



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Spokane

For the period January 1, 2024 through December 31, 2024

*Published September 25, 2025*

Report No. 1038150



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

September 25, 2025

Mayor and City Council  
City of Spokane  
Spokane, Washington

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

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## City of Spokane January 1, 2024 through December 31, 2024

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

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

#### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

#### Federal Awards

##### Internal Control over Major Programs:

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

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

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,648,178.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2024-001.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2024-002.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### City of Spokane January 1, 2024 through December 31, 2024

#### **2024-001    The City did not have adequate internal controls to ensure accurate reporting of its financial statements.**

##### ***Background***

State and federal agencies, the Mayor, City Council and the public rely on information included in the financial statements and reports to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance its financial reporting is reliable and the financial statements are accurate. The City prepares its financial statements in accordance with generally accepted accounting principles (GAAP).

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the City's ability to produce reliable and accurate financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses in internal controls as a finding.

##### ***Description of Condition***

The City allocates pooled investment market adjustments and interest earnings to participating funds based on criteria established by City policy. However, the City's process for allocating these investment adjustments and interest earnings was not effective to ensure that adjustments did not cause any fund to report negative equity in pooled investments and that reported interest earnings receivable at year-end were for actual investment interest earnings.

Under GASB requirements, the City is also required to report federal award funding received under the American Rescue Plan (ARP) as an unearned revenue liability until applicable eligibility requirements are met. The City did not ensure it classified unspent ARP funding as unearned revenue or that these funds met eligibility requirements before recognizing the revenue in the financial statements.

Additionally, the City uses a spreadsheet to create and track the adjustments necessary to convert fund level balances to government-wide balances under GASB 34 reporting requirements. The City's procedures for calculating and applying these

adjustments were not adequate to ensure proper consolidation and elimination of internally generated activity.

Although City staff had procedures to prepare the annual financial report using various accounting systems and accounting records, its preparation and review processes were not detailed enough to detect and correct misstatements before audit.

### *Cause of Condition*

The City experienced turnover in key accounting positions responsible for reviewing the prepared annual financial report and for allocating pooled investment market adjustments and interest earnings. Additionally, although City staff evaluated how to report ARP federal funding, they did not properly apply GASB guidance for reporting these funds. Further, the City's GASB 34 conversion workbook contained formula errors that staff did not identify when preparing government-wide financial statements.

### *Effect of Condition*

The City's financial statements contained errors that management did not detect before the audit. Specifically, the City:

- Disproportionately allocated investment market adjustments to the general fund, misstating equity in pooled investments as follows:
  - Understatement of \$18.6 million in the general fund
  - Overstatement of \$5.8 million in the water/sewer fund
  - Overstatement of \$1.2 million in the solid waste fund
  - Overstatement of \$11.6 million in the aggregate remaining funds
- Reported interest earnings receivable that did not exist and was not based on actual investment interest earnings, overstating interest receivable in the general fund by \$7.4 million
- Incorrectly classified unspent ARP federal funds, overstating deferred inflows for unavailable revenues and understating unearned revenue by \$14.6 million in the American recovery plan fund. The City also incorrectly recognized these federal funds as revenue in the government-wide financial statements before meeting applicable eligibility requirements, understating unearned revenue liability by \$14.6 million and revenue by \$22.2 million and overstating beginning net position by \$36.9 million and ending net position by \$14.6 million.

- Incorrectly consolidated and eliminated internally generated activity, understating internal balances in governmental activities by \$56.3 million and overstating general government expenses in governmental activities by \$32.8 million

The City subsequently corrected these errors.

In addition, we identified other, less significant errors in the financial statements, notes, Required Supplementary Information and schedules.

### ***Recommendation***

We recommend the City strengthen internal controls over financial statement preparation to ensure financial statements are accurate, complete and in compliance with GAAP and GASB requirements. Specifically, we recommend the City dedicate sufficient resources to:

- Review allocations of pooled investment market adjustments and apply them in accordance with City policy and that the allocations do not cause participating funds to report negative equity in pooled investments
- Review pooled investment interest earnings to ensure allocations are based on actual interest earnings and only report interest receivable that exists at year-end
- Update the City's GASB 34 consolidation workbooks to ensure proper calculation and application of adjustments and ensure that internally generated activity is properly consolidated or eliminated as required
- Ensure unspent federal award funds are classified as unearned revenue until meeting all eligibility requirements for revenue recognition in the government-wide statements
- Perform an effective review of the financial statements to identify and correct errors before submitting them for audit

### ***City's Response***

*The City understands the importance of preparing reliable and accurate financial statements. The City agrees with the description of the identified misstatements as denoted in the finding and corrected those misstatements accordingly. The City will continue to work to improve the reliability and accuracy of the financial statements.*

*The City will perform the following with relation to the recommendation:*



- *Pooled investment market adjustments will be applied in accordance with policy and additional review will be performed by managerial staff to ensure participating funds do not report negative equity in pooled investments.*
- *Additionally, the investment interest earnings will be reviewed by managerial staff to ensure allocations are based on actual interest earnings and align to year-end actuals.*
- *The City's GASB 34 consolidated workbook will be reviewed and updated to ensure all calculations and application of adjustments are accurate. Additionally, internally generated activity will be properly reviewed for consolidation and eliminated as required.*
- *The City will ensure that all unspent federal award funds are classified as unearned revenue in accordance with eligibility requirements in the government-wide statements and will be reviewed for accuracy by managerial staff.*
- *The City will work towards improved review processes by appropriate managerial staff to ensure the financial statements are free of error before submitting them for an audit.*

*The City would like to thank the State Auditor's Office for their work on the audit and ensuring the City's financial statements are reliable and accurate in material aspects. The City is dedicated to work towards continuous improvement in their processes to ensure the financial statements can be materially relied upon.*

### ***Auditor's Remarks***

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

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

*The Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.*

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

*Government Accounting Standards Board Codification Section N50.118, Nonexchange Transactions.*

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### City of Spokane January 1, 2024 through December 31, 2024

#### **2024-002    The City did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.**

<b>Assistance Listing Number and Title:</b>	21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
<b>Federal Grantor Name:</b>	U.S. Department of the Treasury
<b>Federal Award/Contract Number:</b>	SLT-0533
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	Yes, 2023-001

#### ***Background***

The purpose of the Coronavirus State and Local Fiscal Recovery funds is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected and make necessary investments in water, sewer or broadband infrastructure. In 2024, the City spent about \$23.3 million in program funds for these activities.

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

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the City enters into contracts or purchases goods and services that it

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

### *Description of Condition*

Although the City has a process to verify the suspension and debarment status for contractors it pays more than \$25,000, our audit found the City did not follow this process and did not verify one of 13 contractors we tested was not suspended or debarred before purchasing from them.

We consider this deficiency in internal controls to be a significant deficiency.

### *Cause of Condition*

The City purchased a vehicle from one contractor using another government's contract, in a process commonly referred to as "piggybacking." City staff responsible for the purchase relied on the awarding agency's suspension and debarment verification to ensure compliance with this requirement. By relying on the awarding agency, staff did not follow the City's standard procedure of obtaining a written certification from the contractor.

### *Effect of Condition*

The City did not obtain a written certification, insert a clause into the contract or check for exclusion records at SAM.gov to verify the contractor it paid \$49,546 with federal funds was not suspended or debarred before contracting. Without adequate internal controls, the City increases its risk of awarding funds to contractors that are excluded from participating in federal programs. Any payments the City made to an ineligible party would be unallowable, and the awarding agency could potentially recover them.

The City subsequently verified the contractor was not suspended or debarred. Therefore, we are not questioning costs.

## ***Recommendation***

We recommend the City strengthen its internal controls to verify all contractors it pays \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs.

## ***City's Response***

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

*The City did not contract with any parties who were debarred or suspended from doing business with the federal government during the audited period. The City currently has a contracting process to verify and document its contractors, consultants and vendors are neither debarred nor suspended. This process adds required certification language to all City agreements to document compliance. While this purchase was reviewed and the compliant status of the providers were verified through the existing cooperative agreement, the City's process did not capture the needed requirement to verify at the lower tier. This was identified in the prior audit, and due to the timing of this issue and the prior audit finding, the corrections put in place to catch these kinds of purchases going forward had not been put in place yet, and the debarment search on this purchase occurred after the purchase had been made. The City has put into place a requirement that all subawards, purchase agreements and contracts involving federal funds over \$25,000 include the required certification even if the contract is derived from "piggy backing" and includes debarment language. Every Contract that receives grant funding goes through the Grants office during the contracting approval process, and this debarment upload is something Grants office is now looking for before approving a contract to move further along the approval process.*

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

## ***Auditor's Remarks***

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

### *Applicable Laws and Regulations*

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

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

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

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### City of Spokane January 1, 2024 through December 31, 2024

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

<b>Audit Period:</b> January 1, 2023– December 31, 2023	<b>Report Ref. No.:</b> 1035593	<b>Finding Ref. No.:</b> 2023-001	<b>Assistance Listing Number(s):</b> 21.027
<b>Federal Program Name and Granting Agency:</b> COVID-19 – Coronavirus State and Local Fiscal Recovery Funds U.S. Department of the Treasury		<b>Pass-Through Agency Name:</b> Washington State Department of Commerce	
<b>Finding Caption:</b> The City’s internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.			
<b>Background:</b> The fiscal year 2023 audit found the City did not obtain a written certification, insert a clause or condition into the contract, or check for exclusion records in the U.S. General Services Administration’s System for Award Management at SAM.gov to verify three contractors were not suspended or debarred before contracting as federal regulations require.			
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>Several Years ago, the City implemented adding Debarment Certifications to all contracts. Every contract should include this Debarment Certification that is signed along with the Fully Executed contract. However, in this case, “Piggy Backing” was used on a State Contract using Federal Funding and the State performed the procurement procedures and the Debarment requirements. The City did not perform their own debarment search on the State Contract. We have worked with the department that used the State Contract, and anytime they rely upon using a State Contract moving forward, they must include a Debarment Search with their electronic contract approval. Every Contract that receives grant funding goes through the</i>			

*Grants office during the contracting approval process, and this debarment upload is something Grants office is now looking for before approving a contract to move further along the approval process.*



## INDEPENDENT AUDITOR'S REPORT

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

#### City of Spokane January 1, 2024 through December 31, 2024

Mayor and City Council  
City of Spokane  
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 18, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Spokane Employees' Retirement System (SERS), a pension benefit fiduciary fund of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2024-001, that we consider to be material weaknesses.

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

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

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

## **CITY'S RESPONSE TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2025

## INDEPENDENT AUDITOR'S REPORT

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

**City of Spokane**  
**January 1, 2024 through December 31, 2024**

Mayor and City Council  
City of Spokane  
Spokane, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the City of Spokane, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

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

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

## Other Matters

We noted certain matters related to compliance that we have reported to the management of the City in a separate letter dated September 18, 2025.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2024-002, that we consider to be a significant deficiency.

In addition, we noted certain other matters that we have reported to the management of the City in a separate letter dated September 18, 2025.

## City's Response to Findings

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

## Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Spokane January 1, 2024 through December 31, 2024**

Mayor and City Council  
City of Spokane  
Spokane, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statement of the Spokane Employees' Retirement System (SERS), which represents 49%, 63%, and 15%, respectively, of the assets, net position and revenues of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SERS, is based solely on the report of other auditors.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical



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

### **Matters of Emphasis**

As discussed in Note 13 to the financial statements, in 2024, the City adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2025

## **FINANCIAL SECTION**

### **City of Spokane January 1, 2024 through December 31, 2024**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2024

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2024

Statement of Activities – 2024

Balance Sheet – Governmental Funds – 2024

Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental  
Funds – 2024

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental  
Funds – 2024

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balance to the Statement of Activities – 2024

Statement of Net Position – Proprietary Funds – 2024

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds –  
2024

Statement of Cash Flows – Proprietary Funds – 2024

Statement of Fiduciary Net Position – Fiduciary Funds – 2024

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2024

Notes to the Financial Statements – 2024

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
– General Fund Accounts – 2024

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
– American Recovery Plan – 2024

Schedule of City's Proportionate Share of the SERS Net Pension Liability – 2024

Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Pension  
and Police Pension – 2024

Schedule of City's Proportionate Share of the Net Pension Liability (Asset) – LEOFF 1  
and 2 – 2024

Schedule of Employer Contributions – SERS, Firefighters’ Pension, Police Pension and LEOFF 2 – 2024

Schedule of Investment Returns – Spokane Employee Retirement System (SERS), Fire, and Police – 2024

Schedule of Changes in the City’s Firefighters’ Retirement Net OPEB Liability and Related Ratios – 2024

Schedule of Changes in the City’s Police Retirement Net OPEB Liability and Related Ratios – 2024

Schedule of Changes in the City’s Retiree Medical Plan 2 Total OPEB Liability and Related Ratios not held in trust – 2024

Other Postemployment Benefit Schedule of Employer Contributions – Firefighters’ Pension and Police Pension – 2024

Schedule of Investment Returns for OPEB held in trust – Fire OPEB and Police OPEB – 2024

Notes to the Required Supplementary Information – 2024

## **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

Schedule for General Fund Accounts Balance Sheet – 2024

Schedule of General Fund Accounts Statement of Revenues, Expenditures, and Changes in Fund Balances – 2024

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual – each fund included in the General Fund Accounts – 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Spokane, Washington (the City) 's annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City as of and for the fiscal year ended December 31, 2024. The December 31, 2023 balances were restated in accordance with GASB 100. See Note 13 for additional information about the restatements. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$2.4 billion (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$2.3 billion includes property, equipment, infrastructure, right-to-use leased assets, and right-to-use subscription assets, net of accumulated depreciation and amortization, and is reduced for outstanding debt related to the purchase, construction or financing of capital assets.
  - (2) Net position of \$164.1 million is restricted by constraints imposed from outside the City such as debt covenants, pensions, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$ (81.8) million is attributable to the city's portion of net pension assets being classified as restricted for pensions. The unrestricted net position represents the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported a total ending fund balance of \$166.8 million this year, a decrease of \$4.8 million from the prior year. Revenues increased by \$6.4 million overall. Tax revenue increased by \$9.1 million. Investment earnings decreased by \$8.4 million. Intergovernmental revenue, licenses and permits, charges for service, fines and miscellaneous revenues increased by \$5.7 million. Other financing sources decreased by \$1.4 million. This last category of funding, which includes sale of assets, and transfers in, contains revenues that are often not normal ongoing revenues, but rather occur only as necessary in any particular year.

Taxes	\$ 9.1 million
Licenses & Permits	\$ 0.5 million
Intergovernmental	\$ 4.9 million
Charges for Service	\$ (1.5) million
Fines & Forfeitures	\$ (1.5) million
Miscellaneous	\$ 3.4 million
Investment earnings	\$ (8.4) million
Other Financing Sources	\$ (1.4) million

- At the end of the current fiscal year, the fund balance for the General Fund totaled \$38 million, excluding the non-spendable and restricted categories, which is 15.37% of General Fund expenditures excluding transfers.

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

### Overview of the Financial Statements

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

### Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a

perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

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

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

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

#### **Fund Financial Statements**

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

The City has three kinds of funds:

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

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

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



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

**Fiduciary funds** include four single-employer and 1 multi-employer defined benefit pension plans for City employees as well as various custodial funds. The City reports these funds however they are not available for City use.

#### Notes To The Basic Financial Statements

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

#### Financial Analysis of the City as a Whole

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

The City's net position at fiscal year-end is \$2,379 million as shown below.

	Governmental Activities		Business-Type Activities		Total	
Summary of Net Position (in thousands)	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current and other assets	355,628	419,917	124,533	136,413	480,162	556,331
Capital assets	1,675,154	1,676,902	1,072,841	1,049,466	2,747,995	2,726,368
Total assets	2,030,783	2,096,819	1,197,374	1,185,880	3,228,157	3,282,698
<b>DEFERRED OUTFLOWS</b>	102,035	98,387	28,466	36,112	130,501	134,499
<b>LIABILITIES</b>						
Current liabilities	40,065	63,456	9,656	12,756	49,721	76,212
Long term liabilities	505,919	530,205	360,700	369,363	866,620	899,568
Total liabilities	545,985	593,661	370,356	382,119	916,341	975,780
<b>DEFERRED INFLOWS</b>	51,661	60,147	11,682	10,881	63,343	71,027
<b>NET POSITION</b>						
Net investment in capital assets	1,459,139	1,449,042	837,524	808,366	2,296,663	2,257,408
Restricted	164,084	197,777	-	-	164,084	197,777
Unrestricted	(88,051)	(105,421)	6,279	20,626	(81,772)	(84,794)
Total net position	1,535,172	1,541,398	843,802	828,992	2,378,974	2,370,390

The City continues to maintain a healthy current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 9.75 and 11.98 for business type activities. For the City overall, the current ratio is 10.36. We consider these ratios to be very strong.

#### Governmental Activities

Net position decreased by \$6.2 million for governmental activities and is attributable to program expenses exceeding revenues.

### Business-Type Activities

The \$14.8 million increase in business activities' net position is primarily attributable to revenues exceeding expenses in the Water/Sewer fund and an increase in capital assets.

It should be noted that 95.0% of the governmental activities' net position is related to the net investment in capital assets. The City uses these capital assets to provide services to its citizens. With business-type activities, the City has committed 99.3% of its net position on capital. Capital assets in the business-type activities primarily provide utility services, but they also generate revenues for these funds. The net investment in capital assets makes up 96.5% of the City's total net position.

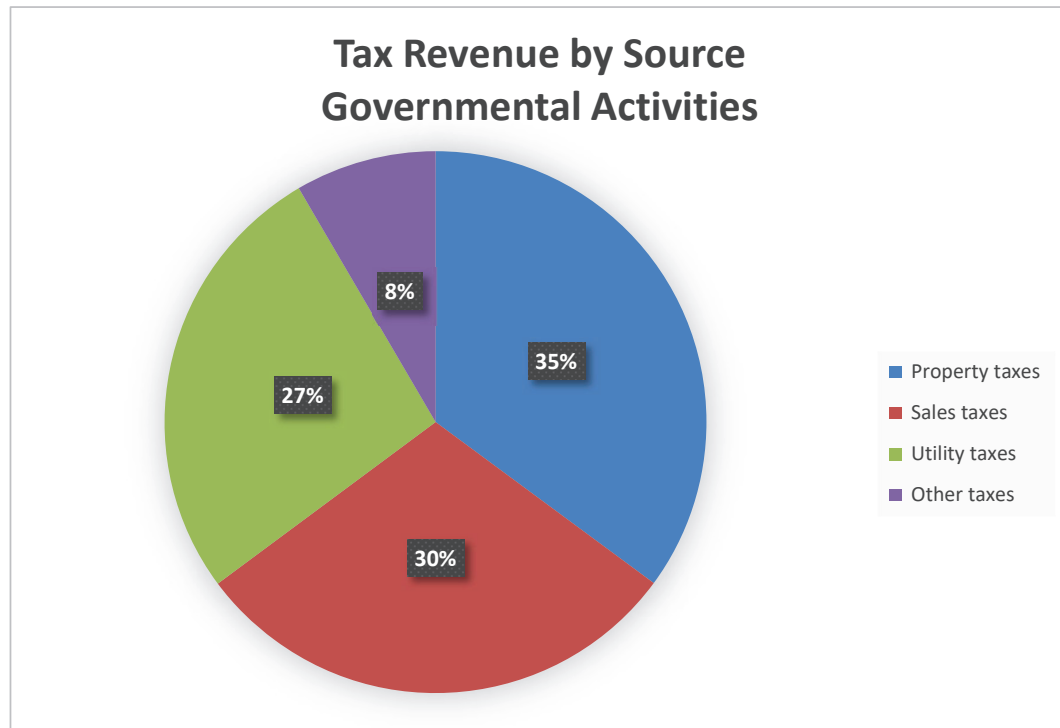
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
Change in Net Position (in thousands)	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
Program revenues						
Charges for services	48,171	54,663	291,846	292,864	340,017	347,527
Operating grants and contributions	44,597	52,627	1,812	137	46,409	52,764
Capital grants and contributions	29,496	17,128	20,616	12,608	50,112	29,736
General revenues						
Taxes	292,364	277,003	-	-	292,364	277,003
Miscellaneous	-	6,199	-	-	-	6,199
Interest and investment Earnings	11,104	17,313	3,005	(2,723)	14,110	14,590
<b>Total revenues</b>	<b>425,732</b>	<b>424,934</b>	<b>317,279</b>	<b>302,885</b>	<b>743,011</b>	<b>727,819</b>
<b>EXPENSES</b>						
General government	(18,408)	(20,158)	-	-	(18,408)	(20,158)
Judicial	(7,086)	(4,958)	-	-	(7,086)	(4,958)
Public safety	(202,491)	(195,203)	-	-	(202,491)	(195,203)
Transportation	(80,223)	(74,163)	-	-	(80,223)	(74,163)
Economic environment	(44,712)	(43,216)	-	-	(44,712)	(43,216)
Social services	(24,160)	(37,660)	-	-	(24,160)	(37,660)
Culture and recreation	(54,424)	(51,079)	-	-	(54,424)	(51,079)
Interest on long term debt	(7,659)	(8,210)	-	-	(7,659)	(8,210)
Water/Sewer	-	-	(173,448)	(167,649)	(173,448)	(167,649)
Solid Waste	-	-	(105,929)	(101,156)	(105,929)	(101,156)
Other business activities	-	-	(15,887)	(14,435)	(15,887)	(14,435)
<b>Total expenses</b>	<b>(439,163)</b>	<b>(434,647)</b>	<b>(295,264)</b>	<b>(283,240)</b>	<b>(734,427)</b>	<b>(717,887)</b>
<b>Excess (deficiency) of revenues over expenses before contributions &amp; transfers</b>	<b>(13,431)</b>	<b>(9,713)</b>	<b>22,015</b>	<b>19,645</b>	<b>8,584</b>	<b>9,932</b>
Transfers	7,205	7,035	(7,205)	(7,035)	-	-
<b>Increase (decrease) in net position</b>	<b>(6,226)</b>	<b>(2,678)</b>	<b>14,810</b>	<b>12,610</b>	<b>8,584</b>	<b>9,932</b>
Net Position-January 1 (restated)	1,566,601	1,578,016	881,782	850,561	2,448,383	2,428,577
Net Position-December 31	1,535,172	1,541,398	843,802	828,992	2,378,974	2,370,390

## GOVERNMENTAL REVENUES

The City is heavily reliant on three types of taxes to support governmental operations — 68.42% of the governmental activities revenue is derived from taxes. Charges for services represented 11.65% of these revenues, grants and contributions represented 17.34%, miscellaneous revenues represented 0% and interest earnings made up the remaining 2.60%.

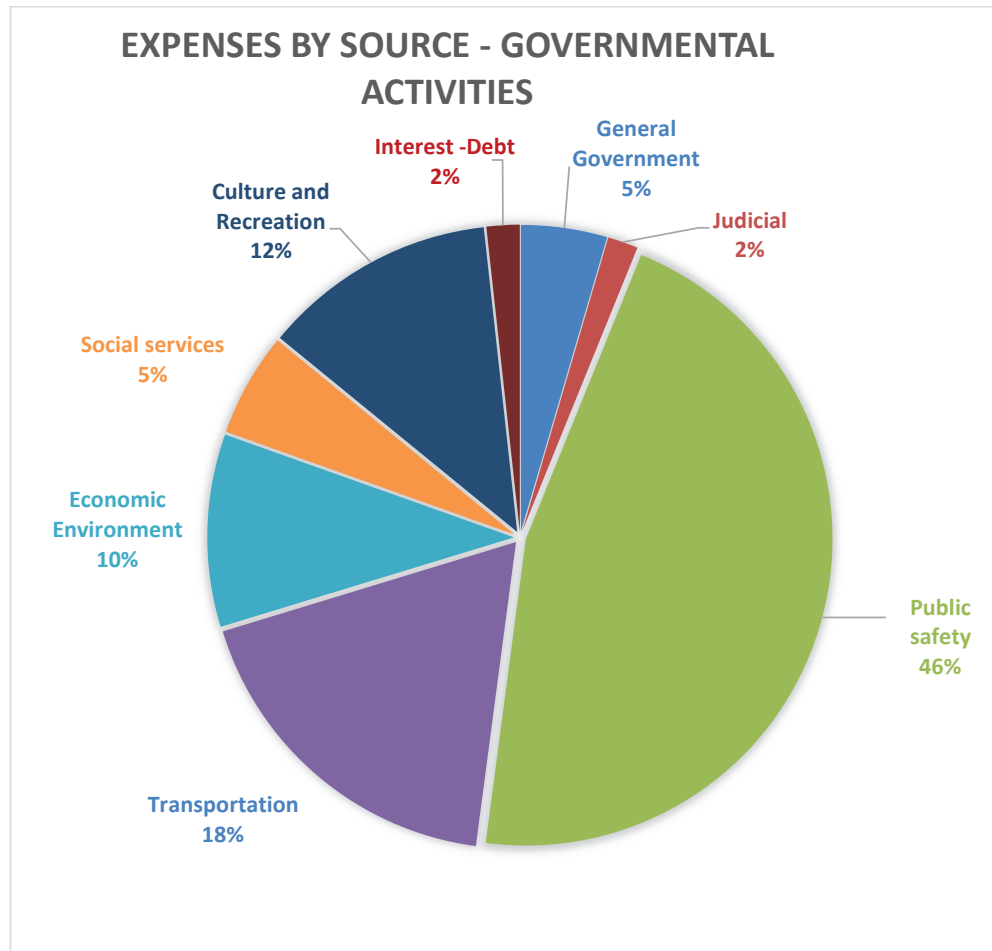
A breakdown of tax revenue is shown below.



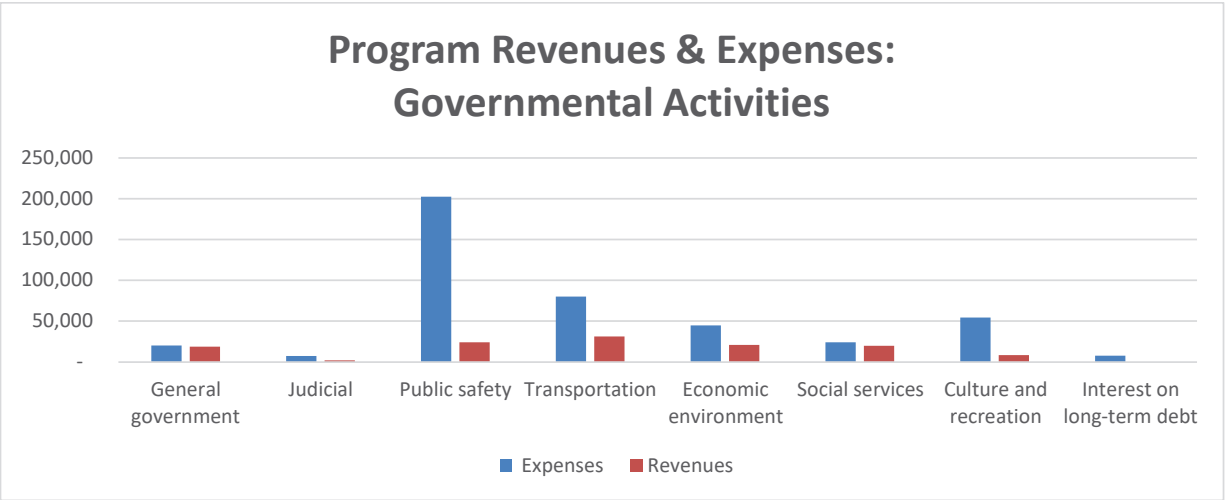
For governmental activities, program revenues cover approximately 28.1% of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues cover 71.9% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

### GOVERNMENTAL FUNCTIONAL EXPENSES

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



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



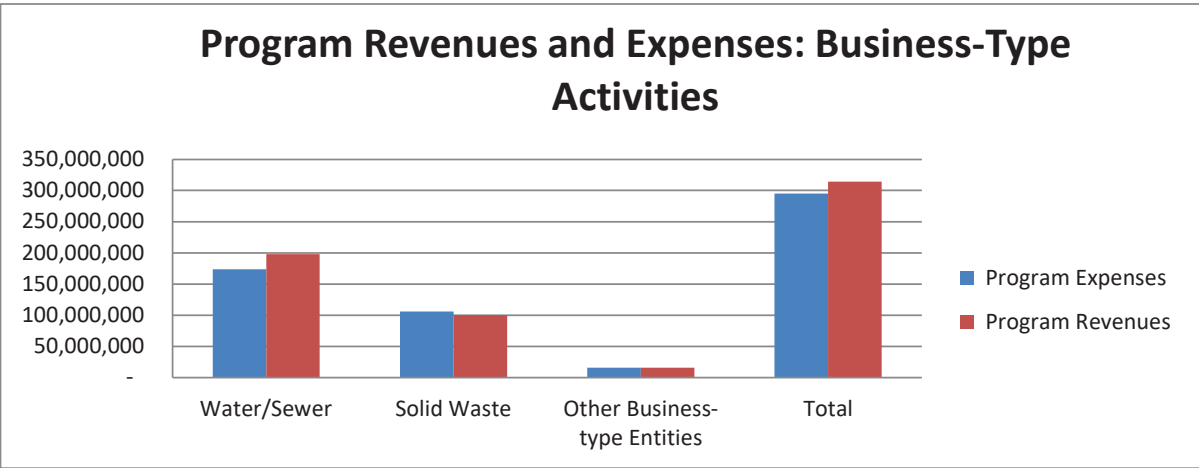
Program revenues fell short of program expenses in all functions in 2024.

### BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

For all enterprise funds, the City reports a current ratio of 11.98, which is a healthy ratio. The business-type activities report capitalized assets of \$1,072.8 million, which provide a variety of services to the citizens of Spokane as well as some populations outside the City limits.

The operating revenues for the City’s business-type activities increased by \$8.7 million or an increase of 2.8% over the prior year while operating expenses increased by \$12.0 million or 4.2% over 2023. As a result, net operating income was \$19 million compared to \$22.4 million in 2023.

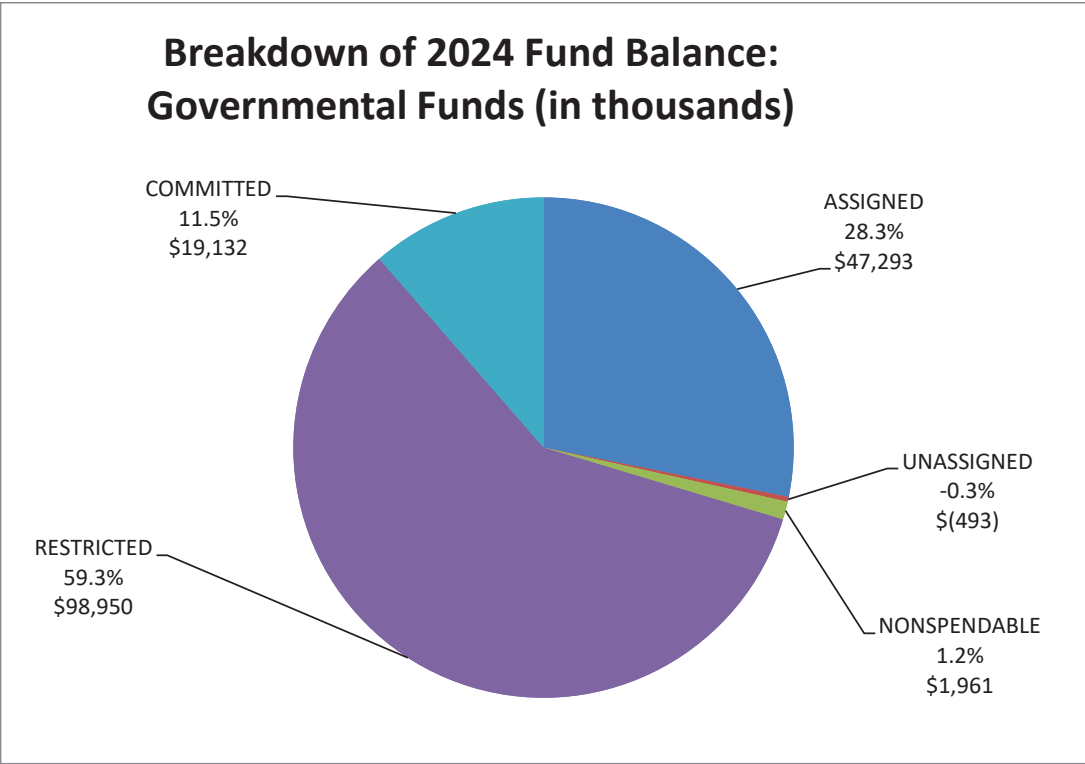
The chart below presents the revenues and expenses of each of the City’s business-type activities. This net cost illustrates whether revenues are sufficient to meet current expenses.



Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$166.8 million. Of this total, \$47.3 million is assigned and \$ (.5) million is unassigned. This unassigned amount represents approximately -0.3% of the total fund balance, and this constitutes a fund balance that is accessible to meet the City's needs. The remainder of the governmental funds' fund balance includes \$2.0 million "not in spendable form" for items that are not expected to be converted to near-term cash such as internal loans; \$98.9 million restricted by external parties, including grantors and creditors, and \$19.1 million committed by the City's elected officials for specific purposes.



Major Governmental Funds

The **General Fund** is the City's primary operating fund and the largest source of day-to-day service delivery. Pursuant to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has combined several special revenue funds with the general fund for financial reporting purposes. A schedule of the funds included in the General Fund information is included as a supplemental schedule. The fund balance of the General Fund decreased by \$1.8 million in 2024.

Committed, assigned and unassigned fund balance in the General Fund was \$38 million, which as a percentage of expenditures was 15.4% of annual operations, compared with 17.3% at the end of 2023. The General Fund reserves are still considered adequate and provide the City's management with the ability to effectively manage the economic slowdown and budgetary challenges that are facing many businesses and governments at this time. During the strong economic years in the middle of the previous decade, the City's management and elected officials committed to building a robust reserve to ensure the long-term financial health of the General Fund, and the fund

balance at the end of 2024 reflects the results of this commitment. The steps taken to achieve this result and how the reserve has been managed during the current economic situation are discussed in the *Budgetary Highlights* section of this analysis.

The **American Recovery Plan** fund was major in 2024. The fund balance of the American Recovery Plan decreased by \$1.2 million in 2024. The entire fund balance for the American Recovery Plan is classified as restricted for grants and represents 1.8% of annual expenditures.

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

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

The **Water/Sewer Fund** - The water/sewer fund reports net position of \$829.5 million, with a \$788.1 million net investment in capital assets (i.e., the book value of the capital assets less related debt). The current ratio for this fund is 3.3, which provides this fund with adequate resources to cover cash flow issues.

The water/sewer fund reported operating income of \$10.0 million. The City's management and elected officials are strategically balancing the amount of utility expenses that the citizens of Spokane can afford with the need to maintain service delivery, maintain and improve the utility's infrastructure, and provide for growth. Currently, this involves setting utility rate increases to be consistent with the consumer price index and aggressively managing operating expenses. The aggressive management of operating expenses allows for operating revenues to be directed towards investments in the utility's infrastructure. The sewer system is subject to regulatory requirements that will require significant capital improvements over the next several years. Part of the 2024 operating income will be directed towards those regulatory requirements in the coming years.

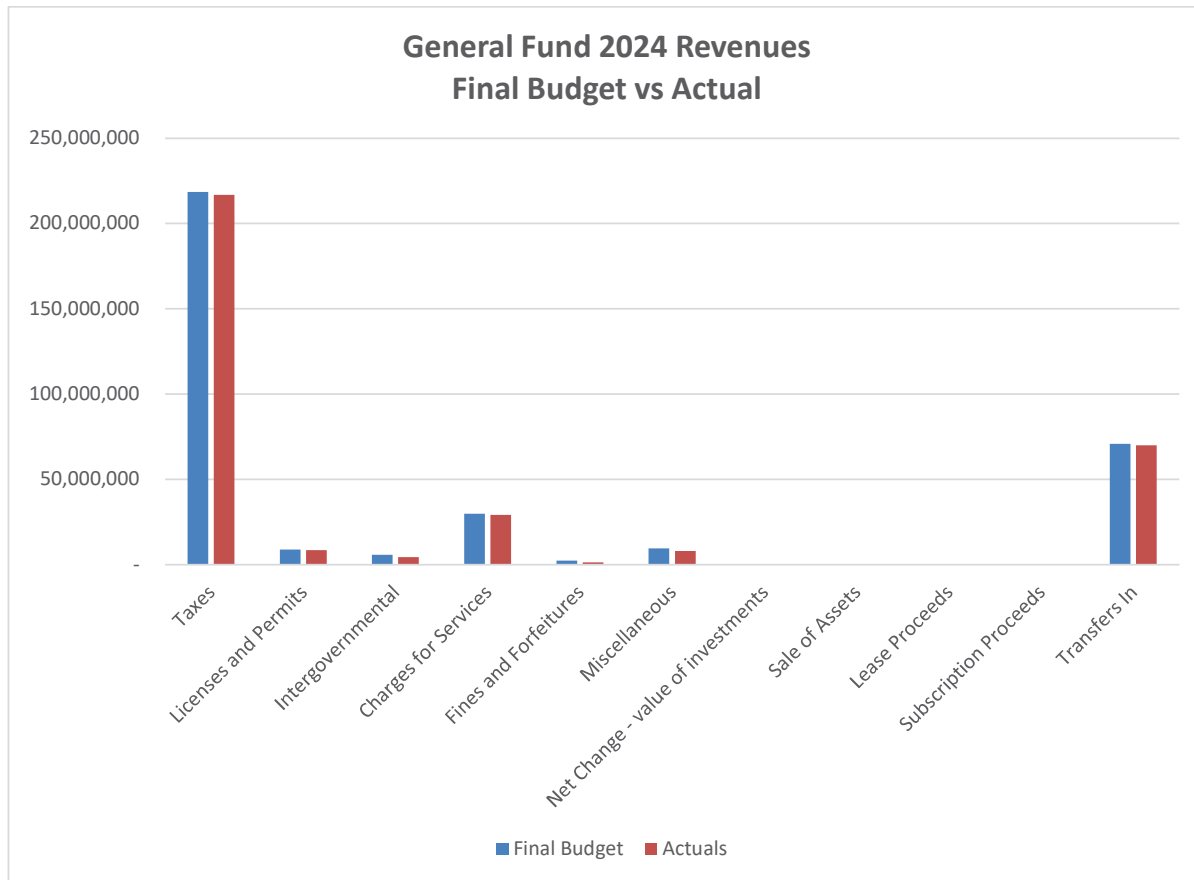
The **Solid Waste Fund** – The solid waste fund reports net position of \$26.6 million. The net investment in capital assets (i.e., the book value of the capital assets less related debt) is \$42.7 million with \$(16.1) million in unrestricted net position. The current ratio for this fund is 2.5, which provides this fund with adequate resources to cover cash flow requirements.

The solid waste fund reported an operating loss of \$4.3 million. Depreciation expense was \$5.3 million for the Solid Waste Fund, which accounted for 124.36% of its operating loss. It is a fact that the rate revenue increases have not been sufficient to cover all of the current operating expenses of the Department, including depreciation.

### **Budgetary Highlights**

The **General Fund** – In 2024, the original General Fund Revenue budget (excluding transfers and other financing sources) was \$ (2.7) million less than the 2023 actual results. In addition, the 2024 original expenditure budget (excluding transfers and other financing uses) was \$9.8 million more than the 2023 actual results. There was a favorable budget variance in charges for services and miscellaneous revenues supporting a stronger economy starting to recover after the COVID-19 pandemic. Unrealized losses in previous years will continue to be recovered in future years as the individual securities mature since the City's policy is to hold its investment securities to maturity.

For the past several years, the City has strived to develop a budget that limits expenditures to anticipated revenue for the current year. The City Council amended both the revenue and expenditure budgets during 2024; the amendments resulted in a 1.8% change between the original and final budget for revenues, and a 5.6% change for expenditures.

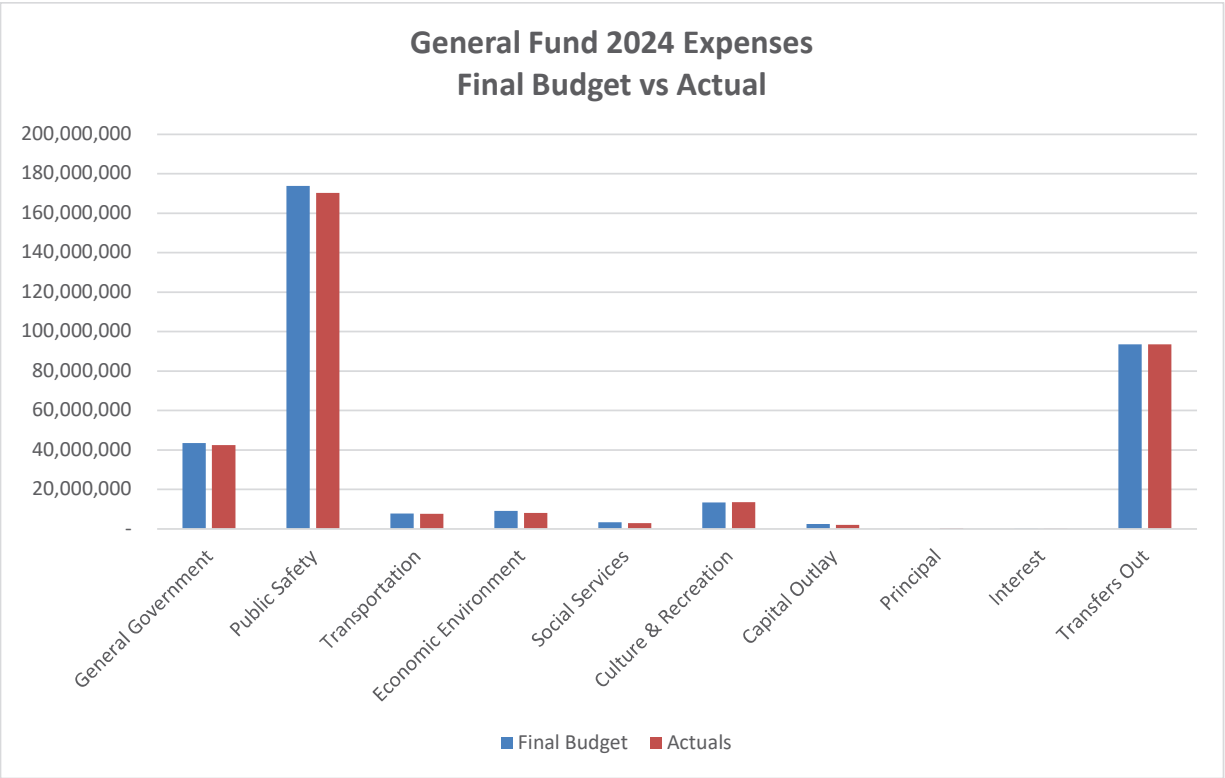


The actual revenues (including transfers in and other financing sources) were approximately \$1.9 million less than the actual expenditures (including transfers out), or 0.7% excess of expenditures over revenues.

Excluding the effects of transfers in/out and escrow payments, the City had positive expenditure variances of \$6.1 million between the final budget and the actual amounts in all categories except culture and recreation which realized a \$0.11 million unfavorable variance. Principal realized a \$0.32 million unfavorable variance, and interest realized a \$0.057 million unfavorable variance. Generally, the positive variances are related to reduced expenditures across most of the general fund, as the City's management and Council continue to recognize the effects of prior revenue shortfalls and have adjusted expenditures accordingly.

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





**Capital Assets and Debt Administration**

**Capital assets**

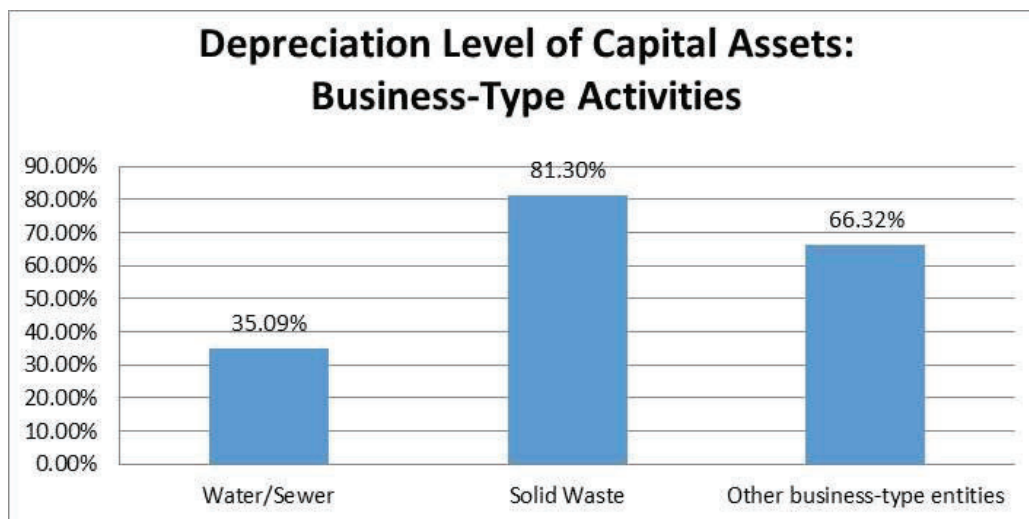
The City's investment in capital assets, net of related debt, for governmental and business-type activities as of December 31, 2024, was \$1,459.1 million and \$837.5 million, respectively. See Note 4 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

The following table provides a summary of capital assets.

	Governmental Activities		Business-Type Activities		Total	
Summary of Capital Assets (in thousands)	2024	2023	2024	2023	2024	2023
<b>NON-DEPRECIABLE ASSETS</b>						
Land	\$ 845,830	\$ 845,854	\$ 15,589	\$ 15,596	\$ 861,419	\$ 861,450
Construction in progress	14,679	37,429	25,237	38,888	39,916	76,317
<b>Total non-depreciable assets</b>	<b>860,509</b>	<b>883,282</b>	<b>40,827</b>	<b>54,484</b>	<b>901,335</b>	<b>937,767</b>
<b>DEPRECIABLE ASSETS</b>						
Property, plant, and equipment	487,771	472,913	886,072	860,720	1,373,843	1,333,632
Infrastructure	1,263,665	1,215,288	906,303	868,013	2,169,968	2,083,301
Intangible assets	4,999	5,460	114	114	5,112	5,574
Right-to-use leased assets	5,419	6,376	4,859	2,834	10,278	9,210
Right-to-use subscription assets	9,678	8,764	-	-	9,678	8,764
<b>Total depreciable assets</b>	<b>1,771,532</b>	<b>1,708,801</b>	<b>1,797,347</b>	<b>1,731,681</b>	<b>3,568,879</b>	<b>3,440,481</b>
<b>Total cost of capital assets</b>	<b>2,632,040</b>	<b>2,592,083</b>	<b>1,838,174</b>	<b>1,786,165</b>	<b>4,470,214</b>	<b>4,378,248</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>(956,886)</b>	<b>(915,181)</b>	<b>(765,333)</b>	<b>(736,687)</b>	<b>(1,722,219)</b>	<b>(1,651,868)</b>
<b>Total book value of capital assets</b>	<b>\$ 1,675,154</b>	<b>\$ 1,676,902</b>	<b>\$ 1,072,841</b>	<b>\$ 1,049,478</b>	<b>\$ 2,747,995</b>	<b>\$ 2,726,379</b>
<b>Percentage depreciated</b>	<b>54%</b>	<b>54%</b>	<b>43%</b>	<b>43%</b>	<b>48%</b>	<b>48%</b>

The City's governmental activities depreciable capital assets were 54% at both December 31, 2024 and December 31, 2023.

With the City's business-type activities, 43% of the asset values were depreciated at both December 31, 2024 and December 31, 2023. These percentages indicate that the City is maintaining and replacing their assets at a favorable rate. The percentage of depreciated assets for each of the three enterprise funds that report capital assets is as follows:



### Long-term debt

At the end of the fiscal year, the City had long-term debt outstanding of \$449.7 million. Of this amount, \$195.7 million or 43.52% is backed by the full faith and credit of the City (general obligation bonds) with debt service fully funded by voter-approved property taxes or general government revenue. The other major component of \$231.6 million is supported by pledged revenues generated primarily by the business-type activities of the City (revenue bonds and loans from other governments).

	Governmental Activities		Business-Type Activities		Total	
Outstanding Borrowings	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 183,685,000	\$ 194,256,018	-	-	183,685,000	\$ 194,256,018
Deferred amounts	12,037,040	12,974,653	-	-	12,037,040	12,974,653
Direct borrowings	8,079,522	11,854,467	-	-	8,079,522	11,854,467
Leases	4,336,443	5,072,404	3,759,495	2,233,497	8,095,938	7,305,901
Subscriptions	6,034,504	6,835,104	-	-	6,034,504	6,835,104
Revenue bonds	-	-	110,310,000	119,060,000	110,310,000	119,060,000
Deferred amounts	-	-	7,550,579	9,553,192	7,550,579	9,553,192
Other government/bank loans	200,000	258,824	113,696,943	110,253,469	113,896,943	110,512,293
Total	\$ 214,372,510	\$ 231,251,470	\$ 235,317,017	\$ 241,100,158	\$ 449,689,527	\$ 472,351,628

Long-term debt decreased by \$22.7 million during 2024, which was the result normal debt payments combined with the increase in leases.

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

### Economic Conditions Affecting the City

Since one of the primary revenue streams for the City is sales tax, the City's sales tax revenues are subject to changes in the economy. Sales taxes are an "elastic" revenue stream; tax collections are higher in a flourishing economy and are lower in a depressed economy. Although sales tax was depressed due to the COVID-19 pandemic the City of Spokane for the last few years has been dealing with the slow recovery from the nation-wide economic downturn due to the pandemic. The City's management and elected officials are responding to the economic conditions with a balanced approach including cutting expenses, encouraging new business activity by minimizing tax increases, and using reserve balances strategically.

### Contacting the City's Financial Management

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

**City of Spokane, Washington**  
**Statement of Net Position**  
**December 31, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,983,185	\$ 6,261,882	\$ 48,245,067
Equity in pooled investments	151,421,531	66,715,222	218,136,753
Receivables (net)	53,077,038	31,392,429	84,469,467
Internal balances	11,065,646	(11,065,646)	-
Lease receivable	14,170,295	-	14,170,295
Inventories	1,865,931	11,311,010	13,176,941
Prepays	237,693	94,552	332,245
Net Pension Asset	65,134,318	-	65,134,318
Restricted Assets:			
Receivables	16,672,855	18,809	16,691,664
Equity in pooled investments, restricted	-	19,805,226	19,805,226
Capital Assets (Note 4):			
Non-depreciable assets	860,508,521	40,826,547	901,335,068
Depreciable assets, net of depreciation	804,432,046	1,028,257,087	1,832,689,133
Right-to-use leased assets, net of amortization	4,150,677	3,757,151	7,907,828
Right-to-use subscriptions, net of amortization	6,062,912	-	6,062,912
Total capital assets, net of depreciation	1,675,154,156	1,072,840,785	2,747,994,941
<b>Total Assets</b>	2,030,782,648	1,197,374,269	3,228,156,917
<b>DEFERRED OUTFLOWS</b>			
Pensions	99,610,801	27,849,813	127,460,614
Opeb	2,423,923	616,357	3,040,280
<b>Total deferred outflows</b>	102,034,724	28,466,170	130,500,894
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	16,048,759	5,296,872	21,345,631
Unearned revenue	14,584,941	-	14,584,941
Other liabilities, current	9,422,194	4,332,078	13,754,272
Long term liabilities (Note 9):			
Due within one year	36,809,630	22,832,117	59,641,747
Due within more than one year	469,109,738	337,868,137	806,977,875
Due to other governments	-	26,752	26,752
<b>Total Liabilities</b>	545,975,262	370,355,956	916,331,218
<b>DEFERRED INFLOWS</b>			
Loans/Grants	9,595	-	9,595
Pensions	34,906,934	10,513,284	45,420,218
Sale of Future Revenue	20,620	142,734	163,354
Bond refundings	511,475	-	511,475
Opeb	2,897,141	1,026,103	3,923,244
Leases	13,324,524	-	13,324,524
<b>Total deferred inflows</b>	51,670,289	11,682,121	63,352,410
<b>NET POSITION</b>			
Net investment in capital assets	1,459,138,883	837,523,768	2,296,662,651
Restricted for:			
Capital projects	37,732,532	-	37,732,532
Debt service	8,433,424	-	8,433,424
Grants/other	22,122,674	-	22,122,674
Impact Fees	991,986	-	991,986
Police and firefighters' pension	67,855,008	-	67,855,008
Public Safety & Crime Reduction	1,356,454	-	1,356,454
Other	25,591,900	-	25,591,900
Unrestricted	(88,051,040)	6,278,594	(81,772,446)
<b>Total Net Position</b>	<u>\$ 1,535,171,821</u>	<u>\$ 843,802,362</u>	<u>\$ 2,378,974,183</u>

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

City of Spokane, Washington  
Statement of Activities  
For the Fiscal Period Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 18,408,368	\$ 13,435,508	\$ 2,693,652	\$ 755,723	\$ (1,523,485)	\$ -	\$ (1,523,485)
Judicial	7,086,203	1,620,165	110,109	-	(5,355,929)	-	(5,355,929)
Public safety	202,490,965	15,394,746	2,935,174	5,542,503	(178,618,542)	-	(178,618,542)
Transportation	80,223,055	9,190,994	-	21,840,153	(49,191,908)	-	(49,191,908)
Economic environment	44,711,763	810,510	19,897,434	-	(24,003,819)	-	(24,003,819)
Social services	24,159,852	1,089,347	18,667,985	-	(4,402,520)	-	(4,402,520)
Culture and recreation	54,424,348	6,629,360	292,908	1,357,483	(46,144,597)	-	(46,144,597)
Interest on long-term debt	7,658,768	-	-	-	(7,658,768)	-	(7,658,768)
<b>Total governmental activities</b>	<b>439,163,322</b>	<b>48,170,630</b>	<b>44,597,262</b>	<b>29,495,862</b>	<b>(316,899,568)</b>	<b>-</b>	<b>(316,899,568)</b>
<b>Business-Type Activities:</b>							
Water/Sewer	173,447,791	175,641,242	1,811,762	20,586,987	-	24,592,200	24,592,200
Solid Waste	105,929,178	100,412,556	-	-	-	(5,516,622)	(5,516,622)
Other business-type activities	15,886,808	15,792,079	-	28,901	-	(65,828)	(65,828)
<b>Total business-type activities</b>	<b>295,263,777</b>	<b>291,845,877</b>	<b>1,811,762</b>	<b>20,615,888</b>	<b>-</b>	<b>19,009,750</b>	<b>19,009,750</b>
<b>Total government</b>	<b>\$ 734,427,099</b>	<b>\$ 340,016,507</b>	<b>\$ 46,409,024</b>	<b>\$ 50,111,750</b>	<b>(316,899,568)</b>	<b>19,009,750</b>	<b>(297,889,818)</b>
<b>General revenues:</b>							
Property taxes					101,757,492	-	101,757,492
Sales taxes					87,330,923	-	87,330,923
Utility taxes					78,532,764	-	78,532,764
Other taxes					24,742,686	-	24,742,686
Investment earnings					10,578,289	2,998,082	13,576,371
Other interest					525,926	7,395	533,321
Transfers					7,205,084	(7,205,084)	-
<b>Total general revenues and transfers</b>					<b>310,673,164</b>	<b>(4,199,607)</b>	<b>306,473,557</b>
<b>Change in Net Position</b>					<b>(6,226,404)</b>	<b>14,810,143</b>	<b>8,583,739</b>
<b>Net Position - beginning as previously stated</b>					<b>1,566,601,374</b>	<b>881,781,786</b>	<b>2,448,383,160</b>
Restatement					(25,203,149)	(52,789,567)	(77,992,716)
<b>Net Position - beginning as restated</b>					<b>1,541,398,225</b>	<b>828,992,219</b>	<b>2,370,390,444</b>
<b>Net Position - ending</b>					<b>\$ 1,535,171,821</b>	<b>\$ 843,802,362</b>	<b>\$ 2,378,974,183</b>

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

**City of Spokane, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2024**

	General Fund	American Recovery Plan	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,080,899	\$ 4,156	\$ 24,522,422	\$ 26,607,477
Deposits with fiscal agents/trustees	-	-	45,867	45,867
Equity in pooled investments	9,466,760	13,892,006	77,690,252	101,049,018
Taxes receivable	19,080,298	-	5,543,361	24,623,659
Special assessment receivable	-	-	103,942	103,942
Accounts receivable	1,354,482	-	13,559,143	14,913,625
Interest receivable	67,654	-	21,747	89,401
Due from other funds	9,629,521	2,070	11,978,700	21,610,291
Interfund loan receivable	9,925,443	1,109,280	3,369,324	14,404,047
Lease receivable	12,973,979	-	202,970	13,176,949
Lease interest receivable	1,271	-	-	1,271
Due from other governments	1,274,935	-	10,943,515	12,218,450
Advances to other funds	813,448	1,376,482	4,180,927	6,370,857
Inventories	-	-	1,138,910	1,138,910
Prepays	5,924	-	2,300	8,224
Notes/contract receivable (non-current)	698	-	16,672,157	16,672,855
<b>Total Assets</b>	<b>\$ 66,675,312</b>	<b>\$ 16,383,994</b>	<b>\$ 169,975,537</b>	<b>\$ 253,034,843</b>
<b>LIABILITIES</b>				
Accounts/vouchers payable	\$ 4,048,413	\$ 1,249,477	\$ 4,765,696	\$ 10,063,586
Due to other funds	2,941,195	240,331	11,638,096	14,819,622
Due to other governments	3,328	-	34,874	38,202
Unearned Revenue	-	14,594,536	1,854	14,596,390
Interfund loan payable	-	1,052	9,268,850	9,269,902
Accrued payroll liabilities	4,948,333	-	764,187	5,712,520
Other current liabilities	1,401,055	-	1,101,719	2,502,774
<b>Total Liabilities</b>	<b>13,342,324</b>	<b>16,085,396</b>	<b>27,575,276</b>	<b>57,002,996</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue Property Taxes	2,157,108	-	787,280	2,944,388
Unavailable Revenues Special Assessments	-	-	103,942	103,942
Unavailable Revenues Impact Fees	-	-	4,692,964	4,692,964
Unavailable Revenues Grants	-	-	9,595	9,595
Lease Related	12,176,702	-	199,529	12,376,231
Unavailable Revenues Opioid Settlement	-	-	8,735,157	8,735,157
Unavailable Revenues Other	-	-	326,506	326,506
<b>Total Deferred Inflows of Resources</b>	<b>14,333,810</b>	<b>-</b>	<b>14,854,973</b>	<b>29,188,783</b>
<b>Fund Balance</b>				
Nonspendable	819,372	-	1,141,210	1,960,582
Restricted - capital projects	-	-	37,732,532	37,732,532
Restricted - police & firefighters' pension	-	-	2,720,690	2,720,690
Restricted- public safety & crime reduction	-	-	1,356,454	1,356,454
Restricted - grants	199,089	298,598	21,624,987	22,122,674
Restricted - impact fees	-	-	991,986	991,986
Restricted - debt service	-	-	8,433,424	8,433,424
Restricted - Other	-	-	25,591,900	25,591,900
Committed	-	-	19,132,349	19,132,349
Assigned	37,980,717	-	9,312,705	47,293,422
Unassigned	-	-	(492,949)	(492,949)
<b>Total Fund Balance</b>	<b>38,999,178</b>	<b>298,598</b>	<b>127,545,288</b>	<b>166,843,064</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 66,675,312</b>	<b>\$ 16,383,994</b>	<b>\$ 169,975,537</b>	<b>\$ 253,034,843</b>

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

Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December, 31 2024

<b>Total Fund Balance of Governmental Funds</b>	<b>\$</b>	<b>166,843,064</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Non-depreciable assets	851,387,124	
Depreciable assets	1,625,537,839	
Less: Accumulated depreciation	(878,897,153)	
Right-to-use leased assets	4,880,553	
Less: Accumulated amortization on leased assets	(1,151,251)	
Right-to-use subscription assets	7,110,996	
Less: Accumulated amortization on subscription assets	(2,147,913)	
Total capital assets		1,606,720,195

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resources and therefore is not reported in the funds.

65,134,318

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the funds.

Pensions	90,432,257	
Opeb	2,269,943	92,702,200

Deferred inflows of resources represent an acquisition of fund equity that will be reported as an inflow of resources in a future period and therefore are not reported in the funds.

Property Taxes	2,944,388	
Special Assessments	103,942	
Impact Fees	4,692,964	
Grants	9,595	
Opioid Settlement	8,735,157	
Revenues Collected for future sales	326,506	
Refunding debt	(511,475)	
Opeb	(2,640,797)	
Pensions	(31,442,040)	(17,781,760)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

69,543,531

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds payable	(183,685,000)	
Notes from Direct Borrowings	(8,079,522)	
Deferred amounts on bond issuance	(12,037,040)	
Due to other governments	(200,000)	
Revitalization Areas	(1,131,288)	
Leases	(3,921,551)	
Subscriptions	(5,088,045)	
OPEB (other postemployment benefits) liability	(60,931,141)	
Net pension obligation	(120,084,391)	
Accrued interest on bonds	(512,185)	
Accrued interest on leases	(5,810)	
Accrued interest on subscriptions	(135,964)	
Compensated absences	(49,729,389)	
Termination benefits	(2,448,400)	
Total long term liabilities		<b>(447,989,726)</b>

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,535,171,821</b>
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The notes to the financial statements are an integral part of this statement.

**City of Spokane, Washington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2024**

	General Fund	American Recovery Plan	Other Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 216,713,093	\$ -	\$ 64,862,345	\$ 281,575,438
Licenses and permits	8,572,000	-	1,047,710	9,619,710
Intergovernmental	4,441,572	22,281,200	57,628,240	84,351,012
Charges for services	29,251,679	-	14,707,351	43,959,030
Fines and forfeitures	1,302,655	-	5,221,324	6,523,979
Miscellaneous	8,076,802	-	13,330,960	21,407,762
Net inc(dec) in market value of investments	363,080	-	(324,916)	38,164
<b>Total Revenues</b>	<b>268,720,881</b>	<b>22,281,200</b>	<b>156,473,014</b>	<b>447,475,095</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	42,483,361	550,718	6,548,719	49,582,798
Public safety	170,258,307	-	19,358,211	189,616,518
Transportation	7,572,280	-	41,729,956	49,302,236
Economic environment	8,112,103	14,586,382	19,599,397	42,297,882
Social services	2,855,313	316,482	19,401,347	22,573,142
Culture and recreation	13,455,237	440	24,827,030	38,282,707
<b>Capital outlays</b>	<b>2,049,472</b>	<b>979,967</b>	<b>38,261,343</b>	<b>41,290,782</b>
<b>Debt service:</b>				
Principal	322,529	310,825	15,872,210	16,505,564
Interest	58,890	23,969	7,612,867	7,695,726
<b>Total Expenditures</b>	<b>247,167,492</b>	<b>16,768,783</b>	<b>193,211,080</b>	<b>457,147,355</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>21,553,389</b>	<b>5,512,417</b>	<b>(36,738,066)</b>	<b>(9,672,260)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	13,256	-	56,996	70,252
Lease proceeds (as lessee)	-	-	665,970	665,970
Subscription proceeds	95,200	-	-	95,200
Transfers in	11,023,885	-	61,182,216	72,206,101
Transfers out	(34,501,373)	(6,736,929)	(26,908,896)	(68,147,198)
<b>Total Other Financing Sources (Uses)</b>	<b>(23,369,032)</b>	<b>(6,736,929)</b>	<b>34,996,286</b>	<b>4,890,325</b>
<b>Net change in fund balance</b>	<b>(1,815,643)</b>	<b>(1,224,512)</b>	<b>(1,741,780)</b>	<b>(4,781,935)</b>
<b>Fund Balance - beginning of year, as previously presented</b>	<b>31,585,141</b>	<b>1,523,110</b>	<b>132,694,951</b>	<b>165,803,202</b>
Restatement	9,229,680	-	(3,407,883)	5,821,797
<b>Fund Balance - beginning of year, as restated</b>	<b>40,814,821</b>	<b>1,523,110</b>	<b>129,287,068</b>	<b>171,624,999</b>
<b>Fund balance - ending</b>	<b>\$ 38,999,178</b>	<b>\$ 298,598</b>	<b>\$ 127,545,288</b>	<b>\$ 166,843,064</b>

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



Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Fiscal year Ended December 31, 2024

**Change in fund balance - governmental funds** **\$ (4,781,935)**  
Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, capital outlays did not exceed depreciation expense:

Capital outlays	40,962,129	
Depreciation expense	(41,925,824)	
Leased asset capital outlays	675,572	
Leased asset amortization expense	(863,116)	
Subscription asset capital outlays	95,200	
Subscription asset amortization expense	(1,075,892)	
	<hr/>	(2,131,931)

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

Capital assets sold	(3,452,731)	
Less accumulated depreciation	2,353,487	
Leased asset disposals	(1,803,580)	
Less accumulated amortization	972,368	
	<hr/>	(1,930,456)

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

Some revenues in the governmental funds that were earned in the current year but are unavailable should be reported in the current year Statement of Activities. (1,679,721)

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

Issuance of direct borrowing	-	
Issuance of debt with lease contracts	(665,970)	
Issuance of debt with subscription contracts	(95,200)	
Principal repayments - general obligation debt	10,571,018	
Principal repayments - direct borrowing	3,774,945	
Principal repayments - due to other governments	58,824	
Principal repayments - leases	772,170	
Principal repayments - subscriptions	932,154	
Principal repayments - Revitalization Areas	400,927	
Early lease termination	883,416	16,632,284

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(Increase) decrease in OPEB Expense	14,464,026	
(Increase) decrease in compensated absences	(3,621,945)	
(Increase) decrease in termination benefits	(1,669,400)	
(Increase) decrease in deferred amounts on existing bond issuance	937,613	
(Increase) decrease in accrued interest on bonds	33,614	
(Increase) decrease in accrued interest on leases	2,456	
(Increase) decrease in accrued interest on subscriptions	24,535	
(Increase) decrease in Pension Expense	(14,242,908)	
(Increase) decrease in refunding amortization	365,949	(3,706,060)

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

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(8,628,585)

**Change in net position of governmental activities** **\$ (6,226,404)**

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

**City of Spokane, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2024**

	<b>Business-type Activities-Enterprise Funds</b>				
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,804,272	\$ 1,115,845	\$ 341,765	\$ 6,261,882	\$ 12,184,175
Deposits with fiscal agents	-	-	-	-	3,145,666
Equity in pooled investments	54,815,361	2,431,894	9,467,967	66,715,222	50,372,513
Accounts receivable	18,307,753	10,103,402	249,565	28,660,720	877,925
Interest receivable	30,284	5,514	4,817	40,615	18,137
Due from other funds	935,077	1,004,128	87,379	2,026,584	4,731,147
Interfund loan receivable	5,099,062	811,445	780,147	6,690,654	2,744,700
Lease receivable	-	-	-	-	139,935
Lease interest receivable	-	-	-	-	1,839
Due from other governments	2,660,807	29,058	1,229	2,691,094	228,789
Inventories	7,728,101	3,451,055	131,854	11,311,010	727,021
Prepayments	87,555	6,997	-	94,552	229,469
Equity in pooled investments, restricted	11,186,963	2,474,598	-	13,661,561	-
<b>Total current assets</b>	<b>105,655,235</b>	<b>21,433,936</b>	<b>11,064,723</b>	<b>138,153,894</b>	<b>75,401,316</b>
<b>Noncurrent assets:</b>					
Non depreciable capital assets:					
Land	12,522,858	1,777,194	1,289,224	15,589,276	6,742,065
Construction in progress	22,938,571	1,689,284	609,416	25,237,271	2,379,332
Depreciable capital assets:					
Property, plant, and equipment	629,065,423	238,513,605	18,493,008	886,072,036	119,150,457
Infrastructure	906,302,729	-	-	906,302,729	6,941,199
Capitalized software	-	-	-	-	4,805,201
Intangible assets	113,766	-	-	113,766	-
Right-to-use lease land	-	3,643,955	-	3,643,955	-
Right-to-use leased property, plant, and equipment	56,818	432,763	725,336	1,214,917	538,741
Right-to-use subscription	-	-	-	-	2,566,814
Less accumulated depreciation/amortization	(551,277,598)	(200,051,606)	(14,003,961)	(765,333,165)	(74,689,847)
<b>Total capital assets</b>	<b>1,019,722,567</b>	<b>46,005,195</b>	<b>7,113,023</b>	<b>1,072,840,785</b>	<b>68,433,962</b>
<b>Other noncurrent assets</b>					
Noncurrent lease receivable	-	-	-	-	853,411
Noncurrent equity in pooled investments restricted	-	6,143,665	-	6,143,665	-
Other noncurrent assets	-	18,809	-	18,809	-
Advances to other funds	6,327,318	1,006,905	968,067	8,302,290	3,405,841
<b>Total noncurrent assets</b>	<b>1,026,049,885</b>	<b>53,174,574</b>	<b>8,081,090</b>	<b>1,087,305,549</b>	<b>72,693,214</b>
<b>Total assets</b>	<b>1,131,705,120</b>	<b>74,608,510</b>	<b>19,145,813</b>	<b>1,225,459,443</b>	<b>148,094,530</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	16,248,101	8,554,359	3,047,353	27,849,813	9,178,544
Opeb Outflows	424,209	163,795	28,353	616,357	153,980
<b>Total deferred outflows of resources</b>	<b>16,672,310</b>	<b>8,718,154</b>	<b>3,075,706</b>	<b>28,466,170</b>	<b>9,332,524</b>

**City of Spokane, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2024**

	<b>Business-type Activities-Enterprise Funds</b>				
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	3,305,035	1,508,481	483,356	5,296,872	5,291,255
Claims and judgments payable	-	-	-	-	19,444,948
Compensated absences	478,515	308,692	79,019	866,226	263,421
Lease payable	16,540	245,212	162,856	424,608	93,488
Subscription payable	-	-	-	-	622,459
Lease interest payable	9	7,628	3,162	10,799	1,984
Subscription interest payable	-	-	-	-	18,324
Due to other funds	6,566,672	2,752,841	628,181	9,947,694	3,600,706
Interfund loan payable	-	-	79,401	79,401	32,569,086
Due to other governments	7,540,714	-	-	7,540,714	1,757
Revenue bonds payable	11,186,963	-	-	11,186,963	-
Total opeb liability	66,007	25,508	4,416	95,931	23,963
Accrued landfill postclosure liability	-	2,754,810	-	2,754,810	-
Accrued interest	638,978	-	18	638,996	130,397
Accrued payroll liabilities	1,153,478	662,254	216,935	2,032,667	640,520
Other current liabilities	867,248	379,273	392,712	1,639,233	413,821
<b>Total current liabilities</b>	<b>31,820,159</b>	<b>8,644,699</b>	<b>2,050,056</b>	<b>42,514,914</b>	<b>63,116,129</b>
<b>Noncurrent Liabilities:</b>					
Revenue bonds payable	106,673,616	-	-	106,673,616	-
Due to other government units	106,193,363	-	-	106,193,363	-
Compensated absences	7,822,680	3,483,241	1,817,087	13,123,008	4,223,939
Noncurrent lease payable	538	3,099,260	235,089	3,334,887	321,405
Noncurrent subscription payable	-	-	-	-	324,000
Net pension liability	57,680,421	30,367,798	10,818,039	98,866,258	32,583,642
Noncurrent total opeb liability	1,879,479	726,330	125,733	2,731,542	682,336
Noncurrent accrued landfill postclosure liability	-	6,945,464	-	6,945,464	-
<b>Total noncurrent liabilities</b>	<b>280,250,097</b>	<b>44,622,093</b>	<b>12,995,948</b>	<b>337,868,138</b>	<b>38,135,322</b>
<b>Total Liabilities</b>	<b>312,070,256</b>	<b>53,266,792</b>	<b>15,046,004</b>	<b>380,383,052</b>	<b>101,251,451</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	6,133,646	3,229,265	1,150,373	10,513,284	3,464,894
Opeb	706,217	272,684	47,202	1,026,103	256,344
Lease related	-	-	-	-	948,293
Sale of Future Revenue	-	-	142,734	142,734	20,620
<b>Total deferred inflows of resources</b>	<b>6,839,863</b>	<b>3,501,949</b>	<b>1,340,309</b>	<b>11,682,121</b>	<b>4,690,151</b>
<b>NET POSITION</b>					
Net investments in capital assets	788,147,967	42,660,723	6,715,078	837,523,768	67,072,610
Unrestricted	41,319,344	(16,102,800)	(879,872)	24,336,672	(15,587,158)
<b>Total Net Position</b>	<b>\$ 829,467,311</b>	<b>\$ 26,557,923</b>	<b>\$ 5,835,206</b>	<b>861,860,440</b>	<b>\$ 51,485,452</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(18,058,078)	
Net position of business-type activities				<u><u>\$ 843,802,362</u></u>	

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

**City of Spokane, Washington**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended December 31, 2024**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for goods and services	\$ 175,980,038	\$ 98,382,727	\$ 15,056,756	\$ 289,419,521	\$ 113,329,964
Total operating revenues	175,980,038	98,382,727	15,056,756	289,419,521	113,329,964
<b>OPERATING EXPENSES</b>					
Salaries and wages	33,589,076	19,048,369	7,411,775	60,049,220	19,150,135
Personnel benefits	10,401,893	6,091,347	2,282,667	18,775,907	6,147,766
Supplies	11,127,934	6,531,019	515,566	18,174,519	12,099,347
Other services and charges	76,442,343	65,374,528	4,802,272	146,619,143	24,566,546
Depreciation/amortization	34,127,204	5,300,752	551,417	39,979,373	9,688,875
Risk transfer payments	260,130	299,272	-	559,402	13,234,885
Claims processing	-	-	-	-	2,733,277
Payments to claimants and beneficiaries	-	-	-	-	47,316,361
Total operating expenses	165,948,580	102,645,287	15,563,697	284,157,564	134,937,192
Operating Income (Loss)	10,031,458	(4,262,560)	(506,941)	5,261,957	(21,607,228)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	2,829,837	506,677	453,055	3,789,569	1,708,648
Net increase (decrease) in fair value of investment	(601,833)	(131,885)	(57,769)	(791,487)	(242,888)
Gain (loss) on disposition of capital assets	(150,333)	100,661	(9,416)	(59,088)	34,471
Interest expense	(5,074,361)	(44,547)	(26,882)	(5,145,790)	(478,705)
Other nonoperating revenue	3,435,901	1,578,698	939,453	5,954,052	3,793,021
Total nonoperating revenues (expenses)	439,211	2,009,604	1,298,441	3,747,256	4,814,547
Income (loss) before capital contributions and transfers	10,470,669	(2,252,956)	791,500	9,009,213	(16,792,681)
Capital contributions	20,586,987	-	28,901	20,615,888	706,739
Transfers in	-	50,000	53,698	103,698	12,792,778
Transfers out	(5,802,786)	(711,444)	(794,552)	(7,308,782)	(12,945,296)
Total contributions and transfers	14,784,201	(661,444)	(711,953)	13,410,804	554,221
Change in Net Position	25,254,870	(2,914,400)	79,547	22,420,017	(16,238,460)
<b>Net Position - beginning of year, as previously presented</b>	811,662,574	31,600,538	7,909,520	851,172,632	72,416,021
Restatement	(7,450,133)	(2,128,215)	(2,153,861)	(11,732,209)	(4,692,109)
<b>Net Position - beginning of year, as restated</b>	804,212,441	29,472,323	5,755,659		67,723,912
<b>Net Position - ending</b>	<u>\$ 829,467,311</u>	<u>\$ 26,557,923</u>	<u>\$ 5,835,206</u>		<u>\$ 51,485,452</u>
			Change in Net Position	22,420,017	
			Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	(7,609,874)	
			Change in net position of business-type activities	<u>\$ 14,810,143</u>	

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

**City of Spokane, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended December 31, 2024**

	Business-Type Activities - Enterprise Funds				
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 188,320,299	\$ 97,677,884	\$ 15,124,654	\$ 301,122,837	\$ 112,784,087
Payments to suppliers for services	(92,513,957)	(72,790,072)	(5,079,369)	(170,383,398)	(97,611,567)
Payments to employees	(41,611,047)	(23,798,340)	(8,963,343)	(74,372,730)	(22,781,261)
Net cash provided (used) by operating activities	54,195,295	1,089,472	1,081,942	56,366,709	(7,608,741)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental sources	1,814,971	-	-	1,814,971	35,072
Other nonoperating sources	1,360,374	1,576,290	939,628	3,876,292	3,639,300
Transfers in	-	50,000	53,698	103,698	77,786
Transfers out	(5,802,787)	(711,444)	(618,025)	(7,132,256)	(56,315)
Net cash provided (used) by noncapital financing activities	(2,627,442)	914,846	375,301	(1,337,295)	3,695,843
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Receipts from lessor leases - principal	-	-	-	-	132,174
Receipts from lessor leases - interest	-	-	-	-	13,047
Proceeds from disposal of capital assets	32,495	80,458	1	112,954	3,077,425
Proceeds from loans, notes, leases, and subscriptions	11,577,619	1,656,036	368,927	13,602,582	19,413,346
Capital grants and loans received	14,378,249	-	-	14,378,249	-
Acquisition and construction of capital assets	(51,321,184)	(5,810,634)	(1,165,190)	(58,297,008)	(13,145,207)
Acquisition of right-to-use lease assets	-	(1,656,036)	(368,927)	(2,024,963)	(358,194)
Acquisition of right-to-use subscription assets	-	-	-	-	(836,692)
Principal paid on intergovernmental loans	(7,141,117)	-	-	(7,141,117)	-
Principal paid on revenue bonds	(8,750,001)	-	-	(8,750,001)	-
Principal paid on leases	(18,571)	(320,931)	(159,463)	(498,965)	(104,537)
Principal paid on subscriptions	-	-	-	-	(800,338)
Principal paid on interfund loans	-	-	(52,730)	(52,730)	(9,726,868)
Interest paid on interfund loans	-	-	(1,183)	(1,183)	(340,542)
Interest paid on revenue bonds	(4,801,528)	-	-	(4,801,528)	-
Interest paid on intergovernmental loans	(2,260,904)	-	-	(2,260,904)	-
Interest paid on leases	(734)	(41,314)	(25,994)	(68,042)	(1,825)
Interest paid on subscriptions	-	-	-	-	(24,504)
Capital Contributions	5,023,659	-	-	5,023,659	12,714,992
Transfers out	-	-	(176,527)	(176,527)	(12,888,981)
Net cash provided (used) by capital and related financing activities	(43,282,017)	(6,092,421)	(1,581,086)	(50,955,524)	(2,876,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(34,277,646)	(4,711,702)	(1,448,821)	(40,438,169)	(4,095,349)
Proceeds from sales and maturities of investments	24,583,351	9,020,627	1,312,213	34,916,191	14,189,750
Interest received	2,259,526	389,290	397,019	3,045,835	1,474,609
Net cash provided (used) by investing activities	(7,434,769)	4,698,215	260,411	(2,476,143)	11,569,010
Net increase (decrease) in cash and cash equivalents	851,067	610,112	136,568	1,597,747	4,779,408
Cash and cash equivalents - January 1	3,953,205	505,733	205,197	4,664,135	7,404,767
Cash and cash equivalents - December 31	\$ 4,804,272	\$ 1,115,845	\$ 341,765	\$ 6,261,882	\$ 12,184,175
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 10,031,458	\$ (4,262,560)	\$ (506,941)	\$ 5,261,957	\$ (21,607,228)
<b>Adjustments to Reconcile Operating Income</b>					
Depreciation & amortization	34,127,204	5,300,752	551,417	39,979,373	9,688,875
<b>Change in Assets: Decrease (Increase)</b>					
Receivables, net of allowance	12,340,261	(704,843)	171,783	11,807,201	(990,911)
Deposits with fiscal agents	-	-	-	-	448,211
Inventories	(2,227,221)	(309,029)	(10,522)	(2,546,772)	640,038
Prepayments	74,204	7,290	-	81,494	(67,334)
<b>Change in Deferred Outflows : Decrease (Increase)</b>	4,505,508	2,375,338	765,100	7,645,946	2,049,739
<b>Change in Liabilities: Increase (Decrease)</b>					
Payables	(5,161,433)	(1,608,478)	105,854	(6,664,057)	1,814,653
<b>Change in Deferred Inflows: Increase (Decrease)</b>	505,313	291,002	5,251	801,566	415,216
<b>Net Cash provided (used) by operating activities</b>	<b>\$ 54,195,294</b>	<b>\$ 1,089,472</b>	<b>\$ 1,081,942</b>	<b>\$ 56,366,708</b>	<b>\$ (7,608,741)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ 3,175,243	\$ 28,190	\$ 522,485	\$ 3,725,918	\$ 706,739
Contract adjustment to right-to-use leased asset	-	(208,216)	-	(208,216)	-
Contract adjustment to lease payable	-	(208,216)	-	(208,216)	-

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

**City of Spokane, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2024**

	Pension and Other Employee Benefit Plans	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>			
Cash	\$ 1,369,266	\$ 109,013	\$ 234,500
Short term investments	5,775,372	-	-
Deposits with fiscal agents/trustees	-	-	94,969
Receivables, pension and other employee benefit plans:			
Interest and dividends	618,591	-	-
Taxes receivable	350,000	-	-
Due from other governments	36,631	-	26,752
Other receivables	-	-	35,681
Investments, noncurrent, at fair value:			
U.S. fixed income	84,891,774	-	-
International fixed income	1,113,101	-	-
U.S. equities	23,187,044	-	-
Real estate	28,119,632	-	-
International equities	33,858,829	-	-
Alternatives	222,216,788	-	-
Total investments	393,387,168	-	-
Capital assets:			
Software	477,000	-	-
Other improvements	17,539	-	-
Accumulated depreciation	(327,590)	-	-
Investments, noncurrent, all other funds:			
<b>Total Assets</b>	401,703,977	109,013	391,902
<b>LIABILITIES</b>			
Accounts/vouchers payable	285,902	-	57,080
Due to other governments	849	-	277,376
Compensated absences	88,374	-	-
Other accrued liabilities	8,987	-	-
Other current liabilities	29,461	-	-
<b>Total Liabilities</b>	413,573	-	334,456
<b>NET POSITION</b>			
Net position held in trust for:			
Pension benefits	374,729,769	-	-
Postemployment benefits	26,560,635	-	-
Individuals, organizations, and other governments	-	109,013	57,446
<b>Total Net Position</b>	\$ 401,290,404	\$ 109,013	\$ 57,446

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

**City of Spokane, Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the fiscal year ended December 31, 2024**

	Pension Trust Funds	Private-purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 21,521,999	\$ -	\$ -
Plan members	15,870,598	-	-
Intergovernmental revenue	430,545	-	-
Medicare retiree drug subsidy	219,611	-	-
Miscellaneous	544,518	-	-
Private contributions	-	21,470	-
Total Contributions	38,587,271	21,470	-
Investment Earnings:			
Net increase (decrease) in fair value of investments	26,805,118	-	-
Interest and dividends	7,361,845	-	-
Less: Investment expense	(589,700)	-	-
Total Investment Earnings:	33,577,263	-	-
Court fees collected for other governments	-	-	824,049
Permit Fees Collected for other gov'ts	-	-	400,092
Special Assessments Collected for other gov'ts	-	-	1,794,127
Taxes Collected for other gov'ts	-	-	118,723
Utility Assistance Received	-	-	64,843
<b>Total Additions</b>	72,164,534	21,470	3,201,834
<b>DEDUCTIONS</b>			
Pension Benefits	38,820,104	-	-
Medical and dental benefits	5,454,550	-	-
Pension refunds	956,431	-	-
Medical and dental administration	298,813	-	-
Administrative expenses	653,350	-	-
Court Fees paid to other governments	-	-	824,049
Permit Fees paid to other gov'ts	-	-	423,917
Special Assessments paid to other gov'ts	-	-	1,794,127
Taxes paid to other gov'ts	-	-	94,898
Utility Assistance Paid to recipients	-	-	71,132
<b>Total Deductions</b>	46,183,248	-	3,208,123
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	25,981,286	21,470	(6,289)
<b>Fund Balance - beginning</b>	375,394,486	87,544	57,447
Restatement	(85,368)	-	6,288
<b>Net position - ending</b>	<u>\$ 401,290,404</u>	<u>\$ 109,014</u>	<u>\$ 57,446</u>

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

## Note 1

### Summary of Significant Accounting Policies

The City of Spokane was incorporated November 29, 1881 with a population of 1,000 people and an area of two square miles. Today, over 100 years later, the City's population is approximately 232,700 people within an area of about 70.07 square miles. The City's first charter was adopted December 28, 1910, with a Commission form of government. On January 1, 2001 the City began operating under the Strong Mayor-Council form of government that was adopted November 7, 2000.

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

Effective for fiscal year 2024 reporting, the City evaluated the following new standards issued by the Governmental Accounting Standards Board (GASB):

**GASB 100 *Accounting Changes and Error Corrections*.** This statement provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City reports accounting changes and error corrections when applicable and is subject to this standard

**GASB 101 *Compensated Absences*.** The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The City reports compensated absences balances and is subject to this standard.

#### A. REPORTING ENTITY

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

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

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

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

#### **Community Colleges of Spokane**

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

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

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



**Spokane Housing Authority**

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

**Spokane Transit Authority**

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

**Spokane Public Facilities District**

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

**Fiduciary Component Units**

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

The City has the following three Fiduciary Component Units.

Spokane Employee Retirement System (SERS) is a multi-employer defined benefit pension plan covering employees of the City, the Public Facilities District, and Spokane Regional Emergency Communications. SERS provides retirement, death, and disability benefits to its participants.

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

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

**Joint Ventures**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS****Government-Wide Financial Statements**

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

**Statement of Net Position**

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

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

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

#### **Statement of Activities**

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

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

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

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

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

#### **Fund Financial Statements**

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

#### **Major Governmental Funds**

- **General Fund** is the City's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **American Rescue Plan** accounts for monies received under the American Rescue Plan Act (ARPA) to provide support to State, territorial, local and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses

#### **Major Enterprise Funds**

- **Water/Sewer Fund** accounts for the operation and construction of the water and wastewater distribution systems, the hydroelectric facilities, and the wastewater treatment facility, and accounts for all revenues and expenses incurred in its operation.

- **Solid Waste Fund** is used to account for the collection and disposal of the City's refuse, including curbside and yard waste recycling. The operation of the waste-to-energy facility is also accounted for in this fund.

#### **Operating and Nonoperating Revenues and Expenses**

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

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

#### **Nonmajor Governmental Funds**

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

#### **Nonmajor Proprietary Funds**

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

#### **Fiduciary Funds**

The City reports the following fiduciary funds:

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

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

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

For government-wide reporting purposes, the City uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been met.

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

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

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within 60 days. Revenues from licenses, permits, and fees are recognized when received in cash. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collected within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. The lien date on property taxes is January 1 of the tax levy year.

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

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

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

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

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

### Excess of Expenditures Over Appropriations

The following governmental funds reported excess expenditures and other uses over appropriations for the year ended December 31, 2024:

<b>Fund</b>	<b>Amount</b>
Combined Communications Center	\$ 1,393
Communications M&O	8,619
Criminal Justice Assistance	1,316,160
GO Bond Redemption	4,057,231
Kendall Yards Tax Increment Financing	1,750
<b>Total</b>	<b>\$ 5,385,153</b>

### Funds with Deficit Fund Balance/Net Position

The following funds reported deficit fund balance/net position as of December 31, 2024:

<b>Fund</b>	<b>Amount</b>
Misc Grants Fund	\$ 126,035
Communications M&O	364,614
Building Services	1,510,499
Public Works Utilities Fund	1,852,808
Reprographics Fund	167,010
Purchasing & Stores Fund	1,265,726
Accounting Services Fund	5,487,579
My Spokane	1,506,403
Project Management Office	947,491
<b>Total</b>	<b>\$ 13,228,165</b>

The fund balance deficit for the Misc Grants and Communications M&O funds are due to timing differences and should be resolved over time. The net position deficit for the Building Services, Public Works Utilities, Reprographics, Purchasing & Stores, Accounting Services, My Spokane, and Project Management Office Funds is due to the recognition of the net pension liability related to the City's Employee's Retirement System pursuant to GASB 68, the net OPEB liability related to the City's Retiree Medical Plan 2 pursuant to GASB 75, and the increase in compensated absences related to implementation of GASB 101. It is unknown if/when the deficit will be recovered.

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

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

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

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

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

#### **Encumbrances**

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

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

1. Cash and Equivalents

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

## 2. Investments

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

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

## 3. Receivables

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

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

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

Activity between the City and other local and state governments that represent amounts to be collected from or paid to other governments. Amounts outstanding at the end of the fiscal year are referred to as *Due from Other Governments* or *Due to Other Governments*.

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

## 5. Inventories

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

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

## 6. Restricted Assets

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

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

<b>Fund</b>	<b>Amount</b>
Equity in Pooled Investments - Landfill Liability	8,618,263
Current portion of revenue bonds payable	11,186,963
<b>Total</b>	<b>19,805,226</b>

7. Other Noncurrent Assets

Other Long-Term Assets include demolition liens receivable in the Solid Waste fund.

8. Unavailable Revenue

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

9. Capital Assets (see Note 4)

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

- All land;
- All city computers
- All additions and improvements to the city's road system;
- Intangible assets;
- Buildings, building improvements, and leasehold improvements with a cost of \$5,000 or more;
- All other capital assets with a unit cost of \$5,000 or greater; and
- Right-to-use leased land, buildings, vehicles, and equipment
- Subscription-based information technology arrangements

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

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

Property, plant, equipment, right-to-use leased assets including land, buildings, equipment, and vehicles, and subscriptions of the primary government are depreciated using the straight line method over the following estimated useful lives.



Category	Useful Life (in Years)
Buildings & Improvements	50-60
Infrastructure	40-60
Other Improvements	60
Light/Heavy Duty Vehicles	5-10
Other Equipment	2-20
Heavy Equipment	10
Water Mains	60
Water Hydrants	50-60
Right-to-use Leased Land	15
Right-to-use Leased Buildings	2-17
Right-to-use Leased Vehicles	2-5
Right-to-use leased Equipment	2-8
Subscription-based IT Arrangements	2-5

#### 10. Compensated Absences

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

The sick leave policy of the City varies according to the contract provisions of the various bargaining units. The most generous provision provides vesting after five years of service, of 25% of the recorded sick leave at the date of resignation, and 80% upon retirement. There is no cash payment until resignation or retirement and the maximum payout cannot be in excess of 960 hours for any employee.

The City maintains 2 shared leave banks. The first is for International Association of Firefighters Local 29 members. Hour donations to this leave bank ended in 2022 pursuant to the 2022 contract settlement. The second is for all collective bargaining units except for International Association of Firefighters Local 29 members. Employees may donate unused vacation, sick, and compensatory time when they leave the City. Employees must apply to gain access to the hours in the shared leave banks. Approved hours are added to the employee's sick leave bank.

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

#### 11. Termination Benefits

Under the City's Salary Savings Plan, certain police and fire employees are eligible for early retirement incentives. The City must authorize the Salary Savings Plan in order for it to be available to these employees. This incentive

is separate from other retirement and post-employment benefits and is not subject to cost of living adjustments. When authorized, the incentive is placed into a nontaxable account for the recipient to use for healthcare expenses.

## 12. Leases

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

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

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

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

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

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

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

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

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

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

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

## 12. Subscription-based IT Arrangements (SBITAs)

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

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

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

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

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

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

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

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

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

## 14. Deferred Outflows/Inflows of Resources

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

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

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

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

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

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

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

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

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

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

## 15. Governmental Fund Balance

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

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

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

The detail of the governmental funds committed and assigned fund balances at December 31, 2024 are shown below:

<b>Fund Balance</b>	<b>General Fund</b>	<b>American Rescue Plan</b>	<b>Nonmajor Government Funds</b>	<b>Total</b>
<i>Nonspendable:</i>				
Interfund loans receivable	813,448	-	-	813,448
Inventories	-	-	1,138,910	1,138,910
Prepays	5,924	-	2,300	8,224
<b>Total Nonspendable Fund Balance</b>	<b>819,372</b>	<b>-</b>	<b>1,141,210</b>	<b>1,960,582</b>
<i>Restricted for:</i>				
Capital projects	-	-	37,732,532	37,732,532
Debt service	-	-	8,433,424	8,433,424
Impact Fees	-	-	991,986	991,986
Grants	199,089	298,598	21,624,987	22,122,674
Police/firefighters' pension	-	-	2,720,690	2,720,690
Public safety/crime reduction	-	-	1,356,454	1,356,454
Other	-	-	25,591,900	25,591,900
<b>Total Restricted Fund Balance</b>	<b>199,089</b>	<b>298,598</b>	<b>98,451,973</b>	<b>98,949,660</b>
<i>Committed for:</i>				
City facilities	-	-	117,926	117,926
Communication	-	-	997,184	997,184
Transportation	-	-	10,238,470	10,238,470
Public safety	-	-	4,097,075	4,097,075
Culture and recreation	-	-	3,681,694	3,681,694
<b>Total Committed Fund Balance</b>	<b>-</b>	<b>-</b>	<b>19,132,349</b>	<b>19,132,349</b>
<i>Assigned for:</i>				
Contingency reserve	30,865,224	-	-	30,865,224
General Government	1,499,624	-	-	1,499,624
Library capital replacement	5,615,869	-	-	5,615,869
Human Services	-	-	2,004,569	2,004,569
Law enforcement	-	-	757	757
Culture and recreation	-	-	29,184	29,184
City facilities/improvement	-	-	7,269,558	7,269,558
Other purposes	-	-	8,637	8,637
<b>Total Assigned Fund Balance</b>	<b>37,980,717</b>	<b>-</b>	<b>9,312,705</b>	<b>47,293,422</b>
<i>Unassigned:</i>	<b>-</b>	<b>-</b>	<b>(492,949)</b>	<b>(492,949)</b>
<b>Total</b>	<b>38,999,178</b>	<b>298,598</b>	<b>127,545,288</b>	<b>166,843,064</b>

#### 16. Budgetary Reserves/Control

Contingency Reserve. This account was established in 2001 in the Spokane Municipal Code. At each budget cycle commencing with year 2001 and every year thereafter, an amount from the unappropriated general fund fund balance at each year end shall be appropriated to the contingency reserve account. Additional funds may

be added to the contingency reserve account in such amounts and at such additional times during the ensuing budget year in accordance with standard emergency budget ordinance procedures.

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

1. Unforeseen circumstances arising after the adoption of the annual budget which require an unavoidable and non-continuing allocation; or
2. Unforeseen emergency threatening health and/or safety of the citizens; or
3. Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or
4. Significant operating efficiencies can be achieved resulting in clearly identified near-term and offsetting cost savings. Appropriations from this account are only approved by the standard emergency budget ordinance procedure.

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

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

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

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

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

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

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

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

## 17. Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations which have not yet been fulfilled, cancelled, or discharged. At December 31, 2024, \$63.7 million was carried forward to the subsequent budget year as follows, and have been classified as assigned fund balance unless the fund's net position was already classified as restricted net position as follows:

<b>Fund</b>	<b>Amount</b>
General Fund	1,499,624
American Recovery Plan	14,544,200
Nonmajor Governmental Funds	47,686,728
<b>Total</b>	<b>63,730,552</b>

### F. Other Significant Accounting Policies

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

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



## Note 2

### Cash and Investments

#### Deposits and Investments

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

#### Custodial Credit Risk

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

The City's investment policy requires that all investments be held by the City's third party safekeeping agent in the City's name. The City policy states that all security transactions will be settled "delivery versus payment" by the City's safekeeping bank. As of December 31, 2024, all of the \$237.9 million investments in U.S. agency debt obligations were registered and held by its safekeeping agent in the City's name. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

#### Investment Policy

##### City Treasurer Investments

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

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

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

#### Employees' Retirement System

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

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

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

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

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

#### **Police Pension System**

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

#### **Investments**

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

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

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

### Employees' Retirement System

The SERS Board has an asset allocation policy that includes an allocation to alternative investments. Funding of these limited partnerships began in 2007 and continues on an ongoing basis. The term "alternative investments" encompasses a broad category of investments other than traditional asset classes of equities, fixed income and real estate. Each alternative investment that SERS enters into has been carefully studied by the System's Outsourced Chief Investment Office (OCIO) and independent investment consultant. The asset allocation study that was modeled by the independent consultant and completed in 2024 demonstrated that alternative assets have low correlations to traditional asset classes and are expected to add value to the portfolio over time. The OCIO and Board believe the use of alternative investments increases the expected return and reduces the risk of the Plan compared to investing only in traditional asset classes.

The following table shows the City's cash and investments at December 31, 2024:

Deposit Type	Value
<b>Reconciliation of Restricted/Unrestricted Cash and Investments:</b>	
Cash	\$ 44,623,834
Petty Cash	429,700
Deposits with Fiscal Agents	3,191,533
Investments	237,941,979
	<b>286,187,046</b>

### Interest Rate Risk

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

### City Treasurer Investments

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

### Employees' Retirement System

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

### Spokane Firefighters' Trust Fund

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

### Police Pension System

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

The City is in compliance with its policies.

The following table shows the City's invested assets and the pension fund assets by investment type, fair value, segmented maturities, and by the average effective duration as of December 31, 2024.

		Maturity				
Interest Rate Risk	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Effective Duration (in years)
City Treasurer Investments Categorized						
US Government Agencies	142,536,600	29,389,900	113,146,700	-	-	1.90
US Government Treasuries	29,602,250	14,909,400	14,692,850	-	-	1.12
Municipal Bonds	31,869,724	-	31,869,724	-	-	4.96
Strip Bonds	33,933,405	-	33,933,405	-	-	4.27
Total investments categorized	237,941,979	44,299,300	193,642,679	-	-	
Pension Trust Funds						
Employees' Retirement System						Average Maturity
Fixed Income Mutual Funds	16,938,095	16,938,095	-	-	-	1.69
Corporate Notes and Bonds	12,119,117	937,358	3,807,457	4,708,072	2,666,230	1.79
Asset Backed Securities	3,970,428	-	2,371,110	755,462	843,856	0.70
Governmental CMOs	13,325,770	-	-	123,572	13,202,198	6.24
Municipal Bonds	569,950	-	-	487,952	81,998	0.08
Mortgage Backed Securities						
Government Pass Through	1,644,278	-	458,206	165,271	1,020,801	0.50
U.S. Government Treasuries	6,228,888	496,530	267,019	1,673,955	3,791,384	1.70
Total investments categorized	54,796,526	18,371,983	6,903,792	7,914,284	21,606,467	12.70
Investments not required to be categorized:						
Cash equivalents	4,665,424	-	-	-	-	
Equity securities	57,045,873	-	-	-	-	
Real estate	28,119,633	-	-	-	-	
Alternative investments	222,216,788	-	-	-	-	
Total investments not categorized	312,047,718	-	-	-	-	
Total Investments	366,844,244	18,371,983	6,903,792	7,914,284	21,606,467	
Firefighters' Pension System						
US Government Treasuries	13,312,733	-	7,363,599	5,949,134	-	2.18
Mortgage Backed Securities						
Government Pass Through	2,450,821	-	233,652	409,707	1,807,462	1.75
Government CMOs	2,604,828	-	-	389,060	2,215,768	2.00
Corporate Bonds/Notes	11,586,760	-	8,175,523	3,411,237	-	1.49
Asset Backed Securities	1,253,207	-	686,553	566,654	-	0.22
Total investments categorized	31,208,349	-	16,459,327	10,725,792	4,023,230	7.64
Investments not required to be categorized:						
Cash equivalents	993,668	-	-	-	-	-
Total investments not categorized	993,668	-	-	-	-	
Total Investments	32,202,017	-	16,459,327	10,725,792	4,023,230	
Police Pension System						
Investments not required to be categorized:						
Cash equivalents	116,280	-	-	-	-	-
Total Investments	116,280	-	-	-	-	

## Credit Risk

### City Treasurer Investments

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the end of the year 2024 for each type of investment.

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

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

### Employees' Retirement System

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

### Spokane Firefighters' Trust Fund

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

### Police Pension System

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

The City is in compliance with its policies.

The following table shows the City's internal investment pool assets and the Pension Fund assets by credit rating and fair value as of December 31, 2024.

Investment Type	Fair Value	Investment Credit Rating						
		AAA	AA	A	BBB	BB	B	Not Rated
US Government Agencies	142,536,600	-	142,536,600	-	-	-	-	-
U.S. Government Treasuries	29,602,250	-	-	-	-	-	-	29,602,250
Municipal Bonds	31,869,724	3,620,337	16,682,295	11,567,092	-	-	-	-
Strip Bonds	33,933,405	-	8,511,789	-	-	-	-	25,421,616
<b>Total</b>	<b>237,941,979</b>	<b>3,620,337</b>	<b>167,730,684</b>	<b>11,567,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,023,866</b>
<b>Employees' Retirement System</b>								
Fixed Income Mutual Funds	16,938,095	-	-	-	-	-	-	16,938,095
Corporate Notes and Bonds	12,119,117	241,412	597,934	5,442,927	5,768,128	-	-	68,716
Asset Backed Securities	3,970,428	1,519,941	676,190	-	-	-	-	1,774,297
Governmental CMOs	13,325,770	-	342,144	-	-	-	-	12,983,626
Municipal Bonds	569,950	412,104	153,552	4,294	-	-	-	-
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Governmental Passthrough	1,644,278	81,322	-	-	-	-	-	1,562,956
U.S. Government Treasuries	6,228,888	-	-	-	-	-	-	6,228,888
<b>Total</b>	<b>54,796,526</b>	<b>2,254,779</b>	<b>1,769,820</b>	<b>5,447,221</b>	<b>5,768,128</b>	<b>-</b>	<b>-</b>	<b>39,556,578</b>
<b>Firefighters' Pension System</b>								
US Government Treasuries	13,312,733	13,312,733	-	-	-	-	-	-
Mortgage Backed Securities	-	-	-	-	-	-	-	-
Government Pass Through	2,450,821	-	2,450,821	-	-	-	-	-
Government CMOs	2,604,828	-	2,604,828	-	-	-	-	-
Corporate Bonds/Notes	11,586,760	-	-	4,272,468	7,314,292	-	-	-
Asset Backed Securities	1,253,207	119,994	670,930	216,644	245,639	-	-	-
<b>Total</b>	<b>31,208,349</b>	<b>13,432,727</b>	<b>5,726,579</b>	<b>4,489,112</b>	<b>7,559,931</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Concentration of Credit Risk

### City Treasurer Investments

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

### Employees' Retirement System

SERS' has no holdings by an issuer that represent five percent or more of SERS' investments. SERS holdings in organizations that manage five percent or more of the Plan's net assets at December 31, 2024 were:

Organization	% of Net Position
<b>City of Spokane Employees' Retirement System</b>	
State Street Global Advisors	27.0%
Loomis Sayles	8.8%
Segal Bryant	7.7%
Evanston Capital Management	6.8%
Hotchkis & Wiley	4.6%
Artisan Partners	4.5%
American Funds	4.3%

### Firefighters' Pension System

The Firefighters' Trust Fund holdings in issuers that represent five percent or more of the Plan's net assets at December 31, 2024 were:

Organization	% of Net Position
<b>City of Spokane Firefighter's Pension System</b>	
US Treasury Notes	38.7%
Corporate Notes	32.0%

### Police Pension System

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

## Foreign Currency Risk

### City Treasurer Investments

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

The City investment policy requires all assets to be held in US Dollars. At December 31, 2024, there were no holdings exposed to foreign currency risk.

### Employees' Retirement System

At December 31, 2024, 23.2% of the System's portfolio is invested in foreign issued securities, which primarily consist of equities, fixed income and alternative investments. The SERS Investment Policy does not specifically address foreign currency risk; however, the System considers foreign currency risk during the selection and monitoring process of fund managers. The fair value of the foreign investments as of December 31, 2024 was:

Category	Total Investments	US Issues	Foreign Issues	% Foreign
Cash	4,665,424	4,665,424	-	0.0%
Fixed Income	54,796,526	54,265,044	531,482	1.0%
Equities	57,045,873	23,187,044	33,858,829	59.4%
Real Estate	28,119,633	28,119,633	-	0.0%
Alternatives	222,216,788	171,456,203	50,760,585	22.8%
<b>Total</b>	<b>366,844,244</b>	<b>281,693,348</b>	<b>85,150,896</b>	<b>23.2%</b>

### Spokane Firefighters' Trust Fund

The Fire investment policy does not allow investments in foreign issuances. At December 31, 2024, there were no holdings exposed to foreign currency risk.

### Police Pension System

The investment policy requires all asset to be held in US Dollars. At December 31, 2024, there were no holdings exposed to foreign currency risk.

### Spokane Investment Pool

This is an internal investment pool that is utilized for the investment of funds at the fund level. Fund ownership is measured by the actual amount of funds invested. The investment strategy is at the directive of the Chief Financial Officer. The interest earnings of the pool are allocated across the Special Revenue (excluding specific grant related funds), Debt Service, Capital Project, Internal Service and Enterprise Funds based on the average book value of fund investments multiplied by the average of the last 84 months of the State LGIP's monthly rate in effect as of December 31, 2024. The General Fund and Grant Related funds excluded above receive the full calculated rate of the pool with any excess earnings being allocated directly to the General Fund. Unrealized Gains and losses are allocated based on the percentage of book value owned by the funds that are selected to participate. In 2024, the selected funds were Treasurer's Cash, General Fund, Community Development Block Grants, CDBG Revolving Loan, Home Program, Housing Assistance Program, Housing Trust Grant, the Park Bond, and the Library Bond.



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

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

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

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

### **Fair Value Measurement**

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

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

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

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

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

The following table presents fair value measurements as of December 31, 2024:

		Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investment by fair value level	12/31/2024	(Level 1)	(Level 2)	(Level 3)	(NAV)
US Government Agencies	142,536,600	142,536,600	-	-	-
US Government Treasuries	29,602,250	29,602,250	-	-	-
Municipal Bonds	31,869,724	31,869,724	-	-	-
Strip Bonds	33,933,405	33,933,405	-	-	-
<b>Total</b>	<b>237,941,979</b>	<b>237,941,979</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pension Trust Funds</b>					
<b>Employees' Retirement System</b>					
Cash Equivalents	4,665,425	4,665,425	-	-	-
<b>Total Cash Equivalents</b>	<b>4,665,425</b>	<b>4,665,425</b>	<b>-</b>	<b>-</b>	<b>-</b>
US Government	21,198,936	21,198,936	-	-	-
US Corporate Fixed Income	11,587,635	-	11,587,635	-	-
International Fixed Income	531,482	-	531,482	-	-
Asset Backed Securities	3,970,428	-	3,970,428	-	-
Municipal Bonds	569,950	-	569,950	-	-
Fixed Income Mutual Funds	16,938,095	16,938,095	-	-	-
<b>Total Fixed Income</b>	<b>54,796,526</b>	<b>38,137,031</b>	<b>16,659,495</b>	<b>-</b>	<b>-</b>
US Common Stock	14,618,777	14,618,777	-	-	-
International Common Stock	1,184,505	1,184,505	-	-	-
Equity Mutual funds	41,242,591	41,242,591	-	-	-
<b>Total Equities</b>	<b>57,045,873</b>	<b>57,045,873</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Real estate</b>	28,119,632	8,391,329	-	-	19,728,303
<b>Alternative investments</b>	222,216,788	-	-	-	222,216,788
<b>Total - All Investments</b>	<b>366,844,244</b>	<b>108,239,658</b>	<b>16,659,495</b>	<b>-</b>	<b>241,945,091</b>
<b>Firefighters' Pension System</b>					
Cash Equivalents	993,668	993,668	-	-	-
<b>Total Cash Equivalents</b>	<b>993,668</b>	<b>993,668</b>	<b>-</b>	<b>-</b>	<b>-</b>
US Government Treasuries	13,312,733	13,312,733	-	-	-
Mortgage Backed Securities					
Government Pass Through	2,450,821	-	2,450,821	-	-
Government CMOs	2,604,828	-	2,604,828	-	-
Corporate Bonds/Notes	11,586,760	-	11,586,760	-	-
Asset Backed Securities	1,253,207	-	1,253,207	-	-
<b>Total Fixed Income</b>	<b>31,208,349</b>	<b>13,312,733</b>	<b>17,895,616</b>	<b>-</b>	<b>-</b>

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

Investment Category	Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Commingled equity funds	120,486,236	-	Daily	N/A
Commingled fixed income funds	38,994,992	-	Daily	N/A
Equity funds	549,137	-	Monthly, annually	15-90 days
Hedge funds	47,625,195	5,332,500	N/A, Monthly, quarterly, semi- annual	30-90 days
Real estate funds	19,728,303	1,010,752	N/A, quarterly with queue	90 days
Fixed income funds	14,561,228	-	Quarterly	90 days
<b>Total</b>	<b>241,945,091</b>	<b>6,343,252</b>		

*Commingled equity funds* – 10 funds that invest primarily in domestic and international equity markets. The commingled equity funds are valued at net asset value of units held based on underlying holdings.

*Commingled fixed income funds* – two funds that invest primarily in the domestic bond markets. The commingled fixed income funds are valued at net asset value of units held based on underlying holdings.

*Equity funds* – One fund that invests long-only in less efficient markets seeking to capture illiquidity and information asymmetry premiums. The domestic equity funds are valued based on a pro rata share of the overall fund.

*Hedge fund* – Two funds that invest long and short to generate outsize risk-adjusted returns. One fund that seeks to generate consistent positive returns with low volatility and low net market exposure. One fund that invests across RV fundamental equity, quantitative strategies, equity arbitrage, and fixed income and commodities. The funds are valued at net asset value of units held based on underlying holdings. Two funds that invest primarily in medical royalty streams or securities associated with the royalties. The fair value of the fund is determined using discounted cash flow models based on expected future cash flows. The fund is not eligible for redemption. Distributions are received as underlying investments within the fund generates cash flows, which on average can occur over the span of 5 to 10 years.

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

*Fixed income funds* – Three funds that invest in less liquid or distressed debt securities. All funds unit net asset value is based on the value of the underlying holdings.

## Note 3

### Property Taxes

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

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second of two equal installment payments due

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

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

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

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

Property Tax Levy Type	Total Levy (in thousands)	Amount per \$1,000 Assessed Valuation
Regular	68,391	1.953373
Regular Senior Lift	6,975	0.200641
EMS	17,318	0.494644
Bond	3,211	0.094120
Park Bond	7,254	0.208659
<b>Total</b>	<b>103,151</b>	<b>2.951437</b>

## Note 4

### Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

Capital Assets	Jan 01, 2024 Beginning Balance	Increases	Decreases	Dec 31, 2024 Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital assets not being depreciated</b>				
Land	845,853,781	263,618	(287,558)	<b>845,829,841</b>
Construction in progress	37,428,569	9,402,362	(32,152,251)	<b>14,678,680</b>
<b>Total capital assets, not being depreciated</b>	<b>883,282,350</b>			<b>860,508,521</b>
<b>Capital assets, being depreciated:</b>				
Buildings	197,278,464	1,251,375	(1,102,801)	<b>197,427,038</b>
Accumulated depreciation	(60,736,530)	(4,052,582)	-	<b>(64,789,112)</b>
Net buildings	<b>136,541,934</b>			<b>132,637,926</b>
Other improvements	152,985,417	5,814,628	(472,912)	<b>158,327,133</b>
Accumulated depreciation	(88,520,447)	(10,088,466)	252,649	<b>(98,356,264)</b>
Net other improvements	<b>64,464,970</b>			<b>59,970,869</b>
Machinery and equipment <sup>1</sup>	122,648,698	19,336,133	(9,968,245)	<b>132,016,586</b>
Accumulated depreciation <sup>1</sup>	(80,609,892)	(9,978,185)	9,018,592	<b>(81,569,485)</b>
Net machinery and equipment <sup>1</sup>	<b>42,038,806</b>			<b>50,447,101</b>
Infrastructure	1,215,287,983	52,046,496	(3,669,057)	<b>1,263,665,422</b>
Accumulated depreciation	(678,594,821)	(26,234,627)	938,845	<b>(703,890,603)</b>
Net infrastructure	<b>536,693,162</b>			<b>559,774,819</b>
Intangible assets	5,459,836	-	(461,321)	<b>4,998,515</b>
Accumulated amortization	(3,514,135)	(344,370)	461,321	<b>(3,397,184)</b>
Net intangible assets	<b>1,945,701</b>			<b>1,601,331</b>
Right-to-use leased land	51,104	-	-	<b>51,104</b>
Accumulated amortization	(12,776)	(12,776)	-	<b>(25,552)</b>
Net leased land	<b>38,328</b>			<b>25,552</b>
Right-to-use leased buildings	5,217,179	-	(1,624,020)	<b>3,593,159</b>
Accumulated amortization	(900,967)	(558,273)	792,808	<b>(666,432)</b>
Net leased buildings	<b>4,316,212</b>			<b>2,926,727</b>
Right-to-use leased machinery and equipment	1,108,020	1,033,766	(366,756)	<b>1,775,030</b>
Accumulated amortization	(552,152)	(391,237)	366,757	<b>(576,632)</b>
Net leased machinery and equipment	<b>555,868</b>			<b>1,198,398</b>
Right-to-use subscription asset	8,763,856	931,892	(17,938)	<b>9,677,810</b>
Accumulated amortization	(1,739,647)	(1,893,189)	17,938	<b>(3,614,898)</b>
Net right-to-use subscription assets	<b>7,024,209</b>			<b>6,062,912</b>
<b>Total Capital assets, being depreciated (net)</b>	<b>793,619,190</b>			<b>814,645,635</b>
<b>Governmental Activities, Capital Assets (net)</b>	<b>1,676,901,540</b>			<b>1,675,154,156</b>

<sup>1</sup>Beginning Balance Restated

Capital Assets	Jan 01, 2024 Beginning Balance	Increases	Decreases	Dec 31, 2024 Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 15,596,193	\$ -	\$ (6,917)	\$ 15,589,276
Construction in progress <sup>1</sup>	38,887,962	33,576,599	(47,227,290)	25,237,271
<b>Total capital assets, not being depreciated</b>	<b>54,484,155</b>			<b>40,826,547</b>
<b>Capital assets, being depreciated:</b>				
Buildings	558,075,907	25,046,725	-	583,122,632
Accumulated depreciation	(260,919,868)	(9,773,575)	-	(270,693,443)
Net buildings	297,156,039			312,429,189
Other improvements	112,619,726	266,153	-	112,885,879
Accumulated depreciation	(73,760,489)	(3,766,615)	-	(77,527,104)
Net other improvements	38,859,237			35,358,775
Machinery and equipment	190,023,985	11,117,827	(11,078,287)	190,063,525
Accumulated depreciation <sup>1</sup>	(137,845,979)	(8,980,799)	11,071,783	(135,754,995)
Net machinery and equipment	52,178,006			54,308,530
Infrastructure	868,013,471	38,742,840	(453,583)	906,302,728
Accumulated depreciation	(263,465,960)	(16,953,528)	261,426	(280,158,062)
Net infrastructure	604,547,511			626,144,666
Intangible assets	113,766	-	-	113,766
Accumulated amortization	(95,563)	(2,276)	-	(97,839)
Net intangible assets	18,203			15,927
Right-to-use leased land	1,987,919	1,656,036	-	3,643,955
Accumulated amortization	(243,419)	(237,247)	-	(480,666)
Net leased land	1,744,500			3,163,289
Right-to-use leased machinery and equipment	845,990	368,927	-	1,214,917
Accumulated amortization	(355,722)	(265,333)	-	(621,055)
Net leased machinery and equipment	490,268			593,862
<b>Total Capital assets, being depreciated (net)</b>	<b>994,993,764</b>			<b>1,032,014,238</b>
<b>Business-Type Activities, Capital Assets (net)</b>	<b>\$ 1,049,477,919</b>			<b>\$ 1,072,840,785</b>
<sup>1</sup> Beginning Balance Restated				
<b>DEPRECIATION/AMORTIZATION:</b>				
<b>Governmental Activities:</b>				
General government			\$	1,543,610
Judicial				289,229
Public safety				4,271,752
Transportation				29,206,582
Economic environment				1,021,760
Social Services				2,711,301
Culture and recreation				14,509,471
<b>Total Depreciation Expense - Governmental Activities</b>			<b>\$</b>	<b>53,553,705</b>
<b>Business-Type Activities:</b>				
Water/Sewer			\$	34,127,204
Solid Waste				5,300,752
Other				551,417
<b>Total Depreciation Expense - Business-Type Activities</b>			<b>\$</b>	<b>39,979,373</b>

The City paid \$5,145,790 in interest expense related to business-type activities during 2024. None of this balance was capitalized.

## Note 5

### Pension Plans

#### A. GENERAL

The City administers two single-employer and one multi-employer defined benefit retirement plans:

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

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (251,534,291)
Pension assets	65,134,318
Deferred outflows of resources	127,460,614
Deferred inflows of resources	(45,420,218)
Pension expense/expenditures	40,310,429

#### B. PLAN DESCRIPTIONS

##### Spokane Employees' Retirement System

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

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

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

Management of SERS is vested in the SERS Board, which consists of nine members—four members are elected by active employee plan members, three members are appointed by the Spokane City Council (one of which is a council member, one member, the Mayor or the Mayor's designee, and one member (who may not be an elected official or employee of the city) is appointed by the other eight Board members.

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

prior to January 1, 2009, have a choice at retirement of choosing a 2.15% multiplier with a service cap of 30 years or a 2.00% multiplier with a service cap of 35 years.

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

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

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

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

The SERS Board of Administration considers issuing an ad hoc adjustment for retiree benefits each year. The Board can grant an ad hoc adjustment if the AAL funded ratio is 90% or greater and remains above 90% after the ad hoc adjustment is granted. The AAL funded ratio was less than 90% as of December 31, 2024. The last ad hoc retiree adjustment occurred in 2001. Based on the current AAL funded ratio, it will take continued significant favorable experience in the investment markets or a future increase in contribution levels to raise the funded ratio above the ad hoc threshold.

### **Firefighters' Pension System**

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

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

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

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

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



The State of Washington contributes 25% of taxes collected on fire insurance premiums to the Firefighters' Pension System and is considered a non-employer contributing entity. The revenue received through this tax amounted to \$430,545 in 2024.

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

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

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

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

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

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

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

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

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

#### **LEOFF 1**

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

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

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

**LEOFF 2**

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

**Plan Membership**

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

Plan	Inactive Members or Beneficiaries Receiving Benefits	Inactive Members Entitled To But Not Receiving Benefits	Active Plan Members	Total Members	Membership as of the latest actuarial valuation
Employees' Retirement System	1,630	169	1,603	3,402	12/31/2024
Firefighters' Pension System	89	-	-	89	12/31/2024
Police Pension System	83	-	-	83	12/31/2024
<b>Total</b>	<b>1,802</b>	<b>169</b>	<b>1,603</b>	<b>3,574</b>	

**C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Accounting**

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

**Stand Alone Statements**

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

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

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

**Use of Estimates**

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

**D. DEPOSITS AND INVESTMENTS****Rate of Return**

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

**SERS, Firefighters', and Police Pension**

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

**LEOFF 1 & 2**

The long-term expected rate of return on the DRS pension plan investments is 7.0%. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB used the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, is shown in the table below:

	<b>SERS</b>	<b>Firefighters'</b>	<b>Police</b>	<b>LEOFF 1</b>	<b>LEOFF 2</b>
Rate of return	10.00%	3.02%	0.01%	7.87%	7.98%

**Estimated Rates of Return**

Below are the estimated real rates of return for the various pension plans as of December 31, 2024:

<b>Long-Term Expected Real Rate of Return</b>	<b>SERS</b>	<b>Firefighters'</b>	<b>Police</b>	<b>LEOFF 1<sup>1</sup></b>	<b>LEOFF 2<sup>1</sup></b>
Global equity	7.00%	-	-	5.60%	5.60%
US fixed income	3.40%	1.50%	-	2.10%	2.10%
Long Biased	4.90%	-	-	-	-
Opportunistic Credit	7.50%	-	-	-	-
Real estate	5.30%	-	-	4.80%	4.80%
Private equity	-	-	-	8.60%	8.60%
Master Limited Partnership	6.00%	-	-	-	-
Tangible assets	-	-	-	4.50%	4.50%

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

### **Investments**

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

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

### **Spokane Employees' Retirement System**

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

Investments of the pension trust funds are reported at fair value. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS investments are governed by an investment standard known as the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the Plan. In fulfilling its responsibilities, the Board has contracted with investment managers, a custodian, an independent investment consultant and an outsourced chief investment office (OCIO). Investment manager contracts include specific guidelines regarding the investments under management. All investments are held in custody. The OCIO and independent investment consultant monitor the fund on a regular basis and provides quarterly reports to staff and the Board.

The System is a long-term investor with a perpetual investment horizon, anticipating ongoing investment cycles with both good and bad years for financial markets. Investments are diversified to reduce investment risk and mitigate the risk of underperforming the actuarial rate of return. While annual market performance is unlikely to match the actuarial rate of return in any given year, long-term returns are expected to be in line with the assumption based on the diversified nature of the portfolio. Each alternative investment that SERS enters into has been carefully studied by the System's Outsourced Chief Investment Office (OCIO) and independent investment consultant. The asset allocation study that was modeled by the independent consultant and completed in 2024 demonstrated that alternative assets have low correlations to traditional asset classes and are expected to add value to the portfolio over time. The OCIO and Board believe the use of alternative investments increases the expected return and reduces the risk of the Plan compared to investing only in traditional asset classes.

### **Firefighters' Pension System**

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

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

reports to staff and the Board. The Retirement Director monitors the fund on a regular basis.

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

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

#### **Target Asset Allocations**

The target asset allocations as of December 31, 2024 were:

<b>Target Allocation</b>	<b>SERS</b>	<b>Firefighters'</b>	<b>Police</b>	<b>LEOFF 1</b>	<b>LEOFF 2</b>
US equity	25%	-	-	-	-
Global equity	20%	-	-	30%	30%
US fixed income	25%	100%	-	19%	19%
Hedge Funds	14%	-	-	-	-
Real estate	8%	-	-	18%	18%
Private equity	3%	-	-	25%	25%
Private credit	3%				
Master limited partnerships	2%				
Tangible assets	-	-	-	8%	8%
	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>

#### **Methods Used to Value Investments**

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

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

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

#### **E. NET PENSION LIABILITY (ASSET)**

The components of the net pension liability (asset) was calculated based on the actuarial reports dated December 31, 2023 for SERS, Firefighters' and Police, and dated as of June 30, 2024 for LEOFF Plan 1 & 2 are shown in the table below.

Net pension liability (Asset)					
Component	SERS	Firefighters'	Police	LEOFF 1 <sup>1</sup>	LEOFF 2 <sup>1</sup>
Total pension liability	589,529,250	10,169,178	3,864,071	37,752,338	423,855,319
Plan fiduciary net position	342,231,974	6,604,530	924,584	63,606,616	463,135,359
LESS (SREC)	(2,267,120)	-		-	-
Net pension liability (asset)	<b>245,030,156</b>	<b>3,564,648</b>	<b>2,939,487</b>	<b>(25,854,278)</b>	<b>(39,280,040)</b>
Plan fiduciary net position as a % of total pension liability	58.1%	64.9%	23.9%	168.48%	109.27%
<sup>1</sup> Total pension liability (TPL) calculated by the Office of the State Actuary (OSA)					

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(25,854,278)	(39,280,040)
State's proportionate share of the net pension asset associated with the employer	(174,877,697)	(25,490,660)
TOTAL	<b>(200,731,975)</b>	<b>(64,770,700)</b>

At December 31, 2024 the City of Spokane's proportionate share of the collective net pension liabilities (assets) was as follows:

	Proportionate Share 12/31/23	Proportionate Share 12/31/24	Change in Proportion
LEOFF 1	0.912853%	0.909117%	-0.003736%
LEOFF 2	2.293417%	2.097458%	-0.195959%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2024. Historical data was obtained from

a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2024, the state of Washington contributed 39.36 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.64 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2024, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2023, with update procedures used to roll forward the total pension liability to the measurement date.

## **F. ACTUARIAL ASSUMPTIONS**

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

The total net pension liability was determined by an actuarial evaluation using the following actuarial assumptions, applied to all periods in the measurement. For all three plans, the measurement date was December, 31, 2023.

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

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023 to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change for the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). Assumptions did not change from the prior contribution rate setting June 30, 2022 AVR.

	Employees' Retirement System	Firefighters' Pension System	Police Pension System	LEOFF 1	LEOFF 2
Valuation date	12/31/2024	12/31/2024	12/31/2024	6/30/2023	6/30/2023
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	frozen initial liability	aggregate
Amortization method					
Funding	Level % of pay over not more than 30 years	30-year, closed as of January 1, 2007	30-year, closed as of January 1, 2007	level %	n/a
Remaining amortization years (closed)	25	13	13	1	n/a
Asset valuation method	Expected value method with 5-year smoothing and 90-110% market value corridor	Fair market value	Fair market value	8-year graded smoothed fair value	8-year graded smoothed fair value
Actuarial assumptions					
Investment rate of return	7.5%	3.0%	3.0%	7.00%	7.00%
Projected salary increases <sup>2</sup>	2.5-10.0%	n/a	n/a	3.25%	3.25%
Economic inflation	2.50%	2.50%	2.50%	2.75%	2.75%
Cost of living adjustments	0.0%	Based on 3.5% increase assumption when appropriate, for PPF benefits.	Based on 3.5% increase assumption when appropriate, for PPF benefits.	CPI Increase	CPI Increase, maximum 3%
		Based upon inflation assumption for some PPF benefits and all LEOFF benefits.	Based upon inflation assumption for some PPF benefits and all LEOFF benefits.		
Mortality	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status as the base table, applying age offsets as appropriate and long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis.	Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status as the base table, applying age offsets as appropriate and long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis.

<sup>2</sup>Expected to grow by service-based salary increases for LEOFF 1 and 2

## G. DISCOUNT RATE

### Spokane Employees' Retirement System

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current 11.00% contribution rate and that city contributions will be made at the same rate. The contribution rate is now tied to the Actuarially Determined Contribution (ADC) rate as determined by the Plan's actuary in the annual valuation. These changes were sufficient to eliminate the projected depletion of assets and return the discount rate to the 7.50% assumed rate of return.

### Firefighters' Pension System

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



**Police Relief and Pension System**

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

**LEOFF 1 & 2**

The discount rate used to measure the total pension liability was 7.0%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on the assumptions described in the Actuarial Certification Letter, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% on pension plan investments was applied to determine the total pension liability (asset).F

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

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

Net Pension (Asset) Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
SERS <sup>1</sup>	309,285,579	247,297,276	194,463,026	7.50%
Firefighters'	4,560,412	3,564,648	2,703,857	3.00%
Police	3,208,752	2,939,487	2,699,299	3.00%
LEOFF 1	(22,753,726)	(25,854,278)	(28,558,120)	7.00%
LEOFF 2	26,023,560	(39,280,040)	(92,696,422)	7.00%

<sup>1</sup>SERS data includes amount related to the Spokane Regional Emergency Communications (SREC). \$2,267,120 of the current discount is SREC.

## H. PENSION EXPENSE

For the year ended December 31, 2024, the City recognized pension expense as follows:

Description	SERS	Firefighters'	Police
Service Cost	13,955,416	-	-
Interest Cost	41,179,698	356,924	141,211
Benefit Changes	-	-	-
Experience loss (gain)	733,893	(1,748,581)	(767,616)
Change in Assumptions	-	-	-
Contributions-Employer	-	-	-
Contributions-Employee	(13,459,279)	-	-
<b>Net Investment Income:</b>		-	-
Expected Return on Investments	(22,925,495)	(673,659)	(28,879)
Investment (gain) loss expensed	(3,860,071)	(108,785)	4,772
Investment (gain) loss deferred	-	-	-
Benefits paid, including refunds of employee contributions	-	-	-
Administrative Expense	572,501	43,291	38,920
Amortization	9,224,090	135,516	(85,766)
Other Changes	-	17,313,785	-
<b>Total Pension Expense</b>	<b>25,420,753</b>	<b>15,318,491</b>	<b>(697,358)</b>
LESS (SREC)	(233,047)	-	-
<b>Total Pension Expense</b>	<b>25,187,706</b>	<b>15,318,491</b>	<b>(697,358)</b>

For the year ended December 31, 2024 the City recognized pension expense for the following state plans:

Pension Expense	
LEOFF 1	420,076
LEOFF 2	81,514
<b>TOTAL</b>	<b>501,590</b>

## I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

Deferred inflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual

experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the city's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

At December 31, 2024, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources.

	SERS		Firefighters'		Police	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	46,708,210	-	2,012,133	-	60,480
Change of Assumptions	(25,959,372)	7,840,225	-	-	-	-
Differences Between Expected and Actual Experience	(337,835)	15,113,178	(701,817)	-	(77,457)	-
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	241,081	(638,632)	-	-	-	-
City Contributions Subsequent to the Measurement Date	-	-	-	-	-	-
<b>Total</b>	<b>(26,056,126)</b>	<b>69,022,980</b>	<b>(701,817)</b>	<b>2,012,133</b>	<b>(77,457)</b>	<b>60,480</b>

	LEOFF 1		LEOFF 2	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(977,220)	-	(6,462,588)	-
Change of Assumptions	-	-	(3,301,704)	16,170,082
Differences Between Expected and Actual Experience	-	-	(298,934)	28,909,369
Change in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	(7,544,372)	8,652,001
Contributions subsequent to the measurement date	-	-	-	2,633,569
<b>Total</b>	<b>(977,220)</b>	<b>-</b>	<b>(17,607,598)</b>	<b>56,365,021</b>

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

	SERS		Firefighters'		Police	
Recognition Period (Years)	6.0	6.0	9.48	5.0	10.67	5.0
Year	(Inflow)	Outflows	(Inflows)	Outflows	(Inflows)	Outflows
2025	(10,044,011)	22,109,502	(375,461)	736,335	(77,457)	27,366
2026	(8,252,653)	21,194,100	(108,786)	736,333	-	18,063
2027	(3,957,052)	20,276,003	(108,785)	539,465	-	10,280
2028	(3,841,574)	4,706,600	(108,785)	-	-	4,771
2029	39,165	736,775	-	-	-	-
Thereafter	-	-	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>(26,056,126)</b>	<b>69,022,980</b>	<b>(701,817)</b>	<b>2,012,133</b>	<b>(77,457)</b>	<b>60,480</b>

	LEOFF 1		LEOFF 2	
Recognition Period (Years)	5.0	5.0	5.0	5.0
Year	(Inflows)	Outflows	(Inflows)	Outflows
2025	(1,643,091)	-	(12,118,057)	7,170,295
2026	851,256	-	3,030,221	7,170,295
2027	(81,697)	-	(2,853,360)	7,166,117
2028	(103,689)	-	(2,485,487)	7,084,626
2029	-	-	(1,330,521)	6,876,557
Thereafter	-	-	(1,850,394)	18,263,562
<b>Total Deferred (Inflows)/Outflows</b>	<b>(977,220)</b>	<b>-</b>	<b>(17,607,598)</b>	<b>53,731,452</b>

## J. FUNDING POLICIES

The tables at the end of this section provide the actual contribution rates for all plans (expressed as a percentage of current year covered payroll) at the close of December 31, 2024.

### Spokane Employees' Retirement System

Member and employer contribution rates are established by SMC Chapter 4.14. The funding of SERS is currently based on the entry age normal method. SERS funding objective is to achieve and maintain an actuarial liability funded status between 90% and 110%. Member contributions are 11.00% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 11.00% of eligible compensation for a combined total of 22.00%. It is contemplated that the contribution by the City will, when added to the member's contribution, plus other revenues, be enough to properly fund the retirement benefits set forth. Combined contributions from employees and the employer were \$31.7 million in 2024 and \$26.9 million in 2023.

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

### Firefighters' Pension System

The City of Spokane is obligated by ordinance and RCW to make all required contributions to the plans. The major sources of funding for the Firefighters' Pension fund are property taxes, investment earnings, and the State

fire insurance premium tax. Currently, there are no required employee contributions made to these pension plans.

The plan is partially funded with \$33.1 million in total net assets, including those available for other post-employment benefits (see Note 6).

**Police Relief and Pension System**

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

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

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2024.

The City's actual contributions to LEOFF 2 were \$5.24 million for the year ended December 31, 2024.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' fiscal year ending June 30, 2024, the state contributed \$96.4 million to LEOFF Plan 2. The amount recognized by the City for its proportionate share of this amount is \$3.3 million.

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2024. Employers paid only the administrative expense of 0.18% of covered payroll.

The required contribution rates expressed as a percentage of current-year covered payroll as of December 31, 2024 are as follows:

Actual Contribution Rates	Employer	Employee
Employees' Retirement System	11.00%	11.00%
Firefighters' Pension System	0.16%	0.00%
Police Pension System	0.16%	0.00%
LEOFF 1 <sup>1</sup>	0.20%	0.00%
LEOFF 2 <sup>1</sup>	5.32%	8.53%
<sup>1</sup> The employer rate includes the employer administrative expense fee currently set at 0.20%		

**K. EMPLOYER CONTRIBUTIONS PAID**

The following table presents the City's contributions to cost-sharing plans in accordance with the funding policy.

There are no long-term contracts for contributions for any of the retirement plans administered by the City.

<b>Actual Contributions</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employees' Retirement System	15,870,598	13,446,610	11,863,726	11,519,708
Firefighters' Pension System	1,750,231	1,202,473	1,058,852	1,479,700
Police Pension System	451,405	382,734	708,099	588,451
LEOFF 1	-	-	-	-
LEOFF 2	2,633,569	2,523,518	4,799,944	4,668,483

## L. GASB 68 SUMMARY RECONCILIATION

Employees' Retirement System	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Balance, Beginning of Year (Dec 31, 2022)	567,457,183	311,139,142	256,318,041	87,563,220	23,203,911	-
<b>Changes for the year:</b>						
Service Cost	13,955,416	-	13,955,416	-	-	13,955,416
Interest Cost	41,179,698	-	41,179,698	-	-	41,179,698
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	4,403,357	-	4,403,357	3,669,464	-	733,893
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	13,446,610	(13,446,610)	-	-	-
Contributions-Employee	-	13,459,279	(13,459,279)	-	-	(13,459,279)
Net Investment Income	-	42,225,848	(42,225,848)	-	-	-
Expected Return on Investments	-	-	-	-	-	(22,925,495)
Investment (gain) loss expensed	-	-	-	-	-	(3,860,071)
Investment (gain) loss deferred	-	-	-	-	15,440,282	-
Benefits paid, including refunds of employee contributions	(37,466,404)	(37,466,404)	-	-	-	-
Administrative Expense	-	(572,501)	572,501	-	-	572,501
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(21,571,075)	(12,346,985)	9,224,090
<b>Net Changes</b>	<b>22,072,067</b>	<b>31,092,832</b>	<b>(9,020,765)</b>	<b>(17,901,611)</b>	<b>3,093,297</b>	
Balance, End of Year (Dec 31, 2023)	<b>589,529,250</b>	<b>342,231,974</b>	<b>247,297,276</b>	<b>69,661,609</b>	<b>26,297,208</b>	<b>25,420,753</b>
LESS (SREC)			(2,267,120)	(638,629)	(241,082)	(233,047)
Balance, End of Year (Dec 31, 2022) Net of SREC			<b>245,030,156</b>	<b>69,022,980</b>	<b>26,056,126</b>	<b>25,187,706</b>

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
Firefighters' Pension System	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Balance, Beginning of Year (Dec 31, 2022)	12,229,171	22,209,883	(9,980,712)	2,748,467	867,493	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	356,924	-	356,924	-	-	356,924
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(1,748,581)	-	(1,748,581)	-	-	(1,748,581)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	1,202,473	(1,202,473)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	1,217,586	(1,217,586)	-	-	-
Expected Return on Investments	-	-	-	-	-	(673,659)
Investment (gain) loss expensed	-	-	-	-	-	(108,785)
Investment (gain) loss deferred	-	-	-	-	435,142	-
Benefits paid, including refunds of employee contributions	(668,336)	(668,336)	-	-	-	-
Administrative Expense	-	(43,291)	43,291	-	-	43,291
Other Changes	-	(17,313,785)	17,313,785	-	-	17,313,785
Amortization	-	-	-	(736,334)	(600,818)	135,516
<b>Net Changes</b>	<b>(2,059,993)</b>	<b>(15,605,353)</b>	<b>13,545,360</b>	<b>(736,334)</b>	<b>(165,676)</b>	
Balance, End of Year (Dec 31, 2023)	<b>10,169,178</b>	<b>6,604,530</b>	<b>3,564,648</b>	<b>2,012,133</b>	<b>701,817</b>	<b>15,318,491</b>

	Increase (Decrease)					
	(a)	(b)	(a)-(b)			
<b>Police Pension System</b>	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability (NPL)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
Balance, Beginning of Year (Dec 31, 2022)	4,920,423	1,005,696	3,914,727	71,234	193,063	-
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	141,211	-	141,211	-	-	141,211
Benefit Changes	-	-	-	-	-	-
Experience loss (gain)	(767,616)	-	(767,616)	-	-	(767,616)
Change in Assumptions	-	-	-	-	-	-
Contributions-Employer	-	382,734	(382,734)	-	-	-
Contributions-Employee	-	-	-	-	-	-
Net Investment Income	-	5,021	(5,021)	-	-	-
Expected Return on Investments	-	-	-	-	-	(28,879)
Investment (gain) loss expensed	-	-	-	-	-	4,772
Investment (gain) loss deferred	-	-	-	19,086	-	-
Benefits paid, including refunds of employee contributions	(429,947)	(429,947)	-	-	-	-
Administrative Expense	-	(38,920)	38,920	-	-	38,920
Other Changes	-	-	-	-	-	-
Amortization	-	-	-	(29,840)	(115,606)	(85,766)
<b>Net Changes</b>	<b>(1,056,352)</b>	<b>(81,112)</b>	<b>(975,240)</b>	<b>(10,754)</b>	<b>(115,606)</b>	
Balance, End of Year (Dec 31, 2023)	<b>3,864,071</b>	<b>924,584</b>	<b>2,939,487</b>	<b>60,480</b>	<b>77,457</b>	<b>(697,358)</b>



## Note 6

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

#### Summary of Significant Accounting Policies

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

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2024:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ (64,464,913)
OPEB assets	-
Deferred outflows of resources	3,040,280
Deferred inflows of resources	(3,923,244)
OPEB expense/expenditures	(9,273,892)

#### Plan Descriptions

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

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

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

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

Current Covered Employee Groups		Rates for 2024		
Union 270 - Clerical				
Union 270 - Labor				Group
Union 270 - Library			Premera	Health
Exempt Confidential		Retiree	\$ 748.53	\$ 770.53
Library Managerial		Retiree and Spouse	\$ 1,628.58	\$ 1,676.99
Exempt A - SM&PA				
Managerial B - SM&PA				
Mayor, Council and Elected Officials				
Police Lieutenants and Captains				
Police Guild				
Prosecutor's Association - SCPA				

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

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

At December 31, 2024, the following employees were covered by the benefit terms:

Plan	Inactive Members or Beneficiaries Receiving Benefits	Inactive Members Entitled To But Not Receiving Benefits	Active Plan Members	Total Members	Membership as of the latest actuarial valuation
Firefighters' Pension System	157	-	-	157	1/1/2024
Police Pension System	125	-	-	125	1/1/2024
<b>Total</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>282</b>	

Plan	Active	Retiree	Surviving Spouse	Total Members	Membership as of the latest actuarial valuation
Retiree Medical Plan 2	1,847	49	-	1,896	1/1/2024

**Funding Policy**

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

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

The Actuarially determined contribution is based on the funding policy. Since the plans are not currently funded, the Actuarially Determined Contributions for the fiscal years ending December 31, 2024 and December 31, 2023 for the plans are shown in the following tables.

<b>2024 Funded Status (in thousands)</b>	<b>Firefighters' OPEB</b>	<b>Police OPEB</b>	<b>Retiree Medical Plan 2</b>
Actuarial valuation date	1/1/2024	1/1/2024	1/1/2024
Actuarial value of plan assets	\$ 25,548	\$ -	\$ -
Actuarial accrued liability (AAL)	39,337	40,672	10,004
Unfunded actuarial accrued liability (UAAL)	13,789	40,672	10,004
Funded ratio	64.95%	0.00%	0.00%
Actual contributions	1,857	2,359	342
Covered payroll	N/A	N/A	132,731
UAAL as a percentage of covered payroll	N/A	N/A	7.54%

<b>2023 Funded Status (in thousands)</b>	<b>Firefighters' OPEB</b>	<b>Police OPEB</b>	<b>Retiree Medical Plan 2</b>
Actuarial valuation date	1/1/2023	1/1/2023	1/1/2023
Actuarial value of plan assets	\$ 8,521	\$ -	\$ -
Actuarial accrued liability (AAL)	38,031	39,895	8,733
Unfunded actuarial accrued liability (UAAL)	29,510	39,895	8,733
Funded ratio	22.41%	0.00%	0.00%
Actual contributions	2,844	2,436	413
Covered payroll	N/A	N/A	127,148
UAAL as a percentage of covered payroll	N/A	N/A	6.87%

### Actuarial Determined Contribution

	Firefighters' Pension System	2024	2023
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ -	\$ -
	2. Expense load, if any	53,009	60,609
	3. Total normal cost: (1) = (2)	53,009	60,609
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 39,337,010	\$ 39,936,925
	b. Value of plan assets for recommended contribution	25,548,030	8,521,477
	c. Unfunded/(surplus) liability: (a)-(b)	13,788,980	31,415,448
	2. Amortization period in years	13	14
	3. Discount rate	3.00%	3.00%
	4. Amortization amount	1,258,807	2,700,092
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) + B(4)</b>	\$ 1,311,816	\$ 2,760,701
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2024	12/31/2023
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	39,354	82,821
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	1,351,170	2,843,522
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

<b>Police Pension System</b>	<b>2024</b>	<b>2023</b>
<b>Normal Cost</b>		
1. Normal cost without expense load	\$ -	\$ -
2. Expense load, if any	-	-
3. Total normal cost: (1) = (2)	-	-
Amortization Amount		
1. Unfunded Liability		
a. Actuarial liability for recommended contribution	\$ 43,307,432	\$ 43,605,005
b. Value of plan assets for recommended contribution	-	-
c. Unfunded/(surplus) liability: (a)-(b)	43,307,432	43,605,005
2. Amortization period in years	13	14
3. Discount rate	3.00%	3.00%
4. Amortization amount	3,953,571	3,747,759
Recommended Contribution at Beginning of Plan Year: A(3) + B(4)	\$ 3,953,571	\$ 3,747,759
Interest Adjustment for Timing of Contribution		
1. Estimated contribution dated	12/31/2024	12/31/2023
2. Fractional year from beginning of plan year	1.00	1.00
3. Interest on contribution to end of the fiscal year	118,607	112,433
Recommended contribution at the end of the fiscal year: C + D(3)	4,072,178	3,860,192
Actuarial Funding Method	Entry Age Normal	Entry Age Normal

	Retiree Medical Plan 2	2024	2023
<b>A.</b>	<b>Normal Cost</b>		
	1. Normal cost without expense load	\$ 536,966	\$ 490,486
	2. Expense load, if any	-	-
	3. Total normal cost: (1) = (2)	536,966	490,486
<b>B.</b>	<b>Amortization Amount</b>		
	1. Unfunded Liability		
	a. Actuarial liability for recommended contribution	\$ 10,003,668	\$ 8,733,405
	b. Value of plan assets for recommended contribution	-	-
	c. Unfunded/(surplus) liability: (a)-(b)	10,003,668	8,733,405
	2. Amortization period in years	30	30
	3. Discount rate	3.75%	4.00%
	4. Amortization amount	540,802	485,629
<b>C.</b>	<b>Recommended Contribution at Beginning of Plan Year: A(3) + B(4)</b>	\$ 1,077,768	\$ 976,115
<b>D.</b>	<b>Interest Adjustment for Timing of Contribution</b>		
	1. Estimated contribution dated	12/31/2024	12/31/2023
	2. Fractional year from beginning of plan year	1.00	1.00
	3. Interest on contribution to end of the fiscal year	40,416	39,045
<b>E.</b>	<b>Recommended contribution at the end of the fiscal year: C + D(3)</b>	1,118,184	1,015,160
<b>F.</b>	<b>Actuarial Funding Method</b>	Entry Age Normal	Entry Age Normal

#### Actuarial Information and Significant Actuarial Assumptions

The City's net OPEB liability was measured as of December 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Firefighters' OPEB	Police OPEB	Retiree Medical Plan 2
Inflation	2.50% per year	2.50% per year	2.00% per year
Salary increases	N/A	N/A	N/A
Investment rate of return	3.00% per year	N/A	N/A
Discount Rate	3.00% per year	3.77% per year	3.75% per year
Healthcare cost trend rates	7.50% for 2024, decreasing each year to an ultimate rate of 4.5% for 2044 and later years.	7.50% for 2024, decreasing each year to an ultimate rate of 4.5% for 2044 and later years.	7.50% for 2024, decreasing each year to an ultimate rate of 4.5% for 2044 and later years.

Mortality	Mortality rates were based on the Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	Mortality rates were based on the Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	Mortality rates were based on the Pub-2010 Public Retirement Plans General mortality table projected generationally with 2024 Adjusted Scale MP-2021 for Non-LEOFF members and the Pub-2010 Public Retirement Plans Safety mortality table projected generationally with 2024 Adjusted Scale MP-2021 for LEOFF members.
Actuarial Experience	The actuarial demographic assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2021.	The actuarial demographic assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period that ended December 31, 2021.	Since this is a relatively new plan, we have used the pension assumptions for this valuation. Once the plan has enough years of experience on its own, an experience study will be completed.
Expected Rate of Return	The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding expected inflation.	Since the plan is not currently funded, there is no long-term expected rate of return on plan investments for this valuation.	Since the plan is not currently funded, the long-term expected rate of return on plan investments is 0.0% for this valuation.
Discount Rate	The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows used to determine the discount rate assumed the City future contributions will be made at rates equal to 70% of the annual benefit payments expected to be paid from the trust. Based on these assumptions, the OPEB plan's fiduciary net position was projected to never be depleted for current members. Therefore, the single effective discount rate used for the accounting valuation was 3.00%.	Since the plan is not currently funded, the discount rate is equal to the 20-year municipal bond rate in effect for the beginning of the plan year. Rates were taken from the Fidelity GO AA 20 Years index.	Since the plan is not currently funded, the discount rate is equal to the Fidelity GO AA 20-year municipal bond rate in effect for the beginning of the plan year, rounded to the nearest 0.25%.

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

Firefighters' OPEB		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and short-term investments	-10.70%	3.97%
Domestic Equities	0.00%	7.87%
U.S. Aggregate Bond	110.64%	5.24%
High Yield debt	0.00%	6.22%
Other investments	0.06%	4.66%
Total	100.00%	

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

The discount rate used to measure the net OPEB liability for the Firefighter's post-employment benefits plan was 3.00%. The projection of cash flows used to determine the discount rate assumed that City future contributions will be made at rates equal to 70% of the annual benefit payments expected to be paid from the trust. Based on these assumptions, the OPEB plan's fiduciary net position was projected to never be depleted for current members. Therefore, the single effective discount rate used for the accounting valuation was 3.0%.

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

#### Changes in the Net OPEB Liability

Changes in the City's Firefighter and Police Net OPEB Liability as of December 31, 2024 are shown in the following tables:



	Increase (Decrease)		
	(a)	(b)	(a)-(b)
<b>Firefighters' Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (NOL)</b>
Balance, Beginning of Year (Dec 31, 2023)	38,031,091	8,521,477	29,509,614
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,316,409	-	1,316,409
Difference between expected and actual experience	1,189,139	-	1,189,139
Changes in plan provisions	-	-	-
Employer contributions	-	2,843,522	(2,843,522)
Changes in assumptions	2,132,733	-	2,132,733
Net Investment Income:	-	416,348	(416,348)
Benefits paid, including refunds of employee contributions	(3,332,362)	(3,332,362)	-
Administrative Expense	-	(214,740)	214,740
Other Changes	-	17,313,785	(17,313,785)
<b>Net Changes</b>	<b>1,305,919</b>	<b>17,026,553</b>	<b>(15,720,634)</b>
Balance, End of Year (Dec 31, 2024)	<b>39,337,010</b>	<b>25,548,030</b>	<b>13,788,980</b>

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
<b>Police Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (NOL)</b>
Balance, Beginning of Year (Dec 31, 2023)	39,895,250	-	39,895,250
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest on the total OPEB liability	1,570,129	-	1,570,129
Difference between expected and actual experience	196,058	-	196,058
Changes in plan provisions	-	-	-
Employer contributions	-	2,436,119	(2,436,119)
Changes in assumptions	1,264,115	-	1,264,115
Net Investment Income:	-	-	-
Benefits paid, including refunds of employee contributions	(2,253,287)	(2,253,287)	-
Administrative Expense	-	(182,832)	182,832
Other Changes	-	-	-
<b>Net Changes</b>	<b>777,015</b>	<b>-</b>	<b>777,015</b>
Balance, End of Year (Dec 31, 2024)	<b>40,672,265</b>	<b>-</b>	<b>40,672,265</b>

### Changes in the Total OPEB Liability

Changes in the City's Retiree Medical Plan 2 Total OPEB Liability as of December 31, 2024 are shown in the following table:

	Increase (Decrease) (a)
<b>Retiree Medical Plan 2 Other Post Employment Benefit Plan</b>	<b>Total OPEB Liability</b>
Balance, Beginning of Year (Dec 31, 2023)	8,733,405
<b>Changes for the year:</b>	
Service Cost	490,486
Interest on the total OPEB liability	360,689
Difference between expected and actual experience	(382,738)
Changes in benefit terms	-
Change in plan provisions	(27,581)
Employer contributions	-
Changes in assumptions	1,242,690
Net Investment Income:	
Benefits paid, including refunds of employee contributions	(413,283)
Administrative Expense	-
Other Changes	-
<b>Net Changes</b>	<b>1,270,263</b>
Balance, End of Year (Dec 31, 2024)	<b>10,003,668</b>

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

Net OPEB Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	17,010,014	13,788,980	10,920,773	3.00%
Police	44,144,655	40,672,265	37,602,882	3.77%

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

Total OPEB Liability Sensitivity to the Discount Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Retiree Medical Plan 2	11,047,269	10,003,668	9,074,287	3.75%

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

Net OPEB Liability Sensitivity to the Healthcare Cost Trend Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Firefighters'	10,999,317	13,788,980	16,904,364	7.5% Decreasing to 4.5%
Police	37,726,355	40,672,265	43,966,080	7.5% Decreasing to 4.5%

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

Total OPEB Liability Sensitivity to the Healthcare Cost Trend Rate				
Plan	1% Decrease	Current Discount Rate	1% Increase	Current Discount Rate
Retiree Medical Plan 2	8,894,935	10,003,668	11,308,975	7.5% Decreasing to 4.5%

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

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

For the year ended December 31, 2024, the City recognized OPEB expense decrease of \$15,462,880 for Firefighters' and an increase of \$777,015 for Police and \$63,612 for the Retiree Medical 2 Plan and a total OPEB expense decrease of \$14,622,253. At December 31, 2024, the City Reported Deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Firefighter's OPEB		Police OPEB	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	-	-	-	-
Change of Assumptions	-	-		
Net difference between projected and actual earnings on pension plan investments	859,260	(292,307)	-	-
<b>Total</b>	<b>859,260</b>	<b>(292,307)</b>	<b>-</b>	<b>-</b>

	<b>Retiree Medical Plan 2</b>	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	143,494	(1,571,263)
Change of Assumptions	2,037,526	(2,059,674)
Net difference between projected and actual earnings on pension plan investments	-	-
<b>Total</b>	<b>2,181,020</b>	<b>(3,630,937)</b>

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

	<b>Firefighter's OPEB</b>		<b>Police OPEB</b>	
<b>Recognition Period (Years)</b>	3.0	4.0		
<b>Year</b>	<b>Outflows</b>	<b>(Inflows)</b>	<b>Outflows</b>	<b>(Inflows)</b>
2025	318,073	(179,662)	-	-
2026	318,072	(37,549)	-	-
2027	223,115	(37,549)	-	-
2028	-	(37,547)	-	-
2029	-	-	-	-
Thereafter	-	-	-	-
<b>Total Deferred (Inflows)/Outflows</b>	<b>859,260</b>	<b>(292,307)</b>	<b>-</b>	<b>-</b>

	<b>Retiree Medical Plan 2</b>	
<b>Recognition Period (Years)</b>	7.0	7.0
<b>Year</b>	<b>Outflows</b>	<b>(Inflows)</b>
2025	427,057	(773,756)
2026	427,057	(738,751)
2027	383,479	(717,052)
2028	378,092	(539,483)
2029	282,667	(305,526)
Thereafter	282,668	(556,369)
<b>Total Deferred (Inflows)/Outflows</b>	<b>2,181,020</b>	<b>(3,630,937)</b>

## Note 7

### Risk Management

The City is self-insured for Unemployment Insurance, Workers' Compensation, General Liability, and Medical/Dental benefits. Unrestricted net position (assets and deferred outflows less liabilities and deferred inflows) in the self-insurance funds as of December 31, 2024 and 2023 are as follows:

Fund		2024		2023
Risk Management	\$	4,066,286	\$	2,403,814
Workers' Compensation		2,448,384		5,442,906
Unemployment Insurance		530,975		992,152
Employee Benefits		12,224,389		19,217,929
	\$	<b>19,270,034</b>	\$	<b>28,056,801</b>

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

Policy Type	Deductible	Coverage Limits	Description
Excess Workers' Compensation & Employer's Liability - All Employees	\$ 1,500,000	Statutory Limit	Protects the city from unanticipated levels of workers' compensation
Boiler & Machinery	25,000	200,000,000	Protects the city from loss due to damage to buildings and contents from boilers and machinery
Property (Wastewater Treatment Facility)	1,000,000	500,000,000	Protects the city from loss by fire and other extended coverages
Property (Upriver Dam)	1,000,000	130,000,000	Protects the city from loss by fire and other extended coverages
Property (Waste to Energy)	250,000	308,156,392	Protects the city from loss by fire and other extended coverages
Property (Other than WWTP, Dam & WTE)	1,000,000	500,000,000	Protects the city from loss by fire and other extended coverages
Medical Stop Loss	600,000	Unlimited	Stop-loss coverage protects the city from excessive individual claims
Excess Liability Coverage	1.25M to 1.5M	20,000,000	Protects the city from excessive individual losses
Inland Marine - Fire Truck Physical Damage	5% Value 10,000 min 50,000 max	48,700,000	Protects the City from loss due to damaged fire trucks
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	50,000	5,000,000	Protect the city from loss due to employee dishonesty and other extended coverages
Aviation - Unmanned Aircraft Systems	NIL	1,000,000	Protect the city from loss due to drone accidents
Kidnap & Ransom	1,250,000	3,000,000	Protects the city from Kidnap & Ransom demands
Cyber Security Liability	150,000	5,000,000	Protect the city from loss due to cyber breach
Terrorism	25,000	100,000,000	Protects the city from acts of terrorism liability and malicious attacks

**Claims Liability Valuation**

In 2024, the City conducted an actuarial review to determine the estimated claims liability for the Risk Management and Workers' Compensation funds. The estimated loss reserves for the Risk Management fund totaled \$8.8 million and the Workers' Compensation fund totaled \$8.3 million. The Employee Benefits fund reported IBNR (incurred but not reported) claims of \$2.4 million for 2024. Starting in 2014, the City became self-insured for all medical plans. Claims expenses are recognized in the Employee Benefits and the Unemployment Insurance funds for claims processed through the fiscal year end. No IBNR claims are reported in the Unemployment Insurance Fund. All self-insured funds are responsible for collecting interfund premiums and for paying claims settlements. Interfund premiums are assessed on the basis of exposure and claims experience and are reported as revenues and expenses.

Changes in the claims liability from fiscal year ended December 31, 2023 to December 31, 2024 are shown in the following table:

<b>Claims Liability (in thousands)</b>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Health Benefits</b>
Unpaid Claims, January 01, 2023	7,941	7,238	2,570
Incurred Claims	2,370	2,817	29,940
Adjustments for prior claims	613	2,456	1,259
Claim Payments	(2,936)	(5,158)	(31,385)
Unpaid Claims, December 31, 2023	7,988	7,353	2,384
<b>Claims Liability (in thousands)</b>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Health Benefits</b>
Unpaid Claims, January 01, 2024	7,988	7,353	2,384
Incurred Claims	2,262	2,688	34,787
Adjustments for prior claims	1,484	4,795	1,510
Claim Payments	(2,946)	(6,579)	(36,277)
Unpaid Claims, December 31, 2024	8,788	8,257	2,404

## Note 8

### Leases

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

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

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 1330 Grand Boulevard to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2403 E 37<sup>th</sup> Avenue to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3103 W 21<sup>st</sup> Avenue to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3726 Little Lane to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31,



2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 4327 E 57<sup>th</sup> Street to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,469. As of December 31, 2024, the City's receivable for the lease was \$580,617. The City recognized \$46,405 in lease revenue and \$8,881 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,255. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 4546 W Strong Road to a third party. The lease is for 177 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$684,514. As of December 31, 2024, the City's receivable for the lease was \$580,656. The City recognized \$46,408 in lease revenue and \$8,882 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$545,291. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 7910 S Thomas Mallen Road to a third party. The lease is for 225 months and the City will receive monthly fixed payments of \$3,456. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$871,536. As of December 31, 2024, the City's receivable for the lease was \$778,962. The City recognized \$46,482 in lease revenue and \$13,078 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$732,090. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 9470 N Colton Street to a third party. The lease is for 225 months and the City will receive annual fixed payments of \$18,281. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$375,499. As of December 31, 2024, the City's receivable for the lease was \$333,833. The City recognized \$20,027 in lease revenue and \$6,968 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$315,419. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 1330 S Grand Boulevard to a third party. The lease is for 224 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$776,575. As of December 31, 2024, the City's receivable for the lease was \$700,055. The City recognized \$41,602 in lease revenue and \$11,736 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$651,768. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2900 S Geiger Boulevard to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$683,930. As of December 31, 2024, the City's receivable for the lease was \$601,761. The City recognized \$41,036 in lease revenue and \$9,628 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$560,823. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3103 W 21<sup>st</sup> Avenue to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,863. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$675,870. As of December 31, 2024, the City's receivable for the lease was \$594,669. The City recognized \$40,552 in lease revenue and \$9,514 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$554,214. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 198 months and the City will receive monthly fixed payments of \$2,984. The lease has an interest rate of 1.408%. An initial lease receivable was recorded in the amount of \$702,227. As of December 31, 2024, the City's receivable for the lease was \$616,167. The City recognized \$42,559 in lease revenue and \$9,631 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$574,549. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3403 E 37<sup>th</sup> Avenue to a third party. The lease is for 200 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$686,006. As of December 31, 2024, the City's receivable for the lease was \$604,247. The City recognized \$41,017 in lease revenue and \$9,665 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$562,956. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 5603 S Savannah Lane to a third party. The lease is for 224 months and the City will receive monthly fixed payments of \$2,897. The lease has an interest rate of 1.518%. An initial lease receivable was recorded in the amount of \$776,575. As of December 31, 2024, the City's receivable for the lease was \$700,056. The City recognized \$41,602 in lease revenue and \$11,736 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$651,768. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 9470 N Colton Street to a third party. The lease is for 199 months and the City will receive monthly fixed payments of \$1,343. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$237,826. As of December 31, 2024, the City's receivable for the lease was \$198,665. The City recognized \$14,341 in lease revenue and \$3,206 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$194,802. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower location located on the Playfair Racetrack property located at 300 N Altamont Street to a third party. The lease is for 199 months and the City will receive monthly variable principal and interest payments of \$2,033 based on a CPI index with a minimum increase of 3.00%. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$370,894. As of December 31, 2024, the City's receivable for the lease was \$309,821. The City recognized \$22,365 in lease revenue and \$5,000 in interest revenue during the current fiscal year. Additional variable revenues of \$8,732 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$303,797. The lessee has 3 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 3216 S Lamonte Street to a third party. The lease is for 120 months and the City will receive monthly fixed payments of \$2,799. The lease has an interest rate of 1.205%. An initial lease receivable was recorded in the amount of \$370,066. As of December 31, 2024, the City's receivable for the lease was \$277,229. The City recognized \$37,007 in lease revenue and \$3,766 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$259,046. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing a cellular tower connection point on the structure located at 7910 S Thomas Mullen Road to a third party. The lease is for 120 months and the City will receive monthly fixed payments of \$2,799. The lease has an interest rate of 1.205%. An initial lease receivable was recorded in the amount of \$370,153. As of December 31, 2024, the City's receivable for the lease was \$277,229. The City recognized \$37,015 in lease revenue and \$3,831 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$259,107. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing a cellular phone tower location at Joe Albi Stadium to a third party. The lease is for 100 months and the City will receive monthly fixed payments of \$2,214. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$246,021. As of December 31, 2024, the City's receivable for the lease was \$168,153. The City recognized \$29,522 in lease revenue and \$2,136 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$157,453. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing a cellular phone tower location at Joe Albi Stadium to a third party. The lease is for 324 months and the City will receive monthly fixed payments of \$2,079. The lease has an interest rate of 1.721%. An initial lease receivable was recorded in the amount of \$788,516. As of December 31, 2024, the City's receivable for the lease was \$750,019. The City recognized \$29,204 in lease revenue and \$14,109 in interest revenue during the current fiscal year. Additional variable revenues of \$1,070 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$700,903. The lessee has 5 extension options, each for 60 months.

On January 1, 2022, the City began leasing a portion of Cowley Park to a third party. The lease is for 205 months and the City will receive quarterly fixed payments of \$3,939. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$237,725. As of December 31, 2024, the City's receivable for the lease was \$199,407. The City recognized \$13,916 in lease revenue and \$3,470 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$195,978.

On January 1, 2022, the City began leasing space at 514 N Monroe Street for an advertising structure to a third party. The lease is for 60 months and the City will receive annual fixed payments of \$1,800. The lease has an interest rate of 0.686%. An initial lease receivable was recorded in the amount of \$8,878. As of December 31, 2024, the City's receivable for the lease was \$3,563. The City recognized \$1,776 in lease revenue and \$61 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$3,551. The City had a termination period of 1 month as of lease commencement.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 100 months and the City will receive monthly variable payments of \$3,263 based on CPI. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$312,158. As of December 31, 2024, the City's receivable for the lease was \$202,830. The City recognized \$37,459 in lease

revenue and \$2,598 in interest revenue during the current fiscal year. Additional variable revenues of \$8,531 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$199,781. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 36 months and the City will receive monthly fixed payments of \$2,516. The lease has an interest rate of 0.426%. An initial lease receivable was recorded in the amount of \$92,723. As of December 31, 2024, the City's receivable for the lease was \$37,466. The City recognized \$30,893 in lease revenue and \$80 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$31,955. The lessee has 2 extension options, each for 12 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 185 months and the City will receive monthly fixed payments of \$2,558. The lease has an interest rate of 1.369%. An initial lease receivable was recorded in the amount of \$509,695. As of December 31, 2024, the City's receivable for the lease was \$447,739. The City recognized \$33,061 in lease revenue and \$6,834 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$410,511. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City began leasing space in the Intermodal Facility at 221 W 1<sup>st</sup> Avenue to a third party. The lease is for 97 months and the City will receive monthly variable principal and interest payments of \$2,104 based on CPI. Lease payment adjustments will not be made more frequently than at 2 year intervals. The City must provide written notice of lease payment adjustments at least 210 days in advance. The lease has an interest rate of 1.084%. An initial lease receivable was recorded in the amount of \$211,062. As of December 31, 2024, the City's receivable for the lease was \$136,391. The City recognized \$26,111 in lease revenue and \$1,754 in interest revenue during the current fiscal year. Additional variable revenues of \$2,961 were received during the year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$132,730. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City entered into an easement lease for the northeast side of Sprague Way with a third party. The lease is for 199 months and the City will receive annual variable payments of \$14,343 based on CPI. The lease has an interest rate of 1.442%. An initial lease receivable was recorded in the amount of \$204,849. As of December 31, 2024, the City's receivable for the lease was \$168,920. The City recognized \$12,353 in lease revenue and \$3,620 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$167,791. The lessee had a termination period of 6 months from lease commencement.

On November 1, 2022, the City began leasing a cellular tower connection point on the structure located at 2216 Strong Road to a third party. The lease is for 240 months and the City will receive monthly fixed payments of \$3,200. The lease has an interest rate of 4.116%. An initial lease receivable was recorded in the amount of \$683,693. As of December 31, 2024, the City's receivable for the lease was \$655,553. The City recognized \$34,185 in lease revenue and \$29,526 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$609,626. The lessee has 5 extension options, each for 60 months.

On November 1, 2022, the City began leasing a cellular tower connection point on the structure located at 5717 S Parkridge Boulevard to a third party. The lease is for 240 months and the City will receive monthly fixed payments of \$3,200. The lease has an interest rate of 4.116%. An initial lease receivable was recorded in the amount of \$683,693. As of December 31, 2024, the City's receivable for the lease was \$655,553. The City recognized \$34,185 in lease revenue and \$29,526 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease

term. As of December 31, 2024, the balance of the deferred inflow of resources was \$609,626. The lessee has 5 extension options, each for 60 months.

On October 1, 2023, the City began leasing a cellular tower connection point on the structure located at 3220 S Lamonte St to a third party. The lease is for 240 months and the City will receive monthly fixed payments of \$3,200. The lease has an interest rate of 3.679%. An initial lease receivable was recorded in the amount of \$706,062. As of December 31, 2024, the City's receivable for the lease was \$687,646. The City recognized \$35,303 in lease revenue and \$27,674 in interest revenue during the current fiscal year. The City also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$661,933. The lessee has 3 extension options, each for 60 months.

As of December 31, 2024, future lease receivable principal and interest receipts are as follows:

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	838,340	246,414	1,084,754
2026	842,065	233,946	1,076,011
2027	883,106	220,844	1,103,950
2028	927,648	206,993	1,134,641
2029	973,966	192,347	1,166,313
2030-2034	4,820,742	729,506	5,550,248
2035-2039	3,746,830	322,373	4,069,203
2040-2044	938,790	65,889	1,004,679
2045-2048	198,808	7,195	206,003
<b>Total</b>	<b>\$ 14,170,295</b>	<b>\$ 2,225,507</b>	<b>\$ 16,395,802</b>

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

On January 1, 2023, the City entered into a 48 month lease agreement as lessee for the use of approximately 44,170 square feet of land located at 1615 S Spotted Road upon which three buildings with driveway and landscaping will be built and be known as Fire Station # 6. An initial lease liability was recorded in the amount of \$51,104. As of December 31, 2024, the value of the lease liability was \$26,191. The City is required to make monthly principal and interest payments of \$12,809. The lease has an interest rate of 2.676%. The leased land's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$51,104 with accumulated amortization of \$25,552 is included with the right-to-use leased land in Note 4.

On January 1, 2022, the City entered into a 37 month sublease agreement as lessee for the use of approximately 2,167 rentable square feet of the premises located at 930 N Monroe Street for use as office space for the Spokane Domestic Violence team. An initial lease liability was recorded in the amount of \$41,250. As of December 31, 2024, the value of the lease liability was \$1,122. The City is required to make monthly principal and interest payments of \$1,122. The lease has an interest rate of 0.426%. The leased space's estimated useful life is 37 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$41,250 with accumulated amortization of \$40,135 is included with the right-to-use leased buildings in Note 4.

On January 1, 2022, the City entered into a 222 month lease agreement as lessee for the use of the premises at 111 N Wall Street for use as the downtown police precinct. An initial lease liability was recorded in the amount of \$3,413,847. As of December 31, 2024, the value of the lease liability was \$3,050,335. The City is required to make monthly principal and interest payments of \$13,368. The lease has an interest rate of 1.481%. The leased



space's estimated useful life is 222 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$3,413,847 with accumulated amortization of \$553,597 is included with the right-to-use leased buildings in Note 4. The City has 2 extension options, each for 60 months.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of exterior building space for one microwave dish located at the Mt. Baldy radio communication site. An initial lease liability was recorded in the amount of \$2,781. As of December 31, 2024, the value of the lease liability was \$713. The City is required to make annual principal and interest payments of \$675. The lease has an interest rate of 0.552%. The leased spaces estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$2,781 with accumulated amortization of \$2,086 is included with the right-to-use leased buildings in Note 4. The City has 3 extension options, each for 60 months.

On January 1, 2022, the City entered into a 156 month lease agreement as lessee for the use of exterior building space for two microwave dishes located at the Mt. Baldy radio communication site. An initial lease liability was recorded in the amount of \$81,134. As of December 31, 2024, the value of the lease liability was \$65,613. The City is required to make annual principal and interest payments of \$5,639. The lease has an interest rate of 1.306%. The leased spaces estimated useful life is 156 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$81,134 with accumulated amortization of \$18,723 is included with the right-to-use leased buildings in Note 4. The City has 2 extension options, each for 60 months.

On August 1, 2023, the City entered into a 24 month lease agreement as lessee for the use of approximately 77,608 rentable square feet of premises located at 901 N Monroe Street for use as office space for the Community Justice Services department. An initial lease liability was recorded in the amount of \$54,148. The lease was prepaid during 2023. As of December 31, 2024, the prepaid lease balance was \$2,300. The leased space's estimated useful life is 24 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$54,148 with accumulated amortization of \$51,892 is included with the right-to-use leased buildings in Note 4. The City has 3 extension options, each for 12 months.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a Pitney Bowes Send Pro Series mail machine and accessories by Municipal Court. An initial lease liability was recorded in the amount of \$14,014. As of December 31, 2024, the value of the lease liability was \$3,528. The City is required to make monthly principal and interest payments of \$885. The lease has an interest rate of 0.552%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$14,014 with accumulated amortization of \$10,511 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of an IX-5 Series mail machine with accessories by the Library. An initial lease liability was recorded in the amount of \$2,461. As of December 31, 2024, the value of the lease liability was \$620. The City is required to make quarterly principal and interest payments of \$155. The lease has an interest rate of 0.552%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$2,461 with accumulated amortization of \$1,841 is included with the right-to-use leased machinery and equipment in Note 4.

On January 1, 2022, the City entered into a 51 month lease agreement as lessee for the use of a solar waste receptacles by the Parks department. During 2023, the Parks department made the decision to not exercise the extension. An initial lease liability was recorded in the amount of \$89,243. The initial lease liability was reduced to \$40,810. As of December 31, 2024, the value of the lease liability was \$10,291. The City is required to make annual principal and interest payments of \$10,410. The lease has an interest rate of 1.161%. The leased equipment's estimated useful life is 51 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$40,810 with accumulated amortization of \$28,807 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 60 months.

On July 1, 2022, the City entered into a 60 month lease agreement as lessee for the use of one Toro Pro Force Debris Blower, three Toro Groundsmaster 3300 mowers, one Toro Groundsmaster 3200 mower, and one Toro Grandstand mower by the Parks department. An initial lease liability was recorded in the amount of \$230,732.

As of December 31, 2024, the value of the lease liability was \$121,463. The City is required to make monthly principal and interest payments of \$4,082. The lease has an interest rate of 3.090%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$230,732 with accumulated amortization of \$114,098 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On October 1, 2022, the City entered into a 60 month lease agreement as lessee for the use of one Toro Groundsmaster 5900 mower with all attachments and accessories to the Parks department. An initial lease liability was recorded in the amount of \$124,065. As of December 31, 2024, the value of the lease liability was \$70,416. The City is required to make monthly principal and interest payments of \$2,229. The lease has an interest rate of 3.090%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$124,065 with accumulated amortization of \$55,829 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On January 1, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2021 Ford Transit 350 van in the Parks department. An initial lease liability was recorded in the amount of \$26,552. As of December 31, 2024, the value of the lease liability was \$400. The City is required to make monthly principal and interest payments of \$731. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$26,552 with accumulated amortization of \$26,281 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,621 and has a termination penalty of \$400.

On January 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a 2022 Caterpillar 420 backhoe in the Parks department. An initial lease liability was recorded in the amount of \$35,454. As of December 31, 2024, the value of the lease liability was \$9,566. The City is required to make annual principal and interest payments of \$10,091. The lease has an interest rate of 5.49%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$35,454 with accumulated amortization of \$26,317 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$61,170.

On January 14, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2021 Ford F150 pickup truck in the Engineering department. An initial lease liability was recorded in the amount of \$18,207. As of December 31, 2024, the value of the lease liability was \$400. The City is required to make monthly principal and interest payments of \$498. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$18,207 with accumulated amortization of \$17,988 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,600 and has a termination penalty of \$400.

On February 10, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2021 Ford F150 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$36,914. As of December 31, 2024, the value of the combined lease liability was \$1,809. The City is required to make monthly principal and interest payments of \$505 for each lease. The leases have an interest rate of 0.426%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$36,914 with accumulated amortization of \$35,581 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,600 and has a termination penalty of \$400.

On July 19, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Chevrolet Bolt EV 4 door wagons in the Parking Enforcement department. An initial lease liability was recorded for the combined leases in the amount of \$38,564. As of December 31, 2024, the value of the combined lease liability was \$7,254. The City is required to make monthly principal and interest payments of \$542 for each lease. The leases have an interest rate of 2.184%. The leased equipment's estimated useful lives are 36 months each

as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$38,564 with accumulated amortization of \$31,494 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On August 16, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Chevrolet Bolt EV 4 door wagons in the Parking Enforcement department. An initial lease liability was recorded for the combined leases in the amount of \$38,616. As of December 31, 2024, the value of the combined lease liability was \$8,334. The City is required to make monthly principal and interest payments of \$543 for each lease. The leases have an interest rate of 2.184%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$38,616 with accumulated amortization of \$30,571 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On August 31, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Chevrolet Bolt EV 4 door wagon by the Parking Enforcement department. An initial lease liability was recorded in the amount of \$19,452. As of December 31, 2024, the value of the lease liability was \$4,196. The City is required to make monthly principal and interest payments of \$547. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$19,452 with accumulated amortization of \$15,189 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On September 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a new TRANS6E Club Car golf cart at Riverfront Park. An initial lease liability was recorded in the amount of \$16,384. As of December 31, 2024, the value of the lease liability was \$6,995. The City is required to make monthly principal and interest payments of \$357. The lease has an interest rate of 2.275%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$16,384 with accumulated amortization of \$9,557 is included with the right-to-use leased machinery and equipment in Note 4.

On September 1, 2022, the City entered into a 48 month lease agreement as lessee for the use of a new TRANS6E Club Car golf cart at Riverfront Park. An initial lease liability was recorded in the amount of \$15,862. As of December 31, 2024, the value of the lease liability was \$6,772. The City is required to make monthly principal and interest payments of \$345. The lease has an interest rate of 2.275%. The leased equipment's estimated useful life is 48 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$15,862 with accumulated amortization of \$9,253 is included with the right-to-use leased machinery and equipment in Note 4.

On September 13, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck in the Code Enforcement department. An initial lease liability was recorded in the amount of \$18,819. As of December 31, 2024, the value of the lease liability was \$4,590. The City is required to make monthly principal and interest payments of \$529. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$14,427 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,223 and has a termination penalty of \$400.

On January 23, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck in the Engineering department. An initial lease liability was recorded in the amount of \$18,740. As of December 31, 2024, the value of the lease liability was \$6,695. The City is required to make monthly principal and interest payments of \$535. The lease has an interest rate of 3.238%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$18,740 with accumulated amortization of \$12,112 is included with the right-to-



use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,818 and has a termination penalty of \$400.

On February 27, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Nissan Rogue all-wheel drive vehicle in the Code Enforcement department. An initial lease liability was recorded in the amount of \$23,382. As of December 31, 2024, the value of the lease liability was \$8,895. The City is required to make monthly principal and interest payments of \$664. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$23,382 with accumulated amortization of \$14,376 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$17,061 and has a termination penalty of \$400.

On August 7, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Ford F250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$31,837. As of December 31, 2024, the value of the lease liability was \$16,898. The City is required to make monthly principal and interest payments of \$911. The lease has an interest rate of 2.901%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$31,837 with accumulated amortization of \$14,857 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$23,374 and has a termination penalty of \$400.

On February 6, 2024, the City entered into a 60 month lease agreement as lessee for the use of a 2023 Ford F150 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$47,275. As of December 31, 2024, the value of the lease liability was \$39,007. The City is required to make monthly principal and interest payments of \$827. The lease has an interest rate of 2.312%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$47,275 with accumulated amortization of \$8,536 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$8,569 and has a termination penalty of \$400.

On February 12, 2024, the City entered into 3 separate 60 month lease agreements as lessee for the use of 3 2023 Ford F-150 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$142,607. As of December 31, 2024, the value of the combined lease liability was \$117,663. The City is required to make monthly principal and interest payments of \$832 for each lease. The leases have an interest rate of 2.312%. The leased equipment's estimated useful lives are 60 months each as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$142,607 with accumulated amortization of \$25,273 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$8,569 and has a termination penalty of \$400.

On February 12, 2024, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2023 Ford F-150 pickup trucks in the Parks department. An initial lease liability was recorded for the combined leases in the amount of \$61,847. As of December 31, 2024, the value of the combined lease liability was \$43,574. The City is required to make monthly principal and interest payments of \$879 for each lease. The leases have an interest rate of 2.426%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$61,847 with accumulated amortization of \$18,268 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$23,181 and has a termination penalty of \$400.

On April 29, 2024, the City entered into a 36 month lease agreement as lessee for the use of a 2024 Ford Escape all-wheel drive vehicle in the Parks department. An initial lease liability was recorded in the amount of \$21,639. As of December 31, 2024, the value of the lease liability was \$16,461. The City is required to make monthly principal and interest payments of \$616. The lease has an interest rate of 2.865%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$21,639 with accumulated amortization of \$4,849 is included with the right-to-use leased

machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$15,922 and has a termination penalty of \$400.

On May 24, 2024, the City entered into a 36 month lease agreement as lessee for the use of a 2024 Ford F-350 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$34,284. As of December 31, 2024, the value of the lease liability was \$26,939. The City is required to make monthly principal and interest payments of \$982. The lease has an interest rate of 2.865%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$34,284 with accumulated amortization of \$6,889 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$25,567 and has a termination penalty of \$400.

On May 24, 2024, the City entered into a 36 month lease agreement as lessee for the use of a 2024 Ford F-350 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$36,917. As of December 31, 2024, the value of the lease liability was \$29,002. The City is required to make monthly principal and interest payments of \$1,058. The lease has an interest rate of 2.865%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$36,917 with accumulated amortization of \$7,418 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$27,557 and has a termination penalty of \$400.

On July 15, 2024, the City entered into a 36 month lease agreement as lessee for the use of a 2024 Ford F-250 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$36,700. As of December 31, 2024, the value of the lease liability was \$30,803. The City is required to make monthly principal and interest payments of \$1,056. The lease has an interest rate of 3.110%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$36,700 with accumulated amortization of \$5,641 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$27,718 and has a termination penalty of \$400.

On September 24, 2024, the City entered into a 60 month lease agreement as lessee for the use of a RISO ComColor GL9730 printer by the Mail Center. An initial lease liability was recorded in the amount of \$137,489. As of December 31, 2024, the value of the lease liability was \$130,185. The City is required to make quarterly principal and interest payments of \$7,386. The lease has an interest rate of 3.049%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$137,489 with accumulated amortization of \$7,409 is included with the right-to-use leased machinery and equipment in Note 4.

On September 24, 2024, the City entered into a 60 month lease agreement as lessee for the use of Mail and Inserter machines with associated software by the Mail Center. An initial lease liability was recorded in the amount of \$220,705. As of December 31, 2024, the value of the lease liability was \$198,598. The City is required to make quarterly principal and interest payments of \$11,849. The lease has an interest rate of 3.049%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$220,705 with accumulated amortization of \$11,894 is included with the right-to-use leased machinery and equipment in Note 4.

On October 2, 2024, the City entered into a 36 month lease agreement as lessee for the use of a 2024 Ford Transit 350 van in the Parks department. An initial lease liability was recorded in the amount of 38,311. As of December 31, 2024, the value of the lease liability was \$35,194. The City is required to make monthly principal and interest payments of \$1,103. The lease has an interest rate of 3.110%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$38,311 with accumulated amortization of \$3,157 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$29,752 and has a termination penalty of \$400.

On October 4, 2024, the City entered into a 60 month lease agreement as lessee for the use of a 2024 Ford F-350 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$73,779. As of December 31, 2024, the value of the lease liability was \$70,191. The City is required to make monthly principal and interest payments of \$1,318. The lease has an interest rate of 3.049%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$73,779 with accumulated amortization of \$3,566 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$13,847 and has a termination penalty of \$400.

On October 24, 2024, the City entered into a 60 month lease agreement as lessee for the use of a 2024 Ford F-350 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$73,780. As of December 31, 2024, the value of the lease liability was \$70,192. The City is required to make monthly principal and interest payments of \$1,318. The lease has an interest rate of 3.049%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$73,780 with accumulated amortization of \$2,777 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$13,847 and has a termination penalty of \$400.

On November 27, 2024, the City entered into a 60 month lease agreement as lessee for the use of a 2024 Ford F-350 pickup truck in the Parks department. An initial lease liability was recorded in the amount of \$98,830. As of December 31, 2024, the value of the lease liability was \$95,542. The City is required to make monthly principal and interest payments of \$1,767. The lease has an interest rate of 3.049%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$98,830 with accumulated amortization of \$1,867 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$18,201 and has a termination penalty of \$400.

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

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	533,875	75,726	609,601
2026	477,720	62,974	540,694
2027	392,574	51,817	444,391
2028	326,775	44,024	370,799
2029	263,328	37,230	300,558
2030-2034	994,173	138,794	1,132,967
2035-2039	1,212,038	57,424	1,269,462
2040	135,960	588	136,548
<b>Total</b>	<b>\$ 4,336,443</b>	<b>\$ 468,577</b>	<b>\$ 4,805,020</b>

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

On January 1, 2022, the City entered into a 196 month lease agreement as lessee for the use of approximately 40 acres of land in the Spokane International Airport Business Park as a site for the Waste to Energy Plant operated by the Solid Waste Disposal department. An initial lease liability was recorded in the amount of \$1,987,919. The lease was revised in November 2023, with an effective date of January 1, 2024, adding an additional \$1,656,036 to the liability. As of December 31, 2024, the value of the lease liability was \$3,193,229. The City is required to make quarterly principal and interest payments of \$56,429. The lease has an interest rate of 1.408%. The leased spaces estimated useful life is 196 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$3,643,955 with accumulated amortization of \$480,666 is included with the right-to-use leased land in Note 4. The City has 3 extension options, each for 60 months.

On January 1, 2022, the City entered into a 39 month lease agreement as lessee for the use of a solar waste receptacles by the Solid Waste Collections department. An initial lease liability was recorded in the amount of \$418,151. During 2023, the lease was modified to adjust the lease end date. The initial lease liability was reduced to \$209,935. As of December 31, 2024, the value of the lease liability was \$0. The City is required to make annual principal and interest payments of \$71,293. The lease has an interest rate of 0.426%. The leased equipment's estimated useful life is 75 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$209,935 with accumulated amortization of \$194,352 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 24 months.

On January 1, 2022, the City entered into a 119 month lease agreement as lessee for the use of a solar waste receptacles by the Solid Waste Collections department. An initial lease liability was recorded in the amount of \$222,828. As of December 31, 2024, the value of the lease liability was \$151,243. The City is required to make annual principal and interest payments of \$26,352. The lease has an interest rate of 1.284%. The leased equipment's estimated useful life is 119 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$222,828 with accumulated amortization of \$67,316 is included with the right-to-use leased machinery and equipment in Note 4. The City has 1 extension option for 60 months.

On January 1, 2022, the City entered into a 52 month lease agreement as lessee for the use of one Toro Groundsmaster 4500 mower, five Toro Greenmaster 3320 Triflex Hybrid-Gas mowers, two Toro MultiPro 5800G with Excelarate mowers, and one Toro ProPass 200 Wireless mower with all attachments and accessories for use at City owned golf courses. An initial lease liability was recorded in the amount of \$295,194. As of December 31, 2024, the value of the lease liability was \$75,824. The City is required to make annual principal and interest payments of \$78,394. The lease has an interest rate of 3.39%. The leased equipment's estimated useful life is 52 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$295,194 with accumulated amortization of \$204,337 is included with the right-to-use leased machinery and equipment in Note 4. The City has the option to purchase the equipment for \$1.

On September 13, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Ranger pickup truck by the Riverside Park Water Reclamation Facility. An initial lease liability was recorded in the amount of \$18,819. As of December 31, 2024, the value of the lease liability was \$4,590. The City is required to make monthly principal and interest payments of \$529. The lease has an interest rate of 2.184%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$18,819 with accumulated amortization of \$14,428 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,223 and has a termination penalty of \$400.

On October 26, 2022, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Escape all-wheel drive vehicle by the Water department. An initial lease liability was recorded in the amount of \$18,936. As of December 31, 2024, the value of the lease liability was \$5,191. The City is required to make monthly principal and interest payments of \$541. The lease has an interest rate of 3.238%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$18,936 with accumulated amortization of \$13,764 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,127 and has a termination penalty of \$400.

On October 26, 2022, the City entered into 2 separate 36 month lease agreements as lessee for the use of 2 2022 Ford Escape all-wheel drive vehicles in the Building Services department. An initial lease liability was recorded for the combined leases in the amount of \$37,872. As of December 31, 2024, the value of the combined lease liability was \$10,381. The City is required to make monthly principal and interest payments of \$541 for each lease. The leases have an interest rate of 3.238%. The leased equipment's estimated useful lives are 36 months each as of contract commencement. As of December 31, 2024, the combined value of the right-to-use assets of \$37,872 with accumulated amortization of \$27,528 is included with the right-to-use leased machinery and equipment in Note 4. Each of the leases have a guaranteed residual value payment of \$14,127 and has a termination penalty of \$400.

On February 27, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2023 Nissan Rogue all-wheel drive vehicle by the Water department. An initial lease liability was recorded in the amount of \$23,382. As of December 31, 2024, the value of the lease liability was \$8,895. The City is required to make monthly principal and interest payments of \$664. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$23,382 with accumulated amortization of \$14,376 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$17,061 and has a termination penalty of \$400.

On February 28, 2023, the City entered into a 36 month lease agreement as lessee for the use of a 2022 Ford Escape all-wheel drive vehicle by the Water department. An initial lease liability was recorded in the amount of \$19,063. As of December 31, 2024, the value of the lease liability was \$7,298. The City is required to make monthly principal and interest payments of \$539. The lease has an interest rate of 2.656%. The leased equipment's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$19,063 with accumulated amortization of \$11,989 is included with the right-to-use leased machinery and equipment in Note 4. The lease has a guaranteed residual value payment of \$14,158 and has a termination penalty of \$400.

On January 5, 2024, the City entered into a 60 month lease agreement as lessee for the use of three Toro Groundsmaster 4500 mowers and one Toro Reelmaster 5510-D for use at City owned golf courses. An initial lease liability was recorded in the amount of \$368,927. As of December 31, 2024, the value of the lease liability was \$302,845. The City is required to make monthly principal and interest payments of \$7,195. The lease has an interest rate of 6.59%. The leased equipment's estimated useful life is 60 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$302,845 with accumulated amortization of \$72,966 is included with the right-to-use leased machinery and equipment in Note 4.

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

<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	424,608	66,742	491,350
2026	322,918	55,572	378,490
2027	330,167	47,119	377,286
2028	339,004	38,283	377,287
2029	259,259	31,693	290,952
2030-2034	1,244,410	104,942	1,349,352
2035-2038	839,129	20,821	859,950
<b>Total</b>	<b>\$ 3,759,495</b>	<b>\$ 365,172</b>	<b>\$ 4,124,667</b>

## Note 9

### Long-Term Liabilities

#### A. Long Term Debt

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (councilmanic bonds).

General obligation bonds currently outstanding at December 31, 2024 are as follows:

Name of Issuance	Purpose	Interest Rate	Authorized Amount	Original Issue Amount	Debt Outstanding
UTGO 2015	Finance improvements to Riverfront Park and the Parks system	1.65% - 2.97%	64,300,000	60,070,000	57,795,000
LTGO 2015 Refunding	Refund UTGO 2004 and UTGO 2007 Refunding bonds	2.45%-3.20%	52,000,000	48,305,000	48,305,000
UTGO 2017 Refunding	Refund UTGO 2008 Parks/Aquatics	4.00%-5.00%	30,000,000	25,030,000	8,740,000
UTGO 2018	Finance improvements to and expansion of the Spokane Public Library facilities	3.125%-5.00%	77,000,000	73,605,000	68,845,000
<b>Total general obligation bonds</b>				<b>\$ 207,010,000</b>	<b>\$ 183,685,000</b>

At December 31, 2024, the City has \$8.4 million available in debt service funds to service the general bonded debt. The annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2025	5,405,000	7,004,898	12,409,898
2026	6,050,000	6,760,548	12,810,548
2027	10,800,000	6,474,198	17,274,198
2028	12,240,000	6,065,448	18,305,448
2029	13,540,000	5,579,098	19,119,098
2030-2034	89,900,000	19,056,226	108,956,226
2035-2039	21,635,000	7,312,325	28,947,325
2040-2043	24,115,000	2,325,481	26,440,481
<b>Total</b>	<b>\$ 183,685,000</b>	<b>\$ 60,578,222</b>	<b>\$ 244,263,222</b>

#### Debt Refundings/Direct Borrowing

When advantageous and permitted by statute and bond covenants, the City authorizes the refunding of outstanding bonds. When the City refunds outstanding bonds in advance of a call date, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.



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

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

On May 20, 2024 the City used current investment pool resources to refund \$5,791,018 of outstanding LTGO 2016 refunding bonds. \$5,786,545 was deposited in an irrevocable trust with an escrow agent to redeem the 2016 refunding bonds, which were not callable. As a result, the 2016 refunding bonds were redeemed and the liability for those bonds has been removed from the city's financial statements for 2024. The city refunded the 2016 LTGO refunding bonds to reduce its total combined debt service payments over the next two years by \$5,791,018 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,473.

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

Direct borrowings currently outstanding at December 31, 2024 are as follows:

Name of Issuance	Purpose	Interest Rate	Authorized Amount	Original Issue Amount	Debt Outstanding
LTGO 2020 <sup>1</sup>	Refund UTGO 2010B related to Streets	1.38%	22,000,000	21,601,900	7,399,200
Dwight Merkel Replacement Financing	Finance replacement of artificial turf at Dwight Merkel Field	4.8%	1,194,789	1,194,789	680,322
<b>Total Direct Borrowings</b>				<b>\$ 22,796,689</b>	<b>\$ 8,079,522</b>

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

Governmental Activities			
Year	Principal	Interest	Total
2025	3,832,310	135,350	3,967,661
2026	3,890,836	76,921	3,967,757
2027	173,939	17,413	191,352
2028	182,438	8,914	191,352
<b>Total</b>	<b>\$ 8,079,522</b>	<b>\$ 238,598</b>	<b>\$ 8,318,121</b>

#### Government Loans

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

Name of Issuance	Purpose	Interest Rate	Debt Outstanding
State Community Development Loans	Various community development projects	0.00%	200,000
Public Works Trust Fund Loans	Various Water/Wastewater System improvements	.50% - 3.00%	9,018,714
State Revolving Loans	Various Water/Wastewater System improvements	1.50% - 2.90%	104,678,229
<b>Total government and other loans</b>			<b>\$ 113,896,943</b>

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

Governmental Activities			
Year	Principal	Interest	Total
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
2040-2043	200,000	-	200,000
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ 200,000</b>

Business-Type Activities			
Year	Principal	Interest	Total
2025	7,503,580	2,095,468	9,599,048
2026	7,427,821	2,018,567	9,446,388
2027	7,506,129	1,876,870	9,382,999
2028	7,622,753	1,733,044	9,355,797
2029	7,741,969	1,586,626	9,328,595
2030-2034	38,702,790	5,661,493	44,364,283
2035-2039	31,746,089	1,990,750	33,736,840
2040-2043	5,445,810	195,159	5,640,969
<b>Total</b>	<b>\$ 113,696,943</b>	<b>\$ 17,157,977</b>	<b>\$ 130,854,920</b>

#### Special Assessment Bonds

The City has issued special assessment bonds for various capital construction purposes. These bonds were repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other foreclosure proceeds are received. As of December 31, 2024, the amount of CLID Special Assessment delinquency equals \$37,461.



### Revenue Bonds

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

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

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

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

The city has pledged future water wastewater capital rate revenues, net of specified operating expenses, to repay \$181,225,000 in water wastewater revenue bonds issued in December 2015. Proceeds from the bonds provided financing for capital improvements that will improve the health of the Spokane River, protect the region's sole-source drinking water aquifer, and make other necessary improvements to the Water and Wastewater System. The bonds are payable solely from Water and Wastewater capital rates and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$135,506,583. Principal and interest paid for the current year and total customer net revenues were \$13,551,528 and \$13,551,528, respectively.

Revenue bonds outstanding at year-end are as follows:

Name of Issuance	Purpose	Interest Rate	Debt Outstanding
Water and Wastewater System Revenue Bonds 2014	Finance capital improvements that will improve the health of the Spokane River, protect the region's sole-source drinking water aquifer, and make other necessary improvements to the Water and Wastewater System	3.00% - 5.00%	\$ 110,310,000
<b>Total revenue bonds</b>			<b>\$ 110,310,000</b>

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

Business-Type Activities			
Year	Principal	Interest	Total
2025	9,185,000	4,364,028	13,549,028
2026	9,645,000	3,904,778	13,549,778
2027	9,935,000	3,615,428	13,550,428
2028	10,250,000	3,302,475	13,552,475
2029	10,710,000	2,841,225	13,551,225
2030-2034	60,585,000	7,168,650	67,753,650
<b>Total</b>	<b>\$ 110,310,000</b>	<b>\$ 25,196,583</b>	<b>\$ 135,506,583</b>

## B. Changes in Long-Term Liabilities

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

Long-Term Liabilities	Outstanding 12/31/23	Additions	Reductions	Outstanding 12/31/24	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	194,256,018	-	(10,571,018)	<b>183,685,000</b>	5,405,000
Deferred amounts:					
Bond premiums at issuance	8,938,402	-	(438,125)	<b>8,500,277</b>	306,813
Bond premiums on refunding	4,036,251	-	(499,488)	<b>3,536,763</b>	549,228
Direct Borrowing	11,854,467	-	(3,774,945)	<b>8,079,522</b>	3,832,310
Government loans	258,824	-	(58,824)	<b>200,000</b>	-
Revitalization Areas	1,532,215	-	(400,927)	<b>1,131,288</b>	318,204
Lease liability	5,072,404	1,024,164	(1,760,125)	<b>4,336,443</b>	533,875
Subscription-based IT Arrangement liability	6,835,104	931,892	(1,732,492)	<b>6,034,504</b>	2,099,412
Claims and judgments	17,721,129	1,723,819	-	<b>19,444,948</b>	19,444,948
Net pension liability	143,095,030	13,545,360	(3,972,357)	<b>152,668,033</b>	-
OPEB liability	75,596,943	1,761,131	(15,720,634)	<b>61,637,440</b>	243,474
Termination Benefits <sup>1</sup>	779,000	1,977,600	(308,200)	<b>2,448,400</b>	449,200
Compensated Absences <sup>2</sup>	51,355,550	2,861,200	-	<b>54,216,750</b>	3,627,166
<b>Total long term liabilities - governmental activities</b>	<b>521,331,337</b>	<b>23,825,166</b>	<b>(39,237,135)</b>	<b>505,919,368</b>	<b>36,809,630</b>
<sup>1</sup> Beginning balance restated.					
<sup>2</sup> Beginning balance restated for implementation of GASB 101.					
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds:					
Revenue bonds	119,060,000	-	(8,750,000)	<b>110,310,000</b>	9,185,000
Deferred amounts:					
Bond premiums at issuance	9,553,192	-	(2,002,612)	<b>7,550,579</b>	2,001,963
Total bonds payable	128,613,192	-	(10,752,612)	<b>117,860,579</b>	11,186,963
Government loans	110,253,469	10,584,592	(7,141,118)	<b>113,696,943</b>	7,503,580
Lease liability <sup>1</sup>	2,233,497	2,024,963	(498,965)	<b>3,759,495</b>	424,608
Net pension liability	104,546,341	-	(5,680,083)	<b>98,866,258</b>	-
Total OPEB liability	2,541,326	286,147	-	<b>2,827,473</b>	95,931
Landfill liabilities:					
Landfill closure	2,592,850	212,968	-	<b>2,805,818</b>	796,833
Postclosure monitoring	5,709,482	1,184,974	-	<b>6,894,456</b>	1,957,977
Compensated Absences <sup>1</sup>	13,153,483	835,749	-	<b>13,989,232</b>	866,225
<b>Total long term liabilities - business-type activities</b>	<b>369,643,640</b>	<b>15,129,393</b>	<b>(24,072,778)</b>	<b>360,700,254</b>	<b>22,832,117</b>
<sup>1</sup> Beginning balance restated for implementation of GASB 101.					

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

Lease payable	\$ 0.4 million
Subscription based IT arrangement payable	\$ 0.9 million
Claims and judgments payable	\$ 19.4 million
Net pension liability	\$ 32.6 million
Total OPEB liability	\$ 0.7 million
Compensated absences	\$ 4.5 million

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

**Legal Debt Margin**

For purposes of determining the legal debt margin, the assessed valuation of the City for year 2024 is \$ 35,012 million. Under State of Washington statutes, general obligation indebtedness pursuant to a vote of the electorate is limited to 2.5% of actual value of taxable property located within the City. Indebtedness without a vote of the people is limited to 1.5% of actual value subject to the limitation that total general purpose indebtedness may not exceed 2.5% of total valuation. There is a 2.5% limitation each for utility purposes and open space and park facilities purposes.

<b>Legal Debt Margin</b>	<b>Total</b>
General purpose voted and non-voted debt - 1.5%	\$ 467,931,997
Utility voted debt - 2.5%	682,669,995
Open space and park facilities voted debt - 2.5%	875,294,995
<b>Total remaining debt capacity</b>	<b>\$ 2,025,896,987</b>

## Note 10

### Interfund Balances and Transfers

#### A. Interfund Balances

Due to and from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the same government. Interfund balances at December 31, 2024 were as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	9,629,521	2,941,195
American Recovery Plan	2,070	240,331
Water/Sewer Fund	935,077	6,566,672
Solid Waste Fund	1,004,128	2,752,841
Non-major Governmental Funds	11,978,700	11,638,096
Non-major Enterprise Funds	87,379	628,181
Internal Service Funds	4,731,147	3,600,706
<b>Total Government Wide</b>	<b>28,368,022</b>	<b>28,368,022</b>

#### B. Interfund Loans

Interfund loans are loans between funds for capital or cash flow purposes. These loans are offset by interfund loans receivable/advances to other funds as shown on the balance sheet across the funds. The SIP Interfund loans are accounted for in the Property Acquisition Fund and all debt service is transferred in from the borrowing funds. Interfund loans outstanding at December 31, 2024 are as follows:

Loan To:	Loan From:
<b>Property Acquisition Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
Gardner Building	780,082
Alki Building	1,205,587
University District Gateway	2,459,777
West Plains Fire Station	417,002
Nelson Service Center	556,771
Golf Courses	5,793,183
Bond Refunding <sup>2</sup>	929,421
Dental Clinic	556,080
Engineering Relocation	304,837
East Sprague Reconstruction	1,562,654
Parks Zamboni	138,300
Waste to Energy Equipment	950,745

<b>Loan To:</b>	<b>Loan From:</b>
<b>Property Acquisition Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
Bond Refunding <sup>3</sup>	5,786,545
Public Safety	4,652,745
Parking Meters	2,542,972
Solid Waste Trucks	3,781,306
CLID 223	116,149
CLID 224A	34,930
<b>Total</b>	<b>32,569,086</b>

<b>Loan To:</b>	<b>Loan From:</b>
<b>Golf Fund</b>	<b>Spokane Investment Pool<sup>1</sup></b>
Bond Refunding <sup>2</sup>	79,401

<sup>1</sup>The Spokane Investment Pool is allowed to invest up to 15% of its balance in City of Spokane bonds. Loans from this pool provide funds with which to pay the cost of acquiring property for public purposes.

<sup>2</sup>LTGO 2005A refunded via Ordinance C35430 approved by City Council on 08/29/2016

<sup>3</sup>LTGO 2016 refunded via Resolution 2024-0049 approved by City Council on 5/20/2024

<b>Loan To (Various):</b>	<b>Loan From (General Fund)<sup>1</sup>:</b>
Miscellaneous Grants Fund	1,415,542
American Rescue Plan Fund	1,052
Human Services Grant Fund	4,903,484
Community Development/Human Services Operations Fund <sup>2</sup>	600,000
Community Development Block Grant Fund	1,794,124
Miscellaneous Community Development Grants Fund	29,703
HOME Program Fund	525,997
<b>Total</b>	<b>9,269,902</b>

<sup>1</sup>Resolution 2014-0080 authorizes grant invoices to be paid out of the General Fund before requesting the grant funding from the grantor, and replenishing the General Fund within 30 days.

<sup>2</sup> Resolution 2014-0120 authorizes the establishment of a working cash balance that is necessary to facilitate compliance with the federal grant requirements related to cash management.

### C. Interfund Transfers

Interfund transfers represents a sharing of resources between funds. At the fund level, these transfers increase or decrease individual fund resources, but they do not affect the City's total resources. Interfund transfers for the year ending December 31, 2024 are as follows:

	Transfer To:							
Transfer From:	Transfer To:							
Fund	General Fund	American Recovery Plan	Non-major Governmental Funds	Water/Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Internal Service Funds	Total
General Fund	-	-	29,627,858	-	-	-	4,873,515	<b>34,501,373</b>
American Recovery Plan	1,842,063	-	-	-	-	-	4,894,866	<b>6,736,929</b>
Water/Sewer Fund	-	-	5,752,786	-	50,000	-	-	<b>5,802,786</b>
Solid Waste Fund	-	-	450,000	-	-	-	261,444	<b>711,444</b>
Non-major Governmental Funds	5,803,820	-	19,565,027	-	-	53,698	1,486,351	<b>26,908,896</b>
Non-major Enterprise Funds	-	-	176,527	-	-	-	618,025	<b>794,552</b>
Internal Service Funds	3,705,706	-	8,580,820	-	-	-	658,770	<b>12,945,296</b>
<b>Total</b>	<b>11,351,589</b>	<b>-</b>	<b>64,153,018</b>	<b>-</b>	<b>50,000</b>	<b>53,698</b>	<b>12,792,971</b>	<b>88,401,276</b>

The General Fund transfers were provided to various governmental funds to support day-to-day operations. Arterial Streets Fund transfers were provided for street maintenance, capital projects and debt service. The Water/Sewer funds were transferred mainly to reimburse the Arterial Streets fund for services it provided on construction projects. Other funds made debt service transfers to pay for the benefits they received in the financing of projects and equipment done on their behalf. Transfers to the information technology fund are the result of transferring custody of computers and other peripheral equipment purchased by other city departments. Transfers from Asset Management to the General Fund and Public Safety & Judicial Grants, from Water/Sewer to Streets and Parks, from Solid Waste to Parks, and from Golf to Parks were for capital assets previously owned contributed to governmental funds and are a one-sided entry because governmental funds at the fund level are measured on current financial resources and modified accrual and need to be converted to economic resources and full accrual basis in the government wide statements. Transfers from the American Recover Plan were to support Police and Fire overtime and purchase of Police vehicles.

## Note 11

### Joint Ventures

The City participates in three joint ventures. These are the Spokane International Airport (SIA), the Spokane Regional Transportation Council (SRTC) and the West Plains/Airport Area Public Development Authority. The City does not contribute any monies toward the operation of the Spokane International Airport. General fund monies are contributed to support the Spokane Regional Transportation Council. In 2023, \$69,270 was paid to the Spokane Regional Transportation Council. General fund monies are contributed to support the West Plains Public Development Authority.

#### Spokane International Airport

SIA is jointly operated by the City and County of Spokane through a joint operating agreement in accordance with the "Airport Joint Operating Agreement"; which was last amended February 2, 2010. This agreement is pursuant to RCW 14.08.200. The audited summary below is for the fiscal year ended December 31, 2024 for the Spokane International Airport.

<b>Spokane International Airport</b>	<b>2024</b>
Total Assets	\$ 705,571,122
Total Deferred Outflow of Resources	5,327,792
Total Liabilities	(169,383,185)
Total Deferred Inflow of Resources	(52,879,363)
Total Net Position	<b>\$ 488,636,366</b>
Total Revenues	\$ 58,503,124
Total Capital Contributions	36,373,387
Total Expenses	(70,903,756)
Total Nonoperating Revenue & Exepenses	16,330,502
Net Increase in Net Position	<b>\$ 40,303,257</b>
Net Position, Beginning of Year	\$ 448,333,109
Net Increase in Net Position	40,303,257
Net Position, End of Year	<b>\$ 488,636,366</b>

At December 31, 2024, the airport had other long-term debt payable totaling \$139,110,370.

The Spokane Airport Board administers the operations of the airport. It is composed of seven members, three of which are appointed by the County, three by the City, and one non-specific appointee. The City does not exercise any specific control over the budgeting and financing of the airport's activities. The complete financial

report may be obtained by contacting the Spokane International Airport, 9000 W. Airport Drive, Suite 207, Spokane, WA, 99224.

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

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

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

The Spokane Regional Transportation Council is audited by the Office of State Auditor. At December 31, 2024 the Spokane Regional Transportation Council had no long-term debt outstanding.

The unaudited summary for the fiscal year ended December 31, 2024 is presented below.

<b>Spokane Regional Transportation Council</b>	<b>2024</b>
Total Assets	\$ 563,370
Total Liabilities	(563,370)
Total Net Position	<b>\$ -</b>
Total Revenues	\$ 2,908,160
Total Expenses	(3,223,548)
Net Decrease in Net Position	<b>\$ (315,388)</b>

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

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

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

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



policy, participate in corporate activity, and shall have stewardship for management and determination of all corporate affairs.

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

The unaudited summary for the fiscal year ended December 31, 2024 is presented below.

<b>West Plains Airport Area Public Development Authority</b>	<b>2024</b>
Total Assets	\$ 19,959,102
Total Liabilities	(5,048,460)
Total Net Position	<b>\$ 14,910,642</b>
Total Revenues	\$ 2,666,974
Total Expenses	(1,133,602)
Net Increase in Net Position	<b>\$ 1,533,372</b>
Net Position, Beginning of Year	\$ 13,377,270
Net Increase in Net Position	1,533,372
Net Position, End of Year	<b>\$ 14,910,642</b>

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

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

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

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

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

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

## Note 12

### Commitments & Contingencies

#### A. Disability Supplemental Pensions

The Department of Labor and Industries made a determination that eleven employees of the City were totally disabled as the result of industrial injuries. This determination required the employees to be placed on the pension rolls of the Department of Labor and Industries supplemental pension fund, which provides monthly pension benefits. Since the City is self-insured, the City is responsible for funding these pension benefits. The City has deposited \$2,709,139 with the State of Washington which represents the full present value of the pensions as of June 30, 2024. The State will invest this amount on the City's behalf, and pay pensions each month from that deposit. Interest earnings will accrue to the deposit. Each year, in June, the pensions are actuarially re-evaluated and excess monies are returned to the City, or deficit monies are remitted to the State. The City will receive \$9,089 for the 2024 excess.

#### B. Downtown Housing Stabilization

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

#### C. Spokane Public Facilities District

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

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

This agreement is valid through December 31, 2038.

#### D. Construction Commitments

The City has active construction projects as of December 31, 2024. The projects include street construction, parks, water/sewer infrastructure and transfer station upgrades, and technology upgrades. At year end, outstanding construction commitments are as follows:

<b>Construction Commitments</b>	<b>Original Commitment</b>	<b>Spent to Date</b>	<b>Remaining Commitment at 12/31/2024</b>
2023 Arterial Grind & Overlay	1,422,222	1,257,625	164,597
29th/Washington/Monroe/Lincoln Grind & Overlay	5,468,067	4,692,580	775,487
ARPA Cannon Hill Pond Lining	121,500	-	121,500
ARPA Capital Projects at West Central Community Center	433,084	-	433,084
ARPA HVAC and Roof at Martin Luther King Community Center	38,561	-	38,561
ARPA Improvements at Fire Station 1	501,536	-	501,536
ARPA Upgrades of Playground Equipment at Parks	35,466	32,486	2,980
CCB Partial Roof Replacement	1,522,306	1,466,090	56,216
CNG Fuel Line Expansion	513,042	392,991	120,051
Cochran Basin DOE Storm	605,535	493,838	111,697
Cochran Basin Stormwater Vault	8,068,531	7,078,000	990,531
Comstock Park	153,387	138,579	14,808
Conveyor Replacement	1,178,656	703,289	475,367
Corbin Park Sport Court	281,770	268,845	12,925
CSO 24 26 Springfield Controls	461,313	110,493	350,820
Downriver Golf Course Cart Paths	311,631	91,473	220,158
Dutch Jake's playground	179,548	171,472	8,076
Fire Roof Replacements	110,775	100,612	10,163
Garland Ave Pathway, Shaw Middle School Walk Routes	1,453,495	1,264,064	189,431
Havana Well Station Ph 1	7,098,252	4,951,039	2,147,214
Haven St Grind & Overlay and Sidewalk	1,864,500	1,768,621	95,879
High System Reservoir	11,800,558	6,052,592	5,747,966
Hoffman Well Rehab	2,886,754	1,590,495	1,296,259
I-03 Emergency Repair	250,000	-	250,000
Indian Canyon Golf Course Bunker Renovation	345,355	329,513	15,842
Library Branch Remodels & Construction	2,423,408	1,814,095	609,313
Manito Park/Japanese Garden project	6,775	-	6,775
Maple Street Bridge North Bank Erosion Mitigation	252,834	240,193	12,642
Market/Monroe/29th Grind & Overlay	4,009,000	3,876,794	132,206
Marshall Rd Transmission Main Ph 2	2,769,615	2,441,292	328,323
N Ash Restripe	145,403	132,949	12,454
N Howard Promenade	51,517	31,428	20,089
NSC Ralph Street Improvements	151,500	-	151,500
NSC Rockwell Ave Casing	900,000	496,672	403,328
Post Street Pedestrian and Utility Bridge Replacement	24,036,194	20,497,152	3,539,042
Qualchan Pump Construction	429,565	203,292	226,273
RPWRF Warehouse Stairs & Safety Railings	314,491	148,485	166,007
SIA System Additional Reservoir	15,910,730	13,025,956	2,884,774
SIA Transmission Line Crossing Under I-90	3,808,668	3,312,289	496,379
SPD Academy Expansion	245,700	178,343	67,357
Spokane Safe Streets for All 24 Adaptive Design Projects	65,000	59,470	5,531
Spokane Safe Streets for All Cycle 10	2,996,767	2,540,000	456,767
Spokane Safe Streets for All Cycle 11	989,446	782,714	206,731
Spokane Safe Streets for All Illinois Plaza	201,080	196,109	4,972
Stevens Elementary Walk Routes	72,933	-	72,933
Stevens Washington Grind & Overlay	2,183,500	615,628	1,567,872

Thor Freya Couplet	1,877,564	738,900	1,138,664
Thorpe Reservoir #2	5,113,627	66,906	5,046,721
TIB Complete Streets	300,000	293,448	6,552
TJ Meenach Drive	272,341	203,356	68,985
TJ Meenach Siphon Vault	5,242,922	3,013,116	2,229,807
Underhill Sport Court Renovation	636,539	597,154	39,385
Upriver Dam Building Interior Remodel	140,250	101,290	38,960
Washington Stevens Bridge Deck	3,671,227	3,392,454	278,774
Wastewater Building Remodel	786,435	118,712	667,723
Water Department Main Campus - Office Renovation	2,841,122	2,160,720	680,402
Well Electric Well Field Study	3,727,533	509,239	3,218,294
WQTIF Housing purchase/rehab	500,000	-	500,000
<b>Grand Total</b>	<b>\$ 134,179,533</b>	<b>\$ 94,742,851</b>	<b>\$ 39,436,682</b>

#### E. Developer Improvements

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

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

#### F. Landfill Closure

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

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

#### G. Postclosure Landfill Monitoring

The \$9.7 million reported as landfill postclosure care liability at December 31, 2024 represents the cumulative amount required to monitor and maintain the closed portion of the Northside landfill, the open portion (Phase 1) of the Northside Regional landfill and the closed Southside landfill for the next 20-30 years. All amounts recognized are based on what it would cost to perform all postclosure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has restricted \$3.2 million in assets related to the post-closure monitoring of the closed portion of the Northside landfill, and \$2.2 million for post-closure monitoring of the open portion of the Northside landfill. No assets have been restricted for future costs of \$1.5 million for the Southside landfill based on the City's interpretation of the applicability of Washington Administrative Code 173-304-467. This landfill has a remaining useful life of approximately 15 years.

<b>Landfill Monitoring</b>	<b>Northside Landfill</b>	<b>Southside Landfill</b>	<b>Total</b>
Estimated Post closure costs	\$ 3,171,974	\$ -	\$ 3,171,974
Accrued post closure costs	2,244,334	1,478,148	3,722,482
Accrued closure liability	2,805,818	-	2,805,818
<b>Total</b>	<b>\$ 8,222,126</b>	<b>\$ 1,478,148</b>	<b>\$ 9,700,274</b>

#### **H. Northside Regional Landfill**

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

The \$2.8 million reported as landfill closure liability at December 31, 2024 represents the cumulative amount reported based on the use of 45.9 percent of the estimated capacity of Phase 1. During an engineering study conducted in 2021 it was discovered that additional capacity exists in the NSLF open cell and adjacent to the open cell. The City will recognize the remaining estimated cost of closure of \$1.3 million as the remaining estimated capacity (Phase 1) is filled. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

As of December 31, 2024, the City held \$2.3 million of restricted cash, which is reserved for the closure of the Northside Regional Landfill (Phase 1).

#### **The Yard**

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

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

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

The City is aggressively pursuing other third parties that may have contributed to contamination of the sites within the City and continues to evaluate all properties for various contaminants in order to better understand the extent of any contamination and/or possible claims for cleanup costs. The City has not yet received any recovery from other Parties for their share of remediation work that will offset the City's estimated environmental liability which was zero for 2023 and 2024.

## Note 13

### Adjustments and Restatements of Beginning Balances

During 2024, the City implemented GASB Statement No 101, *Compensated Absences*. In addition to unused vacation time owed to employees upon separation of employment, the City now recognizes compensatory time and a larger portion of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The City also recognizes hours donated by former employees in shared leave banks.

During 2024, the City made the following error corrections:

- An adjustment was made to the beginning balance of equity in pooled investments for Governmental Activities of \$6,930,947 and the Business-type Activities equity in pooled investments was decreased by the same amount.
- An adjustment was made to the Governmental Activities property tax receivable balance of \$7,975,661.
- An adjustment was made to the Governmental Activities interest receivable balance of \$5,023,389.
- Demolition liens receivables beginning balance of \$561,288 was moved from the Building Services enterprise fund to the Code Enforcement fund which is part of the General Fund.
- Governmental Activities internal balances asset was increased by \$41,057,358 and the Business-type Activities internal balances asset was decreased by the same amount.
- An adjustment was made to the Governmental Activities capital asset beginning balance of \$10,557.
- An adjustment was made to the Governmental Activities termination benefits liability beginning balance of \$779,000.
- An adjustment was made to the Governmental Activities unearned revenue beginning balance of \$36,875,736.
- The General Fund restated beginning due from other funds by \$3,000,000. An offsetting adjustment was made to the Criminal Justice Assistance fund due to other funds balance.
- Three cellular tower leases were move from the Property Acquisition internal service fund to the General Fund resulting in beginning balance adjustments to leases receivable of \$958,746, lease interest receivable of \$1,271, and lease deferred inflows of \$917,083. The net change to each fund was \$42,934.
- The Parks fund restated beginning other taxes receivable by \$3,950 and beginning revenues not available \$84,953.
- The Water/Sewer fund restated beginning capital assets by \$8,560 and beginning accounts payable by \$4,643.
- The Building Services fund restated beginning accounts receivable by \$3,953.

The effect of the changes within the government-wide financial statements is summarized below:

	Government-Wide	
	Governmental Activities	Business-Type Activities
Net position, beginning as previously reported	\$ 1,566,601,374	\$ 881,781,786
Adoption of GASB 101	(23,177,302)	(4,230,724)
Error correction - equity in pooled investments	6,930,947	(6,930,947)
Error correction - interest receivable	(5,023,389)	-
Error correction - demolition liens	561,288	(561,288)
Error correction - property tax receivable	(7,975,661)	-
Error correction - other taxes receivable	3,950	-
Error correction - accounts receivables	-	3,953
Error correction - internal balances	41,057,358	(41,057,358)
Error correction - capital assets	(10,557)	(8,560)
Error correction - accounts payable	-	(4,643)
Error correction - termination benefits	(779,000)	-
Error correction - unearned revenue	(36,875,736)	-
Error correction - deferred inflows	84,953	-
Net position, beginning as restated	\$ 1,541,398,225	\$ 828,992,219



The effect of the changes within the fund financial statements is summarized below:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances					
	General Fund	Nonmajor Governmental Funds	Water/Sewer	Solid Waste	Nonmajor Enterprise	Internal Service
Net position or fund balance, beginning as previously reported	\$ 31,585,141	\$ 132,694,951	\$ 811,662,574	\$ 31,600,538	\$ 7,909,520	\$ 72,416,021
Adoption of GASB 101	-	-	(2,422,764)	(1,092,411)	(715,549)	(1,428,061)
Error correction - reallocate equity in pooled investments	16,648,847	(6,496,786)	(5,014,166)	(1,035,804)	(880,977)	(3,221,114)
Error correction - reduce interest receivable	(5,023,389)	-	-	-	-	-
Error correction - move lease receivables	958,746	-	-	-	-	(958,746)
Error correction - move lease interest receivables	1,271	-	-	-	-	(1,271)
Error correction - move lease deferred inflows	(917,083)	-	-	-	-	917,083
Error correction - move demolition lien receivables	561,288	-	-	-	(561,288)	-
Error correction - reduce due to/from balances	(3,000,000)	3,000,000	-	-	-	-
Error correction - move lease receivables						
Error correction - move lease interest receivables						
Error correction - other taxes receivable	-	3,950	-	-	-	-
Error correction - accounts receivable	-	-	-	-	3,953	-
Error correction - capital assets	-	-	(8,560)	-	-	-
Error correction - accounts payable	-	-	(4,643)	-	-	-
Error correction - revenues not available	-	84,953	-	-	-	-
Net position or fund balance, beginning as restated	\$ 40,814,821	\$ 129,287,068	\$ 804,212,441	\$ 29,472,323	\$ 5,755,659	\$ 67,723,912

## Note 14

### **Legal Matters**

In the normal course of governmental operations the City has claims filed against it for various losses related to tort actions for such things as wrongful acts, injuries, or damages for which a civil action can be brought, and other routine legal proceedings. At any given point in time, there is a recurring volume of tort and other claims for compensation and damages against the City, which could impact expenditures. The City's Risk Management Fund provides for these claims, and insurance is available to pay a portion of damages for certain types of claims. The collective impact of these claims is not likely to have a material impact on the City's financial position. There are no known pending or anticipated legal matters that would materially affect the financial statements of the City for the year ending December 31, 2024.

## Note 15

### **Subsequent Events**

As of year-end, the City has identified certain past due amounts related to taxes under the Spokane Municipal Code that are legally enforceable and are being actively pursued. The matter is subject to ongoing legal review and may result in litigation. Due to the uncertainty regarding the outcome and timing of collection, no receivable has been recorded in the financial statements as of December 31, 2024. The City continues to evaluate its options and intends to pursue all appropriate avenues for recovery.

In addition, subsequent to year-end, the City and Spokane County have entered into discussions regarding the allocation of emergency communications sales tax and excise tax revenues pursuant to state law. This matter arises in connection with the Spokane Regional Emergency Communications (SREC) Board's decision to remove the City as a participant in the regional system effective January 1, 2026. The outcome of these discussions may affect the City's future revenue streams and ongoing obligations related to emergency communications services. At this time, the financial impact of these developments cannot be reasonably estimated, and no adjustments have been made to the accompanying financial statements.

## Note 16

### Tax Abatements

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

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

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

- f. If the multi-family structure has not been vacant for 12 months, the project must rehabilitate all the existing structures and create 4 additional units. Eligible market rate projects get 8 years of partial tax exemption. In order to qualify for 12 years of partial tax exemption, at least 20% of the units in a project must be rented or sold for a price affordable to low ( $\leq 80\%$  AMI) or moderate (80-115% AMI) income households. Projects intended solely for owner occupancy need only target 20% of the units to moderate-income households. "Affordable" housing means that housing costs (including utilities other than telephone) should not exceed 30% of the occupant's monthly income. The project must comply with all applicable zoning requirements, design review requirements, land use regulations, and building and housing code requirements at the time of new construction, rehabilitation or conversion.
  - g. This program applies to construction or rehabilitation of 4 or more dwelling units in one building on one parcel. The program may also be used for rehabilitation of existing multi-family housing that is in "non-compliance" with one or more standards of the building or housing codes. Work must be completed within 3 years of the date of the Conditional Certificate of Acceptance of Tax Exemption.
4. Mechanism by which taxes are abated: The tax exemption begins January 1 of the year following the calendar year in which the Final Certificate of Tax Exemption is issued, and runs for 8 or 12 years. A property owner within a designated "residential target area" can apply for the property tax exemption. The City Council has designated three residential target areas:
  - a) Central Business District
  - b) Browne's Addition/Peaceful Valley
  - c) Centers and Corridors

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

For example an individual has a piece of property with the assessed value of \$40,000 they qualify for an exemption and the improved assessed value is \$240,000 the individual will only pay the taxes on the original \$40,000 until the contract expires.
5. Provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients: The city has no provisions to recapture abated taxes. However, the city has requirements that must be met by the applicants including but not limited to the following. Application for the multi-family housing tax exemption is made through the City of Spokane using the application forms available from the Development Incentives Department located on the 3rd floor of City Hall. The application includes:
  - a) Application for Tax Exemption, including
    - i. Description of Project
    - ii. Preliminary Site and Floor Plans
    - iii. "Before" photos
    - iv. Statement of Potential Tax Liability
  - b) Verification of Code Noncompliance (if applicable)
  - c) Application fee: \$450 + \$80/dwelling unit up to an additional \$560
  - d) Approval Process
    - i. Code Non-compliance..... Building Official, Fire Marshall, or Code Enforcement
    - ii. Application for Conditional Certificate..... Development Incentives
    - iii. Building Permit..... Building Department
    - iv. Resolution..... City Council
    - v. Agreement [the contract] Mayor's Office
    - vi. Conditional Certificate..... Mayor's Office
    - vii. Certificate of Occupancy... Building Department
    - viii. Application for Final Certificate..... Development Incentives
    - ix. Partial Tax Exemption..... Assessor's Office

- e) Within 30 days of receipt of all materials required for a final certificate, the Director of Development Incentives will determine whether the completed work is consistent with the contract and qualifies for the exemption. If the Director determines the work is consistent with the contract and qualifies for the exemption, within 10 days after making the determination, the City will file a Final Certificate of Tax Exemption with the County Auditor, with a copy to the County Assessor and City Clerk.
  - f) If the Director determines that the work is not consistent with the contract or otherwise does not comply with requirements for the tax exemption, including completion within 3 years and affordable housing requirements, the Director will notify the applicant in writing, stating the reasons why the Final Certificate of Tax Exemption will not be issued. The applicant may appeal this decision following the timeframes outlined under the “appeals” portion of this brochure.
  - g) Within 30 days after the first anniversary of the date when the Final Certificate of Tax Exemption was filed and recorded with the Spokane County Auditor, and each year thereafter for the tax exemption period, each property owner must file an annual report form with the Development Incentives Department regarding the current occupancy, use and affordability of the property and describing any improvements or changes that have since been made to the property. Failure to submit the annual report, or changing the use from residential may result in cancellation of the tax exemption.
6. The gross dollar amount of taxes abated during the period: The gross benefit to all property owners during the 2024 fiscal year was \$3,957,698.
7. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.
- a. The program established by this program authorized by the Spokane city council and has been extended to expire December 31, 2028, unless extended by the city council by ordinance. Upon expiration, no further applications for a conditional certificate of tax exemption shall be accepted. Incomplete applications shall be returned to the applicant. Pending complete applications for a conditional certificate, extension of conditional certificate and final certificate shall be processed as provided in this city code section.

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

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

- (1)(a) The value of new housing construction, conversion, and rehabilitation improvements qualifying under chapter RCW 84.14.020 is exempt from ad valorem property taxation, as follows:
- (i) For properties for which applications for certificates of tax exemption eligibility are submitted under chapter 84.14 RCW before July 22, 2007, the value is exempt for ten successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate; and
  - (ii) For properties for which applications for certificates of tax exemption eligibility are submitted under chapter 84.14 RCW on or after July 22, 2007, the value is exempt:
    - (A) For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or
    - (B) For twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under chapter 84.14 RCW and meets the conditions in this subsection (1)(a)(ii)(B). For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households, and the property must satisfy that commitment and any additional affordability and income

- eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(ii)(B) may be satisfied solely through housing affordable to moderate-income households.
- (b) The exemptions provided in (a)(i) and (ii) of this subsection do not include the value of land or non-housing-related improvements not qualifying under this chapter.
- (2) When a local government adopts guidelines pursuant to RCW 84.14.030(2) and includes conditions that must be satisfied with respect to individual dwelling units, rather than with respect to the multiple-unit housing as a whole or some minimum portion thereof, the exemption may, at the local government's discretion, be limited to the value of the qualifying improvements allocable to those dwelling units that meet the local guidelines.
- (3) In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application required under this chapter. The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law.
- (4) This chapter does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.
- (5) At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of chapter 84.55 RCW.

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

- (1) "Applicant" means a person applying for a tax deferral under this chapter.
- (2) "Department" means the department of revenue.
- (3) "Eligible area" means:
  - (a) Through June 30, 2010, a rural county as defined in RCW 82.14.370; and
  - (b) Beginning July 1, 2010, a qualifying county.
- (4)(a) "Eligible investment project" means an investment project that is located, as of the date the application required by RCW 82.60.030 is received by the department, in an eligible area as defined in subsection (3) of this section.
  - (b) "Eligible investment project" does not include any portion of an investment project undertaken by a light and power business as defined in RCW 82.16.010(4), other than that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part, or investment projects that have already received deferrals under this chapter.
- (5) "Initiation of construction" has the same meaning as in RCW 82.63.010.
- (6) "Investment project" means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project.
- (7) "Manufacturing" means the same as defined in RCW 82.04.120. "Manufacturing" also includes:
  - (a) Before July 1, 2010: (i) Computer programming, the production of computer software, and other computer-related services, but only when the computer programming, production of computer software, or other computer-related services are performed by a manufacturer as defined in RCW 82.04.110 and contribute to the production of a new, different, or useful substance or article of tangible personal property for sale; (ii) the activities performed by research and development laboratories and commercial testing laboratories; and (iii) the conditioning of vegetable seeds; and
  - (b) Beginning July 1, 2010: (i) The activities performed by research and development laboratories and commercial testing laboratories; and (ii) the conditioning of vegetable seeds.
- (8) "Person" has the meaning given in RCW 82.04.030.
- (9) "Qualified buildings" means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for manufacturing or research and development activities, including plant offices and warehouses or other facilities for the storage of raw material or finished goods if such facilities are an essential or an integral part of a factory, mill, plant, or laboratory used for manufacturing or research and development. If a building is used partly for manufacturing or research and development and partly for other purposes, the

applicable tax deferral must be determined by apportionment of the costs of construction under rules adopted by the department.

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

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

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

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

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

Information relevant to disclosure of those programs for the fiscal year ended December 31, 2024 is:

<b>Tax Abatement Program State Imposed</b>	<b>Amount of Taxes Abated during the Fiscal Year 2024</b>
Multi-unit urban housing	\$ 2,567,618
High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities	-
<b>Total</b>	<b>\$ 2,567,618</b>



## Note 17

### Asset Retirement Obligation

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

- **Underground Storage Fuel Tanks (UST)**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-360A-0810. These tanks along with the facility were placed into service 18 years ago. The City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Hydroelectric Dam**- The Federal Energy Regulatory Commission (FERC) regulates dams that produce electricity, and a decommissioning plan is required as part of the surrender process at the dam's end of life. However, end of life might not be determinable for many dams, particularly those that potentially last hundreds of years. This Hydroelectric Dam has no remaining depreciable life and all assets associated with it are associated with maintenance costs or replacement of a component and do not fall under the guidance of GASB 83, therefore, the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Wastewater Treatment Plant**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-303-610 and site preservation or restoration in accordance with Washington Administrative Code chapter 463-72-080. The depreciable assets associated with this operations were buildings purchased and added on in 2020, these along with all other related assets are associated with maintenance costs or replacement of a component and do not fall under guidance of GASB 83. There is no formal written plan on decommissioning of this asset and the City plans on continuing its operation in perpetuity and the remaining life of its operations are not able to be estimated there for the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Power Regeneration Waste to Energy Plant**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-303-610 and site preservation or restoration in accordance with Washington Administrative Code chapter 463-72-080. All other assets related assets are associated with maintenance costs or replacement of a component and do not fall under the guidance of GASB 83. There is no formal written plan on decommissioning of this asset and the City plans on continuing its operation of turning waste into energy in perpetuity and the remaining life of its operations are not able to be estimated there for the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease its operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.
- **Water Wells**- Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 173-160-381. Several Wells have been acquired by the City of



Spokane and have no remaining depreciable life and all assets associated with them associated with maintenance costs, replacement of a component, or Land (non-depreciable) and do not fall under the guidance of GASB 83, therefore, the City has not recognized an obligation for the costs that would be incurred in the event the City of Spokane would cease use of its well operations as it is a remote event and the operations are indefinite into the future making exact estimable remaining life undeterminable for liability calculation.

- **Radioactive Equipment-** The City has seven Troxler 3450 gauges that are used to test asphalt, soils, etc. All but one of these devices have been fully depreciated and one has a remaining life of 1 year. These devices are required by the State of Washington Department of Transportation WSDOT to test to their specifications. Upon disposal or retirement the City has options of returning the devices to the manufacturer for credit towards the purchase of a new device or to dispose of the device through auction. The costs of disposal are determined to be immaterial and therefore the City has not recognized an obligation or liability associated with retirement.
- **Cell Towers-** The City of Spokane has several cell tower leases that the City is the lessor. All agreements state the lessee is responsible for restoring the leased site to the "condition as the same were at the beginning of the applicable lease, except for reasonable use, wear and tear and casualty and condemnation, therefore the City has not recognized an obligation for the costs to retire the assets.

## Note 18

### Subscription-Based IT Arrangements

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

On January 1, 2023, the City entered into a 30 month subscription for the use of Accela software. An initial subscription liability was recorded in the amount of \$393,591. As of December 31, 2024, the value of the subscription liability was \$0. The City is required to make annual principal and interest payments of \$195,843. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 30 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$393,591 with accumulated amortization of \$314,873 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 84 month subscription for the use of Axon Taser 7 software. An initial subscription liability was recorded in the amount of \$6,730,371. As of December 31, 2024, the value of the subscription liability was \$4,957,258. The City is required to make annual principal and interest payments of \$965,070. The subscription has an interest rate of 2.724%. The subscription's estimated useful life is 84 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$6,730,371 with accumulated amortization of \$1,992,963 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 28 month subscription for the use of CAD software. An initial subscription liability was recorded in the amount of \$181,773. During 2024, the City modified the terms of the contract resulting in an increase to both the subscription and liability of \$95,200. As of December 31, 2024, the value of the subscription liability was \$95,200. The City is required to make annual principal and interest payments of \$92,931. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 28 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$276,973 with accumulated amortization of \$155,848 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 36 month subscription for the use of Crime Investigation System software. An initial subscription liability was recorded in the amount of \$103,652. As of December 31, 2024, the value of the subscription liability was \$35,587. The City is required to make annual principal and interest payments of \$34,435. The subscription has an interest rate of 2.656%. The subscription's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$103,652 with accumulated amortization of \$69,101 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 49 month subscription for the use of NeoGov Insight software. An initial subscription liability was recorded in the amount of \$550,699. As of December 31, 2024, the value of the subscription liability was \$301,515. The City is required to make annual principal and interest payments of \$112,585. The subscription has an interest rate of 2.676%. The subscription's estimated useful life is 49 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$574,199 with accumulated amortization of \$279,151 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 25 month subscription for the use of PMWeb SaaS software. An initial subscription liability was recorded in the amount of \$210,023. During 2024, the City modified the terms of the contract resulting in an increase to both the subscription and liability of \$102,712. As of December 31, 2024, the value of the subscription liability was \$102,712. The City is required to make annual principal and interest payments of \$110,100. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 25 months as of contract commencement. As of December 31, 2023, the value of the right-to-use asset of \$312,735 with accumulated amortization of \$201,655 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 20 month subscription for the use of Digital Workforce software. An initial subscription liability was recorded in the amount of \$24,311. During 2024, the City modified the terms of the contract resulting in an increase to both the subscription and liability of \$48,846. As of December 31, 2024, the value of the subscription liability was \$24,099. The City is required to make annual principal and interest payments of \$24,751. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 20 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$73,156 with accumulated amortization of \$32,406 is included with the right-to-use subscriptions in Note 4.

On January 1, 2023, the City entered into a 26 month subscription for the use of Questica software. An initial subscription liability was recorded in the amount of \$335,084. During 2024, the City modified the terms of the contract resulting in an increase to both the subscription and liability of \$192,010. As of December 31, 2024, the value of the subscription liability was \$192,010. The City is required to make annual principal and interest payments of \$170,284. The subscription has an interest rate of 2.707%. The subscription's estimated useful life is 26 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$720,009 with accumulated amortization of \$474,525 is included with the right-to-use subscriptions in Note 4.

On January 1, 2024, the City entered into a 36 month subscription for the use of ArcGIS software. An initial subscription liability was recorded in the amount of \$493,123. As of December 31, 2024, the value of the subscription liability was \$326,123. The City is required to make annual principal and interest payments of \$167,000. The subscription has an interest rate of 3.631%. The subscription's estimated useful life is 36 months as of contract commencement. As of December 31, 2024, the value of the right-to-use asset of \$493,123 with accumulated amortization of \$164,374 is included with the right-to-use subscriptions in Note 4.

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

<b>Governmental Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	2,099,412	158,577	2,257,989
2026	1,190,716	108,638	1,299,354
2027	890,322	74,748	965,070
2028	914,572	50,498	965,070
2029	939,482	25,588	965,070
<b>Total</b>	<b>\$ 6,034,504</b>	<b>\$ 418,049</b>	<b>\$ 6,452,553</b>

## Note 19

### Termination Benefits

The City has a Salary Savings Plan provision with 4 collective bargaining units:

- International Association of Firefighters Local 29 Spokane Area Fire Fighters (SAFO)
- International Association of Firefighters Local 29 AFL-CIO
- Spokane Police Lieutenants and Captains Association
- Spokane Police Guild

The Salary Savings Plan provision is separate from other retirement and post-employment benefits offered to retirees.

Eligibility and payment terms are:

Bargaining Unit	Eligibility	Monthly Payment	Duration
<b>SAFO</b>	LEOFF I - 20 years of service and eligible for retirement	\$300	5 years (60 months)
	LEOFF II and Dispatch- 20 years of service and eligible for retirement	\$500	8 years (96 months)
<b>Local 29 AFL-CIO</b>	LEOFF II - 20 years of service and eligible for retirement	\$500	8 years (96 months)
<b>Spokane Police Lieutenants and Captains Association</b>	20 years of service	\$500	8 years (96 months)
<b>Spokane Police Guild</b>	LEOFF I - minimum age of 53 and age plus years of service equal to at least 78	\$300	5 years (60 months)
	LEOFF II - minimum age of 53 and age plus years of service equal to 78	\$500	8 years (96 months)

Each of the contracts includes limits and deadlines:

Bargaining Unit	Number Eligible	Application Deadline	Retirement Deadline
<b>SAFO</b>	1 per year exclusive to SAFO members	January 1 to January 31 of the retirement year	Last day of the last pay period of the retirement year
<b>Local 29 AFL-CIO</b>	10 per year, including the 1 allowed for SAFO members. If no SAFO member applies, the incentive will be open to Local 29 AFL-CIO applicants	January 1 to October 15 of the retirement year	Last day of the last pay period of the retirement year
<b>Spokane Police Lieutenants and Captains Association</b>	2 per year	October 1 to October 31 of the year prior to the retirement year	January 1 to June 30 of the retirement year
<b>Spokane Police Guild</b>	10 per year	December 31 of the year prior to the retirement year	January 1 to June 30 of the retirement year

The incentive is awarded to applicants based on seniority for each of the bargaining units. Monthly payments to SAFO and Local 29 AFL-CIO retirees is paid into a voluntary employees' beneficiary association (VEBA) plan. Monthly payments to Spokane Police Lieutenants and Captains Association and Spokane Police Guild retirees is paid into a health reimbursement arrangement (HRA) account. Payments are not subject to cost of living adjustments or income taxes.

Applicants of all four bargaining units must be eligible for service retirement in order to receive the incentive payments. Employees receiving disability payments other than a lump sum settlement are disqualified from the incentive. If at any time during the incentive payment term a recipient begins receiving disability payments (other than lump sum payments for SAFO and Local 29 AFL-CIO), incentive payments will cease. If a member of the Spokane Police Lieutenants and Captains Association or the Spokane Police Guild have applied and been approved for the City's Voluntary Retirement Incentive Program (VRIP), they will be disqualified for the incentive. If an employee applies for the incentive but does not retire by the established deadline, the employee will not be eligible for the incentive in that year or any future year. If an employee is approved for the benefit but does not retire, the next eligible applicant will receive the incentive that year.

The City has the right to discontinue the plan for each bargaining unit on January 1 of any year, with one year advance notice to the bargaining unit. The City also has the right to reinstate the plan on January 1 of any year. The plans for all of the bargaining units were in discontinued status at the start of 2024.

As of January 1, 2024, 33 retirees from the SAFO and Local 29 AFL-CIO bargaining units and 2 retirees from the Spokane Police Guild were receiving benefits that started during the years 2017 through 2020.

The City elected to offer the incentive to eligible members of the Spokane Police Lieutenants and Captains Association and the Spokane Police Guild during 2024. Under a one-time memorandum of understanding, the City agreed to make available a total of 25 Salary Savings Plans for 2024 retirements, with 20 allotted to the Spokane Police Guild and 5 allotted to the Spokane Police Lieutenants and Captains Association. Should fewer than 20 Police Guild members or fewer than 5 Lieutenants and Captains members apply for the respective retirement incentives, the City may offer the remaining incentives to members of the other bargaining unit.

Eligibility requirements for this one-time incentive are:

Incentive Phase	Minimum Age	Age + Years of Service	Monthly Payment	Duration	Deadline to Apply	Deadline to Retire
First Incentive	50	At least 70	\$1,000	8 years (96 months)	August 1, 2024	September 1, 2024
Second incentive	50	At least 70	\$800	8 years (96 months)	September 30, 2024	December 1, 2024

All other terms of the plans remain as expressed in the associated collective bargaining agreements.

As of December 31, 2024, 19 eligible members retired under the first incentive phase and an additional 2 eligible members retired under the second incentive phase.

The annual payment requirements for the termination benefits are as follows:

Year	Payments by Year
2025	449,200
2026	430,700
2027	385,700
2028	292,200
2029	247,200
2030-2032	643,400
<b>Total</b>	<b>\$ 2,448,400</b>

**City of Spokane, Washington**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund Accounts**  
**For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 217,435,846	\$ 218,557,346	\$ 216,713,093	\$ (1,844,253)
Licenses and permits	8,897,110	8,897,110	8,572,000	(325,110)
Intergovernmental	4,166,688	5,809,688	4,441,572	(1,368,116)
Charges for services	27,760,901	29,885,901	29,251,679	(634,222)
Fines and forfeitures	2,442,660	2,442,660	1,302,655	(1,140,005)
Miscellaneous	9,594,084	9,594,084	8,076,802	(1,517,282)
Net inc(dec) in market value of investments	-	-	363,080	363,080
<b>Total revenues</b>	<b>270,297,289</b>	<b>275,186,789</b>	<b>268,720,881</b>	<b>(6,465,908)</b>
<b>EXPENDITURES</b>				
General government	41,945,931	43,499,274	42,483,361	1,015,913
Public safety	163,400,117	173,808,719	170,258,307	3,550,412
Transportation	7,719,522	7,785,440	7,572,280	213,160
Economic environment	8,836,415	9,124,014	8,112,103	1,011,911
Social services	2,692,336	3,287,384	2,855,313	432,071
Culture and recreation	13,273,463	13,346,094	13,455,237	(109,143)
Capital outlays	2,060,000	2,447,080	2,049,472	397,608
Principal	-	-	322,529	(322,529)
Interest	1,800	1,800	58,890	(57,090)
<b>Total expenditures</b>	<b>239,929,584</b>	<b>253,299,805</b>	<b>247,167,492</b>	<b>6,132,313</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>30,367,705</b>	<b>21,886,984</b>	<b>21,553,389</b>	<b>(333,595)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	13,256	(26,744)
Subscription proceeds	-	-	95,200	95,200
Transfers in	61,561,585	70,765,671	11,023,885	(59,741,786)
Transfers out	(93,022,819)	(93,559,819)	(34,501,373)	59,058,446
<b>Total other financing sources (uses)</b>	<b>(31,421,234)</b>	<b>(22,754,148)</b>	<b>(23,369,032)</b>	<b>(614,884)</b>
<b>Net change in fund balance</b>	<b>(1,053,529)</b>	<b>(867,164)</b>	<b>(1,815,643)</b>	<b>(948,479)</b>
<b>Fund balance - beginning</b>	<b>41,013,381</b>	<b>(21,005,040)</b>	<b>31,585,141</b>	<b>52,590,181</b>
Restatement	-	-	9,229,680	9,229,680
<b>Fund balance - ending</b>	<b>\$ 39,959,852</b>	<b>\$ (21,872,204)</b>	<b>\$ 38,999,178</b>	<b>\$ 60,871,382</b>

City of Spokane, Washington  
American Recovery Plan  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 22,281,200	\$ 22,281,200
<b>Total revenues</b>	-	-	22,281,200	22,281,200
<b>EXPENDITURES</b>				
General government	-	1,586,218	550,718	1,035,500
Public safety	-	150,000	-	150,000
Economic environment	-	27,094,647	14,586,382	12,508,265
Social services	-	353,993	316,482	37,511
Culture and recreation	-	-	440	(440)
Capital outlays	-	2,019,276	979,967	1,039,309
Principal	-	-	310,825	(310,825)
Interest	-	-	23,969	(23,969)
<b>Total expenditures</b>	-	31,204,134	16,768,783	14,435,351
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(31,204,134)	5,512,417	36,716,551
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(6,769,381)	(6,736,929)	32,452
<b>Total other financing sources (uses)</b>	-	(6,769,381)	(6,736,929)	32,452
<b>Net change in fund balance*</b>	-	(37,973,515)	(1,224,512)	36,749,003
<b>Fund balance - beginning</b>	38,242,340	(102,786,800)	1,523,110	104,309,910
<b>Fund balance - ending</b>	\$ 38,242,340	\$ (140,760,315)	\$ 298,598	\$ 141,058,913

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

## Required Supplementary Information

### Schedule of City's Proportionate Share of the SERS Net Pension Liability as of Measurement Date 12/31/2023

	2024	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	98.98%	98.98%	98.71%	99.35%	99.75%
City's proportionate share of the net pension liability (asset)	\$ 245,030,156	\$ 253,707,356	\$ 153,594,642	\$ 174,450,462	\$ 178,286,617
Total	\$ 245,030,156	\$ 253,707,356	\$ 153,594,642	\$ 174,450,462	\$ 178,286,617
City's covered payroll	\$ 139,760,331	\$ 126,830,000	\$ 116,866,751	\$ 112,984,469	\$ 111,746,539
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	175.32%	200.04%	131.43%	154.40%	159.55%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	58.05%	54.85%	70.70%	65.82%	63.95%

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	99.77%	99.76%	99.75%	99.77%	99.77%
City's proportionate share of the net pension liability (asset)	\$ 197,868,737	\$ 149,132,046	\$ 245,801,868	\$ 239,121,096	\$ 205,145,820
Total	\$ 197,868,737	\$ 149,132,046	\$ 245,801,868	\$ 239,121,096	\$ 205,145,820
City's covered payroll	\$ 107,017,146	\$ 102,844,614	\$ 102,378,550	\$ 93,899,096	\$ 89,034,522
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	184.89%	145.01%	240.09%	254.66%	230.41%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	58.50%	67.42%	53.01%	53.24%	58.21%

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

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

Effective December 24, 2023, the annual Contribution Rate was changed to 22.00% of payroll (11.00% of pay paid by the Employee, 11.00% of pay paid by the Employer). Previously the Contribution Rate was 20.50% of payroll (10.25% of pay paid by the Employee, 10.25% of pay paid by the Employer) from December 26, 2021, 20.00% of payroll (10.00% of pay paid by the Employee, 10.00% of pay paid by the Employer) from December 27, 2020, 19.50% of payroll (9.75% of pay paid by the Employee, 9.75% of pay paid by the Employer) from December 15, 2019, 18.50% of payroll (9.25% of pay paid by the employee, 9.25% of pay paid by the employer) from December 16, 2018, 18.00% of payroll (9.00% of pay paid by the employee, 9.00% paid by employer from December 17, 2017 to December 16, 2018, and 16.5% of payroll (8.25% of pay paid by the Employee, 8.25% of pay paid by the Employer) since September 1, 2014.



## Schedule of Changes in Net Pension Liability and Related Ratios Firefighters' Pension as of Measurement Date 12/31/2023

	2024	2023	2022	2021	2020
<b>Total pension liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	356,924	238,783	318,864	390,535	440,951
Changes of benefit terms	-	2,512,669	-	-	-
Differences between expected and actual experience	(1,748,581)	885,098	(2,151,893)	(2,156,517)	(1,330,615)
Changes of assumptions	-	1,208,383	-	-	-
Benefit payments, including refunds of member contributions	(668,336)	(1,141,977)	(535,187)	(709,617)	(870,909)
<b>Net change in total pension liability</b>	<u>(2,059,993)</u>	<u>3,702,956</u>	<u>(2,368,216)</u>	<u>(2,475,599)</u>	<u>(1,760,573)</u>
<b>Total pension liability—beginning</b>	<u>12,229,171</u>	<u>8,526,215</u>	<u>10,894,431</u>	<u>13,370,030</u>	<u>15,130,603</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 10,169,178</u>	<u>\$ 12,229,171</u>	<u>\$ 8,526,215</u>	<u>\$ 10,894,431</u>	<u>\$ 13,370,030</u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 1,202,473	\$ 1,058,852	\$ 1,479,700	\$ 538,208	\$ 1,661,882
Contributions—member	-	-	-	-	-
Net investment income	1,217,586	(1,970,084)	(261,004)	1,986,725	1,181,056
Benefit payments, including refunds of member contributions	(668,336)	(1,141,977)	(535,187)	(709,617)	(870,909)
Administrative expense	(43,291)	(39,471)	(40,357)	(40,144)	(45,527)
Other	(17,313,785)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(15,605,353)</u>	<u>(2,092,680)</u>	<u>643,152</u>	<u>1,775,172</u>	<u>1,926,502</u>
<b>Plan fiduciary net position—beginning</b>	<u>22,209,883</u>	<u>24,302,563</u>	<u>23,659,411</u>	<u>21,884,239</u>	<u>19,957,737</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 6,604,530</u>	<u>\$ 22,209,883</u>	<u>\$ 24,302,563</u>	<u>\$ 23,659,411</u>	<u>\$ 21,884,239</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ 3,564,648</u>	<u>\$ (9,980,712)</u>	<u>\$ (15,776,348)</u>	<u>\$ (12,764,980)</u>	<u>\$ (8,514,209)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	64.95%	181.61%	285.03%	217.17%	163.68%
<b>Covered payroll</b>	N/A	N/A	N/A	N/A	N/A
<b>Plan's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A

	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	520,242	684,842	815,109	831,429	938,119
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,268,594)	(1,114,154)	(2,959,170)	-	(2,281,571)
Changes of assumptions	-	1,637,202	-	-	-
Benefit payments, including refunds of member contributions	(918,100)	(1,053,418)	(1,170,685)	(1,306,840)	(1,340,440)
<b>Net change in total pension liability</b>	<u>(2,666,452)</u>	<u>154,472</u>	<u>(3,314,746)</u>	<u>(475,411)</u>	<u>(2,683,892)</u>
<b>Total pension liability—beginning</b>	<u>17,797,055</u>	<u>17,642,583</u>	<u>20,957,329</u>	<u>21,432,740</u>	<u>24,116,632</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 15,130,603</u>	<u>\$ 17,797,055</u>	<u>\$ 17,642,583</u>	<u>\$ 20,957,329</u>	<u>\$ 21,432,740</u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 2,855,495	\$ 2,208,498	\$ 2,152,769	\$ 2,345,156	\$ 1,529,654
Contributions—member	-	-	-	-	-
Net investment income	308,539	351,460	252,368	116,370	295,093
Benefit payments, including refunds of member contributions	(918,100)	(1,053,418)	(1,170,685)	(1,306,840)	(1,340,440)
Administrative expense	(28,424)	(29,362)	(15,482)	(30,577)	(13,889)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>2,217,510</u>	<u>1,477,178</u>	<u>1,218,970</u>	<u>1,124,109</u>	<u>470,418</u>
<b>Plan fiduciary net position—beginning</b>	<u>17,740,227</u>	<u>16,263,049</u>	<u>15,044,079</u>	<u>13,919,970</u>	<u>13,449,552</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 19,957,737</u>	<u>\$ 17,740,227</u>	<u>\$ 16,263,049</u>	<u>\$ 15,044,079</u>	<u>\$ 13,919,970</u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u>\$ (4,827,134)</u>	<u>\$ 56,828</u>	<u>\$ 1,379,534</u>	<u>\$ 5,913,250</u>	<u>\$ 7,512,770</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	131.90%	99.68%	92.18%	71.78%	64.95%
<b>Covered payroll</b>	N/A	N/A	N/A	N/A	N/A
<b>Plan's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A

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

## Schedule of Changes in Net Pension Liability

### Related Ratios Police Pension as of

### Measurement Date 12/31/2023

	2024	2023	2022	2021	2020
<b>Total pension liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	141,211	119,355	37,901	74,812	114,653
Changes of benefit terms	-	-	2,303,551	-	-
Differences between expected and actual experience	(767,616)	1,048,454	1,344,110	(518,204)	(1,226,427)
Changes of assumptions	-	48,426	-	-	-
Benefit payments, including refunds of member contributions	(429,947)	(544,626)	(1,389,941)	(192,854)	(239,323)
<b>Net change in total pension liability</b>	<u>(1,056,352)</u>	<u>671,609</u>	<u>2,295,621</u>	<u>(636,246)</u>	<u>(1,351,097)</u>
<b>Total pension liability—beginning</b>	<u>4,920,423</u>	<u>4,248,814</u>	<u>1,953,193</u>	<u>2,589,439</u>	<u>3,940,536</u>
<b>Total pension liability—ending (a)</b>	<u><u>\$ 3,864,071</u></u>	<u><u>\$ 4,920,423</u></u>	<u><u>\$ 4,248,814</u></u>	<u><u>\$ 1,953,193</u></u>	<u><u>\$ 2,589,439</u></u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 382,734	\$ 708,099	\$ 588,451	\$ 446,243	\$ 729,515
Contributions—member	-	-	-	-	-
Net investment income	5,021	702	32	1,723	1,996
Benefit payments, including refunds of member contributions	(429,947)	(544,626)	(1,389,941)	(192,854)	(239,323)
Administrative expense	(38,920)	(36,840)	(37,932)	(37,167)	(42,081)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(81,112)</u>	<u>127,335</u>	<u>(839,390)</u>	<u>217,945</u>	<u>450,107</u>
<b>Plan fiduciary net position—beginning</b>	<u>1,005,696</u>	<u>878,361</u>	<u>1,717,751</u>	<u>1,499,806</u>	<u>1,049,699</u>
<b>Plan fiduciary net position—ending (b)</b>	<u><u>\$ 924,584</u></u>	<u><u>\$ 1,005,696</u></u>	<u><u>\$ 878,361</u></u>	<u><u>\$ 1,717,751</u></u>	<u><u>\$ 1,499,806</u></u>
<b>Plan's net pension liability—ending (a) – (b)</b>	<u><u>\$ 2,939,487</u></u>	<u><u>\$ 3,914,727</u></u>	<u><u>\$ 3,370,453</u></u>	<u><u>\$ 235,442</u></u>	<u><u>\$ 1,089,633</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	23.93%	20.44%	20.67%	87.95%	57.92%
<b>Covered payroll</b>	N/A	N/A	N/A	N/A	N/A
<b>Plan's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A

	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	176,118	222,541	276,832	288,058	341,929
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,936,001)	(1,349,629)	(1,525,979)	-	(1,233,517)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(337,880)	(501,605)	(618,629)	(705,257)	(1,100,056)
<b>Net change in total pension liability</b>	<b>(2,097,763)</b>	<b>(1,628,693)</b>	<b>(1,867,776)</b>	<b>(417,199)</b>	<b>(1,991,644)</b>
<b>Total pension liability—beginning</b>	<b>6,038,299</b>	<b>7,666,992</b>	<b>9,534,768</b>	<b>9,951,967</b>	<b>11,943,611</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 3,940,536</b>	<b>\$ 6,038,299</b>	<b>\$ 7,666,992</b>	<b>\$ 9,534,768</b>	<b>\$ 9,951,967</b>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 514,369	\$ 667,111	\$ 784,373	\$ 734,966	\$ 850,789
Contributions—member	-	-	-	-	-
Net investment income	345	104	-	-	-
Benefit payments, including refunds of member contributions	(337,880)	(501,605)	(618,629)	(705,257)	(1,100,056)
Administrative expense	(26,566)	(29,531)	(17,458)	(27,666)	(12,985)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>150,268</b>	<b>136,079</b>	<b>148,286</b>	<b>2,043</b>	<b>(262,252)</b>
<b>Plan fiduciary net position—beginning</b>	<b>899,431</b>	<b>763,352</b>	<b>615,066</b>	<b>613,023</b>	<b>875,275</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 1,049,699</b>	<b>\$ 899,431</b>	<b>\$ 763,352</b>	<b>\$ 615,066</b>	<b>\$ 613,023</b>
<b>Plan's net pension liability—ending (a) – (b)</b>	<b>\$ 2,890,837</b>	<b>\$ 5,138,868</b>	<b>\$ 6,903,640</b>	<b>\$ 8,919,702</b>	<b>\$ 9,338,944</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>26.64%</b>	<b>14.90%</b>	<b>9.96%</b>	<b>6.45%</b>	<b>6.16%</b>
<b>Covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's net pension liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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

**Schedule of City's Proportionate Share of the Net Pension Liability  
(Asset) as of Measurement Date 6/30/2024  
LEOFF 1 (in thousands)**

	2024	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	0.9091%	0.9129%	0.9134%	0.9289%	0.9423%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (25,854)	\$ (27,094)	\$ (26,203)	\$ (31,820)	\$ (17,795)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (174,878)	\$ (183,261)	\$ (177,236)	\$ (215,230)	\$ (120,365)
Total	\$ (200,732)	\$ (210,355)	\$ (203,439)	\$ (247,050)	\$ (138,160)
City's covered payroll (in thousands)	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	168.48%	175.99%	169.62%	187.45%	146.88%

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.9457%	0.9470%	0.9544%	0.9642%	0.9613%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (18,692)	\$ (17,192)	\$ (14,481)	\$ (9,935)	\$ (11,586)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (126,432)	\$ (116,288)	\$ (97,946)	\$ (67,197)	n/a
Total	\$ (145,125)	\$ (133,481)	\$ (112,426)	\$ (77,132)	\$ (11,586)
City's covered payroll (in thousands)	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	148.78%	144.42%	135.96%	123.74%	127.36%

**Schedule of City's Proportionate Share of the Net Pension Liability  
(Asset) as of Measurement Date 6/30/2024  
LEOFF 2 (in thousands)**

	2024	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	2.0975%	2.2934%	2.2393%	2.2337%	1.7228%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (39,280)	\$ (55,010)	\$ (60,857)	\$ (129,740)	\$ (35,144)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (25,491)	\$ (35,129)	\$ (39,422)	\$ (83,697)	\$ (22,472)
Total	\$ (64,771)	\$ (90,139)	\$ (100,279)	\$ (213,437)	\$ (57,615)
City's covered payroll (in thousands)	\$ 61,065	\$ 60,863	\$ 54,313	\$ 51,701	\$ 38,550
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-64.32%	-90.38%	-112.05%	-250.94%	-91.16%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	109.27%	113.17%	116.09%	142.00%	115.83%

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	2.0243%	2.0463%	2.0211%	2.0361%	2.0020%
City's proportionate share of the net pension liability (asset) (in thousands)	\$ (46,896)	\$ (41,545)	\$ (28,046)	\$ (11,842)	\$ (20,576)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (30,711)	\$ (26,900)	\$ (18,193)	\$ (7,720)	n/a
Total	\$ (77,607)	\$ (68,445)	\$ (46,239)	\$ (19,563)	\$ (20,576)
City's covered payroll (in thousands)	\$ 43,536	\$ 40,704	\$ 38,050	\$ 36,731	\$ 34,918
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-107.72%	-102.07%	-73.71%	-32.24%	-58.93%
Plan's fiduciary net position as a percentage of the total pension liability (asset)	119.43%	118.50%	113.36%	106.04%	111.67%

## Schedule of Employer Contributions

### SERS as of 12/31/2024

City's Proportionate Share	2024	2023	2022	2021	2020
Contractually required contributions	\$ 14,360,715	\$ 15,410,726	\$ 11,700,545	\$ 12,457,475	\$ 11,527,854
Contributions in relation to the ADC	15,870,598	13,446,610	11,863,726	11,519,708	10,659,281
Contribution deficiency (excess)	\$ (1,509,883)	\$ 1,964,116	\$ (163,181)	\$ 937,767	\$ 868,573

Covered payroll	144,278,164	131,186,439	115,743,668	115,197,080	109,325,959
Contributions as a percentage of covered payroll	11.00%	10.25%	10.25%	10.00%	9.75%

City's Proportionate Share (in thousands)	2019	2018	2017	2016	2015
Contractually required contributions	\$ 11,078,489	\$ 10,044,342	\$ 9,765,949	\$ 9,853,762	\$ 9,069,276
Contributions in relation to the ADC	9,824,717	9,187,420	8,113,319	7,586,362	7,398,945
Contribution deficiency (excess)	\$ 1,253,772	\$ 856,922	\$ 1,652,630	\$ 2,267,400	\$ 1,670,331

Covered payroll	106,213,157	102,082,444	98,343,261	91,955,903	89,684,182
Contributions as a percentage of covered payroll	9.25%	9.00%	8.25%	8.25%	8.25%

#### Notes to Schedule

Valuation date: December 31, 2024

Actuarially determined contribution rates are calculated as of December 31, of the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	In accordance with the following table based on service:

Years of Service	Annual Increase
<1	10.0%
1	9.0%
2	8.0%
3	7.0%
4	6.0%
5	5.0%
6	4.0%
7-11	3.5%
12-18	3.0%
19+	2.5%

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

Investment rate of return	7.5%, net of pension plan investment expense
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Retirement age	In accordance with the following table based on age:						
	<table> <tr> <th>Age</th><th>Retirement Probability</th></tr> <tr> <td>&lt;50</td><td>0.0%</td></tr> <tr> <td>50</td><td>10.0%</td></tr> </table>	Age	Retirement Probability	<50	0.0%	50	10.0%
Age	Retirement Probability						
<50	0.0%						
50	10.0%						

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



## Schedule of Employer Contributions Firefighters' Pension as of 12/31/2024

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 335,183	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	1,750,231	1,202,473	1,058,852	1,479,700	538,208
Contribution deficiency (excess)	\$ (1,415,048)	\$ (1,202,473)	\$ (1,058,852)	\$ (1,479,700)	\$ (538,208)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ -	\$ 3,819	\$ 98,333	\$ 519,891	\$ 519,891
Contributions in relation to the actuarially determined contribution	1,661,882	2,885,495	2,208,498	2,152,769	2,345,156
Contribution deficiency (excess)	\$ (1,661,882)	\$ (2,881,676)	\$ (2,110,165)	\$ (1,632,878)	\$ (1,825,265)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Years 2015-2023 were restated in 2024. Prior year actuarial reports presented contributions net of expenses.

### Notes to Schedule

Valuation date:	December 31, 2024
Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 2007
Remaining amortization period	13 years
Asset valuation method	Fair Market Value
Investment Rate of Return	3.0%
Projected Salary Increases	N/A
Inflation	2.5%
Cost-of-Living Adjustments	Based on 3.5% increase assumption when appropriate, for FPF benefits. Based upon inflation assumption for some FPF benefits and all LEOFF benefits.
Service Retirement	None assumed since there are no longer any active participants.
Disability Rates	None assumed since there are no longer any active participants.

Mortality Table – Service Retirees	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Disabled Retirees	Pub-2010 Table for General Disabled Employees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Spouses	Pub-2010 Table for General Contingent Survivors with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Other Terminations of Employment	None
Family Composition	Marital status of retirees has been supplied by the City. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.
Vesting	Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. For the purposes of the valuation, it is assumed that no such forfeitures will occur.

## Schedule of Employer Contributions

### Police Pension as of 12/31/2024

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 276,398	\$ 327,923	\$ 268,324	\$ 17,883	\$ 79,226
Contributions in relation to the actuarially determined contribution	451,405	382,734	708,099	588,451	446,243
Contribution deficiency (excess)	\$ (175,007)	\$ (54,811)	\$ (439,775)	\$ (570,568)	\$ (367,017)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 201,820	\$ 345,413	\$ 447,851	\$ 585,998	\$ 585,998
Contributions in relation to the actuarially determined contribution	729,515	514,369	667,111	784,373	734,966
Contribution deficiency (excess)	\$ (527,695)	\$ (168,956)	\$ (219,260)	\$ (198,375)	\$ (148,968)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Years 2015-2023 were restated in 2024. Prior year actuarial reports presented contributions net of expenses.

#### Notes to Schedule

Valuation date:	December 31, 2024
Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 2007
Remaining amortization period	13 years
Asset valuation method	Fair Market Value
Records and Data	Census data as well as financial information used for this valuation was received from the City and reviewed for reasonableness only. We have not performed a formal audit of the data used for this valuation.
Investment Rate of Return	3.0%
Projected Salary Increases	N/A
Inflation	2.5%
Cost-of-Living Adjustments	Based on 3.5% increase assumption when appropriate, for PPF benefits. Based upon inflation assumption for some PPF benefits and all LEOFF benefits.

Service Retirement	None assumed since there are no longer any active participants.
Disability Rates	None assumed since there are no longer any active participants.
Mortality Table – Service Retirees	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Disabled Retirees	Pub-2010 Table for General Disabled Employees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Mortality Table – Spouses	Pub-2010 Table for General Contingent Survivors with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Other Terminations of Employment	None
Family Composition	Marital status of retirees has been supplied by the City. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.
Vesting	Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. For the purposes of the valuation, it is assumed that no such forfeitures will occur.

## Schedule of Employer Contributions

### LEOFF 2 as of 12/31/2024

City's Proportionate Share (in thousands)	2024	2023	2022	2021	2020
Contractually required contributions	\$ 5,209	\$ 5,192	\$ 4,633	\$ 4,441	\$ 3,311
Actuarially Determined contribution (ADC)	6,088	5,666	4,171	4,441	3,311
Contributions in relation to the ADC	5,202	5,191	4,659	4,459	3,344
Contribution deficiency (excess)	\$ 887	\$ 475	\$ (488)	\$ (18)	\$ (32)
<sup>1</sup> Covered payroll	61,065	60,863	54,313	51,701	38,550
Contributions as a percentage of covered payroll	8.52%	8.53%	8.58%	8.62%	8.67%

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

City's Proportionate Share (in thousands)	2019	2018	2017	2016	2015
Contractually required contributions	\$ 3,809	\$ 3,562	\$ 3,200	\$ -	\$ -
Actuarially Determined contribution (ADC)	3,452	3,207	3,033	3,089	2,951
Contributions in relation to the ADC	3,823	3,572	3,195	3,103	2,952
Contribution deficiency (excess)	\$ (370)	\$ (365)	\$ (162)	\$ (14)	\$ (1)
Covered payroll	43,536	40,704	38,049	36,731	34,918
Contributions as a percentage of covered payroll	8.78%	8.78%	8.40%	8.45%	8.45%

## Schedule of Investment Returns as of 12/31/2024

### Spokane Employee Retirement System (SERS)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	10.00%	14.10%	-13.50%	13.67%	11.50%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	18.40%	-6.30%	15.40%	6.71%	-0.94%

### Fire

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	3.02%	5.66%	-8.30%	-1.06%	9.33%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	5.99%	1.71%	2.17%	1.90%	1.01%

### Police

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.01%	0.01%	0.18%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.14%	2.07%	0.90%	0.00%	0.00%

## Other Postemployment Benefits

### Schedule of Changes in the City's Firefighters' Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2023

	2024	2023	2022	2021
<b>Total Firefighters' OPEB liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	1,316,409	989,579	1,174,999	1,397,698
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	1,189,139	958,901	250,383	(2,419,020)
Changes of assumptions	2,132,733	(3,035,462)	1,549,723	(177,104)
Benefit payments, including refunds of member contributions	(3,332,362)	(3,547,274)	(3,658,318)	(4,085,924)
<b>Net change in total opeb liability</b>	1,305,919	(4,634,256)	(683,213)	(5,284,350)
<b>Total opeb liability—beginning</b>	38,031,091	42,665,347	43,348,560	48,632,910
<b>Total opeb liability—ending (a)</b>	<u>\$ 39,337,010</u>	<u>\$ 38,031,091</u>	<u>\$ 42,665,347</u>	<u>\$ 43,348,560</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,843,522	\$ 2,582,161	\$ 2,500,831	\$ 2,804,989
Contributions—member	-	-	-	-
Net investment income	416,348	(834,050)	(147,590)	1,053,840
Benefit payments, including refunds of member contributions	(3,332,362)	(3,547,274)	(3,658,318)	(4,085,924)
Administrative expense	(214,740)	(228,258)	(230,714)	(243,536)
Other	17,313,785	-	-	-
<b>Net change in plan fiduciary net position</b>	17,026,553	(2,027,421)	(1,535,791)	(470,631)
<b>Plan fiduciary net position—beginning</b>	8,521,477	10,548,898	12,084,689	12,555,320
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 25,548,030</u>	<u>\$ 8,521,477</u>	<u>\$ 10,548,898</u>	<u>\$ 12,084,689</u>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<u>\$ 13,788,980</u>	<u>\$ 29,509,614</u>	<u>\$ 32,116,449</u>	<u>\$ 31,263,871</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	64.95%	22.41%	24.72%	27.88%
<b>Covered payroll</b>	N/A	N/A	N/A	N/A
<b>Plan's net opeb liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A

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

	2020	2019	2018	2017
<b>Total Firefighters' OPEB liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ 4,364
Interest	1,449,183	1,445,054	1,659,545	1,721,361
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	511,480	2,112,772	5,303,077	(889,509)
Changes of assumptions	165,821	-	(10,984,642)	-
Benefit payments, including refunds of member contributions	(3,599,371)	(3,240,950)	(3,014,467)	(2,770,305)
<b>Net change in total opeb liability</b>	<b>(1,472,887)</b>	<b>316,876</b>	<b>(7,036,487)</b>	<b>(1,934,089)</b>
<b>Total opeb liability—beginning</b>	<b>50,105,797</b>	<b>49,788,921</b>	<b>56,825,408</b>	<b>58,759,497</b>
<b>Total opeb liability—ending (a)</b>	<b>\$ 48,632,910</b>	<b>\$ 50,105,797</b>	<b>\$ 49,788,921</b>	<b>\$ 56,825,408</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,695,985	\$ 2,511,285	\$ 2,880,818	\$ 2,777,670
Contributions—member	-	-	-	-
Net investment income	704,582	207,254	279,438	221,113
Benefit payments, including refunds of member contributions	(3,599,371)	(3,240,950)	(3,014,467)	(2,770,305)
Administrative expense	(272,417)	(268,822)	(294,117)	(276,975)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(471,221)</b>	<b>(791,233)</b>	<b>(148,328)</b>	<b>(48,497)</b>
<b>Plan fiduciary net position—beginning</b>	<b>13,026,541</b>	<b>13,817,774</b>	<b>13,966,102</b>	<b>14,014,599</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 12,555,320</b>	<b>\$ 13,026,541</b>	<b>\$ 13,817,774</b>	<b>\$ 13,966,102</b>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<b>\$ 36,077,590</b>	<b>\$ 37,079,256</b>	<b>\$ 35,971,147</b>	<b>\$ 42,859,306</b>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	<b>25.82%</b>	<b>26.00%</b>	<b>27.75%</b>	<b>24.58%</b>
<b>Covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's net opeb liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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

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



## Schedule of Changes in the City's Police Retirement Net OPEB Liability and Related Ratios as of measurement date 12/31/2023

	2024	2023	2022	2021
<b>Total Police OPEB liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	1,570,129	913,946	1,002,017	1,391,352
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	196,058	(1,695,672)	(94,127)	(2,334,239)
Changes of assumptions	1,264,115	(7,716,068)	1,006,739	2,564,100
Benefit payments, including refunds of member contributions	(2,253,287)	(2,555,891)	(2,133,088)	(2,096,912)
<b>Net change in total opeb liability</b>	777,015	(11,053,685)	(218,459)	(475,699)
<b>Total opeb liability—beginning</b>	39,895,250	50,948,935	51,167,394	51,643,093
<b>Total opeb liability—ending (a)</b>	<u>\$ 40,672,265</u>	<u>\$ 39,895,250</u>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,436,119	\$ 2,753,445	\$ 2,330,329	\$ 2,301,681
Contributions—member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(2,253,287)	(2,555,891)	(2,133,088)	(2,096,912)
Administrative expense	(182,832)	(197,554)	(197,241)	(204,769)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-	-
<b>Plan fiduciary net position—beginning</b>	-	-	-	-
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<u>\$ 40,672,265</u>	<u>\$ 39,895,250</u>	<u>\$ 50,948,935</u>	<u>\$ 51,167,394</u>
 <b>Plan fiduciary net position as a percentage of the total opeb liability</b>	 0.00%	 0.00%	 0.00%	 0.00%
 <b>Covered payroll</b>	 \$ -	 \$ -	 \$ -	 \$ -
 <b>Plan's net opeb liability as a percentage of covered payroll</b>	 N/A	 N/A	 N/A	 N/A

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

	2020	2019	2018	2017
<b>Total Police OPEB liability</b>				
Service cost	\$ -	\$ -	\$ 2,352	\$ 5,875
Interest	1,804,042	1,595,089	1,939,973	1,999,833
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,035,511)	2,499,285	3,104,252	(3,649,221)
Changes of assumptions	4,005,879	(2,479,445)	(5,212,240)	(1,384,401)
Benefit payments, including refunds of member contributions	(2,478,236)	(2,695,330)	(2,274,588)	(2,473,394)
<b>Net change in total opeb liability</b>	<u>2,296,174</u>	<u>(1,080,401)</u>	<u>(2,440,251)</u>	<u>(5,501,308)</u>
<b>Total opeb liability—beginning</b>	<u>49,346,919</u>	<u>50,427,320</u>	<u>52,867,571</u>	<u>58,368,879</u>
<b>Total opeb liability—ending (a)</b>	<u>\$ 51,643,093</u>	<u>\$ 49,346,919</u>	<u>\$ 50,427,320</u>	<u>\$ 52,867,571</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,706,416	\$ 2,917,954	\$ 2,518,563	\$ 2,703,355
Contributions—member	-	-	-	-
Net investment income	-	344	104	-
Benefit payments, including refunds of member contributions	(2,478,236)	(2,695,330)	(2,274,588)	(2,473,394)
Administrative expense	(228,180)	(222,968)	(244,079)	(229,961)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's net opeb liability—ending (a) – (b)</b>	<u>\$ 51,643,093</u>	<u>\$ 49,346,919</u>	<u>\$ 50,427,320</u>	<u>\$ 52,867,571</u>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	0.00%	0.00%	0.00%	0.00%
<b>Covered payroll</b>	\$ -	\$ -	\$ -	\$ -
<b>Plan's net opeb liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A

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

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

## Schedule of Changes in the City's Retiree Medical Plan 2

### Total OPEB Liability and Related Ratios not held in trust

### as of measurement date 12/31/2023

	2024	2023	2022	2021
<b>Total Retiree Medical Plan 2 OPEB liability</b>				
Service cost	\$ 490,486	\$ 741,210	\$ 659,691	\$ 625,753
Interest	360,689	192,065	191,304	278,020
Changes of benefit terms	(27,581)	-	-	-
Differences between expected and actual experience	(382,738)	(79,936)	215,239	(1,257,698)
Change in plan provisions	-	-	(127,901)	-
Changes of assumptions	1,242,690	(2,177,700)	731,021	128,235
Benefit payments, including refunds of member contributions	(413,283)	(352,281)	(329,597)	(376,192)
<b>Net change in total opeb liability</b>	<b>1,270,263</b>	<b>(1,676,642)</b>	<b>1,339,757</b>	<b>(601,882)</b>
<b>Total opeb liability—beginning</b>	<b>8,733,405</b>	<b>10,410,047</b>	<b>9,070,290</b>	<b>9,672,172</b>
<b>Total opeb liability—ending</b>	<b>\$ 10,003,668</b>	<b>\$ 8,733,405</b>	<b>\$ 10,410,047</b>	<b>\$ 9,070,290</b>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 132,730,852</b>	<b>\$ 127,147,629</b>	<b>\$ 120,434,006</b>	<b>\$ 109,025,841</b>
<b>Plan's total opeb liability as a percentage of covered-employee payroll</b>	<b>7.54%</b>	<b>6.87%</b>	<b>8.64%</b>	<b>8.32%</b>
	2020	2019	2018	2017
<b>Total Retiree Medical Plan 2 OPEB liability</b>				
Service cost	\$ 580,385	\$ 715,217	\$ 518,369	\$ 512,615
Interest	345,763	336,643	301,836	275,198
Changes of benefit terms	-	-	1,306,207	-
Differences between expected and actual experience	(495,648)	(787,540)	(182,268)	(172,229)
Change in plan provisions	-	-	-	-
Changes of assumptions	714,537	(1,007,464)	446,102	(181,786)
Benefit payments, including refunds of member contributions	(225,670)	(294,117)	(261,542)	(245,206)
<b>Net change in total opeb liability</b>	<b>919,367</b>	<b>(1,037,261)</b>	<b>2,128,704</b>	<b>188,592</b>
<b>Total opeb liability—beginning</b>	<b>8,752,805</b>	<b>9,790,066</b>	<b>7,661,362</b>	<b>7,472,770</b>
<b>Total opeb liability—ending</b>	<b>\$ 9,672,172</b>	<b>\$ 8,752,805</b>	<b>\$ 9,790,066</b>	<b>\$ 7,661,362</b>
<b>Plan fiduciary net position as a percentage of the total opeb liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 106,596,042</b>	<b>\$ 108,873,263</b>	<b>\$ 79,229,367</b>	<b>\$ 78,014,109</b>
<b>Plan's total opeb liability as a percentage of covered-employee payroll</b>	<b>9.07%</b>	<b>8.04%</b>	<b>12.36%</b>	<b>9.82%</b>
This table will be built prospectively until it contains 10 years of data				

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

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2025	4.25%
2024	3.75%
2023	4.00%
2022	1.75%
2021	2.00%
2020	2.75%

2019	3.75%
2018	3.25%
2017	3.75%

**Other Postemployment Benefit  
Schedule of Employer Contributions  
Firefighters' Pension (in thousands) as of 12/31/2024**

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,351	\$ 2,844	\$ 2,582	\$ 2,501	\$ 2,805
Contribution in Relation to the Actuarially Determined Contribution	1,857	2,844	2,582	2,501	2,805
Contribution Deficiency (Excess)	(506)	-	-	-	-
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,696	\$ 2,511	\$ 2,881	\$ 2,778	\$ 2,778
Contribution in Relation to the Actuarially Determined Contribution	2,696	2,511	2,881	2,778	2,778
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Valuation Date: January 1, 2024

Actuarially determined contribution is determined for the plan year that ends in the fiscal year.

Methods and assumptions used to determine the contribution

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method	Market value of assets
Rate of inflation	2.50% per year
Salary increase	None assumed
Investment rate of return	3.00% per year for current valuation
Discount rate	3.00% per year for current valuation
Mortality table	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.

**Other Postemployment Benefits**  
**Schedule of Employer Contributions**  
**Police Pension (in thousands) as of 12/31/2024**

	2024	2023	2022	2021	2020
Actuarial determined contribution	\$ 4,072	\$ 3,860	\$ 3,840	\$ 3,703	\$ 3,888
Contribution in Relation to the Actuarially Determined Contribution	2,359	2,436	2,753	2,330	2,302
Contribution Deficiency (Excess)	1,713	1,424	1,087	1,373	1,587
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 3,864	\$ 3,616	\$ 3,763	\$ 3,944	\$ 3,944
Contribution in Relation to the Actuarially Determined Contribution	2,706	2,918	2,518	2,703	2,733
Contribution Deficiency (Excess)	1,157	698	1,245	1,241	1,211
Covered Payroll	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Valuation Date: January 1, 2024

Actuarially determined contribution is determined for the plan year that ends in the fiscal year.

Methods and assumptions used to determine the contribution:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method	Market value of assets
Rate of inflation	2.5% per year
Salary increase	None assumed
Investment rate of return	None assumed since no plan assets
Discount rate	3.00% per year for current valuation
Mortality table	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.
Retirement age	None since there are no longer any active participants

**Schedule of Investment Returns for OPEB held in trust  
as of 12/31/2024**

**Fire OPEB**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	3.02%	5.66%	-8.30%	-1.06%	9.33%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	5.99%	1.71%	2.17%	1.90%	1.01%

**Police OPEB**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	0.01%	0.01%	0.01%	0.01%	0.18%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Annual money-weighted rate of return, net of investment expense</u>	2.14%	2.07%	0.90%	0.00%	0.00%

## Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2024

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for the three pension plans. These reports may be obtained by writing to the Spokane Employees' Retirement System, City Hall, 808 West Spokane Falls Blvd, Spokane, Washington, 99201 or by calling (509) 625-6330.



City of Spokane  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed Through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
USDA Forest Service (via Washington State Department of Natural Resources)	Infrastructure Investment and Jobs Act Community Wildfire Defense	10.720	24-DG-1106275-045	34,266.78		34,266.78		6
USDA Forest Service	Inflation Reduction Act Urban & Community Forestry Program	10.727	24-DG-11062765-157		144,162.45	144,162.45		
<b>CDBG-Entitlement Grant Cluster</b>								
U.S. Department of Housing and Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-53-0006 B-23-MC-53-0006 B-22-MC-53-0006 B-21-MC-53-0006 B-20-MC-53-0006 Program Income		3,559,212.74	3,559,212.74	2,638,677.15	2
			Subtotal		878,910.55	878,910.55	656,801.91	2.3
					4,438,123.29	4,438,123.29	3,295,479.06	
					<b>4,438,123.29</b>	<b>4,438,123.29</b>	<b>3,295,479.06</b>	
	<b>Total from CDBG-Entitlement Grant Cluster</b>			-				
U.S. Department of Housing and Urban Development	Emergency Solutions Grant Program	14.231	E-22-MC-53-0006 E-23-MC-53-0006 E-24-MC-53-0006		269,820.70	269,820.70	235,710.62	2.6
U.S. Department of Housing and Urban Development	"Covid-19" Home Investment Partnerships Program	14.239	M21-MP530201		79,156.50	79,156.50	12,597.54	2
U.S. Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M17-MC5320201 M18-MC5320201 M19-MC5320201 M20-MC5320201 M21-MC5320201 M22-MC5320201 M23-MC5320201 M24-MC5320201 Program Income		438,159.21	438,159.21	362,354.44	2
			Subtotal		746,264.14	746,264.14	722,698.06	2.3
					1,184,423.35	1,184,423.35	1,085,052.50	
					<b>1,263,579.85</b>	<b>1,263,579.85</b>	<b>1,097,650.04</b>	
	<b>Total ALN 14.239</b>			-				
U.S. Department of Housing and Urban Development	Continuum of Care Program	14.267	WA9008U0T022300 WA9999U0T022304 WA9999U0T022303 WA9998U0T022301 Program Income		2,764,761.77	2,764,761.77	2,134,675.49	2.6
			Subtotal		69,484.37	69,484.37	69,484.37	2.6
					2,834,246.14	2,834,246.14	2,204,159.86	
U.S. Department of Housing and Urban Development	Youth Homelessness Demonstration Program	14.276	WA525Y0T021900 WA526Y0T021900 WA527Y0T021900 WA528Y0T021900 WA529Y0T021900		946,236.72	946,236.72	920,834.37	2
U.S. Department of the Interior (via Washington State Department of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY24-CLG-Spokane	7,536.76		7,536.76		6
U.S. Department of the Interior (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	P23AP00201	139,176.97		139,176.97		6
U.S. Department of Justice (via Spokane County)	Violence Against Women Formula Grants	16.588	F23-31103-045	11,702.79		11,702.79		
U.S. Department of Justice	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	15JOVW-21-GK-04705-HOMI		177,426.06	177,426.06		
U.S. Department of Justice (via YWCA)	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	15JOVW-22-GG-01844-ICJR	81,047.49		81,047.49		
			<b>Total ALN 16.590</b>	<b>81,047.49</b>	<b>177,426.06</b>	<b>258,473.55</b>	-	
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01968-JAGX		29,794.43	29,794.43		
U.S. Department of Justice	Congressionally Recommended Awards	16.753	15PBJA-23-GG-00165-BRND		368,248.07	368,248.07		

U.S. Department of Justice	Equitable Sharing Program	16.922	WA0320400	52,765.66	52,765.66		
U.S. Department of Transportation (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-9932(064) LA-9658 TAP-HLP-3851(005) LA-10260 STBGUL-0195(072) LA-10582 STBGUL-3850(008) LA-10975 CM-9932(065) LA-9659 HSIP-0002(869) LA-10158 CDS-NHFP-3936(005) LA-10558 STPUL-3856(002) LA-10333 BHM-3881(012) LA-10298 BHM-9932(074) LA-10299 NHPP-NHFP-9932(076) LA-10402 NHPP-9932(077) LA-10403 STPUL-3965(002) LA-10329 STPUL-9932(075) LA-10332 TAPUL-1220(042) LA-10646 BHOS-1220(041) LA-10581 HSIP-0005(863) LA-10602 CRPUL-1220(043) LA-10647 TAPUL-1220(044) LA-10649 CRPUL-1220(045) LA-10650 SRTS-3820(002) LA-10766 BHM-9932(079) LA-10951 STBGUL-3936(006) LA-10826 NHPP-9932(080) LA-10993 NHPP-9932(082) LA-11068 STBGUL-3756(006) LA-11038 STBGUL-9932(081) LA-11040	18,070,333.94	18,070,333.94		6
<b>Federal Transit Cluster</b>							
Federal Transit Administration (via Spokane Transit Authority)	Federal Transit Capital Investment Grants	20.500	1733-2023-1	106,137.11	106,137.11		6
	<b>Total from Federal Transit Cluster</b>			<b>106,137.11</b>	<b>-</b>	<b>106,137.11</b>	
<b>Highway Safety Cluster</b>							
U.S. Department of Transportation (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2024-FG-5009 2024-HVE-5126-Region 16 Target Zero Task Force 1620-91822 WASPC Traffic Equipment FY24 2025-Sub-grants-5494-Region 16 Law Enforcement Liaison 2025-HVE-5443-Region 16 Target Zero Task Force 2024-Sub-grants 5196-Region 16 Law Enforcement Liaison 2024-HVE-5126-Region 16 Target Zero Task Force	91,096.74	91,096.74		
U.S. Department of Transportation (via Washington Association of Police Chiefs)	State and Community Highway Safety	20.600	1620-FY24 WASPC Traffic Equip	6,000.00	6,000.00		
	<b>Total ALN 20.600</b>			<b>97,096.74</b>	<b>-</b>	<b>97,096.74</b>	<b>-</b>
U.S. Department of Transportation (via Washington Traffic Safety Commission)	National Priority Safety Program	20.616	2025-FG-5348 2025-FG5384-Spokane Police Department Outreach and Training Program	49,459.20	49,459.20		
U.S. Department of Transportation (via Bonnie Lake PD)	National Priority Safety Program	20.616	2022-AG-4335-Washington Child Passenger Safety	4,909.34	4,909.34		
	<b>Total ALN 20.616</b>			<b>54,368.54</b>	<b>-</b>	<b>54,368.54</b>	<b>-</b>
	<b>Total from Highway Safety Cluster</b>			<b>151,465.28</b>	<b>-</b>	<b>151,465.28</b>	<b>-</b>
US Department of Transportation	Safe Streets and Roads for All	20.939	693JJ32440534	2,701.41	2,701.41		2.6
U.S. Department of the Treasury	"Covid-19" Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-0533	22,281,200.08	22,281,200.08	5,187,660.62	2
U.S. Department of the Treasury (via Washington State Department of Commerce)	"Covid-19" Coronavirus State and Local Fiscal Recovery Funds	21.027	22-96515-001 22-96720-106	372,732.14 680,641.00	- -	372,732.14 680,641.00	680,641.00
	<b>Total - ALN 21.027</b>			<b>1,053,373.14</b>	<b>-</b>	<b>1,053,373.14</b>	<b>680,641.00</b>
			Subtotal	<b>1,053,373.14</b>	<b>22,281,200.08</b>	<b>23,334,573.22</b>	<b>5,868,301.62</b>
U.S. Environmental Protection Agency (via Gonzaga University)	Wildfire Smoke Preparedness in Community Buildings Grant Program	66.044	GU-24-09	388,863.34	388,863.34		
U.S. Environmental Protection Agency	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	02J19201	117,789.19	117,789.19		

Department of Homeland Security	National Fire Academy Training Assistance	97.018	Travel/Training		2,715.54	2,715.54		4
Department of Homeland Security (via Washington State Military Department)	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	063-67000-00	1,596,118.34		1,596,118.34		6
Department of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2021-FP-00240		21,811.58	21,811.58		6
Department of Homeland Security (via Idaho Office of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2021-SS-00070 EMW-2022-SS-00109	6,723.40 543.22		6,723.40 543.22		
			Subtotal	7,266.62	-	7,266.62	-	
Department of Homeland Security (via Spokane County Department of Emergency Management)	Homeland Security Grant Program	97.067	E23-093	125,713.71		125,713.71		5
			<b>Total - ALN 97.067</b>	<b>132,980.33</b>	<b>-</b>	<b>132,980.33</b>	<b>-</b>	
Department of Homeland Security (via Washington Military Department)	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2022-CY-00017 EMW-2023-CY-00042	76,798.91 138,844.97		76,798.91 138,844.97	- -	
			Subtotal	215,643.88	-	215,643.88	-	
	<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b>21,988,646.15</b>	<b>32,950,621.17</b>	<b>54,939,267.32</b>	<b>13,622,135.57</b>	

The accompanying notes are an integral part of this schedule.

City of Spokane, Washington

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

**Note 1 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting for all governmental funds. The accrual basis of accounting is used for all proprietary, non-expendable trust and pension trust funds.

**Note 2 – Federal Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The amount expended includes amounts claimed as an indirect cost recovery using an indirect cost rate of up to 117.57%, depending on the allowable maximum amount per the grant and the department charging the grant.

**Note 3 – Revolving Loan – Program Income**

The City has a revolving loan program for low-income housing renovation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$521,929 and is presented in this schedule. The amount of principal received in loan repayments for the year was \$1,120,691.50.

<b>Program</b>	<b>Balance 1/1/2024</b>	<b>Loans Disbursed</b>	<b>Payments Received</b>	<b>Forgiveness, Write-offs, &amp; Adjustments</b>	<b>Balance 12/31/2024</b>
CDBG	\$11,748,260.55	\$388,287.00	(\$966,024.75)	(\$913,240.87)	<b>\$10,257,281.93</b>
HOME	\$18,519,679.97	\$133,642.00	(\$144,708.06)	(\$40,660.77)	<b>\$18,467,953.14</b>
Lead Safe Spokane	\$644,473.17	\$0.00	(\$4,612.73)	(\$6,675.56)	<b>\$633,184.88</b>
Housing Assistance/ Neighborhood Stabilization	\$5,415,116.28	\$0.00	(\$5,345.96)	\$0.00	<b>\$5,409,770.32</b>
<b>Total</b>	<b>\$36,327,529.97</b>	<b>\$521,929.00</b>	<b>(\$1,120,691.50)</b>	<b>(\$960,577.20)</b>	<b>\$34,768,190.27</b>

**Note 4 – Noncash Awards –Travel**

The City received airfare costs to attend "National Fire Academy in Emmitsburg, MD" from FEMA. The amount reported on the SEFA is the value of the federally paid portion of the travel costs.

**Note 5 – Noncash Awards – Equipment**

The city received equipment that was purchased with federal Department of Homeland Security funds by Spokane County Department of Emergency Management. The amount reported on the Schedule, \$125,713.71, is the value of the property on the date it was received by the City and priced by the Spokane County Department of Emergency Management.

Note 6 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**City of Spokane, Washington**  
**Schedule for General Fund Accounts**  
**Balance Sheet**  
**December 31, 2024**

	General Fund	Code Enforcement	Library	Housing Trust Grant
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,195,714	\$ 178,171	\$ 114,667	\$ 404
Equity in pooled investments	3,210,693	284,596	4,848,248	178,816
Taxes receivable	17,502,877	570,932	-	-
Accounts receivable	875,241	29,987	19,356	3,500
Interest receivable	64,968	-	2,631	96
Due from other funds	12,484,608	152,337	11,864	-
Interfund loan receivable	9,500,249	-	409,619	15,575
Lease receivable	12,973,979	-	-	-
Lease interest receivable	1,271	-	-	-
Due from other governments	1,056,860	13,526	61,705	-
Advances to other funds	285,833	-	508,288	19,327
Prepays	5,924	-	-	-
Notes/contract receivable (non-current)	-	-	-	698
<b>Total Assets</b>	<b>59,158,217</b>	<b>1,229,549</b>	<b>5,976,378</b>	<b>218,416</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts/vouchers payable	3,147,235	10,283	139,593	-
Due to other funds	2,751,942	536,772	6,691	-
Due to other governments	3,328	-	-	-
Accrued payroll liabilities	2,951,112	61,343	242,791	-
Other current liabilities	1,387,512	-	2,916	-
<b>Total Liabilities</b>	<b>10,241,129</b>	<b>608,398</b>	<b>391,991</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue Property Taxes	1,736,984	-	-	-
Lease Related	12,176,702	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>13,913,686</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE:</b>				
Nonspendable	291,757	-	508,288	19,327
Restricted - grants	-	-	-	199,089
Assigned	32,283,467	621,151	5,076,099	-
Unassigned	2,428,178	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>35,003,402</b>	<b>621,151</b>	<b>5,584,387</b>	<b>218,416</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 59,158,217</b>	<b>\$ 1,229,549</b>	<b>\$ 5,976,378</b>	<b>\$ 218,416</b>

**City of Spokane, Washington**  
**Schedule for General Fund Accounts**  
**Balance Sheet**  
**December 31, 2024**  
**(Continued)**

	<b>Emergency Medical Services</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 591,943	\$ -	\$ 2,080,899
Equity in pooled investments	944,407	-	9,466,760
Taxes receivable	1,006,489	-	19,080,298
Accounts receivable	426,398	-	1,354,482
Interest receivable	(41)	-	67,654
Due from other funds	444,414	(3,463,702)	9,629,521
Interfund loan receivable	-	-	9,925,443
Lease receivable	-	-	12,973,979
Lease interest receivable	-	-	1,271
Due from other governments	142,844	-	1,274,935
Advances to other funds	-	-	813,448
Prepays	-	-	5,924
Notes/contract receivable (non-current)	-	-	698
<b>Total Assets</b>	<u>3,556,454</u>	<u>(3,463,702)</u>	<u>66,675,312</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts/vouchers payable	751,302	-	4,048,413
Due to other funds	3,109,492	(3,463,702)	2,941,195
Due to other governments	-	-	3,328
Accrued payroll liabilities	1,693,087	-	4,948,333
Other current liabilities	10,627	-	1,401,055
<b>Total Liabilities</b>	<u>5,564,508</u>	<u>(3,463,702)</u>	<u>13,342,324</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue Property Taxes	420,124	-	2,157,108
Lease Related	-	-	12,176,702
<b>Total Deferred Inflows of Resources</b>	<u>420,124</u>	<u>-</u>	<u>14,333,810</u>
<b>FUND BALANCE:</b>			
Nonspendable	-	-	819,372
Restricted - grants	-	-	199,089
Assigned	-	-	37,980,717
Unassigned	(2,428,178)	-	-
<b>Total Fund Balance (Deficit)</b>	<u>(2,428,178)</u>	<u>-</u>	<u>38,999,178</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 3,556,454</u>	<u>\$ (3,463,702)</u>	<u>\$ 66,675,312</u>

City of Spokane, Washington  
Schedule of General Fund Accounts  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2024  
(Continued)

	General Fund	Code Enforcement	Library	Housing Trust Grant
<b>REVENUES</b>				
Taxes	\$ 194,135,165	\$ -	\$ 2,450,826	\$ -
Licenses and permits	7,323,247	286,230	-	-
Intergovernmental	4,307,607	29,087	45,317	-
Charges for services	24,281,293	2,349,297	46,927	-
Fines and forfeitures	1,277,768	-	23,102	-
Miscellaneous	7,274,039	179,015	546,507	8,900
Net inc(dec) in market value of investments	394,851	-	(30,086)	(1,685)
<b>Total Revenues</b>	<b>238,993,970</b>	<b>2,843,629</b>	<b>3,082,593</b>	<b>7,215</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	42,483,361	-	-	-
Public safety	92,937,751	3,469,222	-	-
Transportation	7,572,280	-	-	-
Economic environment	8,112,103	-	-	-
Social services	2,855,313	-	-	-
Culture and recreation	1,110,842	-	12,344,395	-
<b>Capital outlays</b>	<b>222,033</b>	<b>-</b>	<b>1,626,381</b>	<b>-</b>
<b>Debt service:</b>				
Principal	205,531	13,796	616	-
Interest	53,155	520	6	-
<b>Total Expenditures</b>	<b>155,552,369</b>	<b>3,483,538</b>	<b>13,971,398</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>83,441,601</b>	<b>(639,909)</b>	<b>(10,888,805)</b>	<b>7,215</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	(12,304)	-	60	-
Subscription proceeds	-	-	-	-
Transfers in	10,773,885	855,645	9,754,899	-
Transfers out	(93,441,339)	(21,877)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(82,679,758)</b>	<b>833,768</b>	<b>9,754,959</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>761,843</b>	<b>193,859</b>	<b>(1,133,846)</b>	<b>7,215</b>
<b>Fund Balance - beginning of year, as previously presented</b>				
Restatement	25,081,367	(133,996)	7,201,665	219,569
	9,160,192	561,288	(483,432)	(8,368)
<b>Fund Balance - beginning of year, as restated</b>				
	34,241,559	427,292	6,718,233	211,201
<b>Fund Balance - ending</b>	<b>\$ 35,003,402</b>	<b>\$ 621,151</b>	<b>\$ 5,584,387</b>	<b>\$ 218,416</b>



City of Spokane, Washington  
Schedule of General Fund Accounts  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2024  
(Continued)

	Emergency Medical Services	Eliminations	Total
<b>REVENUES</b>			
Taxes	\$ 20,127,102	\$ -	\$ 216,713,093
Licenses and permits	962,523	-	8,572,000
Intergovernmental	59,561	-	4,441,572
Charges for services	2,574,162	-	29,251,679
Fines and forfeitures	1,785	-	1,302,655
Miscellaneous	68,341	-	8,076,802
Net inc(dec) in market value of investments	-	-	363,080
<b>Total Revenues</b>	<b>23,793,474</b>	<b>-</b>	<b>268,720,881</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	-	-	42,483,361
Public safety	73,851,334	-	170,258,307
Transportation	-	-	7,572,280
Economic environment	-	-	8,112,103
Social services	-	-	2,855,313
Culture and recreation	-	-	13,455,237
<b>Capital outlays</b>	<b>201,058</b>	<b>-</b>	<b>2,049,472</b>
<b>Debt service:</b>			
Principal	102,586	-	322,529
Interest	5,209	-	58,890
<b>Total Expenditures</b>	<b>74,160,187</b>	<b>-</b>	<b>247,167,492</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(50,366,713)</b>	<b>-</b>	<b>21,553,389</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	25,500	-	13,256
Subscription proceeds	95,200	-	95,200
Transfers in	48,649,405	(59,009,949)	11,023,885
Transfers out	(48,106)	59,009,949	(34,501,373)
<b>Total Other Financing Sources (Uses)</b>	<b>48,721,999</b>	<b>-</b>	<b>(23,369,032)</b>
<b>Net Change in Fund Balance</b>	<b>(1,644,714)</b>	<b>-</b>	<b>(1,815,643)</b>
<b>Fund Balance - beginning of year, as previously presented</b>	<b>(783,464)</b>	<b>-</b>	<b>31,585,141</b>
Restatement	-	-	9,229,680
<b>Fund Balance - beginning of year, as restated</b>	<b>(783,464)</b>	<b>-</b>	<b>40,814,821</b>
<b>Fund Balance - ending</b>	<b>\$ (2,428,178)</b>	<b>\$ -</b>	<b>\$ 38,999,178</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 194,271,785	\$ 195,393,285	\$ 194,135,165	\$ (1,258,120)
Licenses and permits	7,268,791	7,268,791	7,323,247	54,456
Intergovernmental	3,955,281	3,955,281	4,307,607	352,326
Charges for services	22,679,150	23,429,150	24,281,293	852,143
Fines and forfeitures	2,415,350	2,415,350	1,277,768	(1,137,582)
Miscellaneous	8,838,093	8,838,093	7,274,039	(1,564,054)
Net inc(dec) in market value of investments	-	-	394,851	394,851
<b>Total revenues</b>	<b>239,428,450</b>	<b>241,299,950</b>	<b>238,993,970</b>	<b>(2,305,980)</b>
<b>EXPENDITURES</b>				
General government	41,945,931	43,499,274	42,483,361	1,015,913
Public safety	87,587,378	94,132,094	92,937,751	1,194,343
Transportation	7,719,522	7,785,440	7,572,280	213,160
Economic environment	8,619,615	8,907,214	8,112,103	795,111
Social services	2,692,336	3,287,384	2,855,313	432,071
Culture and recreation	1,062,586	1,136,650	1,110,842	25,808
Capital outlays	175,000	256,966	222,033	34,933
Debt service:				
Principal	-	-	205,531	(205,531)
Interest and other related costs	1,800	1,800	53,155	(51,355)
<b>Total expenditures</b>	<b>149,804,168</b>	<b>159,006,822</b>	<b>155,552,369</b>	<b>3,454,453</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>89,624,282</b>	<b>82,293,128</b>	<b>83,441,601</b>	<b>1,148,473</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	(12,304)	(52,304)
Transfers in	3,328,065	11,482,151	10,773,885	(708,266)
Transfers out	(92,949,188)	(93,486,188)	(93,441,339)	44,849
<b>Total other financing sources (uses)</b>	<b>(89,581,123)</b>	<b>(81,964,037)</b>	<b>(82,679,758)</b>	<b>(715,721)</b>
<b>Net change in fund balance</b>	<b>43,159</b>	<b>329,091</b>	<b>761,843</b>	<b>432,752</b>
<b>Fund Balance - beginning</b>	<b>36,870,175</b>	<b>(22,726,201)</b>	<b>25,081,367</b>	<b>47,807,568</b>
Restatement	-	-	9,160,192	9,160,192
<b>Fund Balance - ending</b>	<b>\$ 36,913,334</b>	<b>\$ (22,397,110)</b>	<b>\$ 35,003,402</b>	<b>\$ 57,400,512</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Code Enforcement  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 534,500	\$ 534,500	\$ 286,230	\$ (248,270)
Intergovernmental	-	-	29,087	29,087
Charges for services	2,890,564	2,890,564	2,349,297	(541,267)
Miscellaneous	130,000	130,000	179,015	49,015
<b>Total revenues</b>	<b>3,555,064</b>	<b>3,555,064</b>	<b>2,843,629</b>	<b>(711,435)</b>
<b>EXPENDITURES</b>				
Public safety	4,233,955	4,243,251	3,469,222	774,029
Capital outlays	100,000	100,000	-	100,000
Principal	-	-	13,796	(13,796)
Interest and other related costs	-	-	520	(520)
<b>Total expenditures</b>	<b>4,333,955</b>	<b>4,343,251</b>	<b>3,483,538</b>	<b>859,713</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(778,891)</b>	<b>(788,187)</b>	<b>(639,909)</b>	<b>148,278</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	879,216	879,216	855,645	(23,571)
Transfers out	(21,877)	(21,877)	(21,877)	-
<b>Total other financing sources (uses)</b>	<b>857,339</b>	<b>857,339</b>	<b>833,768</b>	<b>(23,571)</b>
<b>Net change in fund balance</b>	<b>78,448</b>	<b>69,152</b>	<b>193,859</b>	<b>124,707</b>
<b>Fund Balance - beginning</b>	<b>676,956</b>	<b>54,123</b>	<b>(133,996)</b>	<b>(188,119)</b>
Restatement	-	-	561,288	561,288
<b>Fund Balance - ending</b>	<b>\$ 755,404</b>	<b>\$ 123,275</b>	<b>\$ 621,151</b>	<b>\$ 497,876</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Library  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,443,159	\$ 2,443,159	\$ 2,450,826	\$ 7,667
Intergovernmental	169,500	169,500	45,317	(124,183)
Charges for services	32,000	32,000	46,927	14,927
Fines and forfeitures	20,000	20,000	23,102	3,102
Miscellaneous	610,380	610,380	546,507	(63,873)
Net inc(dec) in market value of investments	-	-	(30,086)	(30,086)
<b>Total revenues</b>	<b>3,275,039</b>	<b>3,275,039</b>	<b>3,082,593</b>	<b>(192,446)</b>
<b>EXPENDITURES</b>				
Culture and recreation	12,210,877	12,209,444	12,344,395	(134,951)
Capital outlays	1,785,000	1,785,000	1,626,381	158,619
Principal	-	-	616	(616)
Interest and other related costs	-	-	6	(6)
<b>Total expenditures</b>	<b>13,995,877</b>	<b>13,994,444</b>	<b>13,971,398</b>	<b>23,046</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,720,838)</b>	<b>(10,719,405)</b>	<b>(10,888,805)</b>	<b>(169,400)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	60	60
Transfers in	9,754,899	9,754,899	9,754,899	-
<b>Total other financing sources (uses)</b>	<b>9,754,899</b>	<b>9,754,899</b>	<b>9,754,959</b>	<b>60</b>
<b>Net change in fund balance</b>	<b>(965,939)</b>	<b>(964,506)</b>	<b>(1,133,846)</b>	<b>(169,340)</b>
<b>Fund Balance - beginning</b>	<b>1,441,338</b>	<b>978,333</b>	<b>7,201,665</b>	<b>6,223,332</b>
Restatement	-	-	(483,432)	(483,432)
<b>Fund Balance - ending</b>	<b>\$ 475,399</b>	<b>\$ 13,827</b>	<b>\$ 5,584,387</b>	<b>\$ 5,570,560</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Housing Trust Grant  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 7,611	\$ 7,611	\$ 8,900	\$ 1,289
Net inc(dec) in market value of investments	-	-	(1,685)	(1,685)
<b>Total revenues</b>	7,611	7,611	7,215	(396)
<b>EXPENDITURES</b>				
Economic environment	216,800	216,800	-	216,800
<b>Total expenditures</b>	216,800	216,800	-	216,800
<b>Net change in fund balance</b>	(209,189)	(209,189)	7,215	216,404
<b>Fund Balance - beginning</b>	(1,035,692)	(1,035,692)	219,569	1,255,261
Restatement	-	-	(8,368)	(8,368)
<b>Fund Balance - ending</b>	<u>\$ (1,244,881)</u>	<u>\$ (1,244,881)</u>	<u>\$ 218,416</u>	<u>\$ 1,463,297</u>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Emergency Medical Services  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 20,720,902	\$ 20,720,902	\$ 20,127,102	\$ (593,800)
Licenses and permits	1,093,819	1,093,819	962,523	(131,296)
Intergovernmental	41,907	1,684,907	59,561	(1,625,346)
Charges for services	2,159,187	3,534,187	2,574,162	(960,025)
Fines and forfeitures	7,310	7,310	1,785	(5,525)
Miscellaneous	8,000	8,000	68,341	60,341
<b>Total revenues</b>	<b>24,031,125</b>	<b>27,049,125</b>	<b>23,793,474</b>	<b>(3,255,651)</b>
<b>EXPENDITURES</b>				
Public safety	71,578,784	75,433,374	73,851,334	1,582,040
Capital outlays	-	305,114	201,058	104,056
Principal	-	-	102,586	(102,586)
Interest and other related costs	-	-	5,209	(5,209)
<b>Total expenditures</b>	<b>71,578,784</b>	<b>75,738,488</b>	<b>74,160,187</b>	<b>1,578,301</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(47,547,659)</b>	<b>(48,689,363)</b>	<b>(50,366,713)</b>	<b>(1,677,350)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	25,500	25,500
Subscription proceeds	-	-	95,200	95,200
Transfers in	47,599,405	48,649,405	48,649,405	-
Transfers out	(51,754)	(51,754)	(48,106)	3,648
<b>Total other financing sources (uses)</b>	<b>47,547,651</b>	<b>48,597,651</b>	<b>48,721,999</b>	<b>124,348</b>
<b>Net change in fund balance</b>	<b>(8)</b>	<b>(91,712)</b>	<b>(1,644,714)</b>	<b>(1,553,002)</b>
<b>Fund Balance - beginning</b>	<b>3,060,604</b>	<b>1,724,397</b>	<b>(783,464)</b>	<b>(2,507,861)</b>
<b>Fund Balance - ending</b>	<b>\$ 3,060,596</b>	<b>\$ 1,632,685</b>	<b>\$ (2,428,178)</b>	<b>\$ (4,060,863)</b>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Eliminations  
For the Year Ended December 31, 2024

	Actual	Variance with Final Budget-Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	\$ (59,009,949)	\$ (59,009,949)
Transfers out	59,009,949	59,009,949
<b>Total other financing sources (uses)</b>	-	-
<b>Net change in fund balance</b>	-	-
<b>Fund Balance - beginning</b>	-	-
<b>Fund Balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>

City of Spokane, Washington  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund Combined Accounts Total  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 217,435,846	\$ 218,557,346	\$ 216,713,093	\$ (1,844,253)
Licenses and permits	8,897,110	8,897,110	8,572,000	(325,110)
Intergovernmental	4,166,688	5,809,688	4,441,572	(1,368,116)
Charges for services	27,760,901	29,885,901	29,251,679	(634,222)
Fines and forfeitures	2,442,660	2,442,660	1,302,655	(1,140,005)
Miscellaneous	9,594,084	9,594,084	8,076,802	(1,517,282)
Net inc(dec) in market value of investments	-	-	363,080	363,080
<b>Total revenues</b>	<b>270,297,289</b>	<b>275,186,789</b>	<b>268,720,881</b>	<b>(6,465,908)</b>
<b>EXPENDITURES</b>				
General government	41,945,931	43,499,274	42,483,361	1,015,913
Public safety	163,400,117	173,808,719	170,258,307	3,550,412
Transportation	7,719,522	7,785,440	7,572,280	213,160
Economic environment	8,836,415	9,124,014	8,112,103	1,011,911
Social services	2,692,336	3,287,384	2,855,313	432,071
Culture and recreation	13,273,463	13,346,094	13,455,237	(109,143)
Capital outlays	2,060,000	2,447,080	2,049,472	397,608
Debt service:				
Principal	-	-	322,529	(322,529)
Interest and other related costs	1,800	1,800	58,890	(57,090)
<b>Total expenditures</b>	<b>239,929,584</b>	<b>253,299,805</b>	<b>247,167,492</b>	<b>6,132,313</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>30,367,705</b>	<b>21,886,984</b>	<b>21,553,389</b>	<b>(333,595)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	40,000	40,000	13,256	(26,744)
Subscription proceeds	-	-	95,200	95,200
Transfers in	61,561,585	70,765,671	11,023,885	(59,741,786)
Transfers out	(93,022,819)	(93,559,819)	(34,501,373)	59,058,446
<b>Total other financing sources (uses)</b>	<b>(31,421,234)</b>	<b>(22,754,148)</b>	<b>(23,369,032)</b>	<b>(614,884)</b>
<b>Net change in fund balance</b>	<b>(1,053,529)</b>	<b>(867,164)</b>	<b>(1,815,643)</b>	<b>(948,479)</b>
<b>Fund Balance - beginning</b>	<b>41,013,381</b>	<b>(21,005,040)</b>	<b>31,585,141</b>	<b>52,590,181</b>
Restatement	-	-	9,229,680	9,229,680
<b>Fund Balance - ending</b>	<b>\$ 39,959,852</b>	<b>\$ (21,872,204)</b>	<b>\$ 38,999,178</b>	<b>\$ 60,871,382</b>





City of Spokane  
808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3313  
(509) 625-6820

**Matt Boston**  
Chief Financial Officer  
Finance

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

**City of Spokane**  
**January 1, 2024 through December 31, 2024**

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Finding ref number:</b> 2024-001	<b>Finding caption:</b> The City did not have adequate internal controls to ensure accurate reporting of its financial statements.
<b>Name, address, and telephone of City contact person:</b> Matthew Boston, Chief Financial Officer W 808 Spokane Falls Blvd Spokane, WA 99201 (509) 625-6820	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The City understands the importance of preparing reliable and accurate financial statements. The City agrees with the description of the identified misstatements as denoted in the finding and corrected those misstatements accordingly. The City will continue to work to improve the reliability and accuracy of the financial statements.</i> <i>The City will perform the following with relation to the recommendation:</i> <ul style="list-style-type: none"><li>• <i>Pooled investment market adjustments will be applied in accordance with policy and additional review will be performed by managerial staff to ensure participating funds do not report negative equity in pooled investments.</i></li><li>• <i>Additionally, the investment interest earnings will be reviewed by managerial staff to ensure allocations are based on actual interest earnings and align to year-end actuals. The City's GASB 34 consolidated workbook will be reviewed and updated to ensure all calculations and application of adjustments are accurate. Additionally, internally generated activity will be properly reviewed for consolidation and eliminated as required.</i></li></ul>	

- *The City will ensure that all unspent federal award funds are classified as unearned revenue in accordance with eligibility requirements in the government-wide statements and will be reviewed for accuracy by managerial staff.*
- *The City will work towards improved review processes by appropriate managerial staff to ensure the financial statements are free of error before submitting them for an audit.*
- *The City would like to thank the State Auditor's Office for their work on the audit and ensuring the City's financial statements are reliable and accurate in material aspects. The City is dedicated to work towards continuous improvement in their processes to ensure the financial statements can be materially relied upon.*

**Anticipated date to complete the corrective action: 12/31/2025**

<b>Finding ref number:</b> 2024-002	<b>Finding caption:</b> The City did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
<b>Name, address, and telephone of City contact person:</b> Skyler Brown, Grants and Contracts Financial Manager W 808 Spokane Falls Blvd Spokane, WA 99201 (509) 625-6294	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The City currently has a contracting process to verify and document its contractors, consultants and vendors are neither debarred nor suspended. This process adds required certification language to all City agreements to document compliance. While this purchase was reviewed and the compliant status of the providers were verified through the existing cooperative agreement, the City's process did not capture the needed requirement to verify at the lower tier. This was identified in the prior audit, and due to the timing of this issue and the prior audit finding, the corrections put in place to catch these kinds of purchases going forward had not been put in place yet, and the debarment search on this purchase occurred after the purchase had been made. The City has put into place a requirement that all subawards, purchase agreements and contracts involving federal funds over \$25,000 include the required certification even if the contract is derived from "piggy backing" and includes debarment language. Every Contract that receives grant funding goes through the Grants office during the contracting approval process, and this debarment upload is something Grants office is now looking for before approving a contract to move further along the approval process.</i>	
<b>Anticipated date to complete the corrective action:</b> Currently Active	

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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