



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Spokane

For the period January 1, 2022 through December 31, 2022

*Published September 25, 2023*

Report No. 1033337



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

September 25, 2023

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***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## City of Spokane January 1, 2022 through December 31, 2022

### 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>ALN</u>	<u>Program or Cluster Title</u>
14.218	CDBG – Entitlement Grants Cluster – Community Development Block Grants/Entitlement Grants
14.267	Continuum of Care Program
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$2,030,911.

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.

## 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, 2022 through December 31, 2022

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, 2022, 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 18, 2023.

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 does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

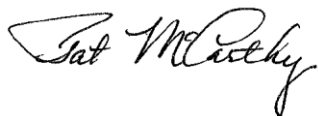
## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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.



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2023

# 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, 2022 through December 31, 2022**

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, 2022. 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, 2022.

#### **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 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. 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 over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

### 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 18, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Spokane January 1, 2022 through December 31, 2022**

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 and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, as of December 31, 2022, 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 44 percent, 55 percent and 7 percent, 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.

### **Matters of Emphasis**

As discussed in Note 8 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information listed in the financial section of our report 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 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 18, 2023 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 style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2023

**City of Spokane**  
**January 1, 2022 through December 31, 2022**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management’s Discussion and Analysis – 2022

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2022

Statement of Activities – 2022

Balance Sheet – Governmental Funds – 2022

Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds – 2022

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – 2022

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds – 2022

Statement of Net Position – Proprietary Funds – 2022

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – 2022

Statement of Cash Flows – Proprietary Funds – 2022

Statement of Fiduciary Net Position – Fiduciary Funds – 2022

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2022

Notes to the Financial Statements – 2022

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Accounts– 2022

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – American Recovery Plan – 2022

Schedule of Changes in the Net Pension Liability and Related Ratios – SERS, Firefighters’ Pension and Police Pension – 2022

Schedule of City’s Proportionate Share of the Net Pension Liability (Asset) – LEOFF 1 and LEOFF 2 – 2022

Schedule of Employer Contributions – SERS, Firefighters’ Pension, Police Pension and LEOFF 2 – 2022



Schedule of Investment Returns – Spokane Employee Retirement System (SERS), Fire and Police – 2022

Schedule of Changes in the City’s Firefighters’ Retirement Net OPEB Liability and Related Ratios – 2022

Schedule of Changes in the City’s Police Retirement Net OPEB Liability and Related Ratios – 2022

Schedule of Changes in the City’s Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust – 2022

Other Postemployment Benefit – Schedule of Employer Contributions – Firefighters’ Pension and Police Pension – 2022

Schedule of Investment Returns for OPEB held in trust – Fire OPEB and Police OPEB – 2022

Notes to the Required Supplementary Information – 2022

## **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Schedule for General Fund Accounts Balance Sheet – 2022

Schedule of General Fund Accounts Statement of Revenues, Expenditures, and Changes in Fund Balances – 2022

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual– each fund included in the General Fund Accounts – 2022

## 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, 2022. 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, infrastructure and right-to-use leased assets, net of accumulated depreciation and amortization, and is reduced for outstanding debt related to the purchase, construction or leasing of capital assets.
  - (2) Net position of \$109.7 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$103.5 million is attributable to the decrease total assets plus deferred outflows of \$0.009 million while liabilities plus deferred inflows decreased by \$60.7 million. 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 \$186.9 million this year, a decrease of \$35.5 million from the prior year. Revenues increased by \$23.4 million overall. Tax revenue increased by \$10.5 million. Investment earnings decreased by \$11.7 million. Intergovernmental revenue, licenses and permits, charges for service, fines and miscellaneous revenues increased by \$24.6 million. Other financing sources increased by \$8.5 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	\$ 10.5 million
Licenses & Permits	\$ 0.6 million
Intergovernmental	\$ 20.5 million
Charges for Service	\$ 2.1 million
Fines & Forfeitures	\$ (2.1) million
Miscellaneous	\$ 3.4 million
Investment earnings	\$(11.7) million
Other Financing Sources	\$ 8.5 million

- At the end of the current fiscal year, the fund balance for the General Fund totaled \$28.3 million, excluding the nonspendable and restricted categories, which is 13.3% 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.

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 \$2,428.6 million as shown below.

Summary of Net Position (in thousands)	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current and other assets	426,837	481,669	190,770	186,192	617,607	667,861
Capital assets	1,673,008	1,650,172	1,016,285	1,001,432	2,689,293	2,651,604
Total assets	2,099,844	2,131,841	1,207,055	1,187,624	3,306,900	3,319,465
<b>DEFERRED OUTFLOWS</b>	48,450	30,687	6,848	12,055	55,298	42,742
<b>LIABILITIES</b>						
Current liabilities	24,099	20,954	12,241	8,824	36,341	29,779
Long term liabilities	459,654	472,089	330,496	337,538	790,150	809,627
Total liabilities	483,753	493,043	342,737	346,363	826,491	839,406
<b>DEFERRED INFLOWS</b>	86,525	129,562	20,605	25,359	107,130	154,921
<b>NET POSITION</b>						
Net investment in capital assets	1,448,625	1,437,364	766,764	752,610	2,215,388	2,189,974
Restricted	109,679	100,444	-	-	109,679	100,444
Unrestricted	19,713	2,116	83,797	75,347	103,510	77,463
Total net position	1,578,016	1,539,924	850,561	827,957	2,428,577	2,367,880

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 13.3 and

11.6 for business type activities. For the City overall, the current ratio is 12.7. We consider these ratios to be very strong.

### Governmental Activities

Net position increased by \$38.1 million for governmental activities and is attributable to revenues exceeding expenses.

### Business-Type Activities

The \$22.6 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 91.8% 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 90.1% 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 91.2% 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)	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program revenues						
Charges for services	39,329	78,740	266,386	266,893	305,715	345,633
Operating grants and contributions	76,640	38,755	268	18	76,908	38,773
Capital grants and contributions	19,136	9,222	4,370	1,756	23,507	10,978
General revenues						
Taxes	274,482	263,603	-	-	274,482	263,603
Miscellaneous	6,396	-	-	-	6,396	-
Interest and investment Earnings	(10,345)	(1,484)	1,758	808	(8,587)	(676)
<b>Total revenues</b>	<b>405,638</b>	<b>388,836</b>	<b>272,782</b>	<b>269,475</b>	<b>678,420</b>	<b>658,311</b>
<b>EXPENSES</b>						
General government	(26,715)	(35,280)	-	-	(26,715)	(35,280)
Judicial	(3,261)	(3,712)	-	-	(3,261)	(3,712)
Public safety	(165,994)	(108,791)	-	-	(165,994)	(108,791)
Transportation	(65,779)	(61,084)	-	-	(65,779)	(61,084)
Economic environment	(37,228)	(31,217)	-	-	(37,228)	(31,217)
Social services	(25,723)	(16,589)	-	-	(25,723)	(16,589)
Culture and recreation	(39,248)	(34,436)	-	-	(39,248)	(34,436)
Interest on long term debt	(8,211)	(8,416)	-	-	(8,211)	(8,416)
Water/Sewer	-	-	(145,414)	(136,049)	(145,414)	(136,049)
Solid Waste	-	-	(85,038)	(75,917)	(85,038)	(75,917)
Other business activities	-	-	(11,798)	(11,185)	(11,798)	(11,185)
<b>Total expenses</b>	<b>(372,159)</b>	<b>(299,524)</b>	<b>(242,251)</b>	<b>(223,151)</b>	<b>(614,410)</b>	<b>(522,675)</b>
<b>Excess (deficiency) of revenues over expenses before contributions &amp; transfers</b>	<b>33,478</b>	<b>89,312</b>	<b>30,531</b>	<b>46,324</b>	<b>64,010</b>	<b>135,636</b>

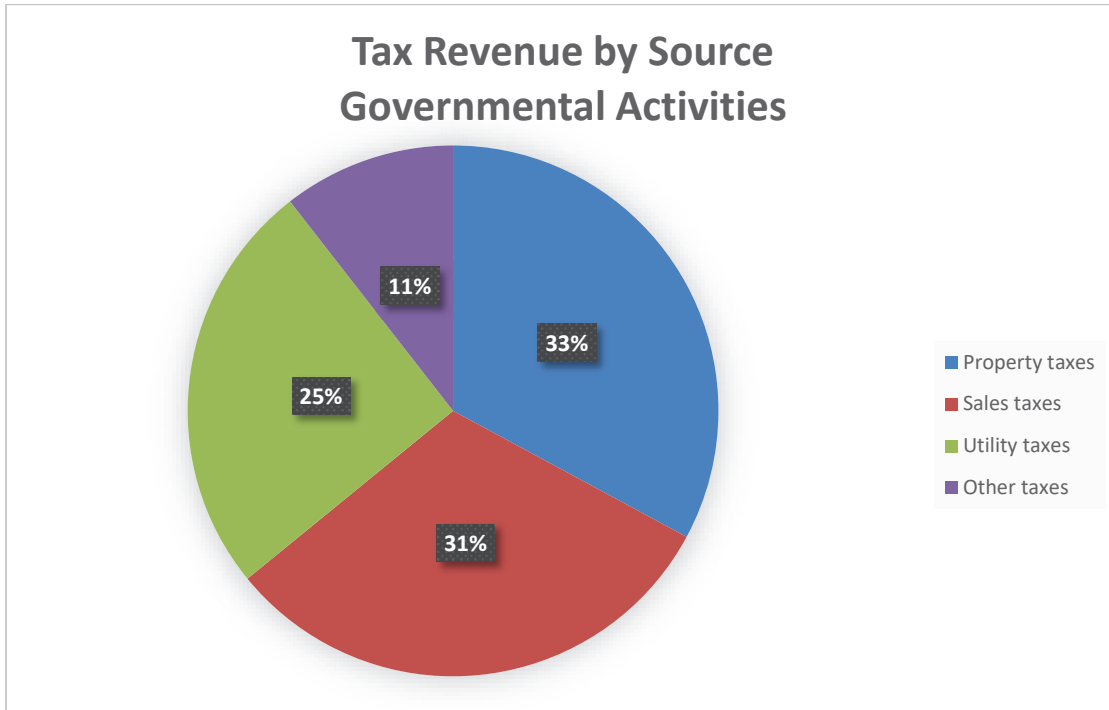
**Table continued from previous page**

Transfers	7,369	7,834	(7,369)	(7,834)	-	-
<b>Increase (decrease) in net position</b>	40,847	97,146	23,163	38,490	64,010	135,636
Prior period adjustment	(2,754)	(1,856)	(559)	(5,155)	(3,313)	(7,011)
Net Position-January 1	1,539,924	1,444,633	827,957	794,622	2,367,880	2,239,255
Net Position-December 31	1,578,016	1,539,924	850,561	827,957	2,428,577	2,367,880

**GOVERNMENTAL REVENUES**

The City is heavily reliant on three types of taxes to support governmental operations—more than 67.7% of the governmental activities revenue is derived from taxes. Charges for services represented 9.7% of these revenues, grants and contributions represented 23.6%, miscellaneous revenues represented 1.6% and interest earnings made up the remaining (2.6%).

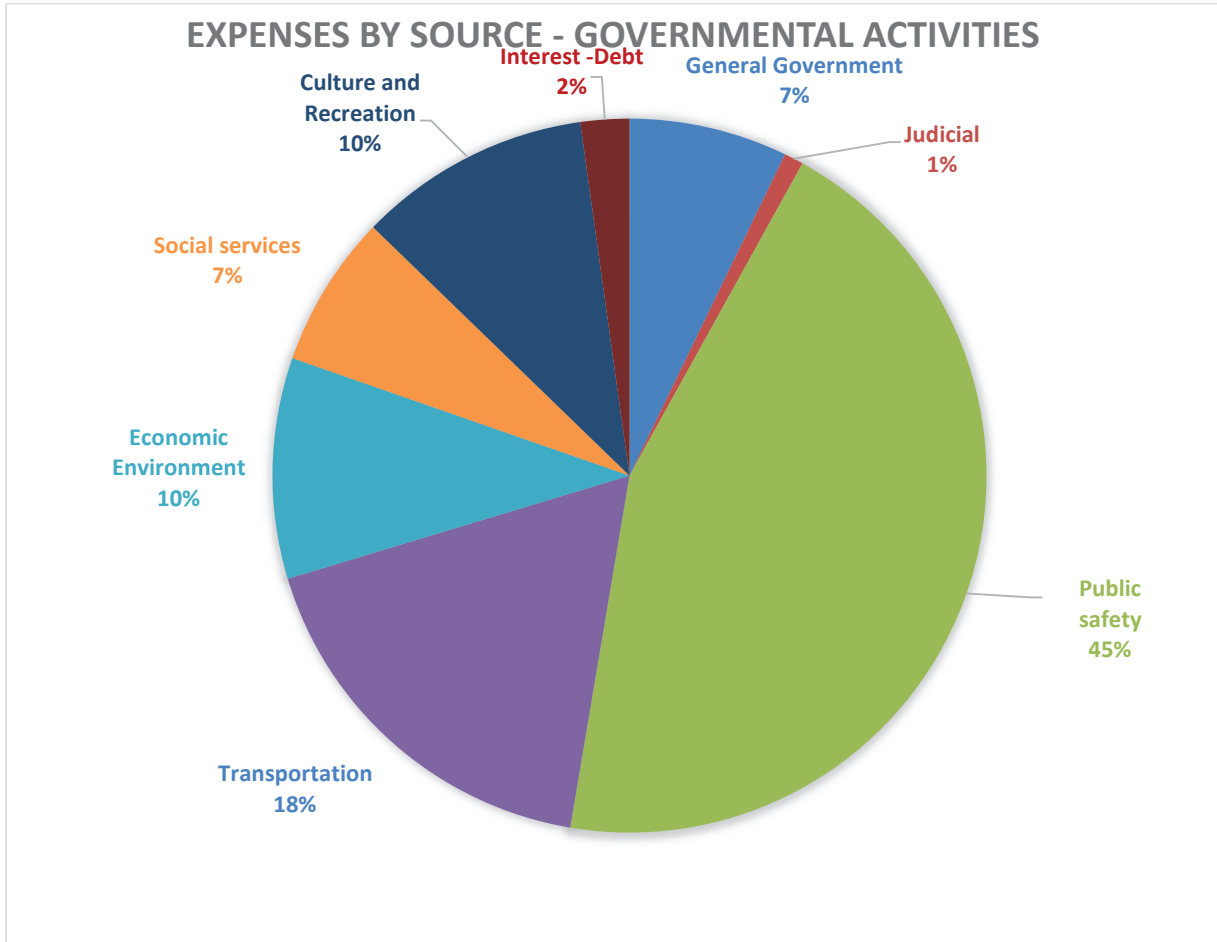
A breakdown of tax revenue is shown below.



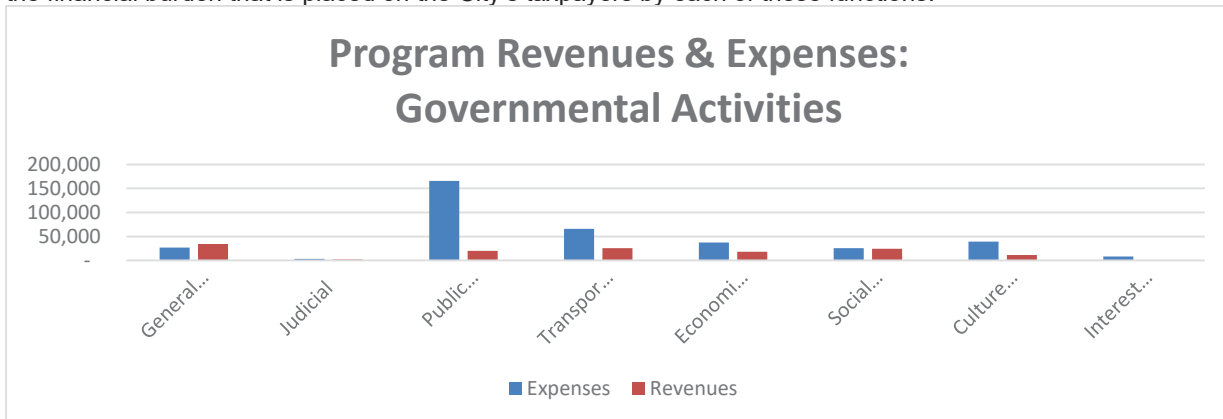
For governmental activities, program revenues cover approximately 36.3% of governmental operating expenses. This means that the government’s taxpayers and the City’s other general revenues cover 63.7% of the governmental activities. As a result, the general economy and the local businesses have a major 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:



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 fell short of program expenses in all functions, except General Government in 2022. Program revenues have not covered program expenses in any year prior to 2021, as these expenditures by the city benefit all city residents and businesses.

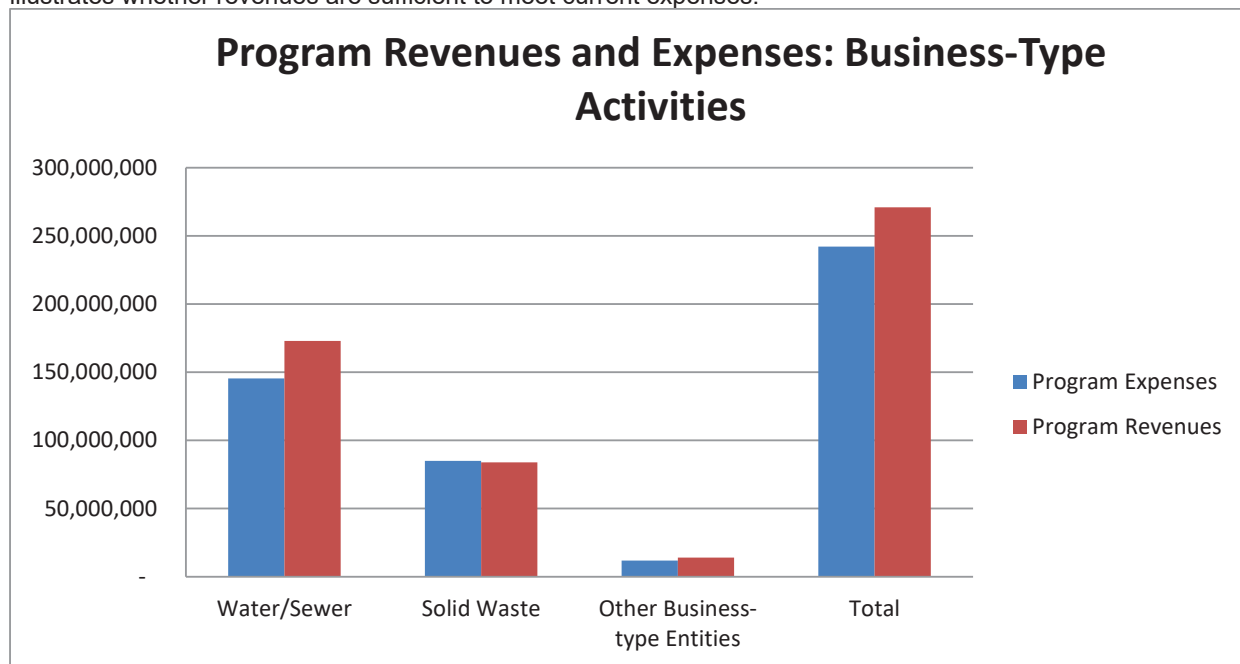
### **BUSINESS-TYPE ACTIVITIES Revenues vs. Costs**

For all enterprise funds, the City reports a current ratio of 11.6, which is a healthy ratio. The business-type activities report capitalized assets of \$1,016.3 million, 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 \$83.8 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 \$2.8 million or an increase of 1.1% over the prior year while operating expenses increased by \$17.6 million or 7.8% over 2021. As a result, net operating income was \$15.7 million compared to \$30.5 million in 2021.

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.



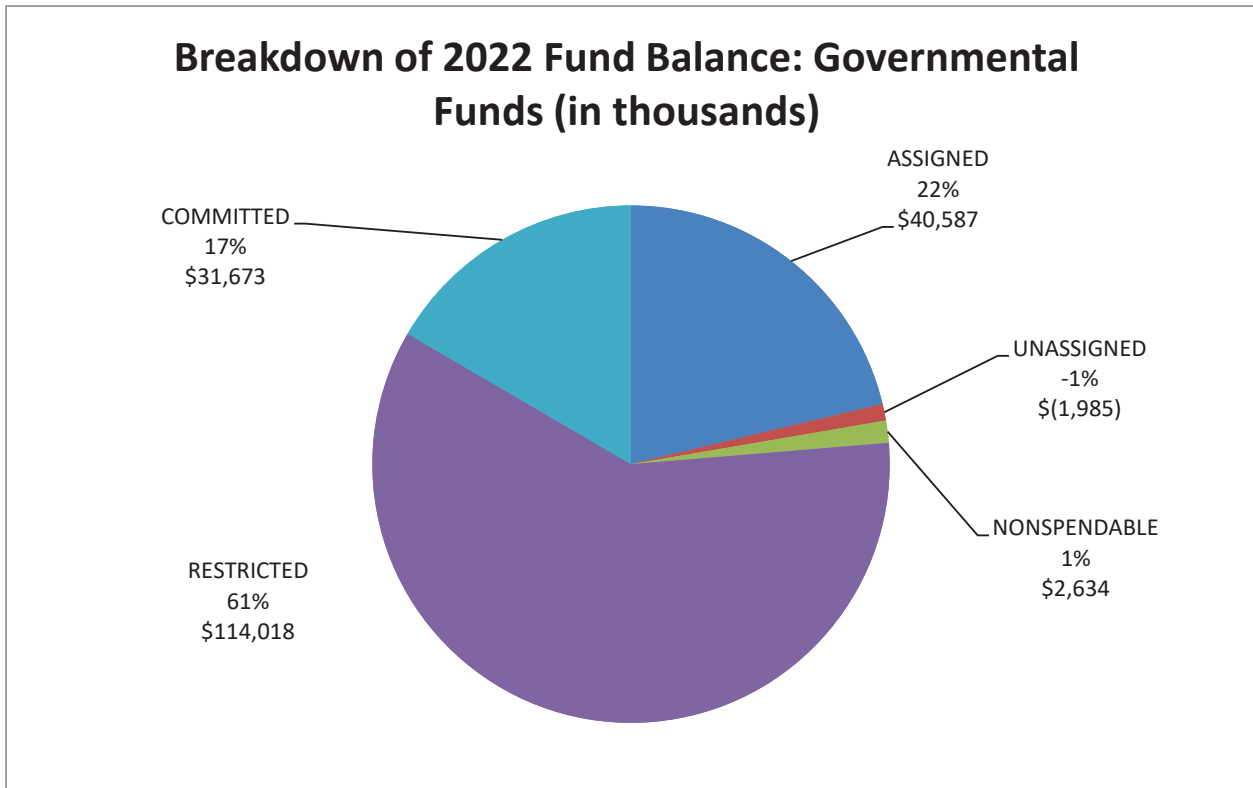
### **Financial Analysis of the City’s Funds**

#### **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 \$186.9 million. Of this total, \$40.6 million is assigned and \$(2.0) million is unassigned. This unassigned amount represents approximately -1.1% 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 \$2.6 million “not in spendable form” for items that are not expected to be converted to near-term cash such as internal loans; \$114.0 million restricted



by external parties, including grantors and creditors, and \$31.7 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 \$26.8 million in 2022.

Committed, assigned and unassigned fund balance in the General Fund was \$28.3 million, which as a percentage of expenditures was 13.3% of annual operations, compared with 28.5% at the end of 2021. 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 2022 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 **American Recovery Plan** fund was major in 2022. The fund balance of the American Recovery Plan increased by \$1.5 million in 2022. The entire fund balance for the American Recovery Plan are classified as restricted for grants and represents 17.9% of annual expenditures.

### ***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 \$776.9 million, with a \$724.1 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 4.0, which provides this fund with adequate resources to cover cash flow issues.

The water/sewer fund reported operating income of \$19.2 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 2022 operating income will be directed towards those regulatory requirements in the coming years.

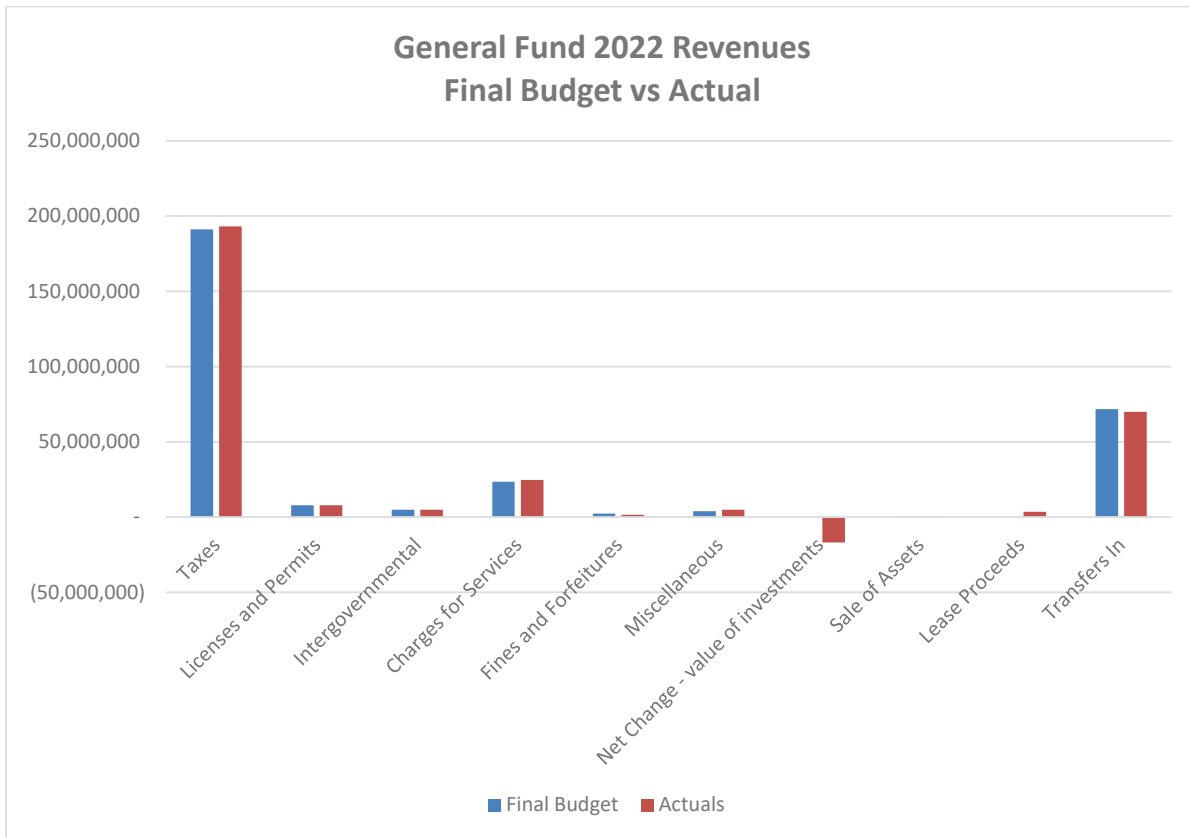
The ***Solid Waste Fund*** – The solid waste fund reports net position of \$39.3 million. The net investment in capital assets (i.e., the book value of the capital assets less related debt) is \$37.5 million with the remainder being unrestricted net position. The current ratio for this fund is 3.3, which provides this fund with adequate resources to cover cash flow requirements.

The solid waste fund reported an operating loss of \$4.1 million. Depreciation expense was \$4.3 million for the solid waste fund, which accounted for 100% of its operating loss. It is a fact that the rate revenue increases have not been sufficient to cover all of the current operating expenses of the Department, including depreciation.

### **Budgetary Highlights**

The ***General Fund*** – In 2022, the original General Fund Revenue budget (excluding transfers and other financing sources) was \$10.9 million more than the 2021 actual results. In addition, the 2022 original expenditure budget (excluding transfers and other financing uses) was \$8.6 million more than the 2021 actual results. There was a favorable budget variance in taxes, intergovernmental revenues, and miscellaneous revenues supporting a stronger economy starting to recover after the COVID-19 pandemic. As discussed earlier for governmental funds as a whole, investments earnings for the General Fund have decreased by \$11.9 million due to a large unrealized loss in the market valuation of securities held in the investment portfolio. This unrealized loss will be recovered in future years as the individual securities mature since the City's policy is to hold its investment securities to maturity.

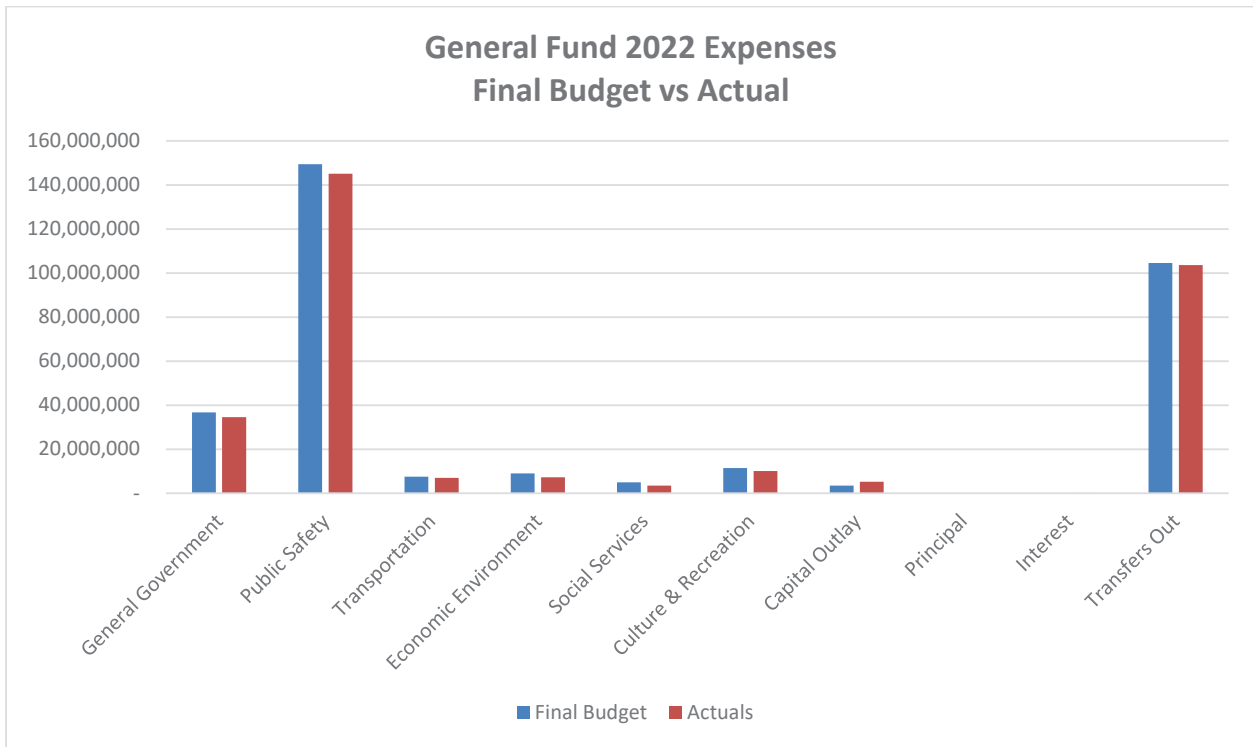
For the past several years, the City has strived to develop a budget that limits expenditures to anticipated revenue for the current year. The City Council amended both the revenue and expenditure budgets during 2022; the amendments resulted in a 0.21% change between the original and final budget for revenues, and a 13.5% change for expenditures.



The actual revenues (including transfers in and other financing sources) were approximately \$23.1 million less than the actual expenditures (including transfers out), or 9.1% excess of expenditures over revenues.

Excluding the effects of transfers in/out and escrow payments, the City had positive expenditure variances of \$9.6 million between the final budget and the actual amounts in all categories except capital outlay which realized a \$1.8 million unfavorable variance, principal which realized a \$0.2 million unfavorable variance, and interest, which realized a \$0.048 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.



**Capital Assets and Debt Administration**

**Capital assets**

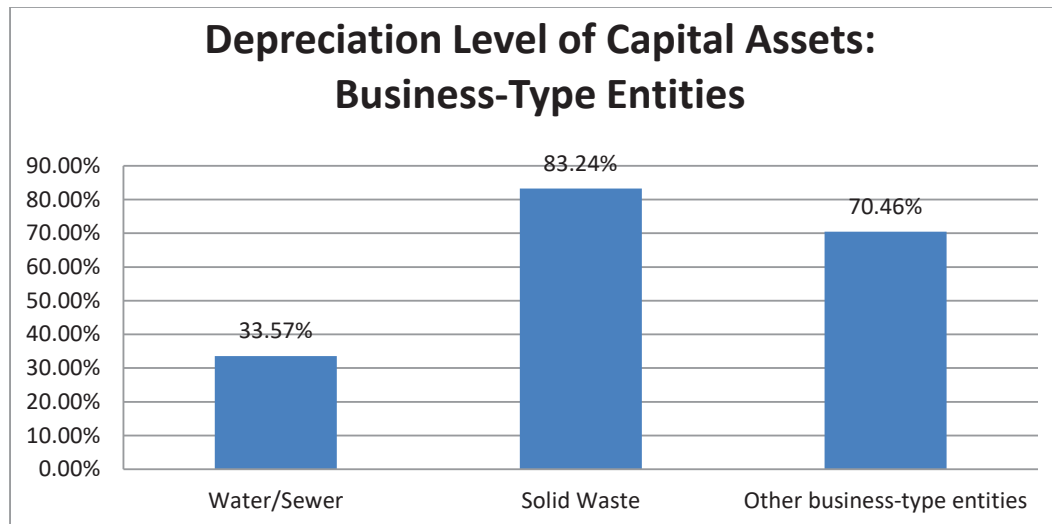
The City's investment in capital assets, net of related debt, for governmental and business-type activities as of December 31, 2022, was \$1,448.6 million and \$766.8 million, respectively. See Note 4 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

The following table provides a summary of capital assets.

Summary of Capital Assets (in thousands)	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>NON-DEPRECIABLE ASSETS</b>						
Land	\$ 845,574	\$ 844,107	\$ 15,596	\$ 15,571	\$ 861,170	\$ 859,678
Construction in progress	67,479	67,290	41,203	21,173	108,682	88,463
<b>Total non-depreciable assets</b>	<b>913,053</b>	<b>911,397</b>	<b>56,799</b>	<b>36,743</b>	<b>969,852</b>	<b>948,141</b>
<b>DEPRECIABLE ASSETS</b>						
Property, plant, and equipment	437,745	393,252	834,077	839,934	1,271,823	1,233,186
Infrastructure	1,179,525	1,168,386	823,830	800,215	2,003,355	1,968,601
Intangible assets	8,184	7,303	114	114	8,298	7,416
Right-to-use leased assets	4,682	-	3,000	-	7,682	-
<b>Total depreciable assets</b>	<b>1,630,137</b>	<b>1,568,940</b>	<b>1,661,021</b>	<b>1,640,263</b>	<b>3,291,157</b>	<b>3,209,203</b>
<b>Total cost of capital assets</b>	<b>2,543,190</b>	<b>2,480,337</b>	<b>1,717,820</b>	<b>1,677,006</b>	<b>4,261,010</b>	<b>4,157,343</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>(870,182)</b>	<b>(830,165)</b>	<b>(701,535)</b>	<b>(675,574)</b>	<b>(1,571,717)</b>	<b>(1,505,739)</b>
<b>Total book value of capital assets</b>	<b>\$ 1,673,008</b>	<b>\$ 1,650,172</b>	<b>\$ 1,016,285</b>	<b>\$ 1,001,432</b>	<b>\$ 2,689,293</b>	<b>\$ 2,651,604</b>
<b>Percentage depreciated</b>	<b>53%</b>	<b>53%</b>	<b>42%</b>	<b>41%</b>	<b>48%</b>	<b>47%</b>

At December 31, 2022 and December 31, 2021, the depreciable capital assets for governmental activities were both 53%.

With the City's business-type activities, 42% of the asset values were depreciated at December 31, 2022 and 41% depreciated December 31, 2021, 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 \$482.5 million. Of this amount, \$213.7 million or 44.29% 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 \$246.9 million is supported by pledged revenues generated primarily by the business-type activities of the City (revenue bonds and loans from other governments).

Outstanding Borrowings	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 199,950,197	\$ 205,038,655	-	-	199,950,197	\$ 205,038,655
Deferred amounts	13,728,978	14,313,988	-	-	13,728,978	14,313,988
Direct borrowings	14,598,300	18,124,500	-	-	14,598,300	18,124,500
Leases	4,299,779	-	2,709,863	288,337	7,009,642	288,337
Revenue bonds	-	-	127,390,000	135,325,000	127,390,000	135,325,000
Deferred amounts	-	-	11,364,133	13,011,122	11,364,133	13,011,122
Other government/bank loans	317,647	376,471	108,128,741	100,197,823	108,446,388	100,574,294
Total	\$ 232,894,901	\$ 237,853,615	\$ 249,592,737	\$ 248,822,282	\$ 482,487,638	\$ 486,675,897

Long-term debt decreased by \$4.2 million during 2022, which was the result normal debt payments combined with the addition of lease debt due to implementation of GASB 87.

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. Although sales tax was depressed due to the COVID-19 pandemic the City of Spokane for the last few years has been dealing with the slow recovery from the nation-wide economic downturn due to the pandemic. 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, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,889,113	\$ 11,094,561	\$ 43,983,674
Equity in pooled investments	222,368,978	89,290,063	311,659,041
Receivables (net)	62,095,220	34,241,876	96,337,096
Internal balances	(30,657,450)	30,657,450	-
Lease receivable	14,796,592	-	14,796,592
Inventories	3,271,152	7,339,746	10,610,898
Prepays	10,511	1,809	12,320
Net Pension Asset	102,836,353	-	102,836,353
Restricted Assets:			
Receivables, noncurrent	19,226,182	4,834	19,231,016
Equity in pooled investments, restricted	-	12,170,647	12,170,647
Capital Assets (Note 4):			
Non-depreciable assets	913,053,182	56,799,252	969,852,434
Depreciable assets, net of depreciation	755,729,463	956,770,947	1,712,500,410
Right-to-use leased assets, net of amortization	4,225,188	2,715,214	6,940,402
Total capital assets, net of depreciation	<u>1,673,007,833</u>	<u>1,016,285,413</u>	<u>2,689,293,246</u>
Noncurrent equity in restricted pooled investments	-	5,968,894	5,968,894
<b>Total Assets</b>	<u>2,099,844,484</u>	<u>1,207,055,293</u>	<u>3,306,899,777</u>
<b>DEFERRED OUTFLOWS</b>			
Pensions	46,905,156	6,360,876	53,266,032
Opeb	1,544,631	486,899	2,031,530
<b>Total deferred outflows</b>	<u>48,449,787</u>	<u>6,847,775</u>	<u>55,297,562</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	16,696,032	8,551,069	25,247,101
Unearned revenue	-	14,963	14,963
Other liabilities, current	7,403,433	3,675,101	11,078,534
Long term liabilities (Note 9):			
Due within one year	30,739,514	19,538,153	50,277,667
Due within more than one year	428,914,220	310,958,030	739,872,250
<b>Total Liabilities</b>	<u>483,753,199</u>	<u>342,737,316</u>	<u>826,490,515</u>
<b>DEFERRED INFLOWS</b>			
Pensions	68,434,354	19,657,199	88,091,553
Sale of Future Revenue	27,113	199,248	226,361
Bond refundings	1,243,372	-	1,243,372
Opeb	2,297,791	748,746	3,046,537
Leases	14,522,139	-	14,522,139
<b>Total deferred inflows</b>	<u>86,524,769</u>	<u>20,605,193</u>	<u>107,129,962</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,448,624,508	766,763,697	2,215,388,205
Restricted for:			
Capital projects	55,608,668	-	55,608,668
Debt service	8,502,675	-	8,502,675
Grants/other	25,365,738	-	25,365,738
Impact Fees	100,916	-	100,916
Police and firefighters' pension	2,195,161	-	2,195,161
Public Safety & Crime Reduction	5,299,848	-	5,299,848
Other	12,606,013	-	12,606,013
Unrestricted	19,712,776	83,796,862	103,509,638
<b>Total Net Position</b>	<u>\$ 1,578,016,303</u>	<u>\$ 850,560,559</u>	<u>\$ 2,428,576,862</u>

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, 2022

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	\$ 26,714,579	\$ 6,604,504	\$ 27,800,412	\$ -	\$ 7,690,337	\$ -	\$ 7,690,337
Judicial	3,261,345	1,635,161	8,376	142,000	(1,475,808)	-	(1,475,808)
Public safety	165,994,302	11,283,524	8,364,513	68,145	(146,278,120)	-	(146,278,120)
Transportation	65,778,785	10,705,257	-	14,862,428	(40,211,100)	-	(40,211,100)
Economic environment	37,228,341	271,132	18,004,849	-	(18,952,360)	-	(18,952,360)
Social services	25,723,323	1,504,851	22,361,765	287,689	(1,569,018)	-	(1,569,018)
Culture and recreation	39,247,575	7,324,288	99,777	3,776,012	(28,047,498)	-	(28,047,498)
Interest on long-term debt	8,211,224	-	-	-	(8,211,224)	-	(8,211,224)
<b>Total governmental activities</b>	<b>372,159,474</b>	<b>39,328,717</b>	<b>76,639,692</b>	<b>19,136,274</b>	<b>(237,054,791)</b>	<b>-</b>	<b>(237,054,791)</b>
<b>Business-Type Activities:</b>							
Water/Sewer	145,414,404	168,334,772	268,075	4,370,453	-	27,558,896	27,558,896
Solid Waste	85,038,068	84,010,665	-	-	-	(1,027,403)	(1,027,403)
Other business-type activities	11,798,474	14,040,543	-	-	-	2,242,069	2,242,069
<b>Total business-type activities</b>	<b>242,250,946</b>	<b>266,385,980</b>	<b>268,075</b>	<b>4,370,453</b>	<b>-</b>	<b>28,773,562</b>	<b>28,773,562</b>
<b>Total government</b>	<b>\$ 614,410,420</b>	<b>\$ 305,714,697</b>	<b>\$ 76,907,767</b>	<b>\$ 23,506,727</b>	<b>(237,054,791)</b>	<b>28,773,562</b>	<b>(208,281,229)</b>
<b>General revenues:</b>							
Property taxes					90,230,179	-	90,230,179
Sales taxes					85,720,065	-	85,720,065
Utility taxes					69,632,758	-	69,632,758
Other taxes					28,898,734	-	28,898,734
Miscellaneous					6,396,340	-	6,396,340
Investment earnings					(10,589,445)	1,757,797	(8,831,648)
Other interest					244,542	-	244,542
Transfers					7,368,702	(7,368,702)	-
<b>Total general revenues and transfers</b>					<b>277,901,875</b>	<b>(5,610,905)</b>	<b>272,290,970</b>
<b>Change in Net Position</b>					<b>40,847,084</b>	<b>23,162,657</b>	<b>64,009,741</b>
<b>Net Position - beginning</b>					<b>1,539,923,516</b>	<b>827,956,847</b>	<b>2,367,880,363</b>
Prior period adjustment					(2,754,297)	(558,945)	(3,313,242)
<b>Net Position - beginning (restated)</b>					<b>1,537,169,219</b>	<b>827,397,902</b>	<b>2,364,567,121</b>
<b>Net Position - ending</b>					<b>\$ 1,578,016,303</b>	<b>\$ 850,560,559</b>	<b>\$ 2,428,576,862</b>

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



**City of Spokane, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2022**

	General Fund	American Recovery Plan	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,579,243	\$ -	\$ 20,034,171	\$ 24,613,414
Deposits with fiscal agents/trustees	10,226	-	76,259	86,485
Equity in pooled investments	(101,121)	57,724,543	107,198,368	164,821,790
Taxes receivable	16,820,726	-	5,905,215	22,725,941
Special assessment receivable	-	-	281,121	281,121
Accounts receivable	3,061,234	10,496	14,298,851	17,370,581
Interest receivable	2,579,892	93,827	79,584	2,753,303
Due from other funds	7,947,738	23,533	6,779,397	14,750,668
Interfund loan receivable	7,546,050	2,051,797	1,315,462	10,913,309
Lease receivable	12,521,775	-	61,518	12,583,293
Due from other governments	1,321,547	-	10,667,075	11,988,622
Advances to other funds	1,163,413	6,493,637	4,163,248	11,820,298
Inventories	-	-	1,460,228	1,460,228
Prepays	10,511	-	-	10,511
Notes/contract receivable (non-current)	698	-	19,225,484	19,226,182
<b>Total Assets</b>	<b>\$ 57,461,932</b>	<b>\$ 66,397,833</b>	<b>\$ 191,545,981</b>	<b>\$ 315,405,746</b>
<b>LIABILITIES</b>				
Accounts/vouchers payable	\$ 4,004,431	\$ 1,070,310	\$ 6,611,157	\$ 11,685,898
Due to other funds	5,207,779	255	9,015,135	14,223,169
Due to other governments	279,131	-	31,192	310,323
Revenues collected in advance	25,000	-	-	25,000
Interfund loan payable	-	-	7,178,447	7,178,447
Accrued payroll liabilities	3,721,959	2,066	632,332	4,356,357
Other current liabilities	754,838	-	1,163,719	1,918,557
<b>Total Liabilities</b>	<b>13,993,138</b>	<b>1,072,631</b>	<b>24,631,982</b>	<b>39,697,751</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue Property Taxes	1,545,859	-	599,491	2,145,350
Unavailable Revenues Special Assessments	-	-	281,121	281,121
Unavailable Revenues Impact Fees	-	-	2,698,613	2,698,613
Unavailable Revenues Grants	-	63,757,266	533,115	64,290,381
Lease Related	12,294,033	-	61,701	12,355,734
Unavailable Revenues Opioid Settlement	-	-	6,396,340	6,396,340
Revenues not available	-	-	613,431	613,431
<b>Total Deferred Inflows of Resources</b>	<b>13,839,892</b>	<b>63,757,266</b>	<b>11,183,812</b>	<b>88,780,970</b>
<b>Fund Balance</b>				
Nonspendable	1,173,924	-	1,460,228	2,634,152
Restricted - capital projects	-	-	59,947,417	59,947,417
Restricted - police & firefighters' pension	-	-	2,195,161	2,195,161
Restricted- public safety & crime reduction	-	-	5,299,848	5,299,848
Restricted - grants	188,261	1,567,936	23,609,541	25,365,738
Restricted - impact fees	-	-	100,916	100,916
Restricted - debt service	-	-	8,502,675	8,502,675
Restricted - Other	-	-	12,606,013	12,606,013
Committed	-	-	31,673,202	31,673,202
Assigned	28,266,717	-	12,319,993	40,586,710
Unassigned	-	-	(1,984,807)	(1,984,807)
<b>Total Fund Balance</b>	<b>29,628,902</b>	<b>1,567,936</b>	<b>155,730,187</b>	<b>186,927,025</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 57,461,932</b>	<b>\$ 66,397,833</b>	<b>\$ 191,545,981</b>	<b>\$ 315,405,746</b>

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 2022

**Total Fund Balance of Governmental Funds** \$ **186,927,025**

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	905,962,353	
Depreciable assets	1,498,821,914	
Less: Accumulated depreciation	(800,181,147)	
Right-to-use leased assets	4,276,911	
Less: Accumulated amortization on leased assets	(348,062)	
Total capital assets		1,608,531,969

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.

102,836,353

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	44,838,969	
Opeb	1,437,888	46,276,857

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	8,603,390	
Special Assessments	281,121	
Impact Fees	2,698,613	
Grants	64,290,381	
Opioid Settlement	6,396,340	
Revenues Collected for future sales	613,431	
Refunding debt	(1,243,372)	
Opeb	(2,133,639)	
Pensions	(62,049,160)	17,457,105

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.

34,643,162

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	(199,950,197)	
Notes from Direct Borrowings	(14,598,300)	
Deferred amounts on bond issuance	(13,728,978)	
Due to other governments	(317,647)	
Revitalization Areas	(1,863,996)	
Leases	(3,999,679)	
Pollution Remediation	(1,620,000)	
OPEB (other postemployment benefits) liability	(89,647,182)	
Net pension obligation	(74,438,910)	
Accrued interest on bonds	(569,821)	
Accrued interest on leases	(5,821)	
Compensated absences	(17,915,637)	
Total long term liabilities		<b>(418,656,168)</b>

**Net Position of Governmental Activities** **\$ 1,578,016,303**

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, 2022**

	General Fund	American Recovery Plan	Other Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 193,115,455	\$ -	\$ 68,430,926	\$ 261,546,381
Licenses and permits	7,829,407	-	801,169	8,630,576
Intergovernmental	4,877,662	15,234,258	61,065,135	81,177,055
Charges for services	24,590,784	-	12,755,676	37,346,460
Fines and forfeitures	1,507,072	-	5,412,763	6,919,835
Miscellaneous	4,818,180	1,119,412	8,434,948	14,372,540
Net inc(dec) in market value of investments	(16,816,049)	215,546	(1,349,424)	(17,949,927)
<b>Total Revenues</b>	<b>219,922,511</b>	<b>16,569,216</b>	<b>155,551,193</b>	<b>392,042,920</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	34,612,594	227,038	6,534,360	41,373,992
Public safety	145,057,544	-	21,866,193	166,923,737
Transportation	7,019,918	-	37,089,974	44,109,892
Economic environment	7,319,723	2,499,754	28,225,983	38,045,460
Social services	3,454,571	3,202,089	20,431,681	27,088,341
Culture and recreation	10,059,091	-	20,800,613	30,859,704
<b>Capital outlays</b>	<b>5,204,078</b>	<b>2,817,689</b>	<b>47,763,442</b>	<b>55,785,209</b>
<b>Debt service:</b>				
Principal	158,235	-	9,133,061	9,291,296
Interest	48,187	-	8,178,996	8,227,183
<b>Total Expenditures</b>	<b>212,933,941</b>	<b>8,746,570</b>	<b>200,024,303</b>	<b>421,704,814</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>6,988,570</b>	<b>7,822,646</b>	<b>(44,473,110)</b>	<b>(29,661,894)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	77,466	-	143,739	221,205
Lease proceeds (as lessee)	3,559,057	-	725,060	4,284,117
Transfers in	6,908,184	160,000	48,375,621	55,443,805
Transfers out	(40,647,426)	(6,487,689)	(16,095,246)	(63,230,361)
<b>Total Other Financing Sources (Uses)</b>	<b>(30,102,719)</b>	<b>(6,327,689)</b>	<b>33,149,174</b>	<b>(3,281,234)</b>
<b>Net change in fund balance</b>	<b>(23,114,149)</b>	<b>1,494,957</b>	<b>(11,323,936)</b>	<b>(32,943,128)</b>
<b>Fund Balance - beginning</b>	<b>56,380,152</b>	<b>72,979</b>	<b>165,986,617</b>	<b>222,439,748</b>
Prior Period Adjustment	(3,637,101)	-	1,067,506	(2,569,595)
<b>Fund balance - ending</b>	<b>\$ 29,628,902</b>	<b>\$ 1,567,936</b>	<b>\$ 155,730,187</b>	<b>\$ 186,927,025</b>

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, 2022

**Change in fund balance - governmental funds** \$ (32,943,128)

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 exceeded depreciation expense:

Capital outlays	56,867,926	
Depreciation expense	(38,942,436)	
Leased asset capital outlays	4,284,117	
Leased asset amortization expense	(349,656)	
		21,859,950

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	(7,406,142)	
Less accumulated depreciation	6,262,550	
Leased asset disposals	(5,210)	
Less accumulated amortization	1,593	
		(1,147,209)

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. 32,461,056

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt 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	-	
Issuance of debt with lease contracts	(4,284,117)	
Principal repayments - general obligation debt	5,088,458	
Principal repayments - direct borrowing	3,526,200	
Principal repayments - due to other governments	58,823	
Principal repayments - leases	277,231	
Principal repayments - Revitalization Areas	338,186	
Early lease termination	5,210	
		5,009,991

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	(409,977)	
(Increase) decrease in compensated absences	(156,520)	
(Increase) decrease in deferred amounts on existing bond issuance	585,012	
(Increase) decrease in accrued interest on bonds	21,780	
(Increase) decrease in accrued interest on leases	(5,821)	
(Increase) decrease in Pension Expense	9,084,298	
(Increase) decrease in refunding amortization	365,949	
		9,484,721

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.

**Change in net position of governmental activities** \$ 40,847,084

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, 2022**

	<b>Business-type Activities-Enterprise Funds</b>				
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 8,122,552	\$ 2,061,363	\$ 859,731	\$ 11,043,646	\$ 5,969,108
Deposits with fiscal agents	50,915	-	-	50,915	2,220,106
Equity in pooled investments	59,679,269	19,868,960	9,741,834	89,290,063	57,547,188
Liens Receivable	-	-	945,203	945,203	-
Accounts receivable	18,804,335	8,554,336	376,723	27,735,394	266,829
Interest receivable	84,944	43,003	9,177	137,124	70,852
Due from other funds	824,932	216,260	46,498	1,087,690	8,177,715
Interfund loan receivable	1,501,236	742,792	230,725	2,474,753	1,364,333
Lease receivable	-	-	-	-	166,497
Lease interest receivable	-	-	-	-	1,163
Due from other governments	5,401,778	20,967	1,404	5,424,149	64,232
Inventories	4,739,687	2,493,551	106,508	7,339,746	1,810,924
Prepayments	-	1,809	-	1,809	114,536
Equity in pooled investments, restricted	10,140,942	2,029,705	-	12,170,647	-
<b>Total current assets</b>	<b>109,350,590</b>	<b>36,032,746</b>	<b>12,317,803</b>	<b>157,701,139</b>	<b>77,773,483</b>
<b>Noncurrent assets:</b>					
<b>Non depreciable capital assets:</b>					
Land	12,522,858	1,777,194	1,295,729	15,595,781	6,742,065
Construction in progress	40,820,465	382,451	555	41,203,471	348,763
<b>Depreciable capital assets:</b>					
Property, plant, and equipment	584,311,253	232,912,555	16,853,583	834,077,391	108,300,672
Infrastructure	823,829,826	-	-	823,829,826	10,285,361
Capitalized software	-	-	-	-	8,046,527
Intangible assets	113,766	-	-	113,766	-
Right-to-use lease land	-	1,987,919	-	1,987,919	-
Right-to-use leased property, plant, and equipment	37,755	640,979	333,027	1,011,761	405,310
Less accumulated depreciation/amortization	(490,643,164)	(197,868,343)	(13,022,996)	(701,534,503)	(69,652,835)
<b>Total capital assets</b>	<b>970,992,759</b>	<b>39,832,755</b>	<b>5,459,898</b>	<b>1,016,285,412</b>	<b>64,475,863</b>
<b>Other noncurrent assets</b>					
Noncurrent lease receivable	-	-	-	-	2,046,802
Noncurrent equity in pooled investments restricted	-	5,968,894	-	5,968,894	-
Other noncurrent assets	-	4,834	-	4,834	-
Advances to other funds	4,751,191	2,350,828	730,210	7,832,229	4,317,913
<b>Total noncurrent assets</b>	<b>975,743,950</b>	<b>48,157,311</b>	<b>6,190,108</b>	<b>1,030,091,369</b>	<b>70,840,578</b>
<b>Total assets</b>	<b>1,085,094,540</b>	<b>84,190,057</b>	<b>18,507,911</b>	<b>1,187,792,508</b>	<b>148,614,061</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	3,692,685	1,955,558	712,633	6,360,876	2,066,187
Opeb Outflows	312,326	138,722	35,851	486,899	106,743
<b>Total deferred outflows of resources</b>	<b>4,005,011</b>	<b>2,094,280</b>	<b>748,484</b>	<b>6,847,775</b>	<b>2,172,930</b>

**City of Spokane, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2022**

	<b>Business-type Activities-Enterprise Funds</b>				
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	3,668,788	4,400,066	482,213	8,551,067	4,121,037
Claims and judgments payable	-	-	-	-	17,749,094
Compensated absences	277,135	85,877	84,080	447,092	152,440
Lease payable	12,051	203,147	82,957	298,155	123,187
Lease interest payable	28	6,836	5,014	11,878	154
Due to other funds	4,452,645	2,906,550	329,621	7,688,816	2,104,085
Interfund loan payable	-	-	184,483	184,483	31,359,902
Due to other governments	6,315,284	-	-	6,315,284	3,131
Revenue bonds payable	10,140,942	-	-	10,140,942	-
Total opeb liability	57,538	25,555	6,595	89,688	19,688
Accrued landfill postclosure liability	-	2,246,993	-	2,246,993	-
Accrued interest	585,991	-	125	586,116	22,954
Other accrued liabilities	886,646	578,254	134,781	1,599,681	446,004
Other current liabilities	918,422	325,252	233,751	1,477,425	634,407
<b>Total current liabilities</b>	<b>27,315,470</b>	<b>10,778,530</b>	<b>1,543,620</b>	<b>39,637,620</b>	<b>56,736,083</b>
<b>Noncurrent Liabilities:</b>					
Revenue bonds payable	128,613,192	-	-	128,613,192	-
Due to other government units	101,813,457	-	-	101,813,457	-
Compensated absences	4,430,413	2,188,769	668,125	7,287,307	2,448,293
Noncurrent lease payable	22,162	2,217,584	171,963	2,411,709	176,914
Net pension liability	36,162,439	19,150,775	6,978,820	62,292,034	20,234,151
Noncurrent total opeb liability	1,956,333	868,875	224,224	3,049,432	669,441
Noncurrent accrued landfill postclosure liability	-	5,490,900	-	5,490,900	-
<b>Total noncurrent liabilities</b>	<b>272,997,996</b>	<b>29,916,903</b>	<b>8,043,132</b>	<b>310,958,031</b>	<b>23,528,799</b>
<b>Total Liabilities</b>	<b>300,313,466</b>	<b>40,695,433</b>	<b>9,586,752</b>	<b>350,595,651</b>	<b>80,264,882</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	11,411,608	6,043,319	2,202,272	19,657,199	6,385,194
Opeb	480,290	213,324	55,132	748,746	164,152
Lease related	-	-	-	-	2,166,405
Sale of Future Revenue	14,963	-	199,248	214,211	27,113
<b>Total deferred inflows of resources</b>	<b>11,906,861</b>	<b>6,256,643</b>	<b>2,456,652</b>	<b>20,620,156</b>	<b>8,742,864</b>
<b>NET POSITION</b>					
Net investments in capital assets	724,075,672	37,483,047	5,204,978	766,763,697	64,175,762
Unrestricted	52,803,552	1,849,214	2,008,013	56,660,779	(2,396,517)
<b>Total Net Position</b>	<b>\$ 776,879,224</b>	<b>\$ 39,332,261</b>	<b>\$ 7,212,991</b>	<b>823,424,476</b>	<b>\$ 61,779,245</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 27,136,083

Net position of business-type activities \$ 850,560,559

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, 2022**

	Business-type Activities - Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for goods and services	\$ 162,615,569	\$ 82,031,955	\$ 12,843,536	\$ 257,491,060	\$ 100,616,044
Total operating revenues	<u>162,615,569</u>	<u>82,031,955</u>	<u>12,843,536</u>	<u>257,491,060</u>	<u>100,616,044</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	29,082,659	15,181,453	6,017,522	50,281,634	16,243,255
Personnel benefits	9,385,745	5,253,663	2,026,596	16,666,004	5,479,238
Supplies	9,068,413	6,070,648	514,088	15,653,149	11,057,350
Other services and charges	62,426,936	54,595,693	3,183,277	120,205,906	18,264,062
Depreciation/amortization	32,767,656	4,306,798	471,862	37,546,316	7,894,541
Risk transfer payments	694,442	715,038	-	1,409,480	13,277,859
Claims processing	-	-	-	-	2,868,191
Payments to claimants and beneficiaries	-	-	-	-	36,971,294
Total operating expenses	<u>143,425,851</u>	<u>86,123,293</u>	<u>12,213,345</u>	<u>241,762,489</u>	<u>112,055,790</u>
Operating Income (Loss)	<u>19,189,718</u>	<u>(4,091,338)</u>	<u>630,191</u>	<u>15,728,571</u>	<u>(11,439,746)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	935,092	482,753	86,849	1,504,694	810,231
Net increase (decrease) in fair value of investments	157,523	77,915	17,665	253,103	138,552
Gain (loss) on disposition of capital assets	(118,873)	7,610	(549)	(111,812)	115,995
Interest expense	(5,912,622)	(33,068)	(10,327)	(5,956,017)	(342,475)
Other nonoperating revenue	4,801,992	2,104,062	1,478,831	8,384,885	4,324,931
Total nonoperating revenues (expenses)	<u>(136,888)</u>	<u>2,639,272</u>	<u>1,572,469</u>	<u>4,074,853</u>	<u>5,047,234</u>
Income (loss) before capital contributions and transfers	19,052,830	(1,452,066)	2,202,660	19,803,424	(6,392,512)
Capital contributions	7,661,356	-	11,675	7,673,031	1,340,326
Transfers in	-	50,000	53,794	103,794	15,076,850
Transfers out	(5,905,027)	(471,969)	(1,095,500)	(7,472,496)	(848,057)
Total contributions and transfers	<u>1,756,329</u>	<u>(421,969)</u>	<u>(1,030,031)</u>	<u>304,329</u>	<u>15,569,119</u>
Change in Net Position	20,809,159	(1,874,035)	1,172,629	20,107,753	9,176,607
<b>Net Position - beginning</b>	756,570,050	41,438,552	5,867,066	803,875,668	52,497,300
Prior Period Adjustment	(499,985)	(232,256)	173,296	(558,945)	105,338
<b>Net Position - beginning (restated)</b>	<u>756,070,065</u>	<u>41,206,296</u>	<u>6,040,362</u>	<u>803,316,721</u>	<u>52,602,638</u>
<b>Net Position - ending</b>	<u>\$ 776,879,224</u>	<u>\$ 39,332,261</u>	<u>\$ 7,212,991</u>	<u>\$ 813,424,476</u>	<u>\$ 61,779,245</u>
			Change in Net Position	20,107,753	
			Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	3,054,904	
			Change in net position of business-type activities	<u>\$ 23,162,657</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, 2022**

	Business-Type Activities - Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 162,668,771	\$ 83,394,972	\$ 12,390,936	\$ 258,454,679	\$ 93,430,875
Payments to suppliers for services	(73,165,852)	(58,265,614)	(3,418,975)	(134,850,441)	(81,445,667)
Payments to employees	(43,167,713)	(23,814,210)	(8,561,306)	(75,543,229)	(23,588,011)
Net cash provided (used) by operating activities	46,335,206	1,315,148	410,655	48,061,009	(11,602,803)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental sources	268,075	-	-	268,075	2,105,545
Other nonoperating sources	171,771	2,112,521	1,478,831	3,763,123	2,133,594
Transfers in	-	50,000	53,794	103,794	-
Transfers out	(5,774,845)	(471,969)	(1,095,500)	(7,342,314)	-
Net cash provided (used) by noncapital financing activities	(5,334,999)	1,690,552	437,125	(3,207,322)	4,239,139
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Receipts from lessor leases - principal	-	-	-	-	151,724
Receipts from lessor leases - interest	-	-	-	-	27,950
Proceeds from disposal of capital assets	46,775	1,177,790	1,452	1,226,017	720,770
Proceeds from loans, notes, and leases	12,547,793	2,628,898	44,690	15,221,381	405,310
Capital grants and contributions received	4,534,314	-	-	4,534,314	-
Acquisition and construction of capital assets	(44,133,280)	(1,763,195)	(39,134)	(45,935,609)	(8,191,505)
Acquisition of right-to-use lease assets	(37,755)	(2,628,898)	(113,156)	(2,779,809)	(405,310)
Principal paid on intergovernmental loans	(5,831,497)	-	-	(5,831,497)	-
Principal paid on revenue bonds	(7,935,000)	-	-	(7,935,000)	-
Principal paid on leases	(3,542)	(208,167)	(42,006)	(253,715)	(105,210)
Principal paid on interfund loans	-	-	(51,978)	(51,978)	(7,070,021)
Interest paid on interfund loans	-	-	(1,817)	(1,817)	(348,595)
Interest paid on revenue bonds	(1,914,245)	-	-	(1,914,245)	-
Interest paid on intergovernmental loans	(5,614,777)	-	-	(5,614,777)	-
Interest paid on leases	(262)	(26,232)	(3,531)	(30,025)	(1,260)
Transfers in	2,326,539	-	-	2,326,539	15,124,091
Transfers out	-	-	-	-	(848,057)
Net cash provided (used) by capital and related financing activities	(46,014,937)	(819,804)	(205,480)	(47,040,221)	(540,113)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(28,013,123)	(9,425,691)	(6,664,511)	(44,103,325)	(19,422,321)
Proceeds from sales and maturities of investments	11,500,000	5,000,000	220,390	16,720,390	4,020,973
Interest received	1,071,683	539,928	98,280	1,709,891	830,949
Net cash provided (used) by investing activities	(15,441,440)	(3,885,763)	(6,345,841)	(25,673,044)	(14,570,399)
Net increase (decrease) in cash and cash equivalents	(20,456,170)	(1,699,867)	(5,703,541)	(27,859,578)	(22,474,176)
Cash and cash equivalents - January 1	28,578,722	3,761,230	6,563,272	38,903,224	28,443,284
Cash and cash equivalents - December 31	\$ 8,122,552	\$ 2,061,363	\$ 859,731	\$ 11,043,646	\$ 5,969,108
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 19,189,718	\$ (4,091,338)	\$ 630,191	\$ 15,728,571	\$ (11,439,746)
<b>Adjustments to Reconcile Operating Income</b>					
Depreciation & amortization	32,767,656	4,306,798	471,862	37,546,316	7,894,541
Prior period adjustment	(281,780)	(232,256)	(46,575)	(560,611)	(919,101)
Other Expenses	-	-	-	-	-
<b>Change in Assets: Decrease (Increase)</b>					
Receivables, net of allowance	63,705	1,363,017	(447,328)	979,394	(5,398,479)
Deposits with fiscal agents	-	-	-	-	(410,905)
Inventories	(875,415)	(46,982)	(10,554)	(932,951)	8,074
Prepayments	-	700	-	700	65,951
<b>Change in Deferred Outflows : Decrease (Increase)</b>	2,988,009	1,702,109	516,650	5,206,768	1,584,086
<b>Change in Liabilities: Increase (Decrease)</b>					
Payables	(4,789,029)	(28,760)	(325,246)	(5,143,035)	(1,732,973)
<b>Change in Deferred Inflows: Increase (Decrease)</b>	(2,727,658)	(1,658,140)	(378,345)	(4,764,143)	(1,254,251)
<b>Net Cash provided (used) by operating activities</b>	<b>\$ 46,335,206</b>	<b>\$ 1,315,148</b>	<b>\$ 410,655</b>	<b>\$ 48,061,009</b>	<b>\$ (11,602,803)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ 5,138,798	\$ -	\$ -	\$ 5,138,798	\$ 1,293,085

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, 2022**

	Pension and Other Employee Benefit Plans	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>			
Cash	\$ 1,155,822	\$ 77,255	\$ 217,435
Short term investments	1,373,751	-	-
Deposits with fiscal agents/trustees	-	-	80,517
Receivables, pension and other employee benefit plans:			
Interest and dividends	386,750	-	-
Pending trade	(5,316,418)	-	-
Taxes receivable	475,000	-	-
Due from other governments	34,323	-	-
Other receivables	104,480	-	54,535
Investments, noncurrent, at fair value:			
U.S. fixed income	56,995,307	-	-
International fixed income	1,684,152	-	-
Fixed Income Mutual Funds	20,230,050	-	-
U.S. equities	19,563,661	-	-
Real estate	30,758,875	-	-
International equities	65,869,573	-	-
Equity Mutual Funds	74,251,383	-	-
Alternatives	75,509,494	-	-
Total investments	<u>344,862,495</u>	<u>-</u>	<u>-</u>
Capital assets:			
Software	477,000	-	-
Other improvements	17,539	-	-
Accumulated depreciation	(279,888)	-	-
Investments, noncurrent, all other funds:			
<b>Total Assets</b>	<u>343,290,854</u>	<u>77,255</u>	<u>352,487</u>
<b>LIABILITIES</b>			
Accounts/vouchers payable	296,840	-	123,709
Due to other governments	6,147	-	197,951
Compensated absences	74,936	-	-
Other accrued liabilities	7,271	-	-
Other current liabilities	29,461	-	30,827
<b>Total Liabilities</b>	<u>414,655</u>	<u>-</u>	<u>352,487</u>
<b>NET POSITION</b>			
Net position held in trust for:			
Pension benefits	334,354,722	-	-
Postemployment benefits	8,521,477	-	-
Individuals, organizations, and other governments	-	77,255	-
<b>Total Net Position</b>	<u>\$ 342,876,199</u>	<u>\$ 77,255</u>	<u>-</u>

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, 2022**

	Pension Trust Funds	Private-purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 18,060,047	\$ -	\$ (150)
Plan members	11,931,102	-	-
Intergovernmental revenue	334,158	-	-
Medicare retiree drug subsidy	104,480	-	-
Miscellaneous	467,598	-	-
Private contributions	-	8,991	-
<b>Total Contributions</b>	<b>30,897,385</b>	<b>8,991</b>	<b>(150)</b>
Investment Earnings:			
Net increase (decrease) in fair value of investments	(57,476,027)	-	-
Interest and dividends	5,016,489	-	-
Less: Investment expense	(585,227)	-	-
<b>Total Investment Earnings:</b>	<b>(53,044,765)</b>	<b>-</b>	<b>-</b>
Court fees collected for other governments	-	-	771,523
Permit Fees Collected for other gov'ts	-	-	591,155
Special Assessments Collected for other gov'ts	-	-	1,524,690
Taxes Collected for other gov'ts	-	-	59,889
<b>Total Additions</b>	<b>(22,147,380)</b>	<b>8,991</b>	<b>2,947,107</b>
<b>DEDUCTIONS</b>			
Pension Benefits	36,744,401	-	-
Medical and dental benefits	6,103,165	-	-
Pension refunds	1,210,280	-	-
Medical and dental administration	308,596	-	-
Administrative expenses	873,046	-	1,222,869
Permit Fees paid to other gov'ts	-	-	49,739
Special Assessments paid to other gov'ts	-	-	1,524,540
Taxes paid to other gov'ts	-	-	149,959
<b>Total Deductions</b>	<b>45,239,488</b>	<b>-</b>	<b>2,947,107</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(67,386,868)</b>	<b>8,991</b>	<b>-</b>
<b>Fund Balance - beginning</b>	<b>410,263,067</b>	<b>68,264</b>	<b>-</b>
<b>Net position - ending</b>	<b>\$ 342,876,199</b>	<b>\$ 77,255</b>	<b>\$ -</b>

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 2022 reporting, the City evaluated the following new standards issued by the Governmental Accounting Standards Board (GASB):

**GASB 87 Leases.** This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The City has identified numerous lessor and lessee leases that are subject to GASB 87.

**GASB 99 Omnibus 2022.** This statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement is limited to its relevance to GASB 87 being implemented the current fiscal year as it relates to statement presentation of fiduciary activities.

#### 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

## 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. 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, including lease liabilities, is recognized when due, and certain compensated absences, other postemployment benefits (OPEB), 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 the City meeting the eligibility requirements.

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 funds reported excess expenditures and other uses over appropriations for the year ended December 31, 2022:

<b>Fund</b>	<b>Amount</b>
Hope Acquisition	704
Law Enforcement Information Systems	67
Hotel/Motel Lodging Tax	324,051
Community Development/Human Services Operations	65,924
Trial Court Improvement	324
Kendall Yards Tax Increment Financing	20,027
<b>Total</b>	<b>411,097</b>

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

The following funds reported deficit fund balance/net position as of December 31, 2022:

<b>Fund</b>	<b>Amount</b>
Emergency Rental Assistance	32,126
Capital Improvements 2015 Parks	1,952,681
Public Works Utilities Fund	1,447,235
Reprographics Fund	137,862
Purchasing & Stores Fund	961,416
Accounting Services Fund	4,844,142
My Spokane	1,126,153
Project Management Office	948,601
<b>Total</b>	<b>11,450,216</b>

The net position deficit for the 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 in 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	7,998,599
Current portion of revenue bonds payable	10,140,942
<b>Total</b>	<b>18,139,541</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;
- All other capital assets with a unit cost of \$5,000 or greater; and
- Right-to-use leased land, buildings, vehicles, and equipment

Capital assets such as property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), right-to-use leased land, right-to-use leased buildings, right-to-use leased equipment, and right-to-use leased vehicles 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, equipment, and right-to-use leased assets including land, buildings, equipment, and vehicles of the primary government are depreciated using the straight line method over the following estimated useful lives.

Category	Useful Life (in Years)
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
Right-to-use Leased Land	17
Right-to-use Leased Buildings	2-19
Right-to-use Leased Vehicles	2-5
Right-to-use leased Equipment	2-9

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. Leases

Lessee: The City is a lessee for a number of leases for land, office space/buildings, equipment, and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and proprietary fund financial statements

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines the (1) discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor in a number of noncancelable leases of building space, land, and cellular phone tower locations. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## 12. 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, including leases, 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.

### 13. 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 an 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 though 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, leases, pensions, and OPEB.

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 leases are recorded when a portion of a lease receivable will not be received in the current year. This amount is deferred and amortized over the life of the lease.

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.

#### 14. 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, 2022 are shown below:

<b>Fund Balance</b>	<b>General Fund</b>	<b>American Rescue Plan</b>	<b>Nonmajor Government Funds</b>	<b>Total</b>
<i>Nonspendable:</i>				
Interfund loans receivable	1,163,413	-	-	1,163,413
Inventories	-	-	1,460,228	1,460,228
Prepays	10,511	-	-	10,511
<b>Total Nonspendable Fund Balance</b>	<b>1,173,924</b>	<b>-</b>	<b>1,460,228</b>	<b>2,634,152</b>
<i>Restricted for:</i>				
Capital projects	-	-	59,947,417	59,947,417
Debt service	-	-	8,502,675	8,502,675
Impact Fees	-	-	100,916	100,916
Grants	188,261	1,567,936	23,609,541	25,365,738
Police/firefighters' pension	-	-	2,195,161	2,195,161
Public safety/crime reduction	-	-	5,299,848	5,299,848
Other	-	-	12,606,013	12,606,013
<b>Total Restricted Fund Balance</b>	<b>188,261</b>	<b>1,567,936</b>	<b>112,261,571</b>	<b>114,017,768</b>
<i>Committed for:</i>				
City facilities	-	-	117,926	117,926
Communication	-	-	895,851	895,851
Transportation	-	-	13,631,062	13,631,062
Public safety	-	-	13,610,831	13,610,831
Culture and recreation	-	-	3,417,532	3,417,532
<b>Total Committed Fund Balance</b>	<b>-</b>	<b>-</b>	<b>31,673,202</b>	<b>31,673,202</b>
<i>Assigned for:</i>				
Contingency reserve	18,999,956	-	-	18,999,956
General Government	3,286,972	-	-	3,286,972
Library capital replacement	5,979,789	-	-	5,979,789
Human Services	-	-	2,489,625	2,489,625
Law enforcement	-	-	757	757
Culture and recreation	-	-	173,878	173,878
City facilities/improvement	-	-	9,640,030	9,640,030
Other purposes	-	-	15,703	15,703
<b>Total Assigned Fund Balance</b>	<b>28,266,717</b>	<b>-</b>	<b>12,319,993</b>	<b>40,586,710</b>
<i>Unassigned:</i>	-	-	<b>(1,984,807)</b>	<b>(1,984,807)</b>
<b>Total</b>	<b>29,628,902</b>	<b>1,567,936</b>	<b>155,730,187</b>	<b>186,927,025</b>

15. 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, 2022, \$118.7 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	3,286,972
American Recovery Plan	61,757,271
Nonmajor Governmental Funds	53,653,154
<b>Total</b>	<b>118,697,397</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 or named designee 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, 2022, all of the \$329.8 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 Chief Financial Officer or named designee. 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, 2022:

Deposit Type	Value
<b>Reconciliation of Restricted/Unrestricted Cash and Investments:</b>	
Cash	\$ 41,138,668
Petty Cash	487,500
Deposits with Fiscal Agents	2,357,506
Investments	329,798,582
	<b>373,782,256</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, 2022.

Interest Rate Risk	Fair Value	Maturity				Effective Duration (in years)
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
<b>City Treasurer Investments Categorized</b>						
US Government Agencies	242,429,356	119,897,356	122,532,000		-	1.55
US Government Treasuries	22,291,260	7,782,210	14,509,050		-	1.73
Municipal Bonds	30,786,695		17,484,216	13,302,479		5.75
Strip Bonds	34,291,271		23,935,185	10,356,086	-	5.25
<b>Total investments categorized</b>	<b>329,798,582</b>	<b>127,679,566</b>	<b>178,460,451</b>	<b>23,658,565</b>	<b>-</b>	
<b>Pension Trust Funds</b>						
<b>Employees' Retirement System</b>						<b>Average Maturity</b>
Fixed Income Mutual Funds	20,230,050	20,230,050	-	-	-	6.67
Corporate Notes and Bonds	5,615,603	318,320	2,226,415	1,267,470	1,803,398	12.18
Asset Backed Securities	6,037,583	-	1,004,376	1,810,213	3,222,994	19.83
Governmental CMOs	4,887,423	-	-	66,609	4,820,814	26.13
Municipal Bonds	1,196,272	505,716	42,089	370,366	278,101	5.41
Mortgage Backed Securities						
Government Pass Through	952,883	-	-	624,352	328,531	15.97
U.S. Government Treasuries	5,041,687	799,885	208,900	1,152,956	2,879,946	10.64
<b>Total investments categorized</b>	<b>43,961,501</b>	<b>21,853,971</b>	<b>3,481,780</b>	<b>5,291,966</b>	<b>13,333,784</b>	
<b>Investments not required to be categorized:</b>						
Cash equivalents	912,268	-	-	-	-	-
Equity securities	159,684,618	-	-	-	-	-
Real estate	30,758,875	-	-	-	-	-
Alternative investments	75,509,494	-	-	-	-	-
<b>Total investments not categorized</b>	<b>266,865,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Investments</b>	<b>310,826,756</b>	<b>21,853,971</b>	<b>3,481,780</b>	<b>5,291,966</b>	<b>13,333,784</b>	
<b>Firefighters' Pension System</b>						<b>Average Maturity</b>
US Government Treasuries	15,073,896	6,499,528	8,023,751	550,617	-	1.90
Mortgage Backed Securities						
Government Pass Through	1,682,201	59,725	-	910,750	711,726	12.60
Government CMOs	6,554,758	20,796	-	1,004,827	5,529,135	2.60
Corporate Bonds/Notes	10,764,606	-	6,128,215	4,636,391	-	4.80
Asset Backed Securities	1,310,144	-	248,835	619,756	441,553	7.20
<b>Total investments categorized</b>	<b>35,385,605</b>	<b>6,580,049</b>	<b>14,400,801</b>	<b>7,722,341</b>	<b>6,682,414</b>	
<b>Investments not required to be categorized:</b>						
Cash equivalents	-	-	-	-	-	-
<b>Total investments not categorized</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Investments</b>	<b>35,385,605</b>	<b>6,580,049</b>	<b>14,400,801</b>	<b>7,722,341</b>	<b>6,682,414</b>	
<b>Police Pension System</b>						
<b>Investments not required to be categorized:</b>						
Cash equivalents	23,886	-	-	-	-	-
<b>Total Investments</b>	<b>23,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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 2022 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, 2022.

Investment Type	Fair Value	Investment Credit Rating						
		AAA	AA	AA-	BBB	BB	B	Not Rated
US Government Agencies	242,429,356	-	218,361,661	-	-	-	-	24,067,695
U.S. Government Treasuries	22,291,260	-	-	-	-	-	-	22,291,260
Municipal Bonds	30,786,695	3,510,250	16,308,291	10,968,154	-	-	-	-
Strip Bonds	34,291,271	-	7,999,832	-	-	-	-	26,291,439
<b>Total</b>	<b>329,798,582</b>	<b>3,510,250</b>	<b>242,669,784</b>	<b>10,968,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,650,394</b>
<b>Employees' Retirement System</b>								
Fixed Income Mutual Funds	20,230,050	-	-	-	-	-	-	20,230,050
Corporate Notes and Bonds	5,615,602	-	437,938	1,709,718	3,175,109	-	-	292,837
Asset Backed Securities	6,037,583	2,996,754	-	-	-	-	-	3,040,829
Governmental CMOs	4,887,423	-	79,069	-	-	-	-	4,808,354
Municipal Bonds	1,196,272	255,396	798,175	65,031	77,670	-	-	-
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Governmental Pass through	952,883	80,465	-	-	-	-	-	872,418
U.S. Government Treasuries	5,041,688	-	-	-	-	-	-	5,041,688
<b>Total</b>	<b>43,961,501</b>	<b>3,332,615</b>	<b>1,315,182</b>	<b>1,774,749</b>	<b>3,252,779</b>	<b>-</b>	<b>-</b>	<b>34,286,176</b>
<b>Firefighters' Pension System</b>								
US Government Treasuries	15,073,895	11,587,784	-	-	-	-	-	3,486,111
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Government Pass Through	1,682,201	-	-	-	-	-	-	1,682,201
Government CMOs	6,554,758	-	-	-	-	-	-	6,554,758
Corporate Bonds/Notes	10,764,607	-	134,518	3,970,924	6,659,165	-	-	-
Asset Backed Securities	1,310,144	157,021	334,976	569,313	248,834	-	-	-
<b>Total</b>	<b>35,385,605</b>	<b>11,744,805</b>	<b>469,494</b>	<b>4,540,237</b>	<b>6,907,999</b>	<b>-</b>	<b>-</b>	<b>11,723,070</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, 2022 were:

Organization	% of Net Position
<b>City of Spokane Employees' Retirement System</b>	
Fidelity Investments	11.6%
Hotchkis & Wiley	10.2%
Sterling Capital Management	9.5%
Artisan Partners	7.7%
Evanston Capital Management	6.5%
American Funds	6.0%

### 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, 2022 were:

Organization	% of Net Position
<b>City of Spokane Firefighter's Pension System</b>	
US Treasury Notes	13.8%

### 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, 2022, there were no holdings exposed to foreign currency risk.

### Employees' Retirement System

At December 31, 2022, 26.8% 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, 2022 was:

Category	Total Investments	US Issues	Foreign Issues	% Foreign
Cash	912,268	912,268	0	0.00%
Fixed Income	43,961,503	43,130,799	830,704	1.89%
Equities	159,684,617	93,815,043	65,869,573	41.25%
Real Estate	30,758,875	30,758,875	0	0.00%
Alternatives	75,509,494	58,859,761	16,649,732	22.05%
<b>Total</b>	<b>310,826,755</b>	<b>227,476,746</b>	<b>83,350,009</b>	<b>26.82%</b>

### Spokane Firefighters' Trust Fund

The Fire investment policy does not allow investments in foreign issuances. At December 31, 2022, 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, 2022, 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 December 31, 2022. 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 2022, 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, 2022:

Investment by fair value level	12/31/2022	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(NAV)
US Government Agencies	242,429,356	242,429,356	-	-	-
US Government Treasuries	22,291,260	22,291,260	-	-	-
Municipal Bonds	30,786,695	30,786,695	-	-	-
Strip Bonds	34,291,271	34,291,271	-	-	-
<b>Total</b>	<b>329,798,582</b>	<b>329,798,582</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pension Trust Funds</b>					
<b>Employees' Retirement System</b>					
Cash Equivalents	912,268	912,268	-	-	-
<b>Total Cash Equivalents</b>	<b>912,268</b>	<b>912,268</b>	<b>-</b>	<b>-</b>	<b>-</b>
US Government	10,881,994	-	10,881,994	-	-
US Corporate Fixed Income	4,784,899	-	4,784,899	-	-
International Fixed Income	830,703	-	830,703	-	-
Asset Backed Securities	6,037,583	-	6,037,583	-	-
Municipal Bonds	1,196,272	-	1,196,272	-	-
Fixed Income Mutual Funds	20,230,050	20,230,050	-	-	-
<b>Total Fixed Income</b>	<b>43,961,501</b>	<b>20,230,050</b>	<b>23,731,451</b>	<b>-</b>	<b>-</b>
US Common Stock	21,250,230	12,208,414	-	-	9,041,816
International Common Stock	12,669,343	307,776	-	-	12,361,567
Equity Mutual funds	125,765,045	125,685,975	79,070	-	-
<b>Total Equities</b>	<b>159,684,618</b>	<b>138,202,165</b>	<b>79,070</b>	<b>-</b>	<b>21,403,383</b>
<b>Real estate</b>	<b>30,758,874</b>	<b>11,715,116</b>	<b>-</b>	<b>-</b>	<b>19,043,758</b>
<b>Alternative investments</b>	<b>75,509,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,509,494</b>
<b>Total - All Investments</b>	<b>310,826,755</b>	<b>171,059,599</b>	<b>23,810,521</b>	<b>-</b>	<b>115,956,635</b>
<b>Firefighters' Pension System</b>					
US Government Treasuries	15,073,896	-	15,073,896	-	-
Mortgage Backed Securities					
Government Pass Through	1,682,201	-	1,682,201	-	-
Government CMOs	6,554,758	-	6,554,758	-	-
Corporate Bonds/Notes	10,764,606	-	10,764,606	-	-
Asset Backed Securities	1,310,144	-	1,310,144	-	-
<b>Total</b>	<b>35,385,605</b>	<b>-</b>	<b>35,385,605</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	21,403,383	-	Monthly, annually	15-90 days
Long/short hedge fund	20,448,482	-	Quarterly	60-65 days
Real estate fund	19,043,758	10,355,129	N/A, quarterly with queue	90 days
Absolute return hedge fund	26,046,188	-	Monthly, quarterly, semi-annual	30-45 days
Closed-end hedge fund	817,899	272,444	N/A	N/A
Fixed income fund	28,196,926	-	Quarterly	90 days
<b>Total</b>	<b>115,956,636</b>	<b>10,627,573</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 outside 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
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
October 31	Second of two equal installment payments due

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	65,140	2.485543
Regular Senior Liff	6,608	0.254523
EMS	9,446	0.360448
Bond	3,179	0.124604
Park Bond	5,857	0.225595
<b>Total</b>	<b>90,230</b>	<b>3.450713</b>

## Note 4

### Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Capital Assets	Jan 01, 2022 Beginning Balance	Increases	Decreases	Dec 31, 2022 Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital assets not being depreciated</b>				
Land	844,106,836	1,490,866	(23,369)	<b>845,574,333</b>
Construction in progress	67,290,291	38,681,455	(38,492,897)	<b>67,478,849</b>
<b>Total capital assets, not being depreciated</b>	<b>911,397,127</b>			<b>913,053,182</b>
<b>Capital assets, being depreciated:</b>				
Buildings	147,126,524	33,056,616	(2,167,910)	<b>178,015,230</b>
Accumulated depreciation	(52,709,089)	(4,444,118)	1,143,427	<b>(56,009,780)</b>
Net buildings	94,417,435			<b>122,005,450</b>
Other improvements <sup>1</sup>	131,469,441	8,539,577	(54,693)	<b>139,954,325</b>
Accumulated depreciation <sup>1</sup>	(67,553,361)	(8,309,547)	78,343	<b>(75,784,565)</b>
Net other improvements <sup>1</sup>	63,916,081			<b>64,169,760</b>
Machinery and equipment <sup>1</sup>	116,564,657	11,181,325	(7,970,383)	<b>119,775,599</b>
Accumulated depreciation <sup>1</sup>	(77,887,236)	(8,781,345)	7,300,534	<b>(79,368,047)</b>
Net machinery and equipment <sup>1</sup>	38,677,421			<b>40,407,552</b>
Infrastructure <sup>1</sup>	1,168,476,126	11,326,826	(277,842)	<b>1,179,525,110</b>
Accumulated depreciation <sup>1</sup>	(630,224,609)	(24,715,211)	234,010	<b>(654,705,810)</b>
Net infrastructure <sup>1</sup>	538,251,517			<b>524,819,300</b>
Intangible assets	7,302,524	881,688	-	<b>8,184,212</b>
Accumulated amortization	(3,379,182)	(477,787)	158	<b>(3,856,811)</b>
Net intangible assets	3,923,342			<b>4,327,401</b>
Right-to-use leased buildings <sup>1</sup>	3,575,651	-	-	<b>3,575,651</b>
Accumulated amortization	-	(215,265)	-	<b>(215,265)</b>
Net leased buildings	3,575,651			<b>3,360,386</b>
Right-to-use leased machinery and equipment <sup>1</sup>	529,609	584,167	(7,206)	<b>1,106,570</b>
Accumulated amortization	-	(243,361)	1,593	<b>(241,768)</b>
Net leased machinery and equipment	529,609			<b>864,802</b>
<b>Total Capital assets, being depreciated (net)</b>	<b>743,291,055</b>			<b>759,954,651</b>
<b>Governmental Activities, Capital Assets (net)</b>	<b>1,654,688,182</b>			<b>1,673,007,833</b>
<sup>1</sup> Beginning Balance Restated				

Capital Assets	Jan 01, 2022 Beginning Balance	Increases	Decreases	Dec 31, 2022 Ending Balance
<b>BUSINESS-TYPE ACTIVITIES cont.</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 15,570,783	\$ 27,000	\$ (2,002)	\$ 15,595,781
Construction in progress <sup>1</sup>	20,954,435	39,857,379	(19,608,343)	41,203,471
<b>Total capital assets, not being depreciated<sup>1</sup></b>	<b>36,525,218</b>			<b>56,799,252</b>
<b>Capital assets, being depreciated:</b>				
Buildings	540,645,520	483,578	(26,773)	541,102,325
Accumulated depreciation	(242,009,998)	(9,481,543)	26,773	(251,464,768)
Net buildings	298,635,522			289,637,557
Other improvements	120,381,139	1,113,407	(10,288,949)	111,205,597
Accumulated depreciation	(76,171,226)	(3,903,188)	10,281,331	(69,793,083)
Net other improvements	44,209,913			41,412,514
Machinery and equipment	178,907,507	3,964,640	(1,102,678)	181,769,469
Accumulated depreciation	(125,179,976)	(7,908,133)	1,099,250	(131,988,859)
Net machinery and equipment	53,727,531			49,780,610
Infrastructure	800,214,827	23,948,056	(333,057)	823,829,826
Accumulated depreciation	(232,121,783)	(15,966,712)	178,454	(247,910,041)
Net infrastructure	568,093,044			575,919,785
Intangible assets	113,766	-	-	113,766
Accumulated amortization	(91,013)	(2,274)	-	(93,287)
Net intangible assets	22,753			20,479
Right-to-use leased land <sup>1</sup>	1,987,919	-	-	1,987,919
Accumulated amortization	-	(121,709)	-	(121,709)
Net leased land	1,987,919			1,866,210
Right-to-use leased machinery and equipment <sup>1</sup>	936,133	75,628	-	1,011,761
Accumulated amortization	-	(162,756)	-	(162,756)
Net leased machinery and equipment	936,133			849,005
<b>Total Capital assets, being depreciated (net)</b>	<b>967,612,815</b>			<b>959,486,160</b>
<b>Business-Type Activities, Capital Assets (net)</b>	<b>\$ 1,004,138,033</b>			<b>\$ 1,016,285,412</b>
<sup>1</sup> Beginning Balance Restated				



<b>DEPRECIATION/AMORTIZATION:</b>			
<b>Governmental Activities:</b>			
General government		\$	2,498,996
Judicial			146,920
Public safety			2,654,038
Transportation			26,522,527
Economic environment			1,428,711
Social Services			1,417,393
Culture and recreation			12,518,049
<b>Total Depreciation Expense - Governmental Activities</b>		\$	<b>47,186,634</b>
<b>Business-Type Activities:</b>			
Water/Sewer		\$	32,767,656
Solid Waste			4,306,798
Other			471,862
<b>Total Depreciation Expense - Business-Type Activities</b>		\$	<b>37,546,316</b>

The City paid \$5,956,387 in interest expense related to business-type activities during 2022. 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 2022:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ (156,965,095)
Pension assets	102,836,353
Deferred outflows of resources	53,266,032
Deferred inflows of resources	(88,091,553)
Pension expense/expenditures	1,854,494

#### 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, 2022. 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 \$334,158 in 2022.

### **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	1,582	161	1,535	3,278	12/31/2022
Firefighters' Pension System	102	-	-	102	12/31/2022
Police Pension System	94	-	-	94	12/31/2022
<b>Total</b>	<b>1,778</b>	<b>161</b>	<b>1,535</b>	<b>3,474</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 7.0% 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 (CMAs) and simulated expected investment returns provided by the Washington state Investment Board (WSIB). The WSIB used the CMAs and their target asset allocation to simulate future investment returns at various future times.

For the year ended December 31, 2022, 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	-13.50%	-8.30%	0.01%	0.25%	0.20%

### Estimated Rates of Return

Below are the estimated real rates of return for the various pension plans as of December 31, 2022:

Long-Term Expected Real Rate of Return	SERS	Firefighters'	Police	LEOFF 1 <sup>1</sup>	LEOFF 2 <sup>1</sup>
Global equity	7.00%	-	-	5.90%	6.30%
US fixed income	3.40%	1.50%	-	1.50%	2.20%
Long Biased	4.90%	-	-	-	-
Opportunistic Credit	7.50%	-	-	-	-
Real estate	5.30%	-	-	5.40%	5.80%
Private equity	-	-	-	8.90%	9.30%
Master Limited Partnership	6.00%	-	-	-	-
Tangible assets	-	-	-	4.70%	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, 2022 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, 2022 for SERS, Firefighters' and Police, and dated as of June 30, 2022 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	529,869,491	8,526,215	4,248,814	37,639,492	378,316,385
Plan fiduciary net position	374,533,245	24,302,563	878,361	63,842,493	439,173,389
LESS (Public Facilities District)	(148,396)	-	-	-	-
LESS (SREC)	(1,593,208)	-	-	-	-
Net pension liability (asset)	<b>153,594,642</b>	<b>(15,776,348)</b>	<b>3,370,453</b>	<b>(26,203,001)</b>	<b>(60,857,004)</b>
Plan fiduciary net position as a % of total pension liability	70.7%	285.0%	20.7%	169.62%	116.09%
<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	(26,203,001)	(60,857,004)
State's proportionate share of the net pension asset associated with the employer	(177,236,449)	(39,421,841)
TOTAL	<b>(203,439,451)</b>	<b>(100,278,845)</b>

At December 31, 2022 the City of Spokane's proportionate share of the collective net pension liabilities (assets) was as follows:

	Proportionate Share 12/31/21	Proportionate Share 12/31/22	Change in Proportion
LEOFF 1	0.928898%	0.913438%	-0.015460%
LEOFF 2	2.233662%	2.239285%	0.005623%

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 2022. 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 2022, 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, 2022, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2021, 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, 2021.

#### LEOFF 1 & 2

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. 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 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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.

Methods did not change for the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.

- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

	Employees' Retirement System	Firefighters' Pension System	Police Pension System	LEOFF 1	LEOFF 2
<b>Valuation date</b>	12/31/2022	12/31/2022	12/31/2022	6/30/2021	6/30/2021
<b>Actuarial cost method</b>	Entry age normal	Entry age normal	Entry age normal	frozen initial liability	aggregate
<b>Amortization method</b>					
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
<b>Remaining amortization years (closed)</b>	25	n/a	15	4	n/a
<b>Asset valuation method</b>	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
<b>Actuarial assumptions</b>					
Investment rate of return	7.5%	3.0%	3.0%	7.00%	7.00%
Projected salary increases <sup>2</sup>	2.5-10.0%	n/a	n/a	3.25%	3.25%
Economic inflation	2.50%	2.50%	2.50%	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.		
<b>Mortality</b>	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for femails using Projection Scale MP-2021.	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for femails using Projection Scale MP-2021.	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for femails using Projection Scale MP-2021.	Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status as the base table, applying age offsets as appropriate and long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis.	Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status as the base table, applying age offsets as appropriate and long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis.
<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 7.0%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

**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:

Net Pension (Asset) Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
SERS <sup>1</sup>	210,156,605	155,336,246	108,523,928	7.50%
Firefighters'	(14,924,839)	(15,776,348)	(16,510,026)	3.00%
Police	3,689,565	3,370,453	3,087,497	3.00%
LEOFF 1	(22,962,635)	(26,203,001)	(29,012,901)	7.00%
LEOFF 2	(2,802,398)	(60,857,004)	(108,369,727)	7.00%

<sup>1</sup>SERS data includes amount related to the Public Facilities District (PFD) and Spokane Regional Emergency Communications (SREC) \$148,396 and \$1,593,208 of the current discount are PFD and SREC, respectively.

**H. PENSION EXPENSE**

For the year ended December 31, 2022, the City recognized pension expense as follows:

Description	SERS	Firefighters'	Police
Service Cost	10,379,208	-	-
Interest Cost	37,498,043	318,864	37,901
Benefit Changes	-	-	2,303,551
Experience loss (gain)	(112,612)	(2,151,893)	1,344,110
Change in Assumptions	-	-	-
Contributions-Employer	-	-	-
Contributions-Employee	(11,519,708)	-	-
<b>Net Investment Income:</b>		-	-
Expected Return on Investments	(25,068,879)	(723,345)	(38,941)
Investment (gain) loss expensed	(4,219,591)	196,870	7,782
Investment (gain) loss deferred	-	-	-
Benefits paid, including refunds of employee contributions	-	-	-
Administrative Expense	603,645	40,357	37,932
Amortization	(15,164,441)	(495,199)	(88,315)
Other Changes	-	-	-
<b>Total Pension Expense</b>	<b>(7,604,335)</b>	<b>(2,814,346)</b>	<b>3,604,020</b>
LESS (PFD)	7,265	-	-
LESS (SREC)	77,994	-	-
<b>Total Pension Expense</b>	<b>(7,519,076)</b>	<b>(2,814,346)</b>	<b>3,604,020</b>

For the year ended December 31, 2022 the City recognized pension expense for the following state plans:

Pension Expense	
LEOFF 1	(834,179)
LEOFF 2	9,418,075
<b>TOTAL</b>	<b>8,583,896</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, 2022, 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	-	-	-	837,941	-	79,303
Change of Assumptions	(47,817,280)	8,291,429	-	-	-	-
Differences Between Expected and Actual Experience	(1,201,434)	7,570,550	(1,477,468)	-	(308,669)	-
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	549,590	(177,845)	-	-	-	-
City Contributions Subsequent to the Measurement Date	-	-	-	-	-	-
<b>Total</b>	<b>(48,469,124)</b>	<b>15,684,134</b>	<b>(1,477,468)</b>	<b>837,941</b>	<b>(308,669)</b>	<b>79,303</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	(3,271,807)	-	(20,377,258)	-
Change of Assumptions	-	-	(5,298,980)	15,416,799
Differences Between Expected and Actual Experience	-	-	(564,645)	14,460,629
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	(8,323,602)	3,949,041
Contributions subsequent to the measurement date	-	-	-	2,838,185
<b>Total</b>	<b>(3,271,807)</b>	<b>-</b>	<b>(34,564,485)</b>	<b>36,664,654</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, 2023. 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	
<b>Recognition Period (Years)</b>	6.0	6.0	5.0	9.48	5.0	10.67	5.0
<b>Year</b>	<b>(Inflow)</b>	<b>Outflows</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>
2023	(25,604,893)	1,872,507	9,267,006	(609,977)	247,331	(115,606)	30,107
2024	(12,135,233)	1,872,507	(79,480)	(600,816)	196,870	(115,606)	24,328
2025	(6,202,437)	1,872,507	(39,008)	(266,674)	196,870	(77,457)	17,085
2026	(4,411,083)	894,773	23,322	-	196,870	-	7,783
2027	(115,479)	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>(48,469,125)</b>	<b>6,512,294</b>	<b>9,171,840</b>	<b>(1,477,468)</b>	<b>837,941</b>	<b>(308,669)</b>	<b>79,303</b>

Amortization of Deferred (Inflows) and Deferred Outflows				
	LEOFF 1		LEOFF 2	
<b>Recognition Period (Years)</b>	5.0	5.0	5.0	5.0
<b>Year</b>	<b>(Inflows)</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>
2023	(1,385,709)	-	(10,878,802)	3,997,271
2024	(1,254,671)	-	(10,026,540)	3,997,271
2025	(1,568,815)	-	(11,861,875)	3,997,271
2026	937,388	-	4,310,707	3,997,271
2027	-	-	(1,970,713)	3,993,093
Thereafter	-	-	(4,137,260)	13,844,291
<b>Total Deferred (Inflows)/Outflows</b>	<b>(3,271,807)</b>	<b>-</b>	<b>(34,564,485)</b>	<b>33,826,470</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, 2022.

### 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 10.25% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 10.25% of eligible compensation for a combined total of 20.5%. 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 \$23.7 million in 2022 and \$23.0 million in 2021.

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 \$30.7 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 3.41% in 2022.

The City's actual contributions to LEOFF 2 were \$4.80 million for the year ended December 31, 2022.

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, 2022, the state contributed \$81.4 million to LEOFF Plan 2. The amount recognized by the City for its proportionate share of this amount is \$3.0 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 2022. Employers paid only the administrative expense of 0.18% of covered payroll.

The required contribution rates expressed as a percentage of current-year covered payroll as of December 31, 2022 are as follows:

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
Employees' Retirement System	10.25%	10.25%
Firefighters' Pension System	0.16%	0.00%
Police Pension System	0.16%	0.00%
LEOFF 1 <sup>1</sup>	0.18%	0.00%
LEOFF 2 <sup>1</sup>	5.30%	8.53%

<sup>1</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	2022	2021	2020	2019
Employees' Retirement System	11,863,726	11,519,708	10,659,281	9,824,717
Firefighters' Pension System	1,019,381	1,439,343	498,064	1,616,355
Police Pension System	671,259	550,519	409,076	687,434
LEOFF 1	-	-	-	-
LEOFF 2	4,799,944	4,668,483	3,988,973	3,687,000

## 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

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, 2020)	516,665,282	339,928,008	176,737,274	29,147,741	60,027,494	-
<b>Changes for the year:</b>						
Service Cost	10,379,208	-	10,379,208	-	-	10,379,208
Interest Cost	37,498,043	-	37,498,043	-	-	37,498,043
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(675,673)	-	(675,673)	-	563,061	(112,612)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	11,519,708	(11,519,708)	-	-	-
Contributions-Employee	-	11,519,708	(11,519,708)	-	-	(11,519,708)
Net Investment Income	-	46,166,835	(46,166,835)	-	-	-
Expected Return on Investments	-	-	-	-	-	(25,068,879)
Investment (gain) loss expensed	-	-	-	-	-	(4,219,591)
Investment (gain) loss deferred	-	-	-	-	16,878,365	-
Benefits paid, including refunds of employee contributions	(33,997,369)	(33,997,369)	-	-	-	-
Administrative Expense	-	(603,645)	603,645	-	-	603,645
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(13,285,765)	(28,450,206)	(15,164,441)
<b>Net Changes</b>	<b>13,204,209</b>	<b>34,605,237</b>	<b>(21,401,028)</b>	<b>(13,285,765)</b>	<b>(11,008,780)</b>	
Balance, End of Year (Dec 31, 2021)	<b>529,869,491</b>	<b>374,533,245</b>	<b>155,336,246</b>	<b>15,861,976</b>	<b>49,018,714</b>	<b>(7,604,335)</b>
LESS (Public Facilities District)			(148,396)	(15,153)	(46,829)	7,265
LESS (SREC)			(1,593,208)	(162,689)	(502,761)	77,994
Balance, End of Year (Dec 31, 2021) Net of PFD & SREC			<b>153,594,642</b>	<b>15,684,134</b>	<b>48,469,124</b>	<b>(7,519,076)</b>

	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, 2020)	10,894,431	23,659,411	(12,764,980)	165,238	2,087,443	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	318,864	-	318,864	-	-	318,864
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(2,151,893)	-	(2,151,893)	-	-	(2,151,893)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	1,479,700	(1,479,700)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	(261,004)	261,004	-	-	-
Expected Return on Investments	-	-	-	-	-	(723,345)
Investment (gain) loss expensed	-	-	-	-	-	196,870
Investment (gain) loss deferred	-	-	-	787,479	-	-
Benefits paid, including refunds of employee contributions	(535,187)	(535,187)	-	-	-	-
Administrative Expense	-	(40,357)	40,357	-	-	40,357
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(114,776)	(609,975)	(495,199)
<b>Net Changes</b>	<b>(2,368,216)</b>	<b>643,152</b>	<b>(3,011,368)</b>	<b>672,703</b>	<b>(609,975)</b>	
Balance, End of Year (Dec 31, 2021)	<b>8,526,215</b>	<b>24,302,563</b>	<b>(15,776,348)</b>	<b>837,941</b>	<b>1,477,468</b>	<b>(2,814,346)</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, 2020)	1,953,193	1,717,751	235,442	75,467	424,275	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	37,901	-	37,901	-	-	37,901
Benefit Changes	2,303,551	-	2,303,551	-	-	2,303,551
Experience loss (gain)	1,344,110	-	1,344,110	-	-	1,344,110
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	588,451	(588,451)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	32	(32)	-	-	-
Expected Return on Investments	-	-	-	-	-	(38,941)
Investment (gain) loss expensed	-	-	-	-	-	7,782
Investment (gain) loss deferred	-	-	-	31,127	-	-
Benefits paid, including refunds of employee contributions	(1,389,941)	(1,389,941)	-	-	-	-
Administrative Expense	-	(37,932)	37,932	-	-	37,932
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(27,291)	(115,606)	(88,315)
<b>Net Changes</b>	<b>2,295,621</b>	<b>(839,390)</b>	<b>3,135,011</b>	<b>3,836</b>	<b>(115,606)</b>	
Balance, End of Year (Dec 31, 2021)	<b>4,248,814</b>	<b>878,361</b>	<b>3,370,453</b>	<b>79,303</b>	<b>308,669</b>	<b>3,604,020</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 2022:

<b>Aggregate OPEB Amounts – All Plans</b>	
OPEB liabilities	\$ (93,475,431)
OPEB assets	-
Deferred outflows of resources	2,031,530
Deferred inflows of resources	(3,046,537)
OPEB expense/expenditures	5,071,978

#### 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, Premera (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 2022	
Union 270 - Clerical				
Union 270 - Labor				Group
Union 270 - Library			Premera	Health
Exempt Confidential		Retiree	\$ 748.53	\$ 770.53
Library Managerial		Retiree and Spouse	\$ 1,628.58	\$ 1,676.99
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, 2022, 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	170	-	-	170	1/1/2022
Police Pension System	139	-	-	139	1/1/2022
<b>Total</b>	<b>309</b>	<b>-</b>	<b>-</b>	<b>309</b>	

Plan	Active	Retiree	Surviving Spouse	Total Members	Membership as of the latest actuarial valuation
Retiree Medical Plan 2	1,737	45	2	1,784	1/1/2022

**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, 2022 and December 31, 2021 for the plans are shown in the following tables.

<b>2022 Funded Status (in thousands)</b>	<b>Firefighters' OPEB</b>	<b>Police OPEB</b>	<b>Retiree Medical Plan 2</b>
Actuarial valuation date	1/1/2022	1/1/2022	1/1/2022
Actuarial value of plan assets	\$ 10,549	\$ -	\$ -
Actuarial accrued liability (AAL)	42,665	50,949	10,410
Unfunded actuarial accrued liability (UAAL)	32,116	50,949	10,410
Funded ratio	24.72%	0.00%	0.00%
Actual contributions	2,501	2,330	330
Covered payroll	N/A	N/A	120,434
UAAL as a percentage of covered payroll	N/A	N/A	8.64%

<b>2021 Funded Status (in thousands)</b>	<b>Firefighters' OPEB</b>	<b>Police OPEB</b>	<b>Retiree Medical Plan 2</b>
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%

**Actuarial Determined Contribution**

	<b>Firefighters' Pension System</b>	<b>2022</b>	<b>2021</b>
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	59,501	60,698
	3. Total normal cost: (1) = (2)	59,501	60,698
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 40,642,932	\$ 42,712,571
	b. Value of plan assets for recommended contribution	10,548,898	12,084,689
	c. Unfunded/(surplus) liability: (a)-(b)	30,094,034	30,627,882
	2. Amortization period in years	15	16
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	2,447,451	2,367,293
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) + B(4)</b>	\$ 2,506,952	\$ 2,427,991
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2022	12/31/2021
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	75,209	72,840
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	2,582,161	2,500,831
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

	<b>Police Pension System</b>	<b>2022</b>	<b>2021</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	\$ 45,842,652	\$ 46,516,461
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	45,842,652	46,516,461
	2. Amortization period in years	15	16
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	3,728,235	3,595,354
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) + B(4)</b>	\$ 3,728,235	\$ 3,595,354
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2022	12/31/2021
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	111,847	107,861
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	3,840,082	3,703,215
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

Retiree Medical Plan 2		2022	2021
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ 741,210	\$ 659,691
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	741,210	659,691
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 10,410,047	\$ 9,070,290
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	10,410,047	9,070,290
	2. Amortization period in years	30	30
	3. Discount rate	1.75%	2.00%
	4. Amortization amount	441,261	397,047
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) + B(4)</b>	\$ 1,182,471	\$ 1,056,738
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2022	12/31/2021
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	20,693	21,135
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	1,203,164	1,077,873
<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, 2021 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
Inflation	2.25% per year	2.25% per year	2.00% per year
Salary increases	N/A	N/A	N/A
Investment rate of return	3.00% per year	N/A	N/A
Discount Rate	2.42% per year	1.84% per year	1.75% per year
Healthcare cost trend rates	7.50% for 2022, decreasing each year to an ultimate rate of 4.5% for 2042 and later years.	7.50% for 2022, decreasing each year to an ultimate rate of 4.5% for 2042 and later years.	7.5% for 2022, decreasing each year to an ultimate rate of 4.50% for 2042 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, 2022 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, 2022 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, we have used the pension 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 2.42%. The projection of cash flows used to determine the discount rate assumed the City future contributions will be made at rates equal to 65% 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 2036 fiscal year. Therefore, the long-term expected rate of return of 3.00% was used to discount funded projected	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 GO AA 20 Years index.	Since the plan is not currently funded, the discount rate is equal to the Fidelity GO AA 20-year municipal bond rate in effect for the beginning of the plan year, rounded to the nearest 0.25%.

	benefit payments and the municipal bond rate of 1.84% 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 2.42%.	
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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:

<b>Firefighters' OPEB</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash and short-term investments	3.34%	1.20%
Domestic Equities	0.00%	8.00%
U.S. Aggregate Bond	96.56%	2.60%
High Yield debt	0.00%	4.40%
Other investments	0.10%	1.20%
<b>Total</b>	<b>100.00%</b>	

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 2.42%. 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, 2022 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, 2021)	43,348,560	12,084,689	31,263,871
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,174,999	-	1,174,999
Difference between expected and actual experience	250,383	-	250,383
Changes in plan provisions	-	-	-
Employer contributions	-	2,500,831	(2,500,831)
Changes in assumptions	1,549,723	-	1,549,723
Net Investment Income:	-	(147,590)	147,590
Benefits paid, including refunds of employee contributions	(3,658,318)	(3,658,318)	-
Administrative Expense	-	(230,714)	230,714
Other Changes	-	-	-
<b>Net Changes</b>	<b>(683,213)</b>	<b>(1,535,791)</b>	<b>852,578</b>
Balance, End of Year (Dec 31, 2022)	<b>42,665,347</b>	<b>10,548,898</b>	<b>32,116,449</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, 2021)	51,167,394	-	51,167,394
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,002,017	-	1,002,017
Difference between expected and actual experience	(94,127)	-	(94,127)
Changes in plan provisions	-	-	-
Employer contributions	-	2,330,329	(2,330,329)
Changes in assumptions	1,006,739	-	1,006,739
Net Investment Income:	-	-	-
Benefits paid, including refunds of employee contributions	(2,133,088)	(2,133,088)	-
Administrative Expense	-	(197,241)	197,241
Other Changes	-	-	-
<b>Net Changes</b>	<b>(218,459)</b>	<b>-</b>	<b>(218,459)</b>
Balance, End of Year (Dec 31, 2022)	<b>50,948,935</b>	<b>-</b>	<b>50,948,935</b>

### Changes in the Total OPEB Liability

Changes in the City's Retiree Medical Plan 2 Total OPEB Liability as of December 31, 2022 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, 2021)	9,070,290
<b>Changes for the year:</b>	
Service Cost	659,691
Interest on the total OPEB liability	191,304
Difference between expected and actual experience	215,239
Changes in benefit terms	-
Change in plan provisions	(127,901)
Employer contributions	-
Changes in assumptions	731,021
Net Investment Income:	
Benefits paid, including refunds of employee contributions	(329,597)
Administrative Expense	-
Other Changes	-
<b>Net Changes</b>	<b>1,339,757</b>
Balance, End of Year (Dec 31, 2022)	<b>10,410,047</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:

Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	35,972,746	32,116,449	28,719,022	2.42%
Police	56,050,155	50,948,935	46,500,322	1.84%

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:

Total OPEB Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Retiree Medical Plan 2	11,421,012	10,410,047	9,485,392	1.75%

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:

Net OPEB Liability Sensitivity to the Healthcare Cost Trend Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	28,836,047	32,116,449	35,797,903	7.5% Decreasing to 4.5%
Police	46,690,023	50,948,935	55,760,666	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:

Total OPEB Liability Sensitivity to the Healthcare Cost Trend Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Retiree Medical Plan 2	9,180,005	10,410,047	11,870,531	7.5% Decreasing to 4.5%

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, 2022, the City recognized OPEB expense increase of \$323,337 for Firefighters' and \$174,797 for the Retiree Medical 2 Plan and reduction of \$218,459 for Police and for a total OPEB expense increase of \$279,675. At December 31, 2022, the City Reported Deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Firefighter's OPEB		Police OPEB	
	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	416,613	(563,139)	-	-
<b>Total</b>	<b>416,613</b>	<b>(563,139)</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	191,324	(1,856,360)
Change of Assumptions	1,423,593	(627,038)
Net difference between projected and actual earnings on pension plan investments	-	-
<b>Total</b>	<b>1,614,917</b>	<b>(2,483,398)</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>	4.0	3.0		
<b>Year</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>	<b>(Inflows)</b>
2023	131,743	(210,513)	-	-
2024	94,957	(210,513)	-	-
2025	94,957	(142,113)	-	-
2026	94,956	-	-	-
2027	-	-	-	-
Thereafter	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>416,613</b>	<b>(563,139)</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>
2023	177,269	(272,901)
2024	177,269	(272,901)
2025	177,269	(272,901)
2026	177,269	(272,901)
2027	177,269	(272,901)
Thereafter	728,574	(1,118,893)
<b>Total Deferred (Inflows)/Outflows</b>	<b>1,614,917</b>	<b>(2,483,398)</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, 2022 and 2021 are as follows:

<b>Fund</b>		<b>2022</b>		<b>2021</b>
Risk Management	\$	1,432,000	\$	3,398,626
Workers' Compensation		5,122,745		5,110,368
Unemployment Insurance		1,050,972		1,019,511
Employee Benefits		18,363,621		17,418,677
	<b>\$</b>	<b>25,969,338</b>	<b>\$</b>	<b>26,947,182</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	129,468,677	Protects the city from loss by fire and other extended coverages
Property (Waste to Energy)	250,000	285,308,630	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	27,236,704	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	150,000	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 2022, 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 \$7.9 million and the Workers' Compensation fund totaled \$7.2 million. The Employee Benefits fund reported IBNR (incurred but not reported) claims of \$2.5 million for 2022. 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, 2021 to December 31, 2022 are shown in the following table:

Claims Liability (in thousands)	General Liability	Workers' Compensation	Health Benefits
Unpaid claims, January 01, 2022	8,593	7,245	2,218
Incurred claims	2,338	2,337	27,098
Adjustments for prior claims	4	1,637	3,055
Claim payments	(2,994)	(3,981)	(29,801)
Unpaid claims, December 31, 2022	7,941	7,238	2,570

## Note 8

### Leases

For the year ended 12/31/2022, the financial statements include the adoption of GASB No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources and a lessee is required to recognize lease liability and an intangible right-to-use lease asset.

#### **A. Lease Receivables** **Governmental Leases**

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 1330 Grand Boulevard to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2403 E 37<sup>th</sup> Avenue to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3103 W 21<sup>st</sup> Avenue to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3726 Little Lane to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31,

2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 4327 E 57<sup>th</sup> Street to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2022, the City's receivable for the lease was \$651,063. The City recognized \$46,405 in lease revenue and \$8,377 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,064. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 4546 W Strong Road to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,514. As of December 31, 2022, the City's receivable for the lease was \$651,106. The City recognized \$46,408 in lease revenue and \$8,378 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$638,106. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 7910 S Thomas Mallen Road to a third party. The lease is for 225 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$871,536. As of December 31, 2022, the City's receivable for the lease was \$841,667. The City recognized \$46,482 in lease revenue and \$11,914 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$825,054. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 9470 N Colton Street to a third party. The lease is for 225 months and the City will receive annual fixed payments of \$18,281. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$375,499. As of December 31, 2022, the City's receivable for the lease was \$361,018. The City recognized \$20,027 in lease revenue and \$3,800 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$355,472. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 1330 S Grand Boulevard to a third party. The lease is for 224 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$776,575. As of December 31, 2022, the City's receivable for the lease was \$752,037. The City recognized \$41,602 in lease revenue and \$10,631 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$734,973. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2900 S Geiger Boulevard to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$683,930. As of December 31, 2022, the City's receivable for the lease was \$657,624. The City recognized \$41,036 in lease revenue and \$8,864 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$642,894. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3103 W 21<sup>st</sup> Avenue to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,863. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$675,870. As of December 31, 2022, the City's receivable for the lease was \$649,875. The City recognized \$40,552 in lease revenue and \$8,759 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$635,318. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 198 months and the City will receive monthly fixed payments of \$2,984. The lease has an interest rate of 1.408%. An initial lease receivable was recorded in the amount of \$702,227. As of December 31, 2022, the City's receivable for the lease was \$674,677. The City recognized \$42,559 in lease revenue and \$8,883 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$659,668. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3403 E 37<sup>th</sup> Avenue to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$686,006. As of December 31, 2022, the City's receivable for the lease was \$659,830. The City recognized \$41,017 in lease revenue and \$8,892 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$644,990. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 5603 S Savannah Lane to a third party. The lease is for 224 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$776,575. As of December 31, 2022, the City's receivable for the lease was \$752,037. The City recognized \$41,602 in lease revenue and \$10,631 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$734,973. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 9470 N Colton Street to a third party. The lease is for 199 months and the City will receive monthly fixed payments of \$1,343. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$237,826. As of December 31, 2022, the City's receivable for the lease was \$224,768. The City recognized \$14,341 in lease revenue and \$3,056 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$223,485. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower location located on the Playfair Racetrack property located at 300 N Altamont Street to a third party. The lease is for 199 months and the City will receive monthly variable principal and interest payments of \$2,033 based on a CPI index with a minimum increase of 3.00%. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$370,894. As of December 31, 2022, the City's receivable for the lease was \$350,530. The City recognized \$22,365 in lease revenue and \$4,765 in interest revenue during the current fiscal year. Additional variable revenues of \$942 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$348,528. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 120 months and the City will receive monthly fixed payments of \$2,799. The lease has an interest rate of 1.205%. An initial lease receivable was recorded in the amount of \$370,066. As of December 31, 2022, the City's receivable for the lease was \$340,488. The City recognized \$37,007 in lease revenue and \$4,010 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$333,060. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 7910 S Thomas Mallen Road to a third party. The lease is for 120 months and the City will receive monthly fixed payments of \$2,799. The lease has an interest rate of 1.205%. An initial lease receivable was recorded in the amount of \$370,153. As of December 31, 2022, the City's receivable for the lease was \$340,488. The City recognized \$37,015 in lease revenue and \$3,923 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$333,138. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing a portion of Cowley Park to a third party. The lease is for 55 months and the City will receive quarterly fixed payments of \$3,939. The lease has an interest rate of 0.686%. An initial lease receivable was recorded in the amount of \$69,835. As of December 31, 2022, the City's receivable for the lease was \$54,440. The City recognized \$15,237 in lease revenue and \$359 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$54,598.

On January 1, 2022, the City began leasing space at 514 N Monroe Street for an advertising structure to a third party. The lease is for 60 months and the City will receive annual fixed payments of \$1,800. The lease has an interest rate of 0.686%. An initial lease receivable was recorded in the amount of \$8,878. As of December 31, 2022, the City's receivable for the lease was \$7,078. The City recognized \$1,776 in lease revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$7,103. The City had a termination period of 1 month as of lease commencement.

On January 1, 2022, the City began leasing a cellular phone tower location at Joe Albi Stadium to a third party. The lease is for 100 months and the City will receive monthly fixed payments of \$2,214. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$246,021. As of December 31, 2022, the City's receivable for the lease was \$221,157. The City recognized \$29,522 in lease revenue and \$2,321 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$216,498. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing a cellular phone tower location at Joe Albi Stadium to a third party. The lease is for 324 months and the City will receive monthly fixed payments of \$2,079. The lease has an interest rate of 1.721%. An initial lease receivable was recorded in the amount of \$788,516. As of December 31, 2022, the City's receivable for the lease was \$775,898. The City recognized \$29,204 in lease revenue and \$12,331 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$759,312. The lessee has 5 extension options, each for 60 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 100 months and the City will receive monthly variable payments of \$3,263 based on CPI. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$312,158. As of December 31, 2022, the City's receivable for the lease was \$275,920. The City recognized \$37,459 in lease revenue and \$2,921 in interest revenue during the current fiscal year. Additional variable revenues of \$2,913 were received during the year. The City also has a deferred inflow of resources associated with the lease that

will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$274,699. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 36 months and the City will receive monthly fixed payments of \$2,516. The lease has an interest rate of 0.426%. An initial lease receivable was recorded in the amount of \$92,723. As of December 31, 2022, the City's receivable for the lease was \$62,839. The City recognized \$30,908 in lease revenue and \$304 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$61,815. The lessee has 2 extension options, each for 12 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 185 months and the City will receive monthly fixed payments of \$2,558. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$509,695. As of December 31, 2022, the City's receivable for the lease was \$498,158. The City recognized \$33,061 in lease revenue and \$6,371 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$476,633. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 97 months and the City will receive monthly variable principal and interest payments of \$2,104 based on CPI. Lease payments will not be made more frequently than at 2 year intervals. The City must provide written notice of lease payment adjustments at least 210 days in advance. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$211,062. As of December 31, 2022, the City's receivable for the lease was \$187,097. The City recognized \$26,111 in lease revenue and \$1,978 in interest revenue during the current fiscal year. Additional variable revenues of \$2,956 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$184,951. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City entered into an easement lease for the northeast side of Sprague Way with a third party. The lease is for 199 months and the City will receive annual variable payments of \$14,343 based on CPI. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$204,849. As of December 31, 2022, the City's receivable for the lease was \$192,229. The City recognized \$12,353 in lease revenue and \$1,723 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$192,496. The lessee had a termination period of 6 months from lease commencement.

On November 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2216 Strong Road to a third party. The lease is for 240 months and the City will receive monthly fixed payments of \$3,200. The lease has an interest rate of 4.116%. An initial lease receivable was recorded in the amount of \$683,693. As of December 31, 2022, the City's receivable for the lease was \$379,627. The City recognized \$5,697 in lease revenue and \$2,334 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$677,996. The lessee has 5 extension options, each for 60 months.

On November 1, 2022, the City began leasing a cellular tower connection point on the structure located at 5717 S Parkridge Boulevard to a third party. The lease is for 240 months and the City will receive monthly fixed payments of \$3,200. The lease has an interest rate of 4.116%. An initial lease receivable was recorded in the amount of \$683,693. As of December 31, 2022, the City's receivable for the lease was \$379,627. The City recognized \$5,697 in lease revenue and \$2,334 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$677,996. The lessee has 5 extension options, each for 60 months.

As of December 31, 2022, future lease receivable principal and interest receipts are as follows:

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	744,524	240,347	984,872
2024	782,800	229,739	1,012,539
2025	788,765	218,579	1,007,344
2026	820,222	206,867	1,027,089
2027	851,344	194,576	1,045,920
2028-2032	4,542,582	768,502	5,311,084
2033-2037	4,483,931	397,472	4,881,403
2038-2042	1,497,797	106,909	1,604,707
2043-2047	231,318	15,098	246,417
2048	53,308	498	53,806
<b>Total</b>	<b>\$ 14,796,592</b>	<b>\$ 2,378,589</b>	<b>\$ 17,175,181</b>

**B. Lease Payables**  
**Governmental Leases**

On January 1, 2022, the City entered into a 35 month sublease agreement as lessee for the use of approximately 300 rentable square feet of premises located at 1603 N Belt Street for use as a small operational police station. An initial lease liability was recorded in the amount of \$13,545. As of December 31, 2022, the value of the lease liability was \$8,959. The City is required to make monthly principal and interest payments of \$385. The lease has an interest rate of 0.426%. The leased space's estimated useful life is 35 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$13,545 with accumulated amortization of \$4,644 is included with the right-to-use leased buildings in Note 4.

On January 1, 2022, the City entered into a 37 month sublease agreement as lessee for the use of approximately 2,167 rentable square feet of the premises located at 930 N Monroe Street for use as office space for the Spokane Domestic Violence team. An initial lease liability was recorded in the amount of \$41,250. As of December 31, 2022, the value of the lease liability was \$27,921. The City is required to make monthly principal and interest payments of \$1,122. The lease has an interest rate of 0.426%. The leased space's estimated useful life is 37 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$41,250 with accumulated amortization of \$13,378 is included with the right-to-use leased buildings in Note 4.

On January 1, 2022, the City entered into a 222 month lease agreement as lessee for the use of the premises at 111 N Wall Street for use as the downtown police precinct. An initial lease liability was recorded in the amount of \$3,413,847. As of December 31, 2022, the value of the lease liability was \$3,296,558. The City is required to make monthly principal and interest payments of \$13,368. The lease has an interest rate of 1.481%. The leased space's estimated useful life is 222 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$3,413,847 with accumulated amortization of \$184,532 is included with the right-to-use leased buildings in Note 4. The City has 2 extension options, each for 60 months.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of exterior building space for one microwave dish located at the Mt. Baldy radio communication site. An initial lease liability was recorded in the amount of \$25,875. As of December 31, 2022, the value of the lease liability was \$25,200. The City is required to make annual principal and interest payments of \$675. The lease has an interest rate of 0.552%. The leased spaces estimated useful life is 48 months as of contract commencement. As of December 31, 2022,

the value of the right-to-use asset of \$25,875 with accumulated amortization of \$6,469 is included with the right-to-use leased buildings in Note 4. The City has 3 extension options, each for 60 months.

On January 1, 2022, the City entered into a 156 month lease agreement as lessee for the use of exterior building space for two microwave dishes located at the Mt. Baldy radio communication site. An initial lease liability was recorded in the amount of \$81,134. As of December 31, 2022, the value of the lease liability was \$75,494. The City is required to make annual principal and interest payments of \$5,639. The lease has an interest rate of 1.306%. The leased spaces estimated useful life is 156 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$81,134 with accumulated amortization of \$6,241 is included with the right-to-use leased buildings in Note 4. The City has 2 extension options, each for 60 months.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a Pitney Bowes Send Pro Series mail machine and accessories by Municipal Court. An initial lease liability was recorded in the amount of \$14,014. As of December 31, 2022, the value of the lease liability was \$10,525. The City is required to make monthly principal and interest payments of \$885. The lease has an interest rate of 0.552%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$14,014 with accumulated amortization of \$3,504 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of an IX-5 Series mail machine with accessories by the Library. An initial lease liability was recorded in the amount of \$2,461. As of December 31, 2022, the value of the lease liability was \$1,849. The City is required to make quarterly principal and interest payments of \$155. The lease has an interest rate of 0.552%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$2,461 with accumulated amortization of \$614 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 111 month lease agreement as lessee for the use of a solar waste receptacles by the Parks department. An initial lease liability was recorded in the amount of \$89,243. As of December 31, 2022, the value of the lease liability was \$79,092. The City is required to make annual principal and interest payments of \$10,410. The lease has an interest rate of 1.161%. The leased equipment's estimated useful life is 111 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$89,243 with accumulated amortization of \$9,648 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 60 months.

On January 1, 2022, the City entered into a 30 month lease agreement as lessee for the use of one Pitney Bowes SendPro3000 Mailing Machine and one Pitney Bowes Relay 7000 Tabletop Inserter with associated software by the Mail Center. An initial lease liability was recorded in the amount of \$113,688. As of December 31, 2022, the value of the lease liability was \$68,305. The City is required to make quarterly principal and interest payments of \$11,427. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 30 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$113,688 with accumulated amortization of \$44,294 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 30 month lease agreement as lessee for the use of a RISO ComColor GD9630 printer by the Mail Center. An initial lease liability was recorded in the amount of \$73,507. As of December 31, 2022, the value of the lease liability was \$44,159. The City is required to make quarterly principal and interest payments of \$7,387. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 30 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$73,507 with accumulated amortization of \$28,953 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 17 month lease agreement as lessee for the use of a Canon Duplo Booklet Maker by the Reprographics department. An initial lease liability was recorded in the amount of \$14,474. As of December 31, 2022, the value of the lease liability was \$4,261. The City is required to make monthly principal and interest payments of \$853. The lease has an interest rate of 0.238%. The leased equipment's



estimated useful life is 17 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$14,474 with accumulated amortization of \$10,217 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On July 1, 2022, the City entered into a 60 month lease agreement as lessee for the use of one Toro Pro Force Debris Blower, three Toro Groundsmaster 3300 mowers, one Toro Groundsmaster 3200 mower, and one Toro Grandstand mower by the Parks department. An initial lease liability was recorded in the amount of \$230,732. As of December 31, 2022, the value of the lease liability was \$209,070. The City is required to make monthly principal and interest payments of \$4,082. The lease has an interest rate of 3.090%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$230,732 with accumulated amortization of \$22,820 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On October 1, 2022, the City entered into a 60 month lease agreement as lessee for the use of one Toro Groundsmaster 5900 mower with all attachments and accessories to the Parks department. An initial lease liability was recorded in the amount of \$124,065. As of December 31, 2022, the value of the lease liability was \$118,002. The City is required to make monthly principal and interest payments of \$2,229. The lease has an interest rate of 3.090%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$124,065 with accumulated amortization of \$6,203 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On January 1, 2022, the City entered into a 33 month lease agreement as lessee for the use of a 2021 Ford F250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$17,327. As of December 31, 2022, the value of the lease liability was \$11,191. The City is required to make monthly principal and interest payments of \$516. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 33 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$17,327 with accumulated amortization of \$6,301 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,579 and has a termination penalty of \$400.

On January 1, 2022, the City entered into 5 separate 33 month lease agreements as lessee for the use of 5 2021 Ford F250 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$89,330. As of December 31, 2022, the value of the combined lease liability was \$58,608. The City is required to make monthly principal and interest payments of \$517 for each lease. The leases have an interest rate of 0.426%. The leased equipment's estimated useful lives are 33 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$89,330 with accumulated amortization of \$32,063 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$15,604 and has a termination penalty of \$400.

On January 1, 2022, the City entered into a 33 month lease agreement as lessee for the use of a 2021 Ford F250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$17,866. As of December 31, 2022, the value of the lease liability was \$11,722. The City is required to make monthly principal and interest payments of \$517. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 33 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$17,866 with accumulated amortization of \$6,400 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,604 and has a termination penalty of \$400.

On January 1, 2022, the City entered into 2 separate 34 month lease agreements as lessee for the use of 2 2021 Ford F250 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$35,904. As of December 31, 2022, the value of the combined lease liability was \$23,544. The City is required to make monthly principal and interest payments of \$519 for each lease. The leases have an interest rate of 0.426%. The leased equipment's estimated useful lives are 34 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$35,904 with

accumulated amortization of \$12,672 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$15,604 and has a termination penalty of \$400.

On January 1, 2022, the City entered into a 35 month lease agreement as lessee for the use of a 2021 Ford F250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$19,133. As of December 31, 2022, the value of the lease liability was \$12,911. The City is required to make monthly principal and interest payments of \$524. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 35 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$19,133 with accumulated amortization of \$6,541 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,604 and has a termination penalty of \$400.

On January 1, 2022, the City entered into a 34 month lease agreement as lessee for the use of a 2021 Ford F250 pickup truck in the Parks department. The lease agreement was terminated on August 16, 2022 because the vehicle was wrecked and disposed of.

On January 1, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2021 Ford Transit 350 van in the Parks department. An initial lease liability was recorded in the amount of \$26,552. As of December 31, 2022, the value of the lease liability was \$17,865. The City is required to make monthly principal and interest payments of \$731. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$26,552 with accumulated amortization of \$8,580 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,621 and has a termination penalty of \$400.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a 2022 Caterpillar 420 backhoe in the Parks department. An initial lease liability was recorded in the amount of \$35,454. As of December 31, 2022, the value of the lease liability was \$27,229. The City is required to make annual principal and interest payments of \$10,091. The lease has an interest rate of 5.49%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$35,454 with accumulated amortization of \$8,772 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$61,170.

On January 14, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2021 Ford F150 pickup truck in the Engineering department. An initial lease liability was recorded in the amount of \$18,207. As of December 31, 2022, the value of the lease liability was \$12,292. The City is required to make monthly principal and interest payments of \$498. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$18,207 with accumulated amortization of \$5,850 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,600 and has a termination penalty of \$400.

On February 10, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2021 Ford F150 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$36,914. As of December 31, 2022, the value of the combined lease liability was \$25,918. The City is required to make monthly principal and interest payments of \$505 for each lease. The leases have an interest rate of 0.426%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$36,914 with accumulated amortization of \$10,972 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,600 and has a termination penalty of \$400.

On July 19, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Chevrolet Bolt EV 4 door wagons in the Parking Enforcement department. An initial lease liability was recorded for the combined leases in the amount of \$38,564. As of December 31, 2022, the value of the combined lease

liability was \$32,382. The City is required to make monthly principal and interest payments of \$542 for each lease. The leases have an interest rate of 2.184%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$38,564 with accumulated amortization of \$5,785 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On August 16, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Chevrolet Bolt EV 4 door wagons in the Parking Enforcement department. An initial lease liability was recorded for the combined leases in the amount of \$38,616. As of December 31, 2022, the value of the combined lease liability was \$33,450. The City is required to make monthly principal and interest payments of \$543 for each lease. The leases have an interest rate of 2.184%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$38,616 with accumulated amortization of \$4,827 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On August 31, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Chevrolet Bolt EV 4 door wagon by the Parking Enforcement department. An initial lease liability was recorded in the amount of \$19,452. As of December 31, 2022, the value of the lease liability was \$16,849. The City is required to make monthly principal and interest payments of \$547. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$19,452 with accumulated amortization of \$2,185 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On September 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a new TRANS6E Club Car golf cart at Riverfront Park. An initial lease liability was recorded in the amount of \$16,384. As of December 31, 2022, the value of the lease liability was \$15,046. The City is required to make monthly principal and interest payments of \$357. The lease has an interest rate of 2.275%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$16,384 with accumulated amortization of \$1,365 is included with the right-to-use leased machinery and equipment in Note 4.

On September 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a new TRANS6E Club Car golf cart at Riverfront Park. An initial lease liability was recorded in the amount of \$15,862. As of December 31, 2022, the value of the lease liability was \$14,567. The City is required to make monthly principal and interest payments of \$345. The lease has an interest rate of 2.275%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$15,862 with accumulated amortization of \$1,322 is included with the right-to-use leased machinery and equipment in Note 4.

On September 13, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck in the Code Enforcement department. An initial lease liability was recorded in the amount of \$18,819. As of December 31, 2022, the value of the lease liability was \$16,801. The City is required to make monthly principal and interest payments of \$529. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$1,882 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,223 and has a termination penalty of \$400.

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

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	451,973	64,343	516,317
2024	415,824	57,841	473,665
2025	278,039	51,750	329,790
2026	234,970	46,384	281,354
2027	212,485	41,845	254,330
2028-2032	931,796	167,362	1,099,158
2033-2037	1,120,478	91,959	1,212,438
2038-2040	654,213	12,735	666,948
<b>Total</b>	<b>\$ 4,299,779</b>	<b>\$ 534,220</b>	<b>\$ 4,833,999</b>

#### **Business-type Leases**

On January 1, 2022, the City entered into a 75 month lease agreement as lessee for the use of a solar waste receptacles by the Solid Waste Collections department. An initial lease liability was recorded in the amount of \$418,151. As of December 31, 2022, the value of the lease liability was \$347,728. The City is required to make annual principal and interest payments of \$71,293. The lease has an interest rate of 0.833%. The leased equipment's estimated useful life is 75 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$418,151 with accumulated amortization of \$66,904 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 60 months.

On January 1, 2022, the City entered into a 119 month lease agreement as lessee for the use of a solar waste receptacles by the Solid Waste Collections department. An initial lease liability was recorded in the amount of \$222,828. As of December 31, 2022, the value of the lease liability was \$199,139. The City is required to make annual principal and interest payments of \$26,352. The lease has an interest rate of 1.284%. The leased equipment's estimated useful life is 119 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$222,828 with accumulated amortization of \$22,439 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 60 months.

On January 1, 2022, the City entered into a 52 month lease agreement as lessee for the use of one Toro Groundsmaster 4500 mower, five Toro Greenmaster 3320 Triflex Hybrid-Gas mowers, two Toro MultiPro 5800G with Excelerate mowers, and one Toro ProPass 200 Wireless mower with all attachments and accessories for use at City owned golf courses. An initial lease liability was recorded in the amount of \$295,194. As of December 31, 2022, the value of the lease liability was \$220,095. The City is required to make annual principal and interest payments of \$78,394. The lease has an interest rate of 3.39%. The leased equipment's estimated useful life is 52 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$295,194 with accumulated amortization of \$68,112 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On January 1, 2022, the City entered into a 196 month lease agreement as lessee for the use of approximately 40 acres of land in the Spokane International Airport Business Park as a site for the Waste to Energy Plant operated by the Solid Waste Disposal department. An initial lease liability was recorded in the amount of \$1,987,919. As of December 31, 2022, the value of the lease liability was \$1,873,864. The City is required to make quarterly principal and interest payments of \$34,189. The lease has an interest rate of 1.408%. The leased spaces estimated useful life is 196 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$1,987,919 with accumulated amortization of \$121,709 is included with the right-to-use leased land in Note 4. The City has 3 extension options, each for 60 months.

On January 25, 2022, the City entered into a 24 month lease agreement as lessee for the use of a Kenworth TADC semi truck by the Solid Waste Disposal department. An initial lease liability was recorded in the amount of \$84,654. As of December 31, 2022, the value of the lease liability was \$42,823. The City is required to make monthly principal and interest payments of \$2,700. The lease has an interest rate of 0.330%. The leased equipment's estimated useful life is 24 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$84,654 with accumulated amortization of \$39,505 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 12 months.

On September 13, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck by the Riverside Park Water Reclamation Facility. An initial lease liability was recorded in the amount of \$18,819. As of December 31, 2022, the value of the lease liability was \$16,801. The City is required to make monthly principal and interest payments of \$529. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$1,882 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,223 and has a termination penalty of \$400.

On October 26, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Escape all-wheel drive vehicle by the Water department. An initial lease liability was recorded in the amount of \$18,936. As of December 31, 2022, the value of the lease liability was \$17,412. The City is required to make monthly principal and interest payments of \$541. The lease has an interest rate of 3.238%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2022, the value of the right-to-use asset of \$18,936 with accumulated amortization of \$1,140 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,127 and has a termination penalty of \$400.

On October 26, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Ford Escape all-wheel drive vehicles in the Building Services department. An initial lease liability was recorded for the combined leases in the amount of \$37,872. As of December 31, 2022, the value of the combined lease liability was \$34,825. The City is required to make monthly principal and interest payments of \$541 for each lease. The leases have an interest rate of 3.238%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2022, the combined value of the right-to-use assets of \$37,872 with accumulated amortization of \$2,279 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,127 and has a termination penalty of \$400.

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

<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	298,155	40,447	338,602
2024	303,732	34,870	338,602
2025	304,055	29,166	333,222
2026	210,578	23,823	234,401
2027	213,117	21,283	234,401
2028-2032	689,326	73,508	762,834
2033-2037	656,832	26,945	683,777
2038-2042	34,068	120	34,188
<b>Total</b>	<b>\$ 2,709,863</b>	<b>\$ 250,162</b>	<b>\$ 2,960,025</b>

## 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, 2022 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	59,470,000
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	7,280,197
UTGO 2017 Refunding	Refund UTGO 2008 Parks/Aquatics	4.00%-5.00%	30,000,000	25,030,000	13,895,000
UTGO 2018	Finance improvements to and expansion of the Spokane Public Library facilities	3.125%-5.00%	77,000,000	73,605,000	71,000,000
<b>Total general obligation bonds</b>				<b>\$ 223,177,449</b>	<b>\$ 199,950,197</b>

At December 31, 2022, the City has \$8.5 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
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	10,800,000	6,474,198	17,274,198
2028-2032	75,085,000	24,906,640	99,991,640
2033-2037	52,555,000	10,686,207	63,241,207
2038-2042	27,125,000	4,504,125	31,629,125
2043	6,665,000	241,606	6,906,606
<b>Total</b>	<b>\$ 199,950,197</b>	<b>\$ 75,837,442</b>	<b>\$ 275,787,639</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, 2022 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	14,598,300
<b>Total Direct Borrowings</b>				<b>\$ 21,601,900</b>	<b>\$ 14,598,300</b>

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

<b>Governmental Activities</b>			
Year	Principal	Interest	Total
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>\$ 14,598,300</b>	<b>\$ 507,093</b>	<b>\$ 15,105,393</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%	\$ 117,647
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%	5,864,541
State Revolving Loans	Various Water/Wastewater System improvements	1.50% - 2.90%	102,264,200
<b>Total government and other loans</b>			<b>\$ 108,446,388</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>
2023	58,824	588	59,412
2024	58,824	294	59,118
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
2033-2037	-	-	-
2038-2042	200,000	-	200,000
<b>Total</b>	<b>\$ 317,647</b>	<b>\$ 882</b>	<b>\$ 318,529</b>

<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	6,315,284	2,073,487	8,388,771
2024	6,499,134	1,955,494	8,454,628
2025	6,581,905	1,834,515	8,416,419
2026	6,366,323	1,711,733	8,078,056
2027	6,443,750	1,588,336	8,032,086
2028-2032	33,477,694	6,008,005	39,485,700
2033-2037	31,450,068	2,676,493	34,126,562
2038-2042	10,994,584	331,241	11,325,825
<b>Total</b>	<b>\$ 108,128,741</b>	<b>\$ 18,179,306</b>	<b>\$ 126,308,047</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, 2022, the amount of CLID Special Assessment delinquency equals \$128,663.

### **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 \$162,606,138. Principal and interest paid for the current year and total customer net revenues were \$13,549,778 and \$13,549,778, 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%	\$ 127,390,000
<b>Total revenue bonds</b>			<b>\$ 127,390,000</b>

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

<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	8,330,000	5,218,028	13,548,028
2024	8,750,000	4,801,528	13,551,528
2025	9,185,000	4,364,028	13,549,028
2026	9,645,000	3,904,778	13,549,778
2027	9,935,000	3,615,428	13,550,428
2028-2032	55,895,000	11,860,725	67,755,725
2033-2034	25,650,000	1,451,625	27,101,625
<b>Total</b>	<b>\$ 127,390,000</b>	<b>\$ 35,216,138</b>	<b>\$ 162,606,138</b>

## B. Changes in Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

Long-Term Liabilities	Outstanding 12/31/21	Additions	Reductions	Outstanding 12/31/22	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	205,038,655	-	(5,088,458)	<b>199,950,197</b>	5,694,179
Deferred amounts:					
Bond premiums at issuance	9,439,911	-	(192,564)	<b>9,247,347</b>	308,946
Bond premiums on refunding	4,874,077	-	(392,445)	<b>4,481,632</b>	445,381
Direct Borrowing	18,124,500	-	(3,526,200)	<b>14,598,300</b>	3,574,900
Government loans	376,471	-	(58,824)	<b>317,647</b>	58,824
Revitalization Areas <sup>1</sup>	2,202,182	-	(338,186)	<b>1,863,996</b>	318,204
Lease liability <sup>4</sup>	4,105,260	584,167	(389,648)	<b>4,299,779</b>	451,973
Claims and judgments	18,055,637	-	(306,543)	<b>17,749,094</b>	17,749,094
Pollution Remediation Liability <sup>2</sup>	1,620,000			<b>1,620,000</b>	-
OPEB liability <sup>3</sup>	88,687,873	852,578	795,860	<b>90,336,311</b>	207,736
Net pension liability	103,319,652	3,135,011	(11,781,602)	<b>94,673,061</b>	-
Compensated absences	20,349,687	453,157	(286,473)	<b>20,516,371</b>	1,930,277
<b>Total long term liabilities - governmental activities</b>	<b>476,193,905</b>	<b>5,024,913</b>	<b>(21,565,082)</b>	<b>459,653,734</b>	<b>30,739,514</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 OPEB Liability per GASB 74/75					
<sup>4</sup> Beginning balance restated due to implementation of GASB 87. See Note 8 for more information related to lease liabilities related to GASB 87					
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds:					
General obligation bonds	-	-	-	-	-
Revenue bonds	135,325,000	-	(7,935,000)	<b>127,390,000</b>	8,330,000
Deferred amounts:					
Bond premiums at issuance	13,011,122	-	(1,646,989)	<b>11,364,133</b>	1,810,942
Bond premiums on refunding	-	-	-	-	-
Total bonds payable	148,336,122	-	(9,581,989)	<b>138,754,133</b>	10,140,942
Government loans	100,197,823	13,762,414	(5,831,496)	<b>108,128,741</b>	6,315,284
Net pension liability	71,366,252	-	(9,074,218)	<b>62,292,034</b>	-
Total OPEB liability <sup>1</sup>	2,813,682	325,438	-	<b>3,139,120</b>	89,688
Landfill liabilities:					
Landfill closure	1,809,259	462,395	-	<b>2,271,654</b>	659,662
Postclosure monitoring	5,388,523	77,715	-	<b>5,466,238</b>	1,587,331
Lease liability <sup>2</sup>	2,924,052	75,627	(289,816)	<b>2,709,863</b>	298,155
Compensated absences	7,338,291	477,911	(81,802)	<b>7,734,400</b>	447,092
<b>Total long term liabilities - business-type activities</b>	<b>340,174,004</b>	<b>15,181,500</b>	<b>(24,859,321)</b>	<b>330,496,183</b>	<b>19,538,153</b>
<sup>1</sup> See Note 6 for more information related to OPEB Liability per GASB 74/75					
<sup>2</sup> Beginning balance restated due to implementation of GASB 87. See Note 8 for more information related to lease liabilities related to GASB 87					

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	\$ 17.7 million
Net pension liability	\$ 20.2 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 2022 is \$ 26,208 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.

<b>Legal Debt Margin</b>	<b>Total</b>
General purpose voted and non-voted debt - 1.5%	\$ 322,612,410
Utility voted debt - 2.5%	440,323,113
Open space and park facilities voted debt - 2.5%	655,189,257
<b>Total remaining debt capacity</b>	<b>\$ 1,418,124,780</b>

## 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, 2022 were as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	7,947,738	5,207,779
American Recovery Plan	23,533	255
Water/Sewer Fund	824,932	4,452,645
Solid Waste Fund	216,260	2,906,550
Non-major Governmental Funds	6,779,397	9,015,135
Non-major Enterprise Funds	46,498	329,621
Internal Service Funds	8,177,714	2,104,087
<b>Total Government Wide</b>	<b>24,016,072</b>	<b>24,016,072</b>

#### B. Interfund Loans

Interfund loans are loans between funds for capital or cash flow purposes. These loans are offset by interfund loans receivable/advances to other funds as shown on the balance sheet across the funds. 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, 2022 are as follows:

Loan To:	Loan From:
<b>Property Acquisition Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
Gardner Building	945,780
Alki Building	1,461,667
University District Gateway	2,864,304
West Plains Fire Station	505,577
Public Safety Capital	8,769,664
Nelson Service Center	1,656,745
Engineering	-
Golf Courses	6,900,426
Strategic Investments	948,353
Maple St Gateway	210,970
Bond Refunding <sup>2</sup>	2,150,547
Dental Clinic	736,751
Engineering Relocation	907,528
East Sprague Reconstruction	2,000,000
Parking Meters 2021	967,426

<b>Loan To:</b>	<b>Loan From:</b>
<b>Property Acquisition Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
CLID 219	-
CLID 221	7,084
CLID 223	225,312
CLID 224A	101,768
<b>Total</b>	<b>31,359,902</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>	184,484

<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	90,390
Human Services Grant Fund	4,897,468
Community Development/Human Services Operations Fund <sup>2</sup>	600,000
Community Development Block Grant Fund	1,531,650
HOME Program Fund	58,938
Emergency Rental Assistance	-
<b>Total</b>	<b>7,178,446</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, 2022 are as follows:

		Transfer To:						
Transfer From:		Transfer To:						
Fund	General Fund	American Recovery Plan	Non-major Governmental Funds	Water/Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Internal Service Funds	Total
General Fund	-	-	28,324,180	-	-	-	12,323,246	<b>40,647,426</b>
American Recovery Plan	6,200,000	-	-	-	-	-	287,689	<b>6,487,689</b>
Water/Sewer Fund	-	-	5,845,002	-	50,000	-	10,025	<b>5,905,027</b>
Solid Waste Fund	-	-	450,000	-	-	-	21,969	<b>471,969</b>
Non-major Governmental Funds	708,185	160,000	13,876,597	-	-	53,794	1,296,670	<b>16,095,246</b>
Non-major Enterprise Funds	-	-	522,485	-	-	-	573,015	<b>1,095,500</b>
Internal Service Funds	181,965	-	-	-	-	-	666,092	<b>848,057</b>
<b>Total</b>	<b>7,090,150</b>	<b>160,000</b>	<b>49,018,264</b>	<b>-</b>	<b>50,000</b>	<b>53,794</b>	<b>15,178,706</b>	<b>71,550,914</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 Streets 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 General Fund, from Water/Sewer to Streets and Parks, and from Golf to Parks 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 Police and Fire overtime and purchase of Police vehicles.

## 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 audited summary below is for the fiscal year ended December 31, 2021 for the Spokane International Airport. The 2022 information was not available as of issuance.

<b>Spokane International Airport</b>	<b>2021</b>
Total Assets	\$ 372,745,671
Total Deferred Outflow of Resou	2,557,852
Total Liabilities	(23,605,647)
Total Deferred Inflow of Resourc	(8,320,750)
Total Net Position	<b>\$ 343,377,126</b>
Total Revenues	\$ 40,625,416
Total Capital Contributions	14,721,846
Total Expenses	(52,843,248)
Total Nonoperating Revenue &	21,754,891
Net Increase in Net Position	<b>\$ 24,258,905</b>
Net Position, Beginning of Year <sup>1</sup>	\$ 319,118,221
Net Increase in Net Position	24,258,905
Net Position, End of Year	<b>\$ 343,377,126</b>

At December 31, 2021, the airport had no other long-term debts payable.

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 unaudited summary for the fiscal year ended December 31, 2022 is presented below.

<b>Spokane Regional Transportation Council</b>	<b>2022</b>
Total Assets	\$ 650,478
Total Liabilities	(650,478)
Total Net Position	<u>\$ -</u>
Total Revenues	\$ 2,458,070
Total Expenses	(2,444,372)
Net Decrease in Net Position	<u>\$ 13,698</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, 2022 is presented below.

<b>West Plains Airport Area Public Development Authority</b>	<b>2022</b>
Total Assets	\$ 18,312,673
Total Liabilities	(6,326,064)
Total Net Position	<b>\$ 11,986,609</b>
Total Revenues	\$ 10,985,062
Total Expenses	(938,642)
Net Increase in Net Position	<b>\$ 10,046,420</b>
Net Position, Beginning of Year	\$ 1,940,189
Net Increase in Net Position	10,046,420
Net Position, End of Year	<b>\$ 11,986,609</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 \$1,733,136 with the State of Washington which represents the full present value of the pensions as of June 30, 2022. 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. The City will remit \$89,271 for the 2022 deficit.

#### 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, 2022. 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 12/31/22</b>
2021 Drainage Swale Rehab	126,187	115,768	10,419
2021 Residential Grind and Overlay - North	2,870,272	1,664,590	1,205,682
2022 Paving Unpaved Streets	515,786	361,281	154,505
2022 Residential Grind and Overlay	1,859,000	-	1,859,000
5 Mile Booster Station Replacement	3,452,293	3,008,870	443,423
Butterfly fabrication/installation	265,834	-	265,834
CCB Roof Replacement	1,000,000	178,935	821,065
Centennial Trail - Summit Blvd. Gap from Boone Avenue to Pettet Drive	2,156,543	1,960,135	196,408
City Hall Roof	1,670,806	-	1,670,806
Cochran Basin Conveyance - TJ Meenach to Downrive Golf Course	3,051,482	2,583,793	467,689
Cochran Basin DOE Storm	1,462,978	360,526	1,102,452
CSO 26 Control Facility	35,183,526	33,504,896	1,678,630
Cure In Place Pipe	1,623,457	860,491	762,966
Cycle 9 Photo Red Traffic Calming Projects	548,136	341,284	206,852
Cycle 9 School Safety Traffic Calming Projects	1,757,003	942,644	814,359
Ermina & Greene Signal Relocation	99,147	56,054	43,093
Havana Well Station Phase 1	6,841,969	1,967,898	4,874,071
Highway 902 Water Main Relocation	680,126	441,653	238,473
Hoffman Well Rehab	2,886,754	722,340	2,164,414
Illinois Grind and Overlay	2,560,214	2,049,056	511,158
Intermodal ADA Ramp	14,715	-	14,715
Intermodal Fencing	37,060	-	37,060
Library Branch Remodels & Construction	35,698,386	34,120,849	1,577,537
Monroe St Grind and Overlay	1,729,553	1,397,315	332,238
North River Drive Sidewalk	1,131,541	992,423	139,118
NSC - Ralph Street Improvements	151,500	-	151,500
NSC Rockwell Ave Casing	900,000	495,295	404,705
NSC Wellesley, Haven to Market	4,606,688	74,118	4,532,570
Office space construction at TRAC	38,139	-	38,139
Peaceful Valley Stormwater	1,467,929	1,386,466	81,463
Police Academy Bathroom Remodel	132,000	-	132,000
Post Street Pedestrian and Utility Bridge Replacement	24,021,513	16,460,935	7,560,578
Qualchan Golf Course Windows	10,897	-	10,897
Replace Exterior Door - Water Dept	6,327	-	6,327
Riverside Ave, Monroe to Division	5,367,952	3,747,174	1,620,778
Sewer Replacement Downtown Stadium	9,885	8,897	988
SIA System Additional Reservoir	15,910,730	11,500,977	4,409,753
South Gorge Trail Phase 2	3,345,318	3,065,230	280,088
Sprague Avenue Rebuild 2B	4,131,206	3,425,231	705,975
SPS Paving of Wellesley Near New Middle School Construction	125,400	-	125,400
Sundance III Forcemain	536,127	498,037	38,090
Thor-Freya Reconstruction Hartson to Sprague	9,930,645	8,501,094	1,429,551
TJ Meenach Dr	3,234,770	58,162	3,176,608
TJ Meenach Dr from Bridge to NW Blvd	2,602,214	729,874	1,872,340
Trent Underbridge Trail project	192,145	-	192,145
Washington Storm Basin - Knox Ave	2,396,948	1,741,487	655,461
Well Electric Pump #4 Replacement	783,736	558,181	225,555
<b>Grand Total</b>	<b>\$189,124,838</b>	<b>\$139,881,957</b>	<b>\$ 49,242,881</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 \$7.7 million reported as landfill postclosure care liability at December 31, 2022 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 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has restricted \$3.3 million in assets related to the post-closure monitoring of the closed portion of the Northside landfill, and \$2.0 million for post-closure monitoring of the open portion of the Northside landfill. No assets have been restricted for future costs of \$135,431 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 3 years.

<b>Landfill Monitoring</b>	<b>Northside Landfill</b>	<b>Southside Landfill</b>	<b>Total</b>
Estimated Post closure costs	\$ 3,325,612	\$ -	\$ 3,325,612
Accrued post closure costs	2,005,195	135,431	2,140,626
Accrued closure liability	2,271,654	-	2,271,654
<b>Total</b>	<b>\$ 7,602,461</b>	<b>\$ 135,431</b>	<b>\$ 7,737,892</b>

#### **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 \$2.2 million reported as landfill closure liability at December 31, 2022 represents the cumulative amount reported based on the use of 43.6 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 \$989,760 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, 2022, the City held \$2.2 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 2021 and 2022.

## Note 13

### Prior Period Adjustments

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

<b>Prior Period Adjustment</b>	
Governmental Activities	\$ (2,754,297)
Business-Type Activities	(558,945)
Total	<b>(3,313,242)</b>

<b>Governmental Funds</b>	
General Fund	\$ (3,927,141)
Special Revenue Funds	1,067,506
Internal Service Funds	105,338
Total	<b>(2,754,297)</b>

#### Governmental Activities

\$ 266,635 increase due to correction of prior year capital assets.

\$ 290,040 decrease due to government wide correction of prior year capital assets.

\$ 1,000,000 increase due to correction of loan balances.

\$ 19,204 increase due to removal of prior year lease balances.

\$ 855,344 increase due to true up of joint use agreement with the County.

\$ 4,421,570 decrease due to retro pay after negotiations.

\$ 294,155 decrease due to project management office true up

\$ 110,285 increase for correction of prior year receivable

<b>Business-Type Activities</b>	
Water/Sewer Fund	\$ (499,985)
Solid Waste Fund	(232,256)
Other Enterprise Funds	173,296
<b>Total</b>	<b>\$ (558,945)</b>

**Business-Type Activities**

\$ 218,202 decrease due to correction of prior year capital assets.

\$ 854,770 decrease due to retro pay after negotiations.

\$ 294,155 increase due to project management office true up

\$ 219,870 increase for correction of prior year receivables

## 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, 2022.

## Note 15

### **Subsequent Events**

In June of 2020 the City of Spokane entered into a settlement agreement to resolve the litigation which was filed against Monsanto for PCB contamination in the City's stormwater and wastewater systems. The court settlement was approved and the City's claims against Monsanto to settle the PCB water contamination claims across the country. The total settlement amount of \$6,766,776 was received by the City on April 21, 2023.

On April 21, 2023 the city received notice of No Further Action from the Department of Ecology in regards to a \$1,620,00 estimated liability that is reported in Note 9 and is reported in the Government Wide Statements. This liability will be removed in 2023 and have a positive net impact to the Governmental Fund Balance of \$1,620,000.

## 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 2022 fiscal year was \$3,022,428.
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, 2022 is:

<b>Tax Abatement Program State Imposed</b>	<b>Amount of Taxes Abated during the Fiscal Year 2022</b>
Multi-unit urban housing	\$ 71,820
High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities	98,487
<b>Total</b>	<b>\$ 170,307</b>

## Note 17

### 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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 191,128,186	\$ 191,128,186	\$ 193,115,455	\$ 1,987,269
Licenses and permits	7,897,415	7,897,415	7,829,407	(68,008)
Intergovernmental	4,849,648	4,910,969	4,877,662	(33,307)
Charges for services	23,054,837	23,473,513	24,590,784	1,117,271
Fines and forfeitures	2,304,650	2,304,650	1,507,072	(797,578)
Miscellaneous	3,814,083	3,814,083	4,818,180	1,004,097
Net inc(dec) in market value of investments	-	-	(16,816,049)	(16,816,049)
<b>Total revenues</b>	<b>233,048,819</b>	<b>233,528,816</b>	<b>219,922,511</b>	<b>(13,606,305)</b>
<b>EXPENDITURES</b>				
General government	36,003,268	36,670,027	34,612,594	2,057,433
Public safety	130,332,589	149,343,539	145,057,544	4,285,995
Transportation	7,284,938	7,570,550	7,019,918	550,632
Economic environment	7,260,713	8,966,680	7,319,723	1,646,957
Social services	2,461,306	5,018,851	3,454,571	1,564,280
Culture and recreation	11,386,368	11,478,880	10,059,091	1,419,789
Capital outlays	1,305,332	3,437,288	5,204,078	(1,766,790)
Principal	-	-	158,235	(158,235)
Interest	-	-	48,187	(48,187)
<b>Total expenditures</b>	<b>196,034,514</b>	<b>222,485,815</b>	<b>212,933,941</b>	<b>9,551,874</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>37,014,305</b>	<b>11,043,001</b>	<b>6,988,570</b>	<b>(4,054,431)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	77,466	37,466
Lease proceeds (as lessee)	-	-	3,559,057	3,559,057
Transfers in	56,021,145	71,620,879	6,908,184	(64,712,695)
Transfers out	(93,097,321)	(104,579,146)	(40,647,426)	63,931,720
<b>Total other financing sources (uses)</b>	<b>(37,036,176)</b>	<b>(32,918,267)</b>	<b>(30,102,719)</b>	<b>2,815,548</b>
<b>Net change in fund balance</b>	<b>(21,871)</b>	<b>(21,875,266)</b>	<b>(23,114,149)</b>	<b>(1,238,883)</b>
<b>Fund balance - beginning</b>	<b>39,772,774</b>	<b>4,431,892</b>	<b>56,380,152</b>	<b>51,948,260</b>
Prior Period Adjustment	-	-	(3,637,101)	(3,637,101)
<b>Fund balance - ending</b>	<b>\$ 39,750,903</b>	<b>\$ (17,443,374)</b>	<b>\$ 29,628,902</b>	<b>\$ 47,072,276</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 40,242,340	\$ 40,242,340	\$ 15,234,258	\$ (25,008,082)
Miscellaneous	-	-	1,119,412	1,119,412
Net inc(dec) in market value of investments	-	-	215,546	215,546
<b>Total revenues</b>	<u>40,242,340</u>	<u>40,242,340</u>	<u>16,569,216</u>	<u>(23,673,124)</u>
<b>EXPENDITURES</b>				
General government	-	1,145,000	227,038	917,962
Public safety	-	1,325,000	-	1,325,000
Economic environment	-	37,570,000	2,499,754	35,070,246
Social services	-	13,500,000	3,202,089	10,297,911
Capital outlays	-	10,820,000	2,817,689	8,002,311
<b>Total expenditures</b>	<u>-</u>	<u>64,360,000</u>	<u>8,746,570</u>	<u>55,613,430</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>40,242,340</u>	<u>(24,117,660)</u>	<u>7,822,646</u>	<u>31,940,306</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	160,000	160,000
Transfers out	-	(12,281,869)	(6,487,689)	5,794,180
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(12,281,869)</u>	<u>(6,327,689)</u>	<u>5,954,180</u>
<b>Net change in fund balance*</b>	<u>40,242,340</u>	<u>(36,399,529)</u>	<u>1,494,957</u>	<u>37,894,486</u>
<b>Fund balance - beginning</b>	<u>-</u>	<u>(2,630,000)</u>	<u>72,979</u>	<u>2,702,979</u>
<b>Fund balance - ending</b>	<u>\$ 40,242,340</u>	<u>\$ (39,029,529)</u>	<u>\$ 1,567,936</u>	<u>\$ 40,597,465</u>

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

Required Supplementary Information  
**Schedule of Changes in Net Pension Liability and  
 Related Ratios SERS as of  
 Measurement Date 12/31/2021**

	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 10,379,208	\$ 10,326,519	\$ 9,814,459	\$ 9,397,166
Interest	37,498,043	36,091,730	34,666,267	33,296,148
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(675,673)	5,368,635	5,866,404	5,291,272
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(33,997,369)	(32,108,873)	(30,600,302)	(28,863,766)
<b>Net change in total pension liability</b>	13,204,209	19,678,011	19,746,828	19,120,820
<b>Total pension liability—beginning</b>	516,665,282	496,987,271	477,240,443	458,119,623
<b>Total pension liability—ending (a)</b>	<u>\$ 529,869,491</u>	<u>\$ 516,665,282</u>	<u>\$ 496,987,271</u>	<u>\$ 477,240,443</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 11,519,708	\$ 10,659,281	\$ 9,824,717	\$ 9,187,420
Contributions—member	11,519,708	10,659,281	9,827,760	9,188,781
Net investment income	46,166,835	33,795,088	50,166,728	(18,715,945)
Benefit payments, including refunds of member contributions	(33,997,369)	(32,108,873)	(30,600,302)	(28,863,766)
Administrative expense	(603,645)	(619,135)	(555,763)	(554,484)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	34,605,237	22,385,642	38,663,140	(29,757,994)
<b>Plan fiduciary net position—beginning</b>	339,928,008	317,542,366	278,879,226	308,637,220
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 374,533,245</u>	<u>\$ 339,928,008</u>	<u>\$ 317,542,366</u>	<u>\$ 278,879,226</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 155,336,246</u>	<u>\$ 176,737,274</u>	<u>\$ 179,444,905</u>	<u>\$ 198,361,217</u>
Less (Public Facilities District)	(148,396)	(219,079)	(430,698)	(492,480)
Less (Spokane Regional Emergency Communications)	(1,593,208)	(2,067,733)	(727,590)	-
<b>Plan's net pension liability—Net of the PFD and SREC</b>	<u>\$ 153,594,642</u>	<u>\$ 174,450,462</u>	<u>\$ 178,286,617</u>	<u>\$ 197,868,737</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	70.70%	65.82%	63.95%	58.50%
<b>Pensionable covered payroll</b>	\$ 116,866,751	\$ 112,984,469	\$ 111,746,539	\$ 107,017,146
<b>Plan's net pension liability as a percentage of covered payroll</b>	132.92%	156.43%	160.58%	185.35%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 13,133,393	\$ 12,896,547	\$ 12,384,960	\$ 11,405,611
Interest	29,336,782	27,443,176	26,359,257	25,718,424
Changes of benefit terms	165,092	-	-	86,298
Differences between expected and actual experience	(3,830,239)	12,381,445	6,483,011	18,507,784
Changes of assumptions	(76,976,691)	(14,542,266)	-	-
Benefit payments, including refunds of member contributions	<u>(27,443,693)</u>	<u>(26,467,256)</u>	<u>(24,597,020)</u>	<u>(22,884,026)</u>
<b>Net change in total pension liability</b>	(65,615,356)	11,711,646	20,630,208	32,834,091
<b>Total pension liability—beginning</b>	<u>523,734,979</u>	<u>512,023,333</u>	<u>491,393,125</u>	<u>458,559,034</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 458,119,623</u>	<u>\$ 523,734,979</u>	<u>\$ 512,023,333</u>	<u>\$ 491,393,125</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 8,113,319	\$ 7,586,362	\$ 7,398,945	\$ 6,822,279
Contributions—member	8,113,319	7,586,362	7,402,905	6,822,279
Net investment income	43,085,572	16,802,274	(3,228,439)	14,497,901
Benefit payments, including refunds of member contributions	(27,443,693)	(26,467,256)	(24,597,020)	(22,884,026)
Administrative expense	(563,078)	(477,252)	(447,921)	(386,713)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	31,305,439	5,030,490	(13,471,530)	4,871,720
<b>Plan fiduciary net position—beginning</b>	<u>277,331,781</u>	<u>272,301,291</u>	<u>285,772,821</u>	<u>280,901,101</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 308,637,220</u>	<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>\$ 149,482,403</u>	<u>\$ 246,403,198</u>	<u>\$ 239,722,042</u>	<u>\$ 205,620,304</u>
Less (Public Facilities District)	(350,357)	(601,330)	(600,946)	(474,484)
Less (Spokane Regional Emergency Communications)	-	-	-	-
<b>Plan's net pension liability—Net of the PFD</b>	<u>\$ 149,132,046</u>	<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>	67.42%	53.01%	53.24%	58.21%
<b>Pensionable covered payroll</b>	\$ 102,844,614	\$ 102,378,550	\$ 93,899,096	\$ 89,034,522
<b>Plan's net pension liability as a percentage of covered payroll</b>	145.35%	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 12/31/2021

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	318,864	390,535	440,951	520,242
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(2,151,893)	(2,156,517)	(1,330,615)	(2,268,594)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(535,187)</u>	<u>(709,617)</u>	<u>(870,909)</u>	<u>(918,100)</u>
<b>Net change in total pension liability</b>	(2,368,216)	(2,475,599)	(1,760,573)	(2,666,452)
<b>Total pension liability—beginning</b>	<u>10,894,431</u>	<u>13,370,030</u>	<u>15,130,603</u>	<u>17,797,055</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 8,526,215</u>	<u>\$ 10,894,431</u>	<u>\$ 13,370,030</u>	<u>\$ 15,130,603</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 1,479,700	\$ 538,208	\$ 1,661,882	\$ 2,855,495
Contributions—member	-	-	-	-
Net investment income	(261,004)	1,986,725	1,181,056	308,539
Benefit payments, including refunds of member contributions	(535,187)	(709,617)	(870,909)	(918,100)
Administrative expense	(40,357)	(40,144)	(45,527)	(28,424)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	643,152	1,775,172	1,926,502	2,217,510
<b>Plan fiduciary net position—beginning</b>	<u>23,659,411</u>	<u>21,884,239</u>	<u>19,957,737</u>	<u>17,740,227</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 24,302,563</u>	<u>\$ 23,659,411</u>	<u>\$ 21,884,239</u>	<u>\$ 19,957,737</u>
<b>Plan's net pension liability—ending (a) - (b)</b>	<u>\$ (15,776,348)</u>	<u>\$ (12,764,980)</u>	<u>\$ (8,514,209)</u>	<u>\$ (4,827,134)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	285.03%	217.17%	163.68%	131.90%
<b>Covered payroll</b>	N/A	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	N/A

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



	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	684,842	815,109	831,429	938,119
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,114,154)	(2,959,170)	-	(2,281,571)
Changes of assumptions	1,637,202	-	-	-
Benefit payments, including refunds of member contributions	<u>(1,053,418)</u>	<u>(1,170,685)</u>	<u>(1,306,840)</u>	<u>(1,340,440)</u>
<b>Net change in total pension liability</b>	154,472	(3,314,746)	(475,411)	(2,683,892)
<b>Total pension liability—beginning</b>	<u>17,642,583</u>	<u>20,957,329</u>	<u>21,432,740</u>	<u>24,116,632</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 17,797,055</u>	<u>\$ 17,642,583</u>	<u>\$ 20,957,329</u>	<u>\$ 21,432,740</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,208,498	\$ 2,152,769	\$ 2,345,156	\$ 1,529,654
Contributions—member	-	-	-	-
Net investment income	351,460	252,368	116,370	295,093
Benefit payments, including refunds of member contributions	(1,053,418)	(1,170,685)	(1,306,840)	(1,340,440)
Administrative expense	(29,362)	(15,482)	(30,577)	(13,889)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	1,477,178	1,218,970	1,124,109	470,418
<b>Plan fiduciary net position—beginning</b>	<u>16,263,049</u>	<u>15,044,079</u>	<u>13,919,970</u>	<u>13,449,552</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 17,740,227</u>	<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>\$ 56,828</u>	<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>	99.68%	92.18%	71.78%	64.95%
<b>Covered payroll</b>	N/A	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	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 12/31/2021

	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	37,901	74,812	114,653	176,118
Changes of benefit terms	2,303,551	-	-	-
Differences between expected and actual experience	1,344,110	(518,204)	(1,226,427)	(1,936,001)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(1,389,941)	(192,854)	(239,323)	(337,880)
<b>Net change in total pension liability</b>	<b>2,295,621</b>	<b>(636,246)</b>	<b>(1,351,097)</b>	<b>(2,097,763)</b>
<b>Total pension liability—beginning</b>	<b>1,953,193</b>	<b>2,589,439</b>	<b>3,940,536</b>	<b>6,038,299</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 4,248,814</b>	<b>\$ 1,953,193</b>	<b>\$ 2,589,439</b>	<b>\$ 3,940,536</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 588,451	\$ 446,243	\$ 729,515	\$ 514,369
Contributions—member	-	-	-	-
Net investment income	32	1,723	1,996	345
Benefit payments, including refunds of member contributions	(1,389,941)	(192,854)	(239,323)	(337,880)
Administrative expense	(37,932)	(37,167)	(42,081)	(26,566)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(839,390)</b>	<b>217,945</b>	<b>450,107</b>	<b>150,268</b>
<b>Plan fiduciary net position—beginning</b>	<b>1,717,751</b>	<b>1,499,806</b>	<b>1,049,699</b>	<b>899,431</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 878,361</b>	<b>\$ 1,717,751</b>	<b>\$ 1,499,806</b>	<b>\$ 1,049,699</b>
<b>Plan's net pension liability—ending (a) - (b)</b>	<b>\$ 3,370,453</b>	<b>\$ 235,442</b>	<b>\$ 1,089,633</b>	<b>\$ 2,890,837</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>20.67%</b>	<b>87.95%</b>	<b>57.92%</b>	<b>26.64%</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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	222,541	276,832	288,058	341,929
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,349,629)	(1,525,979)	-	(1,233,517)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(501,605)</u>	<u>(618,629)</u>	<u>(705,257)</u>	<u>(1,100,056)</u>
<b>Net change in total pension liability</b>	<u>(1,628,693)</u>	<u>(1,867,776)</u>	<u>(417,199)</u>	<u>(1,991,644)</u>
<b>Total pension liability—beginning</b>	<u>7,666,992</u>	<u>9,534,768</u>	<u>9,951,967</u>	<u>11,943,611</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 6,038,299</u>	<u>\$ 7,666,992</u>	<u>\$ 9,534,768</u>	<u>\$ 9,951,967</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 667,111	\$ 784,373	\$ 734,966	\$ 850,789
Contributions—member	-	-	-	-
Net investment income	104	-	-	-
Benefit payments, including refunds of member contributions	(501,605)	(618,629)	(705,257)	(1,100,056)
Administrative expense	(29,531)	(17,458)	(27,666)	(12,985)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>136,079</u>	<u>148,286</u>	<u>2,043</u>	<u>(262,252)</u>
<b>Plan fiduciary net position—beginning</b>	<u>763,352</u>	<u>615,066</u>	<u>613,023</u>	<u>875,275</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 899,431</u>	<u>\$ 763,352</u>	<u>\$ 615,066</u>	<u>\$ 613,023</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 5,138,868</u>	<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>	14.90%	9.96%	6.45%	6.16%
<b>Covered payroll</b>	N/A	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	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 6/30/2022  
LEOFF 1 (in thousands)**

	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.9134%	0.9289%	0.9423%	0.9457%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (26,203)	\$ (31,820)	\$ (17,795)	\$ (18,692)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (177,236)	\$ (215,230)	\$ (120,365)	\$ (126,432)
Total	\$ (203,439)	\$ (247,050)	\$ (138,160)	\$ (145,125)
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)	169.62%	187.45%	146.88%	148.78%
	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.9470%	0.9544%	0.9642%	0.9613%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (17,192)	\$ (14,481)	\$ (9,935)	\$ (11,586)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (116,288)	\$ (97,946)	\$ (67,197)	n/a
Total	\$ (133,481)	\$ (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%	0.00%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	144.42%	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 6/30/2022  
LEOFF 2 (in thousands)**

	LEOFF 2			
	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	2.2393%	2.2337%	1.7228%	2.0243%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (60,857)	\$ (129,740)	\$ (35,144)	\$ (46,896)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (39,422)	\$ (83,697)	\$ (22,472)	\$ (30,711)
Total	\$ (100,279)	\$ (213,437)	\$ (57,615)	\$ (77,607)
City's covered payroll (in thousands)	\$ 54,313	\$ 51,701	\$ 38,550	\$ 43,536
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-112.05%	-250.94%	-91.16%	-107.72%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	116.09%	142.00%	115.83%	119.43%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability (asset)	2.0463%	2.0211%	2.0361%	2.0020%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (41,545)	\$ (28,046)	\$ (11,842)	\$ (20,576)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (26,900)	\$ (18,193)	\$ (7,720)	n/a
Total	\$ (68,445)	\$ (46,239)	\$ (19,563)	\$ (20,576)
City's covered payroll (in thousands)	\$ 40,704	\$ 38,050	\$ 36,731	\$ 34,918
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-102.07%	-73.71%	-32.24%	-58.93%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	118.50%	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 12/31/2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 11,700,545	\$ 12,457,475	\$ 11,527,854	\$ 11,078,489	\$ 10,044,342
Contributions in relation to the actuarially determined contribution	11,863,726	11,519,708	10,659,281	9,824,717	9,187,420
Contribution deficiency (excess)	\$ (163,181)	\$ 937,767	\$ 868,573	\$ 1,253,772	\$ 856,922
Covered payroll	\$ 115,743,668	\$ 115,197,080	\$ 109,325,959	\$ 106,213,157	\$ 102,082,444
Contributions as a percentage of covered payroll	10.25%	10.00%	9.75%	9.25%	9.00%

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 9,765,949	\$ 9,853,762	\$ 9,069,276	\$ 8,292,066	\$ 8,237,317
Contributions in relation to the actuarially determined contribution	8,113,319	7,586,362	7,398,945	6,822,279	6,715,376
Contribution deficiency (excess)	\$ 1,652,630	\$ 2,267,400	\$ 1,670,331	\$ 1,469,787	\$ 1,521,941
Covered payroll	\$ 98,343,261	\$ 91,955,903	\$ 89,684,182	\$ 86,139,886	\$ 86,650,013
Contributions as a percentage of covered payroll	8.25%	8.25%	8.25%	7.92%	7.75%

### Notes to Schedule

Valuation date: December 31, 2022

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	25 years														
Asset valuation method	5-year smoothed market														
Inflation	2.5%														
Salary increases	In accordance with the following table based on service:														
	<table border="1"> <thead> <tr> <th>Years of Service</th> <th>Annual Increase</th> </tr> </thead> <tbody> <tr> <td>&lt;1</td> <td>10.0%</td> </tr> <tr> <td>1</td> <td>9.0%</td> </tr> <tr> <td>2</td> <td>8.0%</td> </tr> <tr> <td>3</td> <td>7.0%</td> </tr> <tr> <td>4</td> <td>6.0%</td> </tr> <tr> <td>5</td> <td>5.0%</td> </tr> </tbody> </table>	Years of Service	Annual Increase	<1	10.0%	1	9.0%	2	8.0%	3	7.0%	4	6.0%	5	5.0%
Years of Service	Annual Increase														
<1	10.0%														
1	9.0%														
2	8.0%														
3	7.0%														
4	6.0%														
5	5.0%														

6	4.0%
7-11	3.5%
12-18	3.0%
19+	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	10.0%
51-53	4.0%
54-59	5.0%
60	10.0%
61	15.0%
62	20.0%
63	15.0%
64	20.0%
65-66	25.0%
67	40.0%
68	25.0%
69	33.0%
70	45.0%
71	25.0%
72	45.0%
73	30.0%
74	15.0%
75+	100.0%

## Schedule of Employer Contributions Firefighters' Pension as of 12/31/2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 3,819
Contributions in relation to the actuarially determined contribution	1,019,381	1,439,343	498,064	1,616,355	2,827,071
Contribution deficiency (excess)	\$ (1,019,381)	\$ (1,439,343)	\$ (498,064)	\$ (1,616,355)	\$ (2,823,252)
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

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 98,333	\$ 519,891	\$ 519,891	\$ 864,697	\$ 864,697
Contributions in relation to the actuarially determined contribution	2,179,136	2,137,287	2,314,579	1,515,765	2,183,389
Contribution deficiency (excess)	\$ (2,080,803)	\$ (1,617,396)	\$ (1,794,688)	\$ (651,068)	\$ (1,318,692)
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, 2022

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, 2022
Asset valuation method	Fair Market Value
Investment Rate of Return	3.0%
Projected Salary Increases	N/A
Inflation	2.5%
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	None assumed since there are no longer any active participants.
Disability Rates	<u>None assumed since there are no longer any active participants.</u>
Mortality Table – Service Retirees	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.



Mortality Table – Disabled Retirees	Pub-2010 Table for General Disabled Employees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Spouses	Pub-2010 Table for General Contingent Survivors with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Other Terminations of Employment	None
Family Composition	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 12/31/2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 268,324	\$ 17,883	\$ 79,226	\$ 201,820	\$ 345,413
Contributions in relation to the actuarially determined contribution	671,259	550,519	409,076	687,434	487,803
Contribution deficiency (excess)	\$ (402,935)	\$ (532,636)	\$ (329,850)	\$ (485,614)	\$ (142,390)
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

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 447,851	\$ 585,998	\$ 585,998	\$ 586,637	\$ 586,637
Contributions in relation to the actuarially determined contribution	637,580	766,915	707,300	837,804	845,079
Contribution deficiency (excess)	\$ (189,729)	\$ (180,917)	\$ (121,302)	\$ (251,167)	\$ (258,442)
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, 2022

Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 2007
Remaining amortization period	15 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	2.5%
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	None assumed since there are no longer any active participants.
Disability Rates	<u>None assumed since there are no longer any active participants.</u>

Mortality Table – Service Retirees	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Disabled Retirees	Pub-2010 Table for General Disabled Employees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Spouses	Pub-2010 Table for General Contingent Survivors with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Other Terminations of Employment	None
Family Composition	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 12/31/2022

City's Proportionate Share (in thousands)	2022	2021	2020	2019
Contractually required contributions	\$ 4,633	\$ 4,441	\$ 3,311	\$ 3,809
Actuarially Determined contribution (ADC)	4,171	4,441	3,311	3,452
Contributions in relation to the ADC	4,659	4,459	3,344	3,823
Contribution deficiency (excess)	\$ (488)	\$ (18)	\$ (32)	\$ (370)

<sup>1</sup> Covered payroll	54,313	51,701	38,550	43,536
Contributions as a percentage of covered payroll	8.58%	8.62%	8.67%	8.78%

### <sup>1</sup> City's Proportionate Share of Covered Payroll provided by the state

City's Proportionate Share (in thousands)	2018	2017	2016	2015
Contractually required contributions	\$ 3,562	\$ 3,200	\$ -	\$ -
Actuarially Determined contribution (ADC)	3,207	3,033	3,089	2,951
Contributions in relation to the ADC	3,572	3,195	3,103	2,952
Contribution deficiency (excess)	\$ (365)	\$ (162)	\$ (14)	\$ (1)

Covered payroll	40,704	38,049	36,731	34,918
Contributions as a percentage of covered payroll	8.78%	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 12/31/2022

### Spokane Employee Retirement System (SERS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-13.50%	13.67%	11.50%	18.40%	-6.30%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	15.40%	6.71%	-0.94%	5.34%	18.89%

### Fire

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-8.30%	-1.06%	9.33%	5.99%	1.71%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.17%	1.90%	1.01%	2.58%	0.32%

### Police

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.18%	2.14%	2.07%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.90%	0.00%	0.00%	0.00%	0.00%

## Other Postemployment Benefits

### Schedule of Changes in the City's Firefighters' Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2021

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Firefighters' OPEB liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	1,174,999	1,397,698	1,449,183
Changes of benefit terms	-	-	-
Differences between expected and actual experience	250,383	(2,419,020)	511,480
Changes of assumptions	1,549,723	(177,104)	165,821
Benefit payments, including refunds of member contributions	<u>(3,658,318)</u>	<u>(4,085,924)</u>	<u>(3,599,371)</u>
<b>Net change in total opeb liability</b>	<u>(683,213)</u>	<u>(5,284,350)</u>	<u>(1,472,887)</u>
<b>Total opeb liability—beginning</b>	<u>43,348,560</u>	<u>48,632,910</u>	<u>50,105,797</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 42,665,347</u>	<u>\$ 43,348,560</u>	<u>\$ 48,632,910</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,500,831	\$ 2,804,989	\$ 2,695,985
Contributions—member	-	-	-
Net investment income	(147,590)	1,053,840	704,582
Benefit payments, including refunds of member contributions	(3,658,318)	(4,085,924)	(3,599,371)
Administrative expense	(230,714)	(243,536)	(272,417)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(1,535,791)</u>	<u>(470,631)</u>	<u>(471,221)</u>
<b>Plan fiduciary net position—beginning</b>	<u>12,084,689</u>	<u>12,555,320</u>	<u>13,026,541</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 10,548,898</u>	<u>\$ 12,084,689</u>	<u>\$ 12,555,320</u>
<b>Plan's net opeb liability—ending (a) - (b)</b>	<u>\$ 32,116,449</u>	<u>\$ 31,263,871</u>	<u>\$ 36,077,590</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	24.72%	27.88%	25.82%
<b>Covered payroll</b>	N/A	N/A	N/A
<b>Plan's net opeb 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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Firefighters' OPEB liability</b>			
Service cost	\$ -	\$ -	\$ 4,364
Interest	1,445,054	1,659,545	1,721,361
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,112,772	5,303,077	(889,509)
Changes of assumptions	-	(10,984,642)	-
Benefit payments, including refunds of member contributions	<u>(3,240,950)</u>	<u>(3,014,467)</u>	<u>(2,770,305)</u>
<b>Net change in total opeb liability</b>	316,876	(7,036,487)	(1,934,089)
<b>Total opeb liability—beginning</b>	<u>49,788,921</u>	<u>56,825,408</u>	<u>58,759,497</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 50,105,797</u>	<u>\$ 49,788,921</u>	<u>\$ 56,825,408</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,511,285	\$ 2,880,818	\$ 2,777,670
Contributions—member	-	-	-
Net investment income	207,254	279,438	221,113
Benefit payments, including refunds of member contributions	(3,240,950)	(3,014,467)	(2,770,305)
Administrative expense	(268,822)	(294,117)	(276,975)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(791,233)</u>	<u>(148,328)</u>	<u>(48,497)</u>
<b>Plan fiduciary net position—beginning</b>	<u>13,817,774</u>	<u>13,966,102</u>	<u>14,014,599</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 13,026,541</u>	<u>\$ 13,817,774</u>	<u>\$ 13,966,102</u>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<u>\$ 37,079,256</u>	<u>\$ 35,971,147</u>	<u>\$ 42,859,306</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	26.00%	27.75%	24.58%
<b>Covered payroll</b>	N/A	N/A	N/A
<b>Plan's net opeb 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 the City's Police Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2021

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Police OPEB liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	1,002,017	1,391,352	1,804,042
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(94,127)	(2,334,239)	(1,035,511)
Changes of assumptions	1,006,739	2,564,100	4,005,879
Benefit payments, including refunds of member contributions	(2,133,088)	(2,096,912)	(2,478,236)
<b>Net change in total opeb liability</b>	<u>(218,459)</u>	<u>(475,699)</u>	<u>2,296,174</u>
<b>Total opeb liability—beginning</b>	<u>51,167,394</u>	<u>51,643,093</u>	<u>49,346,919</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>	<u>\$ 51,643,093</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,330,329	\$ 2,301,681	\$ 2,706,416
Contributions—member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(2,133,088)	(2,096,912)	(2,478,236)
Administrative expense	(197,241)	(204,769)	(228,180)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's net opeb liability—ending (a) - (b)</b>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>	<u>\$ 51,643,093</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	0.00%	0.00%	0.00%
<b>Covered payroll</b>	\$ -	\$ -	\$ -
<b>Plan's net opeb 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



	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Police OPEB liability</b>			
Service cost	\$ -	\$ 2,352	\$ 5,875
Interest	1,595,089	1,939,973	1,999,833
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,499,285	3,104,252	(3,649,221)
Changes of assumptions	(2,479,445)	(5,212,240)	(1,384,401)
Benefit payments, including refunds of member contributions	(2,695,330)	(2,274,588)	(2,473,394)
<b>Net change in total opeb liability</b>	(1,080,401)	(2,440,251)	(5,501,308)
<b>Total opeb liability—beginning</b>	50,427,320	52,867,571	58,368,879
<b>Total opeb liability—ending (a)</b>	<u>\$ 49,346,919</u>	<u>\$ 50,427,320</u>	<u>\$ 52,867,571</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,917,954	\$ 2,518,563	\$ 2,703,355
Contributions—member	-	-	-
Net investment income	344	104	-
Benefit payments, including refunds of member contributions	(2,695,330)	(2,274,588)	(2,473,394)
Administrative expense	(222,968)	(244,079)	(229,961)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-
<b>Plan fiduciary net position—beginning</b>	-	-	-
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's net opeb liability—ending (a) - (b)</b>	<u>\$ 49,346,919</u>	<u>\$ 50,427,320</u>	<u>\$ 52,867,571</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	0.00%	0.00%	0.00%
<b>Covered payroll</b>	\$ -	\$ -	\$ -
<b>Plan's net opeb 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 the City's Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust as of measurement date 12/31/2021

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Retiree Medical Plan 2 OPEB liability</b>			
Service cost	\$ 659,691	\$ 625,753	\$ 580,385
Interest	191,304	278,020	345,763
Changes of benefit terms	-	-	-
Differences between expected and actual experience	215,239	(1,257,698)	(495,648)
Change in plan provisions	(127,901)	-	-
Changes of assumptions	731,021	128,235	714,537
Benefit payments, including refunds of member contributions	(329,597)	(376,192)	(225,670)
<b>Net change in total opeb liability</b>	<u>1,339,757</u>	<u>(601,882)</u>	<u>919,367</u>
<b>Total opeb liability—beginning</b>	<u>9,070,290</u>	<u>9,672,172</u>	<u>8,752,805</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 10,410,047</u>	<u>\$ 9,070,290</u>	<u>\$ 9,672,172</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 329,597	\$ 376,192	\$ 225,670
Contributions—member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(329,597)	(376,192)	(225,670)
Administrative expense	-	-	-
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's total opeb liability—ending (a) - (b)</b>	<u>\$ 10,410,047</u>	<u>\$ 9,070,290</u>	<u>\$ 9,672,172</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 120,434,006	\$ 109,025,841	\$ 106,596,042
<b>Plan's total opeb liability as a percentage of covered-employee payroll</b>	8.64%	8.32%	9.07%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Retiree Medical Plan 2 OPEB liability</b>			
Service cost	\$ 715,217	\$ 518,369	\$ 512,615
Interest	336,643	301,836	275,198
Changes of benefit terms	-	1,306,207	-
Differences between expected and actual experience	(787,540)	(182,268)	(172,229)
Change in plan provisions	-	-	-
Changes of assumptions	(1,007,464)	446,102	(181,786)
Benefit payments, including refunds of member contributions	(294,117)	(261,542)	(245,206)
<b>Net change in total opeb liability</b>	<u>(1,037,261)</u>	<u>2,128,704</u>	<u>188,592</u>
<b>Total opeb liability—beginning</b>	<u>9,790,066</u>	<u>7,661,362</u>	<u>7,472,770</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 8,752,805</u>	<u>\$ 9,790,066</u>	<u>\$ 7,661,362</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 294,117	\$ 261,542	\$ 245,206
Contributions—member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(294,117)	(261,542)	(245,206)
Administrative expense	-	-	-
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's total opeb liability—ending (a) - (b)</b>	<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%
<b>Covered-employee payroll</b>	\$ 108,873,263	\$ 79,229,367	\$ 78,014,109
<b>Plan's total opeb liability as a percentage of covered-employee payroll</b>	8.04%	12.36%	9.82%

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.

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:

2022	1.75%
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 12/31/2022**

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,582	\$ 2,501	\$ 2,805	\$ 2,696	\$ 2,511
Contribution in Relation to the Actuarially Determined Contribution	2,582	2,501	2,805	2,696	2,511
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 2,881	\$ 2,778	\$ 2,778	\$ 3,377	\$ 3,377
Contribution in Relation to the Actuarially Determined Contribution	2,881	2,778	2,778	3,377	3,377
Contribution Deficiency (Excess)	-	-	-	-	-
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, 2022

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	16 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 12/31/2022**

	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ 3,840	\$ 3,703	\$ 3,888	\$ 3,864	\$ 3,616
Contribution in Relation to the Actuarially Determined Contribution	2,753	2,330	2,302	2,706	2,918
Contribution Deficiency (Excess)	1,087	1,373	1,587	1,157	698
Covered Payroll Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2017	2016	2015	2014	2013
Actuarial determined contribution	\$ 3,763	\$ 3,944	\$ 3,944	\$ 4,380	\$ 4,380
Contribution in Relation to the Actuarially Determined Contribution	2,518	2,703	2,733	3,041	2,496
Contribution Deficiency (Excess)	1,245	1,241	1,211	1,339	1,884
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, 2022

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	16 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 12/31/2022**

**Fire OPEB**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-8.30%	-1.06%	9.33%	5.99%	1.71%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.17%	1.90%	1.01%	2.58%	0.32%

**Police OPEB**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.18%	2.14%	2.07%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.90%	0.00%	0.00%	0.00%	0.00%

# Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2022

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, 2022

Federal Agency (Pass-Through Agency)	Federal program	ALN	Other Award Number	Expenditures			Passed Through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>CDBG-Entitlement Grant Cluster</b>								
U.S. Department of Housing and Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B17MC530006 B18MC530006 B19MC530006 B20MC530006 B21MC530006		925,161.26	925,161.26	736,968.03	2
	Program Income				2,353,425.86	2,353,425.86	1,783,322.76	2,4
	Subtotal				3,278,587.12	3,278,587.12	2,520,290.79	
U.S. Department of Housing and Urban Development	"Covid-19" Community Development Block Grants/Entitlement Grants	14.218	B20MW530006		1,806,781.34	1,806,781.34	1,799,717.97	2
<b>Total from CDBG-Entitlement Grant Cluster</b>					<b>5,085,368.46</b>	<b>5,085,368.46</b>	<b>4,320,008.76</b>	
U.S. Department of Housing and Urban Development (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-166	445,201.00		445,201.00	445,201.00	2
U.S. Department of Housing and Urban Development	Emergency Solutions Grant Program	14.231	E20MC530006 E21MC530006		27,136.44 36,831.76	27,136.44 36,831.76	15,465.98 34,213.21	2,7 2,7
	Subtotal				-	63,968.20	49,679.19	
U.S. Department of Housing and Urban Development	"Covid-19" Emergency Solutions Grant Program	14.231	E20-MW-53-0006		862,731.91	862,731.91	845,332.15	2
	Program Income				609.04	609.04		2
	Subtotal				-	863,340.95	845,332.15	
U.S. Department of Housing and Urban Development (via Washington State Department of Commerce)	"Covid-19" Emergency Solutions Grant Program	14.231	20-4613C-125	2,323,163.72		2,323,163.72	2,300,470.50	2
<b>Total - CFDA 14.231</b>					<b>2,323,163.72</b>	<b>927,309.15</b>	<b>3,250,472.87</b>	<b>3,195,481.84</b>
U.S. Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M18MC530201		153,298.51	153,298.51	32,174.28	2, 7
	Program Income				100,367.22	100,367.22		2,4,7
	Subtotal				253,665.73	253,665.73	32,174.28	
U.S. Department of Housing and Urban Development	Continuum of Care Program	14.267	WA0001U0T022002 WA9004U0T021900 WA9999U0T022102 WA9006U0T022100		4,395,274.81	4,395,274.81	3,885,673.20	2,7
	Program Income				114,041.48	114,041.48	112,884.00	2
	Subtotal				4,509,316.29	4,509,316.29	3,998,557.20	
U.S. Department of Housing and Urban Development	Youth Homelessness Demonstration Program	14.276	WA0479Y0T021900 WA0525Y0T021900 WA0526Y0T021900 WA0527Y0T021900 WA0528Y0T021900 WA0529Y0T021900		109,327.02	109,327.02	89,355.76	2
U.S. Department of the Interior (via Washington State Department of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY22-CLG-Spokane	16,000.00		16,000.00		
U.S. Department of Justice	"Covid-19" Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1699		9,564.75	9,564.75		
U.S. Department of Justice - Bureau of Justice Assistance	Treatment Court Discretionary Grant Program	16.585	2020-DC-BX-0042		10,317.27	10,317.27		
U.S. Department of Justice (via Spokane County)	Violence Against Women Formula Grants	16.588	F19-31103-012	6,522.18		6,522.18		
U.S. Department of Justice	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2019-WE-AX-0023		229,314.08	229,314.08	131,288.16	



U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0913 15PBJA-21-GG-01968-JAGX	26,027.50 89,804.85	26,027.50 89,804.85	25,072.91 30,827.83	
			Subtotal	115,832.35	115,832.35	55,900.74	
U.S. Department of Justice (via Spokane County)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0453	60,267.17	60,267.17		
U.S. Department of Justice (via Washington State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31440-519	43,968.42	43,968.42		
			<b>Total - CFDA 16.738</b>	<b>104,235.59</b>	<b>115,832.35</b>	<b>220,067.94</b>	
						<b>55,900.74</b>	
U.S. Department of Justice	Equitable Sharing Program	16.922	WA0320400	101,998.74	101,998.74		
<b>Highway Planning and Construction Cluster</b>							
U.S. Department of Transportation (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-3975(002) LA-8916 SRTS-3930(002) LA-10202 STPUL-9932(064) LA-9658 TAP-HLP-3851(005) LA-10260 BHM-3881(010) LA-9712 CM-1220(036) LA-9076 CM-9932(067) LA-9666 BRM-3899(003) LA-9768 CM-9932(065) LA-9659 HSIP-0002(869) LA-10158 TAP-1220(040) LA-9652 STPUL-3856(002) LA-10333 BHM-3881(012) LA-10298 BHM-9932(0174) LA-10299 NHPP-9932(057) LA-9230 STPUL-3985(002) LA-10329 STPUL-9932(075) LA-10332 NHPP-NHFP-9932(076) LA-10402 NHPP-9932(077) LA-10403	13,750,548.50	13,750,548.50		7
			<b>Total from Highway Planning and Construction Cluster</b>	<b>13,750,548.50</b>	<b>-</b>	<b>13,750,548.50</b>	
<b>FMCSA Cluster</b>							
U.S. Department of Transportation	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	69A3602140647MHP0WA	66,145.14	66,145.14		
			<b>Total from FMCSA Cluster</b>	<b>-</b>	<b>66,145.14</b>	<b>66,145.14</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	2022-Sub-grants-4430-Region 16 LEL-Spokane 2022-HVE-4457-Region 16 Target Zero Task Force 2022-HVE-4457-Region 16 Target Zero Task Force 2022-HVE-4457-Region 16 Target Zero Task Force 2023-Sub-grants-4759-Region 16 LEL-Spokane 2023-HVE-4697-Region 16 Target Zero Task Force	36,401.90	36,401.90		7
U.S. Department of Transportation (via Washington Traffic Safety Commission)	National Priority Safety Program	20.616	2022-AG-4340	34,760.62	34,760.62		
			<b>Total from Highway Safety Cluster</b>	<b>71,162.52</b>	<b>-</b>	<b>71,162.52</b>	<b>-</b>
U.S. Department of Transportation (via Washington Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	2022-HVE-4457-Region 16 Target Zero Task Force	6,228.17	6,228.17		
U.S. Department of the Treasury	"Covid-19" Emergency Rental Assistance Program	21.023	ERA-210106153 ERA2-0361	452,745.01 5,221,566.94	452,745.01 5,221,566.94	452,745.01 5,164,557.96	
			Subtotal	5,674,311.95	5,674,311.95	5,617,302.97	
U.S. Department of the Treasury (via Washington State Department of Commerce)	"Covid-19" Emergency Rental Assistance Program	21.023	21-4616C-133 21-4618C-133	1,005,375.02 9,770,613.48	1,005,375.02 9,770,613.48	996,555.00 9,760,423.71	
			Subtotal	10,775,988.50	-	10,775,988.50	10,756,978.71
			<b>Total - CFDA 21.023</b>	<b>10,775,988.50</b>	<b>5,674,311.95</b>	<b>16,450,300.45</b>	<b>16,374,281.68</b>

U.S. Department of the Treasury	"Covid-19" Coronavirus State & Local Fiscal Recovery Funds	21.027	SLT-0533		15,234,257.91	15,234,257.91	
U.S. Department of the Treasury (via Washington State Department of Commerce)	"Covid-19" Coronavirus State & Local Fiscal Recovery Funds	21.027	21-4614C-133 22-56104-030	3,828,071.96 1,911,960.56		3,828,071.96 1,911,960.56	3,760,851.57
			<b>Total - CFDA 21.027</b>		Subtotal	5,740,032.52 <u>5,740,032.52</u>	<u>3,760,851.57</u>
						-	
						5,740,032.52	3,760,851.57
						<u>20,974,290.43</u>	<u>3,760,851.57</u>
Institute of Museum and Library Services (via Washington State Library)	"Covid-19" Grants to States	45.310	LS-250243-OLS-21	61,500.00		61,500.00	
<b>Drinking Water State Revolving Fund (DWSRF) Cluster</b>							
U.S. Environmental Protection Agency (via Washington State Department of Health)	Drinking Water State Revolving Fund	66.468	DWL24028	1,951,319.33		1,951,319.33	3
			<b>Total from Drinking Water State Revolving Fund (DWSRF) Cluster</b>	<b>1,951,319.33</b>		<b>1,951,319.33</b>	<b>-</b>
U.S. Environmental Protection Agency	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	02J19201		2,567.25	2,567.25	
Department of Homeland Security	National Fire Academy Training Assistance	97.018	Travel/Training		2,049.60	2,049.60	5(a)
Department of Homeland Security (via Washington State Military Department)	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	D21-284	49,492.50		49,492.50	
Department of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2020-FG-15438		40,785.97	40,785.97	7
Department of Homeland Security	"Covid-19" Assistance to Firefighters Grant	97.044	EMW-2020-FG-00351		23,500.39	23,500.39	
			<b>Total - CFDA 97.044</b>		<b>-</b>	<b>64,286.36</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>					<b>35,301,394.53</b>	<b>32,395,632.05</b>	<b>67,697,026.58</b>
						<b>32,403,100.99</b>	

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, 2022**

**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 103.2%, 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 totaling \$3,030,000.00 to improve its drinking water system. The amount listed for this loan includes proceeds received during the year. The balance owing at the end of the period is \$2,750,870.01.

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 \$1,736,400.24 and is presented in this schedule. The amount of principal received in loan repayments for the year was \$1,748,949.60.

<b>Program</b>	<b>Balance 1/1/2022</b>	<b>Loans Disbursed</b>	<b>Payments Received</b>	<b>Forgiveness, Write-offs, &amp; Adjustments</b>	<b>Balance 12/31/2022</b>
CDBG	\$12,891,443.30	\$736,400.24	(\$1,614,936.69)	(\$8,076.61)	\$12,004,830.24
HOME	\$18,689,177.85		(\$123,259.99)	(\$88,323.07)	\$18,477,594.79
Lead Safe Spokane	\$652,479.29		(\$6,063.57)	(\$2.08)	\$646,413.64
Housing Assistance/ Neighborhood Stabilization	\$4,492,660.67	\$1,000,000.00	(\$4,689.35)	(\$150.00)	\$5,487,821.32
<b>Total</b>	<b>\$36,725,761.11</b>	<b>\$1,736,400.24</b>	<b>(\$1,748,949.60)</b>	<b>(\$96,551.76)</b>	<b>\$36,616,659.99</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 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, 2022**

	General Fund	Code Enforcement	Library	Hope Acquisition	Housing Trust Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,951,172	\$ 84,920	\$ 72,604	\$ -	\$ 239
Deposits with fiscal agents/trustees	-	-	-	-	-
Equity in pooled investments	(7,876,308)	288,436	5,740,253	-	176,929
Taxes receivable	16,659,272	-	-	-	-
Accounts receivable	2,864,845	-	2,511	-	3,500
Interest receivable	2,570,504	-	8,916	-	319
Due from other funds	8,164,555	67,062	28,120	-	-
Interfund loan receivable	7,342,635	-	196,839	-	6,576
Lease receivable	12,521,775	-	-	-	-
Due from other governments	1,008,443	-	192,892	-	-
Advances to other funds	519,634	-	622,967	-	20,812
Prepays	7,344	-	-	-	-
Notes/contract receivable (non-current)	-	-	-	-	698
<b>Total Assets</b>	<b>47,733,871</b>	<b>440,418</b>	<b>6,865,102</b>	<b>-</b>	<b>209,073</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts/vouchers payable	3,297,451	16,242	119,317	-	-
Due to other funds	4,150,363	411,230	10,659	-	-
Due to other governments	279,131	-	-	-	-
Revenues collected in advance	25,000	-	-	-	-
Accrued payroll liabilities	2,504,701	36,651	132,272	-	-
Other current liabilities	743,277	-	98	-	-
<b>Total Liabilities</b>	<b>10,999,923</b>	<b>464,123</b>	<b>262,346</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue Property Taxes	1,429,545	-	-	-	-
Lease Related	12,294,033	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>13,723,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE:</b>					
Nonspendable	530,145	-	622,967	-	20,812
Restricted - grants	-	-	-	-	188,261
Assigned	22,286,928	-	5,979,789	-	-
Unassigned	193,297	(23,705)	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>23,010,370</b>	<b>(23,705)</b>	<b>6,602,756</b>	<b>-</b>	<b>209,073</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 47,733,871</b>	<b>\$ 440,418</b>	<b>\$ 6,865,102</b>	<b>\$ -</b>	<b>\$ 209,073</b>

**City of Spokane, Washington**  
**Schedule for General Fund Accounts**  
**Balance Sheet**  
**December 31, 2022**  
**(Continued)**

	<b>Emergency Medical Services</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 470,308	\$ -	\$ 4,579,243
Deposits with fiscal agents/trustees	10,226	-	10,226
Equity in pooled investments	1,569,569	-	(101,121)
Taxes receivable	161,454	-	16,820,726
Accounts receivable	190,378	-	3,061,234
Interest receivable	153	-	2,579,892
Due from other funds	120,391	(432,390)	7,947,738
Interfund loan receivable	-	-	7,546,050
Lease receivable	-	-	12,521,775
Due from other governments	120,212	-	1,321,547
Advances to other funds	-	-	1,163,413
Prepays	3,167	-	10,511
Notes/contract receivable (non-current)	-	-	698
<b>Total Assets</b>	<b>2,645,858</b>	<b>(432,390)</b>	<b>57,461,932</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts/vouchers payable	571,421	-	4,004,431
Due to other funds	1,067,917	(432,390)	5,207,779
Due to other governments	-	-	279,131
Revenues collected in advance	-	-	25,000
Accrued payroll liabilities	1,048,335	-	3,721,959
Other current liabilities	11,463	-	754,838
<b>Total Liabilities</b>	<b>2,699,136</b>	<b>(432,390)</b>	<b>13,993,138</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue Property Taxes	116,314	-	1,545,859
Lease Related	-	-	12,294,033
<b>Total Deferred Inflows of Resources</b>	<b>116,314</b>	<b>-</b>	<b>13,839,892</b>
<b>FUND BALANCE:</b>			
Nonspendable	-	-	1,173,924
Restricted - grants	-	-	188,261
Assigned	-	-	28,266,717
Unassigned	(169,592)	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(169,592)</b>	<b>-</b>	<b>29,628,902</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 2,645,858</b>	<b>\$ (432,390)</b>	<b>\$ 57,461,932</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, 2022  
(Continued)

	General Fund	Code Enforcement	Library	Hope Acquisition	Housing Trust Grant
<b>REVENUES</b>					
Taxes	\$ 181,877,150	\$ -	\$ 1,834,530	\$ -	\$ -
Licenses and permits	6,990,007	-	-	-	-
Intergovernmental	4,743,024	-	67,177	-	-
Charges for services	20,920,521	1,863,762	45,243	-	-
Fines and forfeitures	1,490,977	-	10,045	-	-
Miscellaneous	4,591,923	5,400	189,567	(398)	4,085
Net inc(dec) in market value of investments	(16,816,383)	-	20,679	-	(20,345)
<b>Total Revenues</b>	<b>203,797,219</b>	<b>1,869,162</b>	<b>2,167,241</b>	<b>(398)</b>	<b>(16,260)</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	34,612,594	-	-	-	-
Public safety	77,396,308	2,638,553	-	-	-
Transportation	7,019,918	-	-	-	-
Economic environment	7,319,019	-	-	704	-
Social services	3,454,571	-	-	-	-
Culture and recreation	800,583	-	9,258,508	-	-
<b>Capital outlays</b>	<b>3,820,675</b>	<b>18,819</b>	<b>1,209,819</b>	<b>-</b>	<b>-</b>
<b>Debt service:</b>					
Principal	155,604	2,018	613	-	-
Interest	47,711	97	9	-	-
<b>Total Expenditures</b>	<b>134,626,983</b>	<b>2,659,487</b>	<b>10,468,949</b>	<b>704</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>69,170,236</b>	<b>(790,325)</b>	<b>(8,301,708)</b>	<b>(1,102)</b>	<b>(16,260)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	24,285	-	421	-	-
Lease proceeds (as lessee)	3,537,777	18,819	2,461	-	-
Transfers in	2,687,932	790,890	9,598,342	5	-
Transfers out	(103,544,579)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(97,294,585)</b>	<b>809,709</b>	<b>9,601,224</b>	<b>5</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(28,124,349)</b>	<b>19,384</b>	<b>1,299,516</b>	<b>(1,097)</b>	<b>(16,260)</b>
<b>Fund Balance - beginning (Note 1)</b>	<b>51,005,392</b>	<b>(27,887)</b>	<b>5,283,717</b>	<b>103,302</b>	<b>225,333</b>
Prior Period Adjustment	129,327	(15,202)	19,523	(102,205)	-
<b>Fund Balance - ending</b>	<b>\$ 23,010,370</b>	<b>\$ (23,705)</b>	<b>\$ 6,602,756</b>	<b>\$ -</b>	<b>\$ 209,073</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, 2022  
(Continued)

	Emergency Medical Services	Eliminations	Total
<b>REVENUES</b>			
Taxes	\$ 9,403,775	\$ -	\$ 193,115,455
Licenses and permits	839,400	-	7,829,407
Intergovernmental	67,461	-	4,877,662
Charges for services	1,761,258	-	24,590,784
Fines and forfeitures	6,050	-	1,507,072
Miscellaneous	27,603	-	4,818,180
Net inc(dec) in market value of investments	-	-	(16,816,049)
<b>Total Revenues</b>	<b>12,105,547</b>	<b>-</b>	<b>219,922,511</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	-	-	34,612,594
Public safety	65,022,683	-	145,057,544
Transportation	-	-	7,019,918
Economic environment	-	-	7,319,723
Social services	-	-	3,454,571
Culture and recreation	-	-	10,059,091
<b>Capital outlays</b>	<b>154,765</b>	<b>-</b>	<b>5,204,078</b>
<b>Debt service:</b>			
Principal	-	-	158,235
Interest	370	-	48,187
<b>Total Expenditures</b>	<b>65,177,818</b>	<b>-</b>	<b>212,933,941</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(53,072,271)</b>	<b>-</b>	<b>6,988,570</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	52,760	-	77,466
Lease proceeds (as lessee)	-	-	3,559,057
Transfers in	56,776,289	(62,945,274)	6,908,184
Transfers out	(48,121)	62,945,274	(40,647,426)
<b>Total Other Financing Sources (Uses)</b>	<b>56,780,928</b>	<b>-</b>	<b>(30,102,719)</b>
<b>Net Change in Fund Balance</b>	<b>3,708,657</b>	<b>-</b>	<b>(23,114,149)</b>
<b>Fund Balance - beginning (Note 1)</b>	<b>(209,705)</b>	<b>-</b>	<b>56,380,152</b>
Prior Period Adjustment	(3,668,544)	-	(3,637,101)
<b>Fund Balance - ending</b>	<b>\$ (169,592)</b>	<b>\$ -</b>	<b>\$ 29,628,902</b>



City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 179,864,841	\$ 179,864,841	\$ 181,877,150	\$ 2,012,309
Licenses and permits	6,791,000	6,791,000	6,990,007	199,007
Intergovernmental	4,235,632	4,242,253	4,743,024	500,771
Charges for services	19,644,155	19,712,831	20,920,521	1,207,690
Fines and forfeitures	2,078,650	2,078,650	1,490,977	(587,673)
Miscellaneous	3,711,683	3,711,683	4,591,923	880,240
Net inc(dec) in market value of investments	-	-	(16,816,383)	(16,816,383)
<b>Total revenues</b>	<b>216,325,961</b>	<b>216,401,258</b>	<b>203,797,219</b>	<b>(12,604,039)</b>
<b>EXPENDITURES</b>				
General government	36,003,268	36,670,027	34,612,594	2,057,433
Public safety	69,906,032	75,713,352	77,396,308	(1,682,956)
Transportation	7,284,938	7,570,550	7,019,918	550,632
Economic environment	7,056,113	8,762,080	7,319,019	1,443,061
Social services	2,461,306	5,018,851	3,454,571	1,564,280
Culture and recreation	920,221	920,221	800,583	119,638
Capital outlays	96,014	1,155,019	3,820,675	(2,665,656)
Debt service:				
Principal	-	-	155,604	(155,604)
Interest and other related costs	-	-	47,711	(47,711)
<b>Total expenditures</b>	<b>123,727,892</b>	<b>135,810,100</b>	<b>134,626,983</b>	<b>1,183,117</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>92,598,069</b>	<b>80,591,158</b>	<b>69,170,236</b>	<b>(11,420,922)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	24,285	(15,715)
Lease proceeds (as lessee)	-	-	3,537,777	3,537,777
Transfers in	393,656	3,104,438	2,687,932	(416,506)
Transfers out	(93,008,942)	(104,490,767)	(103,544,579)	946,188
<b>Total other financing sources (uses)</b>	<b>(92,575,286)</b>	<b>(101,346,329)</b>	<b>(97,294,585)</b>	<b>4,051,744</b>
<b>Net change in fund balance</b>	<b>22,783</b>	<b>(20,755,171)</b>	<b>(28,124,349)</b>	<b>(7,369,178)</b>
<b>Fund Balance - beginning</b>	<b>36,654,289</b>	<b>1,686,581</b>	<b>51,005,392</b>	<b>49,318,811</b>
Prior Period Adjustment	-	-	129,327	129,327
<b>Fund Balance - ending</b>	<b>\$ 36,677,072</b>	<b>\$ (19,068,590)</b>	<b>\$ 23,010,370</b>	<b>\$ 42,078,960</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 1,820,576	\$ 1,820,576	\$ 1,863,762	\$ 43,186
Miscellaneous	-	-	5,400	5,400
<b>Total revenues</b>	<b>1,820,576</b>	<b>1,820,576</b>	<b>1,869,162</b>	<b>48,586</b>
<b>EXPENDITURES</b>				
Public safety	2,820,707	2,913,230	2,638,553	274,677
Capital outlays	14,400	135,949	18,819	117,130
Principal	-	-	2,018	(2,018)
Interest and other related costs	-	-	97	(97)
<b>Total expenditures</b>	<b>2,835,107</b>	<b>3,049,179</b>	<b>2,659,487</b>	<b>389,692</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,014,531)</b>	<b>(1,228,603)</b>	<b>(790,325)</b>	<b>438,278</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease proceeds (as lessee)	-	-	18,819	18,819
Transfers in	1,114,215	1,114,215	790,890	(323,325)
<b>Total other financing sources (uses)</b>	<b>1,114,215</b>	<b>1,114,215</b>	<b>809,709</b>	<b>(304,506)</b>
<b>Net change in fund balance</b>	<b>99,684</b>	<b>(114,388)</b>	<b>19,384</b>	<b>133,772</b>
<b>Fund Balance - beginning</b>	<b>577,696</b>	<b>314,160</b>	<b>(27,887)</b>	<b>(342,047)</b>
Prior Period Adjustment	-	-	(15,202)	(15,202)
<b>Fund Balance - ending</b>	<b>\$ 677,380</b>	<b>\$ 199,772</b>	<b>\$ (23,705)</b>	<b>\$ (223,477)</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Library  
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,838,345	\$ 1,838,345	\$ 1,834,530	\$ (3,815)
Intergovernmental	50,000	50,000	67,177	17,177
Charges for services	74,400	74,400	45,243	(29,157)
Fines and forfeitures	25,000	25,000	10,045	(14,955)
Miscellaneous	89,300	89,300	189,567	100,267
Net inc(dec) in market value of investments	-	-	20,679	20,679
<b>Total revenues</b>	<b>2,077,045</b>	<b>2,077,045</b>	<b>2,167,241</b>	<b>90,196</b>
<b>EXPENDITURES</b>				
Culture and recreation	10,466,147	10,558,659	9,258,508	1,300,151
Capital outlays	1,174,918	1,220,255	1,209,819	10,436
Principal	-	-	613	(613)
Interest and other related costs	-	-	9	(9)
<b>Total expenditures</b>	<b>11,641,065</b>	<b>11,778,914</b>	<b>10,468,949</b>	<b>1,309,965</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,564,020)</b>	<b>(9,701,869)</b>	<b>(8,301,708)</b>	<b>1,400,161</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	421	421
Lease proceeds (as lessee)	-	-	2,461	2,461
Transfers in	9,597,682	9,597,682	9,598,342	660
<b>Total other financing sources (uses)</b>	<b>9,597,682</b>	<b>9,597,682</b>	<b>9,601,224</b>	<b>3,542</b>
<b>Net change in fund balance</b>	<b>33,662</b>	<b>(104,187)</b>	<b>1,299,516</b>	<b>1,403,703</b>
<b>Fund Balance - beginning</b>	<b>1,527,805</b>	<b>1,404,790</b>	<b>5,283,717</b>	<b>3,878,927</b>
Prior Period Adjustment	-	-	19,523	19,523
<b>Fund Balance - ending</b>	<b>\$ 1,561,467</b>	<b>\$ 1,300,603</b>	<b>\$ 6,602,756</b>	<b>\$ 5,302,153</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Hope Acquisition  
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ (398)	\$ (398)
<b>Total revenues</b>	-	-	(398)	(398)
<b>EXPENDITURES</b>				
Economic environment	-	-	704	(704)
<b>Total expenditures</b>	-	-	704	(704)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	(1,102)	(1,102)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	5	5
<b>Total other financing sources (uses)</b>	-	-	5	5
<b>Net change in fund balance</b>	-	-	(1,097)	(1,097)
<b>Fund Balance - beginning</b>	(1,399,934)	(1,557,800)	103,302	1,661,102
Prior Period Adjustment	-	-	(102,205)	(102,205)
<b>Fund Balance - ending</b>	\$ (1,399,934)	\$ (1,557,800)	\$ -	\$ 1,557,800

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 4,085	\$ 2,485
Net inc(dec) in market value of investments	-	-	(20,345)	(20,345)
<b>Total revenues</b>	<u>1,600</u>	<u>1,600</u>	<u>(16,260)</u>	<u>(17,860)</u>
<b>EXPENDITURES</b>				
Economic environment	204,600	204,600	-	204,600
<b>Total expenditures</b>	<u>204,600</u>	<u>204,600</u>	<u>-</u>	<u>204,600</u>
<b>Net change in fund balance</b>	(203,000)	(203,000)	(16,260)	186,740
<b>Fund Balance - beginning</b>	(622,692)	(622,692)	225,333	848,025
<b>Fund Balance - ending</b>	<u>\$ (825,692)</u>	<u>\$ (825,692)</u>	<u>\$ 209,073</u>	<u>\$ 1,034,765</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 9,425,000	\$ 9,425,000	\$ 9,403,775	\$ (21,225)
Licenses and permits	1,106,415	1,106,415	839,400	(267,015)
Intergovernmental	564,016	618,716	67,461	(551,255)
Charges for services	1,515,706	1,865,706	1,761,258	(104,448)
Fines and forfeitures	201,000	201,000	6,050	(194,950)
Miscellaneous	11,500	11,500	27,603	16,103
<b>Total revenues</b>	<b>12,823,637</b>	<b>13,228,337</b>	<b>12,105,547</b>	<b>(1,122,790)</b>
<b>EXPENDITURES</b>				
Public safety	57,605,850	70,716,957	65,022,683	5,694,274
Capital outlays	20,000	926,065	154,765	771,300
Interest and other related costs	-	-	370	(370)
<b>Total expenditures</b>	<b>57,625,850</b>	<b>71,643,022</b>	<b>65,177,818</b>	<b>6,465,204</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(44,802,213)</b>	<b>(58,414,685)</b>	<b>(53,072,271)</b>	<b>5,342,414</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	52,760	52,760
Transfers in	44,915,592	57,804,544	56,776,289	(1,028,255)
Transfers out	(88,379)	(88,379)	(48,121)	40,258
<b>Total other financing sources (uses)</b>	<b>44,827,213</b>	<b>57,716,165</b>	<b>56,780,928</b>	<b>(935,237)</b>
<b>Net change in fund balance</b>	<b>25,000</b>	<b>(698,520)</b>	<b>3,708,657</b>	<b>4,407,177</b>
<b>Fund Balance - beginning</b>	<b>3,035,610</b>	<b>3,206,853</b>	<b>(209,705)</b>	<b>(3,416,558)</b>
Prior Period Adjustment	-	-	(3,668,544)	(3,668,544)
<b>Fund Balance - ending</b>	<b>\$ 3,060,610</b>	<b>\$ 2,508,333</b>	<b>\$ (169,592)</b>	<b>\$ (2,677,925)</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 191,128,186	\$ 191,128,186	\$ 193,115,455	\$ 1,987,269
Licenses and permits	7,897,415	7,897,415	7,829,407	(68,008)
Intergovernmental	4,849,648	4,910,969	4,877,662	(33,307)
Charges for services	23,054,837	23,473,513	24,590,784	1,117,271
Fines and forfeitures	2,304,650	2,304,650	1,507,072	(797,578)
Miscellaneous	3,814,083	3,814,083	4,818,180	1,004,097
Net inc(dec) in market value of investments	-	-	(16,816,049)	(16,816,049)
<b>Total revenues</b>	<b>233,048,819</b>	<b>233,528,816</b>	<b>219,922,511</b>	<b>(13,606,305)</b>
<b>EXPENDITURES</b>				
General government	36,003,268	36,670,027	34,612,594	2,057,433
Public safety	130,332,589	149,343,539	145,057,544	4,285,995
Transportation	7,284,938	7,570,550	7,019,918	550,632
Economic environment	7,260,713	8,966,680	7,319,723	1,646,957
Social services	2,461,306	5,018,851	3,454,571	1,564,280
Culture and recreation	11,386,368	11,478,880	10,059,091	1,419,789
Capital outlays	1,305,332	3,437,288	5,204,078	(1,766,790)
Debt service:				
Principal	-	-	158,235	(158,235)
Interest and other related costs	-	-	48,187	(48,187)
<b>Total expenditures</b>	<b>196,034,514</b>	<b>222,485,815</b>	<b>212,933,941</b>	<b>9,551,874</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>37,014,305</b>	<b>11,043,001</b>	<b>6,988,570</b>	<b>(4,054,431)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	77,466	37,466
Lease proceeds (as lessee)	-	-	3,559,057	3,559,057
Transfers in	56,021,145	71,620,879	6,908,184	(64,712,695)
Transfers out	(93,097,321)	(104,579,146)	(40,647,426)	63,931,720
<b>Total other financing sources (uses)</b>	<b>(37,036,176)</b>	<b>(32,918,267)</b>	<b>(30,102,719)</b>	<b>2,815,548</b>
<b>Net change in fund balance</b>	<b>(21,871)</b>	<b>(21,875,266)</b>	<b>(23,114,149)</b>	<b>(1,238,883)</b>
<b>Fund Balance - beginning</b>	<b>39,772,774</b>	<b>4,431,892</b>	<b>56,380,152</b>	<b>51,948,260</b>
Prior Period Adjustment	-	-	(3,637,101)	(3,637,101)
<b>Fund Balance - ending</b>	<b>\$ 39,750,903</b>	<b>\$ (17,443,374)</b>	<b>\$ 29,628,902</b>	<b>\$ 47,072,276</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.

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