REPORT OF INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS WITH REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

SEATTLE PUBLIC UTILITIES – SOLID WASTE FUND (AN ENTERPRISE FUND OF THE CITY OF SEATTLE)

December 31, 2019 and 2018

MOSSADAMS

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Report of Independent Auditors

To the Director of Seattle Public Utilities
Solid Waste Fund
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Seattle Public Utilities – Solid Waste Fund (the Fund), which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Seattle Public Utilities – Solid Waste Fund as of December 31, 2019 and 2018, and the changes in net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of Seattle Public Utilities' proportionate share of the net pension liability, schedule of Seattle Public Utilities' contributions, and schedule of Seattle Public Utilities' proportionate share of the OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the financial statements. This information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, on our consideration of the Fund'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 solely 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 Fund'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 Fund's internal control over financial reporting and compliance.

Moss Adams LLP

Seattle, Washington
April 30, 2020

As management of Seattle Public Utilities (SPU), a department of the City of Seattle (the City), we offer readers of SPU's financial statements this narrative overview and analysis of the financial activities of the Solid Waste Fund (the Fund) for the fiscal years ended December 31, 2019 and 2018. The revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of Seattle's solid waste system are recorded in the Fund, the functions of which are primarily supported by user fees and charges billed to customers. The financial situation of other aspects of Seattle City government, including other utility services and general government operations, are reported elsewhere.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fund's financial statements. The financial statements include management's discussion and analysis and basic financial statements with accompanying notes.

Basic financial statements – The basic financial statements of the Fund report information similar to the presentation used by private sector companies. These statements offer short-term and long-term financial information about its activities. The basic financial statements begin on page 12 of this report and are comprised of three components: (1) statements of net position, (2) statements of revenues, expenses, and changes in net position, and (3) statements of cash flows.

The statement of net position presents information, as of December 31, 2019 and 2018, on all of the Fund's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets combined with deferred outflows of resources and liabilities combined with deferred inflows of resources is reported as net position. They also provide information about the nature and amounts of investments in resources (assets and deferred outflows of resources), obligations to the Fund's creditors (liabilities and deferred inflows of resources), and provide the basis for assessing the liquidity and financial flexibility of the Fund.

The statements of revenues, expenses, and changes in net position present changes in the Fund's net position for the years ended December 31, 2019 and 2018. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. These statements reflect the results of the Fund's operations for the years identified to provide information about the Fund's credit worthiness and its ability to successfully recover all its costs through service fees and other charges.

The statements of cash flows are required to provide information about the Fund's cash receipts and cash payments during the years ended December 31, 2019 and 2018. To provide answers to questions about sources, uses, and impacts to cash, these statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities for the reporting period.

Overview of the Financial Statements (continued)

Notes to the financial statements – The notes are an integral part of the financial statements. They provide additional disclosures that are essential to a full understanding of the data provided in the financial statements, such as for certain estimates and financing details. The notes to the financial statements begin on page 17 of this report.

Financial Analysis

Increases or decreases in net position may serve over time as a useful indicator of whether the Fund's financial position is improving or deteriorating. At December 31, 2019, the Fund had a surplus in total net position of $65.9 million compared to a surplus of $37.8 million in 2018. In 2019, the Fund's net position increased $28.1 million (74.4%), as compared to 2018 which increased $4.9 million (15.1%). The following summary statement of net position presents the assets and deferred outflows of resources of the Fund and shows the mix of liabilities and deferred inflows of resources and net position used to acquire these assets.

Summary Statement of Net Position

	2019	2018	2017
ASSETS			
Current assets	$ 108,655,197	$ 80,767,613	$ 72,278,351
Capital assets, net	218,939,397	220,886,290	226,971,895
Other	70,687,117	79,321,936	75,149,393
Total assets	398,281,711	380,975,839	374,399,639
DEFERRED OUTFLOWS OF RESOURCES	10,060,161	2,769,545	7,200,600
Total assets and deferred outflows of resources	$ 408,341,872	$ 383,745,384	$ 381,600,239
LIABILITIES			
Current liabilities	$ 36,493,752	$ 30,056,736	$ 33,455,690
Revenue bonds	199,069,723	207,085,464	215,229,288
Other	66,494,598	68,956,549	71,853,971
Total liabilities	302,058,073	306,098,749	320,538,949
DEFERRED INFLOWS OF RESOURCES	40,387,545	39,853,592	28,241,369
NET POSITION			
Net investment in capital assets	32,280,073	31,968,120	35,863,284
Restricted	323,745	193,240	244,124
Unrestricted	33,292,436	5,631,683	(3,287,487)
Total net position	65,896,254	37,793,043	32,819,921
Total net position, liabilities and deferred inflows of resources	$ 408,341,872	$ 383,745,384	$ 381,600,239

Financial Analysis (continued)

2019 Compared to 2018

Assets – Current assets increased by $27.9 million (34.5%) from the prior year mostly due to a $15.5 million increase in unbilled receivables, a $12.9 million increase in operating cash, and a $1.0 million increase in accounts receivable, net of allowance for doubtful accounts. These increases were offset by a $0.8 million decrease in amounts due from other funds and a $0.6 million decrease in amounts due from other governments. The increase in unbilled receivables was due to the transition from billing in advance to billing in arrears for residential customers during 2019. The increase in operating cash was primarily the result of operating activities. The accounts receivable increase mostly consisted of an increase from commercial customers.

Capital assets decreased $1.9 million (-0.9%) over the prior year. This change is due to an increase in accumulated depreciation ($4.9 million) and decreases in plant in service ($0.9 million), and other property ($0.9 million). The overall decrease is mostly offset by the increase in construction in progress ($4.8 million), driven mostly by costs for the South Transfer Station Phase 2.

Other assets decreased $8.6 million (-10.9%) from the prior year. This change consisted of a decrease of $5.0 million in restricted cash and equity in pooled investments, a decrease of $3.9 million in accrued landfill closure/postclosure costs, and a decrease of $0.1 million in regulatory assets, offset by an increase of $0.3 million in other noncurrent and regulatory assets. The $5.0 million change in restricted cash and equity in pooled investments is mostly attributable to the transfers of construction cash to the operating cash for payment of current year projects.

Deferred outflows of resources – Deferred outflows of resources increased by $7.3 million (263.2%) from 2018. This increase is attributed to changes in assumptions related to pension accounting in 2019.

Liabilities – Current liabilities increased $6.4 million (21.4%) from the prior year. This is mostly attributed to an increase in the current portion of accrued landfill closure/postclosure costs of $7.0 million, accounts payable of $3.0 million, environmental liabilities due within one year of $2.1 million, salaries, benefits and payroll taxes payable of $1.5 million, and taxes payable of $0.9 million. These increases were mostly offset by a decrease of $5.1 million in other current liabilities due to the fund transitioning out of billing in advance for residential customers and a $2.8 million decrease in amounts due to other funds.

Noncurrent and other liabilities decreased $10.5 million (-3.8%) from 2018. This decrease is mostly attributed to a $9.0 million decrease in the non current portion of accrued landfill closure/postclosure costs, a decrease of $8.0 million in Revenue Bonds and related liabilities, and a $2.4 million decrease in the noncurrent portion of environmental liabilities. These decreases were offset by a $8.7 million increase in net pension liability and a $0.2 million increase in compensated absences payable.

Deferred inflows of resources – Deferred inflows of resources increased by $0.5 million (1.3%) from 2018 due to an increase of $0.8 million in the Rate Stabilization Account as a result of interest earned in 2019 and partially offset by a $0.3 million decrease attributed to changes in assumptions for pension accounting.

Financial Analysis (continued)

Net position – Net position increased $28.1 million (74.4%) from 2018. A portion of the Fund's net position ($32.3 million) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers. Consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. During 2019, net position invested in capital assets increased $0.3 million mainly due to a decrease in debt related to investment in capital.

The primary remaining portion of the Fund's net position ($33.3 million) represents resources that are unrestricted. The unrestricted portion of net position increased $27.7 million from the prior year primarily as a result of operating income.

2018 Compared to 2017

Assets – Current assets increased by $8.5 million (11.7%) from the prior year mostly due to a $3.7 million increase in operating cash, a $3.0 million increase in amounts due from other funds, a $1.0 increase in accounts receivable, net of allowance for doubtful accounts, and a $0.7 million increase in due from other governments. The increase in operating cash was primarily the result of operating activities. The increase in amounts due from other funds was due to a $2.0 million increase from the Water Fund for a reimbursement from Seattle City Light for utility customer service, a $0.5 million increase due from the General Fund largely related to services provided for the City's Clean City program, and a $0.5 increase due from the City's Residual Cash Investment Fund mostly for interest earned. The accounts receivable increase consisted of $1.0 million increase from commercial customers.

Capital assets decreased $6.1 million (-2.7%) over the prior year. This decrease is due to $11.8 million depreciation offset by a $5.8 million increase in construction in progress, driven mostly by costs for the South Transfer Station Phase 2.

Other assets increased $4.2 million (5.6%) from the prior year. This change consisted of an increase of $5.4 million in restricted cash and equity in pooled investments offset by decreases of $1.0 million in accrued landfill closure/postclosure costs and $0.1 million in other noncurrent and regulatory assets. The $5.4 million change in restricted cash and equity in pooled investments is mostly attributable to the transfer of $10.2 into the Rate Stabilization Account less transfers of construction cash to the operating cash for payment of current year projects.

Deferred outflows of resources – Deferred outflows of resources decreased by $4.4 million (-61.5%) from 2017. This decrease is attributed to changes in assumptions related to pension accounting.

2018 Compared to 2017 (continued)

Liabilities – Current liabilities decreased $3.4 million (-10.2%) from the prior year. This is mostly attributed to the payment of $3.5 million for construction costs for the North Transfer Station accrued in other current liabilities in prior year, as well as a $0.4 million decrease in salaries, benefits and payroll taxes payable, a $0.3 million decrease in revenue billed in advance, and a $0.2 million decrease in amounts due to other funds. These decreases were offset by an increase in accounts payable of $0.9 million and an increase in revenue bonds due within one year of $0.3 million.

Noncurrent and other liabilities decreased $11.0 million (-3.8%) from 2017. This decrease is mostly attributed to a decrease of $8.1 million in Revenue Bonds and related liabilities and a $5.2 million decrease in net pension liability. These decreases were offset by a $2.0 million increase in the noncurrent portion of environmental liabilities and an increase of $0.5 million in accrued landfill closure/postclosure costs.

Deferred inflows of resources – Deferred inflows of resources increased by $11.6 million (41.1%) from 2017 due to a $0.9 million increase attributed to changes in assumptions for pension accounting as well as an increase in the Rate Stabilization Account of $10.7 million due to a cash transfer from the operating fund and interest earned in 2018.

Net position – A portion of the Fund's net position ($32.0 million) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers. Consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. During 2018, net position invested in capital assets decreased $3.9 million due to a decrease in capital assets offset by a decrease in debt related to investment in capital.

The primary remaining portion of the Fund's net position ($5.4 million) represents resources that are unrestricted. The unrestricted portion of net position increased $8.6 million from the prior year primarily as a result of operating income.

Financial Analysis (continued)

The following summary statements of revenues, expenses, and changes in net position present the annual surplus (or deficit) of revenues over expenses (the change in net position):

Summary Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017
Operating revenues	$ 224,965,227	$ 205,633,975	$ 209,643,612
Operating expenses	(194,797,451)	(194,735,679)	(191,064,424)
Net operating income	30,167,776	10,898,296	18,579,188
Other expenses, net of other revenues	(2,188,471)	(6,219,586)	(7,005,412)
Fees, contributions, and grants	123,906	294,412	356,605
Change in net position	$ 28,103,211	$ 4,973,122	$ 11,930,381

2019 Compared to 2018

Current year operating revenues increased $19.3 million (9.4%) compared to the prior year. There were several key factors affecting this change. There was an approximate 4.0% rate increase for residential and commercial garbage, and composting services effective April 1, 2019. This resulted in residential and commercial solid waste collection service revenue gains of $10.4 million, made up of $7.5 million in residential garbage collection and $2.9 million in commercial collection revenue. There was also a $0.5 million increase in the transfer station revenue. These increases were offset by a $1.8 million decrease in revenues from fluctuations in pricing of recycling commodities. Additionally, there was no transfer to the rate stabilization account in 2019 as compared to a $10.2 million transfer in 2018.

Seattle City Council enacted legislation in 2012 (ordinance 124056) allowing the Fund to make contributions to a Rate Stabilization Account if the balance of operating cash on hand at year-end met certain targets. With sufficient funds in the Rate Stabilization Account, no transfers were made for 2019.

Operating expenses in 2019 increased $0.1 million (0.0%) compared to 2018. The largest operating expense that increased was a $1.7 million increase in City and State taxes due to the increase in revenue in 2019. Additional increases included $1.2 million for personnel benefits, $0.9 million for salaries and wages and $0.2 in services. These increases were offset by decreases of $2.5 million in supplies and $1.4 million in other operating expenses.

Nonoperating revenues and expenses experienced a net increase of $3.9 million (-65.2%). Investment income increased $2.5 million, other non operating revenue increased $1.1 million, and interest expense decreased by $0.4 million.

Financial Analysis (continued)

2018 Compared to 2017

Current year operating revenues decreased $4.0 million (-1.9%) compared to the prior year. There were several key factors affecting this change. There was an approximate 1.9% rate increase for residential and commercial garbage, and composting services effective April 1, 2018. This resulted in residential and commercial solid waste collection service revenue gains of $8.6 million, made up of $5.7 million in residential garbage collection and $2.9 million in commercial collection revenue. There was also a $1.3 million increase in the transfer station revenue. In addition, the Fund experienced a $3.3 million decrease in revenues from fluctuations in pricing of recycling commodities. Additionally, $10.2 million in excess revenue was set aside in the Rate Stabilization Account to provide revenue in future years.

Seattle City Council enacted legislation in 2012 (ordinance 124056) allowing the Fund to make contributions to a Rate Stabilization Account if the balance of operating cash on hand at year-end met certain targets. The deposits are limited to cash and revenues that are not required to meet financial policy targets for the Fund with respect to debt service coverage, net income, or cash-financed capital expenditures. The fund may withdraw revenues from the Fund's Rate Stabilization Account provided that: such a withdrawal will allow the Fund to meet one or more financial policy targets that it would not have otherwise met in the absence of such a withdrawal; or to reduce the size of any adjustment to 2017 or 2018 solid waste rates, if such a reduction to the rates would not jeopardize the Fund's ability to meet operating cash balances specified in the legislation and the financial policy targets for debt service coverage, net income, and cash-financed capital projects. At year end of 2018, net income, cash balances and debt service targets exceeded the Fund's financial policies. As such, $10.2 million of revenue was deferred and deposited into the Rate Stabilization Account.

Operating expenses in 2018 increased $3.7 million (1.9%) compared to 2017. The largest operating expenses that increased were $5.6 million in services made up of $2.6 million for residential and commercial collection contract payments and $2.5 million for consulting fees. Additional increases included $1.1 million for business and occupation utility tax paid to the City's General Fund and $2.0 million in depreciation and amortization. These increases were offset by a decrease of $3.9 million in other operating expenses related to the environmental liability adjustment, $1.9 million in salaries and wages, and $1.1 million in personnel benefits.

Nonoperating revenues and expenses experienced a net increase of $0.8 million (7.0%). Investment income increased $0.5 million and debt service costs were down by $0.3 million.

Capital Assets

The following table summarizes capital assets, net of accumulated depreciation, by major asset category as of December 31, 2019, 2018, and 2017:

Summary of Capital Assets, Net of Accumulated Depreciation

	2019	2018	2017
Land and land rights	$ 26,882,856	$ 26,882,856	$ 26,882,856
Buildings	117,394,496	120,891,674	120,363,658
Structures	12,241,597	12,649,182	13,099,684
Machinery and equipment	33,115,527	33,732,739	36,778,507
Computer systems	14,710,731	16,911,689	16,499,240
Construction in progress	12,146,765	7,374,575	10,904,375
Artwork	917,443	913,593	913,593
Property held for future use	1,529,982	1,529,982	1,529,982
Capital assets, net of accumulated depreciation	$ 218,939,397	$ 220,886,290	$ 226,971,895

Additional information about the Fund's capital assets can be found in Note 3 of this report.

2019 Compared to 2018

The Fund's capital assets (net of accumulated depreciation) for the year ended December 31, 2019, is $218.9 million. This represents a decrease of approximately $1.9 million (-0.9%) compared to 2018.

Highlights of the Fund's capital assets placed in service during 2019 include the following:

- $2.7 for heavy equipment purchases
- $1.5 million for the South Transfer Station Track-Out Control Project

The Fund's construction in progress at year end included $7.6 million for a new facility at the prior site of the South Transfer Station.

2018 Compared to 2017

The Fund's capital assets (net of accumulated depreciation) for the year ended December 31, 2018, is $220.9 million. This represents a decrease of approximately $6.1 million (2.7%) compared to 2017.

Highlights of the Fund's capital assets placed in service during 2018 include the following:

- $3.0 million for the Fund's share of a new Citywide financial system
- $1.6 for heavy equipment purchases

The Fund's construction in progress at year end included $4.8 million for a new facility at the prior site of the South Transfer Station.

Debt Administration

The Fund's debt primarily consists of bonded debt and loans. Bonded debt is secured solely by solid waste revenues and provides financing for capital improvements. Loans issued by the Washington State Agencies for certain capital improvements are unsecured. The Fund's credit ratings on its bonds were Aa3 and AA+ by Moody's Investors Service Inc. and Standard & Poor's Rating Services, respectively. Additional details about the Fund's revenue bonds and loans is in Note 4 of this report.

2019 Compared to 2018

At the end of 2019, the Fund had $187.1 million in bonded debt, as compared to $194.2 million in 2018, all of which was secured solely by solid waste revenues. This decrease of $7.1 million is attributed to scheduled principal payments for existing bond debt. The Fund has used bond proceeds mostly for a new facility at the prior site of the South Transfer Station. The Fund retains bond reserves of $9.8 million.

2018 Compared to 2017

At the end of 2018, the Fund had $194.2 million in bonded debt, as compared to $201.0 million in 2017, all of which was secured solely by solid waste revenues. This decrease of $6.8 million is attributed to scheduled principal payments for existing bond debt. The Fund has used bond proceeds mostly for the Fund's share of the new customer billing system and the City's financial system upgrade. The Fund retains bond reserves of $9.8 million.

Economic Factors Affecting Next Year

Effective April 1, 2020, the Fund will adopt a rate increase of approximately 3.0% for residential and commercial services. This rate increase is expected to bring an additional $5.0 million in operating revenues to the Fund in 2020.

Requests for Information

The Fund's financial statements are designed to provide a general overview of the Fund's finances, as well as to demonstrate the Fund's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Seattle Public Utilities, Finance and Administration Branch, Accounting Division, PO Box 34018, Seattle, WA 98124-4018, telephone: (206) 684-3000.

Seattle Public Utilities – Solid Waste Fund
(An Enterprise Fund of the City of Seattle)
Statements of Net Position

	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Operating cash and equity in pooled investments	$ 72,277,630	$ 59,392,742
Receivables		
Accounts, net of allowance	16,372,817	15,363,408
Unbilled revenues	15,809,379	344,465
Due from other funds	2,889,299	3,734,913
Due from other governments	1,148,601	1,751,167
Materials and supplies inventory	135,956	157,389
Prepayments and other current assets	21,515	23,529
Total current assets	108,655,197	80,767,613
NONCURRENT ASSETS		
Restricted cash and equity in pooled investments	52,914,036	57,949,997
Prepayments long-term	234,393	252,423
Regulatory landfill closure and postclosure costs	15,342,885	19,201,325
Regulatory assets	1,623,031	1,714,190
Other charges	572,772	204,001
Capital assets		
Land and land rights	26,882,856	26,882,856
Plant in service, excluding land	254,627,430	255,488,316
Less accumulated depreciation	(76,247,636)	(71,303,032)
Construction in progress	12,146,765	7,374,575
Other property, net	1,529,982	2,443,575
Total noncurrent assets	289,626,514	300,208,226
Total assets	398,281,711	380,975,839
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	2,003,502	2,152,731
Pension and OPEB contributions and changes in assumptions	8,056,659	616,814
Total deferred outflows of resources	10,060,161	2,769,545
Total assets and deferred outflow of resources	$ 408,341,872	$ 383,745,384

 See accompanying notes.

Seattle Public Utilities – Solid Waste Fund
(An Enterprise Fund of the City of Seattle)
Statements of Net Position

	December 31, 2019	December 31, 2018
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 11,820,242	$ 8,788,039
Salaries, benefits, and payroll taxes payable	2,553,116	1,058,752
Compensated absences payable	85,917	75,857
Due to other funds	-	2,795,988
Interest payable	2,116,179	2,207,200
Taxes payable	1,500,353	602,429
Revenue bonds due within one year	7,045,000	7,120,000
Claims payable	259,900	243,166
Environmental liabilities	2,431,000	342,000
Landfill closure and postclosure liability	8,673,320	1,708,359
Other	8,725	5,114,946
Total current liabilities	36,493,752	30,056,736
NONCURRENT LIABILITIES		
Compensated absences payable	1,632,414	1,441,276
Claims payable	434,628	402,259
Environmental liabilities	16,283,140	18,672,357
Landfill closure and postclosure liability	13,923,280	22,946,502
Unfunded other post employment benefits	1,036,097	1,031,232
Net pension liability	33,157,484	24,462,923
Other noncurrent liabilities	27,555	-
Revenue bonds	187,105,000	194,225,000
Less bonds due within one year	(7,045,000)	(7,120,000)
Bond premium	19,009,723	19,980,464
Total noncurrent liabilities	265,564,321	276,042,013
Total liabilities	302,058,073	306,098,749
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension and OPEB	3,027,193	3,358,647
Rate stabilization	37,360,352	36,494,945
Total deferred inflows of resources	40,387,545	39,853,592
NET POSITION		
Net investment in capital assets	32,280,073	31,968,120
Restricted	323,745	193,240
Unrestricted	33,292,436	5,631,683
Total net position	65,896,254	37,793,043
Total liabilities, deferred outflows, and net position	$ 408,341,872	$ 383,745,384

See accompanying notes.

Seattle Public Utilities – Solid Waste Fund
(An Enterprise Fund of the City of Seattle)
Statements of Revenue, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2019	2018
OPERATING REVENUES		
Charges for services and other revenues	$ 224,965,227	$ 205,633,975
OPERATING EXPENSES		
Salaries and wages	16,635,087	15,726,445
Personnel benefits	8,152,049	6,932,026
Supplies	1,927,131	4,461,800
Services	121,395,817	121,154,179
Intergovernmental payments	30,815,040	29,084,300
Depreciation and amortization	14,765,473	14,906,084
Other operating expenses	1,106,854	2,470,845
Total operating expenses	194,797,451	194,735,679
OPERATING INCOME	30,167,776	10,898,296
NONOPERATING REVENUES (EXPENSES)		
Other nonoperating revenue	1,166,932	91,485
Investment income	4,160,871	1,655,716
Interest expense	(7,516,274)	(7,960,639)
Other nonoperating expenses	-	(6,148)
Contributions and grants	123,906	294,412
Total nonoperating revenues (expenses)	(2,064,565)	(5,925,174)
CHANGE IN NET POSITION	28,103,211	4,973,122
NET POSITION		
Beginning of year	37,793,043	32,819,921
End of year	$ 65,896,254	$ 37,793,043

See accompanying notes.

	Years Ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 206,476,719	$ 208,768,810
Cash paid to suppliers	(121,271,686)	(126,188,898)
Cash paid to employees	(24,452,429)	(22,119,014)
Cash paid for taxes	(29,220,101)	(28,839,024)
Net cash provided by operating activities	31,532,503	31,621,874
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	123,907	294,412
Recovery for environmental liabilities	(27,300)	-
Net cash provided by noncapital and related financing activities	96,607	294,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	(6,832,878)	(6,887,781)
Capital expenditures and other charges	(12,808,762)	(8,540,571)
Interest paid on long-term debt	(8,756,875)	(9,102,625)
Proceeds from sale of capital assets	455,447	56,554
Net cash used in capital and related financing activities	(27,943,068)	(24,474,423)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net gain on investments	4,162,885	1,650,559
NET INCREASE IN CASH AND EQUITY IN POOLED INVESTMENTS	7,848,927	9,092,422
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of year	117,342,739	108,250,317
End of year	$ 125,191,666	$ 117,342,739
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating cash and equity in pooled investments	$ 72,277,630	$ 59,392,742
Noncurrent restricted cash and equity in pooled investments	52,914,036	57,949,997
Total cash at the end of the year	$ 125,191,666	$ 117,342,739

See accompanying notes.

Seattle Public Utilities – Solid Waste Fund
(An Enterprise Fund of the City of Seattle)
Statements of Cash Flows (continued)

	Years Ended December 31, 2019	2018
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 30,167,776	$ 10,898,296
Adjustments to reconcile net operating income to net cash provided by operating activities		
Adjustment for net pension liability	720,700	(2,210,861)
Depreciation and amortization	14,765,473	14,906,084
Nonoperating revenues and expenses	694,863	34,779
Changes in operating assets and liabilities		
Accounts receivable	(1,009,409)	(965,011)
Unbilled revenues	(15,464,914)	(108,247)
Due from other City funds	845,614	(2,988,851)
Due from other governments	602,566	(746,594)
Materials and supplies inventory	21,433	1,180
Other assets	2,118,111	5,914,340
Accounts payable	3,032,203	931,185
Salaries, benefits, and payroll taxes payable	1,494,364	(440,253)
Taxes payable	897,924	28,300
Compensated absences payable	201,198	(207,680)
Due to other City funds	(2,795,988)	(209,902)
Claims payable	49,103	(14,990)
Accrued landfill closure and post-closure costs	(299,902)	575,465
Environmental liability	(300,217)	1,850,372
Rate stabilization	865,406	10,752,772
Other liabilities	(5,073,801)	(6,378,510)
Total adjustments	1,364,727	20,723,578
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 31,532,503	$ 31,621,874

See accompanying notes.

Note 1 – Operations and Summary of Significant Accounting Policies

Operations – The City of Seattle, Seattle Public Utilities – Solid Waste Fund (the Fund) is a public utility enterprise fund of the City of Seattle (the City). The Fund was established to account for the solid waste activities of Seattle Public Utilities (SPU). These activities include the collection and disposal of residential and commercial garbage, recycling, and organic material, operation of the City's two transfer stations and two household hazardous waste facilities, and management of the post closure maintenance and environmental monitoring of the City's two closed landfills. The collection, disposal and/or processing of garbage, recycling, and organic materials is performed by private contractors, under contract with the Fund.

On January 1, 1997, the City created SPU, which brought together under one administrative umbrella the water, solid waste, and drainage and wastewater functions of the City. The Fund (as well as SPU's other funds) remains separate for accounting purposes.

SPU receives certain services from other departments and agencies of the City, including information technology and others that are normally considered to be general and administrative. The Fund is charged a share of these costs and during 2019 and 2018, paid $7,218,737 and $8,292,224, respectively, to the City for its share of these services. Additionally, the Fund pays a business and occupation utility tax to the City's General Fund. The Fund paid $22,031,211 and $21,028,213 for these taxes in 2019 and 2018, respectively, as well as $4,710,784 and $4,623,029, respectively, in tonnage taxes on waste collected and transferred in the City for disposal.

Solid waste collection and disposal services provided to other City departments and agencies are billed at rates prescribed by City ordinances. The Fund collected $546,256 in 2019 and $586,936 in 2018 from the City for solid waste services provided.

The utility billing function is co-managed by SPU, Seattle City Light (SCL), and the Seattle Information Technology Department (ITD). SPU provides customer service through the call center and walk-in center. ITD maintains the Customer Information System (CIS). SPU and SCL bill and reimburse each other for these services. SPU reimburses ITD for the information technologies services mentioned above. Within SPU, the costs and reimbursements were shared among its three utility funds (Water, Drainage and Wastewater, and Solid Waste). The Fund received reimbursements related to the call center and walk-in center of $2,190,419 and $2,267,259 in 2019 and 2018, respectively. The Fund paid $8,143 and $27,432 for the utility billing services in 2019 and 2018, respectively.

The City's Clean City program, administered by SPU staff, reduces public blight including illegal dumping, litter, graffiti, community cleanup, rat abatement, and abandoned vehicles services. Until 2016, the Program was funded by tonnage tax revenues with additional general fund support to maintain service levels. In the 2016 budget process, the City made an accounting adjustment that remits all tonnage tax revenues to the general fund and then funds the Program using only general funds.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

The Fund is subject to regulation by the City and the State of Washington. Service rates are authorized by ordinances passed by the Seattle City Council. Financial reporting is reviewed by the Washington State Auditor's Office, and conforms to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of accounting – The Fund is accounted for on a flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting. With the flow of economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the Fund's operations are included on the Statement of Net Position. The operating statements present increases (revenues) and decreases (expenses) in total net position.

Cash and equity in pooled investments – Cash resources of the Fund are combined with cash resources of the City in a pooled investment portfolio that is managed by the City's Finance and Administration Services Department. The City's investment portfolio consists of fixed income securities authorized by the Revised Code of Washington and other applicable law. The pool operates like a demand deposit account in that all City departments may deposit cash at any time and withdraw cash out of the pool without prior notice or penalty. Interest earned on the pooled investments is prorated to individual funds at the end of each month on the basis of their average daily cash balances during the month when interest was earned. Cash and equity in pooled investments are reported at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. The Fund's share of the pool is included in the accompanying Statement of Net Position under the caption "cash and equity in pooled investments." Accordingly, the Statements of Cash Flows reconcile to cash and equity in pooled investments. The restricted cash and equity in pooled investments are comprised of unexpended bond proceeds, bond reserve funds and a Rate Stabilization Account.

Receivables and unbilled revenues – Customer accounts receivable consist of amounts owed by private individuals and businesses for goods delivered or services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. The Fund also accrues an amount for services that have been provided but not billed.

Allowance for doubtful accounts – A reserve has been established for uncollectible accounts receivable based on actual historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. As of December 31, 2019 and 2018, the Fund's allowance for doubtful accounts was $1,546,869 and $1,445,902, respectively.

Due from/to other funds and governments – Activity between other funds and governments that is outstanding at the end of the year, not related to the provision of utility services, is reported as due from other funds and governments.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

Materials and supplies inventory – The Fund values its inventory based on a moving average method. The most recent total cost of an inventory item is divided by the total units of the item that remain in inventory to determine the moving average cost of the item. The moving average cost is then applied to all the units of the inventory item.

Regulatory assets – GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, allows for certain costs to be capitalized as a regulatory asset instead of charged to expense. A regulatory asset is recorded when it is probable that future revenue in an amount at least equal to the capitalized costs will be recovered through customer rates over some future period. The Fund uses regulatory accounting for debt issuance costs because these costs are consistent with the rate methodology and, as such, will continue to be amortized over the life of the associated bond issues. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, would have required these costs to be expensed in the period incurred unless the Fund executed GASB 62. In addition, the Fund also uses regulatory accounting for future reasonably estimable landfill postclosure costs and cleanup costs related to remediation of the South Park Bus Barn site located near the South Park Landfill.

Other charges – Other charges primarily include costs related to the Comprehensive Solid Waste plan which directs the Fund's future operations. The Fund amortizes these charges over a 5 to 30-year period.

Capital assets – Capital assets are stated at cost or, if contributed, at fair value at the date of contribution. Costs include direct materials, labor, and indirect costs such as engineering, supervision, payroll taxes, pension benefits, and interest relating to the financing of projects under construction. The cost of current repairs and maintenance is charged to expense, while the cost of improvements is capitalized. SPU's policy is to capitalize assets with a cost of $5,000 or more.

Construction in progress – Capitalizable costs incurred on projects that are not in use or ready for use are held in construction in progress. When the asset is ready for use, related costs are transferred to capital assets. Upon determining that a project will be abandoned, the related costs are charged to expense.

Other property – Other property is stated at cost, or if contributed, the fair value at the date of contribution. In 1990, the Fund purchased 350 acres of land surrounding the Kent-Highlands landfill, which became part of the landfill area. Other property also includes artwork acquired through the City's "One Percent for Art" program, which supports the City ordinance established to direct the inclusion of works of art in public spaces within the City.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

Depreciation – Capital assets are depreciated on the straight-line method over estimated useful lives as follows:

Buildings	10–75 years
Transfer stations, scale houses, and related improvements	5–33 years
Machinery and equipment	3–20 years
Structures	10–15 years
Computer systems	3–11 years

In 2018, SPU's depreciation policy was changed when the City implemented a new financial system. Asset depreciation begins in the month the asset is placed in service. Prior to 2018, it was SPU's policy to begin depreciation in the year following acquisition and to record a full year's depreciation in the year of disposition.

Deferred outflows/inflows of resources – In addition to assets, the statement of net position, when applicable, will report a separate section for deferred outflows of resources. It 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) until then. The Fund has deferred loss on refunding debt, which qualifies for reporting in this category. A deferred loss on refunding debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Fund has also recorded deferred outflows/inflows of resources for certain pension and other post-employment benefit activities including, the difference between projected and actual experience, the difference between projected and actual earnings on investments, and contributions made subsequent to the measurement date (Note 9).

In addition to liabilities, the statement of net position, when applicable, will report a separate section for deferred inflows of resources. It 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 then. In 2018, the Fund deposited $10.2 million into the Rate Stabilization Account. These funds will be used in future periods to lessen the impact of rate increases. In 2019, the account earned interest totaling $0.9 million. However, the Fund did not deposit any additional funds into the rate stabilization account in 2019. The Fund has also recorded deferred inflows of resources for changes in proportion and differences between employer contributions and proportionate share of contributions (Note 9).

Environmental liabilities – The Fund has accrued a liability for pollution remediation activities in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 outlines five specific obligating events that give rise to estimating expected pollution remediation outlays. These outlays may be accrued as a liability and expensed or, if appropriate, capitalized.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

The Fund will accrue a liability if any of the following obligating events occurs:

- The Fund is compelled to take pollution remediation action because of an imminent endangerment.
- The Fund violates a pollution prevention-related permit or license.
- The Fund is named, or evidence indicates it will be named, by a regulator as a potentially responsible party (PRP) for remediation.
- The Fund is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
- The Fund commences or legally obligates itself to commence pollution remediation.

Most pollution remediation outlays do not qualify for capitalization and the Fund does not anticipate significant capitalized costs in the future. More information about environmental liabilities can be found in Note 11 of this report.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Seattle City Employees' Retirement System (SCERS) are reported on the same basis as reported by SCERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the benefit have been determined on the same basis as they are reported by the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Compensated absences – Employees earn vacation based upon their date of hire and years of service, and may accumulate earned vacation up to a maximum of 480 hours. Unused vacation at retirement or normal termination is considered vested and payable to the employee. Earned but unused vacation is accrued as a liability of the Fund. Employees also earn up to 12 days of sick leave per year and may accumulate sick leave balances without limit.

Employees who submit the required documentation when represented by the Coalition of City Unions are paid 35% of the value of unused sick leave upon retirement as part of the Health Reimbursement Arrangement – Voluntary Employees' Beneficiary Association (HRA-VEBA) program. If the employee fails to submit the required documentation by their last working day of employment, their sick leave balance is forfeited.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

Retiring employees who are ineligible to participate in the HRA-VEBA program may elect to receive 25% of the value of unused sick leave upon retirement or defer receipt of 35% of the value of their sick leave balance to the City's 457 Plan and Trust, subject to the year-to-date or life-to-date limitations on deferrals and contributions. If the 35% value of the sick leave balance exceeds the maximum amount deferred to the City's 457 Plan and Trust, the employee shall receive a taxable cash payment. The cash payment is equal to the amount by which the 25% value of the sick leave balance exceeds the 35% that was allowed to be deferred. The Fund records a liability for estimated sick leave payments.

Operating revenues – Revenues are recorded through cycle billings rendered to customers monthly or bimonthly. Amounts billed but not earned at year-end are recorded as unearned revenues on the Fund's statement of net position. The Fund accrues and records unbilled collection service revenues in the financial statements for services provided from the date of the last billing to year end.

Other operating revenues include revenues generated from the Fund's two transfer stations. Transfer station revenues are collected from self-haul customers who deliver their garbage, yard waste, wood waste, appliances, and tires for a fee to the two transfer stations.

Operating expenses – The Fund's operating expenses include the cost of sales and services, administrative expenses, depreciation on capital assets and amortization of deferred assets.

Taxes – The Fund paid an 14.2% City utility tax on residential and commercial revenues, net of yard waste, recycling, and other costs related to waste reduction. The Fund also is charged a tax by the City based on solid waste tonnage for operating transfer stations and for collecting garbage within the City of Seattle. The City tonnage tax rate of $13.27 per ton remained the same as 2018. In addition, the Fund paid a 1.5% business and occupation tax, a 0.484% wholesale tax, and a 0.471% retail tax to the State on the services provided to residential, commercial, and transfer station customers. The rates remained the same as 2018. The State refuse tax rates remained the same at 3.60% for 2019.

Nonoperating revenues and expenses – This includes the nonoperating revenues and expenses that arise from transactions not related directly to the major income-earning operations of the utility and are of a recurring nature. Major items are the investment and interest income, interest expense, amortization of debt expenses, amortization of debt discounts, premiums and refunding losses, sale of capital assets, and rental income.

Net position – The statement of net position reports all financial and capital resources. Assets and deferred outflows of resources minus liabilities and deferred inflows of resources is net position. There are three components of net position: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints placed on net position use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

The Fund's restricted net position relates to certain restricted assets that are offset by related liabilities.

Unrestricted net position is the portion that is not "net investment in capital assets" or "restricted."

Arbitrage rebate requirement – The Fund is subject to the Internal Revenue Code (IRC), Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed be surrendered to the Internal Revenue Service. As such, the Fund would record such a rebate as a liability. The Fund had no arbitrage liability as of December 31, 2019 and 2018.

Accounting standard changes – GASB has issued Statement No. 87, *Standards of Accounting and Financial Reporting for Leases*. The new GASB standard on leases was issued in June 2017 and will be effective for reporting periods beginning after December 15, 2019. Under this rule, leases are all assumed to be capital financings of the underlying asset with only a narrow range of short term equipment and motor vehicle leases treated as an 'operating lease.' GASB now assumes that all leases are 'capital leases' except for the specific exceptions noted. The Fund is evaluating the impact of this standard on the financial statements.

GASB has also issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement was issued in June 2018 to be implemented effective for reporting periods beginning after December 15, 2019. The Fund plans to invoke regulatory accounting under GASB 62 and will continue to capitalize interest as an expense to projects.

Use of estimates – The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Estimates and assumptions are used to record landfill closure and post closure costs, unbilled collection services, allowance for doubtful accounts, fair market value of cash and equity in pooled investments, accrued sick leave, capitalized interest, depreciation, environmental liabilities, risk liabilities, pension liability, and other contingencies. Changes in these estimates and assumptions may have a material impact on the financial statements.

Note 1 – Operations and Summary of Significant Accounting Policies (continued)

Significant risks and uncertainty – The Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include, but are not limited to, weather and natural disaster-related disruptions, collective bargaining labor disputes, Environmental Protection Agency regulations, and federal government regulations or orders concerning the operation, maintenance, and licensing of facilities.

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year presentation. These reclassifications had no effect on the operating results of the Fund.

Note 2 – Cash and Equity in Pooled Investments

Per Seattle Municipal Code, SMC 5.06.010 Investment Authority, the City's Director of Finance and Administrative Services (FAS) is authorized to invest all moneys in the City Treasury. Cash resources of the Department are combined with cash resources of the City to form a pool of cash that is managed by the City's Department of Finance and Administrative Services (FAS). Under the City's investment policy, all temporary cash surpluses in the pool are invested. The Fund's share of the pool is included on the balance sheets as Cash and Equity in Pooled Investments or as restricted assets. The pool operates like a demand deposit account in that all departments, including the Fund, may deposit cash at any time and can also withdraw cash, out of the pool, up to the amount of the Fund's balance, without prior notice or penalty. Accordingly, the statements of cash flows reconcile to cash and equity in pooled investments.

Custodial credit risk – deposits – Custodial credit risk of deposits is the risk that in the event of bank failure for one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner.

As of December 31, 2019, and 2018, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) as well as protection provided by the Washington State Public Deposit Protection Commission (PDPC) as established in RCW 39.58. The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks, credit unions, and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC or NCUA by requiring banks, credit unions, and thrifts to pledge securities as collateral.

As of December 31, 2019, and 2018, the City held sufficient cash in its vault for operations. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's $250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

Note 2 – Cash and Equity in Pooled Investments (continued)

Custodial credit risk – investments – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent. The City maintains a custody relationship with Wells Fargo under the State of Washington's statewide custody provider program arranged by the State Treasurer's Office. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method.

By investment policy, the City maintains a list of approved securities dealers for transacting business. The City also conducts its own due diligence as to the financial wherewithal of its counterparties.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Some of the City's pooled investments have credit risk from holdings in commercial paper, corporate notes, and taxable municipal bonds. The City may not hold more than 50% of the Pool's total assets in these credit sensitive sectors.

State statute defines the investments in commercial paper and corporate notes as a "credit portfolio". The credit portfolio may not exceed 25 percent of the Pool's market value. Credit investments must be diversified by sector and industry. No single issuer shall exceed 3 percent of the Pool's market value.

Commercial Paper investments may not have maturities exceeding 270 days and must hold the highest short-term credit rating by all the major credit rating agencies that rate the issuer at the time of purchase.

Corporate notes must mature within 5.5 years from the time of purchase and must be rated at least weak single-A or better by all the major rating agencies that rate the note at the time of purchase. No single issuer rated AA or better may exceed 3 percent of the Pool's market value. No single issuer rated in the single-A category may exceed 2 percent of the Pool's market value.

Municipal bonds must have a credit rating of weak single-A or better by all the major rating agencies that rate the issuer at the time of purchase. No single issuer may exceed 5 percent of the Pool's market value.

Interest rate risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. To mitigate interest rate risk, the City intentionally immunizes its known and expected cash flow needs. To best accomplish meeting its investment objectives, the City has divided the Pool into two separate portfolios: Operating and Strategic.

The Operating Portfolio is invested to meet reasonably expected liquidity needs over a period of twelve to eighteen months. This portfolio has low duration and high liquidity. Consistent with this profile, and for the purpose of comparing earnings yield, its benchmark is the net earnings rate of the State of Washington's Local Government Investment Pool (LGIP).

Note 2 – Cash and Equity in Pooled Investments (continued)

The Strategic Portfolio consists of cash that is in excess of known and expected liquidity needs. Accordingly, this portfolio is invested in debt securities with longer maturities than the Operating Portfolio, which over a market cycle, is expected to provide a higher return and greater investment income. Consistent with this profile, and for the purpose of comparing duration, yield and total return, the benchmark for the Strategic portfolio is the Barclays U.S. Government 1-7 year index. The duration of the Strategic Portfolio is targeted between 75% and 125% of the benchmark.

To further mitigate interest rate risk a minimum of 60% of the Operating Portfolio and 30% of the Strategic Portfolio must be invested in asset types with high liquidity, specifically U.S. Government obligations, U.S. Government Agency obligations, LGIP, Demand Accounts, Repo, Sweep, and Commercial Paper.

Investments – The Department's cash resources may be invested by FAS separate from the cash and investments pool. Investments are managed in accordance with the City's Statement of Investment Policy, with limits and restrictions applied at the City-wide level rather than to specific investments of the Department. As of December 31, 2019, and 2018, the Department did not have any dedicated investments. The City's Statement of Investment Policy was modified on January 1, 2018, with an effective date of March 8, 2018. There have been no subsequent changes to the policy.

The City of Seattle has three objectives in managing its investments that define its risk profile and guide implementation of its investment strategy. In order of importance they are Safety of Principal, Maintenance of Liquidity, and Return on Investment.

The City follows a set of Standards of Care when it comes to its investments that include the following:

- Social Policies: A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.

- Ethics and Conflict of Interest: Investment officers shall comply with the City's Ethics Code (SMC 4.16.080) and annually submit a Financial Interest Statement to the City's Ethics & Elections Commission that identifies any potential financial interest that could be related to the performance of the City's investment portfolio.

Delegation of authority – The Director of Finance and Administrative Services has delegated management responsibility for the City's investment program to the Director of Finance who has designated day to day management responsibility to investment officers under the supervision of the City's Treasury Services Director. No persons may engage in an investment transaction except as provided under the terms of the City Statement of Investment Policy and the procedures established therein.

Note 2 – Cash and Equity in Pooled Investments (continued)

Fair value of pooled investments – The City reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value of the City's pooled investments fluctuates with changes in interest rates and the underlying size of the pooled investment portfolio. To mitigate interest rate risk in the City's pooled investment portfolio, the City typically holds its investments to maturity and manages its maturities to ensure sufficient monthly cash flow to meet its liquidity requirements.

As of December 31, 2019, the City held $509.6 million on deposit in the Washington State Local Government Investment Pool (LGIP) managed by the Office of the Washington State Treasurer. The City's investments in the LGIP are reported at amortized cost which approximates fair value. It is overseen by the Office of the State Treasurer, the State Finance Committee, the Local Government Investment Pool Advisory Committee, and the Washington State Auditor's Office.

The City reports its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction amongst market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

Valuation techniques to determine fair value should be consistent with one or more of three approaches: the market approach, cost approach, and income approach. The City uses a combination of the market and cost approach for the valuation of pooled investments.

The City's overnight repurchase agreement with Wells Fargo Bank, N.A., and investment in the State of Washington Local Government Investment Pool (LGIP) are accounted for at cost. The LGIP is an external investment pool and is measured at a net asset value (NAV) per share of $1. The remainder of the City's investments are purchased in the over-the-counter U.S. bond market and accounted for at market.

The City uses market pricing for its over-the-counter investments as provided by its contractual custodial agent, Wells Fargo Institutional Retirement & Trust, and its third-party investment accounting vendor FIS AvantGard LLC. Both Wells Fargo and FIS contract with Interactive Data Pricing and Reference Data, Inc., for securities pricing.

Note 2 – Cash and Equity in Pooled Investments (continued)

As a basis for considering market participant assumptions in fair value measurements, GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2 – inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability. Valuation adjustments such as for nonperformance risk or inactive markets could cause an instrument to be classified as Level 3 that would otherwise be classified as Level 1 or Level 2.

As of December 31, 2019, the City's pooled investments were categorized within the fair value hierarchy as follows:

Investments	Fair Value as of December 31, 2019	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Weighted Average Maturity (Days)
U.S. Government Agency Securities	$ 693,744,193	$ 693,744,193	$ -	$ -	1,246
U.S. Treasury and U.S. Government-Backed Securities	583,535,317	583,535,317	-	-	902
Local Government Investment Pool	509,563,594	-	509,563,594	-	2
Municipal Bonds	354,007,423	-	354,007,423	-	2,184
U.S. Government Agency Mortgage-Backed Securities	290,939,453	-	290,939,453	-	1,821
Repurchase Agreements	118,189,506	118,189,506	-	-	2
Commercial Paper	84,916,181	-	84,916,181	-	22
Corporate Bonds	50,188,027	50,188,027	-	-	570
International Bank for Reconstruction and Development	44,743,700	44,743,700	-	-	1,714
	$ 2,729,827,394	$ 1,490,400,743	$ 1,239,426,651	$ -	
Weighted Average Maturity of the City's Pooled Investments					1,026

As of December 31, 2019, the City's pooled investments were categorized within the fair value hierarchy as follows:

Investments	Fair Value as of December 31, 2018	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Weighted Average Maturity (Days)
U.S. Government Agency Securities	$ 986,081,743	$ 986,081,743	$ -	$ -	1,052
U.S. Treasury and U.S. Government-Backed Securities	449,668,993	449,668,993	-	-	840
Municipal Bonds	361,335,017	-	361,335,017	-	1,954
Commercial Paper	114,534,384	-	114,534,384	-	14
U.S. Government Agency Mortgage-Backed Securities	295,828,238	-	295,828,238	-	432
Repurchase Agreements	109,436,707	109,436,707	-	-	1
Local Government Investment Pool	143,657,503	-	143,657,503	-	1
Bank Note	8,098,219	8,098,219	-	-	22
	$ 2,468,640,804	$ 1,553,285,662	$ 915,355,142	$ -	

Note 2 – Cash and Equity in Pooled Investments (continued)

As of December 31, 2019 and 2018 the Fund's share of the City Pool was as follows:

	2019	2018
Cash and equity in pooled investments	$ 72,277,630	$ 59,392,742
Restricted cash and equity in pooled investments	52,914,036	57,949,997
	$ 125,191,666	$ 117,342,739
Balance as a percentage of City Pool cash and investments	4.6%	4.8%

Concentration of credit risk – Concentration risk is the risk of loss attributed to the magnitude of investments in a single issuer. The City manages concentration risk by limiting its investments in any one issuer in accordance with the City's investment policy and state statutes. The policy limits vary for each investment category. State statute and the City's Statement of Investment Policy do not stipulate concentration limits for holdings of U.S. Government or U.S. Government Agency Obligations. However, as noted under credit risk, the City's Statement of Investment Policy outlines maximum percentage allocations for municipal securities, commercial paper as well as bank notes and corporate notes.

The City's investments in which five percent or more is invested in any single issuer, as of December 31 are as follows:

	2019		2018	
Issuer	Fair Value	Percent of Total Investments	Fair Value	Percent of Total Investments
United States Government	$ 583,535,317	21%	$ 449,668,993	18%
Local Government Investment Pool	509,563,594	19%	143,657,503	6%
Federal Home Loan Mortgage Corp	293,802,918	11%	144,168,950	6%
Federal National Mortgage Association	283,978,980	10%	324,783,135	13%
Federal Home Loan Bank	244,714,007	9%	328,232,508	13%
Federal Farm Credit Bank	162,187,740	6%	328,716,755	13%

Note 3 – Capital Assets

Capital assets activity for the year ended December 31, 2019, consisted of the following:

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Buildings	$ 138,913,900	$ 124,641	$ -	$ 139,038,541
Structures	13,760,135	77,098	-	13,837,233
Machinery and equipment	68,593,400	4,435,800	(1,872,081)	71,157,119
Computer systems	34,220,881	160,895	(4,704,682)	29,677,094
Total capital assets, excluding land	255,488,316	4,798,434	(6,576,763)	253,709,987
Less accumulated depreciation	(71,303,032)	(11,444,730)	6,500,126	(76,247,636)
	184,185,284	(6,646,296)	(76,637)	177,462,351
Construction in progress	7,374,575	9,978,976	(5,206,786)	12,146,765
Land and land rights	26,882,856	-	-	26,882,856
Artwork	913,593	3,850	-	917,443
Property held for future use	1,529,982	-	-	1,529,982
Capital assets, net	$ 220,886,290	$ 3,336,530	$ (5,283,423)	$ 218,939,397

Capital assets activity for the year ended December 31, 2018, consisted of the following:

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Buildings	$ 134,846,484	$ 4,255,702	$ (188,286)	$ 138,913,900
Structures	13,760,135	-	-	13,760,135
Machinery and equipment	67,264,148	1,904,939	(575,687)	68,593,400
Computer systems	31,188,639	3,210,485	(178,243)	34,220,881
Total capital assets, excluding land	247,059,406	9,371,126	(942,216)	255,488,316
Less accumulated depreciation	(60,318,317)	(11,809,313)	824,598	(71,303,032)
	186,741,089	(2,438,187)	(117,618)	184,185,284
Construction in progress	10,904,375	5,844,528	(9,374,328)	7,374,575
Land and land rights	26,882,856	-	-	26,882,856
Artwork	913,593	-	-	913,593
Property held for future use	1,529,982	-	-	1,529,982
Capital assets, net	$ 226,971,895	$ 3,406,341	$ (9,491,946)	$ 220,886,290

During 2019 and 2018, the Fund capitalized interest costs relating to construction of $378,589 and $185,738, respectively.

Note 4 – Revenue Bonds

The Fund issues bonds to provide financing for capital improvements. Payment of debt service on the bonds is derived solely from the revenues generated by the Fund. The Fund has set aside $9,831,311 in a debt service reserve fund and has obtained reserve insurance policies to meet the remainder of its reserve requirements. The total bonds outstanding as of December 31, 2019, were $187,105,000.

Revenue bonds outstanding as of December 31, 2019 and 2018, consisted of the following Solid Waste bonds:

Name of Issue	Issuance Date	Maturity Years	Interest Rates	Original Issue Amount	Bonds Outstanding 2019	Bonds Outstanding 2018
2007 Revenue Bonds	12/05/2007	2008-2033	4.0 - 5.0%	$ 82,175,000	$ -	$ 415,000
2011 Revenue Bonds	6/22/2011	2012-2036	3.0 - 5.0%	45,750,000	36,610,000	37,985,000
2014 Revenue Bonds	6/12/2014	2015-2039	2.0 - 5.0%	95,350,000	83,690,000	87,715,000
2015 Revenue Bonds	6/25/2015	2016-2040	2.0 - 5.0%	35,830,000	32,665,000	33,550,000
2016 Revenue Bonds	6/30/2016	2017-2041	4.0 - 5.0%	35,335,000	34,140,000	34,560,000
				$ 294,440,000	$ 187,105,000	$ 194,225,000

Minimum debt service requirements to maturity on revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	7,045,000	8,404,500	$ 15,449,500
2021	7,400,000	8,045,125	15,445,125
2022	7,775,000	7,667,625	15,442,625
2023	8,170,000	7,271,000	15,441,000
2024	8,590,000	6,854,125	15,444,125
2025 - 2029	49,860,000	27,373,243	77,233,243
2030 - 2034	56,240,000	15,111,947	71,351,947
2035 - 2039	37,550,000	4,678,719	42,228,719
2040 - 2041	4,475,000	132,900	4,607,900
	$ 187,105,000	$ 85,539,184	$ 272,644,184

The following table shows the revenue bond activity during the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, revenue bonds	$ 194,225,000	$ -	$ (7,120,000)	$ 187,105,000	$ 7,045,000
Add (deduct) deferred amounts					
Issuance premiums	19,980,464	-	(970,741)	19,009,723	-
Total bonds payable	$ 214,205,464	$ -	$ (8,090,741)	$ 206,114,723	$ 7,045,000

Note 4 – Revenue Bonds (continued)

The following table shows the revenue bond activity during the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, revenue bonds	$ 201,000,000	$ -	$ (6,775,000)	$ 194,225,000	$ 7,120,000
Add (deduct) deferred amounts					
Issuance premiums	21,004,288	-	(1,023,824)	19,980,464	-
Total bonds payable	$ 222,004,288	$ -	$ (7,798,824)	$ 214,205,464	$ 7,120,000

Prior year defeasance of debt – In prior years, the Fund defeased certain obligations by placing the proceeds of new bonds in irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased and the corresponding liabilities and trust account assets are not included in the statement of net position. At December 31, 2019, no outstanding bonds are considered defeased.

Financial covenants – The revenue bonds contain certain financial covenants, the most significant of which requires the Fund to maintain net revenue available for debt service at least equal to 125% of annual debt service. Net revenue available for debt service, as defined by the bond covenants, was 475% of annual debt service for 2019. Management believes the Fund was in compliance with all debt covenants as of December 31, 2019. For more information, see Other Information (page 51).

Note 5 – Leases

The Fund has noncancelable operating lease commitments for real and personal property with minimum payments of $9,516 in 2019 and $9,365 in 2018. The Fund has leases for properties at 2702 6th Avenue South and a trail at the South Transfer Station, with expiration dates of December 2020 and December 2023, respectively. Rents are paid as they become due and payable. Minimum payments under the leases for the years ending December 31 are as follows:

2020	6,323
2021	1,727
2022	1,727
2023	1,727
	$ 11,504

Note 6 – Postemployment Benefit Plans

Deferred compensation – The City offers all of its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan permits employees to defer a portion of their salaries until future years. The deferred compensation is paid to employees upon termination, retirement, death, or unforeseen emergency.

The Plan is an eligible deferred compensation plan under Section 457 of the IRC of 1986, as amended, and a trust exempt from tax under IRC Sections 457(g) and 501(a). The Plan is operated for the exclusive benefit of participants and their beneficiaries. No part of the corpus or income of the Plan shall revert to the City or be used for, or diverted to, purposes other than the exclusive benefit of participants and their beneficiaries. The Plan is not reported in the financial statements of the City or the Fund.

It is the opinion of the City's legal counsel that the City has no liability for investment losses under the Plan. Under the Plan, participants select investments from alternatives offered by the Plan Administrator, who is under contract with the City to manage the Plan. Investment selection by a participant may be changed from time to time. The City does not manage any of the investment selections. By making the selection, participants accept and assume all risks inherent in the Plan and its administration.

Other postemployment benefits plan description – Health care plans for active and retired employees are administered by the City of Seattle as single-employer defined benefit public employee health care plans.

Employees retiring under the City may continue their health insurance coverage under the City's health insurance plans for active employees. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City may continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The postemployment benefit provisions are established and may be amended by ordinance of the Seattle City Council and as provided in Seattle Municipal Code 4.50.020. The City provides an implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 6 – Postemployment Benefit Plans (continued)

Based on the latest biennial actuarial valuation date, the significant methods and assumptions are as follows:

Actuarial data and assumptions – the demographic assumptions of mortality, termination, retirement, and disability are set equal to the assumptions used for City pension actuarial valuations based on a Seattle City Employees' Retirement System Experience Report for the period 2014–2017.

Valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Discount rate	4.10%
Health care cost trend rates – medical	6.77% in 2019, decreasing to 6.55% in 2020, and decreasing by varying amounts until 2030 thereaft
Health care cost trend rates – Rx	9.50% in 2019, decreasing to 9.00% in 2020, and decreasing by varying amounts until 2030 thereaft
Participation	25% of active employees who retire participate

Mortality

General Service (Actives)

Males: RP-2014 Employees Table for Males, adjusted by 60%
Females: RP-2014 Employees Table for Females, adjusted by 95%
Rates are projected generationally using Scale MP-2014 ultimate rates

General Service (Retirees)

Males: RP-2014 Healthy Annuitant Males, adjusted by 95%
Females: RP-2014 Healthy Annuitant Females, adjusted by 95%
Rates are projected generationally using Scale MP-2014 ultimate rates

Marital status – 35% of members electing coverage: married or have a registered domestic partner. Male spouses two years older than their female spouses.

Note 6 – Postemployment Benefit Plans (continued)

Health care claims development – The sample per capita claim cost assumptions shown below by age, benefit, and plan represent the true underlying baseline experience estimated for the City of Seattle's sponsored postretirement benefits and costs.

	Aetna Preventive Plan			Aetna Traditional Plan		
Age	Medical	Rx	Admin	Medical	Rx	Admin
50	$ 9,368	$ 2,621	$ 465	$ 9,599	$ 2,731	$ 465
52	10,191	2,852	465	10,443	2,970	465
55	11,563	3,236	465	11,849	3,370	465
57	12,603	3,527	465	12,914	3,673	465
60	14,341	4,013	465	14,694	4,180	465
62	15,452	4,324	465	15,832	4,504	465

	Group Health Deductible			Group Health Standard		
Age	Medical	Rx	Admin	Medical	Rx	Admin
50	$ 4,534	$ 1,215	$ 734	$ 4,285	$ 1,097	$ 734
52	4,932	1,321	734	4,661	1,193	734
55	5,596	1,499	734	5,288	1,353	734
57	6,099	1,634	734	5,764	1,475	734
60	6,939	1,859	734	6,559	1,679	734
62	7,476	2,004	734	7,067	1,810	734

The average medical/Rx per capita claims costs were developed from calendar year 2019 fully insured premium rates for Aetna plans or self-funded premium-equivalent rates for Group Health (acquired by Kaiser Permanente in 2017) plans. Premium or premium-equivalent rates were provided by the City of Seattle's health pricing actuary. The average medical/Rx per capita claims costs were trended to the mid-point of the annual period following the valuation date. Average medical/ Rx per capita claims costs were then age-adjusted based on the demographics of the population, and the assumed health care aging factors shown in the morbidity factors table below.

For the Aetna plans only, the average medical/Rx per capita claims costs were blended with the 2017 medical/Rx per capital developed claims cost trended forward to the valuation date.

Note 6 – Postemployment Benefit Plans (continued)

Morbidity factors – The claim costs for medical and prescription drugs were assumed to increase with age according to the table below.

Age	Medical	Rx	Composite
40–44	3.0%	4.8%	3.3%
45–49	3.7%	4.7%	3.8%
50–54	4.2%	4.7%	4.3%
55–59	4.4%	4.6%	4.4%
60–64	3.7%	4.6%	3.8%
65–69	2.7%	3.8%	3.1%
70–74	1.8%	2.5%	2.1%
75–79	2.2%	0.8%	1.4%
80–84	2.8%	0.2%	1.3%
85–89	1.4%	0.1%	0.6%
90+	0.0%	0.0%	0.0%

Other considerations – Active employees with current spouse and/or dependent coverage elect same plan and coverage. After retirement, it is assumed that children will have aged off coverage and will have $0 liability.

OPEB liability – The Fund reported an OPEB liability of approximately $1.0 million in 2019 and 2018. The Fund's proportionate share of the OPEB liability was 1.70% and 1.69% for the years ended December 31, 2019, and December 31, 2018, respectively. Based on the actuarial valuation date of January 1, 2019, details regarding the Fund's Total OPEB Liability as of December 31, 2019, are shown below.

($ in thousands)	**Total OPEB Liability**
Changes recognized for the fiscal year:	
Service cost	$ 65.3
Interest on the total OPEB liability	37.3
Differences between expected and actual experience	0.0
Changes of assumptions	(66.1)
Benefit payments	(39.7)
Contributions from the employer	0.0
Other changes	8.1
Net changes	4.9
Balance recognized at 12/31/2018	1,031.2
Balance recognized at 12/31/2019	$ 1,036.1

Note 6 – Postemployment Benefit Plans (continued)

The Fund recorded an expense for OPEB of $79,353 in 2019 and $92,025 in 2018. The Health Care Subfund of the General Fund is reported in The City of Seattle's Comprehensive Annual Financial Report.

Discount rate and healthcare cost trend rates – The discount rate used to measure the total OPEB liability is 4.10% for 2019 and 3.44% for 2018. The following tables present the sensitivity of OPEB liability calculation to a 1% increase and a 1% decrease in the discount rate used to measure the total OPEB liability:

Discount Rate Sensitivity
(in millions)

	OPEB Liability at December 31, 2019
Discount rate	
1% decrease – 3.10%	$ 1.1
Current discount rate – 4.10%	1.0
1% increase – 5.10%	0.9

Discount Rate Sensitivity
(in millions)

	OPEB Liability at December 31, 2018
Discount rate	
1% decrease – 2.44%	$ 1.1
Current discount rate – 3.44%	1.0
1% increase – 4.44%	0.9

The following table presents the sensitivity of net Health Plan OPEB liability calculation to a 1% increase and a 1% decrease in the healthcare cost trend rates used to measure the total Health Plan OPEB liability:

Healthcare Cost Trend Rate Sensitivity
(in millions)

	OPEB Liability at December 31,	
	2019	2018
Discount rate		
1% decrease	$ 0.9	$ 0.9
Trend rate	1.0	1.0
1% increase	1.2	1.2

Note 6 – Postemployment Benefit Plans (continued)

Deferred outflows of resources and deferred inflows of resources related to OPEB – The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for the Fund at December 31, 2019.

(in thousands)	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	$ 178.9	$ -
Assumption changes	-	352.3
Contributions made in 2019 after measurement date	42.2	N/A
Total	$ 221.1	$ 352.3

The Fund's contributions made in 2019 in the amount of $42,233 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020 These contributions will be recognized in the future as shown in the following table. Note that additional future deferred outflows and inflows of resources may impact these amounts.

Year Ending December 31, *(in thousands)*	Amortization
2020	$ (23.3)
2021	(23.3)
2022	(23.3)
2023	(23.3)
2024	(23.3)
Thereafter	(56.9)
Total	$ (173.4)

Schedules of funding progress are as follows (dollars in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL Entry Age (b)	UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
January 1, 2015	$ -	44.4	44.4	0.0%	$ 1,037.9	4.3%
January 1, 2016	$ -	65.7	65.7	0.0%	$ 1,125.7	5.8%
January 1, 2017	$ -	70.1	70.1	0.0%	$ 1,153.8	6.1%

The Health Care Sub Fund of the General Fund is reported in the City's Comprehensive Annual Financial Report, which can be obtained by writing the Department of Finance, City of Seattle, PO Box 94747, Seattle, Washington 98124-4747 or www.seattle.gov/cafrs/.

Note 7 – Claims Payable

The City and the Fund are self-insured for certain losses arising from personal and property damage claims by third parties and for casualty losses to the Fund's property. Liabilities for identified claims and claims incurred but not reported have been recorded by the Fund.

For 2019 and 2018, liabilities for workers' compensation claims as well as other claims are discounted over a 15-year period at the City's rate of return on investments, 2.334% and 1.978%, respectively. Claims expected to be paid within one year are $259,900 and $243,166 as of December 31, 2019 and 2018, respectively.

The schedules below present the changes in the liability for workers' compensation claims and other claims (risk financing liabilities) as of December 31:

	2019	2018
Beginning liability, discounted	$ 645,425	$ 660,415
Payments	(152,517)	(202,301)
Incurred claims and change in estimate	201,620	187,311
Ending liability, discounted	$ 694,528	$ 645,425

The Fund is involved in litigation from time to time as a result of operations.

Note 8 – Compensated Absences

The Fund has recorded a liability for earned but unused compensatory and vacation leave, as well as estimated sick leave payments calculated based on the termination payment method. The schedules below show the compensated absences activity during the years ended December 31:

	2019	2018
Beginning liability	$ 1,517,133	$ 1,724,813
Additions	2,204,176	1,796,878
Reductions	(2,002,978)	(2,004,558)
Ending liability	$ 1,718,331	$ 1,517,133

Note 9 – Pension Benefit Plan

Plan description – The Seattle City Employees' Retirement System (the System) is a cost-sharing multiple employer pension plan covering employees of the City of Seattle and is administered in accordance with Chapter 4.36 of the Seattle Municipal Code.

The System is governed by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Personnel Director, two active members and one retired member of the System who are elected by other System members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

Beginning with employees with hire dates of January 1, 2017, or later, all new members are enrolled in SCERS Plan II, which has contribution and benefit calculation rates different than the original SCERS I Plan.

All permanent Fund employees are eligible to participate in the system.

System benefits – Service retirement benefits are calculated on the basis of age, salary, and service credit.

SCERS I – The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Members are eligible for retirement benefits after 30 years of service; at age 52 after 20 years of service; at age 57 after ten years of service; and at age 62 after five years of service. Annual retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months, excluding overtime. Members who retire before meeting the age and/or years of service requirement receive a 0.1% reduction for each year that retirement precedes the date of eligibility. Retirement benefits vest after 5 years of credited service.

SCERS II – Members are eligible for retirement benefits at age 55 after 20 years of service, at age 57 after 10 years of service, and at age 60 after 5 years of service. Annual retirement benefits are calculated as 1.75% multiplied by years of creditable service, multiplied by average salary, based on the highest 60 consecutive months, excluding overtime. Members who retire before meeting the age and/or years of service requirement receive a 0.1% reduction for each year that retirement precedes the date of eligibility. Retirement benefits vest after 5 years of credited service.

Note 9 – Pension Benefit Plan (continued)

Member and employer contributions – member and employer contributions are:

	Year	SCERS I	SCERS II
Member Contribution	2019	10.03%	7.00%
	2018	10.03%	7.00%
Employer Contribution	2019	15.23%	14.42%
	2018	15.23%	14.42%

Member and employer rates are established by the Seattle Municipal Code Chapter 4.36. The Fund's contributions to the System for the years ended December 31, 2019 and 2018, were $2,537,101 and $2,513,609, respectively.

The System issues stand-alone financial statements, which may be obtained by writing to the Seattle City Employees' Retirement System, 720 Third Avenue, Suite 900, Seattle, Washington, 98104, and telephone: (206) 386-1293, or www.seattle.gov/retirement/annual_report.htm.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At December 31, 2019 and 2018, the Fund reported a liability of $33,157,484 and $24,462,923, respectively, its proportionate share of the Systems' net pension liability. The net pension liability was measured as of December 31, 2018 and December 31, 2017, for the years ended December 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The Fund's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating parties, actuarially determined. At December 31, 2019 and 2018, the Fund's proportion was 2.18% and 2.21%, respectively.

For the years ended December 31, 2019 and 2018, the Fund recognized pension expense of approximately $4,228,000 and $3,056,000, respectively.

The Fund's deferred outflows and inflows of resources are as follows at December 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,803	$ 701,837
Change of assumptions	1,793,923	-
Net difference between projected and actual earnings	3,492,702	-
Contributions made subsequent to measurement date	2,537,101	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,973,034
Total	$ 7,835,529	$ 2,674,871

Note 9 – Pension Benefit Plan (continued)

The Fund's deferred outflows and inflows of resources are as follows at December 31, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,916	$ 635,044
Net difference between projected and actual earnings	(2,158,640)	-
Contributions made subsequent to measurement date	2,513,609	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,391,408
Total	$ 374,885	$ 3,026,452

Other amounts currently reported as deferred outflows of resources relate to the difference in actual earnings on pension investments from projected earnings and will be recognized in pension expense as follows for years ending December 31:

2019	$ 606,894
2020	(34,998)
2021	331,042
2022	1,551,699
2023	168,921
Total	$ 2,623,558

Actuarial assumptions – The total pension liability as of December 31, 2019, was determined using the following actuarial assumptions:

Valuation date	January 1, 2018
Measurement date	December 31, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percent, Closed
Remaining amortization period	30 years as of January 1, 2013 valuation
Asset valuation method	5-Year Non-asymptotic
Inflation	2.75%
Investment rate of return	7.25% compounded annually, net of expenses
Discount rate	7.25%
Projected general wage inflation	3.5%
Postretirement benefit increases	1.5%
Mortality	Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale. See 2018 Investigation of Experience report for details.

Note 9 – Pension Benefit Plan (continued)

The actuarial assumptions that determined the total pension liability as of the measurement date were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2013.

The discount rate used to measure the pension liability is based on a projection of cash flows assuming that plan member contributions will be made at the current contribution rate and that participating employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the System's 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 on pension plan investments was applied to all periods on projected benefit payment to determine total pension liability.

The long-term expected rate of return assumption was based on the System's investments using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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 expect future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity: Public	5.43%
Equity: Private	8.40%
Fixed Income: Broad	1.62%
Fixed Income: Credit	4.30%
Real Assets: Real Estate	3.90%
Real Assets: Infrastructure	4.25%
Diversifying Strategies	4.01%

Sensitivity analysis – The following presents the Fund's proportionate share of the net pension liability calculated using the discounted rate of 7.25%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
$ 44,378,875	$ 33,157,484	$ 23,371,458

Note 10 – Contractual Obligations

The City contracts with private companies for the collection of residential and commercial garbage, yard waste, food waste, and recycling. Independent vendors supplement these City services with large scale recycling and food waste for business customers. Effective April 1, 2019, the City began new service contracts with Waste Management and Recology of King County for residential and commercial collection. The contracts are scheduled to end on March 31, 2029, with City options to extend to March 2031 and March 2033. Total payments under these contracts for residential and commercial collection were $81,313,562 in 2018 and $80,585,666 in 2019.

In 1990, the City entered into a contract with Waste Management of Washington, Inc. (formerly known as Washington Waste Systems), for rail-haul and disposal of non-recyclable City waste. This contract is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause on March 31, 2024. Total payments under the terms of this contract for waste disposal were $14,988,052 in 2018 and $15,279,836 in 2019.

Effective April 1, 2014, the City entered into contracts with PacifiClean Environmental of Washington, LLC, and Lenz Enterprises, Inc., to process yard and food waste into marketable products. The contracts were scheduled to end on March 31, 2020, with options to extend in two-year increments up to March 31, 2024, at the City's discretion. The City terminated the services with PacifiClean effective August 31, 2017, due to failed operations, prior to the end of the original contract term. The City awarded a new contract to Cedar Grove Composting, effective September 1, 2017, to provide additional services. The Cedar Grove Contract will end March 31, 2020, with City options to extend the contract up to March 31, 2024. Total payments under the terms of these contracts were $4,581,986 in 2018 and $4,534,016 in 2019.

Effective April 1, 2016, the City commenced a contract for recycling processing with Rabanco, LTD. The company is responsible for processing recyclables and marketing those commodities. The City may, at its option, extend the contract in three year increments up to March 31, 2027. Total payments, net of recycling revenue, were $3,592,309 in 2018 and $5,285,545 in 2019. This variance resulted from fluctuations in recycling commodity pricing.

Note 11 – Environmental Liabilities

The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (Ecology) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. Ecology has approved the remediation and re-development on the City-owned portion of the landfill property. That work is in design and construction is scheduled to be completed by 2024. In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup. In 2015, the developer completed Ecology-approved interim cleanup action on its portion of the site.

Note 11 – Environmental Liabilities (continued)

The Fund has included in its estimated liability those portions of the environmental remediation work that are deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions.

Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price increases or reductions, technology, or applicable laws or regulations.

The following changes in the provision for environmental liabilities at December 31 are:

	2019	2018
Beginning environmental liability, net of recoveries	$ 19,014,357	$ 17,163,985
Payments or amortization	(389,296)	(108,084)
Change in estimated liability	89,079	1,958,456
Ending environmental liability, net of recoveries	$ 18,714,140	$ 19,014,357

The following table represents the current and long term positions of the environmental liability:

	2019	2018
Environmental liability, current	$ 2,431,000	$ 342,000
Environmental liability, noncurrent	16,283,140	18,672,357
Ending liability	$ 18,714,140	$ 19,014,357

Note 12 – Landfill Closure and Post Closure Care

In prior years, the Fund delivered its refuse to two leased disposal sites: the Midway and Kent-Highlands landfills. Subsequent to signing the original lease agreement, federal and state requirements for closure of landfill sites were enacted. The Fund stopped disposing of municipal waste in the Midway site in 1983 and in the Kent-Highlands site in 1986.

Note 12 – Landfill Closure and Post Closure Care (continued)

At December 31, 2019, accrued landfill closure and post closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to I-5 improvement projects. It is the City Council's policy to include the Fund's share of all landfill closure and post closure costs in the revenue requirements used to set future solid waste rates. Therefore, the Fund uses regulatory accounting and total estimated landfill closure and post closure care costs are accrued and also reflected as a future costs in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers and will be fully amortized in 2024. Actual costs for closure and post closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill postclosure costs will continue to amortize until 2024.

Note 13 – Subsequent Event

In March 2020, the World Health Organization declared the novel coronavirus outbreak a global pandemic. In response, the Governor of the state of Washington issued a stay-at-home order, restricting travel and the closing of all non-essential businesses. The City and SPU have implemented measures to mitigate the impacts to its operations, its employees and its customers, including closing offices, requiring employees not required to be on site for essential services to work from home, and implementing social distancing measures for employees required to be onsite. This did not have an impact to the financial results and operations for 2019. SPU will continue to monitor the situation closely, but given the uncertainty surrounding the situation, the estimated impact to SPU's future operations and financial statements cannot be determined.

Required Supplementary Information

Schedule of Seattle Public Utilities' Proportionate Share of the Net Pension Liability

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	14.55%	14.73%	15.13%	16.37%	16.96%
Employer's proportionate share of the net pension liability	$ 221,049,893	$ 163,086,154	$ 197,454,529	$ 212,671,200	$ 187,919,945
Employer's covered payroll	$ 111,973,027	$ 107,715,383	$ 106,696,535	$ 105,031,141	$ 102,783,473
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	197.41%	151.40%	185.06%	202.48%	182.83%
Plan fiduciary net position as a percentage of the total pension liability	64.14%	72.04%	65.60%	64.03%	67.70%

Schedule of Seattle Public Utilities' Pension Contributions

	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 17,103,559	$ 16,466,270	$ 16,354,089	$ 16,487,154	$ 15,170,276
Contributions in relation to the contractually required employer contribution	(17,103,559)	(16,466,270)	(16,354,089)	(16,487,154)	(15,170,276)
Employer contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 111,973,027	$ 107,715,383	$ 106,696,535	$ 105,031,141	$ 102,783,473
Employer contributions as a percentile of covered payroll	15.27%	15.29%	15.33%	15.70%	14.76%

Schedule of City of Seattle's OPEB Liability and Related Ratios

	December 31, 2019
Total OPEB Liability	
Normal cost	$ 3,842,152
Interest	2,195,238
Differences between expected and actual experience	-
Changes in assumptions	(3,886,702)
Benefit payment	(2,333,610)
Total OPEB liability – beginning of year	61,129,833
Total OPEB liability – end of year	$ 60,946,911
Covered-employee payroll	$ 1,015,097,334
Net OPEB liability as percentage of covered-employee payroll	6.00%

Other Information (Unaudited)

Solid Waste Debt Service Coverage Calculation 2019

Operating Revenue	
Residential Collection Services	$ 138,726,287
Commercial Collection Services	66,183,507
Disposal and Other	20,055,432
Rate Stabilization Account	-
Total Operating Revenue	224,965,226
Operating Expense	
Solid Waste Contract Expense	107,523,626
Other Operations and Maintenance	42,390,328
City Taxes	26,741,995
State B&O Tax	3,376,030
Total Operating Expense	180,031,979
Net Operating Income	44,933,247
Adjustments	
Less: DSRF Earnings	(237,577)
Add: City Taxes	26,741,995
Add: Environmental Liability Costs	89,079
Add: Investment Interest	2,034,299
Add: Net Proceeds from Sale on Assets	-
Add: Net Other Nonoperating Revenues	667,563
Total Adjustments	29,295,359
Net Revenue Available for Debt Service	$ 74,228,606
Net Revenue Available for Debt Service (w/o City Taxes)	$ 47,486,611
Annual Debt Service	
Annual Debt Service	$ 15,876,875
Less: DSRF Earnings	(237,577)
Adjusted Annual Debt Service	$ 15,639,298
Coverage	$ 4.75
Coverage without taxes	$ 3.04

Solid Waste Customers by Class

	2015	2016	2017	2018	2019
VARIABLE CANS					
No Can/Vacancy	2,114	2,280	2,270	1,910	1,959
12-Gallon Can	19,893	20,707	21,355	21,747	21,710
20-Gallon Can	46,942	47,791	47,601	47,772	48,480
32-Gallon Can	86,675	85,503	82,859	83,504	82,932
64-Gallon Can	7,081	7,263	7,466	7,716	8,042
96-Gallon Can	2,008	2,235	2,484	2,777	2,994
TOTAL VARIABLE CANS	164,713	165,779	164,035	165,426	166,117
Residential Dumpster Accounts	5,261	5,383	5,324	5,221	5,245
Commercial Accounts	8,145	8,096	8,082	8,023	8,556

Solid Waste Tonnage

	2014	2015	2016	2017	2018	2019
GARBAGE						
Residential Collection	112,245	101,972	103,720	105,315	107,485	109,367
Self-Haul Garbage	57,844	60,938	65,754	99,290	100,828	101,506
Commercial Collection	139,475	139,557	138,546	139,317	138,009	134,816
Total tons disposed	309,564	302,467	308,020	343,922	346,322	345,689
RECYCLING						
Private Recycling [1]	241,252	235,880	252,242	246,747	262,249	257,010
Residential Curbside Recycling	56,054	57,073	54,207	55,123	53,582	50,505
Apartment Recycling	22,212	24,028	24,781	24,652	24,520	24,802
Residential Curb Yard & Food Waste	82,588	89,213	91,375	90,789	88,947	89,105
Self Haul Yard Waste	4,199	4,009	4,390	6,127	6,127	6,957
Self-Haul Wood Waste	523	682	866	1,185	1,040	893
Self-Haul Recycling [1]	2,086	2,209	2,747	4,495	4,567	4,879
Composting [2]	10,800	10,800	10,800	10,800	9,450	9,450
Total tons recycled	419,714	423,894	441,408	439,918	450,482	443,601
Total tons generated	729,278	726,361	749,428	783,840	796,804	789,290
Garbage as a percentage of total tons generated	42%	42%	41%	44%	43%	44%
Recycling as a percentage of total tons generated	58%	58%	59%	56%	57%	56%

[1] Estimate for 2019

[2] Composting figures are estimates based on surveys and include grasscycling and backyard food waste and yard waste composting. Surveys were conducted in 2005, 2010, and 2018.

Solid Waste Rate Schedule and Transfer Station Fees

2020 Monthly Residential Rate Schedule

Service unit	Rates (Effective April 1, 2020)
No can (minimum charge)	6.85
12-Gallon	25.00
20-Gallon	30.50
32-Gallon	39.80
64-Gallon	79.55
96-Gallon	119.40
Recycling	No charge
Non-Compacted Dumpster (one cubic yard, once/week, one container)[2]	294.90
Compacted Dumpster (three cubic yards, once/week, one container)[2]	851.22
Yard Waste Mini-Can	6.40
Yard Waste 32-Gallon Can	9.60
Yard Waste 96-Gallon Can	12.30

(1) Rates listed are for curb/alley service.

(2) Dumpster rates vary based on size and number of containers as well as the frequency of collection. Dumpster rates shown include a $40.85 monthly account fee.

2020 Commercial Collection Rates

Like other solid waste rates, the City sets commercial rates through ordinance. Commercial rates vary with the type and level of service. A typical commercial customer has 3 cubic yards of garbage collected once per week. As of April 1, 2020 the cost of this service is $534.11 per month, including a monthly account fee of $29.45.

2019 Transfer Station Fees

	Rates (Effective January 1, 2010)
Garbage	
Sedans, SUVs, and station wagons	$30.00 per trip
All other self-haul vehicles with garbage	$145.00 per ton ($30.00 minimum charge)
Yard and wood waste	
Sedans, SUVs, and station wagons	$20.00 per trip
All other self-haul vehicles with yard waste	$110.00 per ton ($20.00 minimum charge)

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