



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Spokane

For the period January 1, 2023 through December 31, 2023

Published September 23, 2024

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

September 23, 2024

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Spokane January 1, 2023 through December 31, 2023

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 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 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>
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 \$1,706,569.

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

See Finding 2023-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Spokane January 1, 2023 through December 31, 2023

2023-001 The City’s internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.

Assistance Listing Number and Title: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Federal Grantor Name: U.S. Department of the Treasury

Federal Award/Contract Number: SLT-0533

Pass-through Entity Name: Washington State Department of Commerce

Pass-through Award/Contract Number: SFY23-46141-011
SFY23-46141-014
21-4619C-133

Known Questioned Cost Amount: \$0

Prior Year Audit Finding: N/A

Description of Condition

The purpose of the Coronavirus State and Local Fiscal Recovery funds (SLFRF) is to respond to the COVID-19 pandemic’s negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected and make necessary investments in water, sewer or broadband infrastructure. In 2023, the City spent about \$34.6 million in program funds for these activities.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the City enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors are not suspended or debarred or otherwise excluded from participating in federal programs. The City may verify this by obtaining a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The City must verify this before entering into the contract and must maintain documentation demonstrating compliance with this federal requirement.

The City has a process to verify the suspension and debarment status of contractors that it pays more than \$25,000 with federal funds. However, the City entered into three new contracts in 2023 and paid these contractors more than \$25,000 for public safety vehicles and equipment without following its established process to verify the contractors' status.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Cause of Condition

The City purchased vehicles and equipment from two contractors using other governments' contracts, which is commonly referred to as "piggybacking." City staff responsible for the purchases relied on the awarding agency's suspension and debarment verification to ensure compliance with this requirement. By relying on the awarding agency, staff did not follow the City's standard procedure of obtaining written certifications from the contractors.

Additionally, the City purchased equipment from another contractor and did not initially intend to use federal funds to pay them. Therefore, City staff did not obtain a written certification of the contractor's suspension and debarment status when they executed the contract. When the City decided to use federal funds for this purchase, staff responsible for the purchase did not verify at that time that the contractor was not suspended or debarred from participating in federal programs.

Effect of Condition

The City did not obtain written certifications, insert a clause into the contracts or check for exclusion records at SAM.gov to verify the contractors it paid with

federal funds were not suspended or debarred. The City paid \$3.6 million to these contractors in 2023.

Without adequate internal controls, the City cannot ensure the contractors it paid with federal funds were eligible to participate in federal programs. Any program funds the City used to pay contractors that were suspended or debarred would be unallowable, and the federal grantor could potentially recover them.

During the audit, we verified the contractors were not suspended or debarred, so we are not questioning costs for these payments.

Recommendation

We recommend the City strengthen its internal controls to ensure it verifies that all contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred. We also recommend the City establish a process to ensure it verifies the suspension and debarment status of contractors it purchases from when piggybacking.

City's Response

The City understands the importance of verifying it is not contracting with, making purchases with, or making subawards to parties debarred or suspended from doing business with the federal government.

The City did not contract with any parties who were debarred or suspended from doing business with the federal government during the audited period. The City currently has a robust process to verify and document its contractors, consultants and vendors are neither debarred nor suspended. This process adds required certification language to all City agreements to document compliance. While two of these contracts were reviewed and the compliant status of the providers were verified through the existing cooperative agreement, unfortunately the City's process did not capture the needed requirement to verify at the lower tier. The City is now putting into place a requirement that all subawards, purchase agreements and contracts involving federal funds over \$25,000 will include the required certification even if the contract is derived from "piggy backing" and includes suspension and debarment language. The City will also add measures to our existing process to capture such agreements that were not initially identified as federal funding and later classified as such to include additional steps to ensure the required certification language is included to correct this oversight.

The City extends our appreciation to the State Auditor's Office for assisting in identifying deficiencies in our procedures. We are dedicated to executing contracts and purchase agreements that are compliant with federal requirements and are confident that the additional implemented process will ensure compliance with suspension and debarment certification requirements.

Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank the City for its cooperation and assistance during the audit. We will review corrective action taken during the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, OMB *Guidelines on Agencies on Governmentwide Department and Suspension (Nonprocurement)*, establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

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, 2023 through December 31, 2023

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, 2023, 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 16, 2024.

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 auditors' 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.

We noted certain other matters that we have reported to the management of the City in a separate letter dated September 16, 2024.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

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, 2023 through December 31, 2023

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, 2023. 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, 2023.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001 that we consider to be a material weakness.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Spokane January 1, 2023 through December 31, 2023

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, 2023, 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, 2023, 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 statement of the Spokane Employees' Retirement System (SERS), which represents 46 percent, 59 percent, and 15 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 18 to the financial statements, in 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 include 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 16, 2024 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.

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Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

City of Spokane
January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

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Statement of Activities – 2023

Balance Sheet – Governmental Funds – 2023

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Funds – 2023

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental
Funds – 2023

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance to the Statement of Activities – 2023

Statement of Net Position – Proprietary Funds – 2023

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2023

Statement of Cash Flows – Proprietary Funds – 2023

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– General Fund Accounts – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
– American Recovery Plan – 2023

Schedule of City’s Proportionate Share of the SERS Net Pension Liability – 2023

Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters’ Pension
and Police Pension – 2023

Schedule of City’s Proportionate Share of the Net Pension Liability (Asset) – LEOFF 1
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Schedule of Employer Contributions – SERS, Firefighters’ Pension, Police Pension and LEOFF 2 – 2023

Schedule of Investment Returns – Spokane Employee Retirement System (SERS), Fire, and Police – 2023

Schedule of Changes in the City’s Firefighters’ Retirement Net OPEB Liability and Related Ratios – 2023

Schedule of Changes in the City’s Police Retirement Net OPEB Liability and Related Ratios – 2023

Schedule of Changes in the City’s Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust – 2023

Other Postemployment Benefit – Schedule of Employer Contributions – Firefighters’ Pension and Police Pension – 2023

Schedule of Investment Returns for OPEB held in trust – Fire OPEB and Police OPEB – 2023

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Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Schedule for General Fund Accounts – Balance Sheet – 2023

Schedule for General Fund Accounts – Statement of Revenues, Expenditures, and Changes in Fund Balances – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – each fund included in the General Fund Accounts – 2023

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, 2023. 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 \$2.3 billion includes property, equipment, infrastructure, right-to-use leased assets, and right-to-use subscription assets, net of accumulated depreciation and amortization, and is reduced for outstanding debt related to the purchase, construction or financing of capital assets.
 - (2) Net position of \$197.8 million is restricted by constraints imposed from outside the City such as debt covenants, pensions, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$ (6.8) million is attributable to the city’s portion of net pension assets being classified as restricted for pensions. 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 \$165.8 million this year, a decrease of \$21.1 million from the prior year. Revenues increased by \$43.2 million overall. Tax revenue increased by \$10.9 million. Investment earnings increased by \$21.3 million. Intergovernmental revenue, licenses and permits, charges for service, fines and miscellaneous revenues increased by \$11.1 million. Other financing sources increased by \$17.5 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	\$ 10.9 million
Licenses & Permits	\$ 0.5 million
Intergovernmental	\$ (1.7) million
Charges for Service	\$ 8.2 million
Fines & Forfeitures	\$ 1.1 million
Miscellaneous	\$ 3.0 million
Investment earnings	\$ 21.3 million
Other Financing Sources	\$ 17.5 million

- At the end of the current fiscal year, the fund balance for the General Fund totaled \$30.6 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 four single-employer and 1 multi-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 \$2,448.4 million as shown below.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Summary of Net Position (in thousands)						
ASSETS						
Current and other assets	384,367	426,837	184,959	190,770	569,326	617,607
Capital assets	1,676,912	1,673,008	1,049,475	1,016,285	2,726,387	2,689,293
Total assets	2,061,279	2,099,844	1,234,434	1,207,055	3,295,713	3,306,900
DEFERRED OUTFLOWS	98,387	48,450	36,112	6,848	134,499	55,298
LIABILITIES						
Current liabilities	26,669	24,099	12,752	12,241	39,421	36,341
Long term liabilities	506,249	459,654	365,132	330,496	871,381	790,150
Total liabilities	532,918	483,753	377,883	342,737	910,801	826,491
DEFERRED INFLOWS	60,147	86,525	10,881	20,605	71,027	107,130
NET POSITION						
Net investment in capital assets	1,449,042	1,448,625	808,374	766,764	2,257,416	2,215,388
Restricted	197,777	109,679	-	-	197,777	109,679
Unrestricted	(80,218)	19,713	73,407	83,797	(6,810)	103,510
Total net position	1,566,601	1,578,016	881,782	850,561	2,448,383	2,428,577

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 10.9 and 10.6 for business type activities. For the City overall, the current ratio is 10.8. We consider these ratios to be very strong.

Governmental Activities

Net position decreased by \$11.4 million for governmental activities and is attributable to program expenses exceeding revenues.

Business-Type Activities

The \$31.2 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 92.5% 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 91.7% of its net position on capital. Capital assets in the business-type activities primarily provide utility services, but they also generate revenues for these funds. The net investment in capital assets makes up 92.2% of the City's total net position.

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

Change in Net Position (in thousands)	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	47,866	39,329	299,322	266,386	347,188	305,715
Operating grants and contributions	28,769	76,640	137	268	28,906	76,908
Capital grants and contributions	11,918	19,136	5,640	4,370	17,558	23,507
General revenues						
Taxes	284,890	274,482	-	-	284,890	274,482
Miscellaneous	6,199	6,396	-	-	6,199	6,396
Interest and investment Earnings	15,406	(10,345)	4,208	1,758	19,614	(8,587)
Total revenues	395,048	405,638	309,307	272,782	704,355	678,420
EXPENSES						
General government	(27,317)	(26,715)	-	-	(27,317)	(26,715)
Judicial	(4,667)	(3,261)	-	-	(4,667)	(3,261)
Public safety	(170,203)	(165,994)	-	-	(170,203)	(165,994)
Transportation	(71,804)	(65,779)	-	-	(71,804)	(65,779)
Economic environment	(41,689)	(37,228)	-	-	(41,689)	(37,228)
Social services	(36,475)	(25,723)	-	-	(36,475)	(25,723)
Culture and recreation	(48,731)	(39,248)	-	-	(48,731)	(39,248)
Interest on long term debt	(8,177)	(8,211)	-	-	(8,177)	(8,211)
Water/Sewer	-	-	(160,637)	(145,414)	(160,637)	(145,414)
Solid Waste	-	-	(97,243)	(85,038)	(97,243)	(85,038)
Other business activities	-	-	(13,245)	(11,798)	(13,245)	(11,798)
Total expenses	(409,063)	(372,159)	(271,124)	(242,251)	(680,187)	(614,410)
Excess (deficiency) of revenues over expenses before contributions & transfers	(14,015)	33,478	38,182	30,531	24,167	64,010

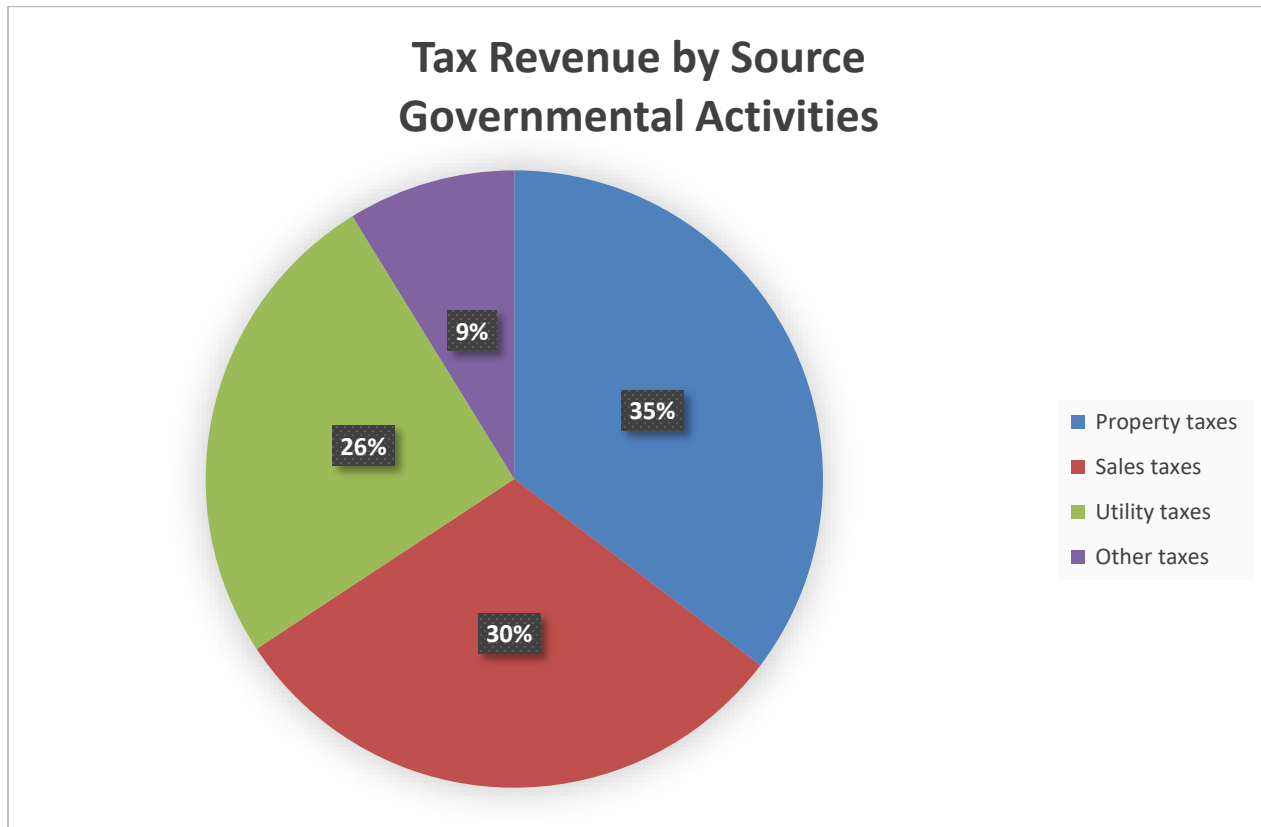
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Transfers	7,035	7,369	(7,035)	(7,369)	-	-
Increase (decrease) in net position	(6,980)	40,847	31,147	23,163	24,167	64,010
Prior period adjustment	(4,435)	(2,754)	74	(559)	(4,361)	(3,313)
Net Position-January 1	1,578,016	1,539,924	850,561	827,957	2,428,577	2,367,880
Net Position-December 31	1,566,601	1,578,016	881,782	850,561	2,448,383	2,428,577

GOVERNMENTAL REVENUES

The City is heavily reliant on three types of taxes to support governmental operations—more than 72.1% of the governmental activities revenue is derived from taxes. Charges for services represented 12.1% of these revenues, grants and contributions represented 10.3%, miscellaneous revenues represented 1.6% and interest earnings made up the remaining 3.9%.

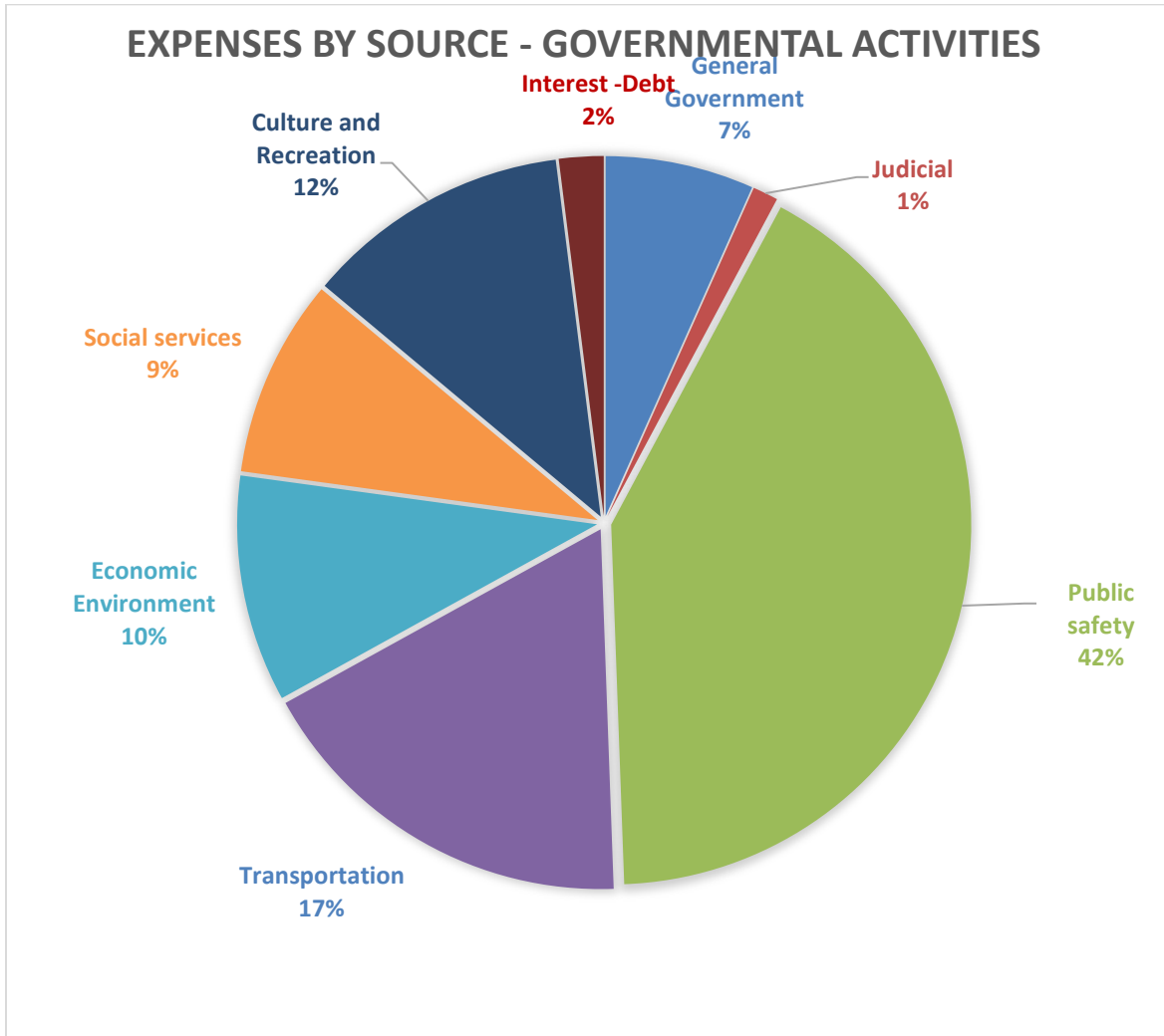
A breakdown of tax revenue is shown below.



For governmental activities, program revenues cover approximately 21.6% of governmental operating expenses. This means that the government’s taxpayers and the City’s other general revenues cover 78.4% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City’s revenue streams.

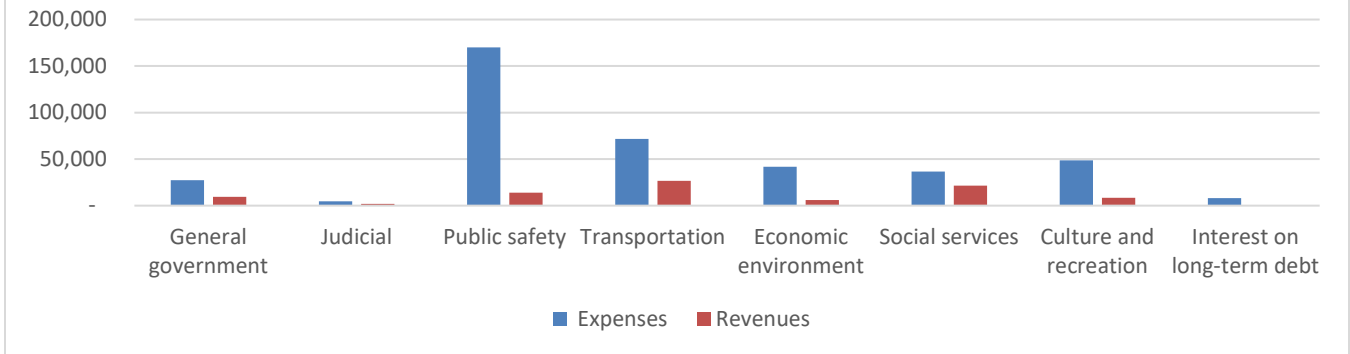
GOVERNMENTAL FUNCTIONAL EXPENSES

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 & Expenses: Governmental Activities



Program revenues fell short of program expenses in all functions in 2023.

BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

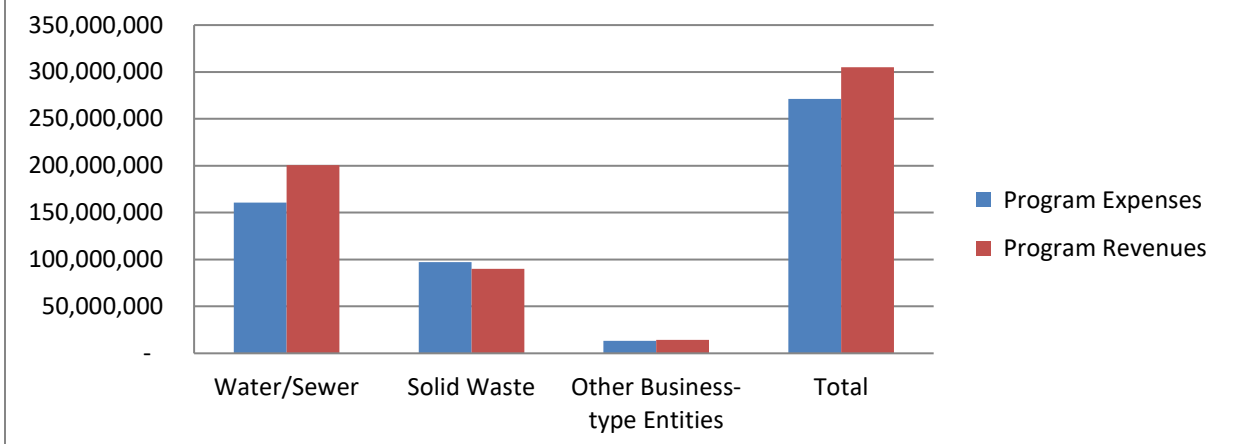
For all enterprise funds, the City reports a current ratio of 10.6, which is a healthy ratio. The business-type activities report capitalized assets of \$1,049.5 million, which provide a variety of services to the citizens of Spokane as well as some populations outside the City limits.

The business-type activities report \$73.4 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 \$34.1 million or an increase of 12.6% over the prior year while operating expenses increased by \$28.9 million or 11.9% over 2022. As a result, net operating income was \$34.0 million compared to \$28.8 million in 2022.

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.

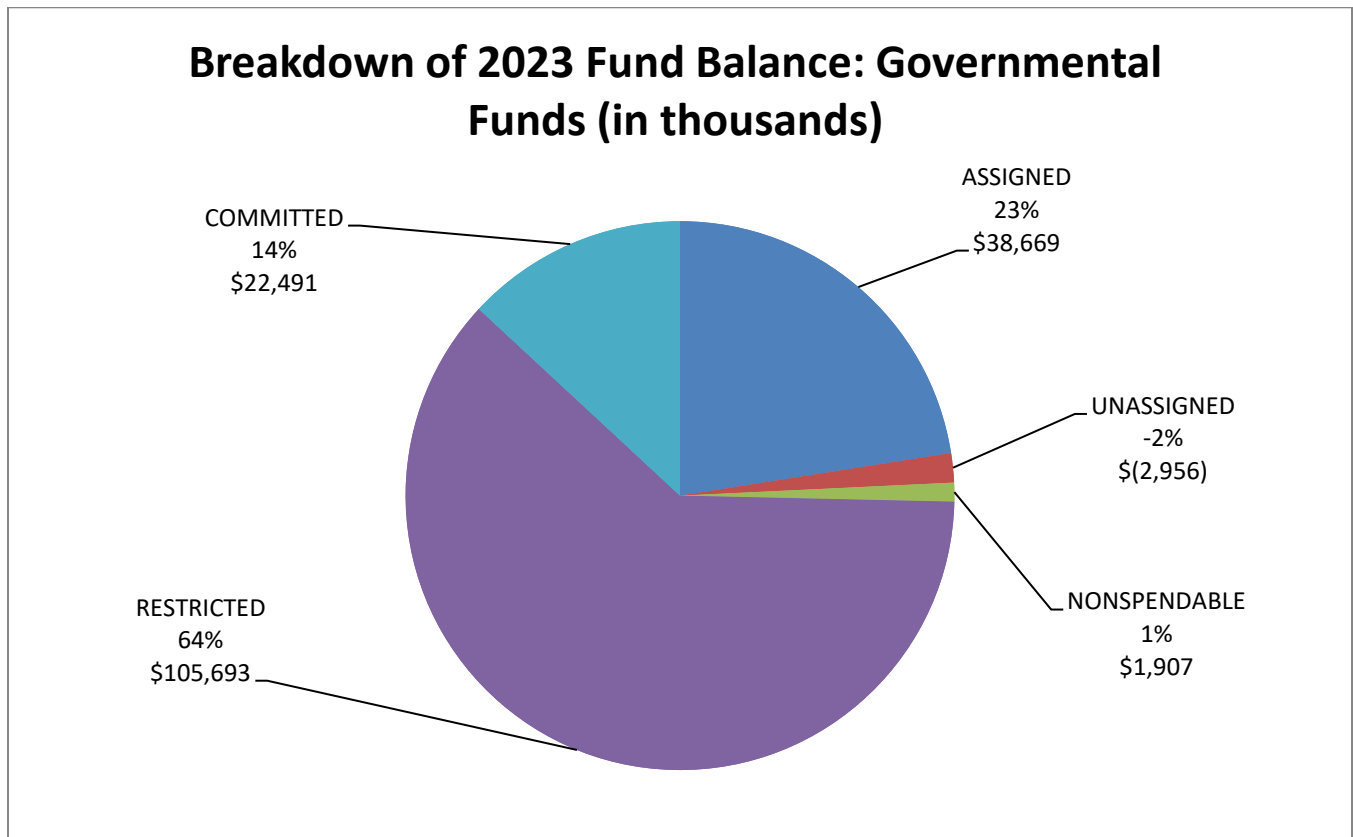
Program Revenues and Expenses: Business-Type Activities



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 \$165.8 million. Of this total, \$38.7 million is assigned and \$(3.0) million is unassigned. This unassigned amount represents approximately -1.8% 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 \$1.9 million "not in spendable form" for items that are not expected to be converted to near-term cash such as internal loans; \$105.7 million restricted by external parties, including grantors and creditors, and \$22.5 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 increased by \$2.0 million in 2023.

Committed, assigned and unassigned fund balance in the General Fund was \$30.6 million, which as a percentage of expenditures was 13.3% of annual operations, compared with 13.3% at the end of 2022. 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 2023 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 2023. The fund balance of the American Recovery Plan decreased by \$0.04 million in 2023. The entire fund balance for the American Recovery Plan is classified as restricted for grants and represents 7.2% 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 \$811.7 million, with a \$760.6 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 3.5, which provides this fund with adequate resources to cover cash flow issues.

The water/sewer fund reported operating income of \$10.7 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 2023 operating income will be directed towards those regulatory requirements in the coming years.

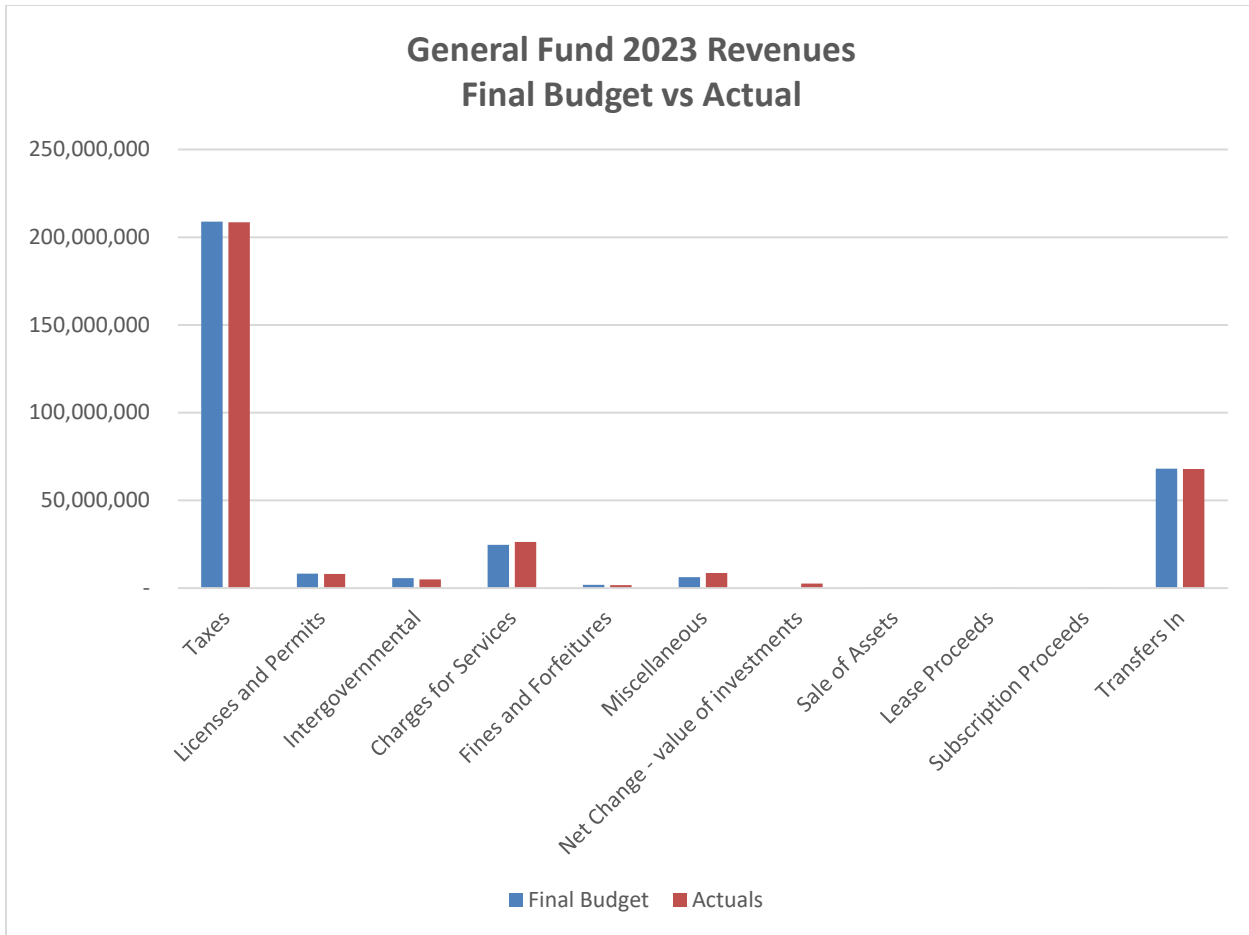
The **Solid Waste Fund** – The solid waste fund reports net position of \$31.6 million. The net investment in capital assets (i.e., the book value of the capital assets less related debt) is \$41.8 million with the remainder being unrestricted net position. The current ratio for this fund is 2.5, which provides this fund with adequate resources to cover cash flow requirements.

The solid waste fund reported an operating loss of \$10.1 million. Depreciation expense was \$4.2 million for the solid waste fund, which accounted for 41% 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 2023, the original General Fund Revenue budget (excluding transfers and other financing sources) was \$33.5 million more than the 2022 actual results. In addition, the 2023 original expenditure budget (excluding transfers and other financing uses) was \$5.2 million more than the 2022 actual results. There was a favorable budget variance in charges for services 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 increased by \$19.4 million due to a large unrealized gain in the market valuation of securities held in the investment portfolio in 2023. Unrealized losses in previous years will continue to be recovered in future years as the individual securities mature since the City's policy is to hold its investment securities to maturity.

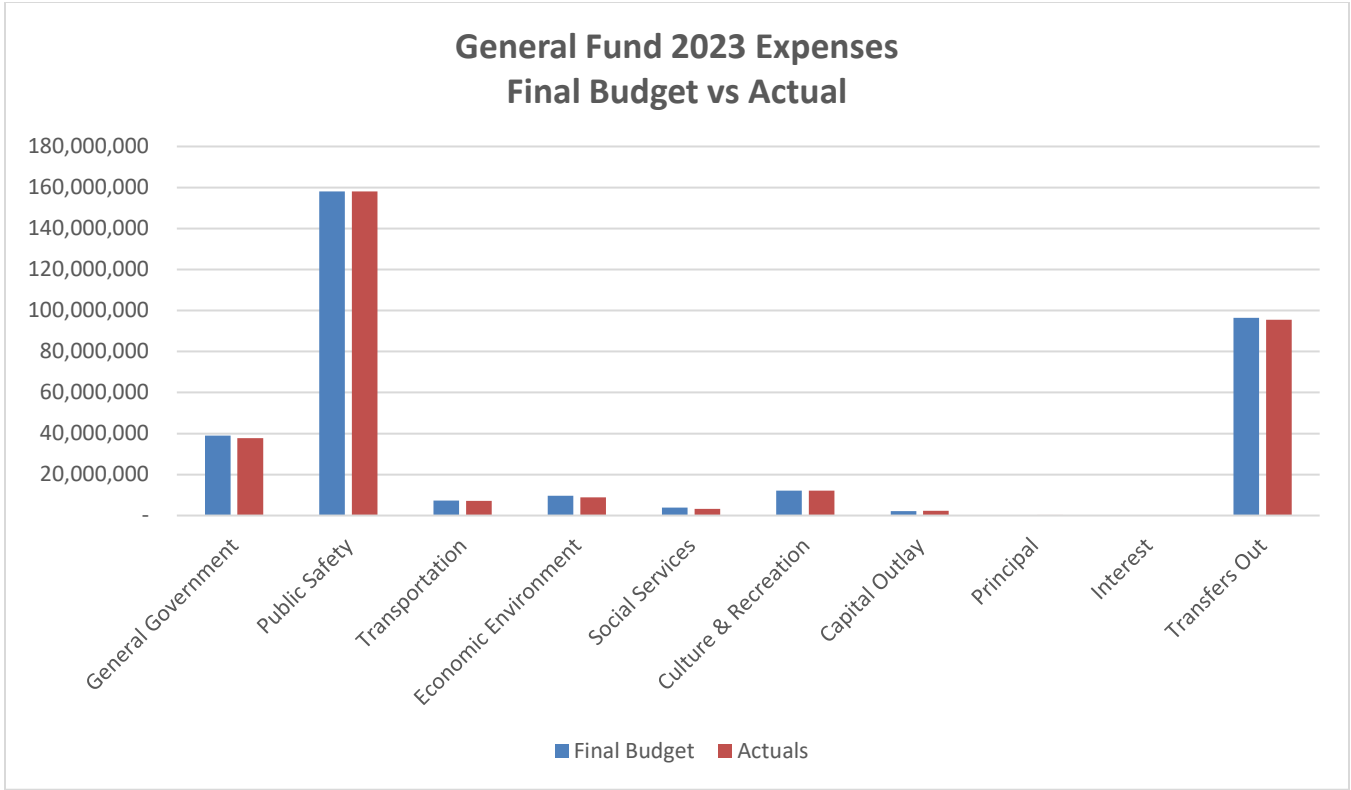
For the past several years, the City has strived to develop a budget that limits expenditures to anticipated revenue for the current year. The City Council amended both the revenue and expenditure budgets during 2023; the amendments resulted in a 0.9% change between the original and final budget for revenues, and a 6.6% change for expenditures.



The actual revenues (including transfers in and other financing sources) were approximately \$3.2 million more than the actual expenditures (including transfers out), or 1.2% excess of revenues over expenditures.

Excluding the effects of transfers in/out and escrow payments, the City had positive expenditure variances of \$2.9 million between the final budget and the actual amounts in all categories except culture and recreation which realized a \$0.06 million unfavorable variance. Capital outlay realized a \$0.2 million unfavorable variance, principal realized a \$0.3 million unfavorable variance, and interest realized a \$0.053 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

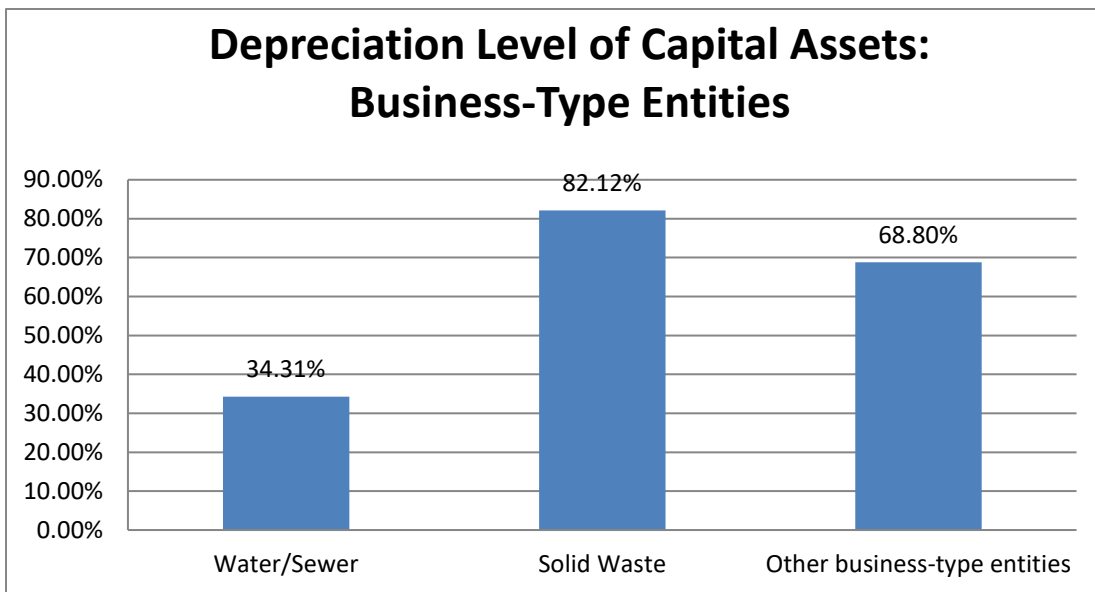
The City's investment in capital assets, net of related debt, for governmental and business-type activities as of December 31, 2023, was \$1,449.0 million and \$808.4 million, respectively. See Note 4 for additional information about changes in capital assets during the fiscal year and amounts outstanding 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	
	2023	2022	2023	2022	2023	2022
NON-DEPRECIABLE ASSETS						
Land	\$ 845,854	\$ 845,574	\$ 15,596	\$ 15,596	\$ 861,450	\$ 861,170
Construction in progress	37,429	67,479	38,897	41,203	76,325	108,682
Total non-depreciable assets	883,282	913,053	54,493	56,799	937,775	969,852
DEPRECIABLE ASSETS						
Property, plant, and equipment	472,851	437,745	860,741	834,077	1,333,592	1,271,823
Infrastructure	1,215,288	1,179,525	868,013	823,830	2,083,301	2,003,355
Intangible assets	5,460	8,184	114	114	5,574	8,298
Right-to-use leased assets	6,376	4,682	2,834	3,000	9,210	7,682
Right-to-use subscription assets	8,764	-	-	-	8,764	-
Total depreciable assets	1,708,739	1,630,137	1,731,702	1,661,021	3,440,441	3,291,157
Total cost of capital assets	2,592,021	2,543,190	1,786,195	1,717,820	4,378,216	4,261,010
ACCUMULATED DEPRECIATION	(915,109)	(870,182)	(736,721)	(701,535)	(1,651,830)	(1,571,717)
Total book value of capital assets	\$ 1,676,912	\$ 1,673,008	\$ 1,049,475	\$ 1,016,285	\$ 2,726,387	\$ 2,689,293
Percentage depreciated	54%	53%	43%	42%	48%	48%

The City's governmental activities depreciable capital assets were 54% at December 31, 2023 and 53% at December 31, 2022.

With the City's business-type activities, 43% of the asset values were depreciated at December 31, 2023 and 42% depreciated December 31, 2022. 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 \$472.4 million. Of this amount, \$207.2 million or 43.87% 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 \$238.9 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 194,256,018	\$ 199,950,197	-	-	194,256,018	\$ 199,950,197
Deferred amounts	12,974,653	13,728,978	-	-	12,974,653	13,728,978
Direct borrowings	11,854,467	14,598,300	-	-	11,854,467	14,598,300
Leases	5,072,404	4,299,779	2,233,497	2,709,863	7,305,901	7,009,642
Subscriptions	6,835,104	-	-	-	6,835,104	-
Revenue bonds	-	-	119,060,000	127,390,000	119,060,000	127,390,000
Deferred amounts	-	-	9,553,192	11,364,133	9,553,192	11,364,133
Other government/bank loans	258,824	317,647	110,253,469	108,128,741	110,512,293	108,446,388
Total	\$ 231,251,470	\$ 232,894,901	\$ 241,100,158	\$ 249,592,737	\$ 472,351,627	\$ 482,487,638

Long-term debt decreased by \$10.1 million during 2023, which was the result normal debt payments combined with the addition of subscription-based IT arrangement debt due to implementation of GASB 96.

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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,113,195	\$ 4,664,135	\$ 29,777,330
Equity in pooled investments	192,023,669	74,858,036	266,881,705
Receivables (net)	69,868,946	46,401,133	116,270,079
Internal balances	(30,696,945)	30,696,945	-
Lease receivable	14,925,989	-	14,925,989
Inventories	2,535,204	8,764,238	11,299,442
Prepays	32,549	176,046	208,595
Net Pension Asset	92,084,262	-	92,084,262
Restricted Assets:			
Receivables, noncurrent	18,479,914	16,401	18,496,315
Equity in pooled investments, restricted	-	13,078,211	13,078,211
Capital Assets (Note 4):			
Non-depreciable assets	883,282,350	54,492,717	937,775,067
Depreciable assets, net of depreciation	781,695,129	992,747,159	1,774,442,288
Right-to-use leased assets, net of amortization	4,910,408	2,234,768	7,145,176
Right-to-use subscriptions, net of amortization	7,024,209	-	7,024,209
Total capital assets, net of depreciation	<u>1,676,912,096</u>	<u>1,049,474,644</u>	<u>2,726,386,740</u>
Noncurrent equity in restricted pooled investments	-	6,303,914	6,303,914
Total Assets	<u>2,061,278,879</u>	<u>1,234,433,703</u>	<u>3,295,712,582</u>
DEFERRED OUTFLOWS			
Pensions	96,241,379	35,715,061	131,956,440
Opeb	2,145,665	397,055	2,542,720
Total deferred outflows	<u>98,387,044</u>	<u>36,112,116</u>	<u>134,499,160</u>
LIABILITIES			
Accounts payable and accrued expenses	17,458,100	8,639,000	26,097,100
Other liabilities, current	9,211,095	4,112,606	13,323,701
Long term liabilities (Note 9):			
Due within one year	33,701,562	20,952,311	54,653,873
Due within more than one year	472,547,087	344,179,561	816,726,648
Total Liabilities	<u>532,917,844</u>	<u>377,883,478</u>	<u>910,801,322</u>
DEFERRED INFLOWS			
Pensions	41,685,021	9,464,351	51,149,372
Sale of Future Revenue	23,797	246,619	270,416
Bond refundings	877,424	-	877,424
Opeb	3,204,996	1,169,585	4,374,581
Leases	14,355,467	-	14,355,467
Total deferred inflows	<u>60,146,705</u>	<u>10,880,555</u>	<u>71,027,260</u>
NET POSITION			
Net investment in capital assets	1,449,042,006	808,374,486	2,257,416,492
Restricted for:			
Capital projects	50,296,538	-	50,296,538
Debt service	8,606,449	-	8,606,449
Grants/other	24,186,546	-	24,186,546
Impact Fees	1,116,986	-	1,116,986
Police and firefighters' pension	94,614,370	-	94,614,370
Public Safety & Crime Reduction	1,238,066	-	1,238,066
Other	17,717,978	-	17,717,978
Unrestricted	<u>(80,217,565)</u>	<u>73,407,300</u>	<u>(6,810,265)</u>
Total Net Position	<u>\$ 1,566,601,374</u>	<u>\$ 881,781,786</u>	<u>\$ 2,448,383,160</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, 2023

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
Governmental Activities:							
General government	\$ 27,316,579	\$ 9,035,393	\$ 479,698	\$ 100,420	\$ (17,701,068)	\$ -	\$ (17,701,068)
Judicial	4,666,606	1,911,220	121,413	-	(2,633,973)	-	(2,633,973)
Public safety	170,203,225	12,072,574	1,844,000	106,115	(156,180,536)	-	(156,180,536)
Transportation	71,804,281	15,952,096	273,638	10,538,007	(45,040,540)	-	(45,040,540)
Economic environment	41,689,409	527,662	5,544,040	-	(35,617,707)	-	(35,617,707)
Social services	36,475,274	1,027,109	20,501,797	-	(14,946,368)	-	(14,946,368)
Culture and recreation	48,730,638	7,340,206	4,887	1,173,507	(40,212,038)	-	(40,212,038)
Interest on long-term debt	8,176,728	-	-	-	(8,176,728)	-	(8,176,728)
Total governmental activities	409,062,740	47,866,260	28,769,473	11,918,049	(320,508,958)	-	(320,508,958)
Business-Type Activities:							
Water/Sewer	160,636,522	194,933,048	113,941	5,640,021	-	40,050,488	40,050,488
Solid Waste	97,243,190	90,058,453	22,614	-	-	(7,162,123)	(7,162,123)
Other business-type activities	13,244,668	14,330,584	-	-	-	1,085,916	1,085,916
Total business-type activities	271,124,380	299,322,085	136,555	5,640,021	-	33,974,281	33,974,281
Total government	\$ 680,187,120	\$ 347,188,345	\$ 28,906,028	\$ 17,558,070	(320,508,958)	33,974,281	(286,534,677)
General revenues:							
Property taxes					100,604,551	-	100,604,551
Sales taxes					86,650,423	-	86,650,423
Utility taxes					72,603,059	-	72,603,059
Other taxes					25,031,736	-	25,031,736
Miscellaneous					6,198,529	-	6,198,529
Investment earnings					14,874,218	4,208,032	19,082,250
Other interest					531,604	-	531,604
Transfers					7,035,156	(7,035,156)	-
Total general revenues and transfers					313,529,276	(2,827,124)	310,702,152
Change in Net Position					(6,979,682)	31,147,157	24,167,475
Net Position - beginning					1,578,016,303	850,560,559	2,428,576,862
Prior period adjustment					(4,435,247)	74,070	(4,361,177)
Net Position - beginning (restated)					1,573,581,056	850,634,629	2,424,215,685
Net Position - ending					\$ 1,566,601,374	\$ 881,781,786	\$ 2,448,383,160

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

**City of Spokane, Washington
Balance Sheet
Governmental Funds
December 31, 2023**

	General Fund	American Recovery Plan	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,319,832	\$ -	\$ 12,707,539	\$ 14,027,371
Deposits with fiscal agents/trustees	-	-	87,180	87,180
Equity in pooled investments	(9,229,214)	37,268,551	98,664,974	126,704,311
Taxes receivable	17,818,194	-	5,195,178	23,013,372
Special assessment receivable	-	-	155,548	155,548
Accounts receivable	2,109,786	-	18,169,065	20,278,851
Interest receivable	5,218,141	-	51,423	5,269,564
Due from other funds	19,712,248	4,781	8,857,127	28,574,156
Interfund loan receivable	5,319,351	1,204,069	1,686,716	8,210,136
Lease receivable	12,661,690	-	217,498	12,879,188
Due from other governments	1,422,590	-	10,899,305	12,321,895
Advances to other funds	733,465	2,982,842	4,126,170	7,842,477
Inventories	-	-	1,168,145	1,168,145
Prepays	4,995	27,554	-	32,549
Notes/contract receivable (non-current)	698	-	18,479,216	18,479,914
Total Assets	\$ 57,091,776	\$ 41,487,797	\$ 180,465,084	\$ 279,044,657
LIABILITIES				
Accounts/vouchers payable	\$ 4,178,026	\$ 967,674	\$ 6,170,117	\$ 11,315,817
Due to other funds	1,620,292	2,118,456	17,787,587	21,526,335
Due to other governments	1,831	-	16,850	18,681
Revenues collected in advance	25,000	-	29,371	54,371
Interfund loan payable	-	-	5,044,404	5,044,404
Accrued payroll liabilities	4,808,328	2,821	784,804	5,595,953
Other current liabilities	866,874	-	1,063,331	1,930,205
Total Liabilities	11,500,351	3,088,951	30,896,464	45,485,766
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue Property Taxes	1,833,824	-	676,091	2,509,915
Unavailable Revenues Special Assessments	-	-	155,548	155,548
Unavailable Revenues Impact Fees	-	-	2,579,894	2,579,894
Unavailable Revenues Grants	-	36,875,736	89,737	36,965,473
Lease Related	12,172,460	-	215,220	12,387,680
Unavailable Revenues Opioid Settlement	-	-	12,594,869	12,594,869
Revenues not available	-	-	562,310	562,310
Total Deferred Inflows of Resources	14,006,284	36,875,736	16,873,669	67,755,689
Fund Balance				
Nonspendable	738,460	-	1,168,145	1,906,605
Restricted - capital projects	-	-	50,296,538	50,296,538
Restricted - police & firefighters' pension	-	-	2,530,108	2,530,108
Restricted- public safety & crime reduction	-	-	1,238,066	1,238,066
Restricted - grants	203,728	1,523,110	22,459,708	24,186,546
Restricted - impact fees	-	-	1,116,986	1,116,986
Restricted - debt service	-	-	8,606,449	8,606,449
Restricted - Other	-	-	17,717,978	17,717,978
Committed	-	-	22,490,646	22,490,646
Assigned	30,642,953	-	8,026,179	38,669,132
Unassigned	-	-	(2,955,852)	(2,955,852)
Total Fund Balance	31,585,141	1,523,110	132,694,951	165,803,202
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 57,091,776	\$ 41,487,797	\$ 180,465,084	\$ 279,044,657

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December, 31 2023

Total Fund Balance of Governmental Funds	\$	165,803,202
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	872,308,151	
Depreciable assets	1,567,085,709	
Less: Accumulated depreciation	(839,292,556)	
Right-to-use leased assets	6,008,561	
Less: Accumulated amortization on leased assets	(1,260,503)	
Right-to-use subscription assets	7,033,734	
Less: Accumulated amortization on subscription assets	(1,089,959)	
Total capital assets	1,610,793,137	1,610,793,137
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.		
		92,084,262
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	84,966,027	
Opeb	2,038,754	87,004,781
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	10,485,576	
Special Assessments	155,548	
Impact Fees	2,579,894	
Grants	36,965,473	
Opioid Settlement	12,594,869	
Revenues Collected for future sales	562,310	
Refunding debt	(877,424)	
Opeb	(2,890,077)	
Pensions	(38,697,095)	20,879,074
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.		
		41,806,867
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	(194,256,018)	
Notes from Direct Borrowings	(11,854,467)	
Deferred amounts on bond issuance	(12,974,653)	
Due to other governments	(258,823)	
Revitalization Areas	(1,532,215)	
Leases	(4,911,167)	
Subscriptions	(5,924,999)	
OPEB (other postemployment benefits) liability	(74,914,698)	
Net pension obligation	(120,070,142)	
Accrued interest on bonds	(545,799)	
Accrued interest on leases	(8,266)	
Accrued interest on subscriptions	(160,499)	
Compensated absences	(24,358,203)	
Total long term liabilities	(451,769,949)	(451,769,949)
Net Position of Governmental Activities	\$	1,566,601,374

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, 2023

	General Fund	American Recovery Plan	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 208,529,821	\$ -	\$ 63,876,828	\$ 272,406,649
Licenses and permits	8,089,152	-	1,022,262	9,111,414
Intergovernmental	4,953,159	26,881,530	47,601,471	79,436,160
Charges for services	26,261,424	-	19,245,302	45,506,726
Fines and forfeitures	1,684,862	-	6,379,410	8,064,272
Miscellaneous	8,657,705	(44,826)	8,793,777	17,406,656
Net inc(dec) in market value of investments	2,610,102	-	712,975	3,323,077
Total Revenues	260,786,225	26,836,704	147,632,025	435,254,954
EXPENDITURES				
Current:				
General government	37,757,424	393,272	6,492,560	44,643,256
Public safety	158,011,907	-	22,752,178	180,764,085
Transportation	7,189,863	-	39,654,943	46,844,806
Economic environment	8,928,369	16,794,301	15,669,627	41,392,297
Social services	3,304,213	2,432,933	30,949,793	36,686,939
Culture and recreation	12,226,552	51,283	22,934,689	35,212,524
Capital outlays	2,358,281	1,417,793	42,188,721	45,964,795
Debt service:				
Principal	335,113	-	11,284,628	11,619,741
Interest	53,291	-	7,984,515	8,037,806
Total Expenditures	230,165,013	21,089,582	199,911,654	451,166,249
Excess of Revenues Over (Under) Expenditures	30,621,212	5,747,122	(52,279,629)	(15,911,295)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	66,265	-	5,532	71,797
Note proceeds	-	-	974,789	974,789
Lease proceeds (as lessee)	93,226	-	85,985	179,211
Subscription proceeds	303,362	-	6,730,371	7,033,733
Transfers in	10,563,691	-	58,578,026	69,141,717
Transfers out	(38,140,829)	(5,791,948)	(37,044,172)	(80,976,949)
Total Other Financing Sources (Uses)	(27,114,285)	(5,791,948)	29,330,531	(3,575,702)
Net change in fund balance	3,506,927	(44,826)	(22,949,098)	(19,486,997)
Fund Balance - beginning	29,628,765	1,567,936	155,730,187	186,926,888
Prior Period Adjustment	(1,550,551)	-	(86,138)	(1,636,689)
Fund balance - ending	\$ 31,585,141	\$ 1,523,110	\$ 132,694,951	\$ 165,803,202

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, 2023

Change in fund balance - governmental funds \$ (19,486,997)
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	41,849,830	
Depreciation expense	(41,500,728)	
Leased asset capital outlays	179,211	
Leased asset amortization expense	(777,414)	
Subscription asset capital outlays	7,033,733	
Subscription asset amortization expense	(1,089,958)	
		5,694,674

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	(7,346,296)	
Less accumulated depreciation	4,935,030	
Leased asset disposals	-	
Less accumulated amortization	-	
		(2,411,266)

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. (19,539,610)

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 direct borrowing	(974,789)	
Issuance of debt with lease contracts	(179,211)	
Issuance of debt with subscription contracts	(7,033,733)	
Principal repayments - general obligation debt	5,694,179	
Principal repayments - direct borrowing	3,718,622	
Principal repayments - due to other governments	58,824	
Principal repayments - leases	707,601	
Principal repayments - subscriptions	1,108,734	
Principal repayments - Revitalization Areas	331,781	
Early lease termination	-	
		3,432,008

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	14,576,912	
(Increase) decrease in compensated absences	(6,442,565)	
(Increase) decrease in deferred amounts on existing bond issuance	754,325	
(Increase) decrease in accrued interest on bonds	24,022	
(Increase) decrease in accrued interest on leases	(2,445)	
(Increase) decrease in accrued interest on subscriptions	(160,499)	
(Increase) decrease in Pension Expense	7,095,800	
(Increase) decrease in refunding amortization	365,948	
		16,211,498

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 \$ (6,979,682)

City of Spokane, Washington
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities-Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,953,205	\$ 505,733	\$ 205,197	\$ 4,664,135	\$ 7,404,767
Deposits with fiscal agents	-	-	-	-	3,593,877
Equity in pooled investments	56,074,760	7,946,367	10,836,909	74,858,036	65,319,358
Liens Receivable	-	-	562,128	562,128	-
Accounts receivable	30,586,534	9,395,892	362,006	40,344,432	589,950
Interest receivable	61,806	20,012	6,550	88,368	39,872
Due from other funds	996,557	1,004,110	141,928	2,142,595	4,217,643
Interfund loan receivable	1,702,815	470,870	323,136	2,496,821	1,299,632
Lease receivable	-	-	-	-	172,748
Lease interest receivable	-	-	-	-	3,271
Due from other governments	5,373,061	31,743	1,404	5,406,208	58,827
Inventories	5,500,880	3,142,026	121,332	8,764,238	1,367,059
Prepayments	161,759	14,287	-	176,046	162,135
Equity in pooled investments, restricted	10,752,613	2,325,598	-	13,078,211	-
Total current assets	115,163,990	24,856,638	12,560,590	152,581,218	84,229,139
Noncurrent assets:					
Non depreciable capital assets:					
Land	12,522,858	1,777,195	1,296,141	15,596,194	6,742,065
Construction in progress	36,955,008	1,931,730	9,785	38,896,523	4,232,134
Depreciable capital assets:					
Property, plant, and equipment	603,858,089	238,962,673	17,920,560	860,741,322	110,961,144
Infrastructure	868,013,471	-	-	868,013,471	10,285,361
Capitalized software	-	-	-	-	5,266,522
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	56,818	432,763	356,409	845,990	367,742
Right-to-use subscription	-	-	-	-	1,730,122
Less accumulated depreciation/amortization	(521,975,279)	(201,273,206)	(13,472,056)	(736,720,541)	(73,466,131)
Total capital assets	999,544,731	43,819,074	6,110,839	1,049,474,644	66,118,959
Other noncurrent assets					
Noncurrent lease receivable	-	-	-	-	1,874,053
Noncurrent equity in pooled investments restricted	-	6,303,914	-	6,303,914	-
Other noncurrent assets	-	16,401	-	16,401	-
Advances to other funds	4,218,387	1,166,487	800,505	6,185,379	3,219,579
Total noncurrent assets	1,003,763,118	51,305,876	6,911,344	1,061,980,338	71,212,591
Total assets	1,118,927,108	76,162,514	19,471,934	1,214,561,556	155,441,730
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	20,908,290	10,992,317	3,814,454	35,715,061	11,275,352
Opeb Outflows	269,528	101,175	26,352	397,055	106,911
Total deferred outflows of resources	21,177,818	11,093,492	3,840,806	36,112,116	11,382,263

City of Spokane, Washington
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities-Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service
LIABILITIES					
Current Liabilities:					
Accounts payable	5,534,555	2,691,036	413,409	8,639,000	5,402,175
Claims and judgments payable	-	-	-	-	17,721,129
Compensated absences	254,028	94,154	66,390	414,572	171,092
Lease payable	18,571	207,742	93,381	319,694	75,128
Subscription payable	-	-	-	-	608,591
Lease interest payable	20	4,395	3,386	7,801	996
Subscription interest payable	-	-	-	-	19,169
Due to other funds	6,866,306	3,284,484	454,086	10,604,876	2,803,183
Interfund loan payable	-	-	132,131	132,131	24,077,493
Due to other governments	6,834,038	-	-	6,834,038	6,862
Revenue bonds payable	10,752,613	-	-	10,752,613	-
Total opeb liability	62,326	23,402	6,100	91,828	24,653
Accrued landfill postclosure liability	-	2,539,566	-	2,539,566	-
Accrued interest	625,159	-	89	625,248	18,706
Accrued payroll liabilities	1,038,210	638,560	177,756	1,854,526	540,460
Other current liabilities	890,737	346,531	387,763	1,625,031	1,051,235
Total current liabilities	32,876,563	9,829,870	1,734,491	44,440,924	52,520,872
Noncurrent Liabilities:					
Revenue bonds payable	117,860,579	-	-	117,860,579	-
Due to other government units	103,419,431	-	-	103,419,431	-
Compensated absences	5,068,154	2,248,938	910,051	8,227,143	2,541,855
Noncurrent lease payable	17,078	1,801,625	95,100	1,913,803	86,109
Noncurrent subscription payable	-	-	-	-	301,515
Net pension liability	61,203,458	32,177,084	11,165,799	104,546,341	33,005,600
Noncurrent total opeb liability	1,662,539	624,238	162,721	2,449,498	657,592
Noncurrent accrued landfill postclosure liability	-	5,762,766	-	5,762,766	-
Total noncurrent liabilities	289,231,239	42,614,651	12,333,671	344,179,561	36,592,671
Total Liabilities	322,107,802	52,444,521	14,068,162	388,620,485	89,113,543
DEFERRED INFLOWS OF RESOURCES					
Pensions	5,540,616	2,912,920	1,010,815	9,464,351	2,987,926
Opeb	793,934	298,027	77,624	1,169,585	314,919
Lease related	-	-	-	-	1,967,787
Sale of Future Revenue	-	-	246,619	246,619	23,797
Total deferred inflows of resources	6,334,550	3,210,947	1,335,058	10,880,555	5,294,429
NET POSITION					
Net investments in capital assets	760,642,421	41,809,707	5,922,358	808,374,486	65,047,616
Unrestricted	51,020,153	(10,209,169)	1,987,162	42,798,146	7,368,405
Total Net Position	\$ 811,662,574	\$ 31,600,538	\$ 7,909,520	851,172,632	\$ 72,416,021
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	30,609,154
				Net position of business-type activities	<u>\$ 881,781,786</u>

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

City of Spokane, Washington
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for goods and services	\$ 170,129,325	\$ 88,356,335	\$ 13,087,577	\$ 271,573,237	\$ 112,852,802
Total operating revenues	170,129,325	88,356,335	13,087,577	271,573,237	112,852,802
OPERATING EXPENSES					
Salaries and wages	31,653,740	16,981,177	6,663,418	55,298,335	18,310,742
Personnel benefits	10,068,140	5,738,459	2,108,209	17,914,808	6,025,323
Supplies	11,467,110	5,602,796	560,929	17,630,835	10,497,690
Other services and charges	72,410,530	65,095,108	3,937,916	141,443,554	23,163,868
Depreciation/amortization	33,021,598	4,153,520	480,995	37,656,113	8,583,403
Risk transfer payments	778,298	895,767	-	1,674,065	14,183,637
Claims processing	-	-	-	-	2,733,708
Payments to claimants and beneficiaries	-	-	-	-	39,835,612
Total operating expenses	159,399,416	98,466,827	13,751,467	271,617,710	123,333,983
Operating Income (Loss)	10,729,909	(10,110,492)	(663,890)	(44,473)	(10,481,181)
NONOPERATING REVENUES (EXPENSES)					
Interest income	2,305,495	727,893	245,985	3,279,373	1,506,041
Net increase (decrease) in fair value of investments	508,047	255,555	165,056	928,658	591,900
Gain (loss) on disposition of capital assets	(279,358)	2,592	43,495	(233,271)	123,540
Interest expense	(5,530,253)	(28,813)	(8,583)	(5,567,649)	(302,549)
Other nonoperating revenue	26,553,256	1,821,542	1,003,906	29,378,704	2,581,516
Total nonoperating revenues (expenses)	23,557,187	2,778,769	1,449,859	27,785,815	4,500,448
Income (loss) before capital contributions and transfers	34,287,096	(7,331,723)	785,969	27,741,342	(5,980,733)
Capital contributions	6,417,225	28,190	522,485	6,967,900	2,186,179
Transfers in	57,370	50,000	53,746	161,116	18,620,576
Transfers out	(6,098,450)	(478,190)	(619,632)	(7,196,272)	(2,232,940)
Total contributions and transfers	376,145	(400,000)	(43,401)	(67,256)	18,573,815
Change in Net Position	34,663,241	(7,731,723)	742,568	27,674,086	12,593,082
Net Position - beginning	776,879,224	39,332,261	7,212,991	823,424,476	61,779,382
Prior Period Adjustment	120,109	-	(46,039)	74,070	(1,956,443)
Net Position - beginning (restated)	776,999,333	39,332,261	7,166,952		59,822,939
Net Position - ending	<u>\$ 811,662,574</u>	<u>\$ 31,600,538</u>	<u>\$ 7,909,520</u>		<u>\$ 72,416,021</u>
			Change in Net Position	27,674,086	
			Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	3,473,071	
			Change in net position of business-type activities	<u>\$ 31,147,157</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, 2023

	Business-Type Activities - Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 163,649,986	\$ 86,716,153	\$ 13,437,310	\$ 263,803,449	\$ 115,137,678
Payments to suppliers for services	(81,334,997)	(73,000,002)	(4,350,035)	(158,685,034)	(87,645,419)
Payments to employees	(38,933,824)	(21,856,273)	(8,640,722)	(69,430,819)	(23,820,664)
Net cash provided (used) by operating activities	<u>43,381,165</u>	<u>(8,140,122)</u>	<u>446,553</u>	<u>35,687,596</u>	<u>3,671,595</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental sources	119,530	-	-	119,530	(2,863)
Other nonoperating sources	20,853,511	1,809,975	1,003,906	23,667,392	2,366,291
Transfers in	57,370	50,000	53,746	161,116	1,809,591
Transfers out	(5,788,616)	(478,190)	(619,632)	(6,886,438)	(406)
Net cash provided (used) by noncapital financing activities	<u>15,241,795</u>	<u>1,381,785</u>	<u>438,020</u>	<u>17,061,600</u>	<u>4,172,613</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Receipts from lessor leases - principal	-	-	-	-	166,498
Receipts from lessor leases - interest	-	-	-	-	29,890
Proceeds from disposal of capital assets	83,175	996,985	43,495	1,123,655	(21,719)
Proceeds from loans, notes, leases, and subscriptions	5,741,604	-	23,383	5,764,987	1,607,462
Capital grants and loans received	3,484,324	-	-	3,484,324	-
Acquisition and construction of capital assets	(58,027,877)	(9,314,258)	(586,069)	(67,928,204)	(8,375,364)
Acquisition of right-to-use lease assets	(19,063)	-	(23,382)	(42,445)	14,473
Acquisition of right-to-use subscription assets	-	-	-	-	(1,513,707)
Principal paid on intergovernmental loans	(6,420,298)	-	-	(6,420,298)	-
Principal paid on revenue bonds	(8,330,000)	-	-	(8,330,000)	-
Principal paid on leases	(17,627)	(203,148)	(89,822)	(310,597)	(36,612)
Principal paid on subscriptions	-	-	-	-	(603,601)
Principal paid on interfund loans	-	-	(52,352)	(52,352)	(7,455,321)
Interest paid on interfund loans	-	-	(3,018)	(3,018)	(277,368)
Interest paid on revenue bonds	(5,218,028)	-	-	(5,218,028)	-
Interest paid on intergovernmental loans	(2,082,868)	-	-	(2,082,868)	-
Interest paid on leases	(1,139)	(31,254)	(7,229)	(39,622)	542
Interest paid on subscriptions	-	-	-	-	(9,961)
Capital Contributions	2,164,581	-	-	2,164,581	16,810,985
Transfers out	(309,834)	-	-	(309,834)	(2,232,534)
Net cash provided (used) by capital and related financing activities	<u>(68,953,050)</u>	<u>(8,551,675)</u>	<u>(694,994)</u>	<u>(78,199,719)</u>	<u>(1,896,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(21,208,741)	(5,002,040)	(3,885,663)	(30,096,444)	(11,408,561)
Proceeds from sales and maturities of investments	24,532,804	17,749,983	2,627,882	44,910,669	4,799,426
Interest received	2,836,680	1,006,439	413,668	4,256,787	2,096,923
Net cash provided (used) by investing activities	<u>6,160,743</u>	<u>13,754,382</u>	<u>(844,113)</u>	<u>19,071,012</u>	<u>(4,512,212)</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,169,347)</u>	<u>(1,555,630)</u>	<u>(654,534)</u>	<u>(6,379,511)</u>	<u>1,435,659</u>
Cash and cash equivalents - January 1	<u>8,122,552</u>	<u>2,061,363</u>	<u>859,731</u>	<u>11,043,646</u>	<u>5,969,108</u>
Cash and cash equivalents - December 31	<u>\$ 3,953,205</u>	<u>\$ 505,733</u>	<u>\$ 205,197</u>	<u>\$ 4,664,135</u>	<u>\$ 7,404,767</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 10,729,909	\$ (10,110,492)	\$ (663,890)	\$ (44,473)	\$ (10,481,181)
Adjustments to Reconcile Operating Income					
Depreciation & amortization	33,021,598	4,153,520	480,995	37,656,113	8,583,403
Other Expenses	-	-	-	-	-
Change in Assets: Decrease (Increase)					
Receivables, net of allowance	(6,464,376)	(1,640,182)	302,362	(7,802,196)	3,661,963
Deposits with fiscal agents	-	-	-	-	(1,373,771)
Inventories	(761,193)	(648,475)	(14,824)	(1,424,492)	443,865
Prepayments	(161,759)	(12,478)	-	(174,237)	(47,599)
Change in Deferred Outflows : Decrease (Increase)	<u>(17,172,807)</u>	<u>(8,999,212)</u>	<u>(3,092,322)</u>	<u>(29,264,341)</u>	<u>(9,209,333)</u>
Change in Liabilities: Increase (Decrease)					
Payables	29,762,104	12,162,893	4,555,826	46,480,823	15,344,065
Change in Deferred Inflows: Increase (Decrease)	<u>(5,572,311)</u>	<u>(3,045,696)</u>	<u>(1,121,594)</u>	<u>(9,739,601)</u>	<u>(3,249,817)</u>
Net Cash provided (used) by operating activities	<u>\$ 43,381,165</u>	<u>\$ (8,140,122)</u>	<u>\$ 446,553</u>	<u>\$ 35,687,596</u>	<u>\$ 3,671,595</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributions of capital assets	\$ 3,889,163	\$ 28,190	\$ 522,485	\$ 4,439,838	\$ 2,182,366
Contract adjustment to right-to-use leased asset	-	(208,216)	-	(208,216)	-
Contract adjustment to lease payable	-	(208,216)	-	(208,216)	-

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, 2023

	Pension and Other Employee Benefit Plans	Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash	\$ 1,809,919	\$ 87,544	\$ 214,585
Short term investments	1,350,131	-	-
Deposits with fiscal agents/trustees	-	-	108,221
Receivables, pension and other employee benefit plans:			
Interest and dividends	472,494	-	-
Taxes receivable	350,000	-	-
Due from other governments	23,711	-	-
Other receivables	-	-	37,791
Investments, noncurrent, at fair value:			
U.S. fixed income	68,942,666	-	-
International fixed income	1,563,344	-	-
Fixed Income Mutual Funds	55,654,742	-	-
U.S. equities	27,530,056	-	-
Real estate	26,807,274	-	-
International equities	10,477,947	-	-
Equity Mutual Funds	119,378,297	-	-
Alternatives	65,765,297	-	-
Total investments	<u>376,119,623</u>	-	-
Capital assets:			
Software	477,000	-	-
Other improvements	17,539	-	-
Accumulated depreciation	(303,739)	-	-
Investments, noncurrent, all other funds:			
Total Assets	<u>380,316,678</u>	<u>87,544</u>	<u>360,597</u>
LIABILITIES			
Accounts/vouchers payable	197,389	-	73,083
Due to other governments	4,276	-	256,687
Compensated absences	56,729	-	-
Other accrued liabilities	6,667	-	-
Other current liabilities	29,461	-	30,827
Pending trade	4,627,670	-	-
Total Liabilities	<u>4,922,192</u>	<u>-</u>	<u>360,597</u>
NET POSITION			
Net position held in trust for:			
Pension benefits	375,394,486	-	
Individuals, organizations, and other governments	-	87,544	
Total Net Position	<u>\$ 375,394,486</u>	<u>\$ 87,544</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, 2023

	Pension Trust Funds	Private-purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 18,988,308	\$ -	\$ (50)
Plan members	13,459,279	-	-
Intergovernmental revenue	383,993	-	-
Medicare retiree drug subsidy	411,654	-	-
Miscellaneous	526,924	-	-
Private contributions	-	10,288	-
Total Contributions	33,770,158	10,288	(50)
Investment Earnings:			
Net increase (decrease) in fair value of investments	36,841,835	-	-
Interest and dividends	7,572,455	-	-
Less: Investment expense	(548,908)	-	-
Total Investment Earnings:	43,865,382	-	-
Court fees collected for other governments	-	-	670,194
Permit Fees Collected for other gov'ts	-	-	490,512
Special Assessments Collected for other gov'ts	-	-	1,645,772
Taxes Collected for other gov'ts	-	-	88,395
Total Additions	77,635,540	10,288	2,894,823
DEDUCTIONS			
Pension Benefits	37,186,521	-	-
Medical and dental benefits	5,585,649	-	-
Pension refunds	1,378,166	-	-
Medical and dental administration	294,384	-	-
Administrative expenses	672,532	-	1,118,411
Permit Fees paid to other gov'ts	-	-	2,691
Special Assessments paid to other gov'ts	-	-	1,645,722
Taxes paid to other gov'ts	-	-	127,999
Total Deductions	45,117,252	-	2,894,823
Net Increase (Decrease) in Fiduciary Net Position	32,518,288	10,288	-
Fund Balance - beginning	342,876,198	77,255	-
Net position - ending	\$ 375,394,486	\$ 87,543	\$ -

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 232,700 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 2023 reporting, the City evaluated the following new standards issued by the Governmental Accounting Standards Board (GASB):

GASB 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement is not applicable to the City of Spokane.

GASB 96 Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The City has identified numerous subscription-based information technology arrangements that are subject to GASB 96.

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 94 and GASB 96 being implemented the current fiscal year.

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 multi-employer defined benefit pension plan covering employees of the City, the Public Facilities District, and Spokane Regional Emergency Communications. 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, 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 and subscription 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 except for the timing requirement.

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, 2023:

Fund	Amount
Library	109,848
Community Development/Human Services Operations	224,609
Trial Court Improvement	1,622
Criminal Justice Assistance	5,983,290
GO Bond Redemption	100
Iron Bridge Tax Increment Financing	169
Total	6,319,638

Funds with Deficit Fund Balance/Net Position

The following funds reported deficit fund balance/net position as of December 31, 2023:

Fund	Amount
Misc Grants Fund	43,150
Emergency Rental Assistance	67,955
Communications M&O	82,189
Capital Improvements 2015 Parks	2,762,558
Public Works Utilities Fund	1,460,310
Reprographics Fund	137,264
Purchasing & Stores Fund	950,851
Accounting Services Fund	4,829,190
My Spokane	1,164,622
Project Management Office	710,190
Total	12,208,279

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

D. BUDGETARY INFORMATION

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

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

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

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

7. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.
8. The level of control for adopted budgets is at the fund level.
9. Any unexpended appropriation balances automatically lapse at year-end.

Encumbrances

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

E. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and Equivalents

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

2. Investments

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

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

3. Receivables

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

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

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

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

5. Inventories

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

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

6. Restricted Assets

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

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

Fund	Amount
Equity in Pooled Investments - Landfill Liability	8,629,512
Current portion of revenue bonds payable	10,752,613
Total	19,382,125

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
- Subscription-based information technology arrangements

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, right-to-use leased vehicles, and subscriptions 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, right-to-use leased assets including land, buildings, equipment, and vehicles, and subscriptions 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
Other Improvements	60
Light/Heavy Duty Vehicles	5-10
Other Equipment	2-20
Heavy Equipment	10
Water Mains	60
Water Hydrants	50-60
Right-to-use Leased Land	16
Right-to-use Leased Buildings	2-18
Right-to-use Leased Vehicles	2-4
Right-to-use leased Equipment	2-9
Subscription-based IT Arrangements	2-7

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 80% 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 leases 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 leases, 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. Subscription-based IT Arrangements (SBITAs)

The City is party to a number of subscription-based IT arrangements (SBITAs). The City recognizes a SBITA liability and an intangible right-to-use subscription asset in the government-wide financial statements and proprietary fund financial statements.

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

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

- The City uses the interest rate charged by the subscriber as the discount rate. When the interest rate charged by the subscriber is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the SBITA. Subscription payments included in the measurement of the SBITA 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 SBITAs and will remeasure the subscription asset and SBITA liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

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

13. 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.

14. Deferred Outflows/Inflows of Resources

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

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

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

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

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

15. Governmental Fund Balance

The City's governmental fund fund 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, 2023 are shown below:

Fund Balance	General Fund	American Rescue Plan	Nonmajor Government Funds	Total
<i>Nonspendable:</i>				
Interfund loans receivable	733,465	-	-	733,465
Inventories	-	-	1,168,145	1,168,145
Prepays	4,995	-	-	4,995
Total Nonspendable Fund Balance	738,460	-	1,168,145	1,906,605
<i>Restricted for:</i>				
Capital projects	-	-	50,296,538	50,296,538
Debt service	-	-	8,606,449	8,606,449
Impact Fees	-	-	1,116,986	1,116,986
Grants	203,728	1,523,110	22,459,708	24,186,546
Police/firefighters' pension	-	-	2,530,108	2,530,108
Public safety/crime reduction	-	-	1,238,066	1,238,066
Other	-	-	17,717,978	17,717,978
Total Restricted Fund Balance	203,728	1,523,110	103,965,833	105,692,671
<i>Committed for:</i>				
City facilities	-	-	117,926	117,926
Communication	-	-	843,368	843,368
Transportation	-	-	14,147,168	14,147,168
Public safety	-	-	3,684,608	3,684,608
Culture and recreation	-	-	3,697,576	3,697,576
Total Committed Fund Balance	-	-	22,490,646	22,490,646
<i>Assigned for:</i>				
Contingency reserve	22,411,810	-	-	22,411,810
General Government	1,505,214	-	-	1,505,214
Library capital replacement	6,725,929	-	-	6,725,929
Human Services	-	-	2,028,164	2,028,164
Law enforcement	-	-	757	757
Culture and recreation	-	-	154,405	154,405
City facilities/improvement	-	-	5,822,423	5,822,423
Other purposes	-	-	20,430	20,430
Total Assigned Fund Balance	30,642,953	-	8,026,179	38,669,132
<i>Unassigned:</i>	-	-	(2,955,852)	(2,955,852)
Total	31,585,141	1,523,110	132,694,951	165,803,202

16. 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 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.

17. 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, 2023, \$96.3 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:

Fund	Amount
General Fund	1,505,214
American Recovery Plan	36,749,001
Nonmajor Governmental Funds	58,040,073
Total	96,294,288

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, 2023, all of the \$286.3 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.

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio
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, 2023:

Deposit Type	Value
Reconciliation of Restricted/Unrestricted Cash and Investments:	
Cash	\$ 25,666,573
Petty Cash	429,700
Deposits with Fiscal Agents	3,681,057
Investments	286,263,830
	316,041,160

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, 2023.

Interest Rate Risk	Fair Value	Maturity				Effective Duration (in years)
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
City Treasurer Investments Categorized						
US Government Agencies	149,966,634	34,518,200	115,448,434		-	1.90
US Government Treasuries	68,791,200	29,639,000	39,152,200		-	1.12
Municipal Bonds	31,801,488		20,347,749	11,453,739		4.96
Strip Bonds	35,704,508	2,642,065	26,953,103	6,109,340	-	4.27
Total investments categorized	286,263,830	66,799,265	201,901,486	17,563,079	-	
Pension Trust Funds						
Employees' Retirement System						Average Maturity
Fixed Income Mutual Funds	55,654,742	55,654,742	-	-	-	7.41
Corporate Notes and Bonds	9,138,838	144,777	2,124,057	3,726,312	3,143,692	11.96
Asset Backed Securities	5,694,509	-	1,999,447	848,205	2,846,857	23.90
Governmental CMOs	9,090,488	-	-	136,062	8,954,426	37.19
Municipal Bonds	1,456,501	-	257,721	920,868	277,912	8.34
Mortgage Backed Securities						
Government Pass Through	1,906,391	-	81,549	660,069	1,164,773	17.36
U.S. Government Treasuries	7,892,207	-	-	5,448,784	2,443,423	12.76
Total investments categorized	90,833,676	55,799,519	4,462,774	11,740,300	18,831,083	
Investments not required to be categorized:						
Cash equivalents	1,060,215	-	-	-	-	
Equity securities	157,386,301	-	-	-	-	
Real estate	26,807,273	-	-	-	-	
Alternative investments	65,765,297	-	-	-	-	
Total investments not categorized	251,019,086	-	-	-	-	
Total Investments	341,852,762	55,799,519	4,462,774	11,740,300	18,831,083	
Firefighters' Pension System						Average Maturity
US Government Treasuries	17,171,618	-	12,955,312	3,042,933	1,173,373	2.90
Mortgage Backed Securities						
Government Pass Through	1,040,980	-	-	761,844	279,136	10.70
Government CMOs	6,925,872	-	-	402,861	6,523,011	27.60
Corporate Bonds/Notes	8,963,113	-	3,885,501	4,859,267	218,345	4.20
Asset Backed Securities	1,225,493	-	232,510	565,524	427,459	6.20
Total investments categorized	35,327,076	-	17,073,323	9,632,429	8,621,324	
Investments not required to be categorized:						
Cash equivalents	208,555	-	-	-	-	-
Total investments not categorized	208,555	-	-	-	-	
Total Investments	35,535,631	-	17,073,323	9,632,429	8,621,324	
Police Pension System						
Investments not required to be categorized:						
Cash equivalents	81,361	-	-	-	-	-
Total Investments	81,361	-	-	-	-	

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 2023 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, 2023.

Investment Type	Fair Value	Investment Credit Rating						
		AAA	AA	A	BBB	BB	B	Not Rated
US Government Agencies	149,966,634	-	134,977,434	-	-	-	-	14,989,200
U.S. Government Treasuries	68,791,200	-	-	-	-	-	-	68,791,200
Municipal Bonds	31,801,488	3,633,150	16,714,599	11,453,739	-	-	-	-
Strip Bonds	35,704,508	-	8,277,278	-	-	-	-	27,427,230
Total	286,263,830	3,633,150	159,969,311	11,453,739	-	-	-	111,207,630
Employees' Retirement System								
Fixed Income Mutual Funds	55,654,742	-	-	-	-	-	-	55,654,742
Corporate Notes and Bonds	9,138,838	-	533,933	3,082,947	5,182,346	-	-	339,612
Asset Backed Securities	5,694,510	2,495,855	-	-	-	-	-	3,198,655
Governmental CMOs	9,090,488	-	180,477	-	-	-	-	8,910,011
Municipal Bonds	1,456,500	602,186	699,508	154,806	-	-	-	-
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Governmental Passthrough	1,906,390	81,549	-	-	-	-	-	1,824,841
U.S. Government Treasuries	7,892,208	-	-	-	-	-	-	7,892,208
Total	90,833,676	3,179,590	1,413,918	3,237,753	5,182,346	-	-	77,820,069
Firefighters' Pension System								
US Government Treasuries	17,171,618	15,045,619	2,125,999	-	-	-	-	-
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Government Pass Through	1,040,980	-	1,040,980	-	-	-	-	-
Government CMOs	6,925,872	-	6,925,872	-	-	-	-	-
Corporate Bonds/Notes	8,963,113	-	174,650	3,461,764	5,326,699	-	-	-
Asset Backed Securities	1,225,493	140,664	297,407	787,422	-	-	-	-
Total	35,327,076	15,186,283	10,564,908	4,249,186	5,326,699	-	-	-

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, 2023 were:

Organization	% of Net Position
City of Spokane Employees' Retirement System	
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, 2023 were:

Organization	% of Net Position
City of Spokane Firefighter's Pension System	
US Treasury Notes	48.3%

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, 2023, there were no holdings exposed to foreign currency risk.

Employees' Retirement System

At December 31, 2023, 26.5% 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, 2023 was:

Category	Total Investments	US Issues	Foreign Issues	% Foreign
Cash	1,060,215	1,060,215	0	0.00%
Fixed Income	90,833,676	88,327,213	2,506,463	2.76%
Equities	157,386,300	87,234,531	70,151,769	44.57%
Real Estate	26,807,274	26,807,274	0	0.00%
Alternatives	65,765,297	48,150,433	17,614,864	26.78%
Total	341,852,762	251,579,666	90,273,096	26.41%

Spokane Firefighters' Trust Fund

The Fire investment policy does not allow investments in foreign issuances. At December 31, 2023, 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, 2023, 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, 2023. 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 2023, 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 GASB Statement 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, 2023:

		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(NAV)
Investment by fair value level	12/31/2023	(Level 1)	(Level 2)	(Level 3)	(NAV)
US Government Agencies	149,966,635	149,966,635	-	-	-
US Government Treasuries	68,791,200	68,791,200	-	-	-
Municipal Bonds	31,801,488	31,801,488	-	-	-
Strip Bonds	35,704,508	35,704,508	-	-	-
Total	286,263,830	286,263,830	-	-	-
Pension Trust Funds					
Employees' Retirement System					
Cash Equivalents	1,060,215	1,060,215	-	-	-
Total Cash Equivalents	1,060,215	1,060,215	-	-	-
US Government	18,889,086	18,889,086	-	-	-
US Corporate Fixed Income	8,339,121	-	8,339,121	-	-
International Fixed Income	799,717	-	799,717	-	-
Asset Backed Securities	5,694,509	-	5,694,509	-	-
Municipal Bonds	1,456,501	-	1,456,501	-	-
Fixed Income Mutual Funds	55,654,742	55,654,742	-	-	-
Total Fixed Income	90,833,676	74,543,828	16,289,848	-	-
US Common Stock	12,929,435	12,929,435	-	-	-
International Common Stock	244,648	244,648	-	-	-
Equity Mutual funds	119,378,297	119,197,820	180,477	-	-
Total Equities	132,552,380	132,371,903	180,477	-	-
Real estate	26,807,274	7,761,801	-	-	19,045,473
Alternative investments	90,599,217	-	-	-	90,599,217
Total - All Investments	341,852,762	215,737,747	16,470,325	-	109,644,690
Firefighters' Pension System					
Cash Equivalents	208,555	-	208,555	-	-
Total Cash Equivalents	208,555	-	208,555	-	-
US Government Treasuries	17,171,617	17,171,617	-	-	-
Mortgage Backed Securities					
Government Pass Through	1,040,980	-	1,040,980	-	-
Government CMOs	6,925,872	-	6,925,872	-	-
Corporate Bonds/Notes	8,963,113	197,342	8,765,771	-	-
Asset Backed Securities	1,225,494	-	1,225,494	-	-
Total Fixed Income	35,327,076	17,368,959	17,958,117	-	-

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	24,833,920	-	Monthly, annually	15-90 days
Long/short hedge fund	21,817,592	-	Quarterly	60-65 days
Real estate fund	19,045,473	10,355,129	N/A, quarterly with queue	90 days
Absolute return hedge fund	9,830,086	-	Monthly, quarterly, semi-annual	30-45 days
Closed-end hedge fund	944,555	272,444	N/A	N/A
Fixed income fund	33,173,064	-	Quarterly	90 days
Total	109,644,690	10,627,573		

Equity funds – Two funds that invest long-only in less efficient markets seeking to capture illiquidity and information asymmetry premiums. The two domestic equity funds are invested in collective investment vehicles that are valued based on a pro rata share of the overall fund.

Long/short hedge funds – One fund that invests long and short to generate outsize risk-adjusted returns. The fund is valued at net asset value of units held based on underlying holdings.

Real estate funds – Four funds that invest primarily in commercial real estate properties and debt instruments. The fair values of these funds have been determined using net assets valued based on the appraised value of the holdings. Four funds are not eligible for redemption with distributions received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. One fund allows for quarterly redemptions subject to a queue and provides quarterly distributions based on the net operating profit of the properties owned.

Absolute return hedge funds – Two 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 funds – Two funds that invest primarily in medical royalty streams or securities associated with the royalties. The fair value of the fund 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 fund generates cash flows, which on average can occur over the span of 5 to 10 years.

Fixed income funds – Three funds that invest in less liquid or distressed debt securities. All funds 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	66,855	1.981861
Regular Senior Lift	6,815	0.203610
EMS	16,867	0.500000
Bond	3,203	0.097275
Park Bond	6,865	0.205099
Total	100,605	2.987845

Note 4

Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

Capital Assets	Jan 01, 2023 Beginning Balance	Increases	Decreases	Dec 31, 2023 Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	845,574,333	279,448	-	845,853,781
Construction in progress ¹	51,016,161	12,877,237	(26,464,829)	37,428,569
Total capital assets, not being depreciated	896,590,494			883,282,350
Capital assets, being depreciated:				
Buildings ¹	188,217,930	9,060,534	-	197,278,464
Accumulated depreciation ¹	(56,734,439)	(4,002,091)	-	(60,736,530)
Net buildings	131,483,491			136,541,934
Other improvements ¹	146,108,234	7,443,480	(566,297)	152,985,417
Accumulated depreciation ¹	(77,592,568)	(10,927,879)	-	(88,520,447)
Net other improvements ¹	68,515,666			64,464,970
Machinery and equipment ¹	119,894,197	10,574,017	(7,881,176)	122,587,038
Accumulated depreciation ¹	(79,393,617)	(8,676,415)	7,532,356	(80,537,676)
Net machinery and equipment ¹	40,500,580			42,049,362
Infrastructure	1,179,525,110	38,981,994	(3,219,121)	1,215,287,983
Accumulated depreciation	(654,705,810)	(25,441,787)	1,552,776	(678,594,821)
Net infrastructure	524,819,300			536,693,162
Intangible assets ¹	5,393,307	66,529	-	5,459,836
Accumulated amortization ¹	(3,244,536)	(269,599)	-	(3,514,135)
Net intangible assets ¹	2,148,771			1,945,701
Right-to-use leased land	-	51,104	-	51,104
Accumulated amortization	-	(12,776)	-	(12,776)
Net leased land	-			38,328
Right-to-use leased buildings ¹	5,163,031	54,148	-	5,217,179
Accumulated amortization ¹	(344,563)	(556,404)	-	(900,967)
Net leased buildings	4,818,468			4,316,212
Right-to-use leased machinery and equipment ¹	1,048,535	73,959	(14,474)	1,108,020
Accumulated amortization ¹	(241,723)	(324,903)	14,474	(552,152)
Net leased machinery and equipment ¹	806,812			555,868
Right-to-use subscription asset ¹	8,763,856	-	-	8,763,856
Accumulated amortization	-	(1,739,647)	-	(1,739,647)
Net right-to-use subscription assets	8,763,856			7,024,209
Total Capital assets, being depreciated (net)	781,856,944			793,629,746
Governmental Activities, Capital Assets (net)	1,678,447,438			1,676,912,096

¹Beginning Balance Restated

Capital Assets	Jan 01, 2023 Beginning Balance	Increases	Decreases	Dec 31, 2023 Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 15,595,781	\$ 412	\$ -	\$ 15,596,193
Construction in progress	41,203,471	35,548,820	(37,855,767)	38,896,524
Total capital assets, not being depreciated	56,799,252			54,492,717
Capital assets, being depreciated:				
Buildings	541,102,325	17,803,904	(830,322)	558,075,907
Accumulated depreciation	(251,464,768)	(9,476,311)	21,211	(260,919,868)
Net buildings	289,637,557			297,156,039
Other improvements	111,205,597	1,519,253	(105,124)	112,619,726
Accumulated depreciation	(69,793,083)	(3,979,905)	12,499	(73,760,489)
Net other improvements	41,412,514			38,859,237
Machinery and equipment	181,769,469	10,065,624	(1,789,404)	190,045,689
Accumulated depreciation	(131,988,859)	(7,553,026)	1,662,365	(137,879,520)
Net machinery and equipment	49,780,610			52,166,169
Infrastructure	823,829,826	45,320,156	(1,136,511)	868,013,471
Accumulated depreciation	(247,910,041)	(16,329,919)	774,000	(263,465,960)
Net infrastructure	575,919,785			604,547,511
Intangible assets	113,766	-	-	113,766
Accumulated amortization	(93,287)	(2,276)	-	(95,563)
Net intangible assets	20,479			18,203
Right-to-use leased land	1,987,919	-	-	1,987,919
Accumulated amortization	(121,709)	(121,710)	-	(243,419)
Net leased land	1,866,210			1,744,500
Right-to-use leased machinery and equipment	1,011,761	42,446	(208,217)	845,990
Accumulated amortization	(162,756)	(192,966)	-	(355,722)
Net leased machinery and equipment	849,005			490,268
Total Capital assets, being depreciated (net)	959,486,160			994,981,927
Business-Type Activities, Capital Assets (net)	\$ 1,016,285,412			\$ 1,049,474,644
DEPRECIATION/AMORTIZATION:				
Governmental Activities:				
General government			\$	1,425,566
Judicial				264,403
Public safety				4,083,942
Transportation				27,975,319
Economic environment				947,475
Social Services				2,419,823
Culture and recreation				14,834,973
Total Depreciation Expense - Governmental Activities			\$	51,951,501
Business-Type Activities:				
Water/Sewer			\$	33,021,598
Solid Waste				4,153,520
Other				480,995
Total Depreciation Expense - Business-Type Activities			\$	37,656,113

The City paid \$5,567,649 in interest expense related to business-type activities during 2023. None of this balance was capitalized.

Note 5

Pension Plans

A. GENERAL

The City administers two single-employer and one multi-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 2023:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (257,622,083)
Pension assets	92,084,262
Deferred outflows of resources	131,956,440
Deferred inflows of resources	(51,149,372)
Pension expense/expenditures	14,922,102

B. PLAN DESCRIPTIONS

Spokane Employees' Retirement System

The Spokane Employees' Retirement System (SERS) is a multiple employer defined benefit pension plan covering employees of the City of Spokane, the Public Facilities District, and Spokane Regional Emergency Communications, 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 participating employers, 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, 2023. 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 \$383,993 in 2023.

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:

Term of Service	Percent of Final Average Salary
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	1,589	175	1,605	3,369	12/31/2023
Firefighters' Pension System	97	-	-	97	12/31/2023
Police Pension System	91	-	-	91	12/31/2023
Total	1,777	175	1,605	3,557	

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.

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, 2023, 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	14.10%	5.66%	0.01%	6.83%	6.89%

Estimated Rates of Return

Below are the estimated real rates of return for the various pension plans as of December 31, 2023:

Long-Term Expected Real Rate of Return	SERS	Firefighters'	Police	LEOFF 1 ¹	LEOFF 2 ¹
Global equity	7.00%	-	-	5.90%	5.90%
US fixed income	3.40%	1.50%	-	1.50%	1.50%
Long Biased	4.90%	-	-	-	-
Opportunistic Credit	7.50%	-	-	-	-
Real estate	5.30%	-	-	5.40%	5.40%
Private equity	-	-	-	8.90%	8.90%
Master Limited Partnership	6.00%	-	-	-	-
Tangible assets	-	-	-	4.70%	4.70%

¹The 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, 2023 were:

Target Allocation	SERS	Firefighters'	Police	LEOFF 1	LEOFF 2
US equity	24%	-	-	-	-
Global equity	20%	-	-	32%	32%
US fixed income	25%	100%	-	20%	20%
Global fixed income	-	-	-	-	-
Long biased	9%	-	-	-	-
Absolute return	5%	-	-	-	-
Real estate	7%	-	-	18%	18%
Private equity	-	-	-	23%	23%
Private credit	8%	-	-	-	-
Master limited partnerships	2%	-	-	-	-
Commodities	-	-	-	-	-
Tangible assets	-	-	-	7%	7%
Cash	-	-	-	-	-
	100%	100%	0%	100%	100%

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, 2023 for SERS, Firefighters' and Police, and dated as of June 30, 2023 for LEOFF Plan 1 & 2 are shown in the table below.

Net pension liability (Asset)					
Component	SERS	Firefighters'	Police	LEOFF 1 ¹	LEOFF 2 ¹
Total pension liability	567,457,183	12,229,171	4,920,423	35,655,509	417,828,905
Plan fiduciary net position	311,139,142	22,209,883	1,005,696	62,749,205	472,838,760
LESS (Public Facilities District)	(154,153)	-	-	-	-
LESS (SREC)	(2,456,532)	-	-	-	-
Net pension liability (asset)	253,707,356	(9,980,712)	3,914,727	(27,093,696)	(55,009,854)
Plan fiduciary net position as a % of total pension liability	54.8%	181.6%	20.4%	175.99%	113.17%
¹ 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	(27,093,696)	(55,009,854)
State's proportionate share of the net pension asset associated with the employer	(183,261,088)	(35,128,727)
TOTAL	(210,354,784)	(90,138,581)

At December 31, 2023 the City of Spokane's proportionate share of the collective net pension liabilities (assets) was as follows:

	Proportionate Share 12/31/22	Proportionate Share 12/31/23	Change in Proportion
LEOFF 1	0.913438%	0.912853%	-0.000585%
LEOFF 2	2.239285%	2.293417%	0.054132%

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, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2022, 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, 2022.

LEOFF 1 & 2

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, 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 service-based salary increases.
- **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, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust LEOFF 1 & 2 plan assets and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

	Employees' Retirement System	Firefighters' Pension System	Police Pension System	LEOFF 1	LEOFF 2
Valuation date	12/31/2023	12/31/2023	12/31/2023	6/30/2022	6/30/2022
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	frozen initial liability	aggregate
Amortization method					
Funding	Level % of pay over not more than 30 years	30-year, closed as of January 1, 2007	30-year, closed as of January 1, 2007	level %	n/a
Remaining amortization years (closed)	25	14	14	2	n/a
Asset valuation method	Expected value method with 5-year smoothing and 90-110% market value corridor	Fair market value	Fair market value	8-year graded smoothed fair value	8-year graded smoothed fair value
Actuarial assumptions					
Investment rate of return	7.5%	3.0%	3.0%	7.00%	7.00%
Projected salary increases ²	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 on 3.5% increase assumption when appropriate, for PPF benefits.	Based on 3.5% increase assumption when appropriate, for PPF benefits.	CPI Increase	CPI Increase, maximum 3%
		Based upon inflation assumption for some PPF benefits and all LEOFF benefits.	Based upon inflation assumption for some PPF benefits and all LEOFF benefits.		
Mortality	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.	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.	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.	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.

²Expected to grow by service-based salary increases 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 10.25% contribution rate and that city contributions will be made at the same rate. The contribution rate for all

participants and the City increased to 11.00% on December 24, 2023. 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 ¹	315,900,727	256,318,041	205,519,330	7.50%
Firefighters'	(8,756,779)	(9,980,712)	(11,035,668)	3.00%
Police	4,261,837	3,914,727	3,605,629	3.00%
LEOFF 1	(24,024,127)	(27,093,696)	(29,755,484)	7.00%
LEOFF 2	9,108,145	(55,009,854)	(107,484,932)	7.00%

¹SERS data includes amount related to the Public Facilities District (PFD) and Spokane Regional Emergency Communications (SREC) \$154,153 and \$2,456,532 of the current discount are PFD and SREC, respectively.

H. PENSION EXPENSE

For the year ended December 31, 2023, the City recognized pension expense as follows:

Description	SERS	Firefighters'	Police
Service Cost	10,676,035	-	-
Interest Cost	38,404,746	238,783	119,355
Benefit Changes	-	2,512,669	-
Experience loss (gain)	2,169,109	885,098	1,048,454
Change in Assumptions	1,960,056	1,208,383	48,426
Contributions-Employer	-	-	-
Contributions-Employee	(11,931,102)	-	-
Net Investment Income:		-	-
Expected Return on Investments	(27,605,681)	(727,238)	(28,250)
Investment (gain) loss expensed	15,569,403	539,464	5,510
Investment (gain) loss deferred	-	-	-
Benefits paid, including refunds of employee contributions	-	-	-
Administrative Expense	679,519	39,471	36,840
Amortization	(14,592,611)	(362,643)	(85,499)
Other Changes	-	-	-
Total Pension Expense	15,329,474	4,333,987	1,144,836
LESS (PFD)	(9,219)	-	-
LESS (SREC)	(146,916)	-	-
Total Pension Expense	15,173,339	4,333,987	1,144,836

For the year ended December 31, 2023 the City recognized pension expense for the following state plans:

Pension Expense	
LEOFF 1	(2,365,940)
LEOFF 2	(3,364,120)
TOTAL	(5,730,060)

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, 2023, 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	-	62,277,613	-	2,748,467	-	71,234
Change of Assumptions	(22,753,459)	9,800,281	-	-	-	-
Differences Between Expected and Actual Experience	(450,448)	15,485,330	(867,493)	-	(193,063)	-
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	236,335	(891,865)	-	-	-	-
City Contributions Subsequent to the Measurement Date	-	-	-	-	-	-
Total	(22,967,572)	86,671,359	(867,493)	2,748,467	(193,063)	71,234

	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	(1,796,562)	-	(11,639,965)	-
Change of Assumptions	-	-	(4,518,624)	14,052,065
Differences Between Expected and Actual Experience	-	-	(452,579)	22,469,966
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	(8,713,514)	3,419,831
Contributions subsequent to the measurement date	-	-	-	2,523,518
Total	(1,796,562)	-	(25,324,682)	42,465,380

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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SERS		Firefighters'		Police	
Recognition Period (Years)	6.0	6.0	9.48	5.0	10.67	5.0
Year	(Inflow)	Outflows	(Inflows)	Outflows	(Inflows)	Outflows
2024	(12,155,902)	21,332,255	(600,818)	736,334	(115,606)	28,736
2025	(6,223,106)	21,372,727	(266,675)	736,335	(77,457)	21,493
2026	(4,431,748)	20,457,325	-	736,333	-	12,191
2027	(136,146)	19,539,228	-	539,465	-	4,407
2028	(20,669)	3,969,825	-	-	-	4,407
Thereafter	-	-	-	-	-	-
Total Deferred (Inflows)/Outflows	(22,967,572)	86,671,359	(867,493)	2,748,467	(193,063)	71,234

Amortization of Deferred (Inflows) and Deferred Outflows				
	LEOFF 1		LEOFF 2	
Recognition Period (Years)	5.0	5.0	5.0	5.0
Year	(Inflows)	Outflows	(Inflows)	Outflows
2023	(1,231,786)	-	(10,364,404)	5,157,727
2024	(1,545,728)	-	(12,244,106)	5,157,727
2025	958,869	-	4,319,429	5,157,727
2026	22,082	-	(2,113,837)	5,153,549
2027	-	-	(1,712,816)	5,065,202
Thereafter	-	-	(3,208,947)	14,249,931
Total Deferred (Inflows)/Outflows	(1,796,562)	-	(25,324,682)	39,941,862

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, 2023.

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 \$26.9 million in 2023 and \$23.7 million in 2022.

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 \$32.2 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 2023.

The City's actual contributions to LEOFF 2 were \$4.87 million for the year ended December 31, 2023.

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, 2023, the state contributed \$88.0 million to LEOFF Plan 2. The amount recognized by the City for its proportionate share of this amount is \$3.3 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 2023. 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, 2023 are as follows:

Actual Contribution Rates	Employer	Employee
Employees' Retirement System	10.25%	10.25%
Firefighters' Pension System	0.16%	0.00%
Police Pension System	0.16%	0.00%
LEOFF 1 ¹	0.20%	0.00%
LEOFF 2 ¹	5.32%	8.53%

¹The employer rate includes the employer administrative expense fee currently set at 0.20%

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	2023	2022	2021	2020
Employees' Retirement System	13,446,610	11,863,726	11,519,708	10,659,281
Firefighters' Pension System	1,159,182	1,019,381	1,439,343	498,064
Police Pension System	343,814	671,259	550,519	409,076
LEOFF 1	-	-	-	-
LEOFF 2	2,523,518	4,799,944	4,668,483	3,988,973

L. 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, 2021)	529,869,491	374,533,245	155,336,246	15,861,976	49,018,714	-
Changes for the year:						
Service Cost	10,676,035	-	10,676,035	-	-	10,676,035
Interest Cost	38,404,746	-	38,404,746	-	-	38,404,746
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	13,014,651	-	13,014,651	10,845,542	-	2,169,109
Change in Assumptions	11,760,337	-	11,760,337	9,800,281	-	1,960,056
Contributions-Employer	-	11,863,726	(11,863,726)	-	-	-
Contributions-Employee	-	11,931,102	(11,931,102)	-	-	(11,931,102)
Net Investment Income	-	(50,241,335)	50,241,335	-	-	-
Expected Return on Investments	-	-	-	-	-	(27,605,681)
Investment (gain) loss expensed	-	-	-	-	-	15,569,403
Investment (gain) loss deferred	-	-	-	62,277,613	-	-
Benefits paid, including refunds of employee contributions	(36,268,077)	(36,268,077)	-	-	-	-
Administrative Expense	-	(679,519)	679,519	-	-	679,519
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(11,222,192)	(25,814,803)	(14,592,611)
Net Changes	37,587,692	(63,394,103)	100,981,795	71,701,244	(25,814,803)	
Balance, End of Year (Dec 31, 2022)	567,457,183	311,139,142	256,318,041	87,563,220	23,203,911	15,329,474
LESS (Public Facilities District)			(154,153)	(52,662)	(13,955)	(9,219)
LESS (SREC)			(2,456,532)	(839,199)	(222,384)	(146,916)
Balance, End of Year (Dec 31, 2022) Net of PFD & SREC			253,707,356	86,671,359	22,967,572	15,173,339

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
Firefighters' Pension System	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Balance, Beginning of Year (Dec 31, 2021)	8,526,215	24,302,563	(15,776,348)	837,941	1,477,468	-
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest Cost	238,783	-	238,783	-	-	238,783
Benefit Changes	2,512,669	-	2,512,669	-	-	2,512,669
Experience loss (gain)	885,098	-	885,098	-	-	885,098
Change in Assumptions	1,208,383	-	1,208,383	-	-	1,208,383
Contributions-Employer	-	1,058,852	(1,058,852)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	(1,970,084)	1,970,084	-	-	-
Expected Return on Investments	-	-	-	-	-	(727,238)
Investment (gain) loss expensed	-	-	-	-	-	539,464
Investment (gain) loss deferred	-	-	-	2,157,858	-	-
Benefits paid, including refunds of employee contributions	(1,141,977)	(1,141,977)	-	-	-	-
Administrative Expense	-	(39,471)	39,471	-	-	39,471
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(247,332)	(609,975)	(362,643)
Net Changes	3,702,956	(2,092,680)	5,795,636	1,910,526	(609,975)	
Balance, End of Year (Dec 31, 2022)	12,229,171	22,209,883	(9,980,712)	2,748,467	867,493	4,333,987

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
Police Pension 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, 2021)	4,248,814	878,361	3,370,453	79,303	308,669	-
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest Cost	119,355	-	119,355	-	-	119,355
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	1,048,454	-	1,048,454	-	-	1,048,454
Change in Assumptions	48,426	-	48,426	-	-	48,426
Contributions-Employer	-	708,099	(708,099)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	702	(702)	-	-	-
Expected Return on Investments	-	-	-	-	-	(28,250)
Investment (gain) loss expensed	-	-	-	-	-	5,510
Investment (gain) loss deferred	-	-	-	22,038	-	-
Benefits paid, including refunds of employee contributions	(544,626)	(544,626)	-	-	-	-
Administrative Expense	-	(36,840)	36,840	-	-	36,840
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(30,107)	(115,606)	(85,499)
Net Changes	671,609	127,335	544,274	(8,069)	(115,606)	
Balance, End of Year (Dec 31, 2022)	4,920,423	1,005,696	3,914,727	71,234	193,063	1,144,836

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 2023:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ (78,138,269)
OPEB assets	-
Deferred outflows of resources	2,542,720
Deferred inflows of resources	(4,374,581)
OPEB expense/expenditures	(9,197,624)

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:

Covered Employee Groups			Rates for 2023	
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, 2023, 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	162	-	-	162	1/1/2023
Police Pension System	131	-	-	131	1/1/2023
Total	293	-	-	293	

Plan	Active	Retiree	Surviving Spouse	Total Members	Membership as of the latest actuarial valuation
Retiree Medical Plan 2	1,760	51	1	1,812	1/1/2023

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, 2023 and December 31, 2022 for the plans are shown in the following tables.

2023 Funded Status (in thousands)	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
Actuarial valuation date	1/1/2023	1/1/2023	1/1/2023
Actuarial value of plan assets	\$ 8,521	\$ -	\$ -
Actuarial accrued liability (AAL)	38,031	39,895	8,733
Unfunded actuarial accrued liability (UAAL)	29,510	39,895	8,733
Funded ratio	22.41%	0.00%	0.00%
Actual contributions	2,582	2,753	352
Covered payroll	N/A	N/A	127,148
UAAL as a percentage of covered payroll	N/A	N/A	6.87%

2022 Funded Status (in thousands)	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
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%

Actuarial Determined Contribution

	Firefighters' Pension System	2023	2022
A.	Normal Cost		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	60,609	59,501
	3. Total normal cost: (1) = (2)	60,609	59,501
B.	Amortization Amount		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 39,936,925	\$ 40,642,932
	b. Value of plan assets for recommended contribution	8,521,477	10,548,898
	c. Unfunded/(surplus) liability: (a)-(b)	31,415,448	30,094,034
	2. Amortization period in years	14	15
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	2,700,092	2,447,451
C.	Recommended Contribution at Beginning of Plan Year: A(3) + B(4)	\$ 2,760,701	\$ 2,506,952
D.	Interest Adjustment for Timing of Contribution		
	1. Estimated contribution dated	12/31/2023	12/31/2022
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	82,821	75,209
E.	Recommended contribution at the end of the fiscal year: C + D(3)	2,843,522	2,582,161
F.	Actuarial Funding Method	Entry Age Normal	Entry Age Normal

	Police Pension System	2023	2022
A.	Normal Cost		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	-	-
B.	Amortization Amount		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 43,605,005	\$ 45,842,652
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	43,605,005	45,842,652
	2. Amortization period in years	14	15
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	3,747,759	3,728,235
C.	Recommended Contribution at Beginning of Plan Year: A(3) + B(4)	\$ 3,747,759	\$ 3,728,235
D.	Interest Adjustment for Timing of Contribution		
	1. Estimated contribution dated	12/31/2023	12/31/2022
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	112,433	111,847
E.	Recommended contribution at the end of the fiscal year: C + D(3)	3,860,192	3,840,082
F.	Actuarial Funding Method	Entry Age Normal	Entry Age Normal

Retiree Medical Plan 2		2023	2022
A.	Normal Cost		
	1. Normal cost without expense load	\$ 490,486	\$ 741,210
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	490,486	741,210
B.	Amortization Amount		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 8,733,405	\$ 10,410,047
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	8,733,405	10,410,047
	2. Amortization period in years	30	30
	3. Discount rate	4.00%	1.75%
	4. Amortization amount	485,629	441,261
C.	Recommended Contribution at Beginning of Plan Year: A(3) + B(4)	\$ 976,115	\$ 1,182,471
D.	Interest Adjustment for Timing of Contribution		
	1. Estimated contribution dated	12/31/2023	12/31/2022
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	39,045	20,693
E.	Recommended contribution at the end of the fiscal year: C + D(3)	1,015,160	1,203,164
F.	Actuarial Funding Method	Entry Age Normal	Entry Age Normal

Actuarial Information and Significant Actuarial Assumptions

The City's net OPEB liability was measured as of December 31, 2022 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, 2022 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	2.50% per year	2.50% 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	3.62% per year	4.05% per year	4.0% per year
Healthcare cost trend rates	7.50% for 2023, decreasing each year to an ultimate rate of 4.5% for 2043 and later years.	7.50% for 2023, decreasing each year to an ultimate rate of 4.5% for 2043 and later years.	7.50% for 2023, decreasing each year to an ultimate rate of 4.5% for 2043 and later years.

Mortality	Mortality rates were based on the 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 rates were based on the 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 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, 2023 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2021.	The actuarial demographic assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2021.	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 3.62%. 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 2034 fiscal year. Therefore, the long-term expected rate of	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%.

	return of 3.00% was used to discount funded projected benefit payments and the municipal bond rate of 4.05% 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 3.62%.		
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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:

Firefighters' OPEB		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and short-term investments	3.10%	3.47%
Domestic Equities	0.00%	7.77%
U.S. Aggregate Bond	96.71%	4.57%
High Yield debt	0.00%	6.72%
Other investments	0.19%	3.47%
Total	100.00%	

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

The discount rate used to measure the net OPEB liability for the Firefighter’s post-employment benefits plan was 3.62%. 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, 2023 are shown in the following tables:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
Firefighters' Other Post Employment Benefit Plan	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (NOL)
Balance, Beginning of Year (Dec 31, 2022)	42,665,347	10,548,898	32,116,449
Changes for the year:			
Service Cost	-	-	-
Interest on the total OPEB liability	989,579	-	989,579
Difference between expected and actual experience	958,901	-	958,901
Changes in plan provisions	-	-	-
Employer contributions	-	2,582,161	(2,582,161)
Changes in assumptions	(3,035,462)	-	(3,035,462)
Net Investment Income:	-	(834,050)	834,050
Benefits paid, including refunds of employee contributions	(3,547,274)	(3,547,274)	-
Administrative Expense	-	(228,258)	228,258
Other Changes	-	-	-
Net Changes	(4,634,256)	(2,027,421)	(2,606,835)
Balance, End of Year (Dec 31, 2023)	38,031,091	8,521,477	29,509,614

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
Police Other Post Employment Benefit Plan	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (NOL)
Balance, Beginning of Year (Dec 31, 2022)	50,948,935	-	50,948,935
Changes for the year:			
Service Cost	-	-	-
Interest on the total OPEB liability	913,946	-	913,946
Difference between expected and actual experience	(1,695,672)	-	(1,695,672)
Changes in plan provisions	-	-	-
Employer contributions	-	2,753,445	(2,753,445)
Changes in assumptions	(7,716,068)	-	(7,716,068)
Net Investment Income:	-	-	-
Benefits paid, including refunds of employee contributions	(2,555,891)	(2,555,891)	-
Administrative Expense	-	(197,554)	197,554
Other Changes	-	-	-
Net Changes	(11,053,685)	-	(11,053,685)
Balance, End of Year (Dec 31, 2023)	39,895,250	-	39,895,250

Changes in the Total OPEB Liability

Changes in the City's Retiree Medical Plan 2 Total OPEB Liability as of December 31, 2023 are shown in the following table:

	Increase (Decrease)
	(a)
Retiree Medical Plan 2 Other Post Employment Benefit Plan	Total OPEB Liability
Balance, Beginning of Year (Dec 31, 2022)	10,410,047
Changes for the year:	
Service Cost	741,210
Interest on the total OPEB liability	192,065
Difference between expected and actual experience	(79,936)
Changes in benefit terms	-
Change in plan provisions	-
Employer contributions	-
Changes in assumptions	(2,177,700)
Net Investment Income:	
Benefits paid, including refunds of employee contributions	(352,281)
Administrative Expense	-
Other Changes	-
Net Changes	(1,676,642)
Balance, End of Year (Dec 31, 2023)	8,733,405

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:

Net OPEB Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	32,656,379	29,509,614	26,721,001	3.62%
Police	43,416,746	39,895,250	36,795,438	4.05%

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	9,568,311	8,733,405	7,980,603	4.00%

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

Net OPEB Liability Sensitivity to the Healthcare Cost Trend Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	26,813,891	29,509,614	32,525,411	7.5% Decreasing to 4.5%
Police	36,921,039	39,895,250	43,229,402	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	7,803,468	8,733,405	9,827,875	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, 2023, the City recognized OPEB expense decrease of \$3,578,068 for Firefighters' and \$11,053,685 for Police and an increase of \$111,445 for the Retiree Medical 2 Plan and a total OPEB expense decrease of \$14,520,308. At December 31, 2023, 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	1,177,333	(352,626)	-	-
Total	1,177,333	(352,626)	-	-

	Retiree Medical Plan 2	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	167,409	(1,589,749)
Change of Assumptions	1,197,978	(2,432,206)
Net difference between projected and actual earnings on pension plan investments	-	-
Total	1,365,387	(4,021,955)

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

	Firefighter's OPEB		Police OPEB	
Recognition Period (Years)	4.0	3.0		
Year	Outflows	(Inflows)	Outflows	(Inflows)
2024	318,073	(210,513)	-	-
2025	318,073	(142,113)	-	-
2026	318,072	-	-	-
2027	223,115	-	-	-
2028	-	-	-	-
Thereafter	-	-	-	-
Total Deferred (Inflows)/Outflows	1,177,333	(352,626)	-	-

	Retiree Medical Plan 2	
Recognition Period (Years)	9.0	9.0
Year	Outflows	(Inflows)
2024	249,530	(719,079)
2025	249,530	(719,079)
2026	249,530	(684,074)
2027	205,952	(662,375)
2028	200,565	(484,806)
Thereafter	210,280	(752,542)
Total Deferred (Inflows)/Outflows	1,365,387	(4,021,955)

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, 2023, and 2022 are as follows:

Fund		2023		2022
Risk Management	\$	2,403,814	\$	1,432,000
Workers' Compensation		5,442,906		5,122,745
Unemployment Insurance		992,152		1,050,972
Employee Benefits		19,217,929		18,363,621
	\$	28,056,801	\$	25,969,338

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.

Policy Type	Deductible	Coverage Limits	Description
Excess Workers' Compensation & Employer's Liability - All Employees	\$ 1,250,000	Statutory Limit	Protects the city from unanticipated levels of workers' compensation
Boiler & Machinery	25,000	200,000,000	Protects the city from loss due to damage to buildings and contents from boilers and machinery
Property (Wastewater Treatment Facility)	1,000,000	500,000,000	Protects the city from loss by fire and other extended coverages
Property (Upriver Dam)	1,000,000	125,000,000	Protects the city from loss by fire and other extended coverages
Property (Waste to Energy)	250,000	281,509,180	Protects the city from loss by fire and other extended coverages
Property (Other than WWTP, Dam & WTE)	1,000,000	250,000,000	Protects the city from loss by fire and other extended coverages
Medical Stop Loss	600,000	Unlimited	Stop-loss coverage protects the city from excessive individual claims
Excess Liability Coverage	1.25M to 1.5M	20,000,000	Protects the city from excessive individual losses
Inland Marine -Fire Truck Physical Damage	5% Value 10,000 min 50,000 max	29,194,695	Protects the City from loss due to damaged fire trucks
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	50,000	5,000,000	Protect the city from loss due to employee dishonesty and other extended coverages
Aviation - Unmanned Aircraft Systems	NIL	1,000,000	Protect the city from loss due to drone accidents
Kidnap & Ransom	1,250,000	3,000,000	Protects the city from Kidnap & Ransom demands
Cyber Security Liability	25,000	5,000,000	Protect the city from loss due to cyber breach
Terrorism	25,000	100,000,000	Protects the city from acts of terrorism liability and malicious attacks

Claims Liability Valuation

In 2023, the City conducted an actuarial review to determine the estimated claims liability for the Risk Management and Workers' Compensation funds. The estimated loss reserves for the Risk Management fund totaled \$8 million and the Workers' Compensation fund totaled \$7.3 million. The Employee Benefits fund reported IBNR (incurred but not reported) claims of \$2.4 million for 2023. 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 based on exposure and claims experience and are reported as revenues and expenses.

Changes in the claims liability from fiscal year ended December 31, 2023 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
Claims Liability (in thousands)	General Liability	Workers' Compensation	Health Benefits
Unpaid Claims, January 01, 2023	7,941	7,238	2,570
Incurred Claims	2,370	2,817	29,940
Adjustments for prior claims	613	2,456	1,259
Claim Payments	(2,936)	(5,158)	(31,385)
Unpaid Claims, December 31, 2023	7,988	7,353	2,384

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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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, 2023, the balance of the deferred inflow of resources was \$591,659. 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 37th 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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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, 2023, the balance of the deferred inflow of resources was \$591,659. 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 21st 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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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, 2023, the balance of the deferred inflow of resources was \$591,659. 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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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, 2023, the balance of the deferred inflow of resources was \$591,659. 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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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,

2023, the balance of the deferred inflow of resources was \$591,659. 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 57th 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, 2023, the City's receivable for the lease was \$616,726. The City recognized \$46,405 in lease revenue and \$9,403 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, 2023, the balance of the deferred inflow of resources was \$591,659. 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, 2023, the City's receivable for the lease was \$616,767. The City recognized \$46,408 in lease revenue and \$9,404 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, 2023, the balance of the deferred inflow of resources was \$591,699. 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, 2023, the City's receivable for the lease was \$811,198. The City recognized \$46,482 in lease revenue and \$13,593 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, 2023, the balance of the deferred inflow of resources was \$778,572. 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, 2023, the City's receivable for the lease was \$347,760. The City recognized \$20,027 in lease revenue and \$7,240 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, 2023, the balance of the deferred inflow of resources was \$335,446. 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, 2023, the City's receivable for the lease was \$726,880. The City recognized \$41,602 in lease revenue and \$12,163 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, 2023, the balance of the deferred inflow of resources was \$693,371. 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, 2023, the City's receivable for the lease was \$630,531. The City recognized \$41,036 in lease revenue and \$10,064 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, 2023, the balance of the deferred inflow of resources was \$601,859. 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 21st 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, 2023, the City's receivable for the lease was \$623,100. The City recognized \$40,552 in lease revenue and \$9,945 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, 2023, the balance of the deferred inflow of resources was \$594,766. 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, 2023, the City's receivable for the lease was \$646,287. The City recognized \$42,559 in lease revenue and \$10,077 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, 2023, the balance of the deferred inflow of resources was \$617,108. 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 37th 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, 2023, the City's receivable for the lease was \$632,873. The City recognized \$41,017 in lease revenue and \$10,099 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, 2023, the balance of the deferred inflow of resources was \$603,973. 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 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, 2023, the City's receivable for the lease was \$726,880. The City recognized \$41,602 in lease revenue and \$12,163 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, 2023, the balance of the deferred inflow of resources was \$693,371. 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, 2023, the City's receivable for the lease was \$211,810. The City recognized \$14,341 in lease revenue and \$3,410 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, 2023, the balance of the deferred inflow of resources was \$209,143. 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, 2023, the City's receivable for the lease was \$330,322. The City recognized \$22,365 in lease revenue and \$5,318 in interest revenue during the current fiscal year. Additional variable revenues of \$5,463 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, 2023, the balance of the deferred inflow of resources was \$326,163. 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, 2023, the City's receivable for the lease was \$309,657. The City recognized \$37,007 in lease revenue and \$4,171 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, 2023, the balance of the deferred inflow of resources was \$296,053. 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, 2023, the City's receivable for the lease was \$309,657. The City recognized \$37,015 in lease revenue and \$4,244 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, 2023, the balance of the deferred inflow of resources was \$296,122. 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 205 months and the City will receive quarterly fixed payments of \$3,939. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$237,725. As of December 31, 2023, the City's receivable for the lease was \$212,171. The City recognized \$13,916 in lease revenue and \$3,683 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, 2023, the balance of the deferred inflow of resources was \$209,893.

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, 2023, the City's receivable for the lease was \$5,327. The City recognized \$1,776 in lease revenue and \$85 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, 2023, the balance of the deferred inflow of resources was \$5,327. 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, 2023, the City's receivable for the lease was \$195,291. The City recognized \$29,522 in lease revenue and \$2,447 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, 2023, the balance of the deferred inflow of resources was \$186,976. 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, 2023, the City's receivable for the lease was \$763,455. The City recognized \$29,204 in lease revenue and \$14,350 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, 2023, the balance of the deferred inflow of resources was \$730,108. 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 1st 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, 2023, the City's receivable for the lease was \$239,573. The City recognized \$37,459 in lease revenue and \$3,027 in interest revenue during the current fiscal year. Additional variable revenues of \$4,777

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, 2023, the balance of the deferred inflow of resources was \$237,240. 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 1st 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, 2023, the City's receivable for the lease was \$31,953. The City recognized \$30,908 in lease revenue and \$219 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, 2023, the balance of the deferred inflow of resources was \$30,908. 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 1st 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, 2023, the City's receivable for the lease was \$473,589. The City recognized \$33,061 in lease revenue and \$7,208 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, 2023, the balance of the deferred inflow of resources was \$443,572. 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 1st 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 payment adjustments 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, 2023, the City's receivable for the lease was \$162,282. The City recognized \$26,111 in lease revenue and \$2,052 in interest revenue during the current fiscal year. Additional variable revenues of \$2,746 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, 2023, the balance of the deferred inflow of resources was \$158,840. 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, 2023, the City's receivable for the lease was \$180,658. The City recognized \$12,353 in lease revenue and \$3,857 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, 2023, the balance of the deferred inflow of resources was \$180,144. 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, 2023, the City's receivable for the lease was \$668,421. The City recognized \$34,185 in lease revenue and \$30,062 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, 2023, the balance of the deferred inflow of resources was \$643,811. 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, 2023, the City's receivable for the lease was \$668,421. The City recognized \$34,185 in lease revenue and \$30,062 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, 2023, the balance of the deferred inflow of resources was \$643,811. The lessee has 5 extension options, each for 60 months.

On October 1, 2023, the City began leasing a cellular tower connection point on the structure located at 3220 S Lamonte St 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 3.679%. An initial lease receivable was recorded in the amount of \$706,062. As of December 31, 2023, the City's receivable for the lease was \$700,769. The City recognized \$8,826 in lease revenue and \$6,455 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, 2023, the balance of the deferred inflow of resources was \$697,236. The lessee has 3 extension options, each for 60 months.

As of December 31, 2023, future lease receivable principal and interest receipts are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2024	793,160	258,068	1,051,228
2025	800,874	246,319	1,047,193
2026	842,065	233,946	1,076,011
2027	883,106	220,844	1,103,950
2028	927,648	206,993	1,134,641
2029-2033	4,777,223	808,129	5,585,352
2034-2038	4,358,798	398,230	4,757,028
2039-2043	1,300,333	99,924	1,400,257
2044-2048	242,782	11,027	253,809
Total	\$ 14,925,989	\$ 2,483,480	\$ 17,409,469

B. Lease Payables
Governmental Leases

On January 1, 2023, the City entered into a 48 month lease agreement as lessee for the use of approximately 44,170 square feet of land located at 1615 S Spotted Road upon which three buildings with driveway and landscaping will be built and be known as Fire Station # 6. An initial lease liability was recorded in the amount of \$51,104. As of December 31, 2023, the value of the lease liability was \$38,295. The City is required to make monthly principal and interest payments of \$12,809. The lease has an interest rate of 2.676%. The leased land's estimated useful life is 48 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$51,104 with accumulated amortization of \$12,776 is included with the right-to-use leased land in Note 4.

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, 2023, the value of the lease liability was \$4,294. 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, 2023, the value of the right-to-use asset of \$13,545 with accumulated amortization of \$9,288 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, 2023, the value of the lease liability was \$14,550. 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, 2023, the value of the right-to-use asset of \$41,250 with accumulated amortization of \$26,757 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, 2023, the value of the lease liability was \$3,176,872. 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, 2023, the value of the right-to-use asset of \$3,413,847 with accumulated amortization of \$369,065 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 \$2,781. As of December 31, 2023, the value of the lease liability was \$1,421. 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, 2023, the value of the right-to-use asset of \$2,781 with accumulated amortization of \$1,390 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, 2023, the value of the lease liability was \$70,672. 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, 2023, the value of the right-to-use asset of \$81,134 with accumulated amortization of \$12,482 is included with the right-to-use leased buildings in Note 4. The City has 2 extension options, each for 60 months.

On August 1, 2022, the City entered into a 60 month lease agreement as lessee for the use of the property located at 4320 E Trent Avenue for use as a homeless shelter. An initial lease liability was recorded in the amount of \$1,610,474. As of December 31, 2023, the value of the lease liability was \$1,194,242. The City is required to make monthly principal and interest payments of \$26,753. The lease has an interest rate of 2.275%. The leased property's estimated useful life is 60 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$1,610,474 with accumulated amortization of \$456,301 is included with the right-to-use leased buildings in Note 4. The City has 1 extension option for 60 months.

On August 1, 2023, the City entered into a 24 month lease agreement as lessee for the use of approximately 77,608 rentable square feet of premises located at 901 N Monroe Street for use as office space for the Community Justice Services department. An initial lease liability was recorded in the amount of \$54,148. The lease was prepaid during 2023. As of December 31, 2023, the prepaid lease balance was \$29,817. The leased space's estimated useful life is 24 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$54,148 with accumulated amortization of \$24,818 is included with the right-to-use leased buildings in Note 4. The City has 3 extension options, each for 12 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, 2023, the value of the lease liability was \$7,036. 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, 2023, the value of the right-to-use asset of \$14,014 with accumulated amortization of \$7,007 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, 2023, the value of the lease liability was \$1,236. 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, 2023, the value of the right-to-use asset of \$2,461 with accumulated amortization of \$1,227 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 51 month lease agreement as lessee for the use of a solar waste receptacles by the Parks department. During 2023, the Parks department made the decision to not exercise the extension. An initial lease liability was recorded in the amount of \$89,243. The initial lease liability was reduced to \$40,810. As of December 31, 2023, the value of the lease liability was \$20,463. 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 51 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$40,810 with accumulated amortization of \$19,205 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, 2023, the value of the lease liability was \$22,817. 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, 2023, the value of the right-to-use asset of \$113,688 with accumulated amortization of \$88,588 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, 2023, the value of the lease liability was \$14,751. 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, 2023, the value of the right-to-use asset of \$73,507 with accumulated amortization of \$57,905 is included with the right-to-use leased machinery and equipment in Note 4.

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, 2023, the value of the lease liability was \$165,942. 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, 2023, the value of the right-to-use asset of \$230,732 with accumulated amortization of \$68,459 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, 2023, the value of the lease liability was \$94,576. 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, 2023, the value of the right-to-use asset of \$124,065 with accumulated amortization of \$31,016 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, 2023, the value of the lease liability was \$5,034. 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, 2023, the value of the right-to-use asset of \$17,327 with accumulated amortization of \$12,602 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, 2023, the value of the combined lease liability was \$27,786. 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, 2023, the combined value of the right-to-use assets of \$89,330 with accumulated amortization of \$64,125 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, 2023, the value of the lease liability was \$5,557. 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, 2023, the value of the right-to-use asset of \$17,866 with accumulated amortization of \$12,800 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, 2023, the value of the combined lease liability was \$11,165. 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, 2023, the combined value of the right-to-use assets of \$35,904 with accumulated amortization of \$25,344 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, 2023, the value of the lease liability was \$6,669. 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, 2023, the value of the right-to-use asset of \$19,133 with accumulated amortization of \$13,082 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 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, 2023, the value of the lease liability was \$9,151. 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, 2023, the value of the right-to-use asset of \$26,552 with accumulated amortization of \$17,431 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, 2023, the value of the lease liability was \$18,633. 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, 2023, the value of the right-to-use asset of \$35,454 with accumulated amortization of \$17,544 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, 2023, the value of the lease liability was \$6,359. 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, 2023, the value of the right-to-use asset of \$18,207 with accumulated amortization of \$11,919 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, 2023, the value of the combined lease liability was \$13,889. 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, 2023, the combined value of the right-to-use assets of \$36,914 with accumulated amortization of \$23,276 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, 2023, the value of the combined lease liability was \$19,955. 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, 2023, the combined value of the right-to-use assets of \$38,564 with accumulated amortization of \$18,639 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, 2023, the value of the combined lease liability was \$21,029. 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, 2023, the combined value of the right-to-use assets of \$38,616 with accumulated amortization of \$17,699 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, 2023, the value of the lease liability was \$10,592. 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, 2023, the value of the right-to-use asset of \$19,452 with accumulated amortization of \$8,687 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, 2023, the value of the lease liability was \$11,066. 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, 2023, the value of the right-to-use asset of \$16,384 with accumulated amortization of \$5,461 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, 2023, the value of the lease liability was \$10,714. 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, 2023, the value of the right-to-use asset of \$15,862 with accumulated amortization of \$5,287 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, 2023, the value of the lease liability was \$10,762. 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, 2023, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$14,223 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 January 23, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck in the Engineering department. An initial lease liability was recorded in the amount of \$18,740. As of December 31, 2023, the value of the lease liability was \$12,789. The City is required to make monthly principal and interest payments of \$535. 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, 2023, the value of the right-to-use asset of \$18,740 with accumulated amortization of \$5,865 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 February 27, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Nissan Rogue all-wheel drive vehicle in the Code Enforcement department. An initial lease liability was recorded in the amount of \$23,382. As of December 31, 2023, the value of the lease liability was \$16,518. The City is required to make monthly principal and interest payments of \$664. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$23,382 with accumulated amortization of \$6,582 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$17,061 and has a termination penalty of \$400.

On August 7, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Ford F250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$31,837. As of December 31, 2023, the value of the lease liability was \$27,568. The City is required to make monthly principal and interest payments of \$911. The lease has an interest rate of 2.901%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$31,837 with accumulated amortization of \$4,245 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$23,374 and has a termination penalty of \$400.

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

Governmental Activities			
Year	Principal	Interest	Total
2024	755,895	83,532	839,427
2025	636,741	69,183	705,924
2026	592,072	55,291	647,363
2027	411,727	42,964	454,691
2028	162,655	38,496	201,151
2029-2033	946,902	153,065	1,099,967
2034-2038	1,165,492	75,038	1,240,530
2039-2040	400,920	4,747	405,667
Total	\$ 5,072,404	\$ 522,316	\$ 5,594,720

Business-type Leases

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, 2023, the value of the lease liability was \$1,762,908. 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, 2023, the value of the right-to-use asset of \$1,987,919 with accumulated amortization of \$243,419 is included with the right-to-use leased land in Note 4. The City has 3 extension options, each for 60 months.

On January 1, 2022, the City entered into a 39 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. During 2023, the lease was modified to adjust the lease end date. The initial lease liability was reduced to \$209,935. As of December 31, 2023, the value of the lease liability was \$71,116. The City is required to make annual principal and interest payments of \$71,293. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 75 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$209,935 with accumulated amortization of \$132,081 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 24 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, 2023, the value of the lease liability was \$175,343. 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, 2023, the value of the right-to-use asset of \$222,828 with accumulated amortization of \$44,877 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 Excelarate 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, 2023, the value of the lease liability was \$149,162. 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, 2023, the value of the right-to-use asset of

\$295,194 with accumulated amortization of \$136,225 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 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, 2023, the value of the lease liability was \$10,762. 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, 2023, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$8,155 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, 2023, the value of the lease liability was \$11,400. 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, 2023, the value of the right-to-use asset of \$18,936 with accumulated amortization of \$7,452 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, 2023, the value of the combined lease liability was \$22,801. 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, 2023, the combined value of the right-to-use assets of \$37,872 with accumulated amortization of \$14,904 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.

On February 27, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Nissan Rogue all-wheel drive vehicle by the Water department. An initial lease liability was recorded in the amount of \$23,382. As of December 31, 2023, the value of the lease liability was \$16,518. The City is required to make monthly principal and interest payments of \$664. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$23,382 with accumulated amortization of \$6,582 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$17,061 and has a termination penalty of \$400.

On February 28, 2023, 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 \$19,063. As of December 31, 2023, the value of the lease liability was \$13,487. The City is required to make monthly principal and interest payments of \$539. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$19,063 with accumulated amortization of \$5,460 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,158 and has a termination penalty of \$400.

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

Business-Type Activities			
Year	Principal	Interest	Total
2024	319,694	33,351	353,045
2025	249,506	27,665	277,171
2026	141,658	22,653	164,311
2027	142,413	20,694	163,107
2028	144,396	18,711	163,107
2029-2033	672,629	63,852	736,481
2034-2038	563,201	18,009	581,210
Total	\$ 2,233,497	\$ 204,935	\$ 2,438,432

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, 2023 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	58,775,000
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	5,791,018
UTGO 2017 Refunding	Refund UTGO 2008 Parks/Aquatics	4.00%-5.00%	30,000,000	25,030,000	11,380,000
UTGO 2018	Finance improvements to and expansion of the Spokane Public Library facilities	3.125%-5.00%	77,000,000	73,605,000	70,005,000
Total general obligation bonds				\$ 223,177,449	\$ 194,256,018

At December 31, 2023, the City has \$8.6 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
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	12,240,000	6,065,448	18,305,448
2029-2033	82,305,000	22,082,639	104,387,639
2034-2038	37,750,000	8,747,985	46,497,985
2039-2043	29,135,000	3,442,506	32,577,506
Total	\$ 194,256,018	\$ 68,147,416	\$ 262,403,434

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.

On August 1, 2022 the City entered into a financing arrangement for \$1,194,789 with an interest rate of 4.78 percent to replace the synthetic fields at Dwight Merkel Field.

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, 2023 are as follows:

Name of Issuance	Purpose	Interest Rate	Authorized Amount	Original Issue Amount	Debt Outstanding
LTGO 2020 ¹	Refund UTGO 2010B related to Streets	1.38%	22,000,000	21,601,900	11,023,400
Dwight Merkel Replacement Financing	Finance replacement of artificial turf at Dwight Merkel Field	4.8%	1,194,789	1,194,789	831,067
Total Direct Borrowings				\$ 22,796,689	\$ 11,854,467

¹On December 1,2020 the City refunded bonds through a direct borrowing from JP Morgan Chase which matures December 1,2026

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

Governmental Activities			
Year	Principal	Interest	Total
2024	3,774,945	192,730	3,967,675
2025	3,832,310	135,350	3,967,661
2026	3,890,836	76,921	3,967,757
2027	173,939	17,413	191,352
2028	182,438	8,914	191,352
Total	\$ 11,854,467	\$ 431,328	\$ 12,285,795

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%	\$ 58,824
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%	12,275,032
State Revolving Loans	Various Water/Wastewater System improvements	1.50% - 2.90%	97,978,437
Total government and other loans			\$ 110,512,293

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

Governmental Activities			
Year	Principal	Interest	Total
2024	58,824	294	59,118
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	-	-	-
2034-2038	-	-	-
2039-2043	200,000	-	200,000
Total	\$ 258,824	\$ 294	\$ 259,118

Business-Type Activities			
Year	Principal	Interest	Total
2024	6,834,038	2,056,552	8,890,591
2025	7,054,562	1,993,552	9,048,114
2026	6,840,328	1,862,033	8,702,361
2027	6,919,151	1,729,849	8,649,000
2028	7,036,310	1,595,517	8,631,827
2029-2033	35,878,222	5,875,094	41,753,315
2034-2038	32,218,215	2,352,091	34,570,306
2039-2043	7,472,643	257,253	7,729,896
Total	\$ 110,253,469	\$ 17,721,941	\$ 127,975,409

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, 2023, the amount of CLID Special Assessment delinquency equals \$81,484.

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 \$149,058,110. Principal and interest paid for the current year and total customer net revenues were \$13,548,028 and \$13,548,028, 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%	\$ 119,060,000
Total revenue bonds			\$ 119,060,000

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

Year	Business-Type Activities		
	Principal	Interest	Total
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	10,250,000	3,302,475	13,552,475
2029-2033	58,235,000	9,520,125	67,755,125
2034	13,060,000	489,750	13,549,750
Total	\$ 119,060,000	\$ 29,998,110	\$ 149,058,110

B. Changes in Long-Term Liabilities

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

Long-Term Liabilities	Outstanding 12/31/22	Additions	Reductions	Outstanding 12/31/23	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	199,950,197	-	(5,694,179)	194,256,018	6,322,062
Deferred amounts:					
Bond premiums at issuance	9,247,347	-	(308,945)	8,938,402	438,125
Bond premiums on refunding	4,481,632	-	(445,380)	4,036,251	499,488
Direct Borrowing ¹	15,573,089	-	(3,718,622)	11,854,467	3,774,945
Government loans	317,647	-	(58,824)	258,824	58,824
Revitalization Areas	1,863,996	-	(331,781)	1,532,215	318,204
Lease liability ²	5,716,563	179,211	(823,370)	5,072,404	755,895
Subscription-based IT Arrangement liability ³	8,547,440	-	(1,712,336)	6,835,104	1,540,745
Claims and judgments	17,749,094	-	(27,965)	17,721,129	17,721,129
Pollution Remediation Liability	1,620,000	-	(1,620,000)	-	-
OPEB liability	90,336,311	-	(14,739,368)	75,596,943	223,743
Net pension liability	94,673,061	58,402,681	-	153,075,742	-
Compensated absences	20,516,371	6,720,957	(166,178)	27,071,150	2,048,403
Total long term liabilities - governmental activities	470,592,747	65,302,849	(29,646,947)	506,248,648	33,701,562
¹ Beginning balance restated.					
² Beginning balance restated. See Note 8 for more information related to lease liabilities related to GASB 87					
³ Beginning balance restated due to implementation of GASB 96. See Note 18 for more information related to subscription based IT arrangement liabilities related to GASB 96					
BUSINESS-TYPE ACTIVITIES					
Bonds:					
General obligation bonds	-	-	-	-	-
Revenue bonds	127,390,000	-	(8,330,000)	119,060,000	8,750,000
Deferred amounts:					
Bond premiums at issuance	11,364,133	-	(1,810,940)	9,553,192	2,002,613
Bond premiums on refunding	-	-	-	-	-
Total bonds payable	138,754,133	-	(10,140,940)	128,613,192	10,752,613
Government loans	108,128,741	8,545,026	(6,420,298)	110,253,469	6,834,038
Net pension liability	62,292,034	42,254,307	-	104,546,341	-
Total OPEB liability	3,139,120	-	(597,794)	2,541,326	91,828
Landfill liabilities:					
Landfill closure	2,271,654	321,196	-	2,592,850	793,116
Postclosure monitoring	5,466,238	243,244	-	5,709,482	1,746,450
Lease liability ¹	2,501,647	42,446	(310,596)	2,233,497	319,694
Compensated absences	7,734,400	959,778	(52,463)	8,641,715	414,572
Total long term liabilities - business-type activities	330,287,967	52,365,997	(17,522,091)	365,131,872	20,952,311
¹ Beginning balance restated. 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:

Lease payable	\$ 0.2 million
Subscription based IT arrangement payable	\$ 0.9 million
Claims and judgments payable	\$ 17.7 million
Net pension liability	\$ 33.0 million
Total OPEB liability	\$ 0.7 million
Compensated absences	\$ 2.7 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 2023 is \$ 33,734 million. Under State of Washington statutes, general obligation indebtedness pursuant to a vote of the electorate is limited to 2.5% of actual value of taxable property located within the City. Indebtedness without a vote of the people is limited to 1.5% of actual value subject to the limitation that total general purpose indebtedness may not exceed 2.5% of total valuation. There is a 2.5% limitation each for utility purposes and open space and park facilities purposes.

Legal Debt Margin	Total
General purpose voted and non-voted debt - 1.5%	\$ 440,625,661
Utility voted debt - 2.5%	637,801,595
Open space and park facilities voted debt - 2.5%	843,339,837
Total remaining debt capacity	\$ 1,921,767,093

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, 2023 were as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	19,712,248	1,620,292
American Recovery Plan	4,781	2,118,456
Water/Sewer Fund	996,557	6,866,306
Solid Waste Fund	1,004,110	3,284,484
Non-major Governmental Funds	8,857,127	17,787,587
Non-major Enterprise Funds	141,928	454,086
Internal Service Funds	4,217,643	2,803,183
Total Government Wide	34,934,394	34,934,394

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, 2023 are as follows:

Loan To:	Loan From:
Property Acquisition Fund	Spokane Investment Pool¹
Gardner Building	863,250
Alki Building	1,334,121
University District Gateway	2,662,871
West Plains Fire Station	461,460
Public Safety Capital	4,621,278
Nelson Service Center	1,109,007
Golf Courses	6,349,397
Strategic Investments	765,850
Maple St Gateway	105,915
Bond Refunding ²	1,542,475
Dental Clinic	646,781
Engineering Relocation	607,341
East Sprague Reconstruction	1,862,917

Loan To:	Loan From:
Property Acquisition Fund	Spokane Investment Pool¹
Parking Meters 2021	731,498
Parks Zamboni	172,912
CLID 223	171,577
CLID 224A	68,843
Total	24,077,493

Loan To:	Loan From:
Golf Fund	Spokane Investment Pool¹
Bond Refunding ²	132,131
¹ 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.	
² LTGO 2005A refunded via Ordinance C35430 approved by City Council on 08/29/16	

Loan To (Various):	Loan From (General Fund)¹:
Miscellaneous Grants Fund	176,846
Human Services Grant Fund	3,366,218
Community Development/Human Services Operations Fund ²	600,000
Community Development Block Grant Fund	754,178
Miscellaneous Community Development Grants Fund	57,032
HOME Program Fund	90,130
Total	5,044,404
¹ 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.	
² 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, 2023 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	-	-	28,819,753	-	-	-	9,321,076	38,140,829
American Recovery Plan	2,000,000	-	-	-	-	-	3,791,948	5,791,948
Water/Sewer Fund	-	-	6,048,450	-	50,000	-	-	6,098,450
Solid Waste Fund	-	-	478,190	-	-	-	-	478,190
Non-major Governmental Funds	8,563,691	-	24,058,273	57,370	-	53,746	4,311,092	37,044,172
Non-major Enterprise Funds	-	-	1,497	-	-	-	618,135	619,632
Internal Service Funds	1,654,473	-	142	-	-	-	578,325	2,232,940
Total	12,218,164	-	59,406,305	57,370	50,000	53,746	18,620,576	90,406,161

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 and Public Safety & Judicial Grants, from Water/Sewer to Streets and Parks, from Solid Waste to 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 2023, \$69,270 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, 2023 for the Spokane International Airport.

Spokane International Airport	2023
Total Assets	\$ 527,008,000
Total Deferred Outflow of Resources	4,406,712
Total Liabilities	(36,040,689)
Total Deferred Inflow of Resources	(47,040,914)
Total Net Position	\$ 448,333,109
Total Revenues	\$ 52,789,524
Total Capital Contributions	65,808,247
Total Expenses	(60,832,769)
Total Nonoperating Revenue & Exepenses	21,327,413
Net Increase in Net Position	\$ 79,092,415
Net Position, Beginning of Year	\$ 369,240,694
Net Increase in Net Position	79,092,415
Net Position, End of Year	\$ 448,333,109

At December 31, 2023, 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, 2022 the Spokane Regional Transportation Council had no long-term debt outstanding.

The unaudited summary for the fiscal year ended December 31, 2023 is presented below.

Spokane Regional Transportation Council	2023
Total Assets	\$ 850,551
Total Liabilities	(850,551)
Total Net Position	\$ -
Total Revenues	\$ 2,307,924
Total Expenses	(2,091,406)
Net Decrease in Net Position	\$ 216,518

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, 2023 is presented below.

West Plains Airport Area Public Development Authority	2023
Total Assets	\$ 19,239,498
Total Liabilities	(5,862,228)
Total Net Position	\$ 13,377,270
Total Revenues	\$ 2,403,454
Total Expenses	(1,012,793)
Net Increase in Net Position	\$ 1,390,661
Net Position, Beginning of Year	\$ 11,986,609
Net Increase in Net Position	1,390,661
Net Position, End of Year	\$ 13,377,270

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 eleven 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 \$2,967,851 with the State of Washington which represents the full present value of the pensions as of June 30, 2023. 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 \$86,548 for the 2023 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, 2023. 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:

Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/2023
2022 Business Area G&O	3,124,987	2,360,062	764,925
2022 Paving Unpaved Streets	515,786	-	515,786
2023 Residential Chip Seal	1,608,200	404,024	1,204,176
29th/Washington/Monroe/Lincoln	5,468,067	-	5,468,067
ADA Curb Ramps for 2023 Street Maintenance work	1,293,287	-	1,293,287
BA Clark Restroom	29,049	18,538	10,511
Butterfly fabrication/installation	301,682	274,005	27,677
CCB Partial Roof Replacement	1,522,306	1,466,090	56,216
City Hall Roof	1,670,806	1,561,234	109,572
Cochran Basin DOE Storm	1,462,978	1,127,531	335,447
Cochran Basin Storm Vault	8,037,992	4,826,608	3,211,384
Corbin Park Sport Court	257,785	127,032	130,753
CSO 24 26 Springfield Controls	461,313	110,493	350,820
Division St Ped Beacons	1,304,298	-	1,304,298
Driscoll Alberta Cochran Sidewalk	2,139,754	1,478,678	661,076
Garland Ave Pathway, Shaw Middle School	1,453,495	1,264,064	189,431
Havana Well Station Ph 1	7,098,252	4,951,039	2,147,213
Haven St G&O and Sidewalk	1,864,500	-	1,864,500
High System Reservoir	11,800,558	6,052,592	5,747,966
Hoffman Well Rehab	2,886,754	1,590,495	1,296,259
Holland Ave Sewer	6,531,382	5,770,552	760,830
Library Branch Remodels & Construction	35,586,693	32,987,777	2,598,916
Maple/Ash Chip Seal	1,941,500	-	1,941,500
Marshall Rd Transmission Main	10,859,088	-	10,859,088
NE Lift Station	1,318,760	1,173,008	145,752
Next Level of Treatment	30,631,230	29,290,062	1,341,168
NSC - Ralph Street Improvements	180,945	-	180,945
NSC Rockwell Ave Casing	900,000	496,672	403,328
NSC Wellesley, Haven to Market	4,606,688	4,114,101	492,587
Post Street Pedestrian and Utility Bridge Replacement	24,021,513	20,497,152	3,524,361
RPWRF Serpentix Conveyor Belt System Replacement	950,000	-	950,000
RPWRF Warehouse Stairs & Safety Railings	283,868	-	283,868
SIA System Additional Reservoir	15,910,730	13,025,956	2,884,774
SIA Transmission Line Crossing Under I-90	3,808,668	3,312,289	496,379
South Gore Trail Connection	2,781,940	1,238,867	1,543,073
SPD Academy remodel	36,624	-	36,624
Thor Freya Couplet	4,877,564	-	4,877,564
Thorpe Reservoir #2	6,048,937	747,746	5,301,191
TJ Meenach Dr	2,602,214	2,018,311	583,903
TJ Meenach Siphon Vault	5,242,922	3,013,116	2,229,806
Trent Bridge Replacement Sewer project	9,218	7,478	1,740
Trent Underbridget Trail	192,145	-	192,145
Upriver Dam Spillway Rehab III	1,647,444	-	1,647,444
Water Facilities - communication cables upgrade	35,895	-	35,895
Well Electric	3,727,533	509,239	3,218,294
Wellesley Conduit	161,958	-	161,958
Grand Total	\$ 219,197,305	\$145,814,810	\$ 73,382,495

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
		\$ 3,691,584		

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 \$8.3 million reported as landfill postclosure care liability at December 31, 2023 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 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has restricted \$3.5 million in assets related to the post-closure monitoring of the closed portion of the Northside landfill, and \$2.1 million for post-closure monitoring of the open portion of the Northside landfill. No assets have been restricted for future costs of \$68,957 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.

Landfill Monitoring	Northside Landfill	Southside Landfill	Total
Estimated Post closure costs	\$ 3,485,350	\$ -	\$ 3,485,350
Accrued post closure costs	2,155,175	68,957	2,224,132
Accrued closure liability	2,592,850	-	2,592,850
Total	\$ 8,233,375	\$ 68,957	\$ 8,302,332

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 \$2.6 million reported as landfill closure liability at December 31, 2023 represents the cumulative amount reported based on the use of 45.3 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 \$1.2 million 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 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

As of December 31, 2023, the City held \$2.6 million of restricted cash, which is reserved for the closure of the Northside Regional Landfill (Phase 1).

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 2022 and 2023.

Note 13

Prior Period Adjustments

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

Prior Period Adjustment	
Governmental Activities	\$ (4,435,247)
Business-Type Activities	74,070
Total	(4,361,177)

Governmental Funds	
General Fund	\$ (1,550,551)
Special Revenue Funds	(86,138)
Internal Service Funds	(1,956,443)
Total	(3,593,132)

Governmental Activities

\$ 2,178,632 decrease due to correction of prior year capital assets.

\$ 216,415 increase due to adjustment of prior year subscription-based IT arrangements balances.

\$ 6,876 increase due to adjustment of prior year lease balances.

\$ 1,637,791 decrease for correction of prior year receivable.

\$ 2,439,651 decrease due to government wide correction of prior year capital assets.

\$ 1,620,000 increase due to government wide elimination of the pollution remediation liability.

\$ 22,464 decrease due to government wide adjustment of prior year lease balances.

Business-Type Activities	
Water/Sewer Fund	\$ 120,109
Other Enterprise Funds	(46,039)
Total	\$ 74,070

Business-Type Activities

\$ 128,520 increase for correction of prior year receivables.

\$ 8,411 decrease related to miscellaneous payables.

\$ 46,039 decrease related to inventory.

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, 2023.

Note 15

Subsequent Events

In order to balance the 2024 budget that was adopted on November 27, 2023 per Ordinance C36467 certain existing debt obligations required refinancing.

On May 20, 2024 City Council adopted the following three Resolutions:

Resolution 2024-0048 to refinance Public Safety Spokane Investment Pool loans that were original issues in 2017, 2018, 2019, and 2020 and combining them to one issuance and amortizing the debt through 2028.

Resolution 2024-0049 is a defeasance of an existing LTGO 2016 Bond and placing funds in escrow to make current and future debt payments through 2025. The new issuance debt will be amortized through 2028.

Resolution 2021-0051 to refinance three existing Spokane Investment Pool loans with an addition to principal related to the Parking Fund. The three existing loans and new debt is being combined to one issuance and debt payments being amortized through 2028.

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, 2023 is:

Tax Abatement Program State Imposed	Amount of Taxes Abated during the Fiscal Year 2023
Multi-unit urban housing	\$ 1,368,150
High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities	20,500
Total	\$ 1,388,649

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 therefore 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.

Note 18

Subscription-Based IT Arrangements

For the year ended 12/31/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On January 1, 2023, the City entered into a 30 month subscription for the use of Accela software. An initial subscription liability was recorded in the amount of \$393,591. As of December 31, 2023, the value of the subscription liability was \$203,076. The City is required to make annual principal and interest payments of \$195,843. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 30 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$393,591 with accumulated amortization of \$157,436 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 84 month subscription for the use of Axon Taser 7 software. An initial subscription liability was recorded in the amount of \$6,730,371. As of December 31, 2023, the value of the subscription liability was \$5,765,301. The City is required to make annual principal and interest payments of \$965,070. The subscription has an interest rate of 2.724%. The subscription's estimated useful life is 84 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$6,730,371 with accumulated amortization of \$961,482 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 28 month subscription for the use of CAD software. An initial subscription liability was recorded in the amount of \$181,773. As of December 31, 2023, the value of the subscription liability was \$90,482. The City is required to make annual principal and interest payments of \$92,931. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 28 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$181,773 with accumulated amortization of \$77,903 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 36 month subscription for the use of Crime Investigation System software. An initial subscription liability was recorded in the amount of \$103,652. As of December 31, 2023, the value of the subscription liability was \$69,216. The City is required to make annual principal and interest payments of \$34,435. The subscription has an interest rate of 2.656%. The subscription's estimated useful life is 36 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$103,652 with accumulated amortization of \$34,550 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 49 month subscription for the use of NeoGov Insight software. An initial subscription liability was recorded in the amount of \$550,699. As of December 31, 2023, the value of the subscription liability was \$439,792. The City is required to make annual principal and interest payments of \$112,585. The subscription has an interest rate of 2.676%. The subscription's estimated useful life is 49 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$574,199 with accumulated amortization of \$139,576 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 25 month subscription for the use of PMWeb SaaS software. An initial subscription liability was recorded in the amount of \$210,023. As of December 31, 2023, the value of the subscription liability was \$100,396. The City is required to make annual principal and interest payments of \$110,100. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 25 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$210,023 with accumulated amortization of \$100,811 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 20 month subscription for the use of Digital Workforce software. An initial subscription liability was recorded in the amount of \$24,311. As of December 31, 2023, the value of the

subscription liability was \$0. The City is required to make annual principal and interest payments of \$24,751. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 20 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$24,311 with accumulated amortization of \$14,562 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 13 month subscription for the use of PulsePoint software. An initial subscription liability was recorded in the amount of \$17,938. As of December 31, 2023, the value of the subscription liability was \$0. The City is required to make annual principal and interest payments of \$18,000. The subscription has an interest rate of 2.8943%. The subscription's estimated useful life is 13 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$17,938 with accumulated amortization of \$16,024 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 26 month subscription for the use of Questica software. An initial subscription liability was recorded in the amount of \$335,084. As of December 31, 2023, the value of the subscription liability was \$166,841. The City is required to make annual principal and interest payments of \$170,284. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 26 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$527,999 with accumulated amortization of \$237,303 is included with the right-to-use subscriptions in Note 4.

The annual debt service requirements to maturity for outstanding subscription-based IT arrangements are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2024	1,540,745	185,816	1,726,561
2025	1,528,232	144,033	1,672,265
2026	1,021,751	102,503	1,124,254
2027	890,322	74,748	965,070
2028	914,572	50,498	965,070
2029	939,482	25,588	965,070
Total	\$ 6,835,104	\$ 583,186	\$ 7,418,290

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
Revenues				
Taxes	\$ 208,904,114	\$ 208,904,114	\$ 208,529,821	\$ (374,293)
Licenses and permits	8,204,415	8,216,415	8,089,152	(127,263)
Intergovernmental	4,555,670	5,672,483	4,953,159	(719,324)
Charges for services	23,525,467	24,610,467	26,261,424	1,650,957
Fines and forfeitures	1,944,000	1,944,000	1,684,862	(259,138)
Miscellaneous	6,289,088	6,311,088	8,657,705	2,346,617
Net inc(dec) in market value of investments	-	-	2,610,102	2,610,102
Total revenues	253,422,754	255,658,567	260,786,225	5,127,658
EXPENDITURES				
General government	38,641,909	39,019,803	37,757,424	1,262,379
Public safety	147,470,803	158,103,328	158,011,907	91,421
Transportation	7,309,860	7,359,479	7,189,863	169,616
Economic environment	8,492,087	9,687,596	8,928,369	759,227
Social services	2,466,306	3,941,700	3,304,213	637,487
Culture and recreation	12,276,756	12,165,888	12,226,552	(60,664)
Capital outlays	1,411,641	2,129,091	2,358,281	(229,190)
Principal	-	-	335,113	(335,113)
Interest	-	-	53,291	(53,291)
Total expenditures	218,069,362	232,406,885	230,165,013	2,241,872
Excess (deficiency) of revenues over expenditures	35,353,392	23,251,682	30,621,212	7,369,530
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	40,000	68,000	66,265	(1,735)
Lease proceeds (as lessee)	-	-	93,226	93,226
Subscription proceeds	-	-	303,362	303,362
Transfers in	60,410,636	68,027,336	10,563,691	(57,463,645)
Transfers out	(95,941,484)	(96,466,484)	(38,140,829)	58,325,655
Total other financing sources (uses)	(35,490,848)	(28,371,148)	(27,114,285)	1,256,863
Net change in fund balance	(137,456)	(5,119,466)	3,506,927	8,626,393
Fund balance - beginning	41,150,837	(15,885,574)	29,628,765	45,514,339
Prior Period Adjustment	-	-	(1,550,551)	(1,550,551)
Fund balance - ending	\$ 41,013,381	\$ (21,005,040)	\$ 31,585,141	\$ 52,590,181

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 26,881,530	\$ 26,881,530
Miscellaneous	-	-	(44,826)	(44,826)
Total revenues	-	-	26,836,704	26,836,704
EXPENDITURES				
General government	-	784,270	393,272	390,998
Economic environment	-	44,063,475	16,794,301	27,269,174
Social services	-	2,786,924	2,432,933	353,991
Culture and recreation	-	-	51,283	(51,283)
Capital outlays	-	8,328,421	1,417,793	6,910,628
Total expenditures	-	55,963,090	21,089,582	34,873,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(55,963,090)	5,747,122	61,710,212
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,000,000)	(7,794,181)	(5,791,948)	2,002,233
Total other financing sources (uses)	(2,000,000)	(7,794,181)	(5,791,948)	2,002,233
Net change in fund balance*	(2,000,000)	(63,757,271)	(44,826)	63,712,445
Fund balance - beginning	40,242,340	(39,029,529)	1,567,936	40,597,465
Fund balance - ending	\$ 38,242,340	\$ (102,786,800)	\$ 1,523,110	\$ 104,309,910

*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 City's Proportionate Share of the SERS Net Pension Liability as of Measurement Date 12/31/2022

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	98.98%	98.88%	98.71%	99.35%	99.75%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ 253,707,356	\$ 153,594,642	\$ 174,450,462	\$ 178,286,617	\$ 197,868,737
Total	\$ 253,707,356	\$ 153,594,642	\$ 174,450,462	\$ 178,286,617	\$ 197,868,737
City's covered payroll (in thousands)	\$ 126,830,000	\$ 116,866,751	\$ 112,984,469	\$ 111,746,539	\$ 107,017,146
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	200.04%	131.43%	154.40%	159.55%	184.89%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	121.39%	241.11%	192.34%	176.96%	140.59%
	2018	2017	2016	2015	
City's proportion of the net pension liability (asset)	99.77%	99.76%	99.75%	99.77%	
City's proportionate share of the net pension liability (asset) (in thousands)	\$ 149,132,046	\$ 245,801,868	\$ 239,121,096	\$ 205,145,820	
Total	\$ 149,132,046	\$ 245,801,868	\$ 239,121,096	\$ 205,145,820	
City's covered payroll (in thousands)	\$ 102,844,614	\$ 102,378,550	\$ 93,899,096	\$ 89,034,522	
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	145.01%	240.09%	254.66%	230.41%	
Plan's fiduciary net position as a percentage of the total pension liability (asset)	206.47%	112.55%	113.59%	138.98%	

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 24, 2023, the annual Contribution Rate was changed to 22.00% of payroll (11.00% of pay paid by the Employee, 11.00% of pay paid by the Employer). Previously the Contribution Rate was 20.50% of payroll (10.25% of pay paid by the Employee, 10.25% of pay paid by the Employer) from December 26, 2021, 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 12/31/2022

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	238,783	318,864	390,535	440,951	520,242
Changes of benefit terms	2,512,669	-	-	-	-
Differences between expected and actual experience	885,098	(2,151,893)	(2,156,517)	(1,330,615)	(2,268,594)
Changes of assumptions	1,208,383	-	-	-	-
Benefit payments, including refunds of member contributions	(1,141,977)	(535,187)	(709,617)	(870,909)	(918,100)
Net change in total pension liability	<u>3,702,956</u>	<u>(2,368,216)</u>	<u>(2,475,599)</u>	<u>(1,760,573)</u>	<u>(2,666,452)</u>
Total pension liability—beginning	8,526,215	10,894,431	13,370,030	15,130,603	17,797,055
Total pension liability—ending (a)	<u>\$ 12,229,171</u>	<u>\$ 8,526,215</u>	<u>\$ 10,894,431</u>	<u>\$ 13,370,030</u>	<u>\$ 15,130,603</u>
Plan fiduciary net position					
Contributions—employer	\$ 1,058,852	\$ 1,479,700	\$ 538,208	\$ 1,661,882	\$ 2,855,495
Contributions—member	-	-	-	-	-
Net investment income	(1,970,084)	(261,004)	1,986,725	1,181,056	308,539
Benefit payments, including refunds of member contributions	(1,141,977)	(535,187)	(709,617)	(870,909)	(918,100)
Administrative expense	(39,471)	(40,357)	(40,144)	(45,527)	(28,424)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>(2,092,680)</u>	<u>643,152</u>	<u>1,775,172</u>	<u>1,926,502</u>	<u>2,217,510</u>
Plan fiduciary net position—beginning	24,302,563	23,659,411	21,884,239	19,957,737	17,740,227
Plan fiduciary net position—ending (b)	<u>\$ 22,209,883</u>	<u>\$ 24,302,563</u>	<u>\$ 23,659,411</u>	<u>\$ 21,884,239</u>	<u>\$ 19,957,737</u>
Plan's net pension liability—ending (a) - (b)	<u>\$ (9,980,712)</u>	<u>\$ (15,776,348)</u>	<u>\$ (12,764,980)</u>	<u>\$ (8,514,209)</u>	<u>\$ (4,827,134)</u>
Plan fiduciary net position as a percentage of the total pension liability	181.61%	285.03%	217.17%	163.68%	131.90%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Plan's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
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	(1,053,418)	(1,170,685)	(1,306,840)	(1,340,440)
Net change in total pension liability	154,472	(3,314,746)	(475,411)	(2,683,892)
Total pension liability—beginning	17,642,583	20,957,329	21,432,740	24,116,632
Total pension liability—ending (a)	<u>\$ 17,797,055</u>	<u>\$ 17,642,583</u>	<u>\$ 20,957,329</u>	<u>\$ 21,432,740</u>
Plan fiduciary net position				
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	-	-	-	-
Net change in plan fiduciary net position	1,477,178	1,218,970	1,124,109	470,418
Plan fiduciary net position—beginning	16,263,049	15,044,079	13,919,970	13,449,552
Plan fiduciary net position—ending (b)	<u>\$ 17,740,227</u>	<u>\$ 16,263,049</u>	<u>\$ 15,044,079</u>	<u>\$ 13,919,970</u>
Plan's net pension liability—ending (a) – (b)	<u>\$ 56,828</u>	<u>\$ 1,379,534</u>	<u>\$ 5,913,250</u>	<u>\$ 7,512,770</u>
Plan fiduciary net position as a percentage of the total pension liability	99.68%	92.18%	71.78%	64.95%
Covered payroll	N/A	N/A	N/A	N/A
Plan's net pension liability as a percentage of covered payroll	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 12/31/2022

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	119,355	37,901	74,812	114,653	176,118
Changes of benefit terms	-	2,303,551	-	-	-
Differences between expected and actual experience	1,048,454	1,344,110	(518,204)	(1,226,427)	(1,936,001)
Changes of assumptions	48,426	-	-	-	-
Benefit payments, including refunds of member contributions	(544,626)	(1,389,941)	(192,854)	(239,323)	(337,880)
Net change in total pension liability	<u>671,609</u>	<u>2,295,621</u>	<u>(636,246)</u>	<u>(1,351,097)</u>	<u>(2,097,763)</u>
Total pension liability—beginning	4,248,814	1,953,193	2,589,439	3,940,536	6,038,299
Total pension liability—ending (a)	<u>\$ 4,920,423</u>	<u>\$ 4,248,814</u>	<u>\$ 1,953,193</u>	<u>\$ 2,589,439</u>	<u>\$ 3,940,536</u>
Plan fiduciary net position					
Contributions—employer	\$ 708,099	\$ 588,451	\$ 446,243	\$ 729,515	\$ 514,369
Contributions—member	-	-	-	-	-
Net investment income	702	32	1,723	1,996	345
Benefit payments, including refunds of member contributions	(544,626)	(1,389,941)	(192,854)	(239,323)	(337,880)
Administrative expense	(36,840)	(37,932)	(37,167)	(42,081)	(26,566)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>127,335</u>	<u>(839,390)</u>	<u>217,945</u>	<u>450,107</u>	<u>150,268</u>
Plan fiduciary net position—beginning	878,361	1,717,751	1,499,806	1,049,699	899,431
Plan fiduciary net position—ending (b)	<u>\$ 1,005,696</u>	<u>\$ 878,361</u>	<u>\$ 1,717,751</u>	<u>\$ 1,499,806</u>	<u>\$ 1,049,699</u>
Plan's net pension liability—ending (a) - (b)	<u>\$ 3,914,727</u>	<u>\$ 3,370,453</u>	<u>\$ 235,442</u>	<u>\$ 1,089,633</u>	<u>\$ 2,890,837</u>
Plan fiduciary net position as a percentage of the total pension liability	20.44%	20.67%	87.95%	57.92%	26.64%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Plan's net pension liability as a percentage of covered payroll	N/A	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>
Total pension liability				
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	(501,605)	(618,629)	(705,257)	(1,100,056)
Net change in total pension liability	<u>(1,628,693)</u>	<u>(1,867,776)</u>	<u>(417,199)</u>	<u>(1,991,644)</u>
Total pension liability—beginning	7,666,992	9,534,768	9,951,967	11,943,611
Total pension liability—ending (a)	<u>\$ 6,038,299</u>	<u>\$ 7,666,992</u>	<u>\$ 9,534,768</u>	<u>\$ 9,951,967</u>
Plan fiduciary net position				
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	-	-	-	-
Net change in plan fiduciary net position	<u>136,079</u>	<u>148,286</u>	<u>2,043</u>	<u>(262,252)</u>
Plan fiduciary net position—beginning	763,352	615,066	613,023	875,275
Plan fiduciary net position—ending (b)	<u>\$ 899,431</u>	<u>\$ 763,352</u>	<u>\$ 615,066</u>	<u>\$ 613,023</u>
Plan's net pension liability—ending (a) – (b)	<u>\$ 5,138,868</u>	<u>\$ 6,903,640</u>	<u>\$ 8,919,702</u>	<u>\$ 9,338,944</u>
Plan fiduciary net position as a percentage of the total pension liability	14.90%	9.96%	6.45%	6.16%
Covered payroll	N/A	N/A	N/A	N/A
Plan's net pension liability as a percentage of covered payroll	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 6/30/2023
LEOFF 1 (in thousands)**

	LEOFF 1				
	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.9129%	0.9134%	0.9289%	0.9423%	0.9457%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (27,094)	\$ (26,203)	\$ (31,820)	\$ (17,795)	\$ (18,692)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (183,261)	\$ (177,236)	\$ (215,230)	\$ (120,365)	\$ (126,432)
Total	\$ (210,355)	\$ (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%	0.00%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	175.99%	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 6/30/2023
LEOFF 2 (in thousands)**

	LEOFF 2				
	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	2.2934%	2.2393%	2.2337%	1.7228%	2.0243%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (55,010)	\$ (60,857)	\$ (129,740)	\$ (35,144)	\$ (46,896)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (35,129)	\$ (39,422)	\$ (83,697)	\$ (22,472)	\$ (30,711)
Total	\$ (90,139)	\$ (100,279)	\$ (213,437)	\$ (57,615)	\$ (77,607)
City's covered payroll (in thousands)	\$ 60,863	\$ 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	-90.38%	-112.05%	-250.94%	-91.16%	-107.72%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	113.17%	116.09%	142.00%	115.83%	119.43%
	2018	2017	2016	2015	
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 12/31/2023

City's Proportionate Share	2023	2022	2021	2020	2019
Contractually required contributions	\$ 15,410,726	\$ 11,700,545	\$ 12,457,475	\$ 11,527,854	\$ 11,078,489
Contributions in relation to the ADC	13,446,610	11,863,726	11,519,708	10,659,281	9,824,717
Contribution deficiency (excess)	\$ 1,964,116	\$ (163,181)	\$ 937,767	\$ 868,573	\$ 1,253,772

¹ Covered payroll	131,186,439	115,743,668	115,197,080	109,325,959	106,213,157
Contributions as a percentage of covered payroll	10.25%	10.25%	10.00%	9.75%	9.25%

City's Proportionate Share (in thousands)	2018	2017	2016	2015	2014
Contractually required contributions	\$ 10,044,342	\$ 9,765,949	\$ 9,853,762	\$ 9,069,276	\$ 8,292,066
Contributions in relation to the ADC	9,187,420	8,113,319	7,586,362	7,398,945	6,822,279
Contribution deficiency (excess)	\$ 856,922	\$ 1,652,630	\$ 2,267,400	\$ 1,670,331	\$ 1,469,787

Covered payroll	102,082,444	98,343,261	91,955,903	89,684,182	86,139,886
Contributions as a percentage of covered payroll	9.00%	8.25%	8.25%	8.25%	7.92%

Notes to Schedule

Valuation date: December 31, 2023

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><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> <tr> <td>6</td> <td>4.0%</td> </tr> <tr> <td>7-11</td> <td>3.5%</td> </tr> <tr> <td>12-18</td> <td>3.0%</td> </tr> <tr> <td>19+</td> <td>2.5%</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%	6	4.0%	7-11	3.5%	12-18	3.0%	19+	2.5%
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%																						

There is a 5.0% minimum salary increase assumption for the next 3 years and a 4% minimum salary increase assumption in year 4.

Investment rate of return 7.5%, net of pension plan investment expense

Retirement age In accordance with the following table based on age:

Age	Retirement Probability
<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 12/31/2023

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	1,159,182	1,019,381	1,439,343	498,064	1,616,355
Contribution deficiency (excess)	\$ (1,159,182)	\$ (1,019,381)	\$ (1,439,343)	\$ (498,064)	\$ (1,616,355)
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
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,819	\$ 98,333	\$ 519,891	\$ 519,891	\$ 864,697
Contributions in relation to the actuarially determined contribution	2,827,071	2,179,136	2,137,287	2,314,579	1,515,765
Contribution deficiency (excess)	\$ (2,823,252)	\$ (2,080,803)	\$ (1,617,396)	\$ (1,794,688)	\$ (651,068)
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, 2023
Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 2007
Remaining amortization period	14 years
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	None assumed since there are no longer any active participants.

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 12/31/2023

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 327,923	\$ 268,324	\$ 17,883	\$ 79,226	\$ 201,820
Contributions in relation to the actuarially determined contribution	343,814	671,259	550,519	409,076	687,434
Contribution deficiency (excess)	\$ (15,891)	\$ (402,935)	\$ (532,636)	\$ (329,850)	\$ (485,614)
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
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 345,413	\$ 447,851	\$ 585,998	\$ 585,998	\$ 586,637
Contributions in relation to the actuarially determined contribution	487,803	637,580	766,915	707,300	837,804
Contribution deficiency (excess)	\$ (142,390)	\$ (189,729)	\$ (180,917)	\$ (121,302)	\$ (251,167)
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, 2023
Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 2007
Remaining amortization period	14 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 Cost-of-Living Adjustments	2.5% 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 12/31/2023

City's Proportionate Share (in thousands)	2023	2022	2021	2020	2019
Contractually required contributions	\$ 5,192	\$ 4,633	\$ 4,441	\$ 3,311	\$ 3,809
Actuarially Determined contribution (ADC)	5,666	4,171	4,441	3,311	3,452
Contributions in relation to the ADC	5,191	4,659	4,459	3,344	3,823
Contribution deficiency (excess)	\$ 475	\$ (488)	\$ (18)	\$ (32)	\$ (370)

¹ Covered payroll	60,863	54,313	51,701	38,550	43,536
Contributions as a percentage of covered payroll	8.53%	8.58%	8.62%	8.78%	8.78%

¹ 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 12/31/2023

Spokane Employee Retirement System (SERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	14.10%	-13.50%	13.67%	11.50%	18.40%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	-6.30%	15.40%	6.71%	-0.94%	5.34%

Fire

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	5.66%	-8.30%	-1.06%	9.33%	5.99%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	1.71%	2.17%	1.90%	1.01%	2.58%

Police

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.01%	0.18%	2.14%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.07%	0.90%	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 12/31/2022

	2023	2022	2021	2020
Total Firefighters' OPEB liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	989,579	1,174,999	1,397,698	1,449,183
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	958,901	250,383	(2,419,020)	511,480
Changes of assumptions	(3,035,462)	1,549,723	(177,104)	165,821
Benefit payments, including refunds of member contributions	(3,547,274)	(3,658,318)	(4,085,924)	(3,599,371)
Net change in total opeb liability	<u>(4,634,256)</u>	<u>(683,213)</u>	<u>(5,284,350)</u>	<u>(1,472,887)</u>
Total opeb liability—beginning	42,665,347	43,348,560	48,632,910	50,105,797
Total opeb liability—ending (a)	<u>\$ 38,031,091</u>	<u>\$ 42,665,347</u>	<u>\$ 43,348,560</u>	<u>\$ 48,632,910</u>
Plan fiduciary net position				
Contributions—employer	\$ 2,582,161	\$ 2,500,831	\$ 2,804,989	\$ 2,695,985
Contributions—member	-	-	-	-
Net investment income	(834,050)	(147,590)	1,053,840	704,582
Benefit payments, including refunds of member contributions	(3,547,274)	(3,658,318)	(4,085,924)	(3,599,371)
Administrative expense	(228,258)	(230,714)	(243,536)	(272,417)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>(2,027,421)</u>	<u>(1,535,791)</u>	<u>(470,631)</u>	<u>(471,221)</u>
Plan fiduciary net position—beginning	10,548,898	12,084,689	12,555,320	13,026,541
Plan fiduciary net position—ending (b)	<u>\$ 8,521,477</u>	<u>\$ 10,548,898</u>	<u>\$ 12,084,689</u>	<u>\$ 12,555,320</u>
Plan's net opeb liability—ending (a) – (b)	<u>\$ 29,509,614</u>	<u>\$ 32,116,449</u>	<u>\$ 31,263,871</u>	<u>\$ 36,077,590</u>
Plan fiduciary net position as a percentage of the total opeb liability	22.41%	24.72%	27.88%	25.82%
Covered payroll	N/A	N/A	N/A	N/A
Plan's net opeb liability as a percentage of covered payroll	N/A	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>
Total Firefighters' OPEB liability			
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	(3,240,950)	(3,014,467)	(2,770,305)
Net change in total opeb liability	316,876	(7,036,487)	(1,934,089)
Total opeb liability—beginning	49,788,921	56,825,408	58,759,497
Total opeb liability—ending (a)	<u>\$ 50,105,797</u>	<u>\$ 49,788,921</u>	<u>\$ 56,825,408</u>
Plan fiduciary net position			
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	-	-	-
Net change in plan fiduciary net position	(791,233)	(148,328)	(48,497)
Plan fiduciary net position—beginning	13,817,774	13,966,102	14,014,599
Plan fiduciary net position—ending (b)	<u>\$ 13,026,541</u>	<u>\$ 13,817,774</u>	<u>\$ 13,966,102</u>
Plan's net opeb liability—ending (a) – (b)	<u>\$ 37,079,256</u>	<u>\$ 35,971,147</u>	<u>\$ 42,859,306</u>
Plan fiduciary net position as a percentage of the total opeb liability	26.00%	27.75%	24.58%
Covered payroll	N/A	N/A	N/A
Plan's net opeb liability as a percentage of covered payroll	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 12/31/2022

	2023	2022	2021	2020
Total Police OPEB liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	913,946	1,002,017	1,391,352	1,804,042
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,695,672)	(94,127)	(2,334,239)	(1,035,511)
Changes of assumptions	(7,716,068)	1,006,739	2,564,100	4,005,879
Benefit payments, including refunds of member contributions	(2,555,891)	(2,133,088)	(2,096,912)	(2,478,236)
Net change in total opeb liability	<u>(11,053,685)</u>	<u>(218,459)</u>	<u>(475,699)</u>	<u>2,296,174</u>
Total opeb liability—beginning	50,948,935	51,167,394	51,643,093	49,346,919
Total opeb liability—ending (a)	<u>\$ 39,895,250</u>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>	<u>\$ 51,643,093</u>
Plan fiduciary net position				
Contributions—employer	\$ 2,753,445	\$ 2,330,329	\$ 2,301,681	\$ 2,706,416
Contributions—member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(2,555,891)	(2,133,088)	(2,096,912)	(2,478,236)
Administrative expense	(197,554)	(197,241)	(204,769)	(228,180)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—beginning	-	-	-	-
Plan fiduciary net position—ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's net opeb liability—ending (a) – (b)	<u>\$ 39,895,250</u>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>	<u>\$ 51,643,093</u>
Plan fiduciary net position as a percentage of the total opeb liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Plan's net opeb liability as a percentage of covered payroll	N/A	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>
Total Police OPEB liability			
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)
Net change in total opeb liability	<u>(1,080,401)</u>	<u>(2,440,251)</u>	<u>(5,501,308)</u>
Total opeb liability—beginning	<u>50,427,320</u>	<u>52,867,571</u>	<u>58,368,879</u>
Total opeb liability—ending (a)	<u><u>\$ 49,346,919</u></u>	<u><u>\$ 50,427,320</u></u>	<u><u>\$ 52,867,571</u></u>
Plan fiduciary net position			
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	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan's net opeb liability—ending (a) - (b)	<u><u>\$ 49,346,919</u></u>	<u><u>\$ 50,427,320</u></u>	<u><u>\$ 52,867,571</u></u>
Plan fiduciary net position as a percentage of the total opeb liability	0.00%	0.00%	0.00%
Covered payroll	\$ -	\$ -	\$ -
Plan's net opeb liability as a percentage of covered payroll	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 12/31/2022

	2023	2022	2021	2020
Total Retiree Medical Plan 2 OPEB liability				
Service cost	\$ 741,210	\$ 659,691	\$ 625,753	\$ 580,385
Interest	192,065	191,304	278,020	345,763
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(79,936)	215,239	(1,257,698)	(495,648)
Change in plan provisions	-	(127,901)	-	-
Changes of assumptions	(2,177,700)	731,021	128,235	714,537
Benefit payments, including refunds of member contributions	(352,281)	(329,597)	(376,192)	(225,670)
Net change in total opeb liability	<u>(1,676,642)</u>	<u>1,339,757</u>	<u>(601,882)</u>	<u>919,367</u>
Total opeb liability—beginning	<u>10,410,047</u>	<u>9,070,290</u>	<u>9,672,172</u>	<u>8,752,805</u>
Total opeb liability—ending (a)	<u><u>\$ 8,733,405</u></u>	<u><u>\$ 10,410,047</u></u>	<u><u>\$ 9,070,290</u></u>	<u><u>\$ 9,672,172</u></u>
Plan fiduciary net position				
Contributions—employer	\$ 352,281	\$ 329,597	\$ 376,192	\$ 225,670
Contributions—member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(352,281)	(329,597)	(376,192)	(225,670)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan's total opeb liability—ending (a) – (b)	<u><u>\$ 8,733,405</u></u>	<u><u>\$ 10,410,047</u></u>	<u><u>\$ 9,070,290</u></u>	<u><u>\$ 9,672,172</u></u>
Plan fiduciary net position as a percentage of the total opeb liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 127,147,629	\$ 120,434,006	\$ 109,025,841	\$ 106,596,042
Plan's total opeb liability as a percentage of covered-employee payroll	6.87%	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>
Total Retiree Medical Plan 2 OPEB liability			
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)
Net change in total opeb liability	<u>(1,037,261)</u>	<u>2,128,704</u>	<u>188,592</u>
Total opeb liability—beginning	<u>9,790,066</u>	<u>7,661,362</u>	<u>7,472,770</u>
Total opeb liability—ending (a)	<u><u>\$ 8,752,805</u></u>	<u><u>\$ 9,790,066</u></u>	<u><u>\$ 7,661,362</u></u>
Plan fiduciary net position			
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	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan's total opeb liability—ending (a) – (b)	<u><u>\$ 8,752,805</u></u>	<u><u>\$ 9,790,066</u></u>	<u><u>\$ 7,661,362</u></u>
Plan fiduciary net position as a percentage of the total opeb liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 108,873,263	\$ 79,229,367	\$ 78,014,109
Plan's total opeb liability as a percentage of covered-employee payroll	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:

2023	4.00%
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 12/31/2023**

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 2,844	\$ 2,582	\$ 2,501	\$ 2,805	\$ 2,696
Contribution in Relation to the Actuarially Determined Contribution	2,844	2,582	2,501	2,805	2,696
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,511	\$ 2,881	\$ 2,778	\$ 2,778	\$ 3,377
Contribution in Relation to the Actuarially Determined Contribution	2,511	2,881	2,778	2,778	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, 2023

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	15 years
Asset valuation method	Market value of assets
Rate of inflation	2.50% 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	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.

**Other Postemployment Benefits
Schedule of Employer Contributions
Police Pension (in thousands) as of 12/31/2023**

	2023	2022	2021	2020	2019
Actuarial determined contribution	\$ 3,860	\$ 3,840	\$ 3,703	\$ 3,888	\$ 3,864
Contribution in Relation to the Actuarially Determined Contribution	2,436	2,753	2,330	2,302	2,706
Contribution Deficiency (Excess)	1,424	1,087	1,373	1,587	1,157
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2018	2017	2016	2015	2014
Actuarial determined contribution	\$ 3,616	\$ 3,763	\$ 3,944	\$ 3,944	\$ 4,380
Contribution in Relation to the Actuarially Determined Contribution	2,918	2,518	2,703	2,733	3,041
Contribution Deficiency (Excess)	698	1,245	1,241	1,211	1,339
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, 2023

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	15 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 12/31/2023**

Fire OPEB

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	5.66%	-8.30%	-1.06%	9.33%	5.99%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	1.71%	2.17%	1.90%	1.01%	2.58%

Police OPEB

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.01%	0.18%	2.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.07%	0.90%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2023

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, 2023

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		
CDBG-Entitlement Grant Cluster								
U.S Department of Housing and Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B19MC530006 B20MC530006 B21MC530006 B22MC530006 B23MC530006 Program Income		3,725,654.45	3,725,654.45	3,209,281.07	2
				Subtotal	1,331,559.76	1,331,559.76	1,032,987.05	2, 3
					5,057,214.21	5,057,214.21	4,242,268.12	
U.S Department of Housing and Urban Development	"Covid-19" Community Development Block Grants/Entitlement Fund	14.218	B20MW530006		318,367.04	318,367.04	317,106.18	2
Total from CDBG-Entitlement Grant Cluster					-	5,375,581.25	5,375,581.25	4,559,374.30
U.S Department of Housing and Urban Development	Emergency Solutions Grant Program	14.231	E21MC530006 E22MC530006		206,432.52 23,485.39	206,432.52 23,485.39	199,178.49 21,477.21	2,6 2,6
				Subtotal	-	229,917.91	229,917.91	220,655.70
U.S Department of Housing and Urban Development	"Covid-19" Emergency Solutions Grant Program	14.231	E20-MW-53-0006		33,196.06	33,196.06	28,716.10	2
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 - Program Income	404.14		404.14		2
			Total - ALN 14.231		404.14	263,113.97	263,518.11	249,371.80
U.S Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M18MC530201 M21MC530201 M22MC530201 M23MC530201 Program Income		228,901.37	228,901.37	14,836.59	2, 6
				Subtotal	-	14,176.72	14,176.72	2, 3, 6
					243,078.09	243,078.09	14,836.59	
U.S Department of Housing and Urban Development	"Covid-19" Home Investment Partnerships Program	14.239	M21MP530201		23,346.10	23,346.10		2
			Total - ALN 14.239		-	266,424.19	266,424.19	14,836.59
U.S Department of Housing and Urban Development	Continuum of Care Program	14.267	WA9006U0T022100 WA9999T0T022102 WA9999U0T022203 Program Income		3,649,770.18	3,649,770.18	3,288,861.81	2, 6
				Subtotal	-	138,720.80	138,720.80	2
					3,788,490.98	3,788,490.98	3,427,348.81	
U.S. Department of Housing and Urban Development	Youth Homelessness Demonstration Program	14.276	WA479Y0T021900 WA525Y0T021900 WA526Y0T021900 WA527Y0T021900 WA528Y0T021900 WA529Y0T021900		645,701.84	645,701.84	609,427.27	2
U.S. Department of the Interior (via Washington State Department of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY23-CLG-SPOKANE FY24-CLG-SPOKANE	16,000.00 7,463.24		16,000.00 7,463.24		6 6
				Subtotal	23,463.24	-	23,463.24	-
U.S. Department of the Interior (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	53-00780	1,173,507.20		1,173,507.20		6
U.S. Department of Justice (via Spokane County)	Violence Against Women Formula Grants	16.588	F22-31103-062	9,448.26		9,448.26		
U.S. Department of Justice	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	15JOVW-21-GK-04705-HOMI		59,552.03	59,552.03		
U.S. Department of Justice (via YWCA)	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	15JOVW-22-GG-01844-ICJR	61,526.31		61,526.31		
Total ALN 16.590					61,526.31	59,552.03	121,078.34	-

U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01968-JAGX 15PBJA-23-GG-03916-JAGX		55,461.40 42,419.87	55,461.40 42,419.87		
				Subtotal	-	97,881.27	97,881.27	-
U.S. Department of Justice (via Spokane County)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0453		1,590.86	1,590.86		
			Total - ALN 16.738		1,590.86	97,881.27	99,472.13	-
U.S. Department of Justice	Congressional Recommended Awards	16.753	15PBJA-23-GG-00165-BRND		184,539.51	184,539.51		
U.S. Department of Justice	Equitable Sharing Program	16.922	WA0320400		29,865.76	29,865.76		
U.S. Department of Transportation (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	SRTS-3930-002) LA-10202 STPUL-9932(064) LA-9658 BHM-3881(010) LA-9712 CM-1220(036) LA9076 TAP-HLP-3851(005) LA-10260 STBGUL-0195(072) LA-10582 BRM-3899(003) LA-9768 CM-9932(065) LA-9659 HSIP-0002(869) LA-10158 CDS-NHFP-3936(005) LA-10558 STPUL-3856(002) LA-10333 BHM-3881(012) LA-10298 BHM-9932(074) LA-10299 NHPP-9932(057) LA-9230 NHPP-NHFP-9932(076) LA10402 NHPP-9932(077) LA-10403 STPUL-3985(002) LA-10329 STPUL-9932(075) LA-10332 TAPUL-1220(042) LA-10646 BHOS-1220(041) LA-10581 HSIP-000S(663) LA-10602 CRPUL-1220(043) LA-10647 TAPUL-1220(044) LA-10649 CRPUL-1220(045) LA-10650 SRTS-3820(002) LA-10766	8,166,928.27	8,166,928.27		6	
FMCSA Cluster								
U.S. Department of Transportation	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	69A3602140647MHP0WA		43,632.16	43,632.16		6
	Total from FMCSA Cluster				-	43,632.16	43,632.16	-
Highway Safety Cluster								
U.S. Department of Transportation (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2023-Sub-grants-4759-Region 16 LEL Spokane 2023-HVE-4697-Region 16 Target Zero Task Force 2024-HVE-5126-Region 16 Target Zero Task Force 2023-AG-4779-Spokane Municipal DUI Court 2024-FG-5009	122,146.04	122,146.04			
U.S. Department of Transportation (via Washington Association of Police Chiefs)	State and Community Highway Safety	20.600	WTSEG2023	5,810.80	5,810.80			
	Total - ALN 20.600			127,956.84	-	127,956.84	-	
U.S. Department of Transportation (via Bonnie Lake PD)	National Priority Safety Program	20.616	2022-AG-4335-Washington Child Passenger Safety	9,911.13	9,911.13			
	Total from Highway Safety Cluster			137,867.97	-	137,867.97	-	
U.S. Department of the Treasury	"Covid-19" Emergency Rental Assistance Program	21.023	ERA2-0361		364,763.38	364,763.38	336,156.44	
U.S. Department of the Treasury (via Washington State Department of Commerce)	"Covid-19" Emergency Rental Assistance Program	21.023	21-4618C-133	746,686.24	746,686.24		746,686.24	2
	Total - ALN 21.023			746,686.24	364,763.38	1,111,449.62	1,082,842.68	
U.S. Department of the Treasury	"Covid-19" Coronavirus State & Local Fiscal Recovery Funds	21.027	SLT-0533		26,881,530.56	26,881,530.56	4,904,579.82	
U.S. Department of the Treasury (via Washington State Department of Commerce)	"Covid-19" Coronavirus State & Local Fiscal Recovery Funds	21.027	SFY23-46141-011 SFY23-46141-014 21-4619C-133	7,764,545.96	7,764,545.96		7,568,827.42	2
	Subtotal			7,764,545.96	-	7,764,545.96	7,568,827.42	
	Total - ALN 21.027			7,764,545.96	26,881,530.56	34,646,076.52	12,473,407.24	

U.S. Environmental Protection Agency	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	02J19201		65,449.95	65,449.95		
Department of Homeland Security	National Fire Academy Training Assistance	97.018	Travel/Training		6,513.31	6,513.31	4	
Department of Homeland Security (via Washington State Military Department)	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	D21-284	560,967.54		560,967.54	6	
Department of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2021-FP-00240 EMW-2020-FG-15438		49,055.76	49,055.76	6	
Department of Homeland Security	"Covid-19" Assistance to Firefighters Grant	97.044	EMW-2020-FG-00351		256.25	256.25		
			Total - ALN 97.044		-	49,312.01	49,312.01	-
Department of Homeland Security (via Idaho Office of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2020-SS-0070 EMW-2021-SS-0070	11,600.00 4,876.60		11,600.00 4,876.60	5 5	
			Subtotal	16,476.60	-	16,476.60	-	
Department of Homeland Security (via Spokane County Department of Emergency Management)	Homeland Security Grant Program	97.067	E23-093	99,864.73		99,864.73	2, 5	
			Total - ALN 97.067	116,341.33	-	116,341.33	-	
	TOTAL FEDERAL AWARDS EXPENDED			18,763,277.32	38,122,352.17	56,885,629.49	22,416,608.69	

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, 2023**

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 104.39%, depending on the allowable maximum amount per the grant and the department charging the grant.

Note 3 – 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 \$615,999.13 and is presented in this schedule. The amount of principal received in loan repayments for the year was \$803,400.47.

Program	Balance 1/1/2023	Loans Disbursed	Payments Received	Forgiveness, Write-offs, & Adjustments	Balance 12/31/2023
CDBG	\$12,004,830.24	\$615,999.13	(\$771,850.62)	(\$100,718.20)	\$11,748,260.55
HOME	\$18,477,594.79	\$0.00	(\$26,027.38)	\$68,112.56	\$18,519,679.97
Lead Safe Spokane	\$646,413.64	\$0.00	(\$854.47)	(\$1,086.00)	\$644,473.17
Housing Assistance/ Neighborhood Stabilization	\$5,487,821.32	\$0.00	(\$4,668.00)	(\$68,037.04)	\$5,415,116.28
Total	\$36,616,659.99	\$615,999.13	(\$803,400.47)	(\$101,728.68)	\$36,327,529.97

Note 4 – 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 5 – Noncash Awards – Equipment

(a) The city received equipment that was purchased with federal Department of Homeland Security funds by Idaho Office of Emergency Management. The amount reported on the Schedule, \$11,600.00, is the value of the property on the date it was received by the City and priced by the DHS-Idaho Office of Emergency Management.

- (b) City received supplies purchased with federal Department of Homeland Security funding by Idaho Office of Emergency Management. The amount reported on the Schedule, \$4,876.60, is the value of the property on the date it was received by the City and priced by the DHS-Idaho Office of Emergency Management.
- (c) The city received equipment that was purchased with federal Department of Homeland security funds by Spokane County Department of Emergency Management. The amount reported on the Schedule, \$99,864.73, is the value of the property on the date it was received by the City and priced by Spokane County Emergency Management.

Note 6 – 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, 2023**

	General Fund	Code Enforcement	Library	Housing Trust Grant
ASSETS				
Cash and cash equivalents	\$ 1,063,233	\$ 121,765	\$ 86,920	\$ 235
Equity in pooled investments	(16,285,939)	420,786	6,280,898	192,698
Taxes receivable	16,992,337	-	-	-
Accounts receivable	1,662,825	24,003	4,727	3,500
Interest receivable	5,211,812	-	5,962	202
Due from other funds	19,929,839	18,827	24,005	-
Interfund loan receivable	5,120,918	-	192,038	6,395
Lease receivable	12,661,690	-	-	-
Due from other governments	650,507	-	566,150	-
Advances to other funds	241,888	-	475,736	15,841
Prepays	3,900	-	-	-
Notes/contract receivable (non-current)	-	-	-	698
Total Assets	47,253,010	585,381	7,636,436	219,569
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts/vouchers payable	3,114,151	10,549	257,771	-
Due to other funds	1,250,448	666,749	1,326	-
Due to other governments	1,831	-	-	-
Revenues collected in advance	25,000	-	-	-
Accrued payroll liabilities	3,218,067	42,079	175,576	-
Other current liabilities	855,756	-	98	-
Total Liabilities	8,465,253	719,377	434,771	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue Property Taxes	1,533,930	-	-	-
Lease Related	12,172,460	-	-	-
Total Deferred Inflows of Resources	13,706,390	-	-	-
FUND BALANCE:				
Nonspendable	246,883	-	475,736	15,841
Restricted - grants	-	-	-	203,728
Assigned	23,917,024	-	6,725,929	-
Unassigned	917,460	(133,996)	-	-
Total Fund Balance (Deficit)	25,081,367	(133,996)	7,201,665	219,569
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 47,253,010	\$ 585,381	\$ 7,636,436	\$ 219,569

City of Spokane, Washington
Schedule for General Fund Accounts
Balance Sheet
December 31, 2023
(Continued)

	Emergency Medical Services	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 47,679	\$ -	\$ 1,319,832
Equity in pooled investments	162,343	-	(9,229,214)
Taxes receivable	825,857	-	17,818,194
Accounts receivable	414,731	-	2,109,786
Interest receivable	165	-	5,218,141
Due from other funds	114,112	(374,535)	19,712,248
Interfund loan receivable	-	-	5,319,351
Lease receivable	-	-	12,661,690
Due from other governments	205,933	-	1,422,590
Advances to other funds	-	-	733,465
Prepays	1,095	-	4,995
Notes/contract receivable (non-current)	-	-	698
Total Assets	<u>1,771,915</u>	<u>(374,535)</u>	<u>57,091,776</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts/vouchers payable	795,555	-	4,178,026
Due to other funds	76,304	(374,535)	1,620,292
Due to other governments	-	-	1,831
Revenues collected in advance	-	-	25,000
Accrued payroll liabilities	1,372,606	-	4,808,328
Other current liabilities	11,020	-	866,874
Total Liabilities	<u>2,255,485</u>	<u>(374,535)</u>	<u>11,500,351</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue Property Taxes	299,894	-	1,833,824
Lease Related	-	-	12,172,460
Total Deferred Inflows of Resources	<u>299,894</u>	<u>-</u>	<u>14,006,284</u>
FUND BALANCE:			
Nonspendable	-	-	738,460
Restricted - grants	-	-	203,728
Assigned	-	-	30,642,953
Unassigned	(783,464)	-	-
Total Fund Balance (Deficit)	<u>(783,464)</u>	<u>-</u>	<u>31,585,141</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,771,915</u>	<u>\$ (374,535)</u>	<u>\$ 57,091,776</u>

City of Spokane, Washington
Schedule of General Fund Accounts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023
(Continued)

	General Fund	Code Enforcement	Library	Hope Acquisition	Housing Trust Grant
REVENUES					
Taxes	\$ 186,690,217	\$ -	\$ 2,361,352	\$ -	-
Licenses and permits	7,104,975	96,631	-	-	-
Intergovernmental	4,832,718	-	2,162	-	-
Charges for services	21,925,071	2,174,193	23,299	-	-
Fines and forfeitures	1,664,066	-	18,906	-	-
Miscellaneous	8,059,559	739	592,195	-	7,523
Net inc(dec) in market value of investments	2,521,586	-	85,543	-	2,973
Total Revenues	232,798,192	2,271,563	3,083,457	-	10,496
EXPENDITURES					
Current:					
General government	37,757,424	-	-	-	-
Public safety	83,890,846	3,119,937	-	-	-
Transportation	7,189,863	-	-	-	-
Economic environment	8,928,369	-	-	-	-
Social services	3,304,213	-	-	-	-
Culture and recreation	945,459	-	11,281,093	-	-
Capital outlays	183,297	155,354	1,517,754	-	-
Debt service:					
Principal	199,559	12,903	613	-	-
Interest	50,283	748	9	-	-
Total Expenditures	142,449,313	3,288,942	12,799,469	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,348,879	(1,017,379)	(9,716,012)	-	10,496
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	36,224	-	290	-	-
Lease proceeds (as lessee)	18,740	23,382	-	-	-
Subscription proceeds	103,651	-	-	-	-
Transfers in	8,603,959	883,706	10,314,631	-	-
Transfers out	(95,489,768)	-	-	-	-
Total Other Financing Sources (Uses)	(86,727,194)	907,088	10,314,921	-	-
Net Change in Fund Balance	3,621,685	(110,291)	598,909	-	10,496
Fund Balance - beginning (Note 1)	23,010,233	(23,705)	6,602,756	-	209,073
Prior Period Adjustment	(1,550,551)	-	-	-	-
Fund Balance - ending	\$ 25,081,367	\$ (133,996)	\$ 7,201,665	\$ -	\$ 219,569

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, 2023
(Continued)

	Emergency Medical Services	Eliminations	Total
REVENUES			
Taxes	\$ 19,478,252	\$ -	\$ 208,529,821
Licenses and permits	887,546	-	8,089,152
Intergovernmental	118,279	-	4,953,159
Charges for services	2,138,861	-	26,261,424
Fines and forfeitures	1,890	-	1,684,862
Miscellaneous	(2,311)	-	8,657,705
Net inc(dec) in market value of investments	-	-	2,610,102
Total Revenues	<u>22,622,517</u>	<u>-</u>	<u>260,786,225</u>
EXPENDITURES			
Current:			
General government	-	-	37,757,424
Public safety	71,001,124	-	158,011,907
Transportation	-	-	7,189,863
Economic environment	-	-	8,928,369
Social services	-	-	3,304,213
Culture and recreation	-	-	12,226,552
Capital outlays	501,876	-	2,358,281
Debt service:			
Principal	122,038	-	335,113
Interest	2,251	-	53,291
Total Expenditures	<u>71,627,289</u>	<u>-</u>	<u>230,165,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,004,772)</u>	<u>-</u>	<u>30,621,212</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	29,751	-	66,265
Lease proceeds (as lessee)	51,104	-	93,226
Subscription proceeds	199,711	-	303,362
Transfers in	48,158,457	(57,397,062)	10,563,691
Transfers out	(48,123)	57,397,062	(38,140,829)
Total Other Financing Sources (Uses)	<u>48,390,900</u>	<u>-</u>	<u>(27,114,285)</u>
Net Change in Fund Balance	<u>(613,872)</u>	<u>-</u>	<u>3,506,927</u>
Fund Balance - beginning (Note 1)	(169,592)	-	29,628,765
Prior Period Adjustment	-	-	(1,550,551)
Fund Balance - ending	<u>\$ (783,464)</u>	<u>\$ -</u>	<u>\$ 31,585,141</u>

City of Spokane, Washington
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 186,811,000	\$ 186,811,000	\$ 186,690,217	\$ (120,783)
Licenses and permits	7,098,000	7,110,000	7,104,975	(5,025)
Intergovernmental	4,364,975	5,030,975	4,832,718	(198,257)
Charges for services	19,692,258	20,177,258	21,925,071	1,747,813
Fines and forfeitures	1,919,000	1,919,000	1,664,066	(254,934)
Miscellaneous	6,173,988	6,195,988	8,059,559	1,863,571
Net inc(dec) in market value of investments	-	-	2,521,586	2,521,586
Total revenues	226,059,221	227,244,221	232,798,192	5,553,971
EXPENDITURES				
General government	38,641,909	39,019,803	37,757,424	1,262,379
Public safety	74,945,738	82,525,694	83,890,846	(1,365,152)
Transportation	7,309,860	7,359,479	7,189,863	169,616
Economic environment	8,280,487	9,475,996	8,928,369	547,627
Social services	2,466,306	3,941,700	3,304,213	637,487
Culture and recreation	1,066,295	1,051,295	945,459	105,836
Capital outlays	85,225	149,267	183,297	(34,030)
Debt service:				
Principal	-	-	199,559	(199,559)
Interest and other related costs	-	-	50,283	(50,283)
Total expenditures	132,795,820	143,523,234	142,449,313	1,073,921
Excess (deficiency) of revenues over (under) expenditures	93,263,401	83,720,987	90,348,879	6,627,892
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	40,000	40,000	36,224	(3,776)
Lease proceeds (as lessee)	-	-	18,740	18,740
Subscription proceeds	-	-	103,651	103,651
Transfers in	2,783,065	8,999,765	8,603,959	(395,806)
Transfers out	(95,893,363)	(96,418,363)	(95,489,768)	928,595
Total other financing sources (uses)	(93,070,298)	(87,378,598)	(86,727,194)	651,404
Net change in fund balance	193,103	(3,657,611)	3,621,685	7,279,296
Fund Balance - beginning	36,677,072	(19,068,590)	23,010,233	42,078,823
Prior Period Adjustment	-	-	(1,550,551)	(1,550,551)
Fund Balance - ending	\$ 36,870,175	\$ (22,726,201)	\$ 25,081,367	\$ 47,807,568

City of Spokane, Washington
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Code Enforcement
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Licenses and permits	\$ -	\$ -	96,631	\$ 96,631
Charges for services	2,370,603	2,370,603	2,174,193	(196,410)
Miscellaneous	-	-	739	739
Total revenues	2,370,603	2,370,603	2,271,563	(99,040)
EXPENDITURES				
Public safety	3,455,842	3,478,363	3,119,937	358,426
Capital outlays	29,400	152,104	155,354	(3,250)
Principal	-	-	12,903	(12,903)
Interest and other related costs	-	-	748	(748)
Total expenditures	3,485,242	3,630,467	3,288,942	341,525
Excess (deficiency) of revenues over (under) expenditures	(1,114,639)	(1,259,864)	(1,017,379)	242,485
OTHER FINANCING SOURCES (USES)				
Lease proceeds (as lessee)	-	-	23,382	23,382
Transfers in	1,114,215	1,114,215	883,706	(230,509)
Total other financing sources (uses)	1,114,215	1,114,215	907,088	(207,127)
Net change in fund balance	(424)	(145,649)	(110,291)	35,358
Fund Balance - beginning	677,380	199,772	(23,705)	(223,477)
Fund Balance - ending	\$ 676,956	\$ 54,123	\$ (133,996)	\$ (188,119)

City of Spokane, Washington
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Library
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 2,357,049	\$ 2,357,049	\$ 2,361,352	\$ 4,303
Intergovernmental	50,000	50,000	2,162	(47,838)
Charges for services	74,400	74,400	23,299	(51,101)
Fines and forfeitures	25,000	25,000	18,906	(6,094)
Miscellaneous	106,000	106,000	592,195	486,195
Net inc(dec) in market value of investments	-	-	85,543	85,543
Total revenues	2,612,449	2,612,449	3,083,457	471,008
EXPENDITURES				
Culture and recreation	11,210,461	11,114,593	11,281,093	(166,500)
Capital outlays	1,277,016	1,575,025	1,517,754	57,271
Principal	-	-	613	(613)
Interest and other related costs	-	-	9	(9)
Total expenditures	12,487,477	12,689,618	12,799,469	(109,851)
Excess (deficiency) of revenues over (under) expenditures	(9,875,028)	(10,077,169)	(9,716,012)	361,157
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	290	290
Transfers in	9,754,899	9,754,899	10,314,631	559,732
Total other financing sources (uses)	9,754,899	9,754,899	10,314,921	560,022
Net change in fund balance	(120,129)	(322,270)	598,909	921,179
Fund Balance - beginning	1,561,467	1,300,603	6,602,756	5,302,153
Fund Balance - ending	\$ 1,441,338	\$ 978,333	\$ 7,201,665	\$ 6,223,332

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 7,523	\$ 5,923
Net inc(dec) in market value of investments	-	-	2,973	2,973
Total revenues	1,600	1,600	10,496	8,896
EXPENDITURES				
Economic environment	211,600	211,600	-	211,600
Total expenditures	211,600	211,600	-	211,600
Net change in fund balance	(210,000)	(210,000)	10,496	220,496
Fund Balance - beginning	(825,692)	(825,692)	209,073	1,034,765
Fund Balance - ending	\$ (1,035,692)	\$ (1,035,692)	\$ 219,569	\$ 1,255,261

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 19,736,065	\$ 19,736,065	\$ 19,478,252	\$ (257,813)
Licenses and permits	1,106,415	1,106,415	887,546	(218,869)
Intergovernmental	140,695	591,508	118,279	(473,229)
Charges for services	1,388,206	1,988,206	2,138,861	150,655
Fines and forfeitures	-	-	1,890	1,890
Miscellaneous	7,500	7,500	(2,311)	(9,811)
Total revenues	22,378,881	23,429,694	22,622,517	(807,177)
EXPENDITURES				
Public safety	69,069,223	72,099,271	71,001,124	1,098,147
Capital outlays	20,000	252,695	501,876	(249,181)
Principal	-	-	122,038	(122,038)
Interest and other related costs	-	-	2,251	(2,251)
Total expenditures	69,089,223	72,351,966	71,627,289	724,677
Excess (deficiency) of revenues over (under) expenditures	(46,710,342)	(48,922,272)	(49,004,772)	(82,500)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	28,000	29,751	1,751
Lease proceeds (as lessee)	-	-	51,104	51,104
Subscription proceeds	-	-	199,711	199,711
Transfers in	46,758,457	48,158,457	48,158,457	-
Transfers out	(48,121)	(48,121)	(48,123)	(2)
Total other financing sources (uses)	46,710,336	48,138,336	48,390,900	252,564
Net change in fund balance	(6)	(783,936)	(613,872)	170,064
Fund Balance - beginning	3,060,610	2,508,333	(169,592)	(2,677,925)
Fund Balance - ending	\$ 3,060,604	\$ 1,724,397	\$ (783,464)	\$ (2,507,861)

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 208,904,114	\$ 208,904,114	\$ 208,529,821	\$ (374,293)
Licenses and permits	8,204,415	8,216,415	8,089,152	(127,263)
Intergovernmental	4,555,670	5,672,483	4,953,159	(719,324)
Charges for services	23,525,467	24,610,467	26,261,424	1,650,957
Fines and forfeitures	1,944,000	1,944,000	1,684,862	(259,138)
Miscellaneous	6,289,088	6,311,088	8,657,705	2,346,617
Net inc(dec) in market value of investments	-	-	2,610,102	2,610,102
Total revenues	253,422,754	255,658,567	260,786,225	5,127,658
EXPENDITURES				
General government	38,641,909	39,019,803	37,757,424	1,262,379
Public safety	147,470,803	158,103,328	158,011,907	91,421
Transportation	7,309,860	7,359,479	7,189,863	169,616
Economic environment	8,492,087	9,687,596	8,928,369	759,227
Social services	2,466,306	3,941,700	3,304,213	637,487
Culture and recreation	12,276,756	12,165,888	12,226,552	(60,664)
Capital outlays	1,411,641	2,129,091	2,358,281	(229,190)
Debt service:				
Principal	-	-	335,113	(335,113)
Interest and other related costs	-	-	53,291	(53,291)
Total expenditures	218,069,362	232,406,885	230,165,013	2,241,872
Excess (deficiency) of revenues over (under) expenditures	35,353,392	23,251,682	30,621,212	7,369,530
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	40,000	68,000	66,265	(1,735)
Lease proceeds (as lessee)	-	-	93,226	93,226
Subscription proceeds	-	-	303,362	303,362
Transfers in	60,410,636	68,027,336	10,563,691	(57,463,645)
Transfers out	(95,941,484)	(96,466,484)	(38,140,829)	58,325,655
Total other financing sources (uses)	(35,490,848)	(28,371,148)	(27,114,285)	1,256,863
Net change in fund balance	(137,456)	(5,119,466)	3,506,927	8,626,393
Fund Balance - beginning	41,150,837	(15,885,574)	29,628,765	45,514,339
Prior Period Adjustment	-	-	(1,550,551)	(1,550,551)
Fund Balance - ending	\$ 41,013,381	\$ (21,005,040)	\$ 31,585,141	\$ 52,590,181



Accounting &
Grants Department
808 W. Spokane Falls Blvd.
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FAX (509) 625 6939

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Spokane
January 1, 2023 through December 31, 2023

This schedule presents the corrective action planned by the City for findings reported in this report 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)*.

Finding ref number: 2023-001	Finding caption: The City did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of City of Spokane contact person: Michelle Murray, Director of Accounting & Grants W. 808 Spokane Falls Blvd. Spokane, WA 99201 (509) 625-6320	
Corrective action the auditee plans to take in response to the finding: <i>The City currently has a robust process to verify and document its contractors, consultants and vendors are neither debarred nor suspended. This process adds required certification language to all City agreements to document compliance. While two of these contracts were reviewed and the compliant status of the providers were verified through the existing cooperative agreement, unfortunately the City’s process did not capture the needed requirement to verify at the lower tier. The City is now putting into place a requirement that all subawards, purchase agreements and contracts involving federal funds over \$25,000 will include the required certification even if the contract is derived from “piggy backing” and includes suspension and</i>	

debarment language. The City will also add measures to our existing process and enhance training to capture such agreements that were not initially identified as federal funding and later classified as such to include additional steps to ensure the required certification language is included to correct this oversight.

Anticipated date to complete the corrective action: Immediately

ABOUT THE STATE AUDITOR'S OFFICE

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