	N/A
U.S. Aggregate Bond	87.78%	2.95%
High Yield debt	0.00%	N/A
Other investments	0.49%	1.15%
Total	100.00%	

Since the Police and Retiree Medical Plan 2 other post-employment benefit plans are not currently funded, there are no long-term expected rate of return on plan investments for this valuation.

The discount rate used to measure the net OPEB liability for the Firefighter's post-employment benefits plan was 2.83%. The projection of cash flows used to determine the discount rate assumed that City future contributions will be made at rates equal to 90% of the annual benefit payments expected to be paid from the trust. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Since the Police and Retiree Medical Plan 2 other post-employment benefit plans are not currently funded, the discount rate is equal to the 20-year municipal bond rate in effect for the beginning of the plan year.

### Changes in the Net OPEB Liability

Changes in the City's Firefighter and Police Net OPEB Liability as of December 31, 2021 are shown in the following tables:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
<b>Firefighters' Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (NOL)</b>
Balance, Beginning of Year (Dec 31, 2020)	48,632,910	12,555,320	36,077,590
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,397,698	-	1,397,698
Difference between expected and actual experience	(2,419,020)	-	(2,419,020)
Changes in plan provisions	-	-	-
Employer contributions	-	2,804,989	(2,804,989)
Changes in assumptions	(177,104)	-	(177,104)
Net Investment Income:	-	1,053,840	(1,053,840)
Benefits paid, including refunds of employee contributions	(4,085,924)	(4,085,924)	-
Administrative Expense	-	(243,536)	243,536
Other Changes	-	-	-
<b>Net Changes</b>	<b>(5,284,350)</b>	<b>(470,631)</b>	<b>(4,813,719)</b>
Balance, End of Year (Dec 31, 2021)	<b>43,348,560</b>	<b>12,084,689</b>	<b>31,263,871</b>

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
<b>Police Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (NOL)</b>
Balance, Beginning of Year (Dec 31, 2020)	51,643,093	-	51,643,093
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,391,352	-	1,391,352
Difference between expected and actual experience	(2,334,239)	-	(2,334,239)
Changes in plan provisions	-	-	-
Employer contributions	-	2,301,681	(2,301,681)
Changes in assumptions	2,564,100	-	2,564,100
Net Investment Income:	-	-	-
Benefits paid, including refunds of employee contributions	(2,096,912)	(2,096,912)	-
Administrative Expense	-	(204,769)	204,769
Other Changes	-	-	-
<b>Net Changes</b>	<b>(475,699)</b>	<b>-</b>	<b>(475,699)</b>
Balance, End of Year (Dec 31, 2021)	<b>51,167,394</b>	<b>-</b>	<b>51,167,394</b>

## Changes in the Total OPEB Liability

Changes in the City's Retiree Medical Plan 2 Total OPEB Liability as of December 31, 2021 are shown in the following table:

	Increase (Decrease)
	(a)
<b>Retiree Medical Plan 2 Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>
Balance, Beginning of Year (Dec 31, 2020)	9,672,172
<b>Changes for the year:</b>	
Service Cost	625,753
Interest on the total OPEB liability	278,020
Difference between expected and actual experience	(1,257,698)
Changes in benefit terms	-
Employer contributions	-
Changes in assumptions	128,235
Net Investment Income:	
Benefits paid, including refunds of employee contributions	(376,192)
Administrative Expense	-
Other Changes	-
<b>Net Changes</b>	<b>(601,882)</b>
Balance, End of Year (Dec 31, 2021)	<b>9,070,290</b>

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare costs trend rates. The following presents the net OPEB liability of the City for the Firefighters' and Police plans, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<b>Net OPEB Liability Sensitivity to the Discount Rate</b>				
<b>Plan</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>Current Discount Rate</b>
Firefighters'	35,306,586	31,263,871	27,717,160	2.83%
Police	56,525,802	51,167,394	46,516,461	2.00%

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare costs trend rates. The following presents the Total OPEB liability of the City for the Retiree Medical Plan 2, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<b>Total OPEB Liability Sensitivity to the Discount Rate</b>				
<b>Plan</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>Current Discount Rate</b>
Retiree Medical Plan 2	9,946,943	9,070,290	8,269,243	2.00%



Sensitivity of the net OPEB liability to changes in healthcare costs trend rates. The following presents the net OPEB liability of the City's Firefighters' and Police, as well as what the City's net OPEB liability would be if it were calculated 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

<b>Net OPEB Liability Sensitivity to the Healthcare Cost Trend Rate</b>				
<b>Plan</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>Current Discount Rate</b>
Firefighters'	27,837,974	31,263,871	35,121,399	7.5% Decreasing to 4.5%
Police	46,704,727	51,167,394	56,232,168	7.5% Decreasing to 4.5%

Sensitivity of the Total OPEB liability to changes in healthcare costs trend rates. The following presents the Total OPEB liability of the City's Retiree Medical Plan 2, as well as what the City's net OPEB liability would be if it were calculated 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

<b>Total OPEB Liability Sensitivity to the Healthcare Cost Trend Rate</b>				
<b>Plan</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>Current Discount Rate</b>
Retiree Medical Plan 2	8,002,204	9,070,290	10,339,840	8.0% Decreasing to 5.0%

OPEB plan fiduciary net position, and Total OPEB Liability detailed information is available in the separately issued actuarial reports. For further information please contact the Spokane Retirement Department at 509-625-6330.

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the City recognized OPEB expense reduction of \$4,216,636 for Firefighters' and \$475,699 for Police and an increase in OPEB expense of \$203,741 for the Retiree Medical 2 Plan for a total OPEB expense reduction of \$4,488,594. At December 31, 2021, the City Reported Deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Firefighter's OPEB</b>		<b>Police OPEB</b>	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	-	-	-	-
Change of Assumptions	-	-		
Net difference between projected and actual earnings on pension plan investments	97,885	(773,652)	-	-
<b>Total</b>	<b>97,885</b>	<b>(773,652)</b>	<b>-</b>	<b>-</b>

	<b>Retiree Medical Plan 2</b>	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	-	(2,194,025)
Change of Assumptions	918,187	(757,603)
Net difference between projected and actual earnings on pension plan investments	-	-
<b>Total</b>	<b>918,187</b>	<b>(2,951,628)</b>

Amounts reported as deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>Firefighter's OPEB</b>		<b>Police OPEB</b>	
<b>Recognition Period (Years)</b>		5.0		
<b>Year</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>	<b>(Inflows)</b>
2022	61,099	(210,513)	-	-
2023	36,786	(210,513)	-	-
2024	-	(210,513)	-	-
2025	-	(142,113)	-	-
2026	-	-	-	-
Thereafter	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>97,885</b>	<b>(773,652)</b>	<b>-</b>	<b>-</b>

	<b>Retiree Medical Plan 2</b>	
<b>Recognition Period (Years)</b>	9.0	9.0
<b>Year</b>	<b>Outflows</b>	<b>(Inflows)</b>
2022	100,789	(324,355)
2023	100,789	(324,355)
2024	100,789	(324,355)
2025	100,789	(324,355)
2026	100,789	(324,355)
Thereafter	414,242	(1,329,853)
<b>Total Deferred (Inflows)/Outflows</b>	<b>918,187</b>	<b>(2,951,628)</b>

## Note 7

### Risk Management

The City is self-insured for Unemployment Insurance, Workers' Compensation, General Liability, and Medical/Dental benefits. Unrestricted net position (assets less liabilities) in the self-insurance funds as of December 31, 2021 and 2020 are as follows:

<b>Fund</b>		<b>2021</b>		<b>2020</b>
Risk Management	\$	3,398,626	\$	8,001,991
Workers' Compensation		5,110,368		4,622,321
Unemployment Insurance		1,019,511		926,030
Employee Benefits		17,418,677		17,948,027
	<b>\$</b>	<b>26,947,182</b>	<b>\$</b>	<b>31,498,369</b>

Under the City's self-insurance program, the following commercial insurance policies are purchased to protect the City from claims which exceed anticipated funding levels. In 2017, one general liability claim exceeded the SIR, and in 2018 one incident involving two workers' compensation claims exceeded the SIR.

<b>Policy Type</b>	<b>Deductible</b>	<b>Coverage Limits</b>	<b>Description</b>
Excess Workers' Compensation & Employer's Liability - All Employees	\$ 1,250,000	Statutory Limit	Protects the city from unanticipated levels of workers' compensation
Boiler & Machinery	25,000	200,000,000	Protects the city from loss due to damage to buildings and contents from boilers and machinery
Property (Wastewater Treatment Facility)	1,000,000	500,000,000	Protects the city from loss by fire and other extended coverages
Property (Upriver Dam)	1,000,000	125,000,000	Protects the city from loss by fire and other extended coverages
Property (Waste to Energy)	250,000	281,509,180	Protects the city from loss by fire and other extended coverages
Property (Other than WWTP, Dam & WTE)	1,000,000	250,000,000	Protects the city from loss by fire and other extended coverages
Medical Stop Loss	600,000	Unlimited	Stop-loss coverage protects the city from excessive individual claims
Excess Liability Coverage	1.25M to 1.5M	20,000,000	Protects the city from excessive individual losses

Inland Marine -Fire Truck Physical Damage	5% Value 10,000 min 50,000 max	29,194,695	Protects the City from loss due to damaged fire trucks
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	50,000	5,000,000	Protect the city from loss due to employee dishonesty and other extended coverages
Aviation - Unmanned Aircraft Systems	NIL	1,000,000	Protect the city from loss due to drone accidents
Kidnap & Ransom	1,250,000	3,000,000	Protects the city from Kidnap & Ransom demands
Cyber Security Liability	25,000	5,000,000	Protect the city from loss due to cyber breach
Terrorism	25,000	100,000,000	Protects the city from acts of terrorism liability and malicious attacks

#### Claims Liability Valuation

In 2021, the City conducted an actuarial review to determine the estimated claims liability for the Risk Management and Workers' Compensation funds. The estimated loss reserves for the Risk Management fund totaled \$8.6 million and the Workers' Compensation fund totaled \$7.2 million. The Employee Benefits fund reported IBNR (incurred but not reported) claims of \$2.2 million for 2021. Starting in 2014, the City became self-insured for all medical plans. Claims expenses are recognized in the Employee Benefits and the Unemployment Insurance funds for claims processed through the fiscal year end. No IBNR claims are reported in the Unemployment Insurance Fund. All self-insured funds are responsible for collecting interfund premiums and for paying claims settlements. Interfund premiums are assessed on the basis of exposure and claims experience and are reported as revenues and expenses.

Changes in the claims liability from fiscal year ended December 31, 2020 to December 31, 2021 are shown in the following table:

Claims Liability (in thousands)	General Liability	Workers' Compensation	Health Benefits
Unpaid Claims, January 01, 2020	6,180	8,245	2,492
Incurred Claims	1,309	1,820	25,500
Adjustments for prior claims	1,016	874	884
Claim Payments	(1,790)	(3,247)	(26,754)
Unpaid Claims, December 31, 2020	6,715	7,692	2,122

<b>Claims Liability (in thousands)</b>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Health Benefits</b>
Unpaid Claims, January 01, 2021	6,715	7,692	2,122
Incurred Claims	2,695	2,032	27,861
Adjustments for prior claims	986	1,432	2,047
Claim Payments	(1,803)	(3,911)	(29,812)
Unpaid Claims, December 31, 2021	8,593	7,245	2,218

## Note 8

### Short-Term Debt

As construction is done on LID (local improvement district) projects, progress warrants are issued to contractors. The city treasurer disburses funds to the contractors and carries the progress warrants as treasurer's cash investments. When special assessment bonds are sold, the progress warrants are redeemed.

At December 31, 2021, the City had no LID progress warrants outstanding.

<b>Progress Warrants</b>	<b>2021</b>
Balance January 1	\$ -
Progress warrants issued	-
Progress warrants redeemed	-
Balance December 31	<u>\$ -</u>

## Note 9

### Long-Term Liabilities

#### A. Long Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 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 (councilmanic bonds).

General obligation bonds currently outstanding at December 31, 2021 are as follows:

Name of Issuance	Purpose	Interest Rate	Authorized Amount	Original Issue Amount	Debt Outstanding
UTGO 2015	Finance improvements to Riverfront Park and the Parks system	1.65% - 2.97%	64,300,000	60,070,000	59,895,000
LTGO 2015 Refunding	Refund UTGO 2004 and UTGO 2007 Refunding bonds	2.45%-3.20%	52,000,000	48,305,000	48,305,000
LTGO 2016 Refunding	Refund LTGO 2005B related to the Parking Facility	3.24%	16,340,000	16,167,449	8,708,655
UTGO 2017 Refunding	Refund UTGO 2008 Parks/Aquatics	4.00%-5.00%	30,000,000	25,030,000	16,290,000
UTGO 2018	Finance improvements to and expansion of the Spokane Public Library facilities	3.125%-5.00%	77,000,000	73,605,000	71,840,000
<b>Total general obligation bonds</b>				<b>\$ 223,177,449</b>	<b>\$ 205,038,655</b>

At December 31, 2021, the City has \$8.95 million available in debt service funds to service the general bonded debt. The annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2022	5,088,458	7,919,308	13,007,766
2023	5,694,179	7,690,026	13,384,205
2024	6,322,062	7,431,527	13,753,589
2025	9,653,956	7,142,564	16,796,520
2026	6,050,000	6,760,548	12,810,548
2027-2031	67,910,000	27,596,540	95,506,540
2032-2036	66,220,000	12,994,880	79,214,880
2037-2041	25,200,000	5,512,125	30,712,125
2042-2043	12,900,000	709,231	13,609,231
<b>Total</b>	<b>\$ 205,038,655</b>	<b>\$ 83,756,751</b>	<b>\$ 288,795,406</b>

#### Debt Refundings/Direct Borrowing

When advantageous and permitted by statute and bond covenants, the City authorizes the refunding of outstanding bonds. When the City refunds outstanding bonds in advance of a call date, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts

with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.

On November 30, 2020 the city issued \$21,601,900 in limited tax general obligation (UTGO) refunding bonds with an interest rate of 1.38 percent, and a True Interest Cost (TIC) of 1.38% to refund the callable portion of the City's outstanding 2010 B UTGO Bonds (Streets Bonds) totaling \$21,454,000. There is a zero balance outstanding on 12/31/2020 for the 2010 B UTGO Bonds. As a result of the refinancing, the annual debt service was reduced by an average of approximately \$476,000 annually until the final maturity in 2026. The total savings is \$4,758,708, which has a present value of \$3,586,629. The Bonds were structured to mature 4 years earlier than the 2010 B UTGO Bonds.

The City's outstanding notes from direct borrowing related to governmental activities contain a provision that in the event of default of any payment the bond shall become due and payable.

Direct borrowings currently outstanding at December 31, 2021 are as follows:

Name of Issuance	Purpose	Interest Rate	Authorized Amount	Original Issue Amount	Debt Outstanding
LTGO 2020 <sup>1</sup>	Refund UTGO 2010B related to Streets	1.38%	22,000,000	21,601,900	18,124,500
<b>Total Direct Borrowings</b>				<b>\$ 21,601,900</b>	<b>\$ 18,124,500</b>

The annual debt service requirements to maturity for direct borrowings outstanding are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2022	3,526,200	250,118	3,776,318
2023	3,574,900	201,457	3,776,357
2024	3,624,200	152,123	3,776,323
2025	3,674,200	102,109	3,776,309
2026	3,725,000	51,405	3,776,405
<b>Total</b>	<b>\$ 18,124,500</b>	<b>\$ 757,212</b>	<b>\$ 18,881,712</b>

### Government Loans

The City of Spokane has also received government and other loans to provide for the acquisition and construction of capital projects and other purposes. Government and other loans outstanding at year-end are as follows:

Name of Issuance	Purpose	Interest Rate	Debt Outstanding
Public Works Trust Fund Loans	Various street improvements	.50% - 3.00%	\$ 176,471
State Community Development Loans	Various community development projects	0.00%	200,000
Public Works Trust Fund Loans	Various Water/Wastewater System improvements	.50% - 3.00%	6,836,333
State Revolving Loans	Various Water/Wastewater System improvements	1.50% - 2.90%	93,361,490
<b>Total government and other loans</b>			<b>\$ 100,574,294</b>



The annual debt service requirements to maturity for government and other loans outstanding are as follows:

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	58,824	882	59,706
2023	58,824	588	59,412
2024	58,824	294	59,118
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042	200,000	-	200,000
<b>Total</b>	<b>\$ 376,471</b>	<b>\$ 1,765</b>	<b>\$ 378,235</b>

<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	5,712,189	1,876,077	7,588,265
2023	5,823,317	1,825,954	7,649,271
2024	5,866,321	1,718,662	7,584,983
2025	5,940,926	1,609,438	7,550,364
2026	5,717,036	1,498,554	7,215,590
2027-2031	30,015,661	5,778,575	35,794,236
2032-2036	28,910,622	2,770,871	31,681,492
2037-2041	12,211,752	378,402	12,590,154
2042-2044	-	-	-
<b>Total</b>	<b>\$ 100,197,823</b>	<b>\$ 17,456,532</b>	<b>\$ 117,654,355</b>

### **Special Assessment Bonds**

The City has issued special assessment bonds for various capital construction purposes. These bonds were repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other foreclosure proceeds are received. As of December 31, 2021, the amount of CLID Special Assessment delinquency equals \$174,174.

### **Revenue Bonds**

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are issued to finance the acquisition and construction of capital projects, and are created by ordinance, adopted by the City Council, and financed from enterprise fund revenues.

In November 2014, the City of Spokane sold \$181,225,000 in Water Wastewater Utility revenue bonds to pay for a series of projects that are designed to improve the health of the Spokane River and to protect the aquifer that provides Spokane residents with their drinking water.

The bonds were designated as "green" bonds because they will be used to pay for "green" projects that provide environmental benefits. The work will improve water quality, protect water resources, and save energy, among other things.

The money raised through the bond sale, in large part, will help the City implement its Integrated Clean Water Plan. The plan includes work to manage overflows from combined sanitary and stormwater sewers, address untreated stormwater going to the river, and to add an additional level of wastewater treatment at the City's Riverside Park Water Reclamation Facility.

The city has pledged future water waste water capital rate revenues, net of specified operating expenses, to repay \$181,225,000 in water wastewater revenue bonds issued in December 2015. Proceeds from the bonds provided financing for capital improvements that will improve the health of the Spokane River, protect the region's sole-source drinking water aquifer, and make other necessary improvements to the Water and Wastewater System. The bonds are payable solely from Water and Wastewater capital rates and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$176,155,915. Principal and interest paid for the current year and total customer net revenues were \$13,547,527 and \$13,547,527, respectively.

Revenue bonds outstanding at year-end are as follows:

Name of Issuance	Purpose	Interest Rate	Debt Outstanding
Water and Wastewater System Revenue Bonds 2014	Finance capital improvements that will improve the health of the Spokane River, protect the region's sole-source drinking water aquifer, and make other necessary improvements to the Water and Wastewater System	3.00% - 5.00%	\$ 135,325,000
<b>Total revenue bonds</b>			<b>\$ 135,325,000</b>

The annual debt service requirements to maturity for revenue bonds are as follows:

Business-Type Activities			
Year	Principal	Interest	Total
2022	7,935,000	5,614,778	13,549,778
2023	8,330,000	5,218,027	13,548,027
2024	8,750,000	4,801,528	13,551,528
2025	9,185,000	4,364,028	13,549,028
2026	9,645,000	3,904,777	13,549,777
2027-2031	53,725,000	14,030,077	67,755,077
2032-2034	37,755,000	2,897,700	40,652,700
<b>Total</b>	<b>\$ 135,325,000</b>	<b>\$ 40,830,915</b>	<b>\$ 176,155,915</b>

## B. Changes in Long-Term Liabilities

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

Long-Term Liabilities	Outstanding 12/31/20	Additions	Reductions	Outstanding 12/31/21	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	209,568,846	-	(4,530,191)	<b>205,038,655</b>	5,088,458
Deferred amounts:					
Bond premiums at issuance	9,537,503	-	(97,592)	<b>9,439,911</b>	192,564
Bond premiums on refunding	5,210,902	-	(336,824)	<b>4,874,077</b>	392,445
Direct Borrowing	21,601,900	-	(3,477,400)	<b>18,124,500</b>	3,526,200
Government loans	489,388	-	(112,917)	<b>376,471</b>	58,824
Revitalization Areas <sup>1</sup>	2,520,386	-	(318,204)	<b>2,202,182</b>	318,204
Claims and judgments	16,529,043	1,526,594	-	<b>18,055,637</b>	18,055,637
Pollution Remediation Liability <sup>2</sup>	1,620,000			<b>1,620,000</b>	-
OPEB liability <sup>3</sup>	94,065,661	-	(5,377,788)	<b>88,687,873</b>	193,518
Net pension liability	106,399,961	-	(3,080,309)	<b>103,319,652</b>	-
Compensated absences	18,744,788	1,670,264	(65,365)	<b>20,349,687</b>	1,737,854
<b>Total long term liabilities - governmental activities</b>	<b>486,288,379</b>	<b>3,196,858</b>	<b>(17,396,591)</b>	<b>472,088,645</b>	<b>29,563,703</b>
	-				
<sup>1</sup> See Note 12 for more information on the purchase and sale agreements related to the revitalization areas.					
<sup>2</sup> See Note 12 for more information related to the Pollution Liability					
<sup>3</sup> See Note 6 for more information related to newly presented OPEB Liability related to GASB 74/75					
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds:					
General obligation bonds	-	-	-	-	-
Revenue bonds	142,880,000	-	(7,555,000)	<b>135,325,000</b>	7,935,000
Deferred amounts:					
Bond premiums at issuance	14,511,470	-	(1,500,347)	<b>13,011,122</b>	1,646,989
Bond premiums on refunding	-	-	-	-	-
Total bonds payable	157,391,470	-	(9,055,347)	<b>148,336,122</b>	9,581,989
Government loans	105,248,527	654,600	(5,705,304)	<b>100,197,823</b>	5,712,189
Net pension liability	72,976,289	-	(1,610,037)	<b>71,366,252</b>	-
Total OPEB liability <sup>1</sup>	3,327,194	-	(513,512)	<b>2,813,682</b>	87,027
Landfill liabilities:					
Landfill closure	2,074,055	-	(264,796)	<b>1,809,259</b>	476,936
Postclosure monitoring	11,344,020	-	(5,955,497)	<b>5,388,523</b>	1,420,460
Capital lease payable	361,595	-	(73,258)	<b>288,337</b>	68,466
Compensated absences	6,871,031	507,874	(40,614)	<b>7,338,291</b>	378,463
<b>Total long term liabilities - business-type activities</b>	<b>359,594,181</b>	<b>1,162,474</b>	<b>(23,218,365)</b>	<b>337,538,289</b>	<b>17,725,529</b>
<sup>1</sup> See Note 6 for more information related to newly presented OPEB Liability related to GASB 74/75					

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for the internal service funds are included as part of the governmental activities as follows:

Claims and judgments payable	\$ 18.1 million
Net pension liability	\$ 22.4 million
Total opeb liability	\$ 0.7 million
Compensated absences	\$ 2.6 million

Funds used to liquidate compensated absences and net pension liability were general fund, operational special revenue funds, all internal service funds and the enterprise funds.

### Legal Debt Margin

For purposes of determining the legal debt margin, the assessed valuation of the City for year 2021 is \$ 23,928 million. 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.

Legal Debt Margin	Total
General purpose voted and non-voted debt - 1.5%	\$ 283,412,241
Utility voted debt - 2.5%	374,671,819
Open space and park facilities voted debt - 2.5%	598,211,445
<b>Total remaining debt capacity</b>	<b>\$ 1,256,295,504</b>

## C. Leases

### Operating Leases

The City entered into a long-term operating lease agreement with the Spokane Airport Board, an agency of the City and County of Spokane, for the site of the Spokane Regional Waste to Energy Facility. The lease, as amended, provides for the following rental payments:

Effective May 1, 2011 the City pays \$0.085 cents per square foot for 1,608,887 feet.

The City exercised its option to renew the lease for five-year periods subject to certain conditions extending it to April 20, 2023. Lease payments for the year ended December 31, 2021 amounted to \$136,755.

The City was assigned a lease in the Airport Business Park formerly leased by Wheelabrator Spokane Incorporated. Effective November 2014 the City pays \$.080 cents per square foot for 52,272 feet. The Lease is open ended indefinitely. Lease payments for the year ended December 31, 2021 amounted to \$4,182.

The City entered into long term lease contracts with Xerox Corporation for two printers and Copiers Northwest for copy machines. Lease payments for the year ended December 31, 2021 were approximately \$209,119.

Future Years Operating Lease Payments	Total
2022	386,875
2023	348,261
2024	156,655
2025	67,747
2026	44,605
<b>Total minimum future rental payments</b>	<b>\$ 1,004,143</b>

## Capital Lease

The City entered into long term capital lease agreements as follows:

Long term capital lease of \$215,088 with TCF Equipment Finance for the purchase of Kubota Tractor for use at the City's golf courses. The lease provides for semi-annual payments with an interest rate of 3.498%.

Lease payments for the year ended December 31, 2021 were \$ 73,258.

The capital lease debt outstanding at December 31, 2021 is \$288,338. The annual debt service requirements are as follows:

Business-Type Activities			
Year	Principal	Interest	Total
2022	68,466	9,928	78,394
2023	70,824	7,571	78,394
2024	73,262	5,132	78,394
2025	75,785	2,609	78,394
<b>Total</b>	<b>\$ 288,338</b>	<b>\$ 25,240</b>	<b>\$ 313,577</b>

Accumulated depreciation related to the above assets is \$325,170.

## Note 10

### Interfund Balances and Transfers

#### A. Interfund Balances

Due to and from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the same government. Interfund balances at December 31, 2021 were as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	7,553,651	1,084,023
2018 UTGO Library Capital Bond	-	139
Water/Sewer Fund	660,351	5,986,309
Solid Waste Fund	392,294	2,265,656
Non-major Governmental Funds	11,068,360	11,053,105
Non-major Enterprise Funds	203,052	152,546
Internal Service Funds	2,744,218	2,080,148
<b>Total Government Wide</b>	<b>22,621,926</b>	<b>22,621,926</b>

#### B. Interfund Loans

Interfund loans are loans between funds for capital or cash flow purposes. The SIP Interfund loans are accounted for in the Property Acquisition Fund and all debt service is transferred in from the borrowing funds. Interfund loans outstanding at December 31, 2021 are as follows:

Loan To:	Loan From:
Property Acquisition Fund	Spokane Investment Pool <sup>1</sup>
Gardner Building	1,027,641
Alki Building	1,588,180
University District Gateway	2,927,080
West Plains Fire Station	549,337
Public Safety Capital	12,885,999
Nelson Service Center	2,200,022
Engineering	26,729
Golf Courses	7,346,659
Strategic Investments	1,129,351
Maple St Gateway	315,167
Bond Refunding <sup>2</sup>	2,753,676
Dental Clinic	825,997
Engineering Relocation	1,205,418
East Sprague Reconstruction	2,000,000
Parking Meters 2021	1,200,000

<b>Loan To:</b>	<b>Loan From:</b>
<b>Property Acquisition Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
CLID 219	6,801
CLID 221	30,725
CLID 223	277,406
CLID 224A	133,735
<b>Total</b>	<b>38,429,923</b>

<b>Loan To:</b>	<b>Loan From:</b>
<b>Golf Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
Bond Refunding <sup>2</sup>	236,461
<sup>1</sup> The Spokane Investment Pool is allowed to invest up to 15% of its balance in City of Spokane bonds. Loans from this pool provide funds with which to pay the cost of acquiring property for public purposes.	

<b>Loan To (Various):</b>	<b>Loan From (General Fund)<sup>1</sup>:</b>
Misc. Grants Fund	2,530
Human Services Grant Fund	3,540,323
Community Development/Human Services Operations Fund <sup>2</sup>	600,000
Community Development Block Grant Fund	635,017
HOME Program Fund	75,787
Emergency Rental Assistance	4,395,773
<b>Total</b>	<b>9,249,430</b>
<sup>1</sup> Resolution 2014-0080 authorizes grant invoices to be paid out of the General Fund before requesting the grant funding from the grantor, and replenishing the General Fund within 30 days.	
<sup>2</sup> Resolution 2014-0120 authorizes the establishment of a working cash balance that is necessary to facilitate compliance with the federal grant requirements related to cash management.	

### C. Interfund Transfers

Interfund transfers represents a sharing of resources between funds. At the fund level, these transfers increase or decrease individual fund resources, but they do not affect the City's total resources. Interfund transfers for the year ending December 31, 2021 are as follows:

	Transfer To:						
Transfer From:	Transfer To:						
Fund	General Fund	Non-major Governmental Funds	Water/Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Internal Service Funds	Total
General Fund	-	30,315,116	-	-	-	8,482,356	<b>38,797,472</b>
American Recovery Plan	-	380,000	-	-	-	-	<b>380,000</b>
2018 UTGO Library Capital Bond	-	260,000	-	-	-	-	<b>260,000</b>
Water/Sewer Fund	319,375	6,762,268	-	50,000	-	-	<b>7,131,643</b>
Solid Waste Fund	-	700,000	725,408	-	-	30,000	<b>1,455,408</b>
Non-major Governmental Funds	136,564	10,465,396	-	-	53,794	1,311,642	<b>11,967,396</b>
Non-major Enterprise Funds	-	-	-	-	-	81,867	<b>81,867</b>
Internal Service Funds	53,553	3,300,000	6,000	-	-	725,860	<b>4,085,413</b>
<b>Total</b>	<b>509,492</b>	<b>52,182,780</b>	<b>731,408</b>	<b>50,000</b>	<b>53,794</b>	<b>10,631,725</b>	<b>64,159,199</b>

The General Fund transfers were provided to various governmental funds to support day-to-day operations. Arterial Streets Fund transfers were provided for street maintenance, capital projects and debt service. The water/sewer funds were transferred mainly to reimburse the arterial street fund for services it provided on construction projects. Other funds made debt service transfers to pay for the benefits they received in the financing of projects and equipment done on their behalf. Transfers to the information technology fund are the result of transferring custody of computers and other peripheral equipment purchased by other city departments. Transfers from Asset Management to the Intermodal fund, from Water/Sewer to Parks, and from Solid Waste to the General fund were for capital assets previously owned contributed to governmental funds and are a one-sided entry because governmental funds at the fund level are measure on current financial resources and modified accrual and need to be converted to economic resources and full accrual basis in the government wide statements. Transfers from the American Recover Plan were to support the swim program and purchase of playground equipment under the revenue replacement category. Transfers from the Library Bond Fund were for land remediation costs contributed to Park Funds.



## Note 11

### Joint Ventures

The City participates in three joint ventures. These are the Spokane International Airport (SIA), the Spokane Regional Transportation Council (SRTC) and the West Plains/Airport Area Public Development Authority. The City does not contribute any monies toward the operation of the Spokane International Airport. General fund monies are contributed to support the Spokane Regional Transportation Council. In 2021, \$58,136 was paid to the Spokane Regional Transportation Council. General fund monies are contributed to support the West Plains Public Development Authority.

#### Spokane International Airport

SIA is jointly operated by the City and County of Spokane through a joint operating agreement in accordance with the "Airport Joint Operating Agreement"; which was last amended February 2, 2010. This agreement is pursuant to RCW 14.08.200. The unaudited summary below is for the fiscal year ended December 31, 2020 for the Spokane International Airport. The 2021 information was not available as of issuance.

<b>Spokane International Airport</b>	<b>2020</b>
Total Assets	\$ 337,690,583
Total Deferred Outflow of Resources	2,651,492
Total Liabilities	(19,463,492)
Total Deferred Inflow of Resources	(1,760,362)
Total Net Position	<b>\$ 319,118,221</b>
Total Revenues	\$ 31,094,135
Total Capital Contributions	5,000,305
Total Expenses	(56,507,806)
Total Nonoperating Revenue & Exepenses	18,027,679
Net Increase in Net Position	<b>\$ (2,385,687)</b>
Net Position, Beginning of Year	\$ 321,503,908
Net Increase in Net Position	(2,385,687)
Net Position, End of Year	<b>\$ 319,118,221</b>

At December 31, 2021, the airport had other long-term debts payable totaling \$4,131,272.

The Spokane Airport Board administers the operations of the airport. It is composed of seven members, three of which are appointed by the County, three by the City, and one non-specific appointee. The City does not exercise any specific control over the budgeting and financing of the airport's activities. The complete financial report may be obtained by contacting the Spokane International Airport, 9000 W. Airport Drive, Suite 207, Spokane, WA, 99224.

#### **Spokane Regional Transportation Council**

SRTC operates under an Interlocal Agreement adopted by participating entities that include the City of Spokane, Spokane County, Spokane Transit Authority (STA), the City of Spokane Valley, Washington State Department of Transportation (WSDOT), Washington State Transportation Commission, the Spokane Airport Board (SAB), and the incorporated towns within the County. In 1965 the Washington State Legislature created the current statutory authority that provided for coordinated regional planning within the State.

The Council operates under a Board consisting of fourteen voting members and three ex-officio non-voting members. Voting members consist of two County Commissioners, two City Council members, three elected officials representing the small cities, one elected official representing small towns, one representative from the City of Spokane Valley, one person representing STA, (the STA Chief Executive Officer), one representative from WSDOT, one member from the Washington State Transportation Commission, one member from a major employer, and one member representing the SAB (the SAB Chief Executive Officer). Ex-officio members consist of one member representing rail, the Chair of the Transportation Advisory Committee, and the Chair of the SRTC Transportation Technical Committee. The Board selects management of the Council. Control over collection and disbursement of funds resides with the Council.

The Spokane Regional Transportation Council is audited by the Office of State Auditor. At December 31, 2020 the Spokane Regional Transportation Council had no long-term debt outstanding

The audited summary for the fiscal year ended December 31, 2021 is presented below.

<b>Spokane Regional Transportation Council</b>	<b>2021</b>
Total Assets	\$ 639,721
Total Liabilities	(639,721)
Total Net Position	<u>\$ -</u>
Total Revenues	\$ 2,020,627
Total Expenses	(2,105,968)
Net Decrease in Net Position	<u><b>\$ (85,341)</b></u>

The complete financial report may be obtained by contacting the Spokane Regional Transportation Council, 421 West Riverside Avenue, Suite 500, Spokane, WA, 99201.

#### **West Plains/Airport Area Public Development Authority**

West Plains/Airport Area Public Development Authority operates under an Interlocal Agreement adopted by participating entities that include the City of Spokane and Spokane County

The PDA operates under a Board consisting of five voting members and two at-large business representatives selected by the five permanent Board Members. Each Board Member shall have an equal vote and vote in all Board decisions. Initial funding for the PDA's operating and expense budget will be for the first three (3) years, the County, City and Spokane Airport shall each provide \$60,000 per year as preliminary funding for operation of the PDA. The Board shall have oversee the activities of the corporate officers, establish and or/implement policy, participate in corporate activity, and shall have stewardship for management and determination of all corporate affairs.

The West Plains/Airport Area Public Development Authority is audited by the Office of the State Auditor.

The unaudited summary for the fiscal year ended December 31, 2021 is presented below.

<b>West Plains Airport Area Public Development Authority</b>	<b>2021</b>
Total Assets	\$ 7,241,957
Total Liabilities	(5,301,768)
Total Net Position	<b>\$ 1,940,189</b>
Total Revenues	\$ 1,186,483
Total Expenses	(982,687)
Net Increase in Net Position	<b>\$ 203,796</b>
Net Position, Beginning of Year	\$ 1,736,393
Net Increase in Net Position	203,796
Net Position, End of Year	<b>\$ 1,940,189</b>

#### **Water/Sewer Fund – Interlocal Agreements**

##### **Contracts Receivable and Due From Other Governmental Units**

During 1982, the City of Spokane and Spokane County entered into an Interlocal Agreement whereby the County agreed to pay \$5,779,709 for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to ten million gallons per day for the County. Payments were adjusted annually using an implicit price deflator with January 1985 as the base period. The final capacity payment was received in 1999. Currently only annually adjusted operations and maintenance treatment charges, pretreatment charges, and 10/44ths of water quality capital improvements at the Riverside Park Water Reclamation Facility are billed to Spokane County under the 1982 Interlocal Agreement.

The City of Spokane and the City of Airway Heights entered into an agreement under which Airway Heights agreed to pay \$2,040,000, in 1992 dollars, for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to 680,000 gallons per day for Airway Heights.

The final capacity payment was received in 2006. Airway Heights no longer sends flows for treatment to the Riverside Park Water Reclamation Facility.

The City of Spokane and Fairchild Air Force Base entered into an agreement under which Fairchild Air Force Base agreed to pay \$3,000,000, in 1992 dollars, for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to 1,000,000 gallons per day for Fairchild. The final capacity payment was received in 2017.

### **Spokane County Utility Tax Payments**

In October 2003, Spokane County began withholding the portion of its wastewater bill it computed as representing municipal taxes. In November 2003, Spokane County commenced a lawsuit to determine if the municipal taxes should be included as an expense in the calculation of the wastewater treatment rate for Spokane County. In January 2007, an agreement was reached in mediation between the City and Spokane County, which was approved by the Spokane City Council on April 30, 2007.

The agreement resulted in Spokane County paying \$1,500,000 to the City on the outstanding balance of their utility bill and the City removing the tax component from its billings to Spokane County. The County will continue to make payments to the City, on a sliding percentage rate of their charges for wastewater utility services, in lieu of taxes, until the year 2021. Beginning in the year 2022, there will be no further payments in lieu of taxes.

### **Dissolved Interlocal Agreement**

On November 17, 2014 the Interlocal Agreement between Spokane County and the City of Spokane that formed the Spokane Regional Solid Waste System (a department within the City of Spokane) terminated. The Spokane Valley and North County Transfer Stations were sold to Spokane County and a new Interlocal Agreement between Spokane County and the City of Spokane was executed whereby Spokane County would deliver all solid waste received at their newly acquired Spokane Valley and North County Transfer Stations to the City of Spokane's Waste to Energy Facility for final disposal.

With the City of Spokane no longer responsible for regional solid waste management, the Spokane Regional Solid Waste System Department within the City of Spokane was eliminated.

In late November 2014, Spokane Municipal Code was amended to rename the two City of Spokane Solid Waste Departments; 1) Solid Waste Collection Department and 2) Solid Waste Disposal Department.

In addition, the Spokane Municipal Code was also amended to clarify the Solid Waste Management Fund, which now reads;

There is established the "Solid Waste Fund of the City."

All receipts for the collection and disposal of garbage and refuse received by the solid waste collection and disposal departments shall be deposited with the city treasurer and become a part of the solid waste fund.

All the expenses and expenditures relating to solid waste collection department and solid waste disposal department shall be paid from the solid waste fund.

## Note 12

### Commitments & Contingencies

#### A. Disability Supplemental Pensions

The Department of Labor and Industries made a determination that nine employees of the City were totally disabled as the result of industrial injuries. This determination required the employees to be placed on the pension rolls of the Department of Labor and Industries supplemental pension fund, which provides monthly pension benefits. Since the City is self-insured, the City is responsible for funding these pension benefits. The City has deposited \$1,336,741 with the State of Washington which represents the full present value of the pensions as of June 30, 2021. The State will invest this amount on the City's behalf, and pay pensions each month from that deposit. Interest earnings will accrue to the deposit. Each year, in June, the pensions are actuarially re-evaluated and excess monies are returned to the City, or deficit monies are remitted to the State. Due to the death of a pensioner, the City had an excess of \$80,370.32 that the State will remit to the City in 2022.

#### B. Downtown Housing Stabilization

The Downtown Housing Stabilization Program is a program developed by the Financial Issues Task Force of the Downtown Capital Needs Committee in the early 1990s. The Stabilization Program was designed to maximize opportunities for private investment to respond to the critical need for affordable housing units for low-income residents of the Downtown Community. The City has assumed the role of Loan Loss Guarantor for loans made by private investors on properties purchased as part of the program. No new loans have been made under this program since 1994.

#### C. Spokane Public Facilities District

In August 2003 the City executed an interlocal agreement with the Spokane Public Facilities District (PFD) related to the Spokane Convention Center, the Spokane Opera House, and the Washington State International Agricultural Trade Center (collectively known as the Spokane Center) and the Spokane Veterans Memorial Arena. The purpose of the agreement was to set forth agreements relating to PFD's acquisition of the existing facilities, the expansion of the Spokane Convention Center, and the operation and maintenance of the Spokane Center facilities and the Arena. The agreement terminated the City's operation agreement for the Arena, and transferred 2/3 ownership of the Spokane Center assets to the PFD. The interlocal agreement also laid out certain annual obligations of the City to the PFD related to the Spokane Center. This agreement was modified in May 2009 and contains the following stipulations:

1. The City will transfer to the PFD all admission taxes collected at Spokane Center and Arena events.
2. The City will transfer to the PFD all lodging tax revenues collected, after deducting amounts sufficient to service the City's outstanding debt payments related to Spokane Center assets and \$100,000 annually to be allocated by the City's Lodging Tax Advisory Committee. The \$100,000 allocation shall be adjusted annually by using the Consumer Price Index (CPI) or other closely related index if that index is discontinued. If the CPI is greater than 2%, the City can consider negotiation of transferring the incremental increase to the District, but is not required to do so.
3. The City will transfer to the PFD all stadium tax revenues collected.

This agreement is valid through December 31, 2038.

#### D. Construction Commitments

The City has active construction projects as of December 31, 2021. The projects include street construction, parks, water/sewer infrastructure and transfer station upgrades, and technology upgrades. At year end, outstanding construction commitments are as follows:

<b>Construction Commitments</b>	<b>Original Commitment</b>	<b>Spent to Date</b>	<b>Remaining Commitment at 12/31/21</b>
2019 Residential Chip Seal Program	935,115	888,235	46,880
2019 Residential Grind and Overlay	1,283,425	1,219,254	64,171
2019 Slurry Seal Microsurfacing	212,099	201,494	10,605
2020 - 2021 Arterial Grind and Overlay - South - Economic Recovery Projects	1,239,819	1,177,828	61,991
2020 Paving Unpaved Streets	189,807	179,567	10,240
2021 Arterial Grind and Overlay Project	1,030,919	664,554	366,365
2021 Drainage Swale Rehabilitation	126,187	-	126,187
2021 Residential Grind and Overlay - South	1,633,500	1,200,066	433,434
2021 Residential Micro Overlay Pilot	190,239	-	190,239
2021 Street Maintenance ADA Ramps	480,253	456,240	24,013
2022 Street Maintenance ADA Ramps	759,297	-	759,297
5 Mile Booster Stn Replacement	3,452,293	3,007,864	444,429
Arterial Micro Overlay - Bernard Street	89,797	-	89,797
Bypass Building Approach	106,149	101,279	4,870
Cannon / Logan park	160,000	74,820	85,180
Centennial Trail - Summit Blvd. Gap from Boone Avenue to Pettet Drive	2,156,543	1,867,516	289,027
Clarke Avenue Landslide - FEMA	1,800,000	550,334	1,249,666
Corbin Art Center Sewer Repair	39,027	24,969	14,058
CSO 6 Outfall	117,477	78,635	38,842
CSO Basin 26	35,270,486	32,431,528	2,838,958
CSO Basin 34-1	11,250,267	10,724,918	525,349
Cycle 8 Neighborhood Traffic Calming	704,781	669,542	35,239
Cycle 8 School Radar TC Projects	1,624,585	1,284,340	340,245
Downriver Golf Course Renovation	2,950,237	1,743,889	1,206,348
Dutch Jake's Park	127,061	25,473	101,588
Engineering Field Office Relocation	2,045,698	498,474	1,547,224
Five Mile Road, Lincoln to Strong	2,807,306	2,668,362	138,944
Greene Street and Ermina Avenue Signal Changes	99,147	-	99,147
Hamilton Street Corridor Safety Improvement Project	3,647,722	3,316,731	330,991
Hatch Road Bridge Deck Replacement	2,125,004	-	2,125,004
Havana Well Station Ph 1	6,848,252	-	6,848,252
Highway 902 Water Main Relocation	680,126	328,395	351,731
Hoffman Well Rehab	2,886,754	43,211	2,843,543
Interceptor I-07	5,463,309	5,206,205	257,104
Investigation Building Remodel - Gardner	49,813	-	49,813
Landscaping improvements	110,373	58,044	52,329
Library Branch Remodels & Construction	56,733,657	51,609,657	5,124,000
Manito Japanese Garden Pond	313,797	299,389	14,408
North Bank Playground	874,750	605,051	269,699
North River Drive Sidewalk	1,131,541	-	1,131,541
North Suspension Bridge	192,233	115,340	76,893
NSC - Cleveland, Greene, Grace, Jackson, Ralph	4,215,722	4,015,269	200,453
Post Street Pedestrian and Utility Bridge Replacement	20,371,513	9,734,555	10,636,958
RFP North Suspension Bridge	649,378	461,943	187,435
South Gorge Trail Phase 2	5,207,746	4,151,515	1,056,231
Spokane Street Preservation North Phase II	1,598,300	1,187,617	410,683
Sprague Avenue Rebuild 2B	4,131,206	3,306,128	825,078
Thor-Freya Reconstruction Hartson to Sprague	9,930,645	-	9,930,645
University District - Pedestrian Overpass	185,000	-	185,000
Water Yards East Upgrade	839,468	745,642	93,826
Well Electric Pump #4 Replacement	783,736	113,323	670,413
Wellesley & Maple Intersection	475,802	362,882	112,920
West Havermale - Theme Stream	53,301	47,971	5,330
West Havermale Playground	1,601,695	1,533,550	68,145
RFP Vietnam Memorial Renovation	55,456	29,926	25,530
<b>Grand Total</b>	<b>\$ 204,037,813</b>	<b>\$ 149,011,525</b>	<b>\$ 55,026,288</b>

## E. Developer Improvements

In 2007, the City Council adopted Ordinance C34758 authorizing an "Amended and Restated Reimbursement Agreement". Under Article V of that agreement, the developer may offer to sell the City certain public improvements according to the terms of a "Form of Purchase and Sale Agreement." Since 2012 the developer has exercised that right and entered into the following agreements with the City.

Contract	Description		Amount	Interest Rate	Expiration Date
OPR 2012-0484	Kendall Yards Tendered Improvements 2nd Addition	\$	574,038	0.1443%	12/15/2032
OPR 2013-0651	Kendall Yards Tendered Improvements 4th Addition		808,603	0.1443%	12/15/2032
OPR 2015-0555	Kendall Yards Tendered Improvements 5th Addition		612,033	0.1443%	12/31/2032
OPR 2015-0038	Kendall Yards Tendered Improvements Commercial Addition		1,446,910	0.1443%	12/31/2032
OPR 2014-0543	Burgans' Block		250,000	30 yr Treasury Bond + 2%	12/31/2034
		\$	<b>3,691,584</b>		

## F. Landfill Closure

On July 21, 1987, the City ceased disposal operations at its Southside Landfill. During 1988, the Southside landfill closure was completed at a total cost of \$5.4 million. These closure costs were paid using previously reserved cash and the total closure amount was recorded as an expense in 1988.

The City started closing the Northside Landfill in 1991. The closure was completed during 1993 for a total cost of \$19.4 million. These closure costs were paid using approximately \$3.1 million of previously reserved cash and \$16.3 million of the Spokane Regional Solid Waste Management System Revenue Bond proceeds. The City Council and Spokane County Board of County Commissioners approved an interlocal agreement which required that tipping fees established by the Spokane Regional Solid Waste Management System shall have a landfill closure component which will provide a source of revenue to the City and the County for the payment of pre-existing landfill costs. The City's portion of the closure component covers the debt service requirements on \$16.3 million of revenue bond proceeds. A Northside landfill closure liability was recorded as a deferred cost on January 1, 1988 and was charged to expense over a 20 year period as these amounts were recovered through rates charged to customers. The deferred cost was fully amortized during 2007.

## G. Postclosure Landfill Monitoring

The \$7.2 million reported as landfill postclosure care liability at December 31, 2021 represents the cumulative amount required to monitor and maintain the closed portion of the Northside landfill, the open portion (Phase 1) of the Northside Regional landfill and the closed Southside landfill for the next 20-30 years. All amounts recognized are based on what it would cost to perform all postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has restricted \$3.4 million in assets related to the post-closure monitoring of the closed portion of the Northside landfill, and \$1.8 million for post-closure monitoring of the open portion of the Northside landfill. No assets have been restricted for future costs of \$133,582 for the Southside landfill based on the City's interpretation of the applicability of Washington Administrative Code 173-304-467. This landfill has a remaining useful life of approximately 4 years.

Landfill Monitoring	Northside Landfill	Southside Landfill	Total
Estimated Post closure costs	\$ 3,419,731	\$ -	\$ 3,419,731
Accrued post closure costs	1,835,210	133,582	1,968,792
Accrued closure liability	1,809,259	-	1,809,259
Total	\$ 7,064,200	\$ 133,582	\$ 7,197,782

## **H. Northside Regional Landfill**

Beginning in 1992, the City started using a recently completed Northside Regional Landfill for the disposal of bypass waste and demolition debris. The 16 acre cell has a capacity of approximately 400,000 cubic yards (Phase I) and may be increased an additional 600,000 cubic yards (Phase II). State and federal laws and regulations require the City to place a final cover on the Northside Regional Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for twenty years after closure. Postclosure care consists of (1) maintaining the integrity and effectiveness of the final cover; (2) maintaining and operating the leachate collection system; (3) maintaining and operating the ground and surface water monitoring systems; and (4) maintaining and operating the gas monitoring systems. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City recognizes a portion of these costs in each operating period based on landfill capacity used as of the balance sheet date.

The \$1.9 million reported as landfill closure liability at December 31, 2021 represents the cumulative amount reported based on the use of 41.9 percent of the estimated capacity of Phase 1. During an engineering study conducted in 2021 it was discovered that additional capacity exists in the NSLF open cell and adjacent to the open cell. The City will recognize the remaining estimated cost of closure of \$757,175 as the remaining estimated capacity (Phase 1) is filled. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

As of December 31, 2021, the City held \$1.8 million of restricted cash, which is reserved for the closure of the Northside Regional Landfill (Phase 1).

## **I. Pollution Remediation**

### **Riverfront Park**

The City of Spokane has established a Redevelopment Opportunity Zone (ROZ) to align with the ongoing redevelopment efforts by the City of Spokane and the Spokane Park Board within Riverfront Park. This new policy tool was enacted as part of a reform bill to the Model Toxics Control Act (MTCA) enacted by Senate Bill 5296. The fundamental principle of the brownfield reforms is to support efforts that leverage market redevelopment forces to drive cleanup projects forward. As a complement to the traditional enforcement-based approach to cleanup, the brownfield redevelopment focused approach creates incentives to reduce risk and improve the financial feasibility of adaptive re-use of contaminated properties.

The proposed geographic extent of the RFP ROZ focuses on the City-owned public Riverfront Park. Riverfront Park is Spokane's premier example of the brownfield reuse. Riverfront Park occupies 100 acres of land and water in the center of downtown Spokane. The Spokane Falls and the surrounding land had long been a gathering place for people. Native Americans gathered and fished at the falls.

SB 5296 requires that the following criteria be met in order to establish a ROZ:

- At least fifty percent of the upland properties in the zone are brownfield properties whether or not the properties are contiguous.
- The upland portions of the zone are comprised entirely of parcels of property either owned by the designating agency (port, city or county) or whose owner has provided consent in writing to have their property included within the zone.
- The cleanup of brownfield properties will facilitate the implementation of the voter approved Redevelopment Master Plan for the future uses of the properties and is consistent with the city or county comprehensive land use plan for the zone; and
- The proposed properties lie within the incorporated area of a city or within an urban growth area

A Phase I Environmental Site Assessment of the Riverfront park property has identified a number of recognized environmental conditions (REC), including:

- Mining in the Coeur D'Alene Basin has contaminated stretches of the Spokane River with arsenic, cadmium, lead, and zinc (heavy metals). Portions of the subject property border, or are surrounded by,



the Spokane River. Because of likely contamination of sediments in the Spokane River and its proximity to the subject property, the identified Spokane River area-wide metals contamination is considered a REC to the subject property.

- Historical occupants of the subject property are considered RECs. These occupants include:
  - Railroads,
  - Laundries and drycleaners,
  - Various types of mills and factories,
  - An asphalt plant,
  - Lumber yards,
  - Foundries,
  - Iron works,
  - Power companies,
  - Machine shops,
  - Pottery shops,
  - Auto service stations,
  - Seed companies,
  - Coal storage, and
  - Other occupants with chemical storage facilities and/or USTs and AS
- The presence and unknown source of large amounts of fill material located throughout the subject property, as well as the possibility that debris from the fire of 1889 is located throughout fill material on the subject property, represent a REC to the subject property.
- The staining observed near a floor drain inside the containment area located under the large compressor in the ice rink compressor room represent a REC to the subject property.
- The leaking piping or fill port in the ice rink area on the subject property represents a REC to the subject property.
- The lack of documentation regarding the removal of the two 1,000-gallon and one 250-gallon underground storage tanks (USTs) located at the Bosch Service site represents a REC to the subject property.
- The historic use of and need for additional assessment at the Spokane City Central Park Maintenance.
- Pro site, as well as the lack of documentation regarding the USTs or ASTs at the site, and the presence of multiple contaminants, some at concentrations greater than cleanup levels, represent a REC to the subject property.
- The presence of soil and groundwater contamination greater than cleanup levels at the Anthony's Restaurant (formerly Salty's on the Falls) property represents a REC to the subject property.
- The presence of groundwater contamination greater than cleanup levels at the Continental Baking Company site represents a REC to the subject property.
- The documentation of many activities which could result in soil and/or groundwater contamination at the Carnation Dairy portion of the Carnation Dairy site represents a REC to the subject property.
- The lack of documentation regarding the removal or fate of the 2,000- and 6,000-gallon USTs on the Dairy Garage portion of the Carnation Dairy site represents a REC to the subject property.
- The presence of floor drains and sumps and sediment/sludge with strong petroleum odor present near and inside these structures on the Dairy Garage portion of the Carnation Dairy site represents a REC to the subject property.
- The presence of soil and groundwater contamination greater than MTCA cleanup levels on the Dairy Garage portion of the Carnation Dairy site represent a REC to the subject property.
- The presence of soil contamination greater than MTCA cleanup levels on the parking area portion of the Carnation Dairy site represents a REC to the subject property.
- The presence of soil and historic groundwater contamination greater than cleanup levels at the Convention Center site represents a REC to the subject property.
- The uncertainty regarding possible groundwater contamination at the Upper Falls East/Old Joe Clark's site represents a REC to the subject property.

The City of Spokane entered into an agreement with Stantec Consulting to evaluate potential cleanup alternatives based on the following criteria: effectiveness, implementation feasibility, remedial costs, and general reasonableness. The evaluation of cleanup resulted in three alternatives. These alternatives were used to

measure the liability associated with pollution remediation calculated using the probability-weighted amount shown below.

<b>Pollution Remediation Measurement Riverfront Park</b>	<b>Probability of Choice</b>	<b>Estimated Costs</b>	<b>Pollution remediation</b>
Alternative #1 - No Action	0%	\$ -	\$ -
Alternative #2 - Impacted and contaminated soil segregation and stockpiling clean soil for reuse	90%	1,550,000	1,395,000
Alternative #3 - Off-site Disposal of all soil low range	5%	2,000,000	100,000
Alternative #3 - Off-site Disposal of all soil high range	5%	2,500,000	125,000
			<b>\$ 1,620,000</b>

On April 27, 2016, WA State Department of Ecology accepted the Parks and Recreation Division's Voluntary Cleanup Program (VCP) application, following geotech and environmental testing in preparation for the construction of the "Ice Ribbon"

- Environmental testing indicated the presence of PAHs, arsenic, cadmium and lead above MTCA Method A Cleanup Criteria. Lube oil range hydrocarbons could also be present greater than MTCA Method A Cleanup Criteria. Multiple infrastructure projects are planned for Riverfront Park. Projects will include earthwork (excavation and filling) and modifications to existing stormwater disposal methods within areas identified to have contamination greater than MTCA Method A cleanup criteria.

## **The Yard**

The YARD is located in the Hillyard Area of Northeast Spokane and encompasses approximately 500 acres of Heavy and Light Industrial zoned property. As a key industrial space, the YARD is modernizing to include upgraded transportation options and enterprising redevelopment initiatives.

The City of Spokane has applied for \$600,000 in EPA Brownfields Assessment and Clean up grant funds to contract for consulting services to evaluate the sites in the Yard, present the cleanup alternatives along with associated costs. There is no reasonable estimate of the pollution remediation liability at this time.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected case flow technique in accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

The City is aggressively pursuing other third parties that may have contributed to contamination of the sites within the City and continues to evaluate all properties for various contaminants in order to better understand the extent of any contamination and/or possible claims for cleanup costs. The City has not yet received any recovery from other Parties for their share of remediation work that will offset the City's estimated environmental liability which was zero for 2020 and 2021.

## Note 13

### Prior Period Adjustments

The Statement of Activities reports a change to net position as follows:

<b>Prior Period Adjustment</b>	
Governmental Activities	\$ (1,855,553)
Business-Type Activities	(5,155,047)
Total	<b>(7,010,600)</b>

<b>Governmental Funds</b>	
General Fund	\$ -
Special Revenue Funds	-
Internal Service Funds	(265,781)
Total	<b>(265,781)</b>

#### Governmental Activities

\$ 265,781 decrease due to correction of prior year capital assets.

\$ 1,589,772 decrease due to government wide correction of prior year capital assets.

<b>Business-Type Activities</b>	
Water/Sewer Fund	\$ (5,104,392)
Solid Waste Fund	(19,264)
Other Enterprise Funds	(31,391)
Total	<b>\$ (5,155,047)</b>

#### Business-Type Activities

\$ 5,287,244 decrease due to correction of prior year capital assets.

\$ 48,558 increase due to recognition of prior year deposits.

\$ 83,640 increase due to recognition of prior year revenues.

## Note 14

### **Legal Matters**

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. There are no known pending or anticipated legal matters that would materially affect the financial statements of the City for the year ending December 31, 2021.

## Note 15

### **Subsequent Events**

The labor agreement between the City of Spokane and Local 270 have reached a tentative agreement however the effects are yet to be determined.

## Note 16

### Tax Abatements

#### A. Multiple-Family Housing Property Tax Exemption Program

Required disclosure by the City of Spokane concerning compliance with GASB Statement 77 which requires governments that enter into tax abatement agreements to disclose the following information about those agreements:

1. Tax being abated: The City of Spokane adopted the 'Multiple Family Housing Property Tax Exemption Program' in March of 2000 in order to accomplish the following goals:
  - a. encourage more multi-family housing opportunities, including affordable housing opportunities, within the City;
  - b. stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing;
  - c. increase the supply of mixed-income multifamily housing opportunities within the City;
  - d. accomplish the planning goals required under the Growth Management Act, chapter 36.70A RCW, as implemented from time to time by the City's current and future comprehensive plans;
  - e. promote community development, neighborhood revitalization, and availability of affordable housing;
  - f. preserve and protect buildings, objects, sites and neighborhoods with historic, cultural, architectural, engineering or geographic significance located within the City; and
  - g. encourage additional housing in areas that are consistent with planning for public transit systems.
  - h. Any one or a combination of these purposes may be furthered by the designation of a residential targeted area
  - i. To accomplish these goals, the City of Spokane offers a partial property tax exemption to eligible property owners who construct new multi-family housing or rehabilitate existing vacant and underutilized buildings for multi-family housing in specific targeted urban centers of the City. Under this incentive, the land is fully taxed but the value of new improvements related to housing is exempt from property taxes. The exemption period is 8 years for market rate projects, and 12 years for projects that price at least 20% of the units to be affordable for low to moderate income households.
2. The authority under which tax abatements are provided: The multiple-family housing property tax exemption is authorized by the Spokane Municipal Code section SMC 8.15 and the Revised Code of Washington section RCW 84.14.
3. Eligibility criteria: To be eligible for a partial property tax exemption under this program, the property must satisfy all of the relevant requirements, as follows:
  - a. Located in a residential targeted area in an urban center.
  - b. The multi-family project must consist of at least 4 dwelling units, either within a solely residential structure or as part of a mixed use development in which at least 50% of the space within the development is intended for permanent residential occupancy.
  - c. New construction, or conversion of non-residential space: A minimum of 4 new dwelling units must be created.
  - d. Rehabilitation or demolition in preparation for new construction: The residential portion must fail to comply with one or more standards of the building codes, and the project must achieve substantial compliance with the applicable standards.
  - e. If existing multi-family housing is occupied, the project must add a minimum of 4 dwelling units. Also, the applicant must provide each existing tenant with housing of comparable size, quality and price and a reasonable opportunity to relocate. If the multi-family property has been vacant for 12 or more months, the project must rehabilitate at least 4 of the existing dwelling units but does not have to provide additional multi-family units.

- f. If the multi-family structure has not been vacant for 12 months, the project must rehabilitate all the existing structures and create 4 additional units. Eligible market rate projects get 8 years of partial tax exemption. In order to qualify for 12 years of partial tax exemption, at least 20% of the units in a project must be rented or sold for a price affordable to low ( $\leq 80\%$  AMI) or moderate (80-115% AMI) income households. Projects intended solely for owner occupancy need only target 20% of the units to moderate-income households. "Affordable" housing means that housing costs (including utilities other than telephone) should not exceed 30% of the occupant's monthly income. The project must comply with all applicable zoning requirements, design review requirements, land use regulations, and building and housing code requirements at the time of new construction, rehabilitation or conversion.
- g. This program applies to construction or rehabilitation of 4 or more dwelling units in one building on one parcel. The program may also be used for rehabilitation of existing multi-family housing that is in "non-compliance" with one or more standards of the building or housing codes. Work must be completed within 3 years of the date of the Conditional Certificate of Acceptance of Tax Exemption.

4. Mechanism by which taxes are abated: The tax exemption begins January 1 of the year following the calendar year in which the Final Certificate of Tax Exemption is issued, and runs for 8 or 12 years. A property owner within a designated "residential target area" can apply for the property tax exemption. The City Council has designated three residential target areas:

- a) Central Business District
- b) Browne's Addition/Peaceful Valley
- c) Centers and Corridors

An application for this tax exemption program must be submitted before an application for building or other construction permits. Once approved, a contract is filed with the County Assessors office and is noted on the individual's property tax filing. This is not a reduction in current property taxes it is an exemption of taxes on the assessed value of the improvements.

For example an individual has a piece of property with the assessed value of \$40,000 they qualify for an exemption and the improved assessed value is \$240,000 the individual will only pay the taxes on the original \$40,000 until the contract expires.

5. Provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients: The city has no provisions to recapture abated taxes. However, the city has requirements that must be met by the applicants including but not limited to the following. Application for the multi-family housing tax exemption is made through the City of Spokane using the application forms available from the Development Incentives Department located on the 3rd floor of City Hall. The application includes:

- a) Application for Tax Exemption, including
  - i. Description of Project
  - ii. Preliminary Site and Floor Plans
  - iii. "Before" photos
  - iv. Statement of Potential Tax Liability
- b) Verification of Code Noncompliance (if applicable)
- c) Application fee: \$450 + \$80/dwelling unit up to an additional \$560
- d) Approval Process
  - i. Code Non-compliance..... Building Official, Fire Marshall, or Code Enforcement
  - ii. Application for Conditional Certificate..... Development Incentives
  - iii. Building Permit..... Building Department
  - iv. Resolution..... City Council
  - v. Agreement [the contract] Mayor's Office
  - vi. Conditional Certificate..... Mayor's Office
  - vii. Certificate of Occupancy... Building Department
  - viii. Application for Final Certificate..... Development Incentives
  - ix. Partial Tax Exemption..... Assessor's Office

- e) Within 30 days of receipt of all materials required for a final certificate, the Director of Development Incentives will determine whether the completed work is consistent with the contract and qualifies for the exemption. If the Director determines the work is consistent with the contract and qualifies for the exemption, within 10 days after making the determination, the City will file a Final Certificate of Tax Exemption with the County Auditor, with a copy to the County Assessor and City Clerk.
  - f) If the Director determines that the work is not consistent with the contract or otherwise does not comply with requirements for the tax exemption, including completion within 3 years and affordable housing requirements, the Director will notify the applicant in writing, stating the reasons why the Final Certificate of Tax Exemption will not be issued. The applicant may appeal this decision following the timeframes outlined under the “appeals” portion of this brochure.
  - g) Within 30 days after the first anniversary of the date when the Final Certificate of Tax Exemption was filed and recorded with the Spokane County Auditor, and each year thereafter for the tax exemption period, each property owner must file an annual report form with the Development Incentives Department regarding the current occupancy, use and affordability of the property and describing any improvements or changes that have since been made to the property. Failure to submit the annual report, or changing the use from residential may result in cancellation of the tax exemption.
6. The gross dollar amount of taxes abated during the period: The gross benefit to all property owners during the 2021 fiscal year was \$2,722,491.
7. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.
- a. The program established by this program authorized by the Spokane city council and has been extended to expire December 31, 2028, unless extended by the city council by ordinance. Upon expiration, no further applications for a conditional certificate of tax exemption shall be accepted. Incomplete applications shall be returned to the applicant. Pending complete applications for a conditional certificate, extension of conditional certificate and final certificate shall be processed as provided in this city code section.

The City is also subject to tax abatements (exemptions) for two programs in the 2020 fiscal year (1) Multi-unit urban housing (2) High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities that are granted by the Washington State Department of Revenue. The amount of tax benefit received by the taxpayers for the calendar year 2020 have been estimated by the WA State DOR and are available on their website at <https://dor.wa.gov/doing-business/information-local-governments/governmental-accounting-standards-board-gasb-statement-no-77>.

Under the Multi-unit urban housing the following are exempt from taxation:

(1)(a) The value of new housing construction, conversion, and rehabilitation improvements qualifying under chapter RCW 84.14.020 is exempt from ad valorem property taxation, as follows:

(i) For properties for which applications for certificates of tax exemption eligibility are submitted under chapter 84.14 RCW before July 22, 2007, the value is exempt for ten successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate; and

(ii) For properties for which applications for certificates of tax exemption eligibility are submitted under chapter 84.14 RCW on or after July 22, 2007, the value is exempt:

(A) For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or

(B) For twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under chapter 84.14 RCW and meets the conditions in this subsection (1)(a)(ii)(B). For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted

by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(ii)(B) may be satisfied solely through housing affordable to moderate-income households.

(b) The exemptions provided in (a)(i) and (ii) of this subsection do not include the value of land or non-housing-related improvements not qualifying under this chapter.

(2) When a local government adopts guidelines pursuant to RCW 84.14.030(2) and includes conditions that must be satisfied with respect to individual dwelling units, rather than with respect to the multiple-unit housing as a whole or some minimum portion thereof, the exemption may, at the local government's discretion, be limited to the value of the qualifying improvements allocable to those dwelling units that meet the local guidelines.

(3) In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application required under this chapter. The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law.

(4) This chapter does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(5) At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of chapter 84.55 RCW.

Under the High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Applicant" means a person applying for a tax deferral under this chapter.

(2) "Department" means the department of revenue.

(3) "Eligible area" means:

(a) Through June 30, 2010, a rural county as defined in RCW 82.14.370; and

(b) Beginning July 1, 2010, a qualifying county.

(4)(a) "Eligible investment project" means an investment project that is located, as of the date the application required by RCW 82.60.030 is received by the department, in an eligible area as defined in subsection (3) of this section.

(b) "Eligible investment project" does not include any portion of an investment project undertaken by a light and power business as defined in RCW 82.16.010(4), other than that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part, or investment projects that have already received deferrals under this chapter.

(5) "Initiation of construction" has the same meaning as in RCW 82.63.010.

(6) "Investment project" means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project.

(7) "Manufacturing" means the same as defined in RCW 82.04.120. "Manufacturing" also includes:

(a) Before July 1, 2010: (i) Computer programming, the production of computer software, and other computer-related services, but only when the computer programming, production of computer software, or other computer-related services are performed by a manufacturer as defined in RCW 82.04.110 and contribute to the production of a new, different, or useful substance or article of tangible personal property for sale; (ii) the activities performed by research and development laboratories and commercial testing laboratories; and (iii) the conditioning of vegetable seeds; and

(b) Beginning July 1, 2010: (i) The activities performed by research and development laboratories and commercial testing laboratories; and (ii) the conditioning of vegetable seeds.

(8) "Person" has the meaning given in RCW 82.04.030.

(9) "Qualified buildings" means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for manufacturing or research and development activities, including plant offices and warehouses or other facilities for the storage of raw material or finished goods if such facilities are an essential or an integral part of a factory, mill, plant, or laboratory used for manufacturing or research and development. If a building is used partly for manufacturing or research and development and partly for other purposes, the applicable tax deferral must be determined by apportionment of the costs of construction under rules adopted by the department.



(10) "Qualified employment position" means a permanent full-time employee employed in the eligible investment project during the entire tax year. The term "entire tax year" means a full-time position that is filled for a period of twelve consecutive months. The term "full-time" means at least thirty-five hours a week, four hundred fifty-five hours a quarter, or one thousand eight hundred twenty hours a year.

(11) "Qualified machinery and equipment" means all new industrial and research fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing or research and development operation. "Qualified machinery and equipment" includes: Computers; software; data processing equipment; laboratory equipment; manufacturing components such as belts, pulleys, shafts, and moving parts; molds, tools, and dies; operating structures; and all equipment used to control or operate the machinery.

(12) "Qualifying county" means a county that has an unemployment rate, as determined by the employment security department, which is at least twenty percent above the state average for the three calendar years immediately preceding the year in which the list of qualifying counties is established or updated, as the case may be, as provided in RCW 82.60.120.

(13) "Recipient" means a person receiving a tax deferral under this chapter.

(14) "Research and development" means the development, refinement, testing, marketing, and commercialization of a product, service, or process before commercial sales have begun, but only when such activities are intended to ultimately result in the production of a new, different, or useful substance or article of tangible personal property for sale. As used in this subsection, "commercial sales" excludes sales of prototypes or sales for market testing if the total gross receipts from such sales of the product, service, or process do not exceed one million dollars.

Information relevant to disclosure of those programs for the fiscal year ended December 31, 2021 is:

<b>Tax Abatement Program State Imposed</b>	<b>Amount of Taxes Abated during the Fiscal Year 2021</b>
Multi-unit urban housing	\$ 598,804
High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities	98,487
<b>Total</b>	<b>\$ 697,292</b>

## Note 17

### COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

In April of 2020 the City mitigated the losses that were expected to occur through cost containment and putting hiring freezes in place. The City's biggest loss of revenue came in the area of sales tax revenue, parking meter revenue, and recreational revenue related to the City Parks Dept. The actual amounts of those losses are still undetermined.

The City response to the COVID 19 Pandemic continued in numerous ways in 2021. These responses include activities such as:

- Emergency response activities by our first responders
- Participation in the regional EOC
- Activities to create COVID-19 compliant shelter solutions for those experiencing homelessness
- Creating telecommuting options for staff able to work from home
- Purchasing personal protective equipment (PPE) for the safety of employees
- Providing funding to help mitigate the negative economic impacts to our businesses and community members

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

In March 2021 the American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds program. This program is intended to provide support to State, territorial, local and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. Under ARPA, the City was awarded \$80,991,104 to be received in equal allotments in 2021 and 2022. Of this award \$21,668,547 is the City's share of revenue loss calculation due to the COVID 19 Pandemic. Remaining funds of \$59,322,557 will be spent by continuing to implement the measures outlined above. The City is required to have the entire award encumbered by December 31, 2024 and spent by December 31, 2026.

## Note 18

### Asset Retirement Obligation

On January 1 2020 the City of Spokane implemented GASB Statement No. 83 "Certain Asset Retirement Obligations." An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. Governments that have a legal obligation to perform future tangible asset retirement activities are now required to recognize a liability and offsetting deferred outflow of resources when the obligation associated with these costs has been incurred and the costs are reasonably estimable. The basis of the estimate is the current value of the expected future outlays, and is adjusted for inflation and any changes in relevant factors. The deferral is recognized as an expense in a systematic and rational manner over the life of the tangible capital asset. The liability is extinguished as retirement costs are paid. Potential ARO's identified by the City of Spokane are as follows:

- **Underground Storage Fuel Tanks (UST)**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-360A-0810. These tanks along with the facility were placed into service 18 years ago and have 2 years of remaining depreciable life. The City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Hydroelectric Dam**- The Federal Energy Regulatory Commission (FERC) regulates dams that produce electricity, and a decommissioning plan is required as part of the surrender process at the dam's end of life. However, end of life might not be determinable for many dams, particularly those that potentially last hundreds of years. This Hydroelectric Dam has no remaining depreciable life and all assets associated with it are associated with maintenance costs or replacement of a component and do not fall under the guidance of GASB 83, therefore, the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Wastewater Treatment Plant**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-303-610 and site preservation or restoration in accordance with Washington Administrative Code chapter 463-72-080. The depreciable assets associated with this operations were buildings purchased and added on in 2020, these along with all other related assets are associated with maintenance costs or replacement of a component and do not fall under guidance of GASB 83. There is no formal written plan on decommissioning of this asset and the City plans on continuing its operation in perpetuity and the remaining life of its operations are not able to be estimated there for the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Power Regeneration Waste to Energy Plant**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-303-610 and site preservation or restoration in accordance with Washington Administrative Code chapter 463-72-080. The majority of this facilities buildings have a remaining depreciable life of 1 year with the exception of 1 building having a remaining life of 23 years. All other assets related assets are associated with maintenance costs or replacement of a component and do not fall under the guidance of GASB 83. There is no formal written plan on decommissioning of this asset and the City plans on continuing its operation of turning waste into energy in perpetuity and the remaining life of its operations are not able to be estimated there for the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.

- **Water Wells-** Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-160-381. Several Wells have been acquired by the City of Spokane and have no remaining depreciable life and all assets associated with them associated with maintenance costs, replacement of a component, or Land (non-depreciable) and do not fall under the guidance of GASB 83, therefore, the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease use of its well operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Radioactive Equipment-** The City has seven Troxler 3450 gauges that are used to test asphalt, soils, etc. All but one of these devices have been fully depreciated and one has a remaining life of 1 year. These devices are required by the State of Washington Department of Transportation WSDOT to test to their specifications. Upon disposal or retirement the City has options of returning the devices to the manufacturer for credit towards the purchase of a new device or to dispose of the device through auction. The costs of disposal are determined to be immaterial and there for the City has not recognized an obligation or liability associated with retirement.
- **Cell Towers-** The City of Spokane has several cell tower leases that the City is the lessor. All agreements state the lessee is responsible for restoring the leased site to the "condition as the same were at the beginning of the applicable lease, except for reasonable use, wear and tear and casualty and condemnation, therefore the City has not recognized an obligation for the costs to retire the assets.

**City of Spokane, Washington**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund Accounts**  
**For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 179,176,589	\$ 179,176,589	\$ 187,614,232	\$ 8,437,643
Licenses and permits	7,154,900	7,154,900	7,165,988	11,088
Intergovernmental	3,902,975	4,883,820	5,106,848	223,028
Charges for services	21,567,054	22,881,734	21,615,809	(1,265,925)
Fines and forfeitures	2,325,150	2,325,150	1,891,820	(433,330)
Miscellaneous	4,526,148	4,536,148	3,728,314	(807,834)
Net inc(dec) in market value of investments	-	-	(4,961,486)	(4,961,486)
<b>Total revenues</b>	<b>218,652,816</b>	<b>220,958,341</b>	<b>222,161,525</b>	<b>1,203,184</b>
<b>EXPENDITURES</b>				
General government	33,541,866	34,243,798	34,045,961	197,837
Public safety	124,168,181	137,248,900	126,743,053	10,505,847
Transportation	7,216,374	7,747,352	6,667,869	1,079,483
Economic environment	6,641,071	7,337,468	5,866,753	1,470,715
Social services	2,961,306	5,094,126	2,881,444	2,212,682
Culture and recreation	10,719,580	10,776,423	9,650,013	1,126,410
Capital outlays	1,438,982	2,842,264	1,566,236	1,276,028
Interest	-	-	2,522	(2,522)
<b>Total expenditures</b>	<b>186,687,360</b>	<b>205,290,331</b>	<b>187,423,851</b>	<b>17,866,480</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>31,965,456</b>	<b>15,668,010</b>	<b>34,737,674</b>	<b>19,069,664</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	126,344	118,519	(7,825)
Transfers in	58,482,016	59,068,608	151,156	(58,917,452)
Transfers out	(92,140,451)	(95,832,904)	(38,797,472)	57,035,432
<b>Total other financing sources (uses)</b>	<b>(33,618,435)</b>	<b>(36,637,952)</b>	<b>(38,527,797)</b>	<b>(1,889,845)</b>
<b>Net change in fund balance</b>	<b>(1,652,979)</b>	<b>(20,969,942)</b>	<b>(3,790,123)</b>	<b>17,179,819</b>
<b>Fund balance - beginning</b>	<b>41,301,050</b>	<b>25,269,490</b>	<b>60,170,275</b>	<b>34,900,785</b>
<b>Fund balance - ending</b>	<b>\$ 39,648,071</b>	<b>\$ 4,299,548</b>	<b>\$ 56,380,152</b>	<b>\$ 52,080,604</b>

City of Spokane, Washington  
American Recovery Plan  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,999,580	\$ 1,999,580
Miscellaneous	-	-	232,979	232,979
<b>Total revenues</b>	-	-	2,232,559	2,232,559
<b>EXPENDITURES</b>				
Public safety	-	2,250,000	1,779,580	470,420
<b>Total expenditures</b>	-	2,250,000	1,779,580	470,420
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(2,250,000)	452,979	2,702,979
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(380,000)	(380,000)	-
<b>Total other financing sources (uses)</b>	-	(380,000)	(380,000)	-
<b>Net change in fund balance*</b>	-	(2,630,000)	72,979	2,702,979
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ (2,630,000)	\$ 72,979	\$ 2,702,979

\*The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

# Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios SERS as of Measurement Date 12/31/2020

	2021	2020	2019	2018	2017
<b>Total pension liability</b>					
Service cost	\$ 10,326,519	\$ 9,814,459	\$ 9,397,166	\$ 13,133,393	\$ 12,896,547
Interest	36,091,730	34,666,267	33,296,148	29,336,782	27,443,176
Changes of benefit terms	-	-	-	165,092	-
Differences between expected and actual experience	5,368,635	5,866,404	5,291,272	(3,830,239)	12,381,445
Changes of assumptions	-	-	-	(76,976,691)	(14,542,266)
Benefit payments, including refunds of member contributions	(32,108,873)	(30,600,302)	(28,863,766)	(27,443,693)	(26,467,256)
<b>Net change in total pension liability</b>	19,678,011	19,746,828	19,120,820	(65,615,356)	11,711,646
<b>Total pension liability—beginning</b>	496,987,271	477,240,443	458,119,623	523,734,979	512,023,333
<b>Total pension liability—ending (a)</b>	<u>\$ 516,665,282</u>	<u>\$ 496,987,271</u>	<u>\$ 477,240,443</u>	<u>\$ 458,119,623</u>	<u>\$ 523,734,979</u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 10,659,281	\$ 9,824,717	\$ 9,187,420	\$ 8,113,319	\$ 7,586,362
Contributions—member	10,659,281	9,827,760	9,188,781	8,113,319	7,586,362
Net investment income	33,795,088	50,166,728	(18,715,945)	43,085,572	16,802,274
Benefit payments, including refunds of member contributions	(32,108,873)	(30,600,302)	(28,863,766)	(27,443,693)	(26,467,256)
Administrative expense	(619,135)	(555,763)	(554,484)	(563,078)	(477,252)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	22,385,642	38,663,140	(29,757,994)	31,305,439	5,030,490
<b>Plan fiduciary net position—beginning</b>	317,542,366	278,879,226	308,637,220	277,331,781	272,301,291
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 339,928,008</u>	<u>\$ 317,542,366</u>	<u>\$ 278,879,226</u>	<u>\$ 308,637,220</u>	<u>\$ 277,331,781</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 176,737,274</u>	<u>\$ 179,444,905</u>	<u>\$ 198,361,217</u>	<u>\$ 149,482,403</u>	<u>\$ 246,403,198</u>
Less (Public Facilities District)	(219,079)	(430,698)	(492,480)	(350,357)	(601,330)
Less (Spokane Regional Emergency Communications)	(2,067,733)	(727,590)	-	-	-
<b>Plan's net pension liability—Net of the PFD and SREC</b>	<u>\$ 174,450,462</u>	<u>\$ 178,286,617</u>	<u>\$ 197,868,737</u>	<u>\$ 149,132,046</u>	<u>\$ 245,801,868</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.82%	63.95%	58.50%	67.42%	53.01%
<b>Pensionable covered payroll</b>	\$ 112,984,469	\$ 111,746,539	\$ 107,017,146	\$ 102,844,614	\$ 102,378,550
<b>Plan's net pension liability as a percentage of covered payroll</b>	156.43%	160.58%	185.35%	145.35%	240.68%

This table will be built prospectively until it contains 10 years of data

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 12,896,547	\$ 12,384,960	\$ 11,405,611
Interest	27,443,176	26,359,257	25,718,424
Changes of benefit terms	-	-	86,298
Differences between expected and actual experience	12,381,445	6,483,011	18,507,784
Changes of assumptions	(14,542,266)	-	-
Benefit payments, including refunds of member contributions	(26,467,256)	(24,597,020)	(22,884,026)
<b>Net change in total pension liability</b>	11,711,646	20,630,208	32,834,091
<b>Total pension liability—beginning</b>	512,023,333	491,393,125	458,559,034
<b>Total pension liability—ending (a)</b>	<u>\$ 523,734,979</u>	<u>\$ 512,023,333</u>	<u>\$ 491,393,125</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 7,586,362	\$ 7,398,945	\$ 6,822,279
Contributions—member	7,586,362	7,402,905	6,822,279
Net investment income	16,802,274	(3,228,439)	14,497,901
Benefit payments, including refunds of member contributions	(26,467,256)	(24,597,020)	(22,884,026)
Administrative expense	(477,252)	(447,921)	(386,713)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	5,030,490	(13,471,530)	4,871,720
<b>Plan fiduciary net position—beginning</b>	272,301,291	285,772,821	280,901,101
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 277,331,781</u>	<u>\$ 272,301,291</u>	<u>\$ 285,772,821</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 246,403,198</u>	<u>\$ 239,722,042</u>	<u>\$ 205,620,304</u>
Less (Public Facilities District)	(601,330)	(600,946)	(474,484)
Less (Spokane Regional Emergency Communications)	-	-	-
<b>Plan's net pension liability—Net of the PFD</b>	<u>\$ 245,801,868</u>	<u>\$ 239,121,096</u>	<u>\$ 205,145,820</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	53.01%	53.24%	58.21%
<b>Pensionable covered payroll</b>	\$ 102,378,550	\$ 93,899,096	\$ 89,034,522
<b>Plan's net pension liability as a percentage of covered payroll</b>	240.68%	255.30%	230.94%

This table will be built prospectively until it contains 10 years of data

\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.

*Legislative and administrative changes.* Effective January 1, 2015, the following changes were enacted for all employees hired on or after January 1, 2015. 1) Early retirement is permitted at any time after attaining age 50 with the sum of age plus years of eligible service greater than or equal to 80, 2) Final compensation is defined as the highest average annual compensation received during any three consecutive years, 3) Normal retirement date is defined as the first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of eligible service, and 4) Benefit eligibility at termination requires at least 7 years of eligible service. The System added a new benefit tier for employees hired on or after January 1, 2018. The details of the tier are included in the "Benefits Provided" of Note 1 to the Financial Statements.

Effective December 26, 2021, the annual Contribution Rate was changed to 20.50% of payroll (10.25% of pay paid by the Employee, 10.25% of pay paid by the Employer). Previously the Contribution Rate was 20.00% of payroll (10.00% of pay paid by the Employee, 10.00% of pay paid by the Employer) from December 27, 2020, 19.50% of payroll (9.75% of pay paid by the Employee, 9.75% of pay paid by the Employer) from December 15, 2019, 18.50% of payroll (9.25% of pay paid by the employee, 9.25% of pay paid by the employer) from December 16, 2018, 18.00% of payroll (9.00% of pay paid by the employee, 9.00% paid by employer from December 17, 2017 to December 16, 2018, and 16.5% of payroll (8.25% of pay paid by the Employee, 8.25% of pay paid by the Employer) since September 1, 2014.



## Schedule of Changes in Net Pension Liability and Related Ratios Firefighters' Pension as of Measurement Date 12/31/2020

	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	390,535	440,951	520,242	684,842
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(2,156,517)	(1,330,615)	(2,268,594)	(1,114,154)
Changes of assumptions	-	-	-	1,637,202
Benefit payments, including refunds of member contributions	(709,617)	(870,909)	(918,100)	(1,053,418)
<b>Net change in total pension liability</b>	<b>(2,475,599)</b>	<b>(1,760,573)</b>	<b>(2,666,452)</b>	<b>154,472</b>
<b>Total pension liability—beginning</b>	<b>13,370,030</b>	<b>15,130,603</b>	<b>17,797,055</b>	<b>17,642,583</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 10,894,431</b>	<b>\$ 13,370,030</b>	<b>\$ 15,130,603</b>	<b>\$ 17,797,055</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 538,208	\$ 1,661,882	\$ 2,855,495	\$ 2,208,498
Contributions—member	-	-	-	-
Net investment income	1,986,725	1,181,056	308,539	351,460
Benefit payments, including refunds of member contributions	(709,617)	(870,909)	(918,100)	(1,053,418)
Administrative expense	(40,144)	(45,527)	(28,424)	(29,362)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>1,775,172</b>	<b>1,926,502</b>	<b>2,217,510</b>	<b>1,477,178</b>
<b>Plan fiduciary net position—beginning</b>	<b>21,884,239</b>	<b>19,957,737</b>	<b>17,740,227</b>	<b>16,263,049</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 23,659,411</b>	<b>\$ 21,884,239</b>	<b>\$ 19,957,737</b>	<b>\$ 17,740,227</b>
<b>Plan's net pension liability—ending (a) – (b)</b>	<b>\$ (12,764,980)</b>	<b>\$ (8,514,209)</b>	<b>\$ (4,827,134)</b>	<b>\$ 56,828</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>217.17%</b>	<b>163.68%</b>	<b>131.90%</b>	<b>99.68%</b>
<b>Covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's net pension liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

This table will be built prospectively until it contains 10 years of data

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	815,109	831,429	938,119
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,959,170)	-	(2,281,571)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(1,170,685)	(1,306,840)	(1,340,440)
<b>Net change in total pension liability</b>	(3,314,746)	(475,411)	(2,683,892)
<b>Total pension liability—beginning</b>	20,957,329	21,432,740	24,116,632
<b>Total pension liability—ending (a)</b>	<u>\$ 17,642,583</u>	<u>\$ 20,957,329</u>	<u>\$ 21,432,740</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,152,769	\$ 2,345,156	\$ 1,529,654
Contributions—member	-	-	-
Net investment income	252,368	116,370	295,093
Benefit payments, including refunds of member contributions	(1,170,685)	(1,306,840)	(1,340,440)
Administrative expense	(15,482)	(30,577)	(13,889)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	1,218,970	1,124,109	470,418
<b>Plan fiduciary net position—beginning</b>	15,044,079	13,919,970	13,449,552
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 16,263,049</u>	<u>\$ 15,044,079</u>	<u>\$ 13,919,970</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 1,379,534</u>	<u>\$ 5,913,250</u>	<u>\$ 7,512,770</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	92.18%	71.78%	64.95%
<b>Covered payroll</b>	N/A	N/A	N/A
<b>Plan's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A

This table will be built prospectively until it contains 10 years of data

\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.

## Schedule of Changes in Net Pension Liability Related Ratios Police Pension as of Measurement Date 12/31/2020

	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	74,812	114,653	176,118	222,541
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(518,204)	(1,226,427)	(1,936,001)	(1,349,629)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(192,854)	(239,323)	(337,880)	(501,605)
<b>Net change in total pension liability</b>	<b>(636,246)</b>	<b>(1,351,097)</b>	<b>(2,097,763)</b>	<b>(1,628,693)</b>
<b>Total pension liability—beginning</b>	<b>2,589,439</b>	<b>3,940,536</b>	<b>6,038,299</b>	<b>7,666,992</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 1,953,193</b>	<b>\$ 2,589,439</b>	<b>\$ 3,940,536</b>	<b>\$ 6,038,299</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 446,243	\$ 729,515	\$ 514,369	\$ 667,111
Contributions—member	-	-	-	-
Net investment income	1,723	1,996	345	104
Benefit payments, including refunds of member contributions	(192,854)	(239,323)	(337,880)	(501,605)
Administrative expense	(37,167)	(42,081)	(26,566)	(29,531)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>217,945</b>	<b>450,107</b>	<b>150,268</b>	<b>136,079</b>
<b>Plan fiduciary net position—beginning</b>	<b>1,499,806</b>	<b>1,049,699</b>	<b>899,431</b>	<b>763,352</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 1,717,751</b>	<b>\$ 1,499,806</b>	<b>\$ 1,049,699</b>	<b>\$ 899,431</b>
<b>Plan's net pension liability—ending (a) – (b)</b>	<b>\$ 235,442</b>	<b>\$ 1,089,633</b>	<b>\$ 2,890,837</b>	<b>\$ 5,138,868</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>87.95%</b>	<b>57.92%</b>	<b>26.64%</b>	<b>14.90%</b>
<b>Covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's net pension liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>This table will be built prospectively until it contains 10 years of data</b>				

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	276,832	288,058	341,929
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,525,979)	-	(1,233,517)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(618,629)	(705,257)	(1,100,056)
<b>Net change in total pension liability</b>	(1,867,776)	(417,199)	(1,991,644)
<b>Total pension liability—beginning</b>	9,534,768	9,951,967	11,943,611
<b>Total pension liability—ending (a)</b>	<u>\$ 7,666,992</u>	<u>\$ 9,534,768</u>	<u>\$ 9,951,967</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 784,373	\$ 734,966	\$ 850,789
Contributions—member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(618,629)	(705,257)	(1,100,056)
Administrative expense	(17,458)	(27,666)	(12,985)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	148,286	2,043	(262,252)
<b>Plan fiduciary net position—beginning</b>	615,066	613,023	875,275
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 763,352</u>	<u>\$ 615,066</u>	<u>\$ 613,023</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 6,903,640</u>	<u>\$ 8,919,702</u>	<u>\$ 9,338,944</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	9.96%	6.45%	6.16%
<b>Covered payroll</b>	N/A	N/A	N/A
<b>Plan's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A

This table will be built prospectively until it contains 10 years of data

\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.

**Schedule of City's Proportionate Share of the Net Pension Liability  
(Asset) as of Measurement Date 6/30/2021  
LEOFF 1 (in thousands)**

	LEOFF 1			
	2021	2020	2019	2018
City's proportion of the net pension liability (asset)	0.9289%	0.9423%	0.9457%	0.9470%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (31,820)	\$ (17,795)	\$ (18,692)	\$ (17,192)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (215,230)	\$ (120,365)	\$ (126,432)	\$ (116,288)
Total	\$ (247,050)	\$ (138,160)	\$ (145,125)	\$ (133,481)
City's covered payroll (in thousands)	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	187.45%	146.88%	148.78%	144.42%
	2017	2016	2015	
City's proportion of the net pension liability (asset)	0.9544%	0.9642%	0.9613%	
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (14,481)	\$ (9,935)	\$ (11,586)	
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (97,946)	\$ (67,197)	n/a	
Total	\$ (112,426)	\$ (77,132)	\$ (11,586)	
City's covered payroll (in thousands)	\$ -	\$ -	\$ -	
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	
Plan's fiduciary net position as a percentage of the total pension liability (asset)	135.96%	123.74%	127.36%	

**This table will be built prospectively until it contains 10 years of data**

**Schedule of City's Proportionate Share of the Net Pension Liability  
(Asset) as of Measurement Date 6/30/2021  
LEOFF 2 (in thousands)**

	LEOFF 2			
	2021	2020	2019	2018
City's proportion of the net pension liability (asset)	2.2337%	1.7228%	2.0243%	2.0463%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (129,740)	\$ (35,144)	\$ (46,896)	\$ (41,545)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (83,697)	\$ (22,472)	\$ (30,711)	\$ (26,900)
Total	\$ (213,437)	\$ (57,615)	\$ (77,607)	\$ (68,445)
City's covered payroll (in thousands)	\$ 51,701	\$ 38,550	\$ 43,536	\$ 40,704
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-250.94%	-91.16%	-107.72%	-102.07%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	142.00%	115.83%	119.43%	118.50%
	2017	2016	2015	
City's proportion of the net pension liability (asset)	2.0211%	2.0361%	2.0020%	
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (28,046)	\$ (11,842)	\$ (20,576)	
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (18,193)	\$ (7,720)	n/a	
Total	\$ (46,239)	\$ (19,563)	\$ (20,576)	
City's covered payroll (in thousands)	\$ 38,050	\$ 36,731	\$ 34,918	
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-73.71%	-32.24%	-58.93%	
Plan's fiduciary net position as a percentage of the total pension liability (asset)	113.36%	106.04%	111.67%	

**This table will be built prospectively until it contains 10 years of data**

## Schedule of Employer Contributions SERS as of 12/31/2021

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 12,457,475	\$ 11,527,854	\$ 11,078,489	\$ 10,044,342	\$ 9,765,949
Contributions in relation to the actuarially determined contribution	11,519,708	10,659,281	9,824,717	9,187,420	8,113,319
Contribution deficiency (excess)	\$ 937,767	\$ 868,573	\$ 1,253,772	\$ 856,922	\$ 1,652,630
Covered payroll	\$ 115,197,080	\$ 109,325,959	\$ 106,213,157	\$ 102,082,444	\$ 98,343,261
Contributions as a percentage of covered payroll	10.00%	9.75%	9.25%	9.00%	8.25%

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 9,853,762	\$ 9,069,276	\$ 8,292,066	\$ 8,237,317	\$ 8,325,936
Contributions in relation to the actuarially determined contribution	7,586,362	7,398,945	6,822,279	6,715,376	6,937,750
Contribution deficiency (excess)	\$ 2,267,400	\$ 1,670,331	\$ 1,469,787	\$ 1,521,941	\$ 1,388,186
Covered payroll	\$ 91,955,903	\$ 89,684,182	\$ 86,139,886	\$ 86,650,013	\$ 89,519,355
Contributions as a percentage of covered payroll	8.25%	8.25%	7.92%	7.75%	7.75%

### Notes to Schedule

Valuation date: December 31, 2021

Actuarially determined contribution rates are calculated as of December 31, of the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age normal								
Amortization method	Level percentage of payroll, closed								
Remaining amortization period	22 years								
Asset valuation method	5-year smoothed market								
Inflation	2.25%								
Salary increases	In accordance with the following table based on service:								
	<table><tr><th><u>Years of Service</u></th><th><u>Annual Increase</u></th></tr><tr><td>&lt;1</td><td>12.0%</td></tr><tr><td>1-2</td><td>10.0%</td></tr><tr><td>3</td><td>8.0%</td></tr></table>	<u>Years of Service</u>	<u>Annual Increase</u>	<1	12.0%	1-2	10.0%	3	8.0%
<u>Years of Service</u>	<u>Annual Increase</u>								
<1	12.0%								
1-2	10.0%								
3	8.0%								

	4	5.0%
	5-9	4.0%
	10-19	3.0%
	20+	2.5%
Investment rate of return	7.5%, net of pension plan investment expense	
Retirement age	In accordance with the following table based on age:	
	<u>Age</u>	<u>Retirement Probability</u>
	<50	0.0%
	50-58	5.0%
	59-61	10.0%
	62	25.0%
	63	20.0%
	64	25.0%
	65	30.0%
	66	25.0%
	67	20.0%
	68	10.0%
	69	25.0%
	70	15.0%
	71-74	30.0%
	75+	100.0%



## Schedule of Employer Contributions Firefighters' Pension as of 12/31/2021

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 3,819	\$ 98,333
Contributions in relation to the actuarially determined contribution	1,439,343	498,064	1,616,355	2,827,071	2,179,136
Contribution deficiency (excess)	\$ (1,439,343)	\$ (498,064)	\$ (1,616,355)	\$ (2,823,252)	\$ (2,080,803)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 519,891	\$ 519,891	\$ 864,697	\$ 864,697	\$ 1,070,804
Contributions in relation to the actuarially determined contribution	2,137,287	2,314,579	1,515,765	2,183,389	439,804
Contribution deficiency (excess)	\$ (1,617,396)	\$ (1,794,688)	\$ (651,068)	\$ (1,318,692)	\$ 631,000
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

### Notes to Schedule

Valuation date: December 31, 2021

Actuarial cost method	Entry age normal								
Amortization method	30-year, closed as of January 1, 2007								
Remaining amortization period	N/A – there is no unfunded liability as of December 31, 2021								
Asset valuation method	Fair Market Value								
Investment Rate of Return	3.0%								
Projected Salary Increases	N/A								
Inflation	2.25%								
Cost-of-Living Adjustments	Based upon 3.5% increase assumption when appropriate, for FPF benefits. Based upon inflation assumption for some FPF benefits and all LEOFF benefits.								
Service Retirement	<table> <tr> <th>Age</th><th>Annual Rate</th></tr> <tr> <td>50-53</td><td>7.0%</td></tr> <tr> <td>54</td><td>11.0%</td></tr> <tr> <td>55-56</td><td>12.0%</td></tr> </table>	Age	Annual Rate	50-53	7.0%	54	11.0%	55-56	12.0%
Age	Annual Rate								
50-53	7.0%								
54	11.0%								
55-56	12.0%								

57	15.0%
58-59	16.0%
60-61	23.0%
62-63	24.0%
64-65	25.0%
66	100.0%

Disability Rates

<u>Age</u>	<u>Annual Rate</u>
30	0.8%
35	1.5%
40	2.3%
45	4.0%
50	7.0%
55	9.0%
60	10.0%

Mortality Table-Actives and Service Retirees

RP-2000 Mortality Table for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set back one year.

Mortality Table – Disabled Retirees

RP-2000 Mortality Table for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set forward two years.

Mortality Table – Spouses

RP-2000 Mortality Table for females (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set forward one years.

Other Terminations of Employment

None

Family Composition

All active members are assumed to be married, with no children, when they retire. Marital status of retirees has been supplied by the City. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.

Vesting

Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. For the purposes of the valuation, it is assumed that no such forfeitures will occur.

## Schedule of Employer Contributions

### Police Pension as of 12/31/2021

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 17,883	\$ 79,226	\$ 201,820	\$ 345,413	\$ 447,851
Contributions in relation to the actuarially determined contribution	550,519	409,076	687,434	487,803	637,580
Contribution deficiency (excess)	\$ (532,636)	\$ (329,850)	\$ (485,614)	\$ (142,390)	\$ (189,729)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 585,998	\$ 585,998	\$ 586,637	\$ 586,637	\$ 734,291
Contributions in relation to the actuarially determined contribution	766,915	707,300	837,804	845,079	869,885
Contribution deficiency (excess)	\$ (180,917)	\$ (121,302)	\$ (251,167)	\$ (258,442)	\$ (135,594)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

#### Notes to Schedule

Valuation date: December 31, 2021

Actuarial cost method Entry age normal

Amortization method 30-year, closed as of January 1, 2007

Remaining amortization period 16 years

Asset valuation method Fair Market Value

Records and Data Census data as well as financial information used for this valuation was received from the City and reviewed for reasonableness only. We have not performed a formal audit of the data used for this valuation.

Investment Rate of Return 3.0%

Projected Salary Increases N/A

Inflation 2.25%

Cost-of-Living Adjustments Based upon 3.5% increase assumption when appropriate, for PPF benefits.  
Based upon inflation assumption for some PPF benefits and all LEOFF benefits.

Service Retirement Age Annual Rate

50-53	7.0%
54	11.0%
55-56	12.0%
57	15.0%
58-59	16.0%
60-61	23.0%
62-63	24.0%
64-65	25.0%
66	100.0%

Disability Rates

<u>Age</u>	<u>Annual Rate</u>
30	0.8%
35	1.5%
40	2.3%
45	4.0%
50	7.0%
55	9.0%
60	10.0%

Mortality Table-Actives and Service Retirees

RP-2000 Mortality Table for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set back one year.

Mortality Table – Disabled Retirees

RP-2000 Mortality Table for males (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set forward two years.

Mortality Table – Spouses

RP-2000 Mortality Table for females (combined healthy), Fully Generational Projection, using 50% of Projection Scale AA, with ages set forward one years.

Other Terminations of Employment

None

Family Composition

All active members are assumed to be married, with no children, when they retire. Marital status of retirees has been supplied by the City. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.

Vesting

Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. For the purposes of the valuation, it is assumed that no such forfeitures will occur.

## Schedule of Employer Contributions

### LEOFF 2 as of 12/31/2021

City's Proportionate Share (in thousands)	2021	2020	2019	2018
Contractually required contributions	\$ 4,293	\$ 3,311	\$ 3,809	\$ 3,562
Actuarially Determined contribution (ADC)	4,293	3,311	3,452	3,207
Contributions in relation to the ADC	4,335	3,344	3,823	3,572
Contribution deficiency (excess)	\$ (42)	\$ (32)	\$ (370)	\$ (365)

<sup>1</sup> Covered payroll	51,701	38,550	43,536	40,704
Contributions as a percentage of covered payroll	8.38%	8.67%	8.78%	8.78%

<sup>1</sup> City's Proportionate Share of Covered Payroll provided by the state as of 6/30/2019

City's Proportionate Share (in thousands)	2017	2016	2015
Contractually required contributions	\$ 3,200	\$ -	\$ -
Actuarially Determined contribution (ADC)	3,033	3,089	2,951
Contributions in relation to the ADC	3,195	3,103	2,952
Contribution deficiency (excess)	\$ (162)	\$ (14)	\$ (1)

Covered payroll	38,049	36,731	34,918
Contributions as a percentage of covered payroll	8.40%	8.45%	8.45%

This table will be built prospectively until it contains 10 years of data

## Schedule of Investment Returns as of 12/31/2021

### Spokane Employee Retirement System (SERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	13.67%	11.50%	18.40%	-6.30%	15.40%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	6.71%	-0.94%	5.34%	18.89%	11.70%

### Fire

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-1.06%	9.33%	5.99%	1.71%	2.17%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	1.90%	1.01%	2.58%	0.32%	5.97%

### Police

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.18%	2.14%	2.07%	0.90%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.00%	0.00%	0.00%	0.00%	0.00%

## Other Post Employment Benefits

### Schedule of Changes in the City's Firefighters' Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2020

	2021	2020	2019	2018	2017
<b>Total Firefighters' OPEB liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 4,364
Interest	1,397,698	1,449,183	1,445,054	1,659,545	1,721,361
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,419,020)	511,480	2,112,772	5,303,077	(889,509)
Changes of assumptions	(177,104)	165,821	-	(10,984,642)	-
Benefit payments, including refunds of member contributions	(4,085,924)	(3,599,371)	(3,240,950)	(3,014,467)	(2,770,305)
<b>Net change in total opeb liability</b>	<b>(5,284,350)</b>	<b>(1,472,887)</b>	<b>316,876</b>	<b>(7,036,487)</b>	<b>(1,934,089)</b>
<b>Total opeb liability—beginning</b>	<b>48,632,910</b>	<b>50,105,797</b>	<b>49,788,921</b>	<b>56,825,408</b>	<b>58,759,497</b>
<b>Total opeb liability—ending (a)</b>	<b>\$ 43,348,560</b>	<b>\$ 48,632,910</b>	<b>\$ 50,105,797</b>	<b>\$ 49,788,921</b>	<b>\$ 56,825,408</b>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 2,804,989	\$ 2,695,985	\$ 2,511,285	\$ 2,880,818	\$ 2,777,670
Contributions—member	-	-	-	-	-
Net investment income	1,053,840	704,582	207,254	279,438	221,113
Benefit payments, including refunds of member contributions	(4,085,924)	(3,599,371)	(3,240,950)	(3,014,467)	(2,770,305)
Administrative expense	(243,536)	(272,417)	(268,822)	(294,117)	(276,975)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(470,631)</b>	<b>(471,221)</b>	<b>(791,233)</b>	<b>(148,328)</b>	<b>(48,497)</b>
<b>Plan fiduciary net position—beginning</b>	<b>12,555,320</b>	<b>13,026,541</b>	<b>13,817,774</b>	<b>13,966,102</b>	<b>14,014,599</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 12,084,689</b>	<b>\$ 12,555,320</b>	<b>\$ 13,026,541</b>	<b>\$ 13,817,774</b>	<b>\$ 13,966,102</b>
<b>Plan's net pension liability—ending (a) – (b)</b>	<b>\$ 31,263,871</b>	<b>\$ 36,077,590</b>	<b>\$ 37,079,256</b>	<b>\$ 35,971,147</b>	<b>\$ 42,859,306</b>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	<b>27.88%</b>	<b>25.82%</b>	<b>26.00%</b>	<b>27.75%</b>	<b>24.58%</b>
<b>Covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's net opeb liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

This table will be built prospectively until it contains 10 years of data

\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.

# Schedule of Changes in the City's Police Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2020

	2021	2020	2019	2018	2017
<b>Total Police OPEB liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ 2,352	\$ 5,875
Interest	1,391,352	1,804,042	1,595,089	1,939,973	1,999,833
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,334,239)	(1,035,511)	2,499,285	3,104,252	(3,649,221)
Changes of assumptions	2,564,100	4,005,879	(2,479,445)	(5,212,240)	(1,384,401)
Benefit payments, including refunds of member contributions	(2,096,912)	(2,478,236)	(2,695,330)	(2,274,588)	(2,473,394)
<b>Net change in total opeb liability</b>	<b>(475,699)</b>	<b>2,296,174</b>	<b>(1,080,401)</b>	<b>(2,440,251)</b>	<b>(5,501,308)</b>
<b>Total opeb liability—beginning</b>	<b>51,643,093</b>	<b>49,346,919</b>	<b>50,427,320</b>	<b>52,867,571</b>	<b>58,368,879</b>
<b>Total opeb liability—ending (a)</b>	<b>\$ 51,167,394</b>	<b>\$ 51,643,093</b>	<b>\$ 49,346,919</b>	<b>\$ 50,427,320</b>	<b>\$ 52,867,571</b>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 2,301,681	\$ 2,706,416	\$ 2,917,954	\$ 2,518,563	\$ 2,703,355
Contributions—member	-	-	-	-	-
Net investment income	-	-	344	104	-
Benefit payments, including refunds of member contributions	(2,096,912)	(2,478,236)	(2,695,330)	(2,274,588)	(2,473,394)
Administrative expense	(204,769)	(228,180)	(222,968)	(244,079)	(229,961)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position—beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<b>\$ 51,167,394</b>	<b>\$ 51,643,093</b>	<b>\$ 49,346,919</b>	<b>\$ 50,427,320</b>	<b>\$ 52,867,571</b>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan's net opeb liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

This table will be built prospectively until it contains 10 years of data

\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.



## Schedule of Changes in the City's Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust as of measurement date 12/31/2020

	2021	2020	2019	2018	2017
<b>Total Retiree Medical Plan 2 OPEB liability</b>					
Service cost	\$ 625,753	\$ 580,385	\$ 715,217	\$ 518,369	\$ 512,615
Interest	278,020	345,763	336,643	301,836	275,198
Changes of benefit terms	-	-	-	1,306,207	-
Differences between expected and actual experience	(1,257,698)	(495,648)	(787,540)	(182,268)	(172,229)
Changes of assumptions	128,235	714,537	(1,007,464)	446,102	(181,786)
Benefit payments, including refunds of member contributions	(376,192)	(225,670)	(294,117)	(261,542)	(245,206)
<b>Net change in total opeb liability</b>	(601,882)	919,367	(1,037,261)	2,128,704	188,592
<b>Total opeb liability—beginning</b>	<u>9,672,172</u>	<u>8,752,805</u>	<u>9,790,066</u>	<u>7,661,362</u>	<u>7,472,770</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 9,070,290</u>	<u>\$ 9,672,172</u>	<u>\$ 8,752,805</u>	<u>\$ 9,790,066</u>	<u>\$ 7,661,362</u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 376,192	\$ 225,670	\$ 294,117	\$ 261,542	\$ 245,206
Contributions—member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(376,192)	(225,670)	(294,117)	(261,542)	(245,206)
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-	-	-
<b>Plan fiduciary net position—beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's total opeb liability—ending (a) – (b)</b>	<u>\$ 9,070,290</u>	<u>\$ 9,672,172</u>	<u>\$ 8,752,805</u>	<u>\$ 9,790,066</u>	<u>\$ 7,661,362</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 109,025,841	\$ 106,596,042	\$ 108,873,263	\$ 79,229,367	\$ 78,014,109
<b>Plan's total opeb liability as a percentage of covered-employee payroll</b>	8.32%	9.07%	8.04%	12.36%	9.82%

### Notes to Schedule

\* Until a full 10 -year trend is compiled, only information for those years available is presented.  
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*\*The amount presented for each fiscal year were determined as of the end of the previous fiscal year.*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2021	2.00%
2020	2.75%
2019	3.75%
2018	3.25%
2017	3.75%

# Other Postemployment Benefit

## Schedule of Employer Contributions

### Firefighters' Pension (in thousands) as of 12/31/2021

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 2,805	\$ 2,696	\$ 2,511	\$ 2,881	\$ 2,778
Contribution in Relation to the Actuarially Determined Contribution	2,805	2,696	2,511	2,881	2,778
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,778	\$ 3,377	\$ 3,377	\$ 5,056	\$ 5,056
Contribution in Relation to the Actuarially Determined Contribution	2,778	3,377	3,377	5,099	5,013
Contribution Deficiency (Excess)	-	-	-	(43)	43
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

#### Notes to Schedule

Valuation Date: January 1, 2021

Actuarially determined contribution is determined for the plan year that ends in the fiscal year.

Methods and assumptions used to determine the contribution

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Market value of assets
Rate of inflation	2.25% per year
Salary increase	None assumed
Investment rate of return	3.00% per year for current valuation
Discount rate	3.00% per year for current valuation
Mortality table	RP-2000 Combined Mortality table, fully generational projection with Scale BB, with male rates set back one year and female rates set forward one year
Retirement age	Rates vary by age from age 50 to 66

**Other Postemployment Benefits**  
**Schedule of Employer Contributions**  
**Police Pension (in thousands) as of 12/31/2021**

	2021	2020	2019	2018	2017
Actuarial determined contribution	\$ 3,888	\$ 3,864	\$ 3,616	\$ 3,763	\$ 3,944
Contribution in Relation to the Actuarially Determined Contribution	2,302	2,706	2,918	2,518	2,703
Contribution Deficiency (Excess)	1,587	1,157	698	1,245	1,241
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2016	2015	2014	2013	2012
Actuarial determined contribution	\$ 3,944	\$ 4,380	\$ 4,380	\$ 5,877	\$ 5,877
Contribution in Relation to the Actuarially Determined Contribution	2,733	3,041	2,496	2,811	2,856
Contribution Deficiency (Excess)	1,211	1,339	1,884	3,066	3,021
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Valuation Date: January 1, 2021

Actuarially determined contribution is determined for the plan year that ends in the fiscal year.

Methods and assumptions used to determine the contribution

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Market value of assets
Rate of inflation	2.25% per year
Salary increase	None assumed
Investment rate of return	None assumed since no plan assets
Discount rate	3.00% per year for current valuation
Mortality table	RP-2000 Combined Mortality table, fully generational projection with Scale BB, with male rates set back one year and female rates set forward one year
Retirement age	None since there are no longer any active participants

## Schedule of Investment Returns for OPEB held in trust as of 12/31/2021

### Fire OPEB

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-1.06%	9.33%	5.99%	1.71%	2.17%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	1.90%	1.01%	2.58%	0.32%	5.97%

### Police OPEB

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.18%	2.14%	2.07%	0.90%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.00%	0.00%	0.00%	0.00%	0.00%

# Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2021

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for the three pension plans. These reports may be obtained by writing to the Spokane Employees' Retirement System, City Hall, 808 West Spokane Falls Blvd, Spokane, Washington, 99201 or by calling (509) 625-6330.

City of Spokane  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal program	CFDA Number	OtherAward Number	Expenditures			Passed Through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG-Entitlement Grant Cluster								
U.S Department of Housing and Urban Development	Community Development Block Grants/Entitlements Grants	14.218	B-14-MC-53-0006 B-15-MC-53-0006 B-16-MC-53-0006 B-17-MC-53-0006 B-18-MC-53-0006 B-19-MC-53-0006 B-20-MC-53-0006 Program Income		1,303,954.54		1,040,240.55	2
			Subtotal		2,259,426.21 3,563,380.75		1,980,632.60 3,020,873.15	2.4
U.S Department of Housing and Urban Development	"Covid-19" Community Development Block Grants/Entitlements Grants	14.218	B-20-MW-53-006		1,148,564.71		1,121,387.82	2
	Total from CDBG-Entitlement Grant Cluster			-	4,711,945.46	4,711,945.46	4,142,260.97	
U.S Department of Housing and Urban Development	Emergency Solutions Grant Program	14.231	E-17-MC-53-0006 E18-MC-53-0006 E19-MC-53-0006 E20-MC-53-0006		238,701.39	238,701.39	231,378.65	2.7
U.S Department of Housing and Urban Development	"Covid-19" Emergency Solutions Grant Program	14.231	E20-MW-53-0006		1,915,950.14	1,915,950.14	1,842,882.99	2
U.S. Department of Housing and Urban Development (via WA State Department of Commerce)	"Covid-19" Emergency Solutions Grant Program	14.231	20-4613C-125	967,876.93		967,876.93	893,417.37	2
			Total - CFDA 14.231	967,876.93	2,154,651.53	3,122,528.46	2,967,679.01	
U.S Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M-17-MC-53-0201 M-18-MC-53-0201 M-19-MC-53-0201 M-20-MC-53-0201 M-21-MC-53-0201 Program Income		1,180,134.85		1,024,123.67	2
			Subtotal		517,929.40 1,698,064.25		502,281.17 1,526,404.84	2.4
U.S Department of Housing and Urban Development	Continuum of Care Program	14.267	WA0119L0T021811 WA0218L0T021808 WA0330L0T021803 WA0331L0T021803 WA0332L0T021803 WA0353L0T021803 WA0374L0T021802 WA0418L0T021800 WA0001U0T021901 WA9004U0T021900 WA0001U0T022002 Program Income		4,086,231.53		3,588,950.05	2.7
			Subtotal		108,970.00 4,195,201.53		108,970.00 3,697,920.05	2
U.S. Department of Justice	"Covid-19" Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1699		113,295.99	113,295.99		
U.S. Department of Justice - Bureau of Justice Assistance	Drug Court Discretionary Grant Program	16.585	2020-DC-BX-0042		33,484.30	33,484.30		
U.S. Department of Justice	Violence Against Women Formula Grants	16.588	F19-31103-012		800.00	800.00		
U.S. Department of Justice	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2019-WE-AX-0023		268,876.09	268,876.09		
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0193		56,819.35	56,819.35		
U.S. Department of Justice (via WA State Office of Public Defense)	"Covid-19" Edward Byrne Memorial Competitive Grant Program	16.751	GRT21005	35,927.90		35,927.90		

The accompanying notes are an integral part of this schedule.

U.S. Department of Justice	Equitable Sharing Program	16.922	WA0320400	37,867.62	37,867.62		
<b>Highway Planning and Construction Cluster</b>							
U.S. Department of Transportation (via WA State Department of Transportation)	Highway Planning and Construction	20.205	SRTS-3930(002) LA-10202 HSIP-0002(869) LA-10158 CM-9932(067) LA-9666 STPUL-9932(064) LA-9658 CM-9932(065) LA-9659 BHM-3881(010) LA-9712 TAP-1220(040) LA-9652 NHPP-9932(057) LA-9230 CM-3975(002) LA-8916 CM-1220(036) LA-9076 BRM-3899(003) LA-9768 CM-1220(034) LA-8910	7,576,240.75	7,576,240.75		7
<b>Total from Highway Planning and Construction Cluster</b>				<b>7,576,240.75</b>	<b>-</b>	<b>7,576,240.75</b>	
<b>FMCSA Cluster</b>							
U.S. Department of Transportation	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	69A3602140647MHP0WA	17,939.24	17,939.24		
<b>Total from FMCSA Cluster</b>				<b>-</b>	<b>17,939.24</b>	<b>17,939.24</b>	<b>-</b>
<b>Highway Safety Cluster</b>							
U.S. Department of Transportation (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-AG-4035-Spokane PD DUI Enforcement 2021-HVE-4120-Region 16 Target Zero Task Force 2022-Sub-grants-4430-Region 16 LEL-Spokane 2022-HVE-4457-Region 16 Target Zero Task Force 2021-AG-4039	111,489.77	111,489.77		7
U.S. Department of Transportation (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	Ped. Safety FY2020	11,815.00	11,815.00		
<b>Total from Highway Safety Cluster</b>				<b>123,304.77</b>	<b>-</b>	<b>123,304.77</b>	<b>-</b>
U.S. Department of Transportation (via Washington Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	2021-AG-4035-Spokane PD DUI Enforcement 2021-HVE-4120-Region 16 Target Zero Task Force Subtotal	60,400.25 4,529.57 64,929.82	60,400.25 4,529.57 64,929.82		7
U.S. Department of Treasury (via Washington State Department of Commerce)	"Covid-19" Coronavirus Relief Fund	21.019	21-4614C-222	214,444.62	214,444.62	201,331.87	
U.S. Department of the Treasury	"Covid-19" Emergency Rental Assistance Program	21.023	ERA0145	6,695,536.88	6,695,536.88	6,625,982.99	
		21.023	ERA30082	29,383.40	29,383.40		
			Subtotal	<b>-</b>	<b>6,724,920.28</b>	<b>6,724,920.28</b>	<b>6,625,982.99</b>
U.S. Dept of the Treasury (via Washington State Department of Commerce)	"Covid-19" Emergency Rental Assistance Program	21.023	21-4616C-133	7,998,215.46	7,998,215.46	7,946,224.67	
<b>Total - CFDA 21.023</b>				<b>7,998,215.46</b>	<b>6,724,920.28</b>	<b>14,723,135.74</b>	<b>14,572,207.66</b>
U.S. Department of the Treasury	"Covid-19" Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-0533	1,999,579.63	1,999,579.63		
Institute of Museum and Library Services (via Washington State Library)	"Covid-19" Grants to States	45.310	IG-7006	11,122.45	11,122.45		
Environmental Protection Agency	Brownsfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF-01J65801 BF-01J39701	170,436.96 5,469.75	170,436.96 5,469.75		7
			Subtotal	<b>-</b>	<b>175,906.71</b>	<b>175,906.71</b>	<b>-</b>
Department of Homeland Security	National Fire Academy Training Assistance	97.018	Travel/Training	1,151.20	1,151.20		5(a)
Department of Homeland Security	"Covid-19" Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4481-DR-WA	563,863.88	563,863.88		

Department of Homeland Security	"Covid-19" Assistance to Firefighters Grant	97.044	EMW-2020-FG-00351	16,149.92	16,149.92	7
---------------------------------	---	--------	-------------------	-----------	-----------	---

TOTAL FEDERAL AWARDS EXPENDED	16,992,062.70	22,770,516.98	39,762,579.68	27,107,804.40
-------------------------------	---------------	---------------	---------------	---------------

The accompanying notes are an integral part of this schedule.



City of Spokane, Washington

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021**

**Note 1 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting for all governmental funds. The accrual basis of accounting is used for all proprietary, non-expendable trust and pension trust funds.

**Note 2 – Federal Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The amount expended includes amounts claimed as an indirect cost recovery using an indirect cost rate of up to 102.29%, depending on the allowable maximum amount per the grant and the department charging the grant.

**Note 3 – Federal Loans**

The City was approved by the EPA to receive loans to improve its drinking water system. No funding was received that is required to be reported this year.

Both the current and prior year loans are also reported on the City's Schedule of Liabilities.

**Note 4 – Revolving Loan – Program Income**

The City has a revolving loan program for low income housing renovation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$211,740 and is presented in this schedule. The amount of principal received in loan repayments for the year was \$2,089,10.25.

Program	Balance 1/1/2021	Loans Disbursed	Payments Received	Forgiveness Write-offs, & Adjustments	Balance 12/31/2021
CDBG	\$14,672,504.52	\$211,740.00	(\$1,853,851.39)	(\$138,949.83)	\$12,891,443.30
HOME	\$18,964,979.30	\$0.00	(\$220,131.07)	(\$55,670.38)	\$18,689,177.85
Lead Safe Spokane	\$660,103.42		(\$6,942.77)	(\$681.36)	\$652,479.29
Housing Assistance/ Neighborhood Stabilization	\$4,501,194.69	\$0.00	(\$8,085.02)	(\$449.00)	\$4,492,660.67
<b>Total</b>	<b>\$38,798,781.93</b>	<b>\$211,740.00</b>	<b>(\$2,089,010.25)</b>	<b>(\$195,750.57)</b>	<b>\$36,725,761.11</b>

**Note 5 – Noncash Awards –Travel**

- (a) The City received airfare costs to attend "National Fire Academy in Emmitsburg, MD" from FEMA. The amount reported on the SEFA is the value of the federally paid portion of the travel costs.

Note 6 – Noncash Awards – Equipment

The City did not receive any equipment or supplies that were purchased with federal funding.

Note 7 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**City of Spokane, Washington**  
**Schedule for General Fund Accounts**  
**Balance Sheet**  
**December 31, 2021**

	General Fund	Code Enforcement	Library	Hope Acquisition	Housing Trust Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,754,421	\$ 197,613	\$ 281,943	\$ 1	\$ 1,013
Deposits with fiscal agents/trustees	-	-	-	-	-
Equity in pooled investments	10,407,013	4,451	4,439,824	597	190,183
Taxes receivable	16,190,048	-	-	-	-
Accounts receivable	3,083,082	-	11,354	10,000	3,500
Interest receivable	487,711	-	2,753	398	397
Due from other funds	8,564,538	10,008	8,460	-	-
Interfund loan receivable	9,746,444	-	145,984	20	5,705
Due from other governments	80,077	-	45,271	-	-
Advances to other funds	2,075,589	-	609,646	82	23,824
Prepays	3,000	-	-	-	-
Notes/contract receivable (non-current)	-	-	-	92,204	712
<b>Total Assets</b>	<b>60,391,923</b>	<b>212,072</b>	<b>5,545,235</b>	<b>103,302</b>	<b>225,334</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>60,391,923</b>	<b>212,072</b>	<b>5,545,235</b>	<b>103,302</b>	<b>225,334</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts/vouchers payable	3,515,451	42,583	157,067	-	-
Due to other funds	788,336	172,205	2,149	-	1
Due to other governments	1,134,158	-	-	-	-
Other accrued liabilities	1,977,800	25,171	102,204	-	-
Other current liabilities	564,955	-	98	-	-
<b>Total Liabilities</b>	<b>7,980,700</b>	<b>239,959</b>	<b>261,518</b>	<b>-</b>	<b>1</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	1,405,831	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,405,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities Plus Deferred Inflows of Resources</b>	<b>9,386,531</b>	<b>239,959</b>	<b>261,518</b>	<b>-</b>	<b>1</b>
<b>FUND BALANCE:</b>					
Nonspendable	2,082,589	-	609,646	82	23,824
Restricted - grants	-	-	-	103,220	201,509
Assigned	25,691,740	-	4,674,071	-	-
Unassigned	23,231,063	(27,887)	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>51,005,392</b>	<b>(27,887)</b>	<b>5,283,717</b>	<b>103,302</b>	<b>225,333</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 60,391,923</b>	<b>\$ 212,072</b>	<b>\$ 5,545,235</b>	<b>\$ 103,302</b>	<b>\$ 225,334</b>

**City of Spokane, Washington**  
**Schedule for General Fund Accounts**  
**Balance Sheet**  
**December 31, 2021**  
**(Continued)**

	<b>Emergency Medical Services</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,515,826	\$ -	\$ 11,750,817
Deposits with fiscal agents/trustees	10,226	-	10,226
Equity in pooled investments	33,955	-	15,076,023
Taxes receivable	164,837	-	16,354,885
Accounts receivable	53,780	-	3,161,716
Interest receivable	(14)	-	491,245
Due from other funds	26,311	(1,055,666)	7,553,651
Interfund loan receivable	-	-	9,898,153
Due from other governments	339,057	-	464,405
Advances to other funds	-	-	2,709,141
Prepays	4,000	-	7,000
Notes/contract receivable (non-current)	-	-	92,916
<b>Total Assets</b>	<b>2,147,978</b>	<b>(1,055,666)</b>	<b>67,570,178</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,147,978</b>	<b>(1,055,666)</b>	<b>67,570,178</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts/vouchers payable	191,951	-	3,907,052
Due to other funds	1,176,998	(1,055,666)	1,084,023
Due to other governments	-	-	1,134,158
Other accrued liabilities	869,090	-	2,974,265
Other current liabilities	10,779	-	575,832
<b>Total Liabilities</b>	<b>2,248,818</b>	<b>(1,055,666)</b>	<b>9,675,330</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	108,865	-	1,514,696
<b>Total Deferred Inflows of Resources</b>	<b>108,865</b>	<b>-</b>	<b>1,514,696</b>
<b>Total Liabilities Plus Deferred Inflows of Resources</b>	<b>2,357,683</b>	<b>(1,055,666)</b>	<b>11,190,026</b>
<b>FUND BALANCE:</b>			
Nonspendable	-	-	2,716,141
Restricted - grants	-	-	304,729
Assigned	-	-	30,365,811
Unassigned	(209,705)	-	22,993,471
<b>Total Fund Balance (Deficit)</b>	<b>(209,705)</b>	<b>-</b>	<b>56,380,152</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 2,147,978</b>	<b>\$ (1,055,666)</b>	<b>\$ 67,570,178</b>

City of Spokane, Washington  
Schedule of General Fund Accounts  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2021  
(Continued)

	General Fund	Code Enforcement	Library	Under Freeway Parking
<b>REVENUES</b>				
Taxes	\$ 176,732,687	\$ -	\$ 1,674,992	\$ -
Licenses and permits	6,898,498	-	-	-
Intergovernmental	4,413,712	1,246	17,005	-
Charges for services	17,856,009	1,403,175	70,520	-
Fines and forfeitures	1,876,906	-	14,804	-
Miscellaneous	3,553,710	-	138,437	-
Net inc(dec) in market value of investments	(4,955,307)	-	-	-
<b>Total Revenues</b>	<u>206,376,215</u>	<u>1,404,421</u>	<u>1,915,758</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	34,045,961	-	-	-
Public safety	68,026,555	2,200,986	-	-
Transportation	6,667,869	-	-	-
Economic environment	5,686,170	-	-	-
Social services	2,881,444	-	-	-
Culture and recreation	1,141,832	-	8,508,181	-
<b>Capital outlays</b>	408,689	-	961,221	-
<b>Debt service:</b>				
Interest	2,089	-	-	-
<b>Total Expenditures</b>	<u>118,860,609</u>	<u>2,200,986</u>	<u>9,469,402</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>87,515,606</u>	<u>(796,565)</u>	<u>(7,553,644)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	58,752	-	190	-
Transfers in	151,156	908,648	9,048,519	-
Transfers out	(93,612,178)	-	(200,560)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(93,402,270)</u>	<u>908,648</u>	<u>8,848,149</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(5,886,664)</u>	<u>112,083</u>	<u>1,294,505</u>	<u>-</u>
<b>Fund Balance - beginning (Note 1)</b>	56,892,056	(139,970)	3,989,212	-
<b>Fund Balance - ending</b>	<u>\$ 51,005,392</u>	<u>\$ (27,887)</u>	<u>\$ 5,283,717</u>	<u>\$ -</u>

City of Spokane, Washington  
Schedule of General Fund Accounts  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2021  
(Continued)

	Capital Improvement Program	Hope Acquisition	Housing Trust Grant	Cumulative Reserve
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	(1,834)	2,432	-
Net inc(dec) in market value of investments	-	-	(6,179)	-
<b>Total Revenues</b>	-	(1,834)	(3,747)	-
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	175,077	5,506	-
Social services	-	-	-	-
Culture and recreation	-	-	-	-
<b>Capital outlays</b>	-	-	-	-
<b>Debt service:</b>				
Interest	-	-	-	-
<b>Total Expenditures</b>	-	175,077	5,506	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(176,911)	(9,253)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	(176,911)	(9,253)	-
<b>Fund Balance - beginning (Note 1)</b>	-	280,213	234,586	-
<b>Fund Balance - ending</b>	\$ -	\$ 103,302	\$ 225,333	\$ -

City of Spokane, Washington  
Schedule of General Fund Accounts  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2021  
(Continued)

	Emergency Medical Services	Eliminations	Total
<b>REVENUES</b>			
Taxes	\$ 9,206,553	\$ -	\$ 187,614,232
Licenses and permits	267,490	-	7,165,988
Intergovernmental	674,885	-	5,106,848
Charges for services	2,286,105	-	21,615,809
Fines and forfeitures	110	-	1,891,820
Miscellaneous	35,569	-	3,728,314
Net inc(dec) in market value of investments	-	-	(4,961,486)
<b>Total Revenues</b>	<u>12,470,712</u>	<u>-</u>	<u>222,161,525</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	-	-	34,045,961
Public safety	56,515,512	-	126,743,053
Transportation	-	-	6,667,869
Economic environment	-	-	5,866,753
Social services	-	-	2,881,444
Culture and recreation	-	-	9,650,013
<b>Capital outlays</b>	196,326	-	1,566,236
<b>Debt service:</b>			
Interest	433	-	2,522
<b>Total Expenditures</b>	<u>56,712,271</u>	<u>-</u>	<u>187,423,851</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(44,241,559)</u>	<u>-</u>	<u>34,737,674</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	59,577	-	118,519
Transfers in	45,445,673	(55,402,840)	151,156
Transfers out	(387,574)	55,402,840	(38,797,472)
<b>Total Other Financing Sources (Uses)</b>	<u>45,117,676</u>	<u>-</u>	<u>(38,527,797)</u>
<b>Net Change in Fund Balance</b>	<u>876,117</u>	<u>-</u>	<u>(3,790,123)</u>
<b>Fund Balance - beginning (Note 1)</b>	(1,085,822)	-	60,170,275
<b>Fund Balance - ending</b>	<u>\$ (209,705)</u>	<u>\$ -</u>	<u>\$ 56,380,152</u>

**City of Spokane, Washington**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 168,398,014	\$ 168,398,014	\$ 176,732,687	\$ 8,334,673
Licenses and permits	6,784,900	6,784,900	6,898,498	113,598
Intergovernmental	3,847,975	4,064,023	4,413,712	349,689
Charges for services	19,099,784	19,179,591	17,856,009	(1,323,582)
Fines and forfeitures	2,098,650	2,098,650	1,876,906	(221,744)
Miscellaneous	4,291,982	4,301,982	3,553,710	(748,272)
Net inc(dec) in market value of investments	-	-	(4,955,307)	(4,955,307)
<b>Total revenues</b>	<b>204,521,305</b>	<b>204,827,160</b>	<b>206,376,215</b>	<b>1,549,055</b>
<b>EXPENDITURES</b>				
General government	33,541,866	34,243,798	34,045,961	197,837
Public safety	65,795,976	76,732,770	68,026,555	8,706,215
Transportation	7,047,732	7,578,710	6,667,869	910,841
Economic environment	5,856,071	6,394,602	5,686,170	708,432
Social services	2,961,306	5,094,126	2,881,444	2,212,682
Culture and recreation	1,270,499	1,261,242	1,141,832	119,410
Capital outlays	60,014	1,249,586	408,689	840,897
Debt service:				
Interest and other related costs	-	-	2,089	(2,089)
<b>Total expenditures</b>	<b>116,533,464</b>	<b>132,554,834</b>	<b>118,860,609</b>	<b>13,694,225</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>87,987,841</b>	<b>72,272,326</b>	<b>87,515,606</b>	<b>15,243,280</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	58,752	18,752
Transfers in	3,074,108	3,160,700	151,156	(3,009,544)
Transfers out	(92,036,433)	(95,418,896)	(93,612,178)	1,806,718
<b>Total other financing sources (uses)</b>	<b>(88,922,325)</b>	<b>(92,218,196)</b>	<b>(93,402,270)</b>	<b>(1,184,074)</b>
<b>Net change in fund balance</b>	<b>(934,484)</b>	<b>(19,945,870)</b>	<b>(5,886,664)</b>	<b>14,059,206</b>
<b>Fund Balance - beginning</b>	<b>37,588,773</b>	<b>21,632,451</b>	<b>56,892,056</b>	<b>35,259,605</b>
<b>Fund Balance - ending</b>	<b>\$ 36,654,289</b>	<b>\$ 1,686,581</b>	<b>\$ 51,005,392</b>	<b>\$ 49,318,811</b>



City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Code Enforcement  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,246	\$ 1,246
Charges for services	1,287,710	1,287,710	1,403,175	115,465
<b>Total revenues</b>	1,287,710	1,287,710	1,404,421	116,711
<b>EXPENDITURES</b>				
Public safety	2,252,862	2,728,262	2,200,986	527,276
Capital outlays	100,000	124,600	-	124,600
<b>Total expenditures</b>	2,352,862	2,852,862	2,200,986	651,876
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,065,152)	(1,565,152)	(796,565)	768,587
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	915,716	1,415,716	908,648	(507,068)
<b>Total other financing sources (uses)</b>	915,716	1,415,716	908,648	(507,068)
<b>Net change in fund balance</b>	(149,436)	(149,436)	112,083	261,519
<b>Fund Balance - beginning</b>	727,132	463,596	(139,970)	(603,566)
<b>Fund Balance - ending</b>	\$ 577,696	\$ 314,160	\$ (27,887)	\$ (342,047)

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Library  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,671,175	\$ 1,671,175	\$ 1,674,992	\$ 3,817
Intergovernmental	50,000	50,000	17,005	(32,995)
Charges for services	64,180	64,180	70,520	6,340
Fines and forfeitures	25,000	25,000	14,804	(10,196)
Miscellaneous	29,300	29,300	138,437	109,137
<b>Total revenues</b>	<b>1,839,655</b>	<b>1,839,655</b>	<b>1,915,758</b>	<b>76,103</b>
<b>EXPENDITURES</b>				
Culture and recreation	9,449,081	9,515,181	8,508,181	1,007,000
Capital outlays	1,174,918	1,195,144	961,221	233,923
<b>Total expenditures</b>	<b>10,623,999</b>	<b>10,710,325</b>	<b>9,469,402</b>	<b>1,240,923</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,784,344)</b>	<b>(8,870,670)</b>	<b>(7,553,644)</b>	<b>1,317,026</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	190	190
Transfers in	9,046,519	9,046,519	9,048,519	2,000
Transfers out	(55,900)	(55,900)	(200,560)	(144,660)
<b>Total other financing sources (uses)</b>	<b>8,990,619</b>	<b>8,990,619</b>	<b>8,848,149</b>	<b>(142,470)</b>
<b>Net change in fund balance</b>	<b>206,275</b>	<b>119,949</b>	<b>1,294,505</b>	<b>1,174,556</b>
<b>Fund Balance - beginning</b>	<b>1,321,530</b>	<b>1,284,841</b>	<b>3,989,212</b>	<b>2,704,371</b>
<b>Fund Balance - ending</b>	<b>\$ 1,527,805</b>	<b>\$ 1,404,790</b>	<b>\$ 5,283,717</b>	<b>\$ 3,878,927</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Under Freeway Parking  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 168,856	\$ 168,856	\$ -	\$ (168,856)
<b>Total revenues</b>	168,856	168,856	-	(168,856)
<b>EXPENDITURES</b>				
Transportation	168,642	168,642	-	168,642
<b>Total expenditures</b>	168,642	168,642	-	168,642
<b>Net change in fund balance</b>	214	214	-	(214)
<b>Fund Balance - beginning</b>	20,180	12,539	-	(12,539)
<b>Fund Balance - ending</b>	\$ 20,394	\$ 12,753	\$ -	\$ (12,753)

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Capital Improvement Program  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 10	\$ 10	\$ -	\$ (10)
<b>Total revenues</b>	10	10	-	(10)
<b>EXPENDITURES</b>				
Capital outlays	84,050	84,050	-	84,050
<b>Total expenditures</b>	84,050	84,050	-	84,050
<b>Net change in fund balance</b>	(84,040)	(84,040)	-	84,040
<b>Fund Balance - beginning</b>	(84,016)	(84,016)	-	84,016
<b>Fund Balance - ending</b>	<u>\$ (168,056)</u>	<u>\$ (168,056)</u>	<u>\$ -</u>	<u>\$ 168,056</u>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Hope Acquisition  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 17,500	\$ 17,500	\$ (1,834)	\$ (19,334)
<b>Total revenues</b>	17,500	17,500	(1,834)	(19,334)
<b>EXPENDITURES</b>				
Economic environment	567,500	725,366	175,077	550,289
<b>Total expenditures</b>	567,500	725,366	175,077	550,289
<b>Net change in fund balance</b>	(550,000)	(707,866)	(176,911)	530,955
<b>Fund Balance - beginning</b>	(849,934)	(849,934)	280,213	1,130,147
<b>Fund Balance - ending</b>	<u>\$ (1,399,934)</u>	<u>\$ (1,557,800)</u>	<u>\$ 103,302</u>	<u>\$ 1,661,102</u>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Housing Trust Grant  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 4,500	\$ 4,500	\$ 2,432	\$ (2,068)
Net inc(dec) in market value of investments	-	-	(6,179)	(6,179)
<b>Total revenues</b>	4,500	4,500	(3,747)	(8,247)
<b>EXPENDITURES</b>				
Economic environment	217,500	217,500	5,506	211,994
<b>Total expenditures</b>	217,500	217,500	5,506	211,994
<b>Net change in fund balance</b>	(213,000)	(213,000)	(9,253)	203,747
<b>Fund Balance - beginning</b>	(409,692)	(409,692)	234,586	644,278
<b>Fund Balance - ending</b>	<u>\$ (622,692)</u>	<u>\$ (622,692)</u>	<u>\$ 225,333</u>	<u>\$ 848,025</u>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Cumulative Reserve  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
TOTAL	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	-	-	-	-
Fund Balance - beginning	22,569	22,569	-	(22,569)
Fund Balance - ending	<u>\$ 22,569</u>	<u>\$ 22,569</u>	<u>\$ -</u>	<u>(22,569)</u>

**City of Spokane, Washington**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Emergency Medical Services**  
**For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 9,107,400	\$ 9,107,400	\$ 9,206,553	\$ 99,153
Licenses and permits	370,000	370,000	267,490	(102,510)
Intergovernmental	5,000	686,802	674,885	(11,917)
Charges for services	1,115,380	2,350,253	2,286,105	(64,148)
Fines and forfeitures	201,500	201,500	110	(201,390)
Miscellaneous	14,000	14,000	35,569	21,569
<b>Total revenues</b>	<b>10,813,280</b>	<b>12,729,955</b>	<b>12,470,712</b>	<b>(259,243)</b>
<b>EXPENDITURES</b>				
Public safety	56,119,343	57,704,873	56,515,512	1,189,361
Capital outlays	20,000	188,884	196,326	(7,442)
Interest and other related costs	-	-	433	(433)
<b>Total expenditures</b>	<b>56,139,343</b>	<b>57,893,757</b>	<b>56,712,271</b>	<b>1,181,486</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(45,326,063)</b>	<b>(45,163,802)</b>	<b>(44,241,559)</b>	<b>922,243</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	86,344	59,577	(26,767)
Transfers in	45,445,673	45,445,673	45,445,673	-
Transfers out	(48,118)	(358,108)	(387,574)	(29,466)
<b>Total other financing sources (uses)</b>	<b>45,397,555</b>	<b>45,173,909</b>	<b>45,117,676</b>	<b>(56,233)</b>
<b>Net change in fund balance</b>	<b>71,492</b>	<b>10,107</b>	<b>876,117</b>	<b>866,010</b>
<b>Fund Balance - beginning</b>	<b>2,964,118</b>	<b>3,196,746</b>	<b>(1,085,822)</b>	<b>(4,282,568)</b>
<b>Fund Balance - ending</b>	<b>\$ 3,035,610</b>	<b>\$ 3,206,853</b>	<b>\$ (209,705)</b>	<b>\$ (3,416,558)</b>



**City of Spokane, Washington**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund Combined Accounts Total**  
**For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 179,176,589	\$ 179,176,589	\$ 187,614,232	\$ 8,437,643
Licenses and permits	7,154,900	7,154,900	7,165,988	11,088
Intergovernmental	3,902,975	4,800,825	5,106,848	306,023
Charges for services	21,567,054	22,881,734	21,615,809	(1,265,925)
Fines and forfeitures	2,325,150	2,325,150	1,891,820	(433,330)
Miscellaneous	4,526,148	4,536,148	3,728,314	(807,834)
Net inc(dec) in market value of investments	-	-	(4,961,486)	(4,961,486)
<b>Total revenues</b>	<b>218,652,816</b>	<b>220,875,346</b>	<b>222,161,525</b>	<b>1,286,179</b>
<b>EXPENDITURES</b>				
General government	33,541,866	34,243,798	34,045,961	197,837
Public safety	124,168,181	137,165,905	126,743,053	10,422,852
Transportation	7,216,374	7,747,352	6,667,869	1,079,483
Economic environment	6,641,071	7,337,468	5,866,753	1,470,715
Social services	2,961,306	5,094,126	2,881,444	2,212,682
Culture and recreation	10,719,580	10,776,423	9,650,013	1,126,410
Capital outlays	1,438,982	2,842,264	1,566,236	1,276,028
Debt service:				
Interest and other related costs	-	-	2,522	(2,522)
<b>Total expenditures</b>	<b>186,687,360</b>	<b>205,207,336</b>	<b>187,423,851</b>	<b>17,783,485</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>31,965,456</b>	<b>15,668,010</b>	<b>34,737,674</b>	<b>19,069,664</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	126,344	118,519	(7,825)
Transfers in	58,482,016	59,068,608	151,156	(58,917,452)
Transfers out	(92,140,451)	(95,832,904)	(38,797,472)	57,035,432
<b>Total other financing sources (uses)</b>	<b>(33,618,435)</b>	<b>(36,637,952)</b>	<b>(38,527,797)</b>	<b>(1,889,845)</b>
<b>Net change in fund balance</b>	<b>(1,652,979)</b>	<b>(20,969,942)</b>	<b>(3,790,123)</b>	<b>17,179,819</b>
<b>Fund Balance - beginning</b>	<b>41,300,660</b>	<b>25,269,100</b>	<b>60,170,275</b>	<b>34,901,175</b>
<b>Fund Balance - ending</b>	<b>\$ 39,647,681</b>	<b>\$ 4,299,158</b>	<b>\$ 56,380,152</b>	<b>\$ 52,080,994</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)