



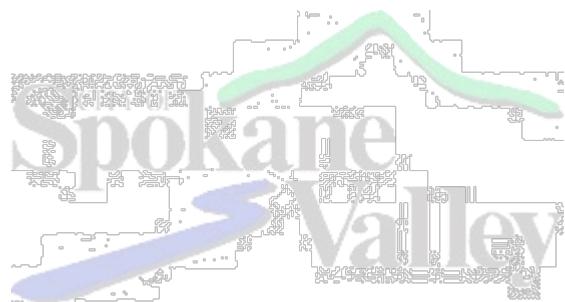
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended**  
**December 31, 2017**



**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report Fiscal Year 2017***

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***City of Spokane Valley, Washington***  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended**  
**December 31, 2017**

*Rod Higgins*  
*Mayor*

*Mark S. Calhoun*  
*City Manager*

*John Hohman*  
*Deputy City Manager*

*Chelsie Taylor*  
*Finance Director*

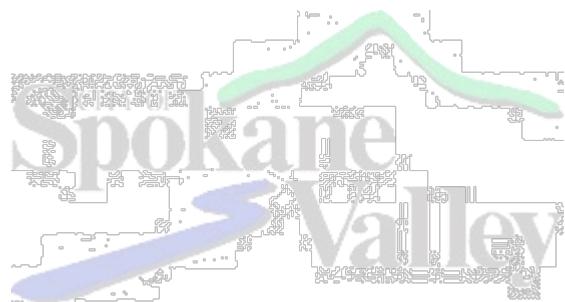
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**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

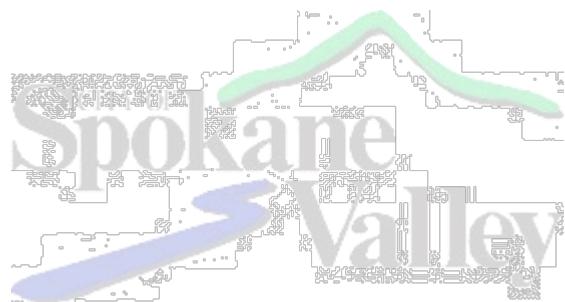
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## **Introductory Section**

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**CITY OF SPOKANE VALLEY, WA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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September 12, 2018

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

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2017. This transmittal letter provides an overview of the report and financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it. The report is prepared in accordance with the Revised Code of Washington (RCW) 43.09.230. The City maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce accurate and fairly represented financial statements in accordance with generally accepted accounting principles.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To the best of our knowledge and belief, the enclosed financial statements and all supporting schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

These financial statements have been audited by the Washington State Auditor's Office. This independent audit was conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards to provide an independent assessment of fair presentation of the City's financial position. The State Auditor's Office has issued an unqualified ("clean") opinion on the City's financial statements. The State Auditor's Office also performed the Federally-mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. An unqualified opinion was also issued for this audit. The independent auditor's reports are located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## ***Profile of the Government***

The City of Spokane Valley, incorporated on March 31, 2003, is located near the eastern border of the State of Washington. With an estimated population of 95,810 (WA State Office of Financial Management, April 2018), Spokane Valley is the 10th largest city in Washington state. The incorporation of Spokane Valley was the largest in the state and the 2nd largest single incorporation in U.S. history at the time. The incorporated area of Spokane Valley encompasses approximately 38.5 square miles of land area, with room for residential, commercial and industrial expansion. Within the incorporated city limits, there are about 461 miles of roadway. The City is a general-purpose government and provides public safety, street construction, pavement preservation, parks and recreation, stormwater, solid waste disposal and general administrative services.

The City of Spokane Valley is a non-charter code city and operates under a Council-Manager form of government. It is governed under the optional municipal code of RCW Chapter 35A. Under this form of government, legislative authority is concentrated in the elected City Council, which hires a professional administrator to implement its policies.

There are seven positions on the City Council, and all council positions are at-large positions. Councilmembers are generally elected to four-year terms, with elections held every two years. For continuity, position terms are staggered by two years so that all positions are not open for election at the same time. Biennially, at the first meeting of the calendar year, the City Council members choose a Mayor and a Deputy Mayor. Following is a list showing the Mayor and the six additional City Councilmembers and their term expiration dates as of December 31, 2017:

Member	Position	Employer/Occupation	Total Served	Time	Current Term
Lewis R. Higgins	Mayor	Retired	4.90 years	12/31/21	
Arne Woodard	Deputy Mayor	Real Estate Broker	6.74 years	12/31/19	
Brandi Peetz	Councilmember	Office Manager	0.13 years	12/31/19	
Ed Pace	Councilmember	Pastor	4.00 years	12/31/17	
Pam Haley	Councilmember	Business Owner	1.51 years	12/31/21	
Sam Wood	Councilmember	Appraiser	2.00 years	12/31/19	
Linda Thompson	Councilmember	Director	0.13 years	12/31/21	

The City Council is required to adopt an initial budget for the fiscal year no later than December 31 preceding the beginning of the fiscal year on January 1. The annual budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction by the City Council to the staff and community. As a result, the City Council, staff and public are involved in establishing the budget for the City of Spokane Valley.

The executive branch is led by the City Manager. The City Manager is hired by and is responsible to the City Council. The City Manager is responsible for overall administration of the City, such

as carrying out City Council policy, administering the affairs of the City and directing, organizing, establishing, supervising and administering all departments, agencies, and offices of the City.

### ***Local economy***

The City is located in eastern Washington, in the central east area of Spokane County (the “County”), approximately 10 miles east of the City of Spokane (“Spokane”). Due to the City’s proximity to Spokane, the economy of the City is greatly influenced by Spokane’s economy. Spokane is the second largest city in the State with an estimated 2018 population of 220,100. The population of the County is estimated to be 507,950 in 2018. Both Spokane and the County have experienced steady annual growth in population.

Historically, much of the County’s economy relied heavily on the natural resource-related sectors of forest products and agriculture. While these industries continue to be important elements of the area’s economy, the County’s economy has diversified significantly due to the influx and growth of high technology firms, airlines, and service industries attracted by the region’s high quality work force.

Spokane serves as the economic hub of the County and as the regional trade center for an area commonly known as the “Inland Northwest,” consisting of portions of northeastern Washington, northern Idaho, western Montana and southern British Columbia in Canada. Spokane and its metropolitan area provide higher education and research opportunities, high quality healthcare facilities, extensive support services for area residents and businesses and a large downtown retail and business core.

Spokane County is the largest labor market in Eastern Washington and Northern Idaho. Spokane’s economy survived “The Great Recession” and emerged more diversified. Steady growth is forecasted for the future. Spokane’s recovery is being led by five industries – advanced manufacturing, health services, finance/insurance, transportation/warehousing and education. Without the advantage of mega employers, these five industries have medium sized employers that are flexible and efficient in their markets. The health sciences and future medical school development has been a game changer for Spokane-Spokane Valley MSA. High tech companies in manufacturing, scientific and technical industries are creating new jobs and expanding the economic base in 2017/2018. (source: Washington State Employment Security Department Spokane County Profile)

The City has an extensive retail tax base and is home to several major auto dealerships and the Spokane Valley Mall, which includes over 700,000 square feet of gross leaseable floor area. There are more than 9,800 businesses registered to do business in Spokane Valley, with estimated gross annual retail sales in 2017 of \$2.48 billion.

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

Our region invests in all stages of education to instill a passion for knowledge that extends beyond the classroom and into the community. The result is a skilled workforce that is highly engaged, highly motivated, eager to make a difference and ready to get to work. K-12 schools have been recognized as leaders in the state and across the nation in K-12 education. Students can prepare for college and university coursework and earn college credits by taking elective advanced placement classes. Spokane Valley includes three school districts – East Valley School District, Central Valley School District, and West Valley School District. Combined they serve over 21,000 students in more than 40 schools. East Valley School District has an 86.0% graduation rate, Central Valley School District has an extended graduation rate of 87.7%, while West Valley School District's graduation rate is at 95.8%, all consistently among the region's best. Additionally, 48.6% of East Valley School District students, 53.5% of Central Valley students, and 41.7% of West Valley Students go on to college. (*Source: <http://www.k12.wa.us>*)

The region is home to numerous universities and colleges, both public and private. Notable institutions include the private universities of Gonzaga and Whitworth. Two public Community Colleges serve students planning to transfer to a four-year institution and students looking for workforce training in high demand professions such as nursing, cooking and aviation maintenance. Eastern Washington University offers programs and student services in Cheney and at the Spokane campus. Washington State University and the University of Washington offer programs at their satellite campus in downtown Spokane.

### ***Major initiatives***

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

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

#### **Community Identity and Pride**

Spokane Valley promotes an environment that supports the home and family, and job and education opportunities.

#### **Focus on the Future**

Spokane Valley is a visionary city encouraging its citizens and their government to look to the future beyond the present generation, and to bring such ideas to public discussion, enhancing a sense of community identity.

#### **Open, Collaborative Government**

Spokane Valley values a “user-friendly” government, in which governance practices and general operations consider how citizens will be served in the most responsive, effective and courteous manner.

## ***Long-term planning and Capital Projects***

As part of long-range planning and Washington State's Growth Management Act (GMA), Spokane Valley developed a Comprehensive Plan. The Comprehensive Plan is the City's official statement concerning its vision for future growth and development. The Plan comprises several individual elements. The City of Spokane Valley amends its Comprehensive Plan on an annual basis as permitted by State law. In addition to these regular amendments, the GMA requires counties and cities to periodically conduct a thorough review of their plans and regulations to bring them in line with any relevant changes in the GMA and to accommodate updated growth targets. Spokane Valley's Comprehensive Plan was updated during 2016 and amended during 2017.

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

The financial management policies that the City has adopted are multi-faceted. We will continue to provide basic levels of service with minimal resources. In order to accomplish this, many services are contracted. This helps keep personnel and overhead costs down by maintaining consistent staffing levels with minimal adjustment to respond to the ever changing economy. Continuing the annual process of creating a six-year business plan allows management and Council to see how the decisions that are made today affect what is possible in the future. To maintain flexibility for the future, the City continues with the pay as you go philosophy and minimal debt. This allows current dollars to be spent on current and future projects, instead of tying up future dollars with debt payment on current projects. To make the pay as you go philosophy work to its full extent, current spending is leveraged with grant funding as often as possible. Finally, we use the extensive annual budget process to prioritize spending to minimize changes and additions to appropriations during the year.

The financial management policies are in place to help the City meet the financial objectives. We maintain a General Fund Ending Balance of at least 50% of recurring expenditures. This is roughly the equivalent of six months of general fund operations and was determined as a result of cash flow analysis. The City has also established a Service Level Stabilization Fund that can be used to support City operations in times of economic hardship.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 88% of recurring expenditures. This is above policy guidelines set by the Council. City policy also indicates that if ending fund balance is in excess of 50% of recurring expenditures, the City may consider spending down the excess on one time expenditures, generally capital in nature. Since this policy was adopted in 2013 through 2017, the City has transferred \$16,885,878 to our Capital Reserve Fund for use on various capital projects, such as the Appleway Trail, new City Hall, and railroad grade separation projects at Barker and Pines roads.

Beginning in 2012, the City initiated a pavement preservation program that utilized funding from the General Fund, Real Estate Excise Taxes, and capital project fund reserves. In 2017, our citizens will again see an aggressive program of repaving our roadways. Some may question paving roads that “don’t look so bad.” The truth is the best time to repave is before a road deteriorates to the point that full reconstruction is necessary. Full reconstruction can cost substantially more than pavement preservation efforts. That is why the City of Spokane Valley has committed critical financial resources to preservation of our transportation infrastructure.

In addition to the focus on pavement preservation, the City has other major investments in capital projects in process and planned for the future. In 2014 the City started construction on the replacement of the deteriorating Sullivan Road West Bridge over the Spokane River. The project was substantially completed in spring of 2017. With the final grant paperwork having been finalized in early summer of 2018, the project was completed under the budgeted amount of \$15.83 million. The City would like to extend its thanks to the Federal Highway Administration, the Washington State Freight Mobility Strategic Investment board and the Washington State Transportation Improvement Board for their partnership in this much needed investment in our City’s infrastructure.

In 2014 the City agreed to terms for the 2015 purchase of 3.38 acres for the purposes of building a City Hall. Since incorporation, the City has utilized leased space for its primary functions. The construction of a City Hall facility in 2016 and 2017 is funded with the existing funds and issuance of limited tax general obligation bonds. The City issued limited tax general obligation bonds for this purpose during 2016, and the future annual debt service payments are lower than the City’s annual lease payments for the previous City Hall space. The new City Hall was opened for business in September 2017, and is a structure that will serve the citizens of Spokane Valley well for years to come.

Parks and trails are also getting major investments as the City continues work on the construction for the Browns Park Master Plan. Browns Park is an 8.2-acre park located at the corner of Pines Road and 32nd Ave., and currently features eight sand volleyball courts and a basketball court, in addition to other park features. The updated Parks and Recreation Master Plan recommends developing Browns Park as a destination sand volleyball complex for our region. To accomplish this, the park will accommodate an additional nine volleyball courts for 17 total, including a lit Championship Court. 2017 saw the addition of the park’s splashpad to serve the younger members of our community. To keep the neighborhood park aspect intact, additional planned improvements include a slackline course, a basketball court, and seven picnic shelters among other standard playground and park features. The first phase of construction began in early 2015 with the construction of seven of the new volleyball courts and the basketball court. In 2016 an additional Championship Court was completed along with a splashpad in 2017.

With Phase 1 of the new multiuse Appleway Trail having been completed in 2016, the City has begun work on two additional sections of the trail. While Phase 1 travels along the former Milwaukee railroad corridor from University Road to Pines Road, 2017’s work extends the trail to Evergreen. Additionally design of a section between Sullivan Road and Corbin has been in work, with construction beginning in March of 2018. The missing section between Evergreen and Corbin is has received Federal Funding. This funding will allow the City to design the final section with

construction expected to occur in 2020. The multiuse pathway will be bordered with greenspace, and other features to create a linear park along the length of the trail. All sections of the trail are funded through a combination of City funds, federal grants, and state grants.

One of the primary safety, traffic congestion, and economic development concerns for the City are the multiple at-grade railroad crossings. The City's focused efforts on finding funding for the Barker Road Grade Separation project as produced extraordinary results. At the end of the fiscal year the City had been awarded grants totaling over \$12.2 million. In March of 2018, the City was informed it was awarded an additional \$9 million. With an estimated total project cost of \$19 million, the City is now in position to begin construction on this project in 2020.

With funding secured for the Barker Crossing, the City will continue to search for funding sources for the Pines Road crossing. The current estimate for this project is about \$29 million. There is currently \$2.4 million in local funds secured for the project. With the currently available funds for the project work on the design is moving forward.

#### ***Acknowledgements***

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

Sincerely,

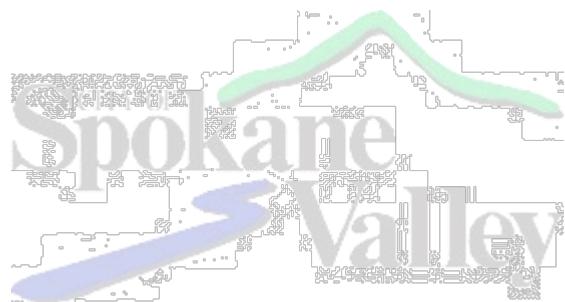


Chelsie Taylor, CPA  
Finance Director  
City of Spokane Valley

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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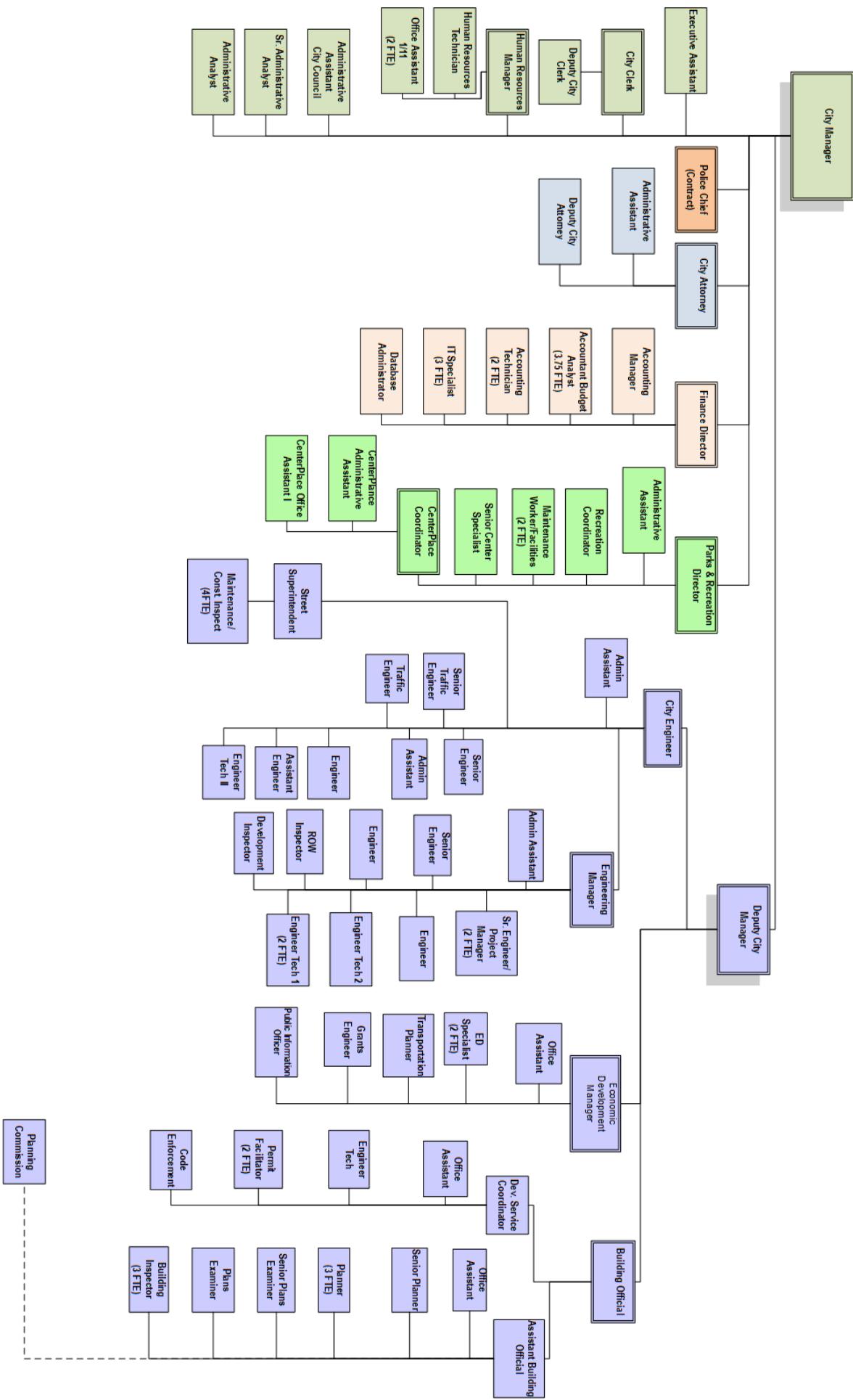
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# **City of Spokane Valley, Washington**

**Comprehensive Annual Financial Report - Fiscal Year 2017**

## Organizational Chart



# **City of Spokane Valley, Washington**

## ***List of Elected Officials and Department Directors***

**December 31, 2017**

### ***Elected Officials***

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Mayor Rod Higgins

Position 1

Brandi Peetz

Position 2

Deputy Mayor Arne Woodard

Position 3

Ed Pace

Position 4



Pam Haley

Position 5

Sam Wood

Position 6

Linda Thompson

Position 7

### **2017 City Council**

*I to r (top to bottom): Mayor Rod Higgins, Brandi Peetz, Deputy Mayor Arne Woodard, Ed Pace  
Pam Haley, Sam Wood, Linda Thompson*

### ***Department Directors and Division Managers***

---

City Manager	Administration Department	Mark Calhoun
City Attorney	Administration Department	Cary Driskell
Deputy City Manager	Administration Department	John Hohman
City Clerk	Administration Department	Chris Bainbridge
Finance Director	Finance Department	Chelsie Taylor
Human Resources Manager	Administration Department	John Whitehead
Police Chief	Police Department	Mark Werner
Fire Chief	Fire Department	Bryan Collins
Parks & Recreation Director	Parks & Recreation Department	Mike Stone
Engineering Manager	Public Works Department	Gloria Mantz
Senior Engineer-Project Manager	Public Works Department	Craig Aldworth
Senior Engineer-Project Manager	Public Works Department	Jim Dingfield
Senior Engineer-Project Manager	Public Works Department	Rob Lochmiller
Senior Engineer-Traffic	Public Works Department	Ray Wright
Public Works Maintenance Superintendent	Public Works Department	Shane Arlt
Senior Engineer- Community Development	Engineering Division	Henry Allen
Senior Planner - Community Development	Planning Division	Lori Barlow
Economic Development Manager	Engineering Division	Mike Basinger
Building Official	Building Division	Doug Powell
Assistant Building Official	Building Division	Jenny Nickerson

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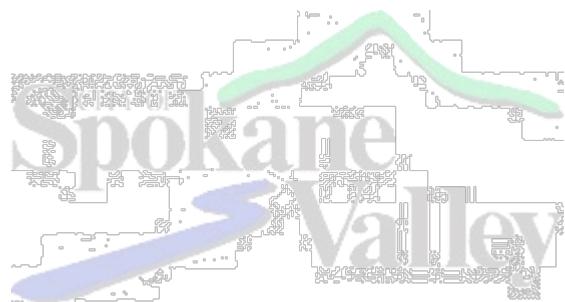
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***Financial Section***

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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## Office of the Washington State Auditor Pat McCarthy

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 29, 2018

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

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane Valley, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Management's Responsibility 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; this includes 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.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the 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 Valley, as of December 31, 2017, 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.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 and Other 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 information listed as supplementary information is presented for the purposes of additional analysis and 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 financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated August 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



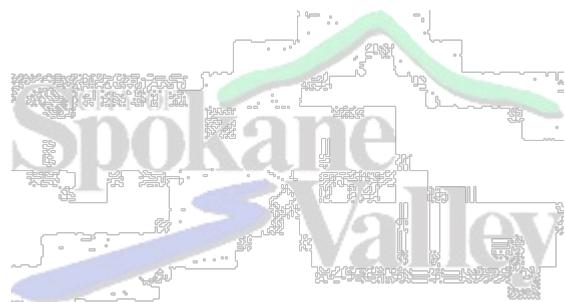
Pat McCarthy

State Auditor  
Olympia, WA

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

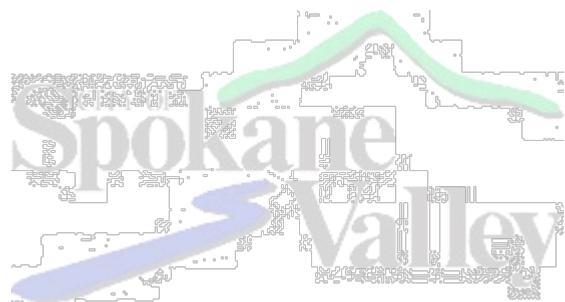
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## **Management's Discussion and Analysis**

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**CITY OF SPOKANE VALLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2017**

As management of the City of Spokane Valley, Washington, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars. Also, this discussion contains comparative analysis based on information from the prior year.

**FINANCIAL HIGHLIGHTS**

The key financial highlights for 2017 are as follows:

The City of Spokane Valley's financial position improved. At the end of the current fiscal year, assets exceeded liabilities by \$169,013 thousand (*net position*). Of this amount, \$52,711 thousand represents the primary government's unrestricted net position, which may be used and is available to meet the City's ongoing activities and obligations to the citizens and creditors.

The City of Spokane Valley's total net position from Governmental and Business-type activities increased \$13,853 thousand or 8.93% from the prior fiscal year, primarily explained by revenues continuing to outpace expenditures and the current year's increase in the City's Net Investment in capital assets.

At the close of the current fiscal year, the City of Spokane Valley's governmental funds reported combined fund balances of \$57,412 thousand, an increase of \$862 thousand in comparison with the prior year. Approximately 68.21% of this amount or \$39,336 thousand (*unassigned fund balance*) is available for spending at the City's discretion.

Also, at the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$39,336 thousand, or approximately 116.36% of the total general fund expenditures, and the net change in actual fund balance increased by \$4,607 thousand during the current fiscal year.

Total Long-term liabilities for Governmental type activities decreased by \$1,752 thousand to \$19,150 thousand during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the City as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions. The following discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following figure summarizes the major features of the financial statements. This overview section below also describes the structure and contents of each of the statements in more detail.

	<b>Government-wide Statement</b>	<b>Fund Financial Statements</b>	
		<b>Governmental</b>	<b>Proprietary</b>
<b>Scope</b>	Entire entity (except fiduciary funds)	The day to day operating activities of the City for basic governmental services	The day to day operating activities of the City for business-type enterprises
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
<b>Type of asset and liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
<b>Type of deferred inflow and deferred outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues when cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Spokane Valley's finances, in a manner similar to a private-sector business.

#### ***Statement of Net Position and Statement of Activities***

The *statement of net position* presents financial information on all of the City's assets, liabilities, and *deferred inflows/outflows of resources*, with the differences between them reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement distinguishes revenue generated by specific functions, from revenue provided by taxes and other sources not related to a specific function. Revenue generated by specific functions (charges for services, fines and forfeitures, grants and other contributions) is compared to the expenses for those functions to demonstrate how much each function either supports itself or relies on taxes and other general funding sources for support.

The change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished in capacity. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated. *These government-wide financial statements can be found in the Basic section of this annual financial report.*

In the statement of net position and the statement of activities, the City of Spokane Valley is divided into two distinct functions or types of *primary government*:

- ◆ **Governmental-type Activities** – Most of the City’s programs and services are reported here, including general government, public safety, physical environment, transportation, economic environment, community development, and culture & recreation. These services are funded and supported primarily by taxes and intergovernmental revenues, including federal and state grants, and other shared revenues.
- ◆ **Business-type Activities** – These services are provided on a charge for goods or user fee services basis to recover all or a significant portion of the cost of services provided; including State Grants. The City’s Stormwater Utility Management Fund and Aquifer Protection Area Fund activity is reported here.

### ***Fund Financial Statements***

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

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

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

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

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

The City's two *Internal Service Funds*; Equipment Rental and Replacement and Risk Management accounts for the accumulated and allocated internal costs of fleet vehicles, computer equipment, and insurance claims. Also, both provide internally for the goods and services among the City's various departments and functions. Because both of these services predominantly benefit governmental-type functions rather than business-type functions in nature, they have been included within *governmental-type activities* in the government-wide financial statements.

#### ***Notes to the Financial Statements***

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

#### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules for other governmental and internal service funds. This information can be found in the supplemental section of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of net position** – As noted earlier, net position over time, may serve as a useful indicator of the City of Spokane Valley's financial position. The City's total assets and deferred outflows exceeded total liabilities and deferred inflows by \$169,013 thousand as of December 31, 2017. The following table summarizes and compares the City's net position for 2017 and 2016 (see *Table 1, below*):

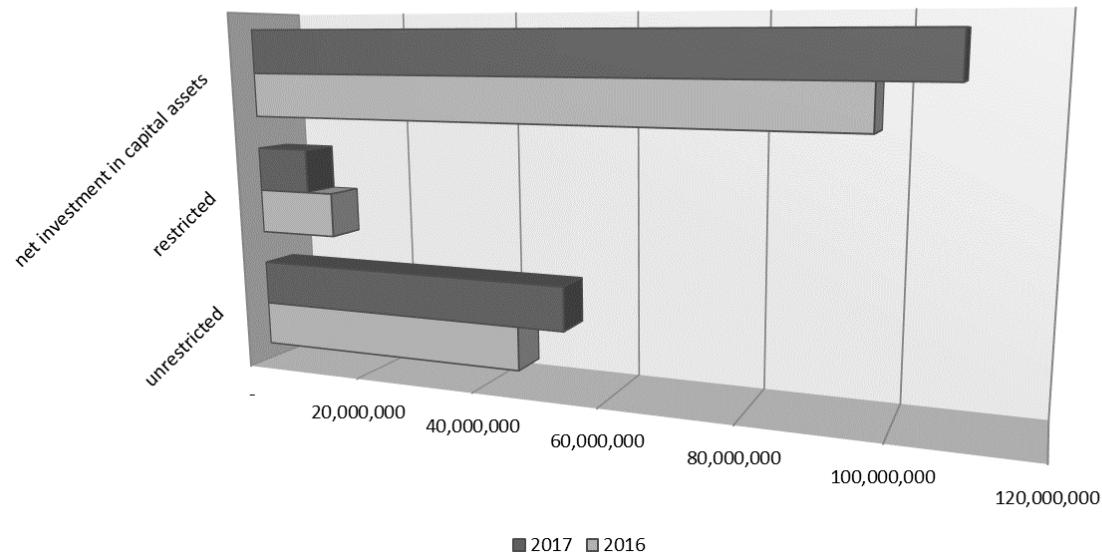
<b>City of Spokane Valley's Net Position</b> (amounts in thousands)						
<i>Table 1</i>	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>	<b>2017</b>	<b>Activities</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets		\$ 69,800	\$ 68,938	\$ 4,212	\$ 3,285	\$ 74,012
Capital assets (net of depreciation)		115,055	104,822	6,344	6,356	121,399
<b>Total assets</b>	<b>184,855</b>	<b>173,760</b>	<b>10,556</b>	<b>9,641</b>	<b>195,411</b>	<b>183,401</b>
<b>Total deferred outflows of resources</b>	<b>688</b>	<b>1,023</b>	<b>40</b>	<b>54</b>	<b>728</b>	<b>1,077</b>
Long-term liabilities		19,150	20,902	300	343	19,450
Other liabilities		6,322	7,664	519	277	6,841
<b>Total liabilities</b>	<b>25,472</b>	<b>28,566</b>	<b>819</b>	<b>620</b>	<b>26,291</b>	<b>29,186</b>
<b>Total deferred inflows of resources</b>	<b>788</b>	<b>125</b>	<b>46</b>	<b>7</b>	<b>834</b>	<b>132</b>
Net position:						
Net investment in capital, assets		101,125	90,361	6,344	6,356	107,469
Restricted		8,833	13,238	-	-	8,833
Unrestricted		49,325	42,493	3,386	2,712	52,711
<b>Total net position</b>	<b>\$ 159,283</b>	<b>\$ 146,092</b>	<b>\$ 9,730</b>	<b>\$ 9,068</b>	<b>\$ 169,013</b>	<b>\$ 155,160</b>

In this case, as of December 31, 2017, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$159,283 thousand in governmental activities and \$9,730 thousand in business type activities. The largest portion of the City's net position, at 62.33%, is its investment in capital assets of \$107,469 thousand. This represents land and land improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure, less any related outstanding debt that was used to acquire those assets.

The City of Spokane Valley uses these capital assets to provide a variety of services to its citizens. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The majority of these capital assets were donated by Spokane County at the time of incorporation in 2003. The portion of the City of Spokane Valley's net position classified as restricted are resources that are subject to external restrictions on how they may be used. At \$8,833 thousand and 5.23% of total net position this is the smallest share of the City's net position. The remaining balance of \$52,711 thousand or 31.19% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### **City of Spokane Valley's Net Position December 31, 2017 and 2016**



The City of Spokane Valley's total net position has increased by \$13,853 thousand or 8.93% from the prior year. This is primarily explained by revenues outpacing expenditures. More discussion will follow for the overall increase in net position in the sections for governmental-type and business-type activities.

**Governmental-type Activities** – During the current fiscal year total net position for governmental activities increased by \$13,191 thousand from the prior year for an ending balance of \$159,283 thousand. The increase in the overall net position of governmental activities is the result of management taking various steps (e.g., increasing rates for certain revenue sources like charges for services, delaying certain nonrecurring expenses, and reducing expenses related to non-essential ongoing programs in the utilities & physical environment and community development functions) to achieve such positive effects on the governmental activities ending net position. The City's capital grants and operating grants and contribution revenues from Federal and State sources made up the fourth largest sources of revenue combined, \$7,521 thousand or 12.45% of total governmental activities revenues.

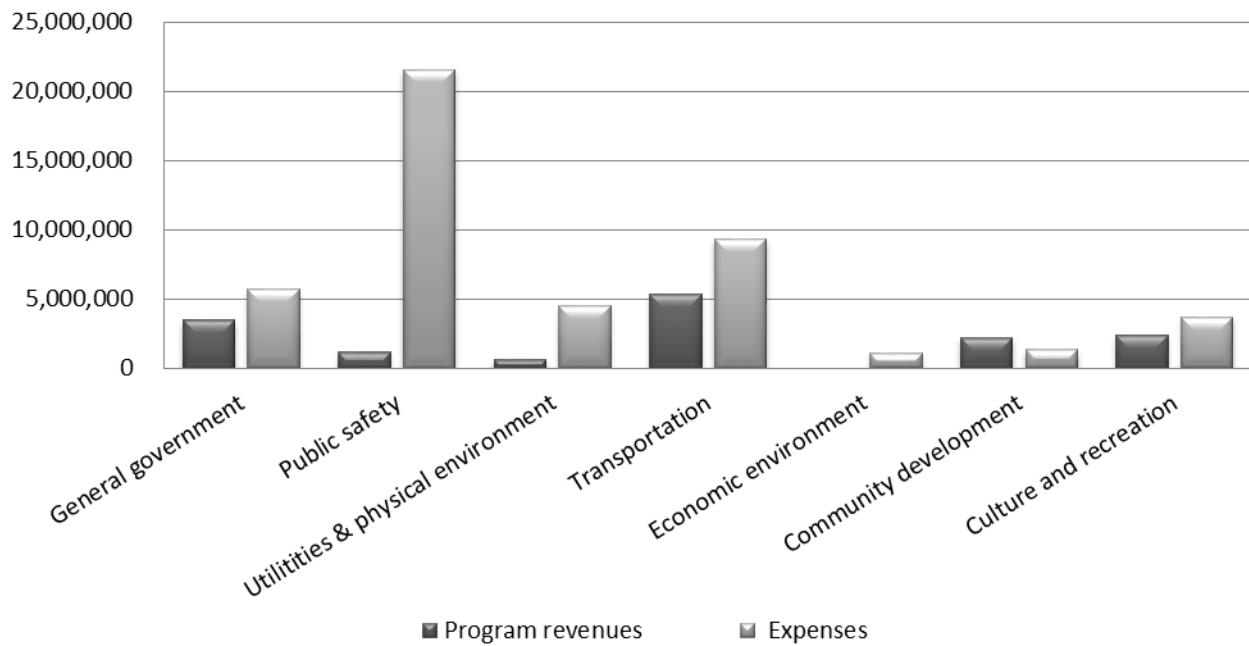
The major recipients of intergovernmental program revenues were, Transportation, Utilities and Physical Environment, and General Government functions of the primary government. Property tax general revenues in the governmental funds account for \$11,602 thousand of the \$60,397 thousand total revenues (less transfers) for governmental-type activities, or 19.21% of total revenues, and the property tax general revenues increased by \$172 thousand. Sales Tax general revenue accounted for approximately \$23,941 thousand or 39.64% of total revenues in year 2017, the largest single source of revenue for the City of Spokane Valley. Excise and other taxes received were Real Estate Excise Taxes of \$3,064 thousand, Liquor Board Excise Tax of \$459 thousand, Telephone Utility Tax of \$1,982 thousand, Marijuana Excise Taxes of \$41 thousand, Leasehold Excise Taxes of \$20 thousand, and Gambling Taxes of \$368 thousand, Hotel/Motel Taxes of \$1,019 thousand and Motor Fuel Excise Taxes of \$2,052 thousand.

The Transportation function accounted for \$9,330 thousand of the \$47,219 thousand in total expenses for governmental activities, or 19.76% of the total in expenses. The largest function was Public Safety, accounting for \$21,583 thousand and representing 45.71% of total governmental expenses and a decrease of 6.86% in contracted Law Enforcement services compared to the prior year (*see table 2, below*).

**Table 2**  
**City of Spokane Valley's Changes in Net Position**  
**as of December 31, 2017 and 2016** (amounts in thousands)

Revenues	Governmental Activities		Business-type Activities		Total		% Change
	2017	2016	2017	2016	2017	2016	
Program revenues							
Charges for services	\$ 7,813	\$ 8,192	\$ 1,895	\$ 1,898	\$ 9,708	\$ 10,090	-3.8%
Operating grants & contributions	702	1,254	784	450	1,486	1,704	-12.8%
Capital grants & contributions	6,819	6,895	97	-	6,916	6,895	0.3%
General revenues							
Taxes	44,548	42,237	-	-	44,548	42,237	5.5%
Interest & investment earnings	515	248	31	10	546	258	111.6%
<b>Total revenues</b>	<b>60,397</b>	<b>58,826</b>	<b>2,807</b>	<b>2,358</b>	<b>63,204</b>	<b>61,184</b>	<b>3.3%</b>
Expenses							
General government	5,155	6,129	-	-	5,155	6,129	-15.9%
Public safety	21,583	23,173	-	-	21,583	23,173	-6.86%
Utilities & physical environment	4,500	3,368	-	-	4,500	3,368	33.6%
Transportation	9,330	8,740	-	-	9,330	8,740	6.8%
Economic environment	1,095	1,122	-	-	1,095	1,122	-2.4%
Community development	1,355	2,039	-	-	1,355	2,039	-33.5%
Culture and recreation	3,692	3,841	-	-	3,692	3,841	-3.9%
Interest on long term debt	509	317	-	-	509	317	60.6%
Aquifer protection area	-	-	171	154	171	154	11.0%
Stormwater management	-	-	1,960	1,960	1,960	1,960	0.0%
<b>Total expenses</b>	<b>47,219</b>	<b>48,729</b>	<b>2,131</b>	<b>2,114</b>	<b>49,350</b>	<b>50,843</b>	<b>-2.9%</b>
Increase (decrease) in net position before transfers	13,178	10,097	676	244	13,854	10,341	34.0%
Transfers In (out)	13	13	(13)	(13)	-	-	0.0%
Increase (decrease) in net position	13,191	10,110	663	231	13,854	10,341	34.0%
<b>Net position - beginning</b>	<b>146,092</b>	<b>135,982</b>	<b>9,068</b>	<b>8,837</b>	<b>155,160</b>	<b>144,819</b>	
<b>Change in Accounting Principle</b>							
<b>Net position - ending</b>	<b>\$ 159,283</b>	<b>\$ 146,092</b>	<b>\$ 9,731</b>	<b>\$ 9,068</b>	<b>\$ 169,014</b>	<b>\$ 155,160</b>	

## Program Revenues and Expenses - Governmental Activities



Transportation activity capital grants decrease in the current year by (\$1,423) thousand primarily due to the Sullivan Bridge construction project grants, which were a major portion of activity in the prior year, being consumed. This resulted in a higher percentage of City funds being used for the large project as we moved nearer to completion. These contributions are used to fund the on-going general government capital outlays of \$16,972 thousand, or 29.43% of the total for governmental funds expenditure activity (*see the preceding graph*).

**Business-type Activities** – For the City of Spokane Valley’s business-type activities, the results for the current fiscal year were positive in that the overall net position increased to reach an ending balance of \$9,730 thousand. The increase in net position for business-type activities (stormwater and aquifer protection funds) was \$662 thousand from the prior fiscal year. This is an increase in net position of 7.3% from the prior fiscal year. The increase in fund balance is indicative of revenues continuing to exceed expenditures. Overall, revenues for the business type activities were up compared to the previous year. In 2017 there were \$97 thousand capital grants or contributions compared to zero in 2016. Additionally, operating grants and contributions increased by an additional \$334 thousand. Charges for services remained fairly stable with a modest decrease of (\$3) thousand from 2016. Expenditures did show increase of \$17 thousand for 2017 total. In both business-type funds, the major program revenue sources were *charges for services* of \$1,895 thousand and *intergovernmental revenues* of \$784 thousand. The primary source of revenues is a Stormwater Management Fee imposed upon real property and the Aquifer Area Protection Fee mandated by the voting public.

## **FINANCIAL ANALYSIS OF THE CITY OF SPOKANE VALLEY'S FUNDS**

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

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

As of December 31, 2017, the City's total governmental funds reported a combined ending fund balance of \$57,412 thousand, a net increase of \$862 thousand in comparison with the prior year. Approximately 68.52% of this amount or \$39,336 thousand is composed of *unassigned fund balance*, which is available for spending at the City's discretion. The City's remainder or residual fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not spendable in form (\$101 thousand), 2) restricted for particular purposes (\$8,387 thousand), 3) committed for particular purposes (\$5 thousand) assigned for particular purposes (\$9,583 thousand) *See table 4, below*.

The General Fund is the *primary operating governmental fund* of the City of Spokane Valley where most receipts and payments of ordinary city operations are processed. *See table 3, below*.

	<b>General Fund Components of Fund Balance</b>	
	<b>December 31, 2017 &amp; 2016 (amounts in thousands)</b>	
	<b>Fiscal Year</b>	
	<b>2017</b>	<b>2016</b>
Unassigned	\$ 39,336	\$ 34,695
Assigned	-	-
Restricted	38	80
Nonspendable	90	82
<b>Total fund balances</b>	<b>\$ 39,464</b>	<b>\$ 34,857</b>

At the end of 2017, unassigned fund balance was \$39,336 thousand, while total fund balance increased to \$39,464 thousand. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total governmental funds expenditures. Unassigned fund balance in the general fund represents approximately 68.21% of the total governmental funds expenditures, while total general fund balance of \$39,464 thousand represents approximately 68.43% of that same amount in total governmental funds expenditures *See table 3, above*.

	<b>All Remaining Governmental Funds Components of Fund Balance</b>	
	<b>December 31, 2017 &amp; 2016 (amounts in thousands)</b>	
	<b>Fiscal Year</b>	
	<b>2017</b>	<b>2016</b>
Unassigned	\$ -	\$ -
Assigned	9,584	8,381
Committed	5	237
Restricted	8,348	13,070
Nonspendable	11	5
<b>Total fund balances</b>	<b>\$ 17,948</b>	<b>\$ 21,693</b>

## Major Governmental Funds

**The General Fund** – The fund balance of the City of Spokane Valley's general fund increased by \$4,607 thousand, compared to last year, for the fiscal year ending December 31, 2017. In the Budget to Actual Schedule, revenues trended higher than expected in the 2017 budget by \$2,556 thousand, while the total expenditures were \$5,876 thousand (including transfers in/out) less than the amended budget. Ultimately, the General Fund in the Governmental funds statement reports an increase in excess of revenues over expenditures, positive variance with final budget over of \$8,451 thousand compared to the last fiscal year of 2016 of \$5,793 thousand.

**The Street Fund** – had an ending actual fund balance of \$1,067 thousand, a net change in fund balance of (\$251) thousand compared to the prior year. The primary source of revenues for the Street fund is the Telephone Utility taxes of \$1,982 thousand and the Motor Vehicle Gas tax of \$2,052 thousand in Intergovernmental revenues collected. The change from the prior year was a decrease of (4.2%) for Telephone Utility taxes and an increase of 1.31% for Motor Vehicle Gas tax. Expenditures (including transfers out) outpaced revenues, which contributed to the slight decrease in ending fund balance compared to last year.

**Street Capital Projects Fund** – had an ending fund balance of \$67 thousand. Actual expenditures were \$3,182 thousand less than the final budgeted projections. Overall, the net change in fund balance was less than the final budgeted projections for 2017.

**City Hall Construction Fund** – had an ending fund balance of \$101 thousand. Actual expenditures were \$34 thousand less than final budget projections. The net change in fund balance was \$26 thousand more than budgeted for 2017.

**Proprietary Funds** - The City's enterprise funds, **Stormwater Management** and **Aquifer Protection Area** provide the same type of information found in the government-wide financial statements, and are also *major proprietary funds*. Unrestricted net position of the Stormwater Management Fund at December 31, 2017, was \$1,973 thousand and for the Aquifer Area Protection fund was \$1,413 thousand.

### GENERAL FUND BUDGETARY HIGHLIGHTS

*Original budget compared to final budget:* By State law, Title 35A of the Revised Code of Washington (RCW) requires all cities to prepare and adopt a balanced budget prior to the beginning of the City's fiscal year; the annual operating budget for the City is effective the first day of January. The City Council amended the original budget revenue and expenditures twice during 2017 due to updates in budget estimates and timing differences in expenditures during the fiscal year.

*Final budget compared to actual results:* The most significant differences between final estimated revenues and actual revenues were as follows:

**2017 Budget to Actual Comparison**  
(amounts in thousands)

<b>Revenue Source</b>	<b>Final Estimated</b>		<b>Actual</b>	<b>Difference</b>
	<b>Revenues</b>	<b>Revenues</b>	<b>Revenues</b>	
Taxes	\$ 34,396	\$ 35,838	\$ 1,442	
Licenses and permits	2,236	2,972	736	
Intergovernmental revenues	2,274	2,556	283	
Charges for services	1,315	1,298	(17)	
Fines & forfeitures	528	428	(100)	
Investment Interest	73	326	253	
Miscellaneous	707	666	(41)	
	<b>\$ 41,528</b>	<b>\$ 44,085</b>	<b>\$ 2,556</b>	

In the General Fund, the variance between actual expenditures and the final amended budget was a savings in expenditures of \$5,876 thousand giving the City a positive variance in excess of revenues over expenditures of \$8,432 thousand for 2017. Actual negative revenue variances in charges for services of \$17 thousand, fines and forfeitures of \$100 thousand, and miscellaneous of \$41 thousand coupled with revenue increases in tax revenue of \$1,442 thousand, licenses and permits of \$736 thousand, intergovernmental revenues of \$283 thousand, and investment interest of \$253 thousand paired with a positive variance in revenues over expenditures contributed overall to an increase in fund balance of \$4,607 thousand for the fiscal year of 2017.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** The City of Spokane Valley's investment in capital assets for its governmental and business type activities as of December 31, 2017, amounts to \$121,399 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, and construction in progress. The total increase in the city's investments in capital assets for the current fiscal year was \$10,221 thousand or 9.2% (*see table 5, following*).

Table 5:	City of Spokane Valley's Capital Assets (net of depreciation, amounts in thousands)							Total % Change	
	Governmental Activities		Business-type Activities		Total				
	2017	2016	2017	2016	2017	2016	2017-2017		
Land	\$ 9,220	\$ 8,323	\$ -	\$ -	\$ 9,220	\$ 8,323	10.8%		
Buildings & leasehold improvements	21,483	8,777	297	310	21,780	9,087	139.7%		
Improvements other than Buildings	5,987	6,814	-	-	5,987	6,814	-12.1%		
Infrastructure	72,708	65,834	5,934	5,936	78,642	71,770	9.6%		
Machinery and Equipment	2,212	911	22	27	2,234	938	138.2%		
Construction in Progress	3,445	14,163	91	83	3,536	14,246	-75.2%		
<b>Total</b>	<b>\$ 115,055</b>	<b>\$ 104,822</b>	<b>\$ 6,344</b>	<b>\$ 6,356</b>	<b>\$ 121,399</b>	<b>\$ 111,178</b>	<b>9.2%</b>		

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

- A 10.8% increase in land totaling \$897 thousand is the result of purchases to facilitate current or planned improvements to the City's road network.
- Construction in Progress decreased by (75.2%) or \$10,710 thousand due to the completion of construction on the New City Hall building.
- There was a total of increase of 138.2% or \$1,296 thousand in Machinery and Equipment for fiscal year 2017 due to the purchase of various pieces of equipment.
- Infrastructure increased 9.6% or \$6,872 thousand for 2017 due mostly to the completion of several street construction and street preservation projects.
- Improvements other than buildings decreased by (12.1%) or \$827 thousand as a result of a few Park projects planned for improvement during the fiscal year.
- There was a total increase of 139.7% or \$12,693 thousand in Buildings and leasehold improvements due to the completion of the New City Hall.
- Overall change in capital assets for 2017 increased by 9.2% compared to the prior year of 2016.

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

**Long-Term Liabilities** – At December 31, 2017, the City had total Limited Tax General Obligation debt outstanding of \$12,790 thousand. This amount is backed by the full faith and credit of the City of Spokane Valley with debt service funded by general government revenues and contributions from the Public Facilities District. The City’s general obligation bonds decreased by \$470 thousand or 3.5% during fiscal year 2017. (*See table 6, below*).

City of Spokane Valley's Outstanding Debt (amounts in thousands)							
	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2017-2016
	\$ 12,790	\$ 13,260	\$ -	\$ -	\$ 12,790	\$ 13,260	-3.5%
General obligation bonds							
Bond premium	1,140	1,201	-	-	1,140	1,201	-5.1%
Compensated absences	505	492	25	27	530	519	2.1%
Net pension plan liabilities (GASB 68)	4,715	5,949	275	316	4,990	6,265	-20.4%
<b>Total</b>	<b>\$ 19,150</b>	<b>\$ 20,902</b>	<b>\$ 300</b>	<b>\$ 343</b>	<b>\$ 19,450</b>	<b>\$ 21,245</b>	<b>-8.4%</b>

In addition to the general obligation bonded debt and premium, the City’s long-term liabilities also include compensated absences (vacation accruals) and net pension liabilities. Additional information on the City’s long-term debt can be found in **Note 9 (Long-Term Obligations and Leases)** in the notes to the financial statements.

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

The 2016 assessed valuation of the City of Spokane Valley for the levy year of 2017, for purposes of determining the legal debt margin is \$8,124,488 (in thousands). Remaining debt capacities for the City under general voted and non-voted purposes (2.5%) is limited to: \$596,041 (in thousands).

The City of Spokane Valley maintains an Aa2 rating from Moody’s for its non-voted general obligation debt. Additional information regarding debt limitations and capacities can be found in **Note 9 (Legal Debt Margin)** in the notes to the financial statements.

### **ECONOMIC FACTORS**

The following economic factors currently affect the City of Spokane Valley and were considered in developing the 2017-2018 fiscal year budgets.

The outlook for the City of Spokane Valley economy was projected based on statistics generated in Spokane County. There is estimated to be over 5,275 businesses located in Spokane Valley with estimated taxable retail sales of \$2.5 billion for 2017. The City of Spokane Valley received \$23,941 thousand, an increase of \$1,359 thousand from the prior year, in general sales tax dollars for 2017.

Overall, Spokane County gained about 6,700 jobs in 2017. The current year’s increase in jobs left the county with an estimated average of 226,351 jobs for the year, which has surpassed the peak year of 2008 with 224,950 jobs. This builds on the 6,800 positions from 2016 and brings the County’s area wide unemployment rate to down an additional 1% to 5.5%. Spokane County’s fastest growing non-farm employment sector is construction, followed closely by production. These sectors are predicted to grow the most through 2020. Population growth has been steady within the City of Spokane Valley, increasing to 94,890 and growing 5.2% since 2010.

The total number of single family residential building permits in the Spokane County area-wide region (including the City of Spokane and the City of Spokane Valley) increased to 1,283 in 2017, from 1,274 issued in 2016. Additionally, total 2017 nonresidential building permits issued by the City of Spokane Valley were 430 compared to 593 in 2016.

The Real Estate market continues its upswing from the most recent low of 2011. Spokane County home sales have increased to 8,137. With an average selling price of \$228,732, single family home sale prices are at the highest over the past 15 years with 2007 being the previous high at \$211,872. For The median price of a home in the Spokane metropolitan area was approximately \$223,400 in 2017, which is roughly \$23,100 lower than the U.S. median price of \$246,500.

The City of Spokane Valley's assessed value increased 4.9% to 8.1 billion in 2017. The City's property tax levy rate for 2017 was near \$1.4335 per thousand of assessed value.

The City of Spokane Valley contracts with Spokane County and several public service districts for many city services including street maintenance, public safety, library, and fire protection. This allows the City to hold the number of full-time employees to 89.25 Employee salaries and related benefits are the leading cost for much of the city's operations. In a 2015 study, a comparison of 31 cities with a populations of 100,000 or less was conducted within the State of Washington and the City of Spokane Valley had the fewest number of employees based on Washington cities with a population greater than 50,000 and over.

No significant general fund tax increases were implemented in 2017. Beginning April 1, 2017 the local sales tax rate increased by 0.1%. This had the effect of increasing the total sales tax rate to 8.8%. The telephone utility tax of 6% continues to be collected during 2017 in the City's Street Fund.

During the fiscal year of 2017, unassigned fund balance in the general fund was \$39,336 thousand. As noted in the City of Spokane Valley's 2018 budget document, the total recurring 2018 general fund expenditure budget is \$40,891 thousand as compared to \$40,054 thousand in 2017. This means that the general fund recurring expenditure budget only increased by 2.09% as compared to 2017. The 2018 budget presumes service levels that are consistent with those provided in 2017 with neither significant enhancements nor reductions in any area of operations.

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Spokane Valley's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Spokane Valley  
Finance Department  
Chelsie Taylor, Finance Director  
10210 E Sprague Ave.  
Spokane Valley, Washington 99206.

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

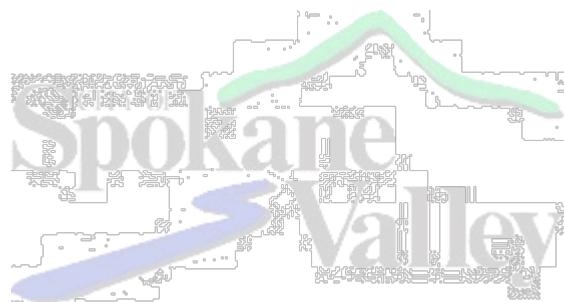
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***Basic Financial Statements***

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**City of Spokane Valley, Washington**

**Statement of Net Position**

**December 31, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>		<b>Business-type Activities</b>
	<b>Activities</b>	<b>Total</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 56,859,485	\$ 3,862,725	\$ 60,722,210
Taxes receivable	5,915,734	54,028	5,969,762
Taxes delinquent-receivable	146,635	-	146,635
Accounts receivable, (net)	2,659,426	-	2,659,426
Interest receivable	55,858	3,804	59,662
Grants receivable	1,912,415	290,077	2,202,492
Due from other funds	1,804,937	-	1,804,937
Prepaids	445,701	1,200	446,901
Capital Assets:			
Land	9,219,847	-	9,219,847
Depreciable assets, (net)	102,390,025	6,253,159	108,643,184
Construction in progress	3,444,882	91,063	3,535,945
<b>Total Assets</b>	<b><u>\$ 184,854,945</u></b>	<b><u>\$ 10,556,056</u></b>	<b><u>\$ 195,411,001</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<i>Pension plans contributions</i>	687,918	39,984	727,902
<b>Total deferred outflows of resources</b>	<b><u>687,918</u></b>	<b><u>39,984</u></b>	<b><u>727,902</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,039,300	\$ 75,344	\$ 3,114,644
Interest payable	38,117	-	38,117
Due to other funds	1,804,937	-	1,804,937
Deposits and other payables	887,546	80,696	968,242
Other accrued liabilities	552,548	35,517	588,065
Unearned revenues	-	327,792	327,792
Long-term liabilities:			
Due within one year	594,106	621	594,727
Due in more than one year	13,840,706	24,236	13,864,942
Net pension plan liabilities	4,715,034	275,227	4,990,261
<b>Total Liabilities</b>	<b><u>25,472,294</u></b>	<b><u>819,433</u></b>	<b><u>26,291,727</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Diff. between expected &amp; actual pension plan earnings</i>	787,725	45,888	833,613
<b>Total deferred inflows of resources</b>	<b><u>787,725</u></b>	<b><u>45,888</u></b>	<b><u>833,613</u></b>
<b>NET POSITION</b>			
Net Investment in capital assets	101,125,167	6,344,222	107,469,389
Restricted for:			
Capital projects, REET, roads & streets, solid waste	6,600,340	-	6,600,340
Parks & recreation programs	100,218	-	100,218
Hotel/motel tourism facilities	1,228,595	-	1,228,595
Hotel/motel tourism promotion	221,867	-	221,867
Comcast PEG, communications	54,837	-	54,837
City hall construction	101,076	-	101,076
Trails & paths	46,324	-	46,324
HRA AWC	33,785	-	33,785
Prepaid expenses	445,701	-	445,701
Unrestricted	49,324,934	3,386,497	52,711,431
<b>Total Net Position:</b>	<b><u>159,282,844</u></b>	<b><u>9,730,719</u></b>	<b><u>169,013,563</u></b>

**City of Spokane Valley, Washington**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total					
<b>Primary government:</b>												
<b>Governmental activities:</b>												
General government	\$ 5,154,789	\$ 3,063,787	\$ 456,221	\$ (27,205)	\$ (1,661,986)	\$ -	\$ (1,661,986)					
Public safety	21,582,876	1,158,803	-	-	(20,424,073)	-	(20,424,073)					
Utilities and physical environment	4,500,037	295,617	176,758	180,116	(3,847,546)	-	(3,847,546)					
Transportation	9,330,326	369,591	10,982	4,999,807	(3,949,946)	-	(3,949,946)					
Economic environment	1,095,367	-	-	-	(1,095,367)	-	(1,095,367)					
Community development	1,354,999	2,219,811	-	-	864,812	-	864,812					
Culture and recreation	3,692,565	705,118	57,592	1,666,873	(1,262,982)	-	(1,262,982)					
Interest on long-term debt	508,717	-	-	-	(508,717)	-	(508,717)					
<b>Total governmental activities</b>	<b>47,219,676</b>	<b>7,812,727</b>	<b>701,553</b>	<b>6,819,591</b>	<b>(31,885,805)</b>	<b>-</b>	<b>(31,885,805)</b>					
<b>Business-type activities:</b>												
Aquifer protection area	170,856	-	452,110	58,722	-	339,976	339,976					
Stormwater management	1,960,208	1,895,033	331,822	38,385	-	305,032	305,032					
<b>Total business-type activities</b>	<b>2,131,064</b>	<b>1,895,033</b>	<b>783,932</b>	<b>97,107</b>	<b>-</b>	<b>645,008</b>	<b>645,008</b>					
<b>Total primary government</b>	<b>\$ 49,350,740</b>	<b>\$ 9,707,760</b>	<b>\$ 1,485,485</b>	<b>\$ 6,916,698</b>	<b>(31,885,805)</b>	<b>645,008</b>	<b>(31,240,797)</b>					
<b>General revenues:</b>												
<b>Taxes:</b>												
Property taxes				11,601,904	-	11,601,904						
Sales and use taxes				23,941,374	-	23,941,374						
Excise taxes				5,636,498	-	5,636,498						
Other taxes				3,369,179	-	3,369,179						
<b>Interest and investment earnings</b>				514,605	30,801	545,406						
<b>Transfers</b>												
				13,400	(13,400)	-						
<b>Total general revenues and transfers</b>				<b>45,076,960</b>	<b>17,401</b>	<b>45,094,361</b>						
<b>Change in net position</b>												
<b>Net position--beginning of year</b>				<b>13,191,155</b>	<b>662,409</b>	<b>13,853,564</b>						
<b>Net position--ending</b>				<b>146,091,689</b>	<b>9,068,310</b>	<b>155,159,999</b>						
				<b>\$ 159,282,844</b>	<b>\$ 9,730,719</b>	<b>\$ 169,013,563</b>						

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Balance Sheet**

**Governmental Funds**

*December 31, 2017*

	General Fund	Street Fund	Street Capital Projects Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 37,493,502	\$ 1,345,767	\$ 507
Taxes receivable	5,144,067	472,689	-
Accounts receivable, (net)	2,268,140	21,084	353,110
Interest receivable	35,383	792	-
Due from other funds	-	-	-
Grants receivable	5,709	1,335	1,466,309
Prepays	89,728	10,937	-
<b>Total Assets</b>	<b>\$ 45,036,529</b>	<b>\$ 1,852,604</b>	<b>\$ 1,819,926</b>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 2,100,019	\$ 479,644	\$ 218,602
Accrued wages and benefits payable	445,637	78,702	19,715
Go bonds payable - current	-	-	-
Interest payable	-	-	-
Due to other funds	-	-	40,625
Deposits and other payables	229,665	-	-
Retainage payable	47,199	59,848	-
Unearned revenues	2,749,787	167,116	1,474,292
<b>Total Liabilities</b>	<b>5,572,307</b>	<b>785,310</b>	<b>1,753,234</b>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid expenses	\$ 89,728	\$ 10,937	\$ -
Restricted for:			
Comcast PEG contributions	-	-	-
Health Reimbursement Account	29,651	4,134	-
Parks & recreation programs	3,074	-	-
Law enforcement JAG & ARRA grants	-	-	-
Railroad grade separation projects	-	-	-
Windstorm recovery 2015	5,709	1,335	-
Hotel/motel tourism facilities	-	-	-
Hotel/motel tourism promotion	-	-	-
Motor vehicle fuel tax roads & streets	-	1,050,888	-
New City Hall Bldg - 2016	-	-	-
Street capital improvements	-	-	66,692
Trails & paths	-	-	-
Capital projects REET 1&2 roads & streets	-	-	-
Committed to:			
Winter weather operations	-	-	-
Assigned to:			
Civic bldg capital replacement	-	-	-
Civic facilities capital replacement	-	-	-
Parks & recreation capital improvements	-	-	-
Street capital improvements p&m	-	-	-
Railroad grade separation projects	-	-	-
Solid waste services	-	-	-
Unassigned	39,336,060	-	-
<b>Total Fund Balances</b>	<b>39,464,222</b>	<b>1,067,294</b>	<b>66,692</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 45,036,529</b>	<b>\$ 1,852,604</b>	<b>\$ 1,819,926</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Balance Sheet**

**Governmental Funds**

**December 31, 2017**

	<b>City Hall Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 615,584	\$ 16,128,865	\$ 55,584,225
Taxes receivable	-	445,613	6,062,369
Accounts receivable, (net)	-	17,092	2,659,426
Interest receivable	597	17,730	54,502
Due from other funds	-	1,804,937	1,804,937
Grants receivable	-	439,062	1,912,415
Prepays	-	-	100,665
<b>Total Assets</b>	<b>\$ 616,181</b>	<b>\$ 18,853,299</b>	<b>\$ 68,178,539</b>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 12,381	\$ 231,992	\$ 3,042,638
Accrued wages and benefits payable	-	8,494	552,548
Go bonds payable - current	-	-	-
Interest payable	-	-	-
Due to other funds	-	1,490,310	1,530,935
Deposits and other payables	-	-	229,665
Retainage payable	502,724	37,667	647,438
Unearned revenues	-	372,534	4,763,729
<b>Total Liabilities</b>	<b>515,105</b>	<b>2,140,997</b>	<b>10,766,953</b>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid expenses	\$ -	\$ -	\$ 100,665
Restricted for:			
Comcast PEG contributions	-	54,837	54,837
Health Reimbursement Account	-	-	33,785
Parks & recreation programs	-	86,934	90,008
Law enforcement JAG & ARRA grants	-	-	-
Railroad grade separation projects	-	88,995	88,995
Windstorm recovery 2015	-	3,166	10,210
Hotel/motel tourism facilities	-	1,228,595	1,228,595
Hotel/motel tourism promotion	-	221,867	221,867
Motor vehicle fuel tax roads & streets	-	-	1,050,888
New City Hall Bldg - 2016	101,076	-	101,076
Street capital improvements	-	259,967	326,659
Trails & paths	-	46,324	46,324
Capital projects REET 1&2 roads & streets	-	5,133,798	5,133,798
Committed to:			
Winter weather operations	-	4,551	4,551
Assigned to:			
Civic bldg capital replacement	-	843,688	843,688
Capital reserve improvements (city wide)	-	4,427,286	4,427,286
Parks & recreation capital improvements	-	39,268	39,268
Street capital improvements p&m	-	3,102,536	3,102,536
Railroad grade separation projects	-	979,808	979,808
Solid waste services	-	190,682	190,682
Unassigned	-	-	39,336,060
<b>Total Fund Balances</b>	<b>101,076</b>	<b>16,712,302</b>	<b>57,411,586</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 616,181</b>	<b>\$ 18,853,299</b>	<b>\$ 68,178,539</b>

***City of Spokane Valley, Washington***  
*Reconciliation of the Balance sheet of Governmental Funds*  
*To the Statement of Net Position*  
*December 31, 2017*

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**Total governmental fund balances:** **57,411,586**

*Amounts reported for governmental activities in the statement  
of net position are different because:*

Capital assets used in governmental activities are not financial resources.

This amount reflects the initial investment in capital assets and are not reported in the funds.

115,054,754

Certain earned tax revenues will be collected after year end and will not be available until after year end to pay for current expenditures; and therefore reported as unearned revenues in the funds.

These revenues consist of:

Sales and use taxes	2,357,136
Motor fuel taxes	162,360
Real estate excise taxes	56,500
Hotel/Motel taxes	<u>47,441</u>
Total	2,623,437

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unearned in the funds:

Property taxes	319,531
Intergovernmental	1,747,629
Charges for services	<u>73,133</u>
Total	2,140,293

Internal service funds are used by management to charge the cost of certain activities, such as equipment rental and self insurance, to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

1,340,544

Long-term liabilities, including capital leases payable, accrued interest payable, deferred inflows and outflows, and GASB68 net pension liabilities (NPL) are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(12,790,000)
Interest payable	(38,117)
Net pension liabilities	(4,715,034)
Deferred inflows of resources	(787,725)
Deferred outflows of resources	687,918
Premium on bond issuance	(1,139,587)
Compensated Absences	<u>(505,225)</u>
Total	<u>(19,287,770)</u>

**Total Net position of Governmental Activities as shown  
on the Statement of Net Position:**

**159,282,844**

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General Fund	Street Fund	Street Capital Projects Fund
<b>Revenues</b>			
Taxes	\$ 35,838,314	\$ 1,982,391	\$ -
Licenses and permits	2,971,586	-	-
Intergovernmental	2,556,393	2,132,509	3,562,133
Charges for services	1,298,258	136,112	-
Fines and forfeitures	427,624	-	-
Investment interest	326,401	7,843	-
Miscellaneous	666,089	134,486	62,243
<b>Total Revenues</b>	<b>44,084,665</b>	<b>4,393,341</b>	<b>3,624,376</b>
<b>Expenditures</b>			
Current:			
General government	4,865,817	-	-
Public safety	21,465,496	-	-
Utilities and physical environment	1,942,031	283,514	1,169,638
Transportation	-	4,204,293	-
Economic environment	773,252	-	-
Community development	1,354,999	-	-
Culture and recreation	2,743,228	-	-
Debt Service:			
Principal retirement	-	-	-
Interest expense	600	-	-
Bond issuance costs	-	-	-
Capital Outlay:			
Capital expenditures	658,141	49,702	72,160
Construction in progress	-	-	4,905,769
<b>Total Expenditures</b>	<b>33,803,564</b>	<b>4,537,509</b>	<b>6,147,567</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>10,281,101</b>	<b>(144,168)</b>	<b>(2,523,191)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	684,803	-	2,514,317
Transfers (out)	(6,359,079)	(107,042)	-
Bonds issued, par value	-	-	-
Bonds issued, premium	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(5,674,276)</b>	<b>(107,042)</b>	<b>2,514,317</b>
<b>Net Change in Fund Balances (deficit)</b>	<b>4,606,825</b>	<b>(251,210)</b>	<b>(8,874)</b>
<b>Fund Balances Beginning of Year</b>	<b>34,857,397</b>	<b>1,318,504</b>	<b>75,566</b>
<b>Fund Balances End of Year</b>	<b>\$ 39,464,222</b>	<b>\$ 1,067,294</b>	<b>\$ 66,692</b>

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***Statement of Revenues, Expenditures and Changes in Fund Balances***  
***Governmental Funds***  
***For the Year Ended December 31, 2017***

	<b>City Hall Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ -	\$ 4,024,062	\$ 41,844,767
Licenses and permits	-	76,471	3,048,057
Intergovernmental	-	2,285,246	10,536,281
Charges for services	-	172,550	1,606,920
Fines and forfeitures	-	-	427,624
Investment interest	18,894	150,709	503,847
Miscellaneous	-	-	862,818
<b>Total Revenues</b>	<b>18,894</b>	<b>6,709,038</b>	<b>58,830,314</b>
<b>Expenditures</b>			
Current:			
General government	24,890	-	4,890,707
Public safety	-	-	21,465,496
Utilities and physical environment	-	81,289	3,476,472
Transportation	-	500,000	4,704,293
Economic environment	-	351,674	1,124,926
Community development	-	-	1,354,999
Culture and recreation	-	-	2,743,228
Debt Service:			
Principal retirement	-	470,000	470,000
Interest expense	-	470,000	470,600
Bond issuance costs	-	-	-
Capital Outlay:			
Capital expenditures	6,040,989	438,824	7,259,816
Construction in progress	-	4,806,255	9,712,024
<b>Total Expenditures</b>	<b>6,065,879</b>	<b>7,118,042</b>	<b>57,672,561</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(6,046,985)</b>	<b>(409,004)</b>	<b>1,157,753</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	8,641,224	11,840,344
Transfers (out)	-	(5,670,423)	(12,136,544)
Bonds issued, par value	-	-	-
Bonds issued, premium	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>2,970,801</b>	<b>(296,200)</b>
<b>Net Change in Fund Balances (deficit)</b>	<b>(6,046,985)</b>	<b>2,561,797</b>	<b>861,553</b>
<b>Fund Balances Beginning of Year</b>	<b>6,148,061</b>	<b>14,150,505</b>	<b>56,550,033</b>
<b>Fund Balances End of Year</b>	<b>\$ 101,076</b>	<b>\$ 16,712,302</b>	<b>\$ 57,411,586</b>

## ***City of Spokane Valley, Washington***

### *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2017*

**Net change in fund balances - total governmental funds:** 861,553

***Amounts reported for governmental activities in the statement  
of activities are different because:***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation in the current period:

Depreciation	(6,623,649)	
Capital outlay	16,856,952	10,233,303

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Sales and use taxes	104,174	
Property taxes	(11,153)	
Excise taxes	68,205	
Other taxes	2,492	
Miscellaneous	(124,279)	
Capital-operating grants and contributions	1,370,492	1,409,931

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar transactions when debt is first issued or refunded, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the application of long-term debt and related items:

470,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	12,979	
Pension expense (GASB 68 adjustments)	183,626	
Amortization expense on LTGO Bonds	(61,475)	
Interest expense accrual	(38,117)	97,013

Internal service funds are used by management to charge the costs of fleet and risk management individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities:

119,355

***Total Change in Net Position of Governmental Activities  
as shown on the Statement of Activities:***

**13,191,155**

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**Statement of Net Position - Proprietary Funds**

December 31, 2017

		Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
		StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds		
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 2,451,040	\$ 1,411,685	\$ 3,862,725	\$ 1,275,260		
Taxes delinquent-receivable	54,028	-	54,028	-		
Accounts receivable, (net)	-	-	-	-		
Interest receivable	2,416	1,388	3,804	1,355		
Grants receivable	290,077	-	290,077	-		
Prepays	1,200	-	1,200	345,036		
<b>Total Current Assets</b>	<b>2,798,761</b>	<b>1,413,073</b>	<b>4,211,834</b>	<b>1,621,651</b>		
Capital Assets:						
Buildings & structures	382,881	-	382,881	-		
Machinery and equipment	219,613	-	219,613	547,212		
Infrastructure	4,084,443	3,456,612	7,541,055	-		
Construction in progress	91,063	-	91,063	-		
Less accumulated depreciation	(1,344,559)	(545,831)	(1,890,390)	(97,245)		
Total capital assets	3,433,441	2,910,781	6,344,222	449,967		
(net of accumulated depreciation)						
<b>Total Assets</b>	<b>\$ 6,232,202</b>	<b>\$ 4,323,854</b>	<b>\$ 10,556,056</b>	<b>\$ 2,071,618</b>		
<b>Deferred Outflows of Resources</b>						
Deferred amounts related to pensions	39,984	-	39,984	-		
<b>Total Deferred Outflows of Resources</b>	<b>\$ 39,984</b>	<b>\$ -</b>	<b>\$ 39,984</b>	<b>\$ -</b>		
<b>Liabilities</b>						
Current Liabilities:						
Accounts payable	\$ 75,344	\$ -	\$ 75,344	\$ 7,105		
Accrued payroll and benefits payable	35,517	-	35,517	-		
Due to other funds	-	-	-	274,002		
Deposits and other payables	32,100	-	32,100	-		
Retainage payables	48,596	-	48,596	-		
Unearned revenue	327,792	-	327,792	-		
<b>Total Current Liabilities</b>	<b>519,349</b>	<b>-</b>	<b>519,349</b>	<b>281,107</b>		
Long-term Liabilities:						
Compensated absences	24,857	-	24,857	-		
Net pension plan liabilities	275,227	-	275,227	-		
<b>Total Long-term Liabilities</b>	<b>300,084</b>	<b>-</b>	<b>300,084</b>	<b>-</b>		
<b>Total Liabilities</b>	<b>819,433</b>	<b>-</b>	<b>819,433</b>	<b>281,107</b>		
<b>Deferred Inflows of Resources</b>						
Deferred amounts related to pensions	45,888	-	45,888	-		
<b>Total Deferred Inflows of Resources</b>	<b>45,888</b>	<b>-</b>	<b>45,888</b>	<b>-</b>		
<b>Net Position</b>						
Investments in capital assets	3,433,441	2,910,781	6,344,222	449,967		
Restricted	-	-	-	-		
Unrestricted	1,973,424	1,413,073	3,386,497	1,340,544		
<b>Total Net Position</b>	<b>\$ 5,406,865</b>	<b>\$ 4,323,854</b>	<b>\$ 9,730,719</b>	<b>\$ 1,790,511</b>		

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***Statement of Revenues, Expenses, and Changes in Net Position***  
***Proprietary Funds***  
***For the Year Ended December 31, 2017***

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>StormWater Management Fund</b>	<b>Aquifer Protection Area Fund</b>	<b>Total Proprietary Funds</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 1,895,033	\$ -	\$ 1,895,033	\$ 146,429
Intergovernmental revenues	331,822	452,110	783,932	-
<b>Total Operating Revenues</b>	<b>2,226,855</b>	<b>452,110</b>	<b>2,678,965</b>	<b>146,429</b>
<b>Operating Expenses</b>				
Personal services	495,785	-	495,785	29,067
Professional services	285,108	-	285,108	311,467
Materials and supplies	18,423	-	18,423	6,898
Other services and expenses	929,128	-	929,128	-
Depreciation and amortization	231,764	170,856	402,620	44,249
<b>Total Operating Expenses</b>	<b>1,960,208</b>	<b>170,856</b>	<b>2,131,064</b>	<b>391,681</b>
<b>Operating Income (loss)</b>	<b>266,647</b>	<b>281,254</b>	<b>547,901</b>	<b>(245,252)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Intergovernmental revenues	-	-	-	-
Interest and investment income	20,564	10,237	30,801	10,758
Miscellaneous revenues	-	-	-	-
Other services & expenses	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>20,564</b>	<b>10,237</b>	<b>30,801</b>	<b>10,758</b>
<b>Income (loss) before Capital Contributions and Transfers</b>	<b>287,211</b>	<b>291,491</b>	<b>578,702</b>	<b>(234,494)</b>
<b>Contributions and Transfers</b>				
Capital contributions	38,385	58,722	97,107	-
Transfers in	-	-	-	386,600
Transfers (out)	(13,400)	-	(13,400)	(77,000)
<b>Change in Net Position</b>	<b>312,196</b>	<b>350,213</b>	<b>662,409</b>	<b>75,106</b>
<b>Net Position-Beginning of Year, January 1</b>	<b>5,094,669</b>	<b>3,973,641</b>	<b>9,068,310</b>	<b>1,715,405</b>
<b>Net Position-End of Year, December 31</b>	<b>\$ 5,406,865</b>	<b>\$ 4,323,854</b>	<b>\$ 9,730,719</b>	<b>\$ 1,790,511</b>

**City of Spokane Valley, Washington**  
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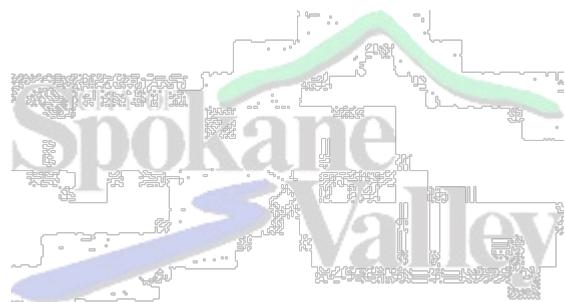
**Statement of Cash Flows - Proprietary Funds**  
For the Year Ended December 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	StormWater Management Fund	Aquifer Protection Area Fund	Total Proprietary Funds	
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 1,895,114	\$ -	\$ 1,895,114	\$ -
Cash paid to employees	(487,326)	(83)	(487,409)	(29,067)
Cash payments to suppliers for goods and services	(1,202,828)	-	(1,202,828)	(658,365)
Other cash receipts	431,104	452,110	883,214	-
Receipts from interfund activity	-	-	-	146,429
Other cash payments	(77,367)	(1,904)	(79,271)	-
<b>Net cash (used for) provided by operating activities</b>	<b>558,697</b>	<b>450,123</b>	<b>1,008,820</b>	<b>(541,003)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Non-Capital grant/project receipts	-	-	-	-
Customer supplies/project expense reimbursements	-	-	-	-
Operating subsidies & transfers in (out) other funds	(13,400)	-	(13,400)	583,603
<b>Net cash (used for) noncapital financing activities</b>	<b>(13,400)</b>	<b>-</b>	<b>(13,400)</b>	<b>583,603</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition, construction & (transfers) of capital assets	(331,953)	(58,721)	(390,674)	(149,451)
Intergovernmental revenues/materials & supplies (net)	38,385	58,721	97,106	-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(293,568)</b>	<b>-</b>	<b>(293,568)</b>	<b>(149,451)</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	19,105	9,261	28,366	9,981
<b>Net cash provided by investing activities</b>	<b>19,105</b>	<b>9,261</b>	<b>28,366</b>	<b>9,981</b>
Net increase (decrease) in Cash and Cash Equivalents	270,834	459,384	730,218	(96,870)
Cash and Cash Equivalents - January 1, 2017	2,180,206	952,301	3,132,507	1,372,130
<b>Cash and Cash Equivalents - December 31, 2017</b>	<b>\$ 2,451,040</b>	<b>\$ 1,411,685</b>	<b>\$ 3,862,725</b>	<b>\$ 1,275,260</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (loss)	\$ 266,647	\$ 281,254	\$ 547,901	\$ (245,252)
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>				
Depreciation	231,764	170,856	402,620	44,249
<i>(Increase) Decrease in Assets:</i>				
(Increase) Decrease: Customer Receivables (net)	82	-	82	-
(Increase) Decrease: in Operating Grants Receivables	85,998	-	85,998	-
(Increase) Decrease: in prepaid expenses	(1,126)	-	(1,126)	(345,036)
(Increase) Decrease in deferred outflows related to pensions	14,410	-	14,410	-
<i>Increase (Decrease) in Liabilities:</i>				
Increase (Decrease): Accounts payable to suppliers	29,830	-	29,830	5,036
Increase (Decrease): Payroll and benefits payable	10,004	(83)	9,921	-
Increase (Decrease): Other Accounts Payables	2,075	(1,904)	171	-
Increase (Decrease): Unearned Operating Revenue	(79,442)	-	(79,442)	-
Increase (Decrease): Compensated Absences	(1,545)	-	(1,545)	-
Total adjustments	292,050	168,869	460,919	(295,751)
<b>Net Cash Provided by (Used for) by Operating Activities</b>	<b>\$ 558,697</b>	<b>\$ 450,123</b>	<b>\$ 1,008,820</b>	<b>\$ (541,003)</b>

**City of Spokane Valley, Washington**  
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***Notes to the Financial Statements***

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**For the Fiscal Year Ended December 31, 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

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# City of Spokane Valley

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## Notes to Financial Statements

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

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#### **A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental-type activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges generated by external customers for support.

#### **B. Reporting entity**

The City of Spokane Valley, Washington (the City) was incorporated on March 31, 2003. The City operates under a Council – Manager Form of government. The City's major operations, as authorized under the laws of the State of Washington applicable to a non-charter city code, include planning and zoning, public safety, public works, and recreation and culture.

The accounting and reporting policies of the City relate to the accompanying financial statements of the City of Spokane Valley, Washington which have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governmental entities. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, the Financial Accounting Standards Board (FASB), when applicable, and the American Institute of Certified Public Accountants (AICPA) pronouncements that have been made applicable by GASB Statements or Interpretations. As required by GAAP, the City's financial statements present the City of Spokane Valley – the primary government.

#### **C. Basis of presentation - government-wide and fund financial statements**

While separate government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) are presented to report the City's financial position and the results of operations, they are both interrelated. The governmental-type activities column incorporates data from the governmental funds and internal service funds, while business-type activities categorize data from the government's enterprise funds.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's Stormwater functions and various other functions and activities within the government. Elimination of these charges would distort the direct costs and program revenues reported in these various functions concerned. As discussed earlier, Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges created by those external customers.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is not to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. The City has no fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are combined, aggregated, and reported as *non-major* funds.

## Notes to Financial Statements

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

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#### **D. Measurement focus, basis of accounting, and financial statement presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

The city reports the following *major governmental funds*:

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

*The Street Fund:* This Special revenue fund is responsible for the street operating and maintenance service levels of all Spokane Valley city streets and bridges. It utilizes the receipts received from the motor vehicle fuel tax (MVFT) distributed to the City in accordance with the State Revised Codes of Washington (RCW) 82.36.020 and receipts from the City Telephone Tax implemented in 2009. Most of the service levels to the city streets during 2017 are the same or greater than provided for compared to 2016.

*Street Capital Projects Fund:* accounts for the accumulation of resources used to finance the six-year transportation improvement plan. Revenues include transfers from the Capital and Special Capital Projects Fund, as well as Federal, State, and local grants.

*City Hall Construction Fund:* accounts for the accumulation of resources used to finance the construction of the new City Hall Building. Revenues include LTGO Bond issue proceeds.

# City of Spokane Valley

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## Notes to Financial Statements

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

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The city reports the following *major proprietary funds*:

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

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

Additionally, the government reports the following *non-major fund types*:

*Special revenue funds*: account for revenue sources that are restricted for specific purposes such as Hotel/Motel tax revenues and expenditures, Winter Weather Reserve, and revenues and expenditures for the Trails & Paths Fund, PEG and Solid Waste Funds.

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

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

*Internal service funds*: account for vehicle replacement and risk management services provided to other departments on a cost reimbursement basis.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

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

## **E. Budgetary information**

### **1. Budgetary basis of accounting**

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

## Notes to Financial Statements

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

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#### **2. Procedures for adopting the original budget**

The City's budget procedures are mandated by the Revised Code of Washington 35A.33. The following are key procedural steps in the City's budget development process. Note that the process and dates are for the 2017 budget process and may be changed for future processes:

- In April, the official "budget call" required by State law is made to all department directors or fund managers. Budget development instructions and other materials are provided to the departments at this time.
- In May, departments submit revenue and expenditure estimates to the Finance department. The City Council and City management staff discuss City goals and priorities and reaffirms overall City priorities, vision, and mission at a mid-year retreat. Additional policy guidance is provided throughout the year.
- In June, the City conducts the budget workshop with Council.
- In July, the Finance department submits the preliminary budget to the City Manager.
- In August, the City Manager submits estimates on the current year's revenue and expenditures for the upcoming year to the council. During August, preliminary budget documents are prepared, printed and filed with the City Clerk. This proposed budget is presented to the City Clerk, and copies are made available to the public. The Council sets the dates of the preliminary and final budget hearings.
- Before December 31<sup>st</sup>, the City Council, by a majority vote, adopts the budget by ordinance, establishing the budget appropriation for the year.
- The approved budget is published and distributed during the first quarter of the following year. Copies are made available to the public.
- Monthly budget monitoring reports are produced by the Finance Department to report on actual performance compared to budget estimates and to identify any remedial actions that may be needed.

#### **3. Amending the budget**

The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. The City Manager is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of a fund, or that effect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council. When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding a public hearing.

The City's budget was amended twice during fiscal year 2017. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes. Annual appropriations for all funds lapse at the end of the fiscal period even if they have related encumbrances. Unexpended resources must be re-appropriated and become part of the subsequent period's budget pursuant to Washington States regulations.

## **F. Assets, liabilities, unearned revenues, deferred outflows/inflows of resources, and net position/fund balance**

### **1. Cash and cash equivalents**

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

# City of Spokane Valley

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## Notes to Financial Statements

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

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#### **2. Investments**

As authorized by Washington state law, the City is allowed to invest in obligations of: the U.S. Treasury, commercial paper, certificates of deposits, money market funds, mutual funds, and the Washington State Treasurer's Local Government Investment Pool (LGIP).

Investments for the City of Spokane Valley are reported at amortized cost at December 31, 2017. The fair value of the LGIP portfolio is calculated by a master custodian or by an independent pricing service under contract with the State Treasurer's Office. The reported amortized value of the City's pool position in the State of Washington's LGIP is the same as the fair value of the pool shares (refer to note 3).

#### **3. Receivables**

Taxes receivable consist of property taxes and related interest and penalties. Accrued interest receivable consists of amounts earned on investments, notes, and contracts. Grants receivable consist of amounts due from other governments for work performed on reimbursement-type grants. Customer accounts receivable/payable consist of amounts owed from/to private individuals or organizations for goods and services, including amounts owed. Receivables have been reported *net* of estimated uncollectible accounts. Because property taxes and special assessments are considered liens on property, no estimated uncollectible amounts are established. Grants receivable are considered fully collectible and no estimated uncollectible amounts are established.

#### **4. Amounts due to and from other funds, interfund loans and advances receivable**

During the course of operations, the City of Spokane Valley has activity between funds for various purposes. Any residual balances outstanding at year end are reported as *due from/to other funds*. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental-type activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental-type activities column. Similarly, balances between the funds included in business-type activities (i.e., the proprietary funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column (refer to note 8).

Further, certain activity occurs during the year involving *transfers* of resources between funds. In the fund financial statements these amounts are reported at gross amounts of *transfers in/out*. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. *Transfers* between the funds included in governmental-type activities are eliminated so that only the net amount is included as transfers in the governmental-type activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column (refer to note 8).

#### **5. Prepaid items**

The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when it was purchased.

#### **6. Capital assets**

Capital assets include: property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City defines capital assets, including infrastructure assets as assets with an initial and individual cost of more than \$5,000, and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date it was donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

# City of Spokane Valley

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## Notes to Financial Statements

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

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary/business-type activities is included as part of the capitalized value of the assets constructed and the amount of interest capitalized depends on the specific circumstances (refer to note 5). There were no interest expenses incurred during 2017 that were included as part of the cost of capital assets under construction.

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

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

### **7. Deferred outflows/inflows of resources**

The City of Spokane Valley currently has three sources that qualify for reporting as a deferred outflow/inflow of resources for fiscal year 2017 under this standard. These sources consist of traffic mitigation fees, Washington State Office of Public Defense grant funds received in advance, and proportionate share in net pension obligations as per GASB 68. At December 31, 2017, the City of Spokane Valley reported deferred outflows of \$727,902 for pension plans and deferred inflows of \$833,613 for the same plans for its proportionate share of the net pension liabilities.

### **8. Compensated absences**

Compensated absences are absences for which employees will be paid, such as vacation. Vacation pay, which may be accumulated up to 360 hours, is payable upon resignation, retirement, or death. All vacation pay is accrued when incurred in the government-wide, proprietary and fund financial statements. An additional amount has been accrued for the city's share of Medicare taxes and the Social Security substitute plan related to vacation accruals. A liability for these amounts is reported in the government fund statements only if they have matured; for example, the result of an employee resignation and/or retirement.

### **9. Other Accrued Liabilities**

These accounts consist primarily of accrued wages and employee benefits and deposits payable (refer to note 11).

### **10. Long-Term Debt**

Refer to note 9 – Long-Term Obligations and Leases.

### **11. Unearned Revenues**

The unearned revenues account is used to offset receivables established in the governmental fund financial statement for certain revenues that are measurable but not considered available to finance payment of current obligations, and, therefore, are not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, this liability account is reduced and corresponding revenue is recorded. Unearned revenues represented in this manner on the accompanying financial statements are: uncollected property taxes levied, uncollected road taxes levied, sales and use taxes, motor fuel taxes, hotel/motel taxes, and reimbursement-type grants received outside the period of availability.

### **12. Net position flow assumption**

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

## Notes to Financial Statements

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

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#### **13. Fund balance flow assumptions**

Sometimes the City of Spokane Valley will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the City's governmental fund financial statements, a flow assumption must be made about the order in which these resources are considered to be applied and used. When both restricted and unrestricted fund balances are available for use, the City depletes restricted fund balance first before using any of the components of unrestricted fund balance. Similarly, before unrestricted fund balance can be used for the same purpose, committed fund balance amounts are reduced first, followed by assigned fund balance, and then unassigned fund balance amounts are used when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be applied.

#### **14. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of these financial resources for specific purposes. The City of Spokane Valley itself can establish limitations on the use of its financial resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

Committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. The City council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit a fund balance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The City Council can by resolution authorize the Finance Director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. No formal or additional action is required by the City Council to remove an assignment. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

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

# City of Spokane Valley

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## Notes to Financial Statements

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

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#### **15. Pensions**

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

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

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

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

The governmental fund balance includes reconciliations between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, net pension liabilities, deferred outflows and inflows, and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.” The details of the (\$19,287,770) difference are as follows:

Bonds payable	\$ (12,790,000)
Interest payable	(38,117)
Net pension liabilities	(4,715,034)
Deferred inflows of resources	(787,725)
Deferred outflows of resources	687,918
Premium on bond issuance	(1,139,587)
Compensated absences	<u>(505,225)</u>
Net adjustment to <b>reduce</b> <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><b>\$ (19,287,770)</b></u>

Another element of that reconciliation explains the “Internal service funds are used by management to charge the cost of certain activities, such as health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.” The details of the \$1,340,544 difference are as follow:

Net position of the internal service fund	\$ 1,790,511
Less: Governmental type Internal Service Capital Assets	<u>(449,967)</u>
Net adjustment to <b>increase</b> <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u><b>\$ 1,340,544</b></u>

# City of Spokane Valley

## Notes to Financial Statements

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

Also, another element of the reconciliation explains that capital assets used in governmental activities are not financial resources and the balance reflects the initial investment in capital assets and therefore “governmental funds do not report capital assets.” The details of the \$115,054,754 difference are as follows:

Land	\$ 9,219,847
Construction in Progress	<u>3,444,882</u>
Total non-depreciable capital assets	<u><u>12,664,729</u></u>
Depreciable capital assets	\$ 361,527,156
Less: Accumulated depreciation-depreciable assets	<u>(259,137,131)</u>
Total depreciable capital assets, net of accumulated depreciation	<u><u>102,390,025</u></u>
Net adjustment to <b>increase</b> <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$115,054,754</u></u>

Certain earned tax revenues were collected and other long-term assets will not be available until after the year end to pay for current expenditures, and therefore represent an acquisition of net position that applies to future period(s) and will not be recognized as an *inflow of resources (revenue)* until that time, and accordingly these items will be reported as *unearned revenues* in the governmental fund balance sheet. The details of the \$4,763,730 reconciled difference presented as follows:

Unearned revenue-property tax	\$ 319,531
Unearned revenue-sales & use, motor fuel, hotel/motel, & REET taxes	<u>2,623,437</u>
Unearned revenue-Intergovernmental & Charges for services	<u><u>1,820,762</u></u>
Net adjustment to <b>increase</b> <i>fund balance - total governmental funds</i> to arrive at <i>net position governmental activities</i>	<u><u>\$ 4,763,730</u></u>

### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes this reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the current period.” The details of this \$10,233,303 difference are as follows:

Capital outlay	\$ 16,856,952
Depreciation expense	<u>(6,623,649)</u>
Net adjustment to <b>increase</b> <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 10,233,303</u></u>

# City of Spokane Valley

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## Notes to Financial Statements

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

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Another element of the reconciliation states that “some long-term revenues in the statement of activities that do not provide current financial resources to governmental funds are not reported as revenues in the funds.” The details of this \$1,409,931 difference are as follows:

Unearned revenue-property taxes	\$ (11,153)
Unearned revenue-sales & use taxes	104,174
Unearned revenue-excise taxes	68,205
Unearned revenue-other taxes	2,492
Unearned revenue-charges for services	(124,279)
Unearned revenue-capital grants & contributions	<u>1,370,492</u>

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

\$ 1,409,931

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$97,013 difference are as follows:

Compensated absences	\$ 12,979
Pension expense (GASB 68)	183,626
Amortization expense on LTGO Bonds	(61,475)
Accrued interest on LTGO Bonds	<u>(38,117)</u>

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

\$ 97,013

Another element of the reconciliation states the “internal service funds are used by management to charge the cost of certain activities, such as self-insurance and equipment rental and replacement, to individual funds.” The details of this \$119,355 difference are as follows:

Revenues:

Interest and investment income & charges for services	\$ 157,187
Total Revenues	<u>157,187</u>

(Less) expenses not including depreciation and net transfers: (37,832)

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

\$ 119,355

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 3 – DEPOSITS AND INVESTMENTS:

As of December 31, 2017, the City of Spokane Valley had the following investments at amortized cost:

<b>Investment Type</b> <i>(amounts are in thousands)</i>	<b>Maturities</b>	
Commercial paper	0.65	\$ 5,035
Local Government Investment Pool State of Washington	0.45	49,255
Total fair value of investments:		
Portfolio weighted average maturity	<b>0.47</b>	<b>\$ 54,290</b>

*Interest rate risk:* In accordance with its investment policy, the City of Spokane Valley manages its exposure to declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio to less than six months.

*Credit risk:* As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligation of Washington State municipalities the State Treasurer's Local Government Investment Pool (LGIP Revised Code of Washington RCW 43.250), and certificates of deposit (CDs) with Washington State banks and savings and loan institutions. Also, State law limits these investments to the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City of Spokane Valley's policy to limit its investments in these investment types to the highest ratings issued by NRSROs.

As of December 31, 2017, the City of Spokane Valley's investment in the State Treasurer's investment pool was rated Aa3 by Moody's. The City of Spokane Valley's investments in commercial paper was rated A1 by Standard & Poor's.

*Concentration of credit risk:* The City of Spokane Valley's investment policy does not allow for an investment in any one issuer that is in excess of the Federal Depository Insurance (FDIC) coverage and the Washington Public Deposit Protection Commission (PDPC) of the City's total investments.

*Custodial credit risk-deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned or recovered. The City of Spokane Valley maintains a deposit policy for custodial credit risk by limiting deposits and certificates of deposits to be covered by (FDIC) or through collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington and provides an additional level of security for The City of Spokane Valley's deposits. As of December 31, 2017, the City of Spokane Valley's total bank balance of \$7,003,621 was insured and covered by the FDIC and the Washington State PDPC, pool and therefore was not exposed to any custodial credit risk-deposits. These banks deposits were in a State authorized public depository and were within the State limit of the depositaries (bank's) net worth per RCW 39.58.010 and RCW 39.58.135.

*Custodial credit risk-investments:* Investments in the State's LGIP are shown on the entity-wide Statement of Net Position at amortized cost and comparable to a Rule 2a-7 money market fund regulated by The Securities and Exchange Commission (SEC, 17CFR.270.2a-7). The City's investments can be categorized to give an indication of risk assumed at year-end. Category 1 includes investments that are insured, registered, or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the City's name. The City had no Category 1, 2, or 3 type investments in their investment portfolio as of December 31, 2017.

# City of Spokane Valley

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## Notes to Financial Statements

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### ***NOTE 3 – DEPOSITS AND INVESTMENTS*** *continued:*

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

### ***NOTE 4 – PROPERTY TAXES:***

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

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

Property taxes levied for the current year are recorded as a receivable when levied and offset by unearned revenue. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the applicable period. During the year, property tax revenues are recognized when cash is collected. At year end, property tax revenues are recognized for collections to be distributed by the County Treasurer in January.

No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually. For 2017, the City's regular levy was \$11,646,122 based on the 2016 assessed value of \$8,124,487,663.

The tax rate for general City operations is limited by State law (RCW 84.52.043) to \$3.60 per \$1,000 of assessed valuation, deducting from there the levy of \$1.78 by the Spokane County Fire Districts #1 and #8, and \$.45 for Library Districts, which leaves the City with the authority to levy \$1.37 for its own purposes. This amount may be reduced for any of the following reasons:

- (1) The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.
- (2) Initiative 747 passed by the voters in November of 2001 limits the amount by which a taxing jurisdiction can increase the amount of its regular property tax levy to the lesser of the Implicit Price Deflator (IPD) or one percent, plus adjustments for new construction and annexations. Tax increases higher than one percent must be approved by the voters at an election held according to (RCW 84.55.050.) A simple majority vote is required.
- (3) The City may voluntarily levy taxes below the legal limit.

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 5 – CAPITAL ASSETS AND DEPRECIATION:

Donated capital assets received from Spokane County at the time of incorporation were recorded at cost and the accumulated depreciation at the time of transfer. The following schedule details capital assets donated and transferred during the year ended December 31, 2003:

<i>Infrastructure:</i>	<b>Historical</b>	<b>Accumulated</b>	<b>Balance after</b>
	<b>Cost</b>	<b>Depreciation</b>	<b>Depreciation Costs</b>
Roadways	\$ 187,732,531	\$ 127,418,027	\$ 60,314,504
Signs, signals, beacons	9,056,000	4,528,000	4,528,000
Crosswalks	130,084	13,008	117,076
Bridges	5,633,979	2,808,112	2,825,867
<b>Total infrastructure</b>	<b>202,552,594</b>	<b>134,767,147</b>	<b>67,785,447</b>
<hr/>			
<i>Parks:</i>			
Land	1,548,655	-	1,548,655
Buildings	898,729	609,824	288,905
Improvements other than buildings	2,123,571	1,059,298	1,064,273
Machinery and equipment	3,337	3,003	334
<b>Total parks</b>	<b>4,574,292</b>	<b>1,672,125</b>	<b>2,902,167</b>
<b>Total County assets donated</b>	<b>\$ 207,126,886</b>	<b>\$ 136,439,272</b>	<b>\$ 70,687,614</b>

Governmental-type Capital asset activity for the year ended December 31, 2017, is summarized as follows:

<i>Governmental-type activities</i>	<b>Beginning</b>			<b>Ending Balance</b>
	<b>Balance 1/1/2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Dec. 31, 2017</b>
Land (non-depreciable)	\$ 8,322,766	\$ 897,081	\$ -	\$ 9,219,847
Construction in progress (CIP)	14,163,091	2,426,147	(13,144,356)	3,444,882
<b>Total non-depreciable assets</b>	<b>22,485,857</b>	<b>3,323,228</b>	<b>(13,144,356)</b>	<b>12,664,729</b>
 Buildings	12,883,856	12,493,370	-	25,377,226
Leasehold improvements	611,754	131,017	-	742,771
Improvements other than buildings	12,373,856	359,070	-	12,732,926
Infrastructure	305,363,427	12,510,888	(61,552)	317,812,763
Machinery and equipment	3,765,634	1,509,626	(264,339)	5,010,921
<b>Total depreciable assets</b>	<b>334,998,527</b>	<b>27,003,971</b>	<b>(325,891)</b>	<b>361,676,607</b>
 <b>Total capital assets</b>	<b>\$ 357,484,384</b>	<b>\$ 30,327,199</b>	<b>\$ (13,470,247)</b>	<b>\$ 374,341,336</b>

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 5 – CAPITAL ASSETS AND DEPRECIATION *continued:*

<i>Less accumulated depreciation for:</i>	Beginning Balance			Ending Balance	
	1/1/2017	Additions	Reductions	12/31/2017	
Buildings	\$ 4,107,248	\$ 342,709	\$ -	\$ 4,449,957	
Leasehold improvements	141,109	45,089	-	186,198	
Improvements other than buildings	6,030,309	715,882	-	6,746,191	
Infrastructure	239,529,776	5,579,813	(4,443)	245,105,146	
Machinery and equipment	2,854,491	208,938	(264,339)	2,799,090	
<b>Total accumulated depreciation</b>	<b>\$ 252,662,933</b>	<b>\$ 6,892,431</b>	<b>\$ (268,782)</b>	<b>\$ 259,286,582</b>	
<b>Capital assets, net of accumulated depreciation</b>	<b>\$ 104,821,451</b>	<b>\$ 23,434,768</b>	<b>\$ (13,201,465)</b>	<b>\$ 115,054,754</b>	

Business-type Capital asset activity for the year ended December 31, 2017, is summarized as follows:

Business-type activities;	Balance			Balance 12/31/2017
	1/1/2017	Additions	Reductions	
Construction in progress	\$ 83,158	\$ 7,905	\$ -	\$ 91,063
<b>Total non-depreciable</b>	<b>\$ 83,158</b>	<b>\$ 7,905</b>	<b>\$ -</b>	<b>\$ 91,063</b>
Buildings and structures	382,881	-	-	382,881
Infrastructure	7,158,286	382,769	-	7,541,055
Machinery and equipment	219,613	-	-	219,613
<b>Total depreciable</b>	<b>\$ 7,760,780</b>	<b>\$ 382,769</b>	<b>\$ -</b>	<b>\$ 8,143,549</b>
<b>Total capital assets</b>	<b>\$ 7,843,938</b>	<b>\$ 390,674</b>	<b>\$ -</b>	<b>\$ 8,234,612</b>
<b>(Less) accumulated depreciation for:</b>				
Buildings and structures	\$ 72,807	\$ 12,787	\$ -	\$ 85,594
Infrastructure	1,222,530	384,579	-	1,607,109
Machinery and equipment	192,433	5,254	-	197,687
<b>Total accumulated depreciation</b>	<b>\$ 1,487,770</b>	<b>\$ 402,620</b>	<b>\$ -</b>	<b>\$ 1,890,390</b>
<b>Capital assets, net of accumulated depreciation</b>	<b>\$ 6,356,168</b>	<b>\$ (11,946)</b>	<b>\$ -</b>	<b>\$ 6,344,222</b>

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 5 – CAPITAL ASSETS AND DEPRECIATION *continued:*

Depreciation expense was charged to current functions of the primary government for 2017 as follows (includes Internal Service Funds Governmental type):

#### Governmental Activities:

General Government	\$ 129,217
Public Safety	112,294
Physical Utilities & Environment	1,023,835
Transportation	4,655,771
Economic Environment	9,459
Culture & Recreation	<u>961,855</u>
<b>Total governmental activities current year depreciation expense</b>	<b><u>\$ 6,892,431</u></b>

#### Business-type activity:

StormWater	\$ 231,764
Aquifer Protection Area	<u>170,856</u>
<b>Total business-type activities current year depreciation expense</b>	<b><u>\$ 402,620</u></b>

#### Construction commitments

The City of Spokane Valley was involved in many construction projects as of December 31, 2017. The projects include various street and park construction projects as well as construction of a new City Hall building with a total of \$20,024,769 of contracts in place. At year end the City's commitments with contractors are as follows:

Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/17
Euclid Avenue Reconstruction Project	\$ 2,731,198	\$ 2,423,889	\$ 307,309
City Hall	10,948,854	10,875,245	73,609
Argonne Resurfacing: Broadway to Indiana	26,900	18,300	8,600
8th Avenue Sidewalk - Dicky to Thierman	7,300	7,125	175
Mission Ave - Flora to Barker	183,445	165,254	18,191
Barker Road/BNSF Grade Separation	212,991	135,232	77,759
Bowdish Road 7th to 12th Ave Sidewalk	440,782	418,659	22,123
City-Wide Reflective Signal Backplates	1,741	-	1,741
City-Wide Signal Backplates	60,692	-	60,692
Mission Ave - McDonald to Evergreen	9,000	-	9,000
Pines Rd. underpass @ BNSF & Trent	150,887	102,547	48,340
Appleway Resurfacing, Park to Dishman	916,555	902,814	13,741
Appleway Trail, Pines to Evergreen	1,714,022	1,683,415	30,607
North Sullivan ITS Project	122,320	70,982	51,338
Saltse Road Preservation	871,551	841,473	30,078
Sprague Street Preservation - Sullivan to Corbin	73,760	48,445	25,315
Sullivan & Euclid PCC Intersection	1,444,701	1,420,160	24,541
Sullivan & Wellesley Intersection Improvement	60,120	11,243	48,877
8th & Carnahan Intersection Improvements	47,950	36,193	11,757
<b>Total Construction Commitments</b>	<b><u>\$ 20,024,769</u></b>	<b><u>\$ 19,160,976</u></b>	<b><u>\$ 863,793</u></b>

# City of Spokane Valley

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## Notes to Financial Statements

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### ***NOTE 5 – CAPITAL ASSETS AND DEPRECIATION*** *continued:*

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The various street, bridge, and parks construction projects are being funded by state and local grants, as well as, existing resources in various City Funds. The new City Hall is being funded by a combination of LTGO bond proceeds and existing city resources.

### ***NOTE 6 – PENSION PLANS:***

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The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2017:

<b>Aggregate Pension Amounts - All Plans</b>		
Pension liabilities	\$	<b>(4,990,261)</b>
Pension assets	\$	-
Deferred outflows of resources	\$	<b>727,902</b>
Deferred inflows of resources	\$	<b>(833,613)</b>
Pension expense/expenditures	\$	<b>498,196</b>

### **State Sponsored Pension Plans**

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

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

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

Alternatively, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov)

### **Public Employees' Retirement System (PERS)**

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

#### **PERS Plan 1**

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

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 6 – PENSION PLANS continued:***

#### **Contributions**

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January - June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>
July - December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>

\*For employees participating in JBM, the contribution rate was 12.26%

The City of Spokane Valley actual contributions to the plan were \$300,891 for the year ended December 31, 2017. The City did not have any current employees participating in PERS Plan 1 during 2017. These contributions represent amounts allocated to PERS Plan 1 by DRS for the Unfunded Actuarial Accrued Liability (UAAL) to support payments for prior employees under this plan.

#### **PERS Plan 2/3**

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

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

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

# City of Spokane Valley

## Notes to Financial Statements

### **NOTE 6 – PENSION PLANS** *continued:*

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

#### Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2 *</b>
January - June 2017:		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>
July - December 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
<b>Total</b>	<b>12.70%</b>	<b>7.38%</b>

\*For employees participating in JBM, the contribution rate was 15.30% for January – June 2017 and 18.45% for July - December 2017.

***The City of Spokane Valley actual contributions to the plan were \$420,895 for the year ended December 31, 2017.***

#### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 *Experience Study* and the 2015 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- *Inflation:* 3% total economic inflation; 3.75% salary inflation.
- *Salary increases:* In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- *Investment rate of return:* 7.5%

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 6 – PENSION PLANS continued:***

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. 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.

#### **Change in Assumptions and Methods**

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

#### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.70 percent except LEOFF Plan 2, which has assumed 7.50 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contribution from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these 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 7.5 percent was used to determine the total liability.

#### **Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

#### **Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 6 – PENSION PLANS continued:***

#### **Sensitivity of Net Pension Liability**

The table below presents the City of Spokane Valley proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City of Spokane Valley proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
PERS 1	\$ 3,130,556	\$ 2,569,839	\$ 2,084,139
PERS 2/3	\$ 6,520,869	\$ 2,420,422	\$ (939,287)

#### **Pension Plan Fiduciary Net Position**

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

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the City of Spokane Valley reported a total pension liability of \$4,990,261 for its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$ 2,569,839
PERS 2/3	\$ 2,420,422

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

	<b>Proportionate Share 6/30/2016</b>	<b>Proportionate Share 6/30/2017</b>	<b>Change in Proportion</b>
PERS 1	<b>0.053037%</b>	<b>0.054158%</b>	<b>0.001121%</b>
PERS 2/3	<b>0.067862%</b>	<b>0.069662%</b>	<b>0.001800%</b>

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.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

#### **Pension Expense**

For the year ended December 31, 2017, the City of Spokane Valley recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 189,710
PERS 2/3	\$ 308,486

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 6 – PENSION PLANS continued:***

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2017, the City of Spokane Valley reported deferred outflows of resources and deferred inflows of resources related to pensions from the following PERS plans:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected & actual experience	\$ -	\$ -
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (95,899)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 152,510	\$ -
<b>Total</b>	<b>\$ 152,510</b>	<b>\$ (95,899)</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected & actual experience	\$ 245,246	\$ (79,603)
Net difference between projected & actual investment earnings on pension plan investments	\$ -	\$ (645,226)
Changes of assumptions	\$ 25,709	\$ -
Changes in proportion and differences between contributions & proportionate share of contributions	\$ 77,340	\$ (12,885)
Contributions subsequent to the measurement date	\$ 227,097	\$ -
<b>Total</b>	<b>\$ 575,392</b>	<b>\$ (737,714)</b>

Deferred outflows of resources related to pensions resulting from the City of Spokane Valley's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# City of Spokane Valley

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## Notes to Financial Statements

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### ***NOTE 6 – PENSION PLANS continued:***

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<b>Year ended December 31:</b>	<b>PERS 1</b>	<b>Year ended December 31:</b>	<b>PERS 2/3</b>
<b>2018</b>	<b>\$ (64,822)</b>	<b>2018</b>	<b>\$ (244,509)</b>
<b>2019</b>	<b>\$ 20,465</b>	<b>2019</b>	<b>\$ 76,493</b>
<b>2020</b>	<b>\$ (4,752)</b>	<b>2020</b>	<b>\$ (46,749)</b>
<b>2021</b>	<b>\$ (46,791)</b>	<b>2021</b>	<b>\$ (248,996)</b>
<b>2022</b>	<b>\$ -</b>	<b>2022</b>	<b>\$ 32,322</b>
<b>Thereafter</b>	<b>\$ -</b>	<b>Thereafter</b>	<b>\$ 42,019</b>

### ***NOTE 7 – RISK MANAGEMENT:***

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The City of Spokane Valley is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 161 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the Interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

# City of Spokane Valley

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## Notes to Financial Statements

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### ***NOTE 7 – RISK MANAGEMENT*** *continued:*

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A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

### ***NOTE 8 – INTERFUND BALANCES AND TRANSFERS:***

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#### **Interfund Balances**

Sometimes during the course of operations, and as a part of the City's regular programmatic activity, one fund will sell goods, have work performed or services provided to another fund in return for equal or almost equal value. As a result of such exchanges, an interfund services provided and used applies to any residual balances outstanding at year end and the City reports this type of activity as *due from/to other funds*. Due to other fund and due from other fund balances at December 31, 2017, were:

	<b>Due from other funds</b>	<b>Due to other funds</b>
General fund	\$ -	\$ -
Street fund	-	-
Street capital projects fund	-	40,625
City hall construction fund	-	-
Nonmajor governmental funds	1,804,937	1,490,310
<b>Total governmental funds</b>	<b>\$ 1,804,937</b>	<b>\$ 1,530,935</b>
Stormwater management fund	\$ -	\$ -
Aquifer protection area fund	-	-
Internal service funds	-	274,002
<b>Total business type &amp; internal service</b>	<b>\$ -</b>	<b>\$ 274,002</b>
<b>Total government - wide</b>	<b>\$ 1,804,937</b>	<b>\$ 1,804,937</b>

#### **Interfund Transfers**

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

# City of Spokane Valley

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## Notes to Financial Statements

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### **NOTE 8 – INTERFUND BALANCES AND TRANSFERS *continued*:**

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Interfund transfer activity for 2017 is as follows:

	<b>Transfers - in</b>	<b>Transfers - (out)</b>
General fund	\$ 684,803	\$ 6,359,079
Street fund	-	107,042
Tourism Facilities Hotel/Motel Tax fund	250,000	
Hotel/Motel fund	-	265,778
Solid Waste fund	-	40,425
Winter Weather Reserve fund	258,000	-
Debt service fund	556,201	-
Capital projects fund	-	1,146,404
Special capital projects fund	-	821,517
Street capital projects fund	2,514,317	-
Parks capital projects fund	437,437	-
Civic Buildings Capital Projects fund	-	498,500
Pavement Preservation fund	2,341,500	-
Capital Reserve fund	3,003,929	2,897,799
Railroad Grade Separation Projects fund	1,794,157	-
Stormwater management fund	-	13,400
Equipment Rental & Replacement fund	36,600	77,000
Internal Service Funds (Gov't type)	350,000	-
Total government - wide	<b>\$ 12,226,944</b>	<b>\$ 12,226,944</b>

The City made the following one-time transfer during the year ending December 31, 2017. This one-time or infrequent transfers are included in the table above:

- A \$1,200,000 transfer from the General Fund to Railroad Grade Separation Project Fund for the design on the Pines Grade Separation project.

### **NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES:**

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#### **Pension Obligations**

The City's net pension liability for the year ended December 31, 2017, is \$4,990,261. Refer to note 6 for additional information and activity related to the City's pension plans.

#### **General Obligation Bonds**

The City of Spokane Valley issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. These General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5<sup>th</sup> majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (i.e., councilmanic bonds). In 2003, the City issued \$9,430,000 of councilmanic bonds to finance construction of the CenterPlace Community Center and for various street construction projects. The City expects to receive intergovernmental payments from the Spokane Public Facilities District pursuant to an inter-local agreement, dated July 2003, for \$7 million of the bonds.

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES continued:***

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

#### **Refunded Bonds**

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

General obligation and refunding bonds are currently outstanding as December 31, 2017, as follows:

<b>Name of Issuance</b>	<b>Purpose</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Debt Outstanding</b>
LTGO'14 Refunding Bonds	Governmental Activities	2.00% - 4.00%	12/1/2033	\$5,740,000
LTGO'16 Bonds	Governmental Activities	2.00% - 4.00%	12/1/2045	\$7,050,000

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

<b>Governmental - Type Activities</b>			
			<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Requirements</b>
2018	520,000	457,400	977,400
2019	555,000	443,350	998,350
2020	595,000	426,700	1,021,700
2021	635,000	408,850	1,043,850
2022	675,000	389,800	1,064,800
2023-2027	3,305,000	1,553,950	4,858,950
2028-2032	2,215,000	1,013,250	3,228,250
2033-2037	1,515,000	653,350	2,168,350
2038-2042	1,645,000	354,150	1,999,150
2043-2045	1,130,000	68,550	1,198,550
<b>Totals</b>	<b><u>\$ 12,790,000</u></b>	<b><u>\$ 5,769,350</u></b>	<b><u>\$ 18,559,350</u></b>

Long-term debt on the Statement of Net Position is presented net of any premium/discount incurred at the time of issuance. The 2014 LTGO'14 Refunding Bonds and 2016 LTGO'16 general obligation bonds were sold at a premium of \$1,278,847 and were reported at the net amount of \$1,341,656 including the underwriters discount expense. The premium will be amortized over the life of the bonds and the outstanding liability balance as of December 31, 2017, is \$1,139,587.

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES *continued:*

#### Changes in Long-Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities:

Governmental-Type Activities	Balance			Balance		Amounts Due within One Year
	1/1/2017	Additions	Reductions	12/31/2017		
<b>Bonds and notes payable:</b>						
GO refunding LTGO'14 bonds	\$ 6,060,000	\$ -	\$ (320,000)	\$ 5,740,000	\$ 365,000	
General obligation LTGO'16 bonds	7,200,000	-	(150,000)	7,050,000	155,000	
Premium on LTGO'14 refunding bonds	552,344	-	(39,106)	513,238	39,106	
Premium on LTGO'16 bonds	648,719	-	(22,370)	626,349	22,369	
<b>Other liabilities:</b>						
Net pension plan liabilities	5,948,746	-	(1,233,712)	4,715,034	-	
Compensated absences	492,246	12,979	-	505,225	12,631	
<b>Governmental activities</b>						
<b>long-term liabilities</b>	<b>\$20,902,055</b>	<b>\$ 12,979</b>	<b>\$(1,765,188)</b>	<b>\$19,149,846</b>	<b>\$ 594,106</b>	
Business-Type Activities	Balance			Balance		Amounts Due within One Year
	1/1/2017	Additions	Reductions	12/31/2017		
Net pension plan liabilities	316,389		(41,162)	275,227	-	
Compensated absences	26,402	-	(1,545)	24,857	621	
<b>Business-type activities</b>						
<b>long-term liabilities</b>	<b>\$ 342,791</b>	<b>\$ -</b>	<b>\$ (42,707)</b>	<b>\$ 300,084</b>	<b>\$ 621</b>	

#### Legal Debt Margin

RCW 39.36.020 provides cities with three segments of debt capacity, each equal to two and one-half percent of the city's assessed valuation, for a total debt capacity of seven and one-half percent.

The 2016 assessed valuation of the City for the Levy year of 2017, for purposes of determining the legal debt margin is \$8,124,487,663. 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. The remaining voted and non-voted GO debt capacities for General purposes of the City at December 31, 2017, are as follows:

	Amount
General Purposes Voted and Non-voted Debt - 2.5%	\$ 189,816,967
Utility Voted Debt - 2.5%	203,112,192
Open Space and Park Facilities Voted Debt - 2.5%	203,112,192
<b>Total Remaining Debt Capacity</b>	<b>\$596,041,351</b>

# City of Spokane Valley

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## Notes to Financial Statements

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### **NOTE 9 – LONG -TERM OBLIGATIONS AND LEASES continued:**

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#### **Leases**

The City of Spokane Valley leases buildings and other equipment under noncancelable operating lease agreements. Operating leases do not give rise to property rights or lease debt obligations, and therefore the results of these agreements are not reflected in the General Long-term Obligations of government activities. Total costs for such leases were \$118,564 for the fiscal year ending December 31, 2017. The future minimum lease payments for these leases are presented as follows:

Year Ending Dec. 31	Amount
2018	50,084
2019	43,107
2020	16,851
2021	4,261
2022	4,261
Total minimum future lease payments	<u>\$ 118,564</u>

The City's lease for the old city hall space terminated at the end of the 36<sup>th</sup> month, or March 2017. The City negotiated a lease extension through Sept. 30, 2017 in the amount of \$36,222 per month for the months of January through March 2017 and \$54,334 per month for the months of April through September 2017. The City moved into a new City Hall building during September 2017.

### **NOTE 10 – CONTINGENCIES AND LITIGATION:**

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

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

The City was recently named as a defendant in a law suit by the parents of one or more minor children relating to a motor vehicle accident on East Cataldo near the intersection of Barker Road and I-90. Plaintiffs allege errors to the road design and/or signage. One minor was seriously injured, although none of the injuries were life-threatening, and he appears to have recovered. It is early in the litigation, and it is unclear what the claimed damages will be, or a projected timeframe for resolution of the issues.

In September 2012, the City entered into an interlocal agreement with the Spokane County Library District (Library) for the purpose of acquiring an 8.4 acre parcel of land that would in the future be developed as a joint City park and library. In October 2012, the City then purchased the 8.4 acre parcel of land at a cost of approximately \$2.5 million and the Library gave the City \$744,047 for its proportional share of the 2.5 acres allocated to their estimated needs. At that time the City recorded the entire \$2.5 million purchase as land owned by the City and the \$744,047 received from the Library as deferred revenue with the understanding that when a joint site development plan was complete the City would recognize the \$744,047 received from the Library as revenue, transfer title for this land to the Library, and remove \$744,047 of land from its capital assets.

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 10 – CONTINGENCIES AND LITIGATION*** *continued:*

In January 2014, it was determined that the Library required an additional 0.32 acres of land, bringing their share of the original 8.4 acre purchase up to 2.82 acres. The Library paid the City an additional \$95,238 for the proportional share of the .32 acres relative to the purchase price of the entire 8.4 acre purchase. This brought the Library's share of the land purchase up to a total of 2.82 acres at a cost of \$839,285. At that point the City declared this 2.82 acres surplus to its needs, transferred title for this land to the Spokane County Library District, recognized \$839,285 as revenue and removed the land from capital assets. The interlocal agreement also provided that if the Library had not within five years following the acquisition of the land (in October 2017), secured voter approval of a construction bond for the library building and ancillary improvements, that the land would be re-conveyed back to the City at the same price paid by the Library (\$839,285). An amendment was made to the interlocal agreement in October 2017 which extended the agreement through October 2022 with the option to extend through October 2024. Through this amendment, the City also agreed to contribute \$1.3 million, of which the \$839,285 would be part, in frontage and/or joint site improvements on the Library site.

### ***NOTE 11 – RECEIVABLE AND PAYABLE BALANCES:***

**A) Receivables:** Receivables at December 31, 2017, were as follows:

Governmental Type Activities	Accounts receivable (net)	Taxes receivable	Grants receivable	Due from other funds	Prepays & Other receivables	Deferred outflows	Total receivables
General fund	\$ 2,303,523	\$ 5,144,067	\$ 5,709	\$ -	\$ 89,728	\$ -	7,543,027
Street fund	21,876	472,689	1,335	-	10,937	-	506,837
Street capital projects fund	353,110	-	1,466,309	-	-	-	1,819,419
City hall construction fund	597	-	-	-	-	-	597
Other governmental funds	34,822	445,613	439,062	1,804,937	-	-	2,724,434
<i>Reconciliation of balances in the fund financial statements to government-wide financial statements</i>	<i>1,356</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>345,036</i>	<i>687,918</i>	<i>1,034,310</i>
<b>Total Governmental type activities</b>	<b>\$ 2,715,284</b>	<b>\$ 6,062,369</b>	<b>\$ 1,912,415</b>	<b>\$ 1,804,937</b>	<b>\$ 445,701</b>	<b>\$ 687,918</b>	<b>\$ 13,628,624</b>
Business Type Activities	Accounts receivable (net)	Taxes receivable	Grants receivable	Due from other funds	Prepays & Other receivables	Deferred outflows	Total receivables
Stormwater management fund	\$ 2,416	\$ 54,028	\$ 290,077	\$ -	\$ 1,200	\$ 39,984	\$ 387,705
Aquifer protection area fund	1,388	-	-	-	-	-	1,388
<b>Total Business type activities</b>	<b>\$ 3,804</b>	<b>\$ 54,028</b>	<b>\$ 290,077</b>	<b>\$ -</b>	<b>\$ 1,200</b>	<b>\$ 39,984</b>	<b>\$ 389,093</b>

# City of Spokane Valley

## Notes to Financial Statements

### NOTE 11 – RECEIVABLE AND PAYABLE BALANCES *continued*:

**B) Payables:** Payables at December 31, 2017, were as follows:

Governmental Type Activities	Accounts payables	Salaries & benefits payable	Due to other funds	Deposits payables	Other liabilities	Unearned Revenues	Deferred inflows	Total Payables
General fund	\$ 2,100,019	\$ 445,637	\$ -	\$ 276,864	\$ -	\$ 2,749,787	\$ -	\$ 5,572,307
Street fund	479,644	78,702	-	59,848	-	167,116	-	785,310
Street capital projects fund	218,602	19,715	40,625	-	-	1,474,292	-	1,753,234
City hall construction fund	12,381	-	-	502,724	-	-	-	515,105
Other governmental funds	231,992	8,494	1,490,310	37,667	-	372,534	-	2,140,997
<i>Reconciliation of balances in the fund financial statements to government-wide financial statements</i>	<i>(3,338)</i>	<i>-</i>	<i>274,002</i>	<i>10,443</i>	<i>38,117</i>	<i>(4,763,729)</i>	<i>787,725</i>	<i>(3,656,780)</i>
<b>Total Governmental type activities</b>	<b>\$3,039,300</b>	<b>\$ 552,548</b>	<b>\$ 1,804,937</b>	<b>\$ 887,546</b>	<b>\$ 38,117</b>	<b>\$ -</b>	<b>\$ 787,725</b>	<b>\$ 7,110,173</b>
Business Type Activities	Accounts payables	Salaries & benefits payable	Due to other funds	Deposits payables	Other liabilities	Unearned Revenues	Deferred inflows	Total
Stormwater management fund	\$ 75,344	\$ 35,517	\$ -	\$ 80,696	\$ -	\$ 327,972	\$ 45,888	\$ 565,417
Aquifer protection area fund	-	-	-	-	-	-	-	-
<b>Total Business type activities</b>	<b>\$ 75,344</b>	<b>\$ 35,517</b>	<b>\$ -</b>	<b>\$ 80,696</b>	<b>\$ -</b>	<b>\$ 327,972</b>	<b>\$ 45,888</b>	<b>\$ 565,417</b>

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

Liability and receivable balances related to settle and adjust estimates as of December 31, 2017, are as follows:

Contract Year	(Liability) or Receivable Balance		New Estimate	Amount Settled in 2017	(Liability) or Receivable Balance	
	1/1/17	Made			12/31/17	
2011	\$ (17,589)	\$ -		17,589		-
2012	(6,669)	-		6,669		-
2013	(213,940)	-		213,940		-
2014	122,230	-	(122,230)			-
2015	770,161	-	(821,266)		(51,105)	
2016	(607,103)	973,445	696,644		1,062,986	
2017	-	727,709	-		727,709	

# City of Spokane Valley

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## Notes to Financial Statements

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### **NOTE 11 – RECEIVABLE AND PAYABLE BALANCES *continued*:**

During early 2017, the City was notified that the 2015 Sheriff contract was settled with a result of the County owing the City a refund for overpayment in the amount of \$912,756 as compared to the original receivable of \$487,301 that was estimated at the end of 2015. In order to properly reflect the new balance of the receivable, the City recorded an additional receivable balance and reduction in expenditure of \$425,455 as of the end of 2015. The settlement will be received by the City throughout 2017 as reflected as a reduction in the amount owed on the Sheriff Law Enforcement contract invoices each month.

For 2017, the City estimated that it would owe a net payable to the County on the contracted services for a total recorded payable of \$727,709, which was adjusted against the 2017 contract expenditures.

### **NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):**

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#### **Health & Welfare - Association of Washington Cities Employee Benefit Trust (“Trust”)**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal

Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2017, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Group Health Cooperative/Group Health Options, Inc, Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) continued:***

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

<b>Asuris HealthFirst 1000</b>	<b>Monthly Amounts</b>
Non-Medicare enrolled retiree coverage	\$ 734.37
Non-Medicare enrolled spouse coverage	\$ 740.78
First Child	\$ 207.67
Second Child	\$ 164.23

<b>Asuris HealthFirst 2500</b>	<b>Monthly Amounts</b>
Non-Medicare enrolled retiree coverage	\$ 641.21
Non-Medicare enrolled spouse coverage	\$ 645.87
First Child	\$ 181.55
Second Child	\$ 143.71

<b>Asuris Plan R-1500</b>	<b>Monthly Amounts</b>
Non-Medicare enrolled retiree coverage	\$ 1,304.75
Non-Medicare enrolled spouse coverage	\$ 1,310.03
First Child	\$ 371.44
Second Child	\$ 312.63

# City of Spokane Valley

## Notes to Financial Statements

### ***NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) continued:***

<b>Asuris Medicare Advantage</b>	<b>Monthly Amounts</b>
Retiree w/ Medicare A&B	\$ 395.23
Spouse w/ Medicare A&B	<u>\$ 395.23</u>
<hr/>	
<b>Kaiser Permanente Retiree</b>	<b>Monthly Amounts</b>
Non-Medicare enrolled retiree coverage	\$ 1,232.79
Non-Medicare enrolled spouse coverage	\$ 1,196.86
Medicare enrolled retiree coverage	\$ 453.53
Medicare enrolled spouse coverage	\$ 453.53
First dependent	\$ 358.63
Second & all other dependents	<u>\$ 447.02</u>
<hr/>	
<b>Delta Dental Retiree</b>	<b>Monthly Amounts</b>
Retiree	\$ 61.54
Retiree + spouse	\$ 125.42
Retiree + child(ren)	\$ 124.57
Retiree + spouse + child(ren)	<u>\$ 187.11</u>

Participating employers are not contractually required to contribute to the Trust. The retirees who elect coverage through the Trust pay 100 percent of the premium. As such, the City of Spokane Valley did not have any contributions to the Trust for the year ended December 31, 2017

**Funding Status and Funding Progress:** The funded status of the AWC Employee Benefits Trust Health Care Program as of January 1, 2017, which was the date of the last actuarial valuation, was as follows (*dollars in thousands*):

Actuarial accrued liability (AAL)	\$ 8,297
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,297</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A <sup>1</sup>
UAAL as a percentage of covered payroll	N/A <sup>1</sup>

<sup>1</sup> Covered Payroll information was not provided to the AWC Trust.

# City of Spokane Valley

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## Notes to Financial Statements

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### ***NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) continued:***

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The schedule of funding progress is also presented as *required supplementary information* (RSI) following these Notes to the Financial Statements, and the schedule presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The AWC Employees Benefits Trust had substantial assets recorded as of December 31, 2016. *Because those assets have not been placed into an irrevocable trust for the sole purpose of providing the above OPEB benefits, the AWC understands that they cannot be reflected as “actuarial assets” in the precedent table under GASB 43 in determining the remaining values for this Trust.*

The AWC Employee Benefits Trust's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 will be determined with the next conducted actuarial analyses scheduled for January 1, 2018. The reported years of 2009 through 2017 were as follows (*dollars in thousands*):

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2009	\$ 29,872	7.86%	\$ 55,364
12/31/2010	27,892	4.42%	82,022
12/31/2012	12,885	7.77%	130,474
12/31/2013	11,858	9.20%	141,241
12/31/2014	1,273	61.19%	34,407
12/31/2015	83 <sup>1</sup>	310.89% <sup>1</sup>	5,911
12/31/2016	650	39.69%	6,264
12/31/2017	945	22.33%	8,297

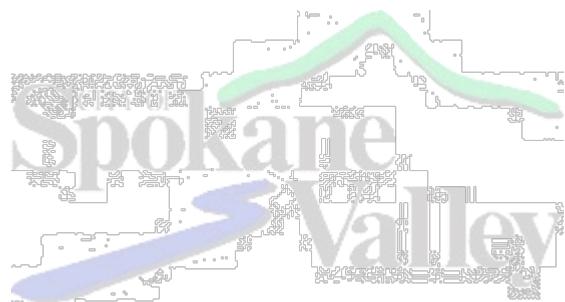
1) Adjustments to Net OPEB Obligation reported

The Governmental Accounting Standards Board (GASB) reporting standards and Statements numbers 43 & 45 mandates the precedent reporting requirements and disclosures for Postemployment Benefits Plan other than Pension Plans, or OPEB. The AWC has chosen to adopt and provide these reporting standards to the participating employers within the AWC Employee Benefits Trust. Also, it is important to note that only those jurisdictions that follow Generally Accepted Accounting Principles (GAAP) must comply and report under GASB Statements 43 and 45. All costs, liabilities, interest rates, and other factors have been determined on the basis of actuarial assumptions and methods which are individually reasonable, taking into account experience and reasonable expectations, and which combinations offer the best estimate of anticipated experience.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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*City of Spokane Valley, Washington*  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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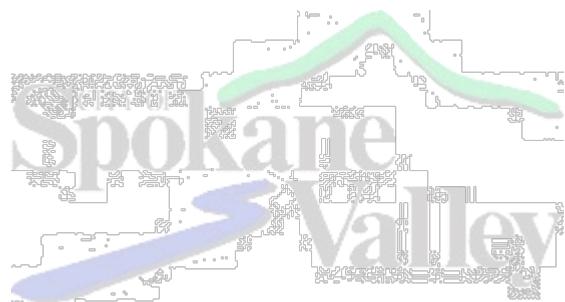
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***Required Supplementary Information***

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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# **City of Spokane Valley, Washington**

## **Comprehensive Annual Financial Report - Fiscal Year 2017**

*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget to Actual*

**General Fund, Major Fund**

*For the Year Ended December 31, 2017*

	<b>Budgeted Amounts</b>			Variance with Final Budget	
	Approved Original Budget	Final Amended Budget	Actual		
	1	Over (Under)			
<b>Revenues</b>					
Taxes	\$ 34,396,100	\$ 34,396,100	\$ 35,838,314	\$ 1,442,214	
Licenses and permits	2,235,800	2,235,800	2,971,586	735,786	
Intergovernmental revenues	2,159,600	2,273,800	2,556,393	282,593	
Charges for services	1,286,800	1,314,800	1,298,258	(16,542)	
Fines and forfeitures	528,300	528,300	427,624	(100,676)	
Investment interest	73,000	73,000	326,401	1	253,401
Miscellaneous	699,800	706,800	666,089	(40,711)	
<i>Total Revenues</i>	<i>41,379,400</i>	<i>41,528,600</i>	<i>44,084,665</i>		<i>2,556,065</i>
<b>Expenditures</b>					
Current:					
General government	5,503,105	5,511,405	4,865,817	(645,588)	
Public safety	25,103,372	25,103,372	21,465,496	(3,637,876)	
Utilities and physical environment	2,372,766	2,403,366	1,942,031	(461,335)	
Economic environment	843,632	852,832	773,252	(79,580)	
Community development	2,055,864	2,129,964	1,354,999	(774,965)	
Culture and recreation	2,867,783	2,971,383	2,743,228	(228,155)	
Debt service:					
Interest expense	-	-	600	600	
Capital Outlay:					
Capital expenditures	600,000	707,000	658,141	(48,859)	
Construction in progress	-	-	-	-	
<i>Total Expenditures</i>	<i>39,346,522</i>	<i>39,679,322</i>	<i>33,803,564</i>		<i>(5,875,758)</i>
<i>Excess (Deficiency) of Revenues</i>	<i>2,032,878</i>	<i>1,849,278</i>	<i>10,281,101</i>		<i>8,431,823</i>
<i>Over (Under) Expenditures</i>					
<b>Other Financing Sources (Uses)</b>					
Transfers in	614,025	699,025	684,803	(14,222)	
Transfers (out)	(3,097,150)	(6,392,359)	(6,359,079)	(33,280)	
<i>Total Other Financing Sources (Uses)</i>	<i>(2,483,125)</i>	<i>(5,693,334)</i>	<i>(5,674,276)</i>		<i>(19,058)</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(450,247)</i>	<i>(3,844,056)</i>	<i>4,606,825</i>	1	<i>8,450,881</i>
<i>Fund Balances Beginning of Year:</i>	<i>34,857,397</i>	<i>34,857,397</i>	<i>34,857,397</i>	1	<i>-</i>
<i>Fund Balances End of Year:</i>	<i><b>\$ 34,407,150</b></i>	<i><b>\$ 31,013,341</b></i>	<i><b>\$ 39,464,222</b></i>	1	<i><b>\$ 8,450,881</b></i>

<sup>1</sup> While applying the GASB-54 reporting standard, total fund balance end of the year increased by \$4,606,825, the net change in fund balances of \$4,590,250, increased by \$16,575 due to investment interest, resulting in an increase of \$4,606,825 to beginning fund balance from the two combined Non-major Special Revenue Funds; as reported in the General Fund on the Statement of Rev, Expend, and Changes in Fund Balances.

# **City of Spokane Valley, Washington**

## **Comprehensive Annual Financial Report - Fiscal Year 2017**

*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Street Fund, Major Fund**

*For the Year Ended December 31, 2017*

	<b>Budgeted Amounts</b>			Variance with Final Budget Over (Under)
	<b>Approved Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 2,200,000	\$ 2,000,000	\$ 1,982,392	\$ (17,608)
Intergovernmental revenues	2,139,168	2,139,168	2,132,509	(6,659)
Charges for services	50,000	50,000	136,112	86,112
Investment interest	4,000	4,000	7,843	3,843
Miscellaneous	10,000	10,000	134,485	124,485
<i>Total Revenues</i>	<i>4,403,168</i>	<i>4,203,168</i>	<i>4,393,341</i>	<i>190,173</i>
<b>Expenditures</b>				
Current:				
Utilities and physical environment	130,000	130,000	283,514	153,514
Transportation	4,329,202	4,337,202	4,204,293	(132,909)
Debt Service:				
Principal retirement	-	-	-	-
Capital Outlay:				
Capital expenditures	285,000	85,000	49,702	(35,298)
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<i>4,744,202</i>	<i>4,552,202</i>	<i>4,537,509</i>	<i>(14,693)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(341,034)</i>	<i>(349,034)</i>	<i>(144,168)</i>	<i>204,866</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	(107,042)	(107,042)	(107,042)	-
<i>Total Other Financing Sources (Uses)</i>	<i>(107,042)</i>	<i>(107,042)</i>	<i>(107,042)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(448,076)</i>	<i>(456,076)</i>	<i>(251,210)</i>	<i>204,866</i>
<i>Fund Balances Beginning of Year</i>	<i>1,318,504</i>	<i>1,318,504</i>	<i>1,318,504</i>	<i>-</i>
<b><i>Fund Balances End of Year (Deficit)</i></b>	<b><i>\$ 870,428</i></b>	<b><i>\$ 862,428</i></b>	<b><i>\$ 1,067,294</i></b>	<b><i>\$ 204,866</i></b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***City of Spokane Valley***  
***Schedule of Proportionate Share of Net Pension Liability***  
***PERS 1***  
***For the Year Ended December 31, 2017***

	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>
<b>Employer's proportion of the net pension liability (asset)</b>	<b>0.053037%</b>	<b>0.054158%</b>
<b>Employer's proportionate share of the net pension liability</b>	\$ 2,848,337	\$ 2,569,839
<b>Total</b>	<b>\$ 2,848,337</b>	<b>\$ 2,569,839</b>
<b>Employer's covered employee payroll</b>	\$ 6,628,805	\$ 6,142,722
<b>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</b>	<b>42.97%</b>	<b>41.84%</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>57.03%</b>	<b>61.24%</b>
<i>Provided from note 2 of DRS Participating Employer Financial Information report (PEFI) for the % of each plan.<sup>1</sup></i>		

<sup>1</sup> Measurement date of June 30, 2017, for the State sponsored pension plans.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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*City of Spokane Valley*  
*Schedule of Proportionate Share of Net Pension Liability*  
*PERS 2/3*  
*For the Year Ended December 31, 2017*

	Fiscal Year 2016	Fiscal Year 2017
<b>Employer's proportion of the net pension liability (asset)</b>	<b>0.067862%</b>	<b>0.069662%</b>
<b>Employer's proportionate share of the net pension liability</b>	<b>\$ 3,416,798</b>	<b>\$ 2,420,422</b>
<b>Total</b>	<b>\$ 3,416,798</b>	<b>\$ 2,420,422</b>
<b>Employer's covered employee payroll</b>	<b>\$ 6,628,805</b>	<b>\$ 6,142,722</b>
<b>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</b>	<b>51.54%</b>	<b>39.40%</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>85.82%</b>	<b>90.97%</b>
<i>Provided from note 2 of DRS Participating Employer Financial Information report (PEFI) for the % of each plan.<sup>1</sup></i>		

<sup>1</sup> Measurement date of June 30, 2017, for the State sponsored pension plans.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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*City of Spokane Valley*  
*Schedule of Employer Contributions*  
*PERS 1 (two year trend) <sup>1</sup>*  
*For the Year Ended December 31, 2017*

	Fiscal Year 2016	Fiscal Year 2017
Statutorily or contractually required contributions	\$ 305,736	\$ 300,891
Contributions in relation to the statutorily or contractually required contributions	\$ (305,736)	\$ (300,891)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered employee payroll	\$ 6,628,805	\$ 6,142,722
Contributions as a percentage of covered employee payroll	<u>4.61%</u>	<u>4.90%</u>
<i>City of Spokane Valley does "not" currently have active PERS 1 pension plan participants. As such, PERS 1 contributions represent the Unfunded Actuarial Liability (UAAL) as calculated by The Department of Retirement Systems.</i>		

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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*City of Spokane Valley*  
*Schedule of Employer Contributions*  
*PERS 2/3 (two year trend) <sup>1</sup>*  
*For the Year Ended December 31, 2017*

	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>
<b>Statutorily or contractually required contributions</b>	\$ 399,315	\$ 420,895
<b>Contributions in relation to the statutorily or contractually required contributions</b>	\$ (399,315)	\$ (420,895)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Employer's covered employee payroll</b>	\$ 6,628,805	\$ 6,142,722
<b>Contributions as a percentage of covered employee payroll</b>	<u>6.02%</u>	<u>6.85%</u>
<i>1) Until a full 10-year trend can be compiled, two year trend information is presented for the PERS 2/3 pension plan as of 12/31/2017.</i>		

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*Schedule of Funding Progress (six year trend) 1*

*GASB Statements No's 43 & 45*

**Association of Washington Cities Employee Benefits Trust (AWCEBT)**  
*(dollars in thousands)*

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit				Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll				
		Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities (UAAL)		Covered Payroll	UAAL as a % of Covered Payroll						
		Actuarial Accrued Liability	(UAAL)									
1/1/2008	\$	- <sup>3</sup>	\$ 281,454	\$ 281,454	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/1/2010		- <sup>3</sup>	262,602	262,602	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/1/2012		- <sup>3</sup>	120,317	120,317	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/1/2013		- <sup>3</sup>	132,860	132,860	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/1/2014		- <sup>3</sup>	34,407	34,407	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/3/2015		- <sup>3</sup>	5,911	5,911	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/3/2016		- <sup>3</sup>	6,264	6,264	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			
1/3/2017		- <sup>3</sup>	8,297	8,297	0%	N/A	<sup>2</sup>	N/A	<sup>2</sup>			

1) January 1, 2008 was the first year of OPEB implementation and corresponded with the first actuarial valuation of OPEB.

Actuarial analyses were conducted biannually until the valuation of 1/1/2012. Beginning 1/1/2013, funding progress has been reported annually.

2) Covered payroll information was not provided to the AWC Trust.

3) Association of Washington Cities Employee Benefits Trust (AWCEBT) had substantial assets as of December 31, 2017.

Because those assets have not been placed into an irrevocable trust for the sole purpose of providing OPEB benefits to retirees, it is AWC's understanding that they cannot be reflected as "actuarial assets" under GASB 43 in determining the values for this Trust.

**OPEB Actuarial Assumptions**

Valuation Date: January 1, 2017

Demographic Assumptions: In general, demographic assumptions are based on the actuarial valuation assumptions from the Office of the State Actuary 2007-2012 Experience Study. It is assumed that 10% of LEOFF II, PERS I, PERS II, PERS III, and PSERS II future retirees will elect subsidized post-retirement medical coverage, as provided by the AWC Trust.

**Economic Assumptions**

Health Experience Trend Rate: See expected rates for the next five years in trend table below.

Discount rate: A 3.75% discount rate is used for the January 1, 2017 valuation.

Valuation Method: Prepared results using the Projected Unit Credit Method with an open 30-year amortization of the unfunded AAL.

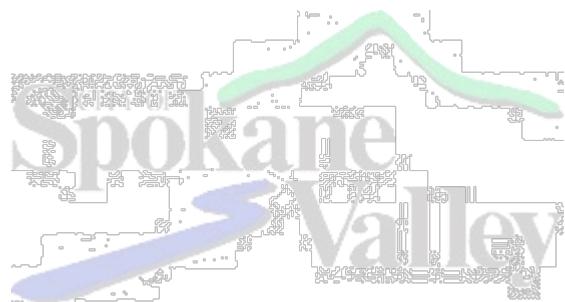
**Health Experience Trend Rates**

Year	With Excise	
	Without Excise Tax	Tax Adjustment
2017 to 2018	8.50%	8.50%
2018 to 2019	8.00%	8.00%
2019 to 2020	7.60%	11.50%
2020 to 2021	7.10%	8.10%
2021 to 2022	6.60%	7.70%

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***City of Spokane Valley, Washington***

***Comprehensive Annual Financial Report - Fiscal Year 2017***

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***Supplementary Information***

# **City of Spokane Valley, Washington**

## **Comprehensive Annual Financial Report - Fiscal Year 2017**

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### **Non-Major Special Revenue Funds**

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

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

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

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

**Solid Waste Fund** ----- revenues are collected by way of a contract with Sunshine Recyclers and the City of Spokane Valley, effective as of November 17, 2014. The ten year contract imposes an annual administrative fee of \$125,000 for solid waste disposal and waste transfer services provided to the Valley Public by Sunshine Recyclers.

**PEG Fund** ----- restricted financial resources and capital contributions received quarterly under the City's cable franchise. The franchisee remits to the City as a capital contribution in support of the Public Education Government (PEG) capital requirements in an amount equal to \$0.35 per subscriber per month and to be paid to the City on a quarterly basis during the life of the franchise. These Capital contributions collected under this agreement are then allocated and used exclusively for PEG capital purposes. PEG capital uses include, in part, the set up of equipment in the City Council Chambers to allow Spokane Valley to broadcast Council meetings both in live and through subsequent reviews format via digital recordings on the City's website.

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

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

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***Non-Major Debt Service Funds***

**Debt Service Funds:** are used to account for financial resources accumulated for the purposes of payments made to the principal and interest on long-term debt of the City of Spokane Valley's governmental funds.

***LTGO Debt Service Fund*** ----- The City of Spokane Valley's Limited Tax General Obligation (LTGO) Debt Service Fund collects and distributes financial resources received and paid for the payment of long-term debt obligations. Revenue consists of funding received from the Public Facility District and City's revenue sources. These financial resources are used to pay the required annual obligations on outstanding LTGO bonds.

# **City of Spokane Valley, Washington**

## **Comprehensive Annual Financial Report - Fiscal Year 2017**

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### **Non-Major Capital Project Funds**

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

**Civic Facilities Replacement Fund** ----- Delegated authorized reserves of funding and financial resources specifically established for the purpose of setting aside capital replacement funds for the City's Buildings.

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

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

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

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

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

**Capital Reserve Fund** ----- The Capital Reserve Fund accounts for the accumulation of resources for a number of future City of Spokane Valley capital projects. Revenues include transfers from the General Fund.

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

***City of Spokane Valley, Washington***

***Comprehensive Annual Financial Report - Fiscal Year 2017***

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***Combining Financial Statements***

***Non-Major Funds***

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Balance Sheet**

*Non-major Governmental Funds*

December 31, 2017

	<b>Non-major Special Revenue Funds</b>	<b>Non-major Debt Service Fund</b>	<b>Non-major Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,339,855	\$ -	\$ 13,789,010	\$ 16,128,865
Taxes receivable	110,118	-	335,495	445,613
Accounts receivable, (net)	17,092	-	-	17,092
Interest receivable	2,290	-	15,440	17,730
Due from other funds	15,800	-	1,789,137	1,804,937
Grants receivable	3,166	-	435,896	439,062
<b>Total Assets</b>	<b>\$ 2,488,321</b>	<b>\$ -</b>	<b>\$ 16,364,978</b>	<b>\$ 18,853,299</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 81,732	\$ -	\$ 150,260	\$ 231,992
Accrued payroll payable	1,409	-	7,085	8,494
Retainage payable	9,900	-	27,767	37,667
Due to other funds	597,135	-	893,175	1,490,310
Unearned revenue	48,123	-	324,411	372,534
<b>Total Liabilities</b>	<b>738,299</b>	<b>-</b>	<b>1,402,698</b>	<b>2,140,997</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Trails & paths	46,324	-	-	46,324
Hotel & motel tourism facilities promotion	1,228,595	-	-	1,228,595
Hotel & motel tourism promotion	221,867	-	-	221,867
PEG capital uses	54,837	-	-	54,837
Windstorm 2015 - FEMA grant	3,166	-	-	3,166
Capital projects REET 1 roads & streets	-	-	2,125,374	2,125,374
Capital projects REET 2 roads & streets	-	-	3,008,424	3,008,424
Parks & recreational capital improvements	-	-	86,934	86,934
Street capital improvements p&m	-	-	259,967	259,967
Railroad grade separation projects	-	-	88,995	88,995
<b>Committed to:</b>				
Winter weather street operations	4,551	-	-	4,551
<b>Assigned to:</b>				
Solid waste services	190,682	-	-	190,682
Civic building capital replacement	-	-	843,688	843,688
Parks & recreation capital improvements	-	-	39,268	39,268
Street capital improvements p&m	-	-	3,102,536	3,102,536
Capital reserve improvements (city wide)	-	-	4,427,286	4,427,286
Railroad grade separation projects	-	-	979,808	979,808
<b>Unassigned:</b>				
<b>Total Fund Balances</b>	<b>1,750,022</b>	<b>-</b>	<b>14,962,280</b>	<b>16,712,302</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,488,321</b>	<b>\$ -</b>	<b>\$ 16,364,978</b>	<b>\$ 18,853,299</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Balance Sheet**

*Non-major Special Revenue Funds*

December 31, 2017

<b>Assets</b>	<b>Tourism Facilities</b>			
	<b>Trails &amp; Paths</b>	<b>Hotel/Motel</b>	<b>Hotel/Motel</b>	<b>Solid Waste</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
Cash and cash equivalents	\$ 45,631	\$ 1,187,691	\$ 399,692	\$ 223,835
Taxes receivable	1,330	42,856	65,932	-
Accounts receivable, (net)	-	-	-	-
Interest receivable	45	937	484	256
Due from other funds	-	15,800	-	-
Grants receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 47,006</b>	<b>\$ 1,247,284</b>	<b>\$ 466,108</b>	<b>\$ 224,091</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 42,589	\$ 12,715
Accrued payroll payable	-	-	-	1,409
Retainage payable	-	-	-	-
Due to other funds	-	-	172,900	19,285
Unearned revenue	682	18,689	28,752	-
<b>Total Liabilities</b>	<b>682</b>	<b>18,689</b>	<b>244,241</b>	<b>33,409</b>
<b>Fund Balances:</b>				
Restricted for:				
Trails & paths	46,324	-	-	-
Hotel & motel tourism facilities promotion	-	1,228,595	-	-
Hotel & motel tourism promotion	-	-	221,867	-
PEG capital uses	-	-	-	-
Windstorm 2015 - FEMA grant	-	-	-	-
Committed to:				
Winter weather street operations	-	-	-	-
Assigned to:				
Solid waste services	-	-	-	190,682
<b>Total Fund Balances</b>	<b>46,324</b>	<b>1,228,595</b>	<b>221,867</b>	<b>190,682</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 47,006</b>	<b>\$ 1,247,284</b>	<b>\$ 466,108</b>	<b>\$ 224,091</b>

*continued*

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Balance Sheet**

*Non-major Special Revenue Funds*

*December 31, 2017*

	PEG Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 74,000	\$ 409,006	\$ 2,339,855
Taxes receivable	-	-	110,118
Accounts receivable, (net)	17,092	-	17,092
Interest receivable	73	495	2,290
Due from other funds	-	-	15,800
Grants receivable	-	3,166	3,166
<b>Total Assets</b>	<b>\$ 91,165</b>	<b>\$ 412,667</b>	<b>\$ 2,488,321</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 26,428	\$ -	\$ 81,732
Accrued payroll payable	-	-	1,409
Retainage payable	9,900	-	9,900
Due to other funds	-	404,950	597,135
Unearned revenue	-	-	48,123
<b>Total Liabilities</b>	<b>36,328</b>	<b>404,950</b>	<b>738,299</b>
<b>Fund Balances:</b>			
Restricted for:			
Trails & paths	-	-	46,324
Hotel & motel tourism facilities promotion	-	-	1,228,595
Hotel & motel tourism promotion	-	-	221,867
PEG capital uses	54,837	-	54,837
Windstorm 2015 - FEMA grant	-	3,166	3,166
Committed to:			
Winter weather street operations	-	4,551	4,551
Assigned to:			
Solid waste services	-	-	190,682
<b>Total Fund Balances</b>	<b>54,837</b>	<b>7,717</b>	<b>1,750,022</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 91,165</b>	<b>\$ 412,667</b>	<b>\$ 2,488,321</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Combining Balance Sheet*

*Non-major Capital Project Funds*

*December 31, 2017*

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Parks Capital Projects Fund	Civic Buildings Capital Projects Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 2,308,165	\$ 2,860,691	\$ 83,646	\$ 842,812
Taxes receivable	167,748	167,747	-	-
Interest receivable	2,796	3,236	39	876
Due from other funds	-	5,000	-	-
Grants receivable	-	-	86,934	-
<b>Total Assets</b>	<b>\$ 2,478,709</b>	<b>\$ 3,036,674</b>	<b>\$ 170,619</b>	<b>\$ 843,688</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 17,179	\$ -
Accrued payroll payable	-	-	464	-
Retainage payable	-	-	10,869	-
Due to other funds	325,085	-	-	-
Unearned revenue	28,250	28,250	15,905	-
<b>Total Liabilities</b>	<b>353,335</b>	<b>28,250</b>	<b>44,417</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted for:				
Capital projects REET 1 roads & streets	2,125,374	-	-	-
Capital projects REET 2 roads & streets	-	3,008,424	-	-
Parks & recreational capital improvements	-	-	86,934	-
Street capital improvements p&m	-	-	-	-
Railroad grade separation projects	-	-	-	-
Assigned to:				
Civic building capital replacement	-	-	-	843,688
Parks & recreation capital improvements	-	-	39,268	-
Street capital improvements p&m	-	-	-	-
Capital reserve improvements (city wide)	-	-	-	-
Railroad grade separation projects	-	-	-	-
<b>Total Fund Balances</b>	<b>2,125,374</b>	<b>3,008,424</b>	<b>126,202</b>	<b>843,688</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,478,709</b>	<b>\$ 3,036,674</b>	<b>\$ 170,619</b>	<b>\$ 843,688</b>

*continued*

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Balance Sheet**

**Non-major Capital Project Funds**

**December 31, 2017**

	Pavement Preservation Fund	Capital Reserve Fund	Railroad Grade Separation Projects Fund	Total Non-major Capital Projects Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,611,639	\$ 4,990,790	\$ 1,091,267	\$ 13,789,010
Taxes receivable	-	-	-	335,495
Interest receivable	1,943	6,045	505	15,440
Due from other funds	1,784,137	-	-	1,789,137
Grants receivable	259,967	-	88,995	435,896
<b>Total Assets</b>	<b>\$ 3,657,686</b>	<b>\$ 4,996,835</b>	<b>\$ 1,180,767</b>	<b>\$ 16,364,978</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 23,115	\$ 1,459	\$ 108,507	\$ 150,260
Accrued payroll payable	4,548	-	2,073	7,085
Retainage payable	16,898	-	-	27,767
Due to other funds	-	568,090	-	893,175
Unearned revenue	250,622	-	1,384	324,411
<b>Total Liabilities</b>	<b>295,183</b>	<b>569,549</b>	<b>111,964</b>	<b>1,402,698</b>
<b>Fund Balances:</b>				
Restricted for:				
Capital projects REET 1 roads & streets	-	-	-	2,125,374
Capital projects REET 2 roads & streets	-	-	-	3,008,424
Parks & recreational capital improvements	-	-	-	86,934
Street capital improvements p&m	259,967	-	-	259,967
Railroad grade separation projects	-	-	88,995	88,995
Assigned to:				
Civic building capital replacement	-	-	-	843,688
Parks & recreation capital improvements	-	-	-	39,268
Street capital improvements p&m	3,102,536	-	-	3,102,536
Capital reserve improvements (city wide)	-	4,427,286	-	4,427,286
Railroad grade separation projects	-	-	979,808	979,808
<b>Total Fund Balances</b>	<b>3,362,503</b>	<b>4,427,286</b>	<b>1,068,803</b>	<b>14,962,280</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,657,686</b>	<b>\$ 4,996,835</b>	<b>\$ 1,180,767</b>	<b>\$ 16,364,978</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Non-major Governmental Funds*

*For the Year Ended December 31, 2017*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 1,016,489	\$ -	\$ 3,007,573	\$ 4,024,062
Licenses and permits	76,471	-	-	76,471
Intergovernmental revenues	71,130	379,750	1,834,366	2,285,246
Charges for services	172,550	-	-	172,550
Investment interest	17,494	-	133,215	150,709
Miscellaneous revenues	-	-	-	-
<i>Total Revenues</i>	<i>1,354,134</i>	<i>379,750</i>	<i>4,975,154</i>	<i>6,709,038</i>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities and physical environment	81,289	-	-	81,289
Transportation	500,000	-	-	500,000
Economic environment	351,674	-	-	351,674
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	470,000	-	470,000
Interest expense	-	470,000	-	470,000
Bonds issuance costs	-	-	-	-
Capital Outlay:				
Capital expenditures	263,650	-	175,174	438,824
Construction in progress	-	-	4,806,255	4,806,255
<i>Total Expenditures</i>	<i>1,196,613</i>	<i>940,000</i>	<i>4,981,429</i>	<i>7,118,042</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>157,521</i>	<i>(560,250)</i>	<i>(6,275)</i>	<i>(409,004)</i>
<b>Other Financing Sources</b>				
Transfers In	508,000	556,201	7,577,023	8,641,224
Transfers (out)	(306,203)	-	(5,364,220)	(5,670,423)
<i>Total Other Financing Sources</i>	<i>201,797</i>	<i>556,201</i>	<i>2,212,803</i>	<i>2,970,801</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>359,318</i>	<i>(4,049)</i>	<i>2,206,528</i>	<i>2,561,797</i>
<i>Fund Balances Beginning of Year</i>	<i>1,390,704</i>	<i>4,049</i>	<i>12,755,752</i>	<i>14,150,505</i>
<i>Fund Balances End of Year</i>	<b><i>\$ 1,750,022</i></b>	<b><i>\$ -</i></b>	<b><i>\$ 14,962,280</i></b>	<b><i>\$ 16,712,302</i></b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-major Special Revenue Funds**

**For the Year Ended December 31, 2017**

	Trails & Paths Fund	Tourism Facilities Motel/Fund	Hotel Motel Fund	Solid Waste Fund
<b>Revenues</b>				
Taxes	\$ -	\$ 400,509	\$ 615,980	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	8,571	-	-	59,389
Charges for services	-	-	-	172,550
Investment interest	369	6,854	3,549	1,335
Miscellaneous revenues	-	-	-	-
<i>Total Revenues</i>	<u>8,940</u>	<u>407,363</u>	<u>619,529</u>	<u>233,274</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities and physical environment	-	-	-	81,289
Transportation	-	-	-	-
Economic environment	-	-	351,674	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	-	-	-	-
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>351,674</u>	<u>81,289</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>8,940</u>	<u>407,363</u>	<u>267,855</u>	<u>151,985</u>
<b>Other Financing Sources</b>				
Transfers in	-	250,000	-	-
Transfers (out)	-	-	(265,778)	(40,425)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>250,000</u>	<u>(265,778)</u>	<u>(40,425)</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>8,940</u>	<u>657,363</u>	<u>2,077</u>	<u>111,560</u>
<i>Fund Balances Beginning of Year</i>	<u>37,384</u>	<u>571,232</u>	<u>219,790</u>	<u>79,122</u>
<i>Fund Balances End of Year</i>	<u><b>\$ 46,324</b></u>	<u><b>\$ 1,228,595</b></u>	<u><b>\$ 221,867</b></u>	<u><b>\$ 190,682</b></u>

*continued*

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-major Special Revenue Funds**

**For the Year Ended December 31, 2017**

	PEG Fund	Winter Weather Reserve Fund	Total Non-major Special Revenue Funds
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 1,016,489
Licenses and permits	76,471	-	76,471
Intergovernmental revenues	-	3,170	71,130
Charges for services	-	-	172,550
Investment interest	1,675	3,712	17,494
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<u>78,146</u>	<u>6,882</u>	<u>1,354,134</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Utilities and physical environment	-	-	81,289
Transportation	-	500,000	500,000
Economic environment	-	-	351,674
Culture and recreation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	263,650	-	263,650
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>263,650</u>	<u>500,000</u>	<u>1,196,613</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(185,504)</u>	<u>(493,118)</u>	<u>157,521</u>
<b>Other Financing Sources</b>			
Transfers in	-	258,000	508,000
Transfers (out)	-	-	(306,203)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>258,000</u>	<u>201,797</u>
<i>Net Change in Fund Balances (deficit)</i>	<u>(185,504)</u>	<u>(235,118)</u>	<u>359,318</u>
<i>Fund Balances Beginning of Year</i>	<u>240,341</u>	<u>242,835</u>	<u>1,390,704</u>
<i>Fund Balances End of Year</i>	<u><b>\$ 54,837</b></u>	<u><b>\$ 7,717</b></u>	<u><b>\$ 1,750,022</b></u>

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

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*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

***Non-Major Debt Service Funds (LTGO Bonds Fund)***

*For the Year Ended December 31, 2017*

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	<b>Debt Service LTGO Bonds Fund</b>
<b>Revenues</b>	
Taxes	\$ -
Intergovernmental revenues	379,750
Investment interest	-
Miscellaneous revenues	-
<i>Total Revenues</i>	<i>379,750</i>
<b>Expenditures</b>	
Current:	
General government	-
Debt service:	
Principal retirement	470,000
Interest expense	470,000
Bonds issuance costs	-
Capital Outlay:	
Capital expenditures	-
Construction in progress	-
<i>Total Expenditures</i>	<i>940,000</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(560,250)</i>
<b>Other Financing Sources</b>	
Transfers In	556,201
Transfers (out)	-
<i>Total Other Financing Sources</i>	<i>556,201</i>
<i>Net Change in Fund Balances</i>	<i>(4,049)</i>
<i>Fund Balances Beginning of Year</i>	<i>4,049</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ -</i></b>

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Non-major Capital Project Funds*

*For the Year Ended December 31, 2017*

	REET 1 Capital Projects Fund	REET 2 Capital Projects Fund	Parks Capital Projects Fund	Civic Bldgs Capital Projects Fund
<b>Revenues</b>				
Taxes	\$ 1,503,786	\$ 1,503,787	\$ -	\$ -
Intergovernmental revenues	-		1,657,548	-
Investment interest	21,599	25,594	215	9,029
Miscellaneous revenues	-		-	-
<i>Total Revenues</i>	<b>1,525,385</b>	<b>1,529,381</b>	<b>1,657,763</b>	<b>9,029</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities and physical environment	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	-	-	133,798	-
Construction in progress	-	-	1,946,914	-
<i>Total Expenditures</i>	<b>-</b>	<b>-</b>	<b>2,080,712</b>	<b>-</b>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<b>1,525,385</b>	<b>1,529,381</b>	<b>(422,949)</b>	<b>9,029</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	437,437	-
Transfers (out)	<b>(1,146,404)</b>	<b>(821,517)</b>	<b>-</b>	<b>(498,500)</b>
<i>Total Other Financing Sources</i>	<b>(1,146,404)</b>	<b>(821,517)</b>	<b>437,437</b>	<b>(498,500)</b>
<i>Net Change in Fund Balances (deficit)</i>	378,981	707,864	14,488	(489,471)
<i>Fund Balances Beginning of Year</i>	<b>1,746,393</b>	<b>2,300,560</b>	<b>111,714</b>	<b>1,333,159</b>
<i>Fund Balances End of Year</i>	<b>\$ 2,125,374</b>	<b>\$ 3,008,424</b>	<b>\$ 126,202</b>	<b>\$ 843,688</b>

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances***

***Non-major Capital Project Funds***

***For the Year Ended December 31, 2017***

	Pavement Preservation Fund	Capital Reserve Fund	Railroad Grade Separation Projects Fund	Total Non-major Capital Projects Funds
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 3,007,573
Intergovernmental revenues	89,208	-	87,610	1,834,366
Investment interest	20,536	52,170	4,072	133,215
Miscellaneous revenues	-	-	-	-
<i>Total Revenues</i>	<b>109,744</b>	<b>52,170</b>	<b>91,682</b>	<b>4,975,154</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities and physical environment	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	-	41,376		175,174
Construction in progress	2,042,305	-	817,036	4,806,255
<i>Total Expenditures</i>	<b>2,042,305</b>	<b>41,376</b>	<b>817,036</b>	<b>4,981,429</b>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<b>(1,932,561)</b>	<b>10,794</b>	<b>(725,354)</b>	<b>(6,275)</b>
<b>Other Financing Sources</b>				
Transfers in	2,341,500	3,003,929	1,794,157	7,577,023
Transfers (out)	-	(2,897,799)	-	(5,364,220)
<i>Total Other Financing Sources</i>	<b>2,341,500</b>	<b>106,130</b>	<b>1,794,157</b>	<b>2,212,803</b>
<i>Net Change in Fund Balances (deficit)</i>	<b>408,939</b>	<b>116,924</b>	<b>1,068,803</b>	<b>2,206,528</b>
<i>Fund Balances Beginning of Year</i>	<b>2,953,564</b>	<b>4,310,362</b>	<b>-</b>	<b>12,755,752</b>
<i>Fund Balances End of Year</i>	<b>\$ 3,362,503</b>	<b>\$ 4,427,286</b>	<b>\$ 1,068,803</b>	<b>\$ 14,962,280</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Trails & Paths and Tourism Facilities Hotel/Motel, Non-major Special Revenue Funds**

*For the Year Ended December 31, 2017*

	Trails & Paths Special Revenue Fund			Tourism Facilities Hotel/Motel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 377,000	\$ 400,509	\$ 23,509
Intergovernmental revenues	8,600	8,571	(29)	-	-	-
Investment interest	-	369	369	-	6,854	6,854
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>8,600</i>	<i>8,940</i>	<i>340</i>	<i>377,000</i>	<i>407,363</i>	<i>30,363</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>8,600</i>	<i>8,940</i>	<i>340</i>	<i>377,000</i>	<i>407,363</i>	<i>30,363</i>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	250,000	250,000	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>250,000</i>	<i>250,000</i>	<i>-</i>
<i>Net Change in Fund Balances</i>	<i>8,600</i>	<i>8,940</i>	<i>340</i>	<i>627,000</i>	<i>657,363</i>	<i>30,363</i>
<i>Fund Balances Beginning of Year</i>	<i>37,384</i>	<i>37,384</i>	<i>-</i>	<i>571,232</i>	<i>571,232</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 45,984</i></b>	<b><i>\$ 46,324</i></b>	<b><i>\$ 340</i></b>	<b><i>\$ 1,198,232</i></b>	<b><i>\$ 1,228,595</i></b>	<b><i>\$ 30,363</i></b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Hotel/Motel and Solid Waste, Non-major Special Revenue Funds**

*For the Year Ended December 31, 2017*

	Hotel/Motel Special Revenue Fund			Solid Waste Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 580,000	\$ 615,980	\$ 35,980	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	26,800	59,389	32,589
Charges for services	-	-	-	125,000	172,550	47,550
Investment interest	500	3,549	3,049	-	1,335	1,335
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>580,500</i>	<i>619,529</i>	<i>39,029</i>	<i>151,800</i>	<i>233,274</i>	<i>81,474</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	111,375	81,289	(30,086)
Economic environment	354,000	351,674	(2,326)	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>354,000</i>	<i>351,674</i>	<i>(2,326)</i>	<i>111,375</i>	<i>81,289</i>	<i>(30,086)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>226,500</i>	<i>267,855</i>	<i>41,355</i>	<i>40,425</i>	<i>151,985</i>	<i>111,560</i>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	-	-	-
Transfers (out)	(280,000)	(265,778)	14,222	(40,425)	(40,425)	-
<i>Total Other Financing Sources</i>	<i>(280,000)</i>	<i>(265,778)</i>	<i>14,222</i>	<i>(40,425)</i>	<i>(40,425)</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(53,500)</i>	<i>2,077</i>	<i>55,577</i>	<i>-</i>	<i>111,560</i>	<i>111,560</i>
<i>Fund Balances Beginning of Year</i>	<i>219,790</i>	<i>219,790</i>	<i>-</i>	<i>79,122</i>	<i>79,122</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 166,290</i></b>	<b><i>\$ 221,867</i></b>	<b><i>\$ 55,577</i></b>	<b><i>\$ 79,122</i></b>	<b><i>\$ 190,682</i></b>	<b><i>\$ 111,560</i></b>

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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**PEG and CenterPlace Operating Reserve, Non-major Special Revenue Funds**

*For the Year Ended December 31, 2017*

	<b>PEG Special Revenue Fund</b>			<b>CenterPlace Operating Reserve Special Revenue Fund <sup>1</sup></b>		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	80,000	76,471	(3,529)	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	-	1,675	1,675	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>80,000</i>	<i>78,146</i>	<i>(1,854)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	262,500	263,650	1,150	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>262,500</i>	<i>263,650</i>	<i>1,150</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(182,500)</i>	<i>(185,504)</i>	<i>(3,004)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Net Change in Fund Balances</i>	<i>(182,500)</i>	<i>(185,504)</i>	<i>(3,004)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fund Balances Beginning of Year</i>	<i>240,341</i>	<i>240,341</i>	<i>-</i>	<i>300,000</i>	<i>300,000</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 57,841</i></b>	<b><i>\$ 54,837</i></b>	<b><i>\$ (3,004)</i></b>	<b><i>\$ 300,000</i></b>	<b><i>\$ 300,000</i></b>	<b><i>\$ -</i></b>

<sup>1</sup>) Fund Balances, CenterPlace Operating Reserve consolidated and collapsed into General Fund (GASB 54).

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Service Level Stabilization and Winter Weather Reserve, Non-major Special Revenue Funds**

*For the Year Ended December 31, 2017*

	Service Level Stabilization Reserve Special Revenue Fund <sup>1</sup>			Winter Weather Reserve Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	3,170	3,170
Investment interest	21,900	16,575	(5,325)	600	3,712	3,112
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>21,900</i>	<i>16,575</i>	<i>(5,325)</i>	<i>600</i>	<i>6,882</i>	<i>6,282</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	500,000	500,000	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>500,000</i>	<i>500,000</i>	<i>-</i>
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,900	16,575	(5,325)	(499,400)	(493,118)	6,282
<b>Other Financing Sources</b>						
Transfers In	-	-	-	258,000	258,000	-
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>258,000</i>	<i>258,000</i>	<i>-</i>
Net Change in Fund Balances (deficit)	21,900	16,575	(5,325)	(241,400)	(235,118)	6,282
Fund Balances Beginning of Year	5,483,425	5,483,425	-	242,835	242,835	-
<b>Fund Balances End of Year</b>	<b>\$ 5,505,325</b>	<b>\$ 5,500,000</b>	<b>\$ (5,325)</b>	<b>\$ 1,435</b>	<b>\$ 7,717</b>	<b>\$ 6,282</b>

<sup>1</sup>) Fund Balances, Service Level Stabilization Reserve consolidated and collapsed into General Fund (GASB 54).

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**LTGO Bonds Fund (LTGO'2016 & LTGO'14 Refunding Bonds, Non-Major Debt Service Fund**

*For the Year Ended December 31, 2017*

	<b>Debt Service</b>		
	<b>LTGO</b>		
	<b>Bonds Fund</b>		
	<u>Final Budgeted</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Amounts</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	379,750	379,750	-
Investment interest	-	-	-
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<u>379,750</u>	<u>379,750</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	943,117	470,000	(473,117)
Interest expense	-	470,000	470,000
Bonds issuance costs	-	-	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	-	-	-
<i>Total Expenditures</i>	<u>943,117</u>	<u>940,000</u>	<u>(3,117)</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(563,367)</u>	<u>(560,250)</u>	<u>3,117</u>
<b>Other Financing Sources</b>			
Transfers In	637,651	556,201	(81,450)
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	<u>637,651</u>	<u>556,201</u>	<u>(81,450)</u>
<i>Net Change in Fund Balances</i>	<u>74,284</u>	<u>(4,049)</u>	<u>(78,333)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,049</u>	<u>4,049</u>	<u>-</u>
<b>Fund Balances End of Year</b>	<b><u>\$ 78,333</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (78,333)</u></b>

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**REET 1 and REET 2 Capital Projects, Non-Major Capital Projects Funds**

*For the Year Ended December 31, 2017*

	REET 1 Capital Projects Fund			REET 2 Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 1,000,000	\$ 1,503,786	\$ 503,786	\$ 1,000,000	\$ 1,503,787	\$ 503,787
Intergovernmental revenues	-	-	-	-	-	-
Investment interest	1,700	21,599	19,899	1,700	25,594	23,894
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,001,700</i>	<i>1,525,385</i>	<i>523,685</i>	<i>1,001,700</i>	<i>1,529,381</i>	<i>527,681</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>1,001,700</i>	<i>1,525,385</i>	<i>523,685</i>	<i>1,001,700</i>	<i>1,529,381</i>	<i>527,681</i>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	-	-	-
Transfers (out)	(1,250,992)	(1,146,404)	104,588	(1,937,219)	(821,517)	1,115,702
<i>Total Other Financing Sources</i>	<i>(1,250,992)</i>	<i>(1,146,404)</i>	<i>104,588</i>	<i>(1,937,219)</i>	<i>(821,517)</i>	<i>1,115,702</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(249,292)</i>	<i>378,981</i>	<i>628,273</i>	<i>(935,519)</i>	<i>707,864</i>	<i>1,643,383</i>
<i>Fund Balances Beginning of Year</i>	<i>1,746,393</i>	<i>1,746,393</i>	<i>-</i>	<i>2,300,560</i>	<i>2,300,560</i>	<i>-</i>
<b>Fund Balances End of Year</b>	<b>\$ 1,497,101</b>	<b>\$ 2,125,374</b>	<b>\$ 628,273</b>	<b>\$ 1,365,041</b>	<b>\$ 3,008,424</b>	<b>\$ 1,643,383</b>

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Street Capital Projects, Major Capital Projects Fund & Parks Capital Projects, Non-Major Capital Projects Fund**

**For the Year Ended December 31, 2017**

	Street Capital Projects Fund			Parks Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	4,286,300	3,562,132	(724,168)	1,863,267	1,657,548	(205,719)
Charges for services	-	-	-	-	-	-
Investment interest	-	-	-	800	215	(585)
Miscellaneous revenues	970,966	62,244	(908,722)	-	-	-
<i>Total Revenues</i>	<i>5,257,266</i>	<i>3,624,376</i>	<i>(1,632,890)</i>	<i>1,864,067</i>	<i>1,657,763</i>	<i>(206,304)</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	1,169,638	(1,169,638)	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	9,329,489	4,977,929	4,351,560	2,289,282	133,798	(2,155,484)
Construction in progress	-	-	-	-	1,946,914	1,946,914
<i>Total Expenditures</i>	<i>9,329,489</i>	<i>6,147,567</i>	<i>3,181,922</i>	<i>2,289,282</i>	<i>2,080,712</i>	<i>(208,570)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(4,072,223)</i>	<i>(2,523,191)</i>	<i>(4,814,812)</i>	<i>(425,215)</i>	<i>(422,949)</i>	<i>2,266</i>
<b>Other Financing Sources</b>						
Transfers In	4,072,223	2,514,317	(1,557,906)	458,215	437,437	(20,778)
Transfers (out)	-	-	-	-	-	-
<i>Total Other Financing Sources</i>	<i>4,072,223</i>	<i>2,514,317</i>	<i>(1,557,906)</i>	<i>458,215</i>	<i>437,437</i>	<i>(20,778)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(8,874)</i>	<i>(8,874)</i>	<i>33,000</i>	<i>14,488</i>	<i>(18,512)</i>
<i>Fund Balances Beginning of Year</i>	<i>75,566</i>	<i>75,566</i>	<i>-</i>	<i>111,714</i>	<i>111,714</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 75,566</i></b>	<b><i>\$ 66,692</i></b>	<b><i>\$ (8,874)</i></b>	<b><i>\$ 144,714</i></b>	<b><i>\$ 126,202</i></b>	<b><i>\$ (18,512)</i></b>

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

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

*For the Year Ended December 31, 2017*

	Civic Buildings Capital Projects Fund			Pavement Preservation Capital Projects Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	340,800	89,208	(251,592)
Charges for services	-	-	-	-	-	-
Investment interest	7,500	9,029	1,529	-	20,536	20,536
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>7,500</i>	<i>9,029</i>	<i>1,529</i>	<i>340,800</i>	<i>109,744</i>	<i>(231,056)</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	50,000	-	(50,000)
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	-	-	-	-	-	-
Construction in progress	-	-	-	3,000,000	2,042,305	(957,695)
<i>Total Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,050,000</i>	<i>2,042,305</i>	<i>(1,007,695)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>7,500</i>	<i>9,029</i>	<i>1,529</i>	<i>(2,709,200)</i>	<i>(1,932,561)</i>	<i>776,639</i>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	-	2,341,500	2,341,500
Transfers (out)	(498,500)	(498,500)	-	-	-	-
<i>Total Other Financing Sources</i>	<i>(498,500)</i>	<i>(498,500)</i>	<i>-</i>	<i>2,341,500</i>	<i>2,341,500</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(491,000)</i>	<i>(489,471)</i>	<i>1,529</i>	<i>(367,700)</i>	<i>408,939</i>	<i>776,639</i>
<i>Fund Balances Beginning of Year</i>	<i>1,333,159</i>	<i>1,333,159</i>	<i>-</i>	<i>2,953,564</i>	<i>2,953,564</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 842,159</i></b>	<b><i>\$ 843,688</i></b>	<b><i>\$ 1,529</i></b>	<b><i>\$ 2,585,864</i></b>	<b><i>\$ 3,362,503</i></b>	<b><i>\$ 776,639</i></b>

**City of Spokane Valley, Washington**  
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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Capital Reserve, Non-Major Capital Projects Fund & City Hall Construction, Major Capital Project Fund**

*For the Year Ended December 31, 2017*

	Capital Reserve Fund			City Hall Construction Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment interest	1,000	52,170	51,170	27,000	18,894	(8,106)
Miscellaneous revenues	-	-	-	-	-	-
<i>Total Revenues</i>	<i>1,000</i>	<i>52,170</i>	<i>51,170</i>	<i>27,000</i>	<i>18,894</i>	<i>(8,106)</i>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	24,890	24,890
Utilities and physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Capital Outlay:						
Capital expenditures	38,526	41,376	(2,850)	6,100,101	6,040,989	(59,112)
Construction in progress	-	-	-	-	-	-
<i>Total Expenditures</i>	<i>38,526</i>	<i>41,376</i>	<i>(2,850)</i>	<i>6,100,101</i>	<i>6,065,879</i>	<i>(34,222)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(37,526)</i>	<i>10,794</i>	<i>48,320</i>	<i>(6,073,101)</i>	<i>(6,046,985)</i>	<i>26,116</i>
<b>Other Financing Sources</b>						
Transfers In	3,003,929	3,003,929	-	-	-	-
Transfers (out)	(3,243,206)	(2,897,799)	345,407	-	-	-
<i>Total Other Financing Sources</i>	<i>(239,277)</i>	<i>106,130</i>	<i>345,407</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>(276,803)</i>	<i>116,924</i>	<i>393,727</i>	<i>(6,073,101)</i>	<i>(6,046,985)</i>	<i>26,116</i>
<i>Fund Balances Beginning of Year</i>	<i>4,310,362</i>	<i>4,310,362</i>	<i>-</i>	<i>6,148,061</i>	<i>6,148,061</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 4,033,559</i></b>	<b><i>\$ 4,427,286</i></b>	<b><i>\$ 393,727</i></b>	<b><i>\$ 74,960</i></b>	<b><i>\$ 101,076</i></b>	<b><i>\$ 26,116</i></b>

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*Schedule of Revenues, Expenditures and Changes in Fund Balances*

*Budget and Actual*

**Railroad Grade Separation Capital Projects, Non-Major Capital Projects Fund**

*For the Year Ended December 31, 2017*

**Railroad Grade Separation  
Capital Projects Fund**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	300,000	87,610	(212,390)
Charges for services	-	-	-
Investment interest	-	4,072	4,072
Miscellaneous revenues	-	-	-
<i>Total Revenues</i>	<i>300,000</i>	<i>91,682</i>	<i>(208,318)</i>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	983,000	817,036	(165,964)
<i>Total Expenditures</i>	<i>983,000</i>	<i>817,036</i>	<i>(165,964)</i>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(683,000)</i>	<i>(725,354)</i>	<i>(42,354)</i>
<b>Other Financing Sources (Uses)</b>			
Transfers In	1,733,000	1,794,157	61,157
Transfers (out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<i>1,733,000</i>	<i>1,794,157</i>	<i>61,157</i>
<i>Net Change in Fund Balances (deficit)</i>	<i>1,050,000</i>	<i>1,068,803</i>	<i>18,803</i>
<i>Fund Balances Beginning of Year</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b><i>Fund Balances End of Year</i></b>	<b><i>\$ 1,050,000</i></b>	<b><i>\$ 1,068,803</i></b>	<b><i>\$ 18,803</i></b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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***Internal Service Funds***

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

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

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

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

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Combining Statement of Net Position-Internal Service Funds*

**Equipment Rental and Replacement & Risk Management Funds**

*For the Year Ended December 31, 2017*

<b>Governmental-type activities</b>			
	<b>Equipment Rental and Replacement Fund</b>	<b>Risk Management Fund</b>	<b>Totals</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,095,146	\$ 180,114	\$ 1,275,260
Prepaid expenditures	-	345,036	345,036
Interest receivable	1,137	218	1,355
Total Current Assets	<b>1,096,283</b>	<b>525,368</b>	<b>1,621,651</b>
Capital Assets:			
Machinery and equipment	547,212	-	547,212
Less: accumulated depreciation	(97,245)	-	(97,245)
Total Current Assets	449,967	-	449,967
<b>Total Assets</b>	<b>\$ 1,546,250</b>	<b>\$ 525,368</b>	<b>\$ 2,071,618</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ -	\$ 7,105	\$ 7,105
Due to other funds	-	274,002	274,002
Total Current Liabilities	-	281,107	281,107
<b>Total Liabilities</b>	<b>-</b>	<b>281,107</b>	<b>281,107</b>
<b>Net Position</b>			
Net Investments in Capital Assets	449,967	-	449,967
Unrestricted	1,096,283	244,261	1,340,544
<b>Total Net Position</b>	<b>1,546,250</b>	<b>244,261</b>	<b>1,790,511</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,546,250</b>	<b>\$ 525,368</b>	<b>\$ 2,071,618</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Combining Statement of Revenues, Expenses, and Changes in Net Position*

**Equipment Rental and Replacement & Risk Management - Internal Service Funds**

*For the Year Ended December 31, 2017*

	<b>Governmental-type activities</b>		
	<b>Equipment Rental and Replacement Fund</b>	<b>Risk Management Fund</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Charges for services (net of returns and allowances)	\$ 146,429	\$ -	\$ 146,429
Intergovernmental revenues	-	-	-
<b>Total Operating Revenues</b>	<b>146,429</b>	<b>-</b>	<b>146,429</b>
<b>Operating Expenses:</b>			
Personal services	-	29,067	29,067
Professional services	-	311,467	311,467
Material and supplies	6,898	-	6,898
Depreciation and amortization	44,249	-	44,249
<b>Total Operating Expenses</b>	<b>51,147</b>	<b>340,534</b>	<b>391,681</b>
<b>Operating Income (loss)</b>	<b>95,282</b>	<b>(340,534)</b>	<b>(245,252)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Investment income	9,651	1,107	10,758
<b>Total Non-Operating Revenues (Expenses)</b>	<b>9,651</b>	<b>1,107</b>	<b>10,758</b>
<b>Income (loss) before contributions and Transfers</b>	<b>104,933</b>	<b>(339,427)</b>	<b>(234,494)</b>
<b>Contributions and Transfers:</b>			
Transfers in	36,600	350,000	386,600
Transfers (out)	(77,000)	-	(77,000)
Total contributions and transfers	(40,400)	350,000	309,600
<b>Change in Net Position</b>	<b>64,533</b>	<b>10,573</b>	<b>75,106</b>
<b>Net Position-Beginning of Year</b>	<b>1,481,717</b>	<b>233,688</b>	<b>1,715,405</b>
<b>Net Position-End of Year</b>	<b>\$ 1,546,250</b>	<b>\$ 244,261</b>	<b>\$ 1,790,511</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

*Combining Statement of Cash Flows - Internal Service Funds*

**Equipment Rental and Replacement & Risk Management - Internal Service Funds**

*For the Year Ended December 31, 2017*

<b>Governmental - Type Activities</b> <b>Internal Service Funds</b>			
	<b>Equipment Rental and Replacement Fund</b>	<b>Risk Management Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash payments to employees	\$ -	\$ (29,067)	\$ (29,067)
Cash payments to suppliers for goods and services	(6,898)	(651,467)	(658,365)
Receipts from interfund activity	146,429	-	146,429
<i>Net cash provided (used) by operating activities</i>	<b>139,531</b>	<b>(680,534)</b>	<b>(541,003)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating subsidies & transfers in (out) from other funds	(40,400)	624,003	583,603
<i>Net Cash (used) provided by noncapital related financing activities</i>	<b>(40,400)</b>	<b>624,003</b>	<b>583,603</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition, construction & (transfers) of capital assets to governmental funds	(149,451)	-	(149,451)
<i>Net Cash provided by capital related financing activities</i>	<b>(149,451)</b>	<b>-</b>	<b>(149,451)</b>
<b>Cash Flows from Investing Activities</b>			
Interest received	9,002	979	9,981
<i>Net Cash provided by investing activities</i>	<b>9,002</b>	<b>979</b>	<b>9,981</b>
Net Increase (decrease) in Cash and Cash Equivalents	(41,318)	(55,552)	(96,870)
Cash and Cash Equivalents - January 1, 2017	1,136,464	235,666	1,372,130
Cash and Cash Equivalents - December 31, 2017	<b>\$ 1,095,146</b>	<b>\$ 180,114</b>	<b>\$ 1,275,260</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 95,282	\$ (340,534)	\$ (245,252)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	44,249	-	44,249
(Increase) Decrease in Assets:			
Prepaid expenses	-	(345,036)	(345,036)
<i>Increase (Decrease) in Liabilities:</i>			
Increase in: Accounts payable to suppliers	-	5,036	5,036
Total adjustments	<b>44,249</b>	<b>(340,000)</b>	<b>(295,751)</b>
<b>Net Cash Provided (used) by Operating Activities</b>	<b>\$ 139,531</b>	<b>\$ (680,534)</b>	<b>\$ (541,003)</b>

***City of Spokane Valley, Washington***  
***Comprehensive Annual Financial Report - Fiscal Year 2017***

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## **Statistical Section**

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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## **STATISTICAL SECTION**

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

<b>CONTENTS</b>	<b>Page #</b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	111 - 115
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue (inflow) source, property taxes.</i>	116 - 119
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	120 - 123
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	124 - 125
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	126 - 128

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

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**City of Spokane Valley, Washington**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 52,370	\$ 63,074	\$ 64,370	\$ 68,426	\$ 74,478	\$ 75,837	\$ 75,907	\$ 85,200	\$ 90,360	\$ 101,125
Restricted	13,966	3,689	6,896	5,654	5,104	4,985	5,128	5,731	13,238	8,833
Unrestricted	34,611	44,587	44,497	44,807	43,650	45,746	48,827	45,051	42,494	49,325
<b>Total governmental activities</b>	<b>\$ 100,947</b>	<b>\$ 111,350</b>	<b>\$ 115,763</b>	<b>\$ 118,887</b>	<b>\$ 123,232</b>	<b>\$ 126,568</b>	<b>\$ 129,862</b>	<b>\$ 135,982</b>	<b>\$ 146,092</b>	<b>\$ 159,283</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 690	\$ 683	\$ 1,018	\$ 1,500	\$ 2,875	\$ 4,176	\$ 5,382	\$ 6,275	\$ 6,356	\$ 6,344
Restricted	-	-	4	4	-	-	-	-	-	-
Unrestricted	2,381	2,267	2,285	2,796	2,589	2,653	1,935	2,562	2,712	3,387
<b>Total business-type activities</b>	<b>\$ 3,071</b>	<b>\$ 2,950</b>	<b>\$ 3,307</b>	<b>\$ 4,300</b>	<b>\$ 5,464</b>	<b>\$ 6,829</b>	<b>\$ 7,317</b>	<b>\$ 8,837</b>	<b>\$ 9,068</b>	<b>\$ 9,731</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 53,060	\$ 63,757	\$ 65,388	\$ 69,926	\$ 77,353	\$ 80,013	\$ 81,289	\$ 91,475	\$ 96,716	\$ 107,469
Restricted	13,966	3,689	6,900	5,658	5,104	4,985	5,128	5,731	13,238	8,833
Unrestricted	36,992	46,854	46,782	47,603	46,239	48,399	50,762	47,613	45,206	52,712
<b>Total primary government</b>	<b>\$ 104,018</b>	<b>\$ 114,300</b>	<b>\$ 119,070</b>	<b>\$ 123,187</b>	<b>\$ 128,696</b>	<b>\$ 133,397</b>	<b>\$ 137,179</b>	<b>\$ 144,819</b>	<b>\$ 155,160</b>	<b>\$ 169,014</b>

*Note: Totals may not foot due to rounding.*

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**City of Spokane Valley, Washington**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

Expenses	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
General government	\$ 3,696	\$ 4,592	\$ 4,449	\$ 4,427	\$ 4,622	\$ 4,644	\$ 5,004	\$ 4,771	\$ 6,129	\$ 5,155
Public safety	17,664	20,616	21,186	22,614	21,722	22,486	22,190	22,144	23,173	21,583
Utilities & physical environment	549	2,333	3,083	3,187	2,939	3,028	2,462	4,942	3,368	4,500
Transportation	16,205	14,883	7,707	6,851	8,574	7,713	8,779	6,294	8,740	9,330
Economic environment	688	574	548	663	797	849	912	883	1,122	1,095
Community development	2,971	2,045	1,879	1,772	1,894	2,031	1,848	2,071	2,039	1,355
Culture and recreation	2,551	2,910	3,009	3,050	3,458	3,535	5,234	3,674	3,841	3,692
Interest on long-term debt	406	401	394	384	376	369	243	238	317	509
<b>Total governmental activities expenses</b>	<b>44,730</b>	<b>48,354</b>	<b>42,255</b>	<b>42,948</b>	<b>44,382</b>	<b>44,655</b>	<b>46,672</b>	<b>45,016</b>	<b>48,729</b>	<b>47,219</b>
<b>Business-type activities:</b>										
Aquifer protection area	-	-	-	-	-	306	982	126	154	171
Stormwater management	1,180	1,109	1,329	1,472	1,218	1,767	1,649	1,935	1,960	1,960
<b>Total business-type activities expenses</b>	<b>1,180</b>	<b>1,109</b>	<b>1,329</b>	<b>1,472</b>	<b>1,218</b>	<b>2,073</b>	<b>2,631</b>	<b>2,061</b>	<b>2,114</b>	<b>2,131</b>
<b>Total primary government expenses</b>	<b>\$ 45,910</b>	<b>\$ 49,463</b>	<b>\$ 43,584</b>	<b>\$ 44,420</b>	<b>\$ 45,600</b>	<b>\$ 46,728</b>	<b>\$ 49,303</b>	<b>\$ 47,076</b>	<b>\$ 50,843</b>	<b>\$ 49,350</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 2,182	\$ 2,358	\$ 2,731	\$ 2,572	\$ 2,946	\$ 3,008	\$ 3,432	\$ 2,659	\$ 3,126	\$ 3,064
Public safety	1,823	1,864	2,057	1,647	1,651	1,553	1,473	1,388	1,318	1,159
Utilities & physical environment	118	188	87	106	84	98	934	230	222	296
Transportation	424	411	160	78	47	15	10	25	211	369
Economic environment	-	-	-	-	-	-	-	-	-	-
Community development	1,896	1,541	1,230	1,064	1,254	1,615	1,561	1,480	2,632	2,220
Culture and recreation	604	581	581	525	598	536	599	657	682	705
Operating grants and contributions	683	611	799	1,196	1,260	787	707	495	1,254	-
Capital grants and contributions	12,157	15,668	4,528	3,611	5,038	3,678	3,257	9,487	6,895	-
<b>Total governmental activities program revenues</b>	<b>19,887</b>	<b>23,222</b>	<b>12,173</b>	<b>10,799</b>	<b>12,878</b>	<b>11,290</b>	<b>11,973</b>	<b>16,421</b>	<b>16,340</b>	<b>7,813</b>
<b>Business-type activities:</b>										
Charges for services:										
Aquifer protection area	-	-	-	-	-	1	-	-	-	-
Stormwater management	1,687	1,706	1,748	1,833	1,835	1,873	1,867	1,861	1,898	1,895
Operating grants and contributions	-	-	-	65	622	956	476	584	450	784
Capital grants and contributions	25	27	20	726	50	620	814	1,410	-	97
<b>Total business-type activities program revenues</b>	<b>1,712</b>	<b>1,733</b>	<b>1,768</b>	<b>2,624</b>	<b>2,507</b>	<b>3,450</b>	<b>3,157</b>	<b>3,855</b>	<b>2,348</b>	<b>2,776</b>
<b>Total primary government program revenues</b>	<b>\$ 21,599</b>	<b>\$ 24,955</b>	<b>\$ 13,941</b>	<b>\$ 13,423</b>	<b>\$ 15,385</b>	<b>\$ 14,740</b>	<b>\$ 15,130</b>	<b>\$ 20,276</b>	<b>\$ 18,688</b>	<b>\$ 10,589</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**City of Spokane Valley, Washington**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue										
Governmental activities	\$(24,844)	\$(25,132)	\$(30,083)	\$(32,149)	\$(31,503)	\$(33,365)	\$(34,698)	\$(28,595)	\$(32,389)	\$(31,886)
Business-type activities	533	624	439	1,152	1,289	1,377	525	1,794	235	645
<b>Total primary government net (expenses) /revenues</b>	<b>\$(24,311)</b>	<b>\$(24,508)</b>	<b>\$(29,644)</b>	<b>\$(30,997)</b>	<b>\$(30,214)</b>	<b>\$(31,988)</b>	<b>\$(34,173)</b>	<b>\$(26,800)</b>	<b>\$(32,154)</b>	<b>\$(31,241)</b>

**General Revenues and other Changes in Net Position**

*Governmental activities:*

Taxes:										
Property taxes	\$ 9,881	\$ 10,484	\$ 10,781	\$ 10,676	\$ 10,802	\$ 10,886	\$ 11,042	\$ 11,274	\$ 11,430	\$ 11,602
Sales and use taxes	18,055	16,317	16,014	16,976	17,522	18,721	19,779	20,728	22,583	23,941
Excise taxes	2,424	3,496	3,342	3,273	3,271	3,329	3,616	4,397	4,807	5,636
Other taxes	3,265	4,205	4,080	3,862	3,847	3,670	3,459	3,459	3,417	3,369
Extraordinary gain, proceeds	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	1,003	274	189	116	115	82	57	99	248	515
Transfers	235	760	90	161	128	13	39	13	13	13
<b>Total governmental activities</b>	<b>34,863</b>	<b>35,536</b>	<b>34,496</b>	<b>35,064</b>	<b>35,685</b>	<b>36,701</b>	<b>37,992</b>	<b>39,970</b>	<b>42,498</b>	<b>45,076</b>

*Business-type activities:*

Interest and investment earnings	52	14	7	3	3	2	1	2	10	31
Transfers	(235)	(760)	(90)	(161)	(128)	(13)	(39)	(13)	(13)	(13)
<b>Total business-type activities</b>	<b>(183)</b>	<b>(746)</b>	<b>(83)</b>	<b>(158)</b>	<b>(125)</b>	<b>(11)</b>	<b>(38)</b>	<b>(11)</b>	<b>(3)</b>	<b>18</b>
<b>Total primary government</b>	<b>\$ 34,680</b>	<b>\$ 34,790</b>	<b>\$ 34,413</b>	<b>\$ 34,906</b>	<b>\$ 35,560</b>	<b>\$ 36,690</b>	<b>\$ 37,954</b>	<b>\$ 39,959</b>	<b>\$ 42,495</b>	<b>\$ 45,094</b>

**Change in Net Position**

Governmental activities	\$ 10,019	\$ 10,403	\$ 4,413	\$ 2,916	\$ 4,182	\$ 3,336	\$ 3,294	\$ 11,376	\$ 10,109	\$ 13,191
<i>Change in accounting principles see note 1</i>	-	-	-	207	163	-	-	(5,519)	-	-
Business-type activities	350	(121)	356	994	1,163	1,366	487	1,783	232	662
<b>Total primary government</b>	<b>\$ 10,369</b>	<b>\$ 10,282</b>	<b>\$ 4,769</b>	<b>\$ 4,117</b>	<b>\$ 5,508</b>	<b>\$ 4,702</b>	<b>\$ 3,781</b>	<b>\$ 7,640</b>	<b>\$ 10,341</b>	<b>\$ 13,853</b>

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**City of Spokane Valley, Washington**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(Restated) <sup>1</sup>									
<b>General fund</b>										
Reserved	\$ 19	\$ -								
Unreserved	21,673	-								
<b>Total general fund</b>	<b>\$ 21,692</b>	<b>\$ -</b>								
Nonspendable	\$ -	\$ 6	\$ 12	\$ 24	\$ 56	\$ 98	\$ 131	\$ 82	\$ 90	
Restricted	10	204	123	180	204	255	24	80	38	
Assigned	30	50	50	-	-	-	-	-	-	
Unassigned	24,587	32,976	33,727	34,389	29,071	29,974	31,652	34,695	39,336	
<b>Total general fund</b>	<b>\$ 24,627</b>	<b>\$ 33,236</b>	<b>\$ 33,912</b>	<b>\$ 34,593</b>	<b>\$ 29,331</b>	<b>\$ 30,327</b>	<b>\$ 31,807</b>	<b>\$ 34,857</b>	<b>\$ 39,464</b>	
<b>All other governmental funds</b>										
Reserved	\$ 13,946	\$ -								
Unreserved, reported in:										
Special revenue funds	6,582	-								
Capital projects funds	3,369	-								
<b>Total all other governmental funds</b>	<b>\$ 23,897</b>	<b>\$ -</b>								
Nonspendable	\$ 4	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 5	\$ 11	
Restricted	7,074	6,682	5,519	4,900	4,725	4,774	5,557	13,070	8,349	
Committed	500	501	502	503	503	504	444	237	4	
Assigned	7,595	7,769	7,369	4,765	11,785	14,056	13,854	8,381	9,583	
Unassigned	5,407	-	-	-	-	-	-	-	-	
<b>Total all other</b>	<b>\$ 20,580</b>	<b>\$ 14,957</b>	<b>\$ 13,390</b>	<b>\$ 10,168</b>	<b>\$ 17,013</b>	<b>\$ 19,334</b>	<b>\$ 19,874</b>	<b>\$ 21,693</b>	<b>\$ 17,947</b>	
<b>Total fund balances</b>	<b>\$ 45,589</b>	<b>\$ 45,207</b>	<b>\$ 48,193</b>	<b>\$ 47,302</b>	<b>\$ 44,761</b>	<b>\$ 46,344</b>	<b>\$ 49,661</b>	<b>\$ 51,681</b>	<b>\$ 56,550</b>	<b>\$ 57,411</b>

1) Fiscal year 2009 Fund balances restated for GASB-54 conversion and implementation.

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Revenues</b>										
Taxes	\$ 31,878	\$ 32,093	\$ 31,840	\$ 32,352	\$ 33,279	\$ 34,487	\$ 35,929	\$ 37,434	\$ 39,643	\$ 41,845
Licenses and permits	2,509	2,121	2,100	1,939	2,099	2,427	2,372	2,342	3,195	3,048
Intergovernmental	14,006	19,365	9,000	8,655	8,760	7,949	8,098	13,468	11,597	10,536
Charges for services	768	863	671	685	868	996	1,029	1,450	1,814	1,607
Fines and forfeitures	771	778	750	588	564	543	544	530	478	427
Investment interest	980	269	189	114	114	81	56	98	243	504
Miscellaneous	3,835	1,927	1,944	1,432	1,931	1,055	1,933	1,090	1,019	863
Total revenues	54,747	57,416	46,494	45,765	47,615	47,538	49,961	56,412	57,989	58,830
<b>Expenditures</b>										
Current:										
General government	3,467	4,215	4,047	3,993	4,203	4,232	4,508	4,539	5,134	4,891
Public safety	17,606	20,558	21,130	22,554	21,664	22,429	22,132	22,045	23,107	21,465
Utilities & physical environment	1,178	2,071	2,441	2,300	1,984	1,923	2,080	2,083	2,259	3,476
Transportation	4,581	3,989	3,199	3,923	5,349	4,172	4,453	4,144	4,524	4,704
Economic environment	671	523	506	634	759	815	902	825	1,095	1,125
Community development	2,971	2,045	1,879	1,772	1,894	2,031	1,848	2,071	2,039	1,355
Culture and recreation	2,160	2,293	2,323	2,301	2,536	2,599	2,582	2,788	2,851	2,743
Debt Service:										
Principal retirement	191	205	211	225	241	254	360	300	390	470
Interest expense	406	401	395	385	377	369	243	238	357	471
Refunding Bond issue costs	-	-	-	-	-	-	107	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	97	-
Capital Outlay:										
Capital expenditures	3,709	1,543	435	2,347	2,993	279	370	2,572	7,413	7,260
Construction in progress	14,282	20,485	6,714	6,246	8,128	6,547	6,832	12,476	11,489	9,712
Total expenditures	51,222	58,328	43,280	46,680	50,128	45,650	46,417	54,081	60,755	57,672
<i>Excess of revenues over (under) expenditures</i>	3,525	(912)	3,214	(915)	(2,513)	1,888	3,543	2,331	(2,766)	1,158
<b>Other financing sources (uses)</b>										
Extraordinary gain, fire proceeds	-	-	-	-	-	-	-	-	-	-
Bonds issued, par value	-	-	-	-	-	-	-	-	7,275	-
Refunding bonds issued	-	-	-	-	-	-	7,035	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	671	-
Premium on refunding bonds issued	-	-	-	-	-	-	626	-	-	-
Pymts refunded bonds escrow agent	-	-	-	-	-	-	(7,549)	-	-	-
Transfers in	6,160	7,673	4,293	5,127	5,314	10,251	7,388	11,917	8,364	11,840
Transfers out	(6,113)	(7,143)	(4,521)	(5,310)	(5,505)	(10,556)	(7,726)	(12,229)	(8,675)	(12,137)
Total other financing sources (uses)	47	530	(228)	(183)	(191)	(305)	(226)	(312)	7,635	(297)
<b>Net change in fund balances</b>	<b>\$ 3,572</b>	<b>\$ (382)</b>	<b>\$ 2,986</b>	<b>\$ (1,098)</b>	<b>\$ (2,704)</b>	<b>\$ 1,583</b>	<b>\$ 3,317</b>	<b>\$ 2,019</b>	<b>\$ 4,869</b>	<b>\$ 861</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.83%</b>	<b>1.70%</b>	<b>1.71%</b>	<b>1.63%</b>	<b>1.61%</b>	<b>1.63%</b>	<b>1.84%</b>	<b>1.40%</b>	<b>2.06%</b>	<b>2.37%</b>

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Assessed Value and Estimated Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	State Assessed Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>	Estimated Actual Taxable Value	Taxable Assessed Value <sup>1</sup> as a % of Actual Taxable Value
2008	6,850,793,526	334,761,322	144,201,207	693,372,441	6,636,383,614	1.492	44,479,833,528	14.9%
2009	7,243,459,327	350,340,740	131,455,778	705,747,518	7,019,508,327	1.500	46,800,090,425	15.0%
2010	7,406,805,210	380,407,036	136,107,872	753,827,516	7,169,492,602	1.510	47,476,689,157	15.1%
2011	7,363,382,369	390,295,527	155,027,290	767,757,542	7,140,947,644	1.503	47,511,213,891	15.0%
2012	7,301,216,827	385,519,496	168,518,669	767,731,597	7,087,523,395	1.526	46,431,559,220	15.3%
2013	7,098,461,705	395,557,119	164,764,545	736,958,074	6,921,825,295	1.578	43,875,667,438	15.8%
2014	7,361,808,225	418,907,730	188,057,827	799,782,754	7,168,991,028	1.545	46,398,233,305	15.5%
2015	7,599,597,739	440,541,679	182,240,486	828,408,322	7,393,971,582	1.526	48,469,168,024	15.3%
2016	7,913,329,396	465,687,715	207,777,187	838,519,201	7,748,275,097	1.483	52,254,350,533	14.8%
2017	8,308,078,597	477,211,542	209,217,972	870,020,448	8,124,487,663	1.434	56,675,881,849	14.3%

<sup>1</sup> Taxable Assessed value as a percentage of estimated actual taxable value does not include tax-exempt real property.

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

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

# **City of Spokane Valley, Washington**

## **Comprehensive Annual Financial Report - Fiscal Year 2017**

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### **City of Spokane Valley, Washington**

#### **Direct and Overlapping Property Tax Rates Governments**

##### **Last Ten Fiscal Years**

*(rate per \$1,000 of assessed value)*

<b>City of Spokane Valley Rates</b>			<b>Overlapping Rates <sup>1</sup></b>					
<b>Fiscal Year</b>	<b>Basic Rate</b>	<b>Total Direct</b>	<b>Fire Districts</b>	<b>Spokane County</b>	<b>State School</b>	<b>School Districts (4)</b>	<b>County Library</b>	<b>Other/ Special</b>
2008	1.492	1.492	3.265	2.509	1.930	18.102	0.453	1.381
2009	1.500	1.500	3.569	2.450	1.898	16.993	0.443	1.382
2010	1.510	1.510	3.613	2.470	2.002	18.281	0.447	1.602
2011	1.503	1.503	3.621	2.572	2.241	20.317	0.500	1.657
2012	1.526	1.526	3.625	2.660	2.345	21.627	0.500	1.708
2013	1.578	1.578	3.632	3.032	2.445	22.416	0.500	1.747
2014	1.545	1.545	3.631	3.042	2.373	22.392	0.500	1.691
2015	1.526	1.526	3.625	3.186	2.264	22.617	0.500	1.636
2016	1.483	1.483	3.554	3.115	2.100	22.137	0.491	1.701
2017	1.434	1.434	3.489	3.090	2.000	22.325	0.476	1.675

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

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

<sup>2</sup> Four separate School Districts operate within the City's boundary.

(Source: Spokane County Assessor's Office)

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Principal Property Taxpayers <sup>1</sup>**  
**Current Year and Ten Years Ago**  
**December 31, 2017**

Taxpayer	Business Type	2017				2008			
		Total Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Total Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value		
Kaiser Aluminum, Inc.	Aluminum Manufacturer	\$ 335,569,860	1	4.13%	\$ 78,702,083	1	1.19%		
Avista Corporation	Electric & Gas Utility	95,738,466	2	1.18%	47,555,528	4	0.72%		
Spokane Valley Mall	Retail Malls	70,491,991	3	0.87%	57,180,337	3	0.86%		
Park SPE, LLC	Real Estate Developer	70,459,330	4	0.87%	58,967,740	2	0.89%		
Wal-Mart Stores Inc.	Retail	37,211,862	5	0.46%	DND	-	DND		
Wagstaff Inc.	Engineering & Manufacturing	34,936,492	6	0.43%	DND	-	DND		
Cellco Partnership dba Verizon Wireless	Telephone Utility	33,812,536	7	0.42%	35,834,178	5	0.54%		
Spokane Valley Hospital & Medical Center	Health Care	31,817,232	8	0.39%	DND	-	DND		
Enjoy The River, LLC	Real Estate LLC	30,914,680	9	0.38%	DND	-	DND		
Providence Health & Services	Health Care	30,648,643	10	0.38%	DND	-	DND		
Hanson Industries	Real Estate Developer	-		-	17,625,030	9	0.27%		
Qwest Corporation	Telephone Utility	-		-	22,458,945	6	0.34%		
CPM Development Corp	Concrete & Asphalt	-		-	20,422,624	7	0.31%		
Honeywell International, Inc.	Electronics Manufacturer	-		-	19,922,243	8	0.30%		
Douglass, Harlan D.	Real Estate LLC	-		-	17,540,510	10	0.26%		
<b>Total:</b>		<b>\$ 771,601,092</b>		<b>9.50%</b>	<b>\$ 376,209,218</b>		<b>5.67%</b>		

Spokane Valley FY'2017 Levy Rate: 1.433459284213

<b>Total Assessed Value City of Spokane Valley</b>	<b>\$ 8,124,487,663</b>	<b>9.50%</b>	<b>\$ 6,636,383,614</b>	<b>5.67%</b>
<b>Total Assessed Value City of Spokane Valley all other Taxpayers</b>	<b>\$ 7,352,886,571</b>	<b>90.50%</b>	<b>\$ 6,260,174,396</b>	<b>94.33%</b>

<sup>1</sup> Source: Spokane County Assessor's and Treasurer's Department.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**City of Spokane Valley, Washington**  
**Property Tax Levy and Collections <sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended 31-Dec</b>	<b>Taxes Levied for the Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Tax Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2008</b>	<b>9,910,479</b>	<b>9,687,818</b>	<b>97.75%</b>	<b>81,425</b>	<b>9,769,243</b>	<b>98.57%</b>
<b>2009</b>	<b>10,538,125</b>	<b>10,317,305</b>	<b>97.90%</b>	<b>80,646</b>	<b>10,397,951</b>	<b>98.67%</b>
<b>2010</b>	<b>10,836,664</b>	<b>10,596,232</b>	<b>97.78%</b>	<b>98,579</b>	<b>10,694,811</b>	<b>98.69%</b>
<b>2011</b>	<b>10,736,817</b>	<b>10,511,675</b>	<b>97.90%</b>	<b>82,060</b>	<b>10,593,735</b>	<b>98.67%</b>
<b>2012</b>	<b>10,824,167</b>	<b>10,606,471</b>	<b>97.99%</b>	<b>76,517</b>	<b>10,682,988</b>	<b>98.70%</b>
<b>2013</b>	<b>10,927,218</b>	<b>10,674,154</b>	<b>97.68%</b>	<b>102,956</b>	<b>10,777,110</b>	<b>98.63%</b>
<b>2014</b>	<b>11,079,836</b>	<b>10,889,763</b>	<b>98.28%</b>	<b>83,306</b>	<b>10,973,069</b>	<b>99.04%</b>
<b>2015</b>	<b>11,284,152</b>	<b>11,097,997</b>	<b>98.35%</b>	<b>85,010</b>	<b>11,183,007</b>	<b>99.10%</b>
<b>2016</b>	<b>11,470,220</b>	<b>11,274,184</b>	<b>98.29%</b>	<b>97,836</b>	<b>11,372,020</b>	<b>99.14%</b>
<b>2017</b>	<b>11,651,785</b>	<b>11,440,737</b>	<b>98.19%</b>	<b>109,813</b>	<b>11,550,550</b>	<b>99.13%</b>

**Note:**

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

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Govermental Activities</b>			<b>Total Primary Government Bonded Debt Per Capita</b>	<b>Spokane County MSA Est. Per Capita Income<sup>1</sup></b>	<b>Personal Income</b>
	<b>LTGO'14 Refunding Bonds and LTGO'16 Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>			
<b>2008</b>	8,570,000	8,570,000	0.27%	96	36,069	<sup>1</sup> 3,207,255,480
<b>2009</b>	8,365,000	8,365,000	0.27%	94	35,186	<sup>1</sup> 3,147,035,840
<b>2010</b>	8,155,000	8,155,000	0.26%	90	35,220	<sup>1</sup> 3,177,196,200
<b>2011</b>	7,930,000	7,930,000	0.24%	88	36,536	<sup>1</sup> 3,292,258,960
<b>2012</b>	7,690,000	7,690,000	0.23%	85	37,653	<sup>1</sup> 3,409,479,150
<b>2013</b>	7,435,000	7,435,000	0.21%	81	38,805	<sup>1</sup> 3,550,269,450
<b>2014</b>	6,675,000	6,675,000	0.19%	73	39,067	<sup>1</sup> 3,596,117,350
<b>2015</b>	6,375,000	6,375,000	0.17%	68	40,819	<sup>1</sup> 3,810,045,460
<b>2016</b>	13,260,000	13,260,000	0.34%	141	42,028	<sup>1</sup> 3,957,356,480
<b>2017</b>	12,790,000	12,790,000	0.31%	135	43,499	<sup>2</sup> 4,127,620,110

1) Spokane County Metropolitan Statistical Area (MSA) source: Community Indicators Initiative of Spokane & U.S. Department of Commerce (BEA). Fiscal year 2016 estimated, 2.962% increase in change per capita income compared to fiscal year 2015.

2) Fiscal year 2017 3.50% increase in change per capita income compared to fiscal year 2016 based on Spokane County MSA.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**City of Spokane Valley, Washington**  
**Ratios of General Bonded Debt Outstanding**  
**To Assessed Value and Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>1</sup>	Total Taxable Assessed Value <sup>2</sup>	Gross Bonded Debt <sup>3</sup>	Net Direct Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Direct Bonded Debt Per Capita
<b>2008</b>	88,920	6,636,383,614	8,723,396	8,570,000	0.129%	96
<b>2009</b>	89,440	7,019,508,327	8,511,081	8,365,000	0.119%	94
<b>2010</b>	90,210	7,169,492,602	8,293,765	8,155,000	0.114%	90
<b>2011</b>	90,110	7,140,947,644	8,061,449	7,930,000	0.111%	88
<b>2012</b>	90,550	7,087,523,395	7,814,134	7,690,000	0.109%	85
<b>2013</b>	91,490	6,921,825,295	7,551,818	7,435,000	0.107%	81
<b>2014</b>	92,050	7,168,991,028	7,305,556	6,675,000	0.093%	73
<b>2015</b>	93,340	7,393,971,582	6,966,450	6,375,000	0.086%	68
<b>2016</b>	94,160	7,748,275,097	14,499,741	13,260,000	0.171%	141
<b>2017</b>	94,890	8,124,487,663	13,966,932	12,790,000	0.157%	135

1) Community Indicators Initiative of Spokane, Journal of Business.

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

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

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Direct and Overlapping Governmental Activities Debt <sup>1</sup>**  
**As of December 31, 2017**

Number of Issues	Governmental Unit	Net Debt Outstanding	Earliest (Month/Year)	Oldest (Month/Year)	Applicable to	
			Issue Date	Maturity Date	City of Spokane Valley Percentage	Amount
<b>Direct Debt</b>						
3	City of Spokane Valley	\$ 12,790,000	12/2016	12/2045	100.00%	\$ 12,790,000
<b>Total Direct Debt:</b>						
		12,790,000			100.00%	12,790,000
<b>Overlapping Debt</b>						
1	Fire District #1	1,007,699	3/2017	3/2022	72.14%	726,990
1	Fire District #8	805,000	10/2010	12/2020	7.33%	59,022
15	Spokane School District #81	486,385,000	12/2017	12/2035	3.89%	18,926,991
6	Central Valley School District #356	134,690,942	12/2018	12/2035	63.24%	85,183,703
3	East Valley School District #361	4,615,486	12/2017	6/2027	66.83%	3,084,425
11	West Valley School District #363	16,765,471	12/2019	12/2028	62.64%	10,501,768
<b>Total Overlapping Debt:</b>						
		644,269,598			18.39%	118,482,899
<b>Total Direct and Overlapping Debt:</b>						
		<b>\$657,059,598</b>			<b>19.98%</b>	<b>\$131,272,899</b>

1) Source: 2017 Spokane County Assessor's & Auditor's Office.

2) Source: 2017 Spokane County Auditor's Office, County wide Districts Overlapping Debt Schedules.

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation For Fiscal Year 2017	
Assessed Valuations:	Asseſſed Value
	<u><u>\$ 8,124,487,663</u></u>

**Total Assessed Value**

**Legal Debt Margin <sup>2</sup>**

**Debt Limitation: (2.5% of total asseſſed market value)**  
 (Less:) Debt applicable to limitation:

<u><u>13,295,225</u></u>
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**Fiscal Year**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Debt Limit	\$ 165,909,590	\$ 175,487,708	\$ 179,237,315	\$ 178,523,691	\$ 177,188,085	\$ 173,045,632	\$ 179,224,776	\$ 184,849,290	\$ 193,706,877	\$ 203,112,192
Total net debt applicable to limit	<u>8,810,839</u>	<u>8,657,964</u>	<u>8,410,690</u>	<u>8,201,386</u>	<u>8,001,362</u>	<u>7,784,865</u>	<u>7,077,106</u>	<u>6,813,763</u>	<u>13,752,246</u>	<u>13,295,225</u>
Legal debt margin	<u><u>\$ 157,098,751</u></u>	<u><u>\$ 166,829,744</u></u>	<u><u>\$ 170,826,625</u></u>	<u><u>\$ 170,322,305</u></u>	<u><u>\$ 169,186,723</u></u>	<u><u>\$ 165,260,767</u></u>	<u><u>\$ 172,147,670</u></u>	<u><u>\$ 178,035,527</u></u>	<u><u>\$ 179,954,631</u></u>	<u><u>\$ 189,816,967</u></u>
Total net debt applicable to the limit as a % of debt limit	<u><u>5.31%</u></u>	<u><u>4.93%</u></u>	<u><u>4.69%</u></u>	<u><u>4.59%</u></u>	<u><u>4.52%</u></u>	<u><u>4.50%</u></u>	<u><u>3.95%</u></u>	<u><u>3.69%</u></u>	<u><u>7.10%</u></u>	<u><u>6.55%</u></u>

- 1) Source: Spokane County Assessor's Office.
- 2) See Note #9, Legal Debt Margin General Purposes voted and non-voted Debt @ 2.5%.
- 3) See Note #9, Legal Debt Margin Utility voted Debt @ 2.5%.
- 4) See Note #9, Legal Debt Margin Open Space and Park Facilities voted Debt @ 2.5%.

**City of Spokane Valley, Washington**  
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**City of Spokane Valley, Washington**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Spokane County MSA Per Capita Income <sup>1</sup>	Median Age	Taxable Retail Sales <sup>2</sup>	School Enrollment <sup>3</sup>	City of Spokane Valley (MSA) Unemployment Rate <sup>4</sup>
2008	88,920	3,160,038,960	35,538	38.6	1,797,852,179	21,528	5.6%
2009	89,440	3,087,558,240	34,521	36.6	1,613,410,134	21,150	9.6%
2010	90,210	3,149,321,310	34,911	37.3	1,585,010,451	21,537	10.5%
2011	90,110	3,277,120,480	36,368	38.1	1,678,063,524	21,573	9.9%
2012	90,550	3,394,538,400	37,488	37.9	1,745,839,808	21,758	9.4%
2013	91,490	3,433,253,740	37,526	39.8	1,884,116,155	21,946	8.5%
2014	92,050	3,596,117,350	39,067	37.5	1,970,385,634	22,132	7.1%
2015	93,340	3,763,655,480	40,322	36	2,058,714,546	22,127	6.8%
2016	94,160	3,957,356,480	42,028 <sup>1</sup>	37.7	2,270,098,692	21,349	6.2%
2017	94,890	4,127,620,110	43,499 <sup>1</sup>	39.5	2,387,525,105	22,046	5.4%

1. Spokane County metropolitan statistical area (MSA) annual per capita personal Income source, CII of Spokane ([www.spokanetrends.org](http://www.spokanetrends.org)). Fiscal year 2017 estimated with a 3.5% increase in change per capita income from fiscal year 2016, compared to 2016 reported results of 4.2 increase from 2015.

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

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

4. Department of Employment Security, Washington State for City of Spokane Valley metropolitan statistical area (MSA) annual unemployment average.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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**City of Spokane Valley, Washington**  
**Principal Employers**  
**Current Year and Ten Years Ago**

<b>Employer</b>	<b>2017</b>			<b>2008</b>		
	<b>FTE Employees</b>	<sup>1</sup> <b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>FTE Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Central Valley School District	1,509	1	1.59%	1,238	2	1.39%
Wal-Mart Stores	1,417	2	1.49%	DND	#	-
Alorica Business Solutions	932	3	0.98%	DND	#	-
Kaiser Aluminum	900	4	0.95%	800	4	0.90%
Yokes Foods, Inc.	896	5	0.94%	549	6	0.62%
East Valley School District	550	6	0.58%	455	8	0.51%
West Valley School District	505	7	0.53%	487	7	0.55%
CPM Development Corporation	415	8	0.44%	750	5	0.84%
MultiCare Valley Hospital	410	9	0.43%	DND	-	-
AutoNation	366	10	0.39%	DND	#	-
Avista Energy	-	-	-	1,419	1	1.60%
BNSF Railway Company	-	-	-	900	3	1.01%
Wagstaff Inc.	-	-	-	360	10	0.40%
General Dynamics Itronics	-	-	-	389	9	0.44%
<b>Total</b>	<b>7,900</b>		<b>8.33%</b>	<b>7,347</b>		<b>8.26%</b>

1) Source for Data: Journal of Business Book of Lists January 4, 2018, Volume 33, issue 1. FTE employees as of Nov. 1, 2017.

2) DND: means did not disclose.

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

<b>Function/Department/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General government</b>										
<b>Executive &amp; legislative</b>										
City manager/ City Clerk	5	5	5	5	5	5	5	5	5	5
Legal <sup>1</sup>	3	3	3	3	3	3	3	3	3	3
Interns <sup>4</sup>	3	4.5	4.5	2	2	3	3	-	-	-
<b>Operations &amp; administrative services</b>										
Deputy city manager	7	8	8	6	7	6	6	6	6	6
Finance	9	10	12	11	11	11	11.75	11.75	11.75	11.75
Legal <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Human resources	2	2	2	2	2	2	2	2	2	2
Interns <sup>4</sup>	1	1	1	2	2	1	1	-	-	-
<b>Public safety<sup>2</sup></b>										
<b>Utilities &amp; physical environment<sup>2</sup></b>										
Public works	10	7.5	7.5	7.5	7	7	7.375	7.375	7.375	7.375
City Hall Operations & Maintenance	-	-	-	-	-	-	-	-	-	1
<b>Transportation</b>										
Street fund & Street capital project fund <sup>2</sup>	4.4	8.5	8.5	8	8.5	8.5	8.875	9.225	9.225	9.225
Interns <sup>4</sup>	1	-	-	1	1	1	1	-	-	-
<b>CED</b>										
CED Administration	3	3	3	3	3	2	2	2	2	2
CED Building	14.75	14.75	14.75	12.75	12.75	11.5	12.5	14	14	14
CED Economic Development	-	-	-	-	-	-	-	2.5	2.65	3.65
CED Development Services	-	-	-	-	-	-	-	11	11	10
CED Planning	8	9	9	8.5	8.5	8	8	-	-	-
CED Engineering	8	8	8	6	6	8	7	-	-	-
<b>Culture and recreation<sup>3</sup></b>										
Parks administration	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
CenterPlace	7	7	7	5	5	5	5	5	5	5
Interns <sup>4</sup>	1	1	1	1	1	1	1	-	-	-
<b>StormWater management fund</b>										
Interns <sup>4</sup>	2	2	2	2	1	1	1	-	-	-
<b>Total (FTEs)</b>										
	<b>81.15</b>	<b>93.75</b>	<b>95.75</b>	<b>86.25</b>	<b>87.25</b>	<b>85.25</b>	<b>87.25</b>	<b>87.25</b>	<b>87.40</b>	<b>88.40</b>

**Notes:**

<sup>1</sup> Legal program re-assigned to executive and legislative program in 2008.

<sup>2</sup> The city contracts with Spokane County for law enforcement services and fire protection is provided by Fire Districts 1 & 8.

Winter Weather Services and snow removal was provided under contract through Spokane County in prior fiscal years 2003 thru 2009.

<sup>3</sup> Library service provided by the Spokane County Library District.

<sup>4</sup> Interns to various department programs "NOT" included in total for FTE's.

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

**City of Spokane Valley, Washington**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public safety <sup>1</sup></b>										
Total number of crime offenses <sup>2</sup>	4,093	4,067	5,183	6,237	5,390	5,691	5,691	5,014	5,561	5,927
Number of Violent Crimes per 1,000 <sup>3</sup>	3.0	3.0	1.8	1.9	2.1	2.2	2.2	3.2	2.5	2.9
Property crimes per 1,000 <sup>3</sup>	38.8	36.7	46.9	55.7	53.1	51.5	53.1	57.0	51.2	53.8
Commissioned officers per 1,000 <sup>3</sup>	1.14	1.12	1.15	1.08	1.09	1.09	1.1	1.1	1.1	1.1
Full time commissioned officers <sup>3</sup>	101	101	104	97	99	99	97	102	102	101
<b>Building and permits <sup>6</sup></b>										
Residential dwelling permits	994	656	599	603	1,331	1,415 <sup>9</sup>	1,438	1,722	1,892	1,288
Non-residential building permits <sup>3</sup>	167	167	160	155	31	91 <sup>9</sup>	233	545	593	430
Mechanical permits	1,339	1,288	1,096	953	-	- <sup>9</sup>	-	-	-	-
Plumbing permits	629	523	571	586	-	- <sup>9</sup>	-	-	-	-
Mechanical/Plumbing commercial permits	-	-	-	-	-	315 <sup>9</sup>	357	305	341	421
Mechanical/Plumbing residential permits	-	-	-	-	-	1,160 <sup>9</sup>	1,437	1,404	1,523	2,393
Demolition permits	41	44	35	32	39	55 <sup>9</sup>	65	47	40	58
Grading permits	29	16	17	29	38	43 <sup>9</sup>	50	62	55	75
Miscellaneous bench permits & sign fees	6	5	7	8	13	16 <sup>9</sup>	122	124	124	92
<b>Transportation</b>										
Highways & streets (surface in miles) <sup>4</sup>	438	438	438	438	438	438	461	461	461	461
Lane miles maintained (per 1k population)	-	-	-	5.12	5.12	5.12	5.12	4.94	4.94	4.94
Potholes repaired & patched	458	436	540	748	1,550	2,133	607	482	606	2,012
Street right-a-way permits	358	296	261	390	392	467	713	767	829	940
Local Gov't road maintenance per capita	\$61	\$47	\$43	\$41.29	\$41.29	\$51.29	\$53.11	\$48.11	\$48.01	\$48.00
Highways & streets (surface in miles) <sup>10</sup>	110,000	109,000	107,000	108,000	108,000	108,000	114,000	118,000	107,000	121,000
Avg daily traffic counts I-90 at Pines	81,000	75,000	70,000	70,000	70,000	70,000	75,000	81,000	70,000	83,000
Avg daily traffic counts I-90 at Sullivan	69,000	67,000	66,000	63,000	63,000	63,000	70,000	75,000	66,000	79,000
<b>Parks and recreation</b>										
Participants; recreation programs	N.A. <sup>8</sup>	N.A. <sup>8</sup>	N.A. <sup>8</sup>	N.A. <sup>8</sup>	N.A. <sup>8</sup>					
Parks reservations (Fields, shelters, parks)	227	258	252	394	407	399	428	425	431	511
Total participants in aquatic programs <sup>7</sup>	24,409	33,688	35,910	36,484	35,978	33,681	29,820	30,612	31,453	34,964
CenterPlace reservations (by # of events) <sup>7</sup>	692	815	823	816	915	812	1,083	919	923	1,041
Centennial trail (measured in miles)	7	7	7	7	7	7	7	7	7	7
<b>Stormwater <sup>5</sup></b>										
Storm ditches (measured in miles)	11	11	11	11	11	11	11	11	11	11
Ponds	28	35	38	38	39	39	41	41	106	60
Swales (measured in miles)	10	10	10	10	11	11	12	12	12	20

<sup>1</sup> Public safety and Police Protection services contracted through Spokane County Sheriff's Office.

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

<sup>3</sup> Source: Community Indicators Initiative of Spokane (EWU).

<sup>4</sup> Highways & Streets measured in centerline miles.

<sup>5</sup> Stormwater programs acquired from Spokane County refer to note 6 of the notes to the financial statements.

<sup>6</sup> Building Department converted from a paper record system to Computerized Permit record system November 2004.

<sup>7</sup> CenterPlace is the City of Spokane Valley's Regional Community Center, and officially opened for business on September 25th, 2005. Events include:

Meetings/Seminars, Community Events, Weddings/Receptions, Private Parties, Fundraisers, and other functions.

<sup>8</sup> Operational data for participants in recreation programs collected and recorded under CenterPlace reservations by number of events.

Tracking categories changed in FY 2008, separated operating indicators between Park reservations and CenterPlace events.

<sup>9</sup> Building Department converted over to a New Permitting Software in FY '2012. Includes plumbing and mechanical permits issued as other residential valuations.

<sup>10</sup> WSDOT Transportation figures 2016 & 2017 City of Spokane Valley figures .

**City of Spokane Valley, Washington**  
**Comprehensive Annual Financial Report - Fiscal Year 2017**

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public safety</b>										
Public safety building	1 <sup>1</sup>	1	1	1	1	1	1	1	1	1
<b>Transportation</b>										
Street facility building and yard	-	-	-	1	1	1	1	1	1	1
Cement concrete pavement ( <i>in centerline miles</i> )	5	5	6	6	7	7	7	7	7	8
Asphalt plant or road mix ( <i>in centerline miles</i> )	335	335	335	335	334	334	334	365	371	371
Bituminous surface ( <i>in centerline miles</i> )	88	88	87	87	88	88	88	84	82	81
Gravel or crushed rock ( <i>in centerline miles</i> )	10	10	10	10	9	9	9	1	1	1
Bridges	4	4	4	4	4	4	4	4	4	4
Traffic Signals	86	86	86	86	86	86	85	85	86	87
Flashing beacons school zone	16	20	20	24	32	32	36	36	36	36
4-Way intersection control flashing beacons	4	4	4	4	4	4	3	3	3	3
Rectangular Rapid flashing beacons (RRFB)	-	-	-	-	14	14	14	16	16	18
Digital Message Sign (DMS)	-	1	1	1	1	1	1	1	1	1
Standalone Traffic Cameras	-	3	3	3	4	8	8	9	9	9
<b>Culture and recreation</b>										
Parks acreage <sup>3</sup>	171 <sup>4</sup>	171	172	172	172	172	172	180	180	180
Parks	10 <sup>4</sup>	10	10	10	11	11	11	11	11	11
Park shelters	6	8	9	10	10	10	10	13	13	13
Turf fields	2	2	2	2	2	2	2	-	-	-
Park monuments	2	2	2	2	2	2	2	3	3	3
Swimming pools	3	3	3	3	3	3	3	3	3	3
Ball fields	4	4	4	4	4	4	4	3	3	3
Basketball courts	3	3	3	3	3	3	3	4	4	4
Volleyball courts	2	2	2	2	2	2	2	10	11	11
Tennis courts	2	2	2	2	2	2	2	4	4	4
Horseshoe pit	-	-	-	1	1	1	1	1	1	1
Community center (Senior Center)	- <sup>2</sup>	-	-	-	-	-	-	-	-	-
Regional Convention center (CenterPlace)	1	1	1	1	1	1	1	1	1	1
Dance hall/arena	1	1	1	1	1	1	1	1	1	1
Horse arena	1	1	1	1	1	1	1	1	1	1
<b>Stormwater management</b> <sup>5</sup>										
Drywells	7,200	7,330	7,376	7,262	7,189	7,439	5,751	5,738	7,263	7,472
Catchbasins	3,400	3,410	3,607	3,627	3,687	3,831	3,906	4,008	4,038	4,025
Curb/sidewalkdrops	2,400	2,480	2,473	2,479	2,487	2,801	2,932	3,116	3,148	3,153
Manhole & stormdrain covers (square & round)	10,600	10,600	11,154	11,162	11,175	11,270	12,589	13,028	11,620	11,580
Culverts	100	100	106	106	106	110	51	67	2	168
Pump systems	4	4	4	4	4	4	4	4	4	4
Stormwater pipe (not combined with sewer, miles)	22	22	24	24	25	27	12	12	29	30

1) City of Spokane Valley acquired the Public Safety Building from Spokane County in FY '2007.

2) Spokane Valley Senior Center was completely demolished in FY '2008, and Senior Center activities are housed within the 54,000 sq. ft. CenterPlace Facility.

3) Park acreage information reported in City's Master Plan.

4) Park acreage increased in FY '2007 through acquisition of Greenacres Park for a total of "8" additional acres.

5) Stormwater assets acquired through Spokane County, refer to note 6 of the notes to the financial statements.

Note: Acquisition of Balfour Park, Fall of 2012.