

OFFICIAL STATEMENT

New Issue
Book-Entry Only

RATINGS
Moody's: Aaa
S&P: AAA
Fitch: AAA

(See "Other Bond Information—Ratings on the Bonds.")

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. See "Legal and Tax Information—Tax Matters."

\$79,625,000

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2020A

DATED: DATE OF INITIAL DELIVERY

DUE: AUGUST 1, AS SHOWN ON PAGE I

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2020A (the "Bonds"), as fully registered bonds under a book-entry only system, registered in the name of the Securities Depository. The Depository Trust Company, New York, New York ("DTC"), will act as initial Securities Depository for the Bonds. Individual purchases of the Bonds will be made in Book-Entry Form, in the denomination of \$5,000 or any integral multiple thereof within a maturity of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds. Interest on the Bonds is payable semiannually on each February 1 and August 1, beginning February 1, 2021. The principal of and interest on the Bonds are payable by the City's Bond Registrar, currently the fiscal agent of the State of Washington (currently U.S. Bank National Association), to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "Description of the Bonds—Registration and Book-Entry Form" and in Appendix D.

The Bonds are being issued (i) to pay or reimburse all or a part of the costs of various elements of the City's capital improvement program, (ii) to carry out a current refunding of certain obligations of the City, and (iii) to pay the costs of issuing the Bonds and administering the refunding. See "Use of Proceeds."

The Bonds are subject to redemption prior to maturity as described herein. See "Description of the Bonds—Redemption of Bonds."

The Bonds are general obligations of the City. For so long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds. The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the taxes pledged to the Bonds and the prompt payment of the principal of and interest on the Bonds. The Bonds do not constitute a debt of the State of Washington or any political subdivision thereof other than the City.

The Bonds are offered for delivery by the underwriter of the Bonds when, as, and if issued, subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel. The form of Bond Counsel's approving legal opinion is attached hereto as Appendix A. Bond Counsel will also act as Disclosure Counsel to the City. It is expected that the Bonds will be available for delivery at DTC's facilities in New York, New York, or delivered to the Bond Registrar on behalf of DTC for closing by Fast Automated Securities Transfer, on or about September 22, 2020.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision.

Dated: September 9, 2020

The information within this Official Statement has been compiled from official and other sources considered reliable and, while not guaranteed as to accuracy, is believed by the City to be correct as of its date. The City makes no representation regarding the accuracy or completeness of the information in Appendix D—Book-Entry Transfer System, which has been obtained from DTC’s website, or other information provided by parties other than the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made by use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

The presentation of certain information, including tables of receipts from taxes and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. Information relating to debt and tax limitations is based on existing statutes and constitutional provisions. Changes in State law could alter these provisions.

The information set forth in the City’s Comprehensive Annual Financial Report (“CAFR”) that is included in Appendix B speaks only as of the date of the CAFR and is subject to revision or restatement in accordance with applicable accounting principles and procedures. The City specifically disclaims any obligation to update this information except to the extent described under “Continuing Disclosure Agreement.”

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and “forward-looking statements.” No assurance can be given that the future results shown herein will be achieved, and actual results may differ materially from the forecasts shown. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe,” and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The City specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except as otherwise expressly provided in “Continuing Disclosure Agreement.”

The CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by Standard & Poor’s. CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP number for a specific maturity is subject to change after the issuance of the Bonds. Neither the City nor the successful bidder(s) take responsibility for the accuracy of the CUSIP numbers.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality, or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

The website of the City or any City department or agency is not part of this Official Statement, and investors should not rely on information presented on the City’s website, or any other website referenced herein, in determining whether to purchase the Bonds. Information appearing on any such website is not incorporated by reference in this Official Statement.

MATURITY SCHEDULE

\$79,625,000

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2020A

SERIAL BONDS

Due August 1	Amounts	Interest		Prices	CUSIP Numbers
		Rates	Yields		
2021	\$ 7,345,000	5.00%	0.16%	104.149	812627 JC2
2022	4,450,000	5.00%	0.18%	108.937	812627 JD0
2023	7,435,000	5.00%	0.21%	113.643	812627 JE8
2024	6,325,000	5.00%	0.25%	118.227	812627 JF5
2025	6,660,000	5.00%	0.29%	122.705	812627 JG3
2026	7,025,000	5.00%	0.40%	126.608	812627 JH1
2027	7,405,000	5.00%	0.54%	129.988	812627 JJ7
2028	7,805,000	5.00%	0.67%	133.091	812627 JK4
2029	5,730,000	5.00%	0.80%	135.847	812627 JL2
2030	6,050,000	5.00%	0.90%	138.593	812627 JM0
2031	5,545,000	2.00%	1.00% ⁽¹⁾	109.365	812627 JN8
2032	805,000	2.00%	1.20% ⁽¹⁾	107.416	812627 JP3
2033	820,000	2.00%	1.40% ⁽¹⁾	105.506	812627 JQ1
2034	840,000	2.00%	1.60% ⁽¹⁾	103.633	812627 JR9
2035	855,000	2.00%	1.70% ⁽¹⁾	102.711	812627 JS7
2036	870,000	2.00%	1.80% ⁽¹⁾	101.798	812627 JT5
2037	890,000	2.00%	1.85% ⁽¹⁾	101.345	812627 JU2
2038	905,000	2.00%	1.90% ⁽¹⁾	100.894	812627 JV0

TERM BOND

Due August 1	Amount	Interest Rate	Yield	Price	CUSIP Number
2040	\$ 1,865,000	2.00%	2.00%	100.000	812627 JX6

(1) Calculated to the August 1, 2030, par call date.

THE CITY OF SEATTLE

MAYOR AND CITY COUNCIL

Jenny A. Durkan

Mayor

Council Member

Term Expiration

Lorena González

2021

Lisa Herbold

2023

Debora Juarez

2023

Andrew Lewis

2023

Tammy Morales

2023

Teresa Mosqueda

2021

Alex Pedersen

2023

Kshama Sawant

2023

Dan Strauss

2023

CITY ADMINISTRATION

Glen M. Lee

Director of Finance

Pete Holmes

City Attorney

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Seattle, Washington

MUNICIPAL ADVISOR

Piper Sandler & Co.
Seattle, Washington

BOND REGISTRAR

Washington State Fiscal Agent
(currently U.S. Bank National Association)

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OFFICIAL STATEMENT

\$79,625,000

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2020A

INTRODUCTION

The purpose of this Official Statement, which includes the cover, inside cover, and appendices, is to set forth certain information concerning The City of Seattle, Washington (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the “State”), in connection with the offering of \$79,625,000 aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2020A (the “Bonds”).

Appendix A to this Official Statement is the form of legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation of Seattle, Washington (“Bond Counsel”). Appendix B is the City’s 2019 Comprehensive Annual Financial Report. Appendix C provides economic and demographic information for the City. Appendix D is a description provided on its website by The Depository Trust Company, New York, New York (“DTC”), of DTC procedures with respect to book-entry bonds. Capitalized terms that are not defined herein have the meanings set forth in the Bond Ordinance (defined below).

All of the summaries of provisions of the Washington State Constitution (the “State Constitution”) and laws of the State, of ordinances and resolutions of the City, and of other documents contained in this Official Statement, copies of which may be obtained from the City upon request, are subject to the complete provisions thereof and do not purport to be complete statements of such laws or documents. A full review should be made of the entire Official Statement. The offering of the Bonds to prospective investors is made only by means of the entire Official Statement.

The spread of COVID-19, the illness caused by the novel coronavirus known as SARS-CoV-2, is currently affecting local, State, national, and global economic activity, including contributing to the onset of a recession in the United States. The COVID-19 pandemic is ongoing and has resulted in significant public health emergency response costs and reduced sources of state and local government revenue. Consequently, the pandemic is expected to materially adversely impact the financial condition of the City.

Because of the unprecedented nature and rapid onset of these events, the historical financial data and information presented may not necessarily predict near term trends accurately. Moreover, because of the delay between taxable activity, collections, distribution and reporting, the most recently available data may not capture the full effects of the ongoing pandemic, response, and recovery. In addition, filing and payment extensions for various taxes have been granted by the various State and local agencies responsible for tax collection, which may additionally delay receipt of certain revenues. See more specific information set forth throughout this Official Statement and particularly under “City Financial Information—Fiscal Year 2020 and Fiscal Impacts of COVID-19 Pandemic” and “Other Considerations—Global Health Emergency Risk and the COVID-19 Pandemic.”

DESCRIPTION OF THE BONDS

Authorization for the Bonds

The Bonds are authorized to be issued by the City pursuant to the State Constitution, Titles 35 and 39 of the Revised Code of Washington (“RCW”), and the Seattle City Charter. In addition, the Bonds are authorized by Ordinance 125986, passed by the City Council on November 25, 2019 (the “Improvement Ordinance”), and Ordinance 125457 passed by the City Council on November 20, 2017 (the “Omnibus Refunding Ordinance”), and together with the Improvement Ordinance, the “Bond Ordinance”), delegating to the Director of the Finance Division

of the City's Department of Finance and Administrative Services (the "Director of Finance") the authority to execute, on behalf of the City, a certificate of bid award, a pricing certificate ("Pricing Certificate"), and other documents (collectively, the "Bond Documents") in accordance with the parameters set forth in the Bond Ordinance.

Principal Amounts, Dates, Interest Rates, and Maturities

The Bonds will be dated the date of their initial issuance and delivery. The Bonds will mature on August 1 in the years and amounts set forth on page i of this Official Statement.

Interest on the Bonds is payable semiannually on each February 1 and August 1, beginning February 1, 2021, at the rates set forth on page i of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Registration and Book-Entry Form

Book-Entry Form. The Bonds initially will be issued in Book-Entry Form and registered in the name of the Securities Depository. The Bonds so registered will be held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar, currently U.S. Bank National Association in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate), will have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners under the Bond Ordinance (except such notice as is required to be given by the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except (i) to any successor Securities Depository, (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor, or (iii) to any person if the Bond is no longer held in Book-Entry Form. For information about DTC and its book-entry system, see Appendix D—Book Entry Transfer System. The City makes no representation as to the accuracy or completeness of the information in Appendix D obtained from DTC. Purchasers of the Bonds should confirm this information with DTC or its participants.

Termination of Book-Entry System. Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the Director of Finance to discontinue utilizing the then-current Securities Depository, the City may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Director of Finance determines not to utilize a Securities Depository, then the Bonds no longer will be held in Book-Entry Form and ownership may be transferred only as provided in the Bond Ordinance.

Lost or Stolen Bonds. In case any Bond is lost, stolen, or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen, or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Payment of Bonds

Principal of and interest on each Bond is payable in the manner set forth in the Letter of Representations. No Bonds will be subject to acceleration under any circumstances.

Interest on each Bond not held in Book-Entry Form is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City, however, is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not held in Book-Entry Form is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

The Bond Ordinance defines “Record Date” as, in the case of each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of the month preceding the interest or principal payment date. With regard to redemption of a Bond prior to its maturity, the Record Date means the Bond Registrar’s close of business on the day prior to the date on which the Bond Registrar sends the notice of redemption to the Registered Owner(s) of the affected Bonds.

Redemption of Bonds

Optional Redemption. The Bonds maturing on and before August 1, 2030, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the Bonds maturing on and after August 1, 2031, prior to their stated maturity dates at any time on or after August 1, 2030, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption. If not redeemed or purchased at the City’s option prior to maturity, the Bonds designated as Term Bonds must be redeemed, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, on August 1 in the years and principal amounts as follows:

TERM BONDS	
<u>Years</u>	<u>Amounts</u>
2039	\$ 925,000
2040 ⁽¹⁾	940,000

(1) Maturity.

If the City optionally redeems or purchases Term Bonds prior to maturity, the principal amount of that Term Bond so redeemed or purchased (irrespective of its redemption or purchase price) will be credited against the remaining mandatory redemption installment payments as directed by the Director of Finance. In the absence of direction by the Director of Finance, credit will be allocated to each mandatory redemption installment payment for that Bond on a *pro rata* basis.

Selection of Bonds for Redemption. If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Director of Finance will select the maturity or maturities to be redeemed. If less than all of the principal amount of a maturity is to be redeemed, if the Bonds are held in Book-Entry Form, the portion of such maturity to be redeemed will be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Bonds are not then held in Book-Entry Form, the portion of such maturity to be redeemed will be selected by the Bond Registrar randomly in such manner as the Bond Registrar determines.

All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any applicable Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there will be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

Notice of Redemption. The City must cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and that requirement will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond. Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. See “— Registration and Book-Entry Form” and Appendix D.

Rescission of Notice of Redemption. In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of the Bonds by giving a notice of

rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is rescinded by the Director of Finance will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

Purchase

The City reserves the right and option to purchase any or all of the Bonds at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Failure to Pay Bonds

If any Bond is not paid when properly presented at its maturity or redemption date, the City will be obligated to pay interest on that Bond at the same rate provided on that Bond from and after its maturity or redemption date until that Bond, principal, premium, if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond.

Refunding or Defeasance of Bonds

The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source (i) to pay when due the principal of (including premium, if any) and interest on any Bond, or portion thereof, included in a refunding or defeasance plan (the “Defeased Bonds”), (ii) to redeem and retire, release, refund, or defease the Defeased Bonds, and (iii) to pay the costs of such refunding or defeasance. If money and/or Government Obligations (defined below) maturing at a time or times and in an amount sufficient, together with known earned income from the investment thereof, to redeem and retire, release, refund, or defease the Defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement, or defeasance (the “Trust Account”), then all right and interest of the Owners of the Defeased Bonds in the covenants of the Bond Ordinance and in the funds and accounts pledged to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter will cease and become void. Such Owners thereafter have the right to receive payment of the principal of and interest or redemption price on the Defeased Bonds from the Trust Account. After establishing and fully funding such a Trust Account, the Defeased Bonds will be deemed no longer outstanding and the Director of Finance may then apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purposes. Notice of refunding or defeasance will be given, and selection of Bonds for any partial refunding or defeasance will be conducted, in the manner set forth in the Bond Ordinance for the redemption of Bonds.

The term “Government Obligations” is defined in the Bond Ordinance to include any securities that are then permissible investments under the State law definition of “government obligations” under RCW 39.53.010. In the Pricing Certificate, the City has limited eligibility to the following types of securities (provided that such securities are then permissible under the applicable statute): (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates, or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, Federal Land Banks, or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

Defaults and Remedies; No Acceleration of the Bonds

The Bond Ordinance does not enumerate events of default or remedies upon an event of default. In the event of a default, Bond owners would be permitted to pursue remedies permitted by State law. See “—Failure to Pay Bonds” above and “Security for the Bonds” below.

The Bonds are not subject to acceleration upon the occurrence of a default. The City, therefore, would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of

or interest on the Bonds, the Registered Owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Registered Owners of earlier and later maturing Bonds.

USE OF PROCEEDS

Purpose

The proceeds of the Bonds will be used (i) to pay or reimburse all or part of the costs of various elements of the City’s capital improvement program, including design, construction, renovation, improvement, or replacement of various capital facilities and street, road, bridge, transportation, and information technology projects of the City (including, without limitation, certain elements of the City’s capital improvement program related to the Overlook Walk and other elements of the redevelopment of the central waterfront area (see “—Waterfront Seattle Program”)), all as specified in and subject to change pursuant to the Bond Ordinance, (ii) to carry out a current refunding of the City’s outstanding callable Limited Tax General Obligation Improvement and Refunding Bonds, 2010B, as described below under “—Refunding Plan,” and (iii) to pay the costs of issuing the 2020A Bonds and administering the refunding.

Waterfront Seattle Program. A portion of the proceeds of the Bonds are expected to be used to fund portions of the cost of the program, including the Overlook Walk, which costs will not be covered by the local improvement district described below under “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District.”

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

SOURCES OF FUNDS	
Stated Principal Amount of Bonds	\$ 79,625,000.00
Original Issue Premium	<u>16,156,831.20</u>
Total Sources of Funds	<u><u>\$ 95,781,831.20</u></u>
USES OF FUNDS	
Project Funds Deposit	\$ 43,856,000.00
Escrow Deposit	51,380,501.31
Costs of Issuance ⁽¹⁾	<u>545,329.89</u>
Total Uses of Funds	<u><u>\$ 95,781,831.20</u></u>

(1) Includes legal fees, financial advisory and rating agency fees, printing costs, underwriter’s discount, and other costs of issuing the Bonds and administering the refunding.

Refunding Plan

A portion of the proceeds of the Bonds will be used to carry out a current refunding of the Refunded Bonds shown below, to realize debt service savings. The Refunded Bonds will be called on the date and at the redemption price shown in the table below.

REFUNDED BONDS

Bond Component	Maturity Date	Interest Rate (%)	Par Amount	Redemption Date	Redemption Price (%)	CUSIP Number
<i>LTGO Improvement and Refunding Bonds, 2010B</i>						
Serial	8/1/2021	3.00	\$ 8,325,000	10/22/2020	100	812626 D71
	8/1/2022	4.00	5,805,000	10/22/2020	100	812626 D89
	8/1/2023	4.00	4,725,000	10/22/2020	100	812626 D97
	8/1/2024	3.50	3,415,000	10/22/2020	100	812626 E21
	8/1/2025	4.00	3,560,000	10/22/2020	100	812626 E39
	8/1/2026	3.75	3,730,000	10/22/2020	100	812626 E47
	8/1/2027	4.00	3,895,000	10/22/2020	100	812626 E54
	8/1/2028	4.00	4,080,000	10/22/2020	100	812626 E62
	8/1/2029	4.00	4,270,000	10/22/2020	100	812626 E70
	8/1/2030	4.00	4,465,000	10/22/2020	100	812626 E88
	8/1/2031	4.00	4,680,000	10/22/2020	100	812626 E96
Total			<u>\$ 50,950,000</u>			

Procedure. The City will enter into an Escrow Agreement with U.S. Bank, N.A., as Escrow Agent, to provide for the refunding of the Refunded Bonds and the payment of Bond issuance costs. The Escrow Agreement will create an irrevocable trust fund to be held by the Escrow Agent and to be applied solely to the payment of the Refunded Bonds and the payment of Bond issuance costs. The net proceeds of the Bonds deposited with the Escrow Agent to be used to refund the Refunded Bonds will be held in cash or invested in noncallable direct obligations of the United States of America or obligations the payment of which is unconditionally guaranteed by the United States of America (the “Acquired Obligations”) that will mature and bear interest at rates sufficient, together with cash held by the Escrow Agent, to pay the principal of and accrued interest on the Refunded Bonds.

Verification of Calculations. The mathematical accuracy of the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations and cash on deposit to be held by the Refunding Trustee to pay principal of and interest on the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C., independent certified public accountant.

SECURITY FOR THE BONDS

The Bonds are general obligations of the City.

For so long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City, on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds.

The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the taxes pledged to the Bonds and the prompt payment of the principal of and interest on the Bonds.

State law does not specify a priority of payment for either voter-approved or nonvoted general obligation indebtedness over other operating expenses. Certain taxes and other money deposited in the City’s governmental funds are restricted by State law and/or voter approval to be used for specific purposes and may not be available to pay debt service on the Bonds. See “General Fund Tax Revenues Sources—Table 8—Voted Levy Lid Lifts in Effect in 2020.” Under the State’s laws and the State Constitution, the excess levies approved by the voters for the purpose of retiring

voter-approved general obligation indebtedness may not be diverted to any other purpose. State law notwithstanding, in the context of bankruptcy proceedings there can be no assurance that such restrictions would be observed. The City's authority to levy and collect taxes is subject to certain limitations, as more fully described under "General Fund Tax Revenue Sources—General Property Taxes."

The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City or a debt of any proprietary or enterprise fund of the City (including the City's utilities) or of any public development authority chartered by the City.

The Bonds are not subject to acceleration. See "Description of the Bonds—Defaults and Remedies; No Acceleration of the Bonds." Additionally, State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. There is no express provision in the State Constitution or law on the priority of payment of debt service on general obligations incurred by a Washington municipality.

The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion. See "Legal and Tax Information—Limitations on Remedies and Municipal Bankruptcies."

CITY FINANCIAL INFORMATION

The COVID-19 pandemic has negatively impacted economic activity contributing to a nationwide recession and, consequently, has reduced City revenues from several major General Fund tax revenue sources. See generally "Other Considerations—Global Health Emergency Risk and the COVID-19 Pandemic." This impact is expected to continue in the near term and future revenue collections may not necessarily be accurately predicted by reliance on historical data or trends.

For a discussion of current observations and expectations regarding the impact of the pandemic and resulting economic slowdown on the City's financial condition, see "—Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic" below.

2018 Implementation of New Accounting Software and Direct Fund Model of Accounting

The City completed its transition to a new financial accounting software system in 2018. As part of the implementation of the new system, the City adopted the "Direct Fund Model" of fund accounting, effective for 2018 reporting. This method provides increased transparency for expenditure activity within the City's primary funds. It also consolidates several non-major governmental funds within the General Fund. The primary result of this change is that items that were previously listed as transfers into or out of the General Fund will now be reflected as direct revenues or expenditures of the General Fund. The major adjustments to the General Fund balance sheet due to this change are reflected as increases to amounts due both to and from other funds within the City. The shift produces few major changes when aggregated at the "all governmental funds" level. Footnotes to Tables 1, 2, and 3 provide an overview of the major impacts on a year-over-year basis due to the City's shift to the Direct Fund Model.

Implementation of the new system during 2018 resulted in some delays from the City's usual timeline for submission of its annual financial information to the State Auditor for 2018. This resulted in an audit report being released by the State Auditor in October 2019, which is later than typical. The City's 2019 financial audit was released on August 24, 2020.

Management Discussion of 2019 Financial Results

The City's financial performance for the fiscal year ended December 31, 2019, improved somewhat compared to the results anticipated in the 2019 adopted budget and reflected the continuation of a trend of economic strengthening within the City and the region.

All Governmental Funds. Revenues for all governmental funds increased by 6.4% in 2019 compared to 2018, while combined expenditures and net transfers out of these funds increased by 3.2%. However, when adjusted for a one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued during four years of contract negotiations with the Seattle Police Officers' Guild ("SPOG"), expenditures for all governmental funds increased by 6.0% in 2019. See "The City of Seattle—Labor Relations."

General Fund. Revenues to the General Fund increased by 9.3%, while expenditures and net transfers out of the General Fund increased by 1.4%. Adjusting for the one-time retroactive SPOG contract payment in 2018, expenditures and net transfers out of the General Fund increased by 5.8%.

Taxes make up the largest share of revenues to the General Fund and increased by 7.6% in 2019. Further description of and the changes in the four largest tax revenue components are shown below under "General Fund Tax Revenue Sources." Non-tax revenues increased in 2019 by approximately 15.0%. This significant increase is primarily due to further implementation of the Direct Fund Model, a property sale, the reconciliation of internal City department fees that are due to the General Fund, and other one-time occurrences.

The largest General Fund expenditure component is for Public Safety, which increased by 8.0% in 2019 compared to 2018. For additional discussion of public safety challenges in light of recent protests and calls for expense reduction, see "Other Considerations—Public Safety Funding Considerations and Social Justice Demonstrations." Adjusting for the one-time retroactive SPOG contract payment in 2018, this increase would be 19.3%, although the majority of this increase is due to a change in the City's methodology for allocating expenditures by purpose. In 2018, the General Fund balance decreased by \$18.4 million to \$483.3 million. This was due primarily to the use of planning reserves to fund the \$65 million retroactive SPOG contract payment. In 2019, revenues exceeded expenditures and the General Fund balance increased by \$101.8 million, to a year-end fund balance of about \$585.0 million.

A description of the City's budget process and information on the City's 2020 Budget is provided under "The City of Seattle—Financial Management-Municipal Budget." A discussion of COVID-19-related financial impacts following the adoption of the 2020 Budget is provided under "City Financial Information—Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic."

Historical Financial Information Summary

The following tables provide a comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance for the City's General Fund and a comparative statement of revenues, expenditures, and changes in fund balance for all of the City's governmental funds (including General, Transportation, Low-Income Housing, and Debt Service) based on audited figures for the years 2015 through 2019. Notes to Tables 1 through 3 are provided on the pages following the tables.

TABLE 1
GENERAL FUND COMPARATIVE BALANCE SHEET
(Years Ended December 31) (\$000)

	2019	2018	2017	2016	2015
Assets					
Cash and Equity in Pooled Investments	\$ 502,167	\$ 430,890	\$ 406,761	\$ 359,510	\$ 300,584
Receivables, Net of Allowances	130,860	111,271	89,522	86,072	79,481
Due from Other Funds	68 ⁽¹⁾	94,870 ⁽²⁾	17,084	20,244	16,976
Due from Other Governments	81,597	70,399	63,913	62,064	58,901
Interfund Loans and Advances ⁽³⁾	1,550	5,700	72		12,267
Other Current Assets	1,901	1,729	285	352	422
Deposits with Vendor	-	-	-	-	-
Contracts and Notes-Noncurrent	-	-	-	-	-
Total Assets	\$ 718,143	\$ 714,859	\$ 577,637	\$ 528,242	\$ 468,631
Deferred Outflows of Resources	-	-	-	-	7,775
Total Assets and Deferred Outflows	\$ 718,143	\$ 714,859	\$ 577,637	\$ 528,242	\$ 476,406
Liabilities					
Accounts Payable	\$ 62,331	\$ 63,898	\$ 34,280	\$ 36,675	\$ 35,355
Contracts Payable	177	159	126	86	303
Salaries, Benefits, and Taxes Payable	54,967	103,613 ⁽⁴⁾	29,411	27,559	24,216
Due to Other Funds	673 ⁽¹⁾	52,476 ⁽²⁾	8,183	12,839	15,193
Due to Other Governments	592	570	2,083	2,068	2,339
Revenues Collected in Advance	8,382	6,744	4,160	3,496	3,024
Interfund Loans and Advances	700	-	-	-	-
Other Current Liabilities	1,212	340	362	617	236
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
Total Liabilities	\$ 129,034	\$ 227,800	\$ 78,605	\$ 83,340	\$ 80,666
Deferred Inflows of Resources	4,061	3,793	3,950	3,771	11,813
Total Liabilities and Deferred Inflows	\$ 133,095	\$ 231,592	\$ 82,555	\$ 87,112	\$ 92,479
Fund Balances					
Nonspendable	\$ 74	\$ 93	\$ 350	\$ 401	\$ 474
Restricted	250,624	215,620 ⁽⁵⁾	181,951	155,523	136,627
Committed	89,595	88,794 ⁽⁵⁾⁽⁶⁾	131,385	102,521	97,296
Assigned	20,632	26,391	29,172	28,646	5,767
Unassigned	224,123	152,368	152,224	155,290	143,763
Total Fund Balances	\$ 585,048	\$ 483,266	\$ 495,082	\$ 442,381	\$ 383,927
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 718,143	\$ 714,859	\$ 577,637	\$ 529,492	\$ 476,406

NOTES TO TABLE:

- (1) In 2019, settlement between funds occurred prior to year-end. In 2018, this settlement activity occurred after the end of the year.
- (2) Increase in 2018 is due to the City's adoption of the Direct Fund Model which increases accounting activity within the General Fund. See generally "—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting."
- (3) Interfund loans are advances from the Emergency Subfund. Most of the outstanding loans from the Emergency Subfund were repaid in 2017.
- (4) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by SPOG during the four years since the expiration of the previous union contract in 2014. See "The City of Seattle—Labor Relations." Also reflects increased accounting activity reflected within the General Fund due to the City's adoption of the Direct Fund Model, discussed above.
- (5) Beginning in 2018, healthcare funds are reported as restricted instead of committed fund balance. This change resulted in a shift between categories of approximately \$30 million in 2018.
- (6) The reduction in the committed portion of the 2018 fund balance is partially due to the City's conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019

TABLE 2
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(Years Ended December 31) (\$000)

	2019	2018	2017	2016	2015
Revenues					
Taxes	\$1,283,863	\$1,193,693	\$1,107,598	\$1,047,643	\$ 987,815
Licenses and Permits	43,856	45,558	35,462	33,059	27,119
Grants, Shared Revenues, and Contributions	37,339	45,207	26,908	36,533	32,198
Charges for Services	95,582 ⁽¹⁾	63,596	69,373	61,386	61,637
Fines and Forfeits	34,529	31,461	30,300	32,096	32,769
Concessions, Parking Fees, and Space Rent	39,105	39,980	39,155	38,856	39,154
Program Income, Interest, and Miscellaneous Revenues	151,295 ⁽²⁾	122,145	95,928	80,472	38,041
Total Revenues	\$1,685,569	\$1,541,640	\$1,404,724	\$1,330,045	\$1,218,733
Expenditures					
Current					
General Government	\$ 274,574 ⁽³⁾	\$ 307,028 ⁽⁴⁾	\$ 258,400	\$ 232,266	\$ 202,162
Judicial	35,208	32,892	31,658	31,519	29,351
Public Safety	741,670 ⁽³⁾	686,865 ⁽⁵⁾	610,762	588,834	528,582
Physical Environment	15,527	12,892	15,668	13,116	6,292
Transportation	53,808	59,951 ⁽⁶⁾	12,041	9,890	9,240
Economic Environment	146,586 ⁽³⁾	103,420 ⁽⁷⁾	31,411	31,626	18,885
Health and Human Services	29,757 ⁽³⁾	57,002 ⁽⁸⁾	-	-	76
Culture and Recreation	191,958	207,162 ⁽⁹⁾	83,033	80,620	75,092
Capital Outlay					
General Government	8,821	15,096	15,278	12,450	13,495
Public Safety	4,013	902	1,373	6,378	3,103
Physical Environment	-	794	-	-	-
Transportation	23,449	19,704 ⁽⁶⁾	-	-	-
Economic Environment	875	803	53	7	-
Culture and Recreation	38,252	43,933	24,222	15,044	16,380
Debt Service					
Principal	5	1	3	2	2
Interest	-	4	1	1	2
Bond Issuance Cost	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	\$1,564,503	\$1,548,449	\$1,083,903	\$1,021,753	\$ 902,662
Excess (Deficiency) of Revenues Over Expenditures	\$ 121,066	\$ (6,809)	\$ 320,821	\$ 308,292	\$ 316,071
Other Financing Sources (Uses)					
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Sales of Capital Assets	-	2,065	7,550	96	18,275
Transfers In	10,406	14,305	27,698	48,771	21,924
Transfers Out	(29,656)	(27,951) ⁽¹⁰⁾	(303,516)	(318,299)	(289,603)
Total Other Financing Sources (Uses)	\$ (19,250)	\$ (11,581)	\$ (268,268)	\$ (269,432)	\$ (249,404)
Net Change in Fund Balance	\$ 101,816	\$ (18,390)	\$ 52,553	\$ 38,860	\$ 66,667
Fund Balances-Beginning of Year	483,267	486,396 ⁽¹¹⁾	442,382	383,927	317,135
Restatement/Prior-Year Adjustment	(35)	15,261 ⁽¹²⁾	147	19,594 ⁽¹³⁾	125
Fund Balances-Beginning of Year as Restated	\$ 483,232	\$ 501,657	\$ 442,529	\$ 403,521	\$ 317,260
Fund Balances-End of Year	\$ 585,048	\$ 483,266	\$ 495,082	\$ 442,382	\$ 383,927

NOTES TO TABLE:

- (1) Increase in 2019 is partially due to a reconciliation of internal City department fees that are due to the General Fund. See footnotes 11 and 12 to this table.
- (2) Increase in 2019 is primarily due to a sale of City property for \$21.7 million.
- (3) A significant amount of the change from 2018 expenditure levels is a result of more precise methodology for allocating expenditures by purpose.
- (4) Includes expenditures that were previously categorized as Physical Environment, Public Safety, and Transportation expenditures. Includes expenditures that were previously treated as transfers from the General Fund to the Construction and Expenses Fund and Human Services Fund. See footnotes 11 and 12 to this table.
- (5) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by SPOG during the four years since the expiration of the previous union contract in 2014. See “The City of Seattle—Labor Relations.” Additionally, some expenditures that were previously categorized as Public Safety expenditures are now treated as General Government expenditures. See footnotes 11 and 12 to this table.
- (6) Includes expenditures that were previously treated as transfers from the General Fund to the Transportation Fund. Additionally, some expenditures that were previously categorized as Transportation expenditures are now treated as General Government expenditures. See footnotes 11 and 12 to this table.
- (7) Includes expenditures that were previously treated as transfers from the General Fund to the Neighborhood Matching Fund and Human Services Fund. See footnotes 11 and 12 to this table.
- (8) Includes expenditures that were previously treated as transfers from the General Fund to the Department of Education and Early Learning (now partially funded directly by the General Fund) and the Human Services Fund. See footnotes 11 and 12 to this table.
- (9) Includes expenditures that were previously treated as transfers from the General Fund to the Parks Fund and Seattle Center Fund. See footnotes 11 and 12 to this table.
- (10) This reduction is due to items that are now treated as direct expenditures of the General Fund. See footnotes 2, 5, 6, 7, 8, 9, and 10 to this table.
- (11) Change from ending balance in 2017 is due to the City’s conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund. See generally “—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting.”
- (12) Restatement due to the City’s conversion to the Direct Fund Model and adjustments to accounts receivable.
- (13) Adjustment due to City’s implementation of GASB 73; assets accumulated for the Firefighters’ Pension Fund and the Police Relief and Pension Fund were reported retroactively as assets of the City.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019

TABLE 3
ALL GOVERNMENTAL FUNDS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(Years Ended December 31) (\$000)

	2019	2018	2017	2016	2015
Revenues					
Taxes	\$1,743,744	\$1,607,390	\$1,517,424	\$1,422,194	\$1,233,133
Licenses and Permits	50,745	55,697	43,674	41,743	34,138
Grants, Shared Revenues, and Contributions	168,379	157,092	167,609	166,779	162,132
Charges for Services	266,747	304,218 ⁽¹⁾	248,711	254,412	225,056
Fines and Forfeits	44,471	45,368	42,971	46,154	39,009
Concessions, Parking Fees, and Space Rent	65,417	70,262	71,407	68,798	67,444
Program Income, Interest, and Miscellaneous Revenues	209,692 ⁽²⁾	155,746 ⁽¹⁾	118,248	99,369	98,215
Total Revenues	\$2,549,195	\$2,395,776	\$2,210,044	\$2,099,449	\$1,859,127
Expenditures					
Current					
General Government	\$ 294,816 ⁽³⁾	\$ 330,004	\$ 321,623 ⁽⁴⁾	\$ 264,284	\$ 224,721
Judicial	35,208	32,892	31,658	31,519	29,351
Public Safety	743,448 ⁽³⁾	690,650 ⁽⁵⁾	611,790	590,681	577,106
Physical Environment	15,852	13,577	16,130	13,575	7,314
Transportation	368,776 ⁽³⁾	334,625 ⁽⁶⁾	195,895	227,666	155,689
Economic Environment	286,589 ⁽³⁾	258,243 ⁽⁶⁾	151,462	179,831	141,721
Health and Human Services	124,633 ⁽³⁾	139,433	120,943	104,209	96,268
Culture and Recreation	318,075	317,667	317,961	305,986	268,979
Capital Outlay					
General Government	9,039	16,442	55,933	29,342	29,958
Public Safety	4,050	1,031	2,764	21,527	13,097
Physical Environment	-	895	-	-	-
Transportation	127,518	111,322	203,447	240,216	278,151
Economic Environment	875	811	110	7	-
Culture and Recreation	70,064	62,201	60,586	47,390	35,712
Debt Service ⁽⁷⁾					
Principal	75,145	80,576	57,883	53,308	50,709
Interest	43,263	43,821	35,551	32,768	28,999
Bond Issuance Cost	232	397	508	627	1,946
Other	-	-	-	-	-
Total Expenditures	\$2,517,583	\$2,434,587	\$2,184,244	\$2,142,936	\$1,939,721
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,612	\$ (38,811)	\$ 25,800	\$ (43,487)	\$ (80,594)
Other Financing Sources (Uses)					
Long-Term Debt Issued	\$ 39,825	\$ 49,975	\$ 93,880	\$ 145,139	\$ 350,255
Refunding Debt Issued	-	-	-	-	-
Premium on Bonds Issued	5,053	3,186	10,198	22,177	40,113
Payment to Refunded Bond Escrow Agent	-	-	(19,419)	(31,909)	(155,030)
Sales of Capital Assets	6,272	4,128	7,704	123	19,231
Transfers In	107,995	104,215	501,504	550,752	498,582
Transfers Out	(75,515)	(78,011)	(498,724)	(518,825)	(501,695)
Total Other Financing Sources (Uses)	\$ 83,630	\$ 83,493	\$ 95,143	\$ 167,457	\$ 251,456
Net Change in Fund Balance	\$ 115,242	\$ 44,682	\$ 120,943	\$ 123,970	\$ 170,862
Fund Balances-Beginning of Year	1,170,833	1,100,311 ⁽⁸⁾	994,245	870,272	679,565
Restatement/Prior Year Adjustment	(62)	25,837 ⁽⁹⁾	147	-	19,845 ⁽¹⁰⁾
Fund Balances-Beginning of Year as Restated	\$1,170,771	\$1,126,148	\$ 994,392	\$ 870,272	\$ 699,410
Fund Balances-End of Year	\$1,286,013	\$1,170,830	\$1,115,335	\$ 994,245	\$ 870,272

NOTES TO TABLE:

- (1) Increase primarily reflects revenues that in prior years were treated as transfers to the General Fund. See generally “—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting.”
- (2) Increase in 2019 is primarily due to a sale of City property for \$21.7 million and an increase in unrealized gains per GASB 31.
- (3) A significant amount of the change from 2018 expenditure levels is a result of a more precise methodology for allocation expenditures by purpose. See footnote 3 to this table.
- (4) Increase primarily due to the creation of the Division of Homelessness Strategy Investment; expenditures previously spread among different categories.
- (5) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by SPOG during the four years since the expiration of the previous union contract in 2014. See “The City of Seattle—Labor Relations.”
- (6) Increase primarily reflects expenditures that in prior years were treated as transfers from the General Fund. See footnote 3 to this table.
- (7) Debt Service in the Other Governmental Fund excludes \$34.4 million of debt service paid in 2016 by the following funds: Fleets and Facilities, Information Technology, Water, Drainage and Wastewater, and Solid Waste. It includes \$1.7 million paid by LID 6750.
- (8) Change from ending balance in 2017 is due to the City’s conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund. See footnote 3 to this table.
- (9) Restatement due to the City’s conversion to the Direct Fund Model and adjustments to accounts receivable.
- (10) Adjustment due to the City’s implementation of GASB 73; assets accumulated for the Firefighters’ Pension Fund and the Police Relief and Pension Fund were reported retroactively as assets of the City.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019

Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic

The spread of COVID-19, the illness caused by the novel coronavirus known as SARS-CoV-2, is currently affecting local, State, national, and global economic activity, including contributing to the onset of a recession in the United States. The COVID-19 pandemic is ongoing, and the duration and severity of the crisis continue to be uncertain. The City has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the City, including direct emergency response and providing emergency support to homeless and vulnerable populations and small businesses, food assistance, and expanded childcare services, among others.

The City Budget Office (“CBO”), an administrative agency under the direction of the Mayor’s office, prepares periodic revenue forecasts for internal planning and budgeting purposes. However, because of the lag between the timing of the taxable activity, collection, reporting, and (for certain revenues collected by the State or County) distribution to the City, reductions in revenue collections resulting from the COVID-19 pandemic response began at different times, depending on the particular revenue source. In addition, filing and payment extensions have been granted by various State and local agencies responsible for collecting some taxes, including property taxes, sales taxes, and various excise taxes. Thus, it remains difficult to accurately assess the complete impact of the pandemic and the recession.

Summary of August 2020 CBO Forecast. With uncertainty around the total economic impact of the COVID-19 pandemic, the CBO uses national projections from the most recent U.S. Economic Forecast by IHS Markit, adjusted by certain regional econometric data for the Seattle Metropolitan District (including data from the U.S. Bureau of Economic Analysis, the State Employment Security Department, City permit data, and other variables) to create regional and City economic forecasts. The CBO then uses that modeling to update its projections for City revenues from existing General Fund and general governmental funds revenue sources. The largest of these revenue streams are property tax, sales tax, utility tax, and business and occupations (B&O) tax.

The City’s preliminary estimates in June 2020 projected a potential decrease in the City’s overall calendar year 2020 revenues, compared to the adopted 2020 Budget. In the “rapid recovery” scenario (based on the IHS Markit baseline

scenario), the 2020 reduction in revenues to the City's governmental funds was estimated to total in the range of \$210 million, of which \$104 million was projected to be concentrated in the General Fund. In the "slow recovery" scenario (based on the IHS Markit pessimistic scenario), the 2020 reduction in revenues to the City's governmental funds was estimated to total in the range of \$299 million, of which \$186 million was projected to be concentrated in the General Fund. The CBO further identified specific revenue sources and specific sectors of economic activity driving those revenues that it continues to monitor. Due to differing time lags associated with various revenue streams, actual impacts on the City's revenue collections will be realized over several months.

As of August 1, 2020, actual revenues have tracked closely to the "slow recovery" scenario, and the CBO anticipates that these lower levels of economic activity will continue for the remainder of 2020 and well into 2021. Through August 1, 2020, revenues are down approximately 16%, with receipts for sales tax and early 2020 B&O taxes yet to be received. Losses of 22.6% in sales tax, 18.2% in B&O taxes, and 59.8% of court fines and on-street parking fees are expected.

The August forecast projects total 2020 General Fund revenues of \$1.19 billion, a decrease of 14% from 2019 actual revenues and \$210 million less than the adopted 2020 Budget, and 2021 General Fund revenues of \$1.25 billion, a 1.9% decrease from the previous forecast in June. Combining General Fund losses with other revenue streams such as admissions tax, real estate excise tax, and short-term rental tax, the CBO projects a decline of \$337 million relative to the 2020 Adopted Budget.

The August forecast information described herein is a "forward-looking statement," speaking only as of its date. Actual results may differ materially. Furthermore, the CBO expects these estimates to change as actual revenue data are received and are dependent on shifting variables such as social distancing restrictions, federal aid (including both direct aid to the City and economic supports to individuals and businesses that drive economic activity), and other factors. For a discussion of the current status of the State-wide Stay-at-Home order and related issues, see "Other Considerations—Global Health Emergency Risk and the COVID-19 Pandemic."

Tax Collection Deferrals. Property taxes within the City are collected by King County (the "County"). The County announced that it would exercise its statutory authority to accept payments of the first half of annual property taxes, due on April 30, 2020, from individual residential and commercial taxpayers who pay real and personal property taxes themselves, rather than through their mortgage lender, until June 1, 2020 without late charges, due to the COVID-19 outbreak. Banks and other financial institutions that pay property taxes on behalf of their lending customers still need to meet the original April 30 deadline. As of June 30, 2020, the City had received 52.9% of its annual property tax levy, compared to 54.4% of last year's annual property tax levy received as of June 30, 2019. The City is not aware of any current plans by the County to delay the October 30 deadline for the remainder of property taxes due in 2020, although the City does not control and cannot predict what actions the County could take.

Certain excise taxes, including sales and use taxes, are collected by the State Department of Revenue ("DOR") and distributed to local governments. DOR has the authority to grant extensions of filing and payment deadlines during a State-wide state of emergency, such as the COVID-19 pandemic. During the first quarter of 2020 on a State-wide basis, DOR granted extensions to more than 250,000 annual filers and more than 200,000 quarterly filers, resulting in additional delays between taxable activity, reporting, collection, and distribution. These extensions are granted on a case-by-case basis upon an application made by a taxpayer, making the actual impact to the City difficult to assess or predict.

City Expense Reductions and Proposed Budgetary Actions. The City has implemented certain immediate expense reductions and is exploring several avenues for longer-term responses to the projected revenue impacts due to COVID-19, including the use of fiscal reserves, as described below. In March 2020, the CBO began working with City departments to identify cost-saving measures, including identification of non-essential spending, as part of rebalancing the 2020 budget and developing the 2021 Proposed Budget. With updated revenue forecasts, better understanding of impacts to communities, and a more developed picture of the necessary scale of the City's response, the City is taking the following actions in 2020. As of June 30, 2020, the City has implemented a temporary hiring freeze for positions other than essential services or COVID-19 response personnel through the end of 2020. Spending on non-essential professional contracts is paused to preserve resources to address COVID-19-related community needs, and the initiation, extension, or amendment to existing professional contracts is subject to CBO approval. In addition,

spending on non-essential non-COVID-19-related capital projects has been suspended or curtailed unless otherwise approved to proceed by the Mayor's Office.

The City has received federal and State support, including federal CARES Act assistance. The City has applied for and received Federal grants including the following: Coronavirus Relief Fund (\$131,510,477), State and Local Law Enforcement Assistance Grants (\$1,336,919), and FEMA AFG COVID19 Grant (\$995,140). The City has also received the following Federal Entitlement Funds: Community Development Block Grants (\$8,140,205), Homeless Assistance Grants (\$2,830,000), Housing Opportunities for Persons with AIDS (\$426,340), Older Americans Act Funding for Area Agency on Aging (\$2,500,000), HUD Emergency Solutions Grant (\$26,000,000), and Community Services Block Grant (\$239,393). In addition, the City has received State support including a Department of Commerce Emergency Housing Grant (\$13,000,000) and Title XIX (\$146,669). The CBO worked with City departments to identify eligible uses for the federal CARES Act assistance funds, and on August 10, 2020, the City Council passed Ordinance 126130 appropriating \$66,510,477 of the City's Coronavirus Relief Fund funds. The City Council has also passed Ordinances 126106 and 126074 amending the City's 2020 Adopted Budget and accepting funding from other funding sources. CBO and the Department of Finance and Administrative Services ("FAS") are working together to monitor the use of these funds and FAS is submitting all required federal reporting related to Cares and FEMA funds.

In preparing the Mayor's 2021 budget proposal, the CBO is also exploring its flexibility within existing property tax levy authority, the availability of unrestricted year-end fund balances, and other fund balances or one-time resources, in addition to the use of its Rainy Day and Emergency Funds. The Mayor and the City Council are engaged in ongoing discussions regarding the use of fiscal and emergency reserves. On August 21, 2020, the Mayor and the City Council reached an agreement to expend \$45 million during 2020-2021 to provide additional COVID-19 relief funded by the City's fiscal reserves, including a commitment to expend \$22 million of this total in 2020. The City's Budget Office anticipates that up to a total of \$77 million in reserves may be needed in 2020 to address both COVID-19 needs and General Fund rebalancing needs; as of the date of this Official Statement, a total of \$57 million in reserves has been appropriated for use. The City Council intends for these funds to be repaid through a future payroll tax; however, plans for how the funds will be used and repaid are still being worked out between the City Council and the Mayor. See "—City Payroll Tax."

The Mayor will submit her budget proposal at the end of September 2020, and it will then be deliberated by the City Council. The City's budget is typically approved by the City Council and signed by the Mayor in late November. See "The City of Seattle—Financial Management—Municipal Budget." Simultaneously, the City is considering budget realignments in relation to public safety spending in light of recent protests. See "Other Considerations—Public Safety Funding Considerations and Social Justice Demonstrations." Additional legislative options for new taxes or increases in existing taxes may be or have been proposed but remain subject to approval by the City Council and the Mayor.

In addition to impacts on the General Fund and other governmental funds, there may be COVID-19-related revenue impacts for the City's utility systems that are not fully captured by CBO's estimates of general governmental impacts, including General Fund utility tax revenues. For example, the City's utilities are processing an unprecedented amount of payment plans and applications for the existing utility discount program for customers identified as low-income households. The utilities are monitoring these and other impacts separately. Because some COVID-19 impacts on the utility systems are expected to negatively affect the General Fund utility tax revenues, estimates of reductions in utility tax revenues were incorporated into the August General Fund forecast.

The evolving situation will continue to be monitored and incorporated into future budget deliberations, revenue forecasts, and other actions.

GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2015 through 2019:

TABLE 4
GENERAL FUND TAX REVENUE SOURCES
(\$000)

	2019	2018	2017	2016	2015
Taxes					
General Property	\$ 320,731	\$ 311,323	\$ 294,720	\$ 283,735	\$ 273,044
Retail Sales and Use	293,469	277,686 ⁽¹⁾	254,522	238,558	221,646 ⁽²⁾
Business	345,323	319,893	302,371	285,723	277,947
Excise	114,296 ⁽³⁾	84,222	83,447	82,774	80,219 ⁽²⁾
Other Taxes	36,639	35,116 ⁽⁴⁾	12,583	10,328	-
Penalties and Interest on Delinquent Taxes	-	-	-	-	-
Interfund Business ⁽⁵⁾	173,404	165,453	159,955	146,525	134,959
Total Taxes	<u>\$ 1,283,862</u>	<u>\$ 1,193,693</u>	<u>\$ 1,107,598</u>	<u>\$ 1,047,643</u>	<u>\$ 987,815</u>

- (1) The City estimates that between \$4 million and \$5 million of the increase in retail sales and use tax in 2018 was from an increase in revenue from remote sellers due to the enactment of the State Marketplace Fairness Act that went into effect on January 1, 2018. See “—Retail Sales and Use Taxes.”
- (2) Increase between 2014 and 2015 is partially attributed to a voter-approved proposition in November 2014 to expand Metro bus services in the City, which is supported by a voter-approved \$60 increase to vehicle license fees (“VLF”) and 0.1% increase in the sale tax rate for six years, expiring on December 31, 2020. The vehicle license fees (including the initial \$20 fee and the \$60 increase) were repealed by Initiative 976, passed in November 2019, which is the subject of certain legal challenges. See “Legal and Tax Information—Other Litigation—Initiative 976.” The \$60 VLF generated \$25.8 million and the \$20 VLF \$8.6 million in 2019 for a total of \$34.4 million. The voter-approved 0.1% additional retail sales and use tax generated approximately \$30.4 million in 2019 and is not affected by Initiative 976, though it is set to expire on December 31, 2020. On July 27, 2020, the City Council passed an ordinance placing a ballot measure before the voters in November to renew additional retail sales and use tax for transportation purposes and to increase the rate to 0.15% through April 1, 2027.
- (3) Includes \$6.8 million from the short-term rentals tax that was first implemented in 2019. Also reflects an increase in real estate transactions closing in advance of the January 1, 2020, effective date for certain State real estate excise tax rate increases. See “—Other Taxes-Short-Term Rentals Tax” and “—Real Estate Excise Taxes.”
- (4) Includes \$22.2 million from the sweetened beverage tax that was first implemented in 2018. See “—Other Taxes-Sweetened Beverage Tax.”
- (5) Business taxes on City-owned utilities (see “Business Taxes” below).

Source: City of Seattle, *Comprehensive Annual Financial Reports, 2015 through 2019*

Based on unaudited year-end 2019 results, the amounts for the four primary General Fund tax revenues sources (general property taxes, retail sales and use taxes, business taxes, and interfund business taxes) increased in 2019 from 2018 levels by 3.0%, 5.7%, 7.9%, and 4.8%, respectively. As of August 15, 2020, the City has seen revenues from real and personal property taxes and utility taxes increase by 7% and 3%, respectively, and revenues from sales and use tax and B&O tax reduced by 13% and 20%, respectively, compared to the same period in 2019. The City cannot predict how long these trends will continue, but is preparing for a scenario in which the negative impacts continue into calendar year 2021. See “—Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic” and “The City of Seattle—Risk Management.”

Further descriptions of these major sources of General Fund tax revenues are provided below.

General Property Taxes

The following provides a general description of the City's authority with regard to *ad valorem* property taxes and limitations on that authority, the method of determining the assessed value of real and personal property, tax collection procedures, and tax collection information, based on current law.

Authorized Property Taxes. Under the State's laws and the State Constitution, property taxes are classified as either "regular" property taxes or "excess" property taxes. The City is authorized to levy both types of taxes. The City adopts a levy ordinance each November, in conjunction with its annual budget process. It submits a levy amount request to the King County Assessor (the "Assessor"), who calculates the levy rate by spreading the levy amount on the tax rolls, following procedures established by the State DOR. The Assessor confirms that the levy is within applicable statutory and constitutional limitations and makes any necessary reductions before the County Treasurer may begin to collect the levy on behalf of the City. See "Property Tax Collection Procedure" below.

- (i) *Regular Property Taxes.* Regular property taxes are subject to constitutional and statutory limitations as to rates and amounts and commonly are imposed by taxing districts for general municipal purposes, although certain statutes authorize additional regular levies or levy increases for specified limited purposes. General purpose levies may be used for the payment of debt service on limited tax general obligation indebtedness such as the Bonds, but State law does not prioritize use of property tax levies for this purpose over any other. In general, regular property taxes for general purposes do not require voter approval, though certain statutes authorizing limited purpose levies may require voter approval. Certain tax limitations may be exceeded upon voter approval.
- (ii) *Excess Property Taxes.* Excess property taxes are not subject to limitation as to rate or amount but must be authorized by a 60% approving popular vote meeting minimum voter turnout requirements. Excess levies may be imposed (a) by any taxing district for the repayment of bonds issued for capital purposes, excluding replacement of equipment, (b) by any taxing district for one year for any governmental purpose, or (c) without a popular vote when necessary to prevent impairment of the obligations of contracts when ordered to do so by a court of last resort. Excess levies for the repayment of bonds must meet a minimum voter turnout of 40% of the number who voted at the last November general election.

Uniformity Requirement. Article VII, Section 1, of the State Constitution requires that property taxes be levied at a uniform rate upon the same class of property within the territorial limits of a taxing district levying the tax. The State Constitution also provides that all real estate constitutes a single class, except for certain agricultural properties eligible for special use classification, which may be valued based on current use. It is possible that, because of overlapping taxing district boundaries, the maximum permissible levy might vary within the boundaries of a particular taxing district. In that event, to comply with the constitutional requirement for uniformity of taxation, the lowest permissible rate for any part of the taxing district would be applied to the entire taxing district. See Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2020, for an example of the levy rates of taxing districts that overlap within the City.

Regular Property Tax Limitations. The authority of a taxing district to levy taxes without a vote of the people for general purposes, including the payment of debt service on limited tax general obligation indebtedness such as the Bonds, is subject to the limitations described below.

Information relating to regular property tax limitations and requirements is based on existing statutes and constitutional provisions. Changes in such laws could alter the impact of other interrelated tax limitations on the City. Under existing laws and circumstances, none of the property tax limitations currently affect the ability of the City to levy regular property taxes at rates sufficient to pay the debt service on its limited tax general obligation indebtedness such as the Bonds. The following list of tax limitations is not intended to be a comprehensive list of all possible overlapping levies or limitations.

- (i) *City Regular Property Tax Rate Limitations.* The City's maximum regular property tax levy for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness, is \$3.375 per \$1,000 of assessed value (RCW 84.52.043). The City also has authority to levy an additional \$0.225

per \$1,000 of assessed value under the “Firefighters’ Pension Fund Levy” (RCW 41.16.060), for a combined maximum levy rate of \$3.60 per \$1,000 of assessed value.

The additional Firefighters’ Pension Fund Levy may be applied to general municipal purposes only if it is not needed to fund certain legacy firefighter pension obligations.

Legislation passed in 2019, which became effective for the 2020 tax collection year, extends the authority beyond the date when all beneficiaries of the original legacy programs are deceased, clarifying an ambiguity in the law. However, it requires that levy proceeds be used for other post-employment benefits (“OPEB”) and other benefits for Law Enforcement Officers’ and Fire Fighters’ Retirement System (“LEOFF”) Plan 1 members and beneficiaries before being used for other City purposes. See “The City of Seattle—Pension Plans.” The City currently uses other available resources to fund its firefighter pension fund and OPEB expenses and does not currently utilize the Firefighters’ Pension Fund Levy authority.

The City’s regular levy rate for collection in 2020 is \$2.13204 per \$1,000 of assessed value. However, \$1.01492 per \$1,000 of this levy rate is statutorily restricted to purposes described in certain levy lid lift ballot measures. See Tables 7 and 8 and the discussion of “levy lid lift” ballot measures under “Regular Property Tax Amount Increase Limitation” below.

- (ii) *Aggregate Regular Property Tax Levy Rate Limitations.* Article VII, Section 2, of the State Constitution and RCW 84.52.050 limit the aggregate of all regular property tax levies imposed on any given tax parcel by the State and all overlapping taxing districts, except port districts and public utility districts, to 1% of the true and fair value of property. Within the 1% limitation, State statutes limit the levies by the State to not more than \$3.60 per \$1,000 of assessed value adjusted to the State equalized value (with certain exceptions, including a temporary reduced rate limit of \$2.70 per \$1,000 applicable in calendar years 2020 and 2021). State statutes also limit the aggregate of all regular levies by all taxing districts (other than the State and other than certain specified levies) to not more than \$5.90 per \$1,000 of assessed value. The specified levies excluded from the \$5.90 limitation include port or public utility district levies, excess property tax levies, levies for acquiring conservation futures, levies for emergency medical care or emergency medical services (“EMS”), levies to finance affordable housing, certain portions of levies by metropolitan park districts, certain levies imposed by ferry districts, levies for criminal justice purposes, certain portions of levies by fire protection districts and regional fire protection authorities, levies by counties for transit-related purposes, portions of certain levies by certain flood control zone districts, and levies by regional transit authorities.

The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.25989 for the 2020 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$6.93457 for the 2020 tax collection year.

Because various taxing districts may overlap, the aggregate levy rate applied to any two tax parcels within the City may not be identical. If the aggregate levy rate exceeds the aggregate rate limitation on any single parcel within a taxing district, the regular levy rates of each taxing district that includes that parcel may be reduced. Because of the constitutional requirement for uniformity of taxation within a taxing district (described above), any reduction affects the entire taxing district. If reductions are required, they are made by the Assessor, in accordance with State statutes and guidance from the State DOR setting forth a prioritization of regular levies. The regular “general purpose” levies of the State, counties, road districts, cities, towns, port districts, and public utility districts are considered “senior” levies; the regular levies of all other taxing districts (and certain special purposes levies that may be made by the City, including the Firefighters’ Pension Fund Levy) are considered “junior” tax levies. State statute prescribes the order in which the various junior tax levies are reduced or eliminated in order to comply with the aggregate rate limitations. Senior levies, such as the City’s general purpose levy, are not subject to reduction or elimination based on aggregate rate limitations.

- (iii) *Regular Property Tax Amount Increase Limitation.* The regular property tax increase limitation (chapter 84.55 RCW) also limits the amount of any regular levy for any particular year (other than the State’s levies for collection through 2021) to the highest amount that could have been levied in any prior year, multiplied by a specified percentage (the “limit factor”) plus an adjustment for new construction, annexations, certain improvements to property, and State-assessed property. The limit factor is defined as the greater of (a) the lesser of 101% or 100% plus inflation, or (b) if approved by a majority plus one vote of the governing body

upon a finding of substantial need, any percentage up to 101%. If a taxing district levies less than its highest allowable levy, the amount not levied still may be included in the base for determining a subsequent year's maximum amount limitation. The difference between the highest amount that could have been levied in any year and the amount actually levied is sometimes referred to as "banked" levy capacity.

The amount limitation may be exceeded upon approval of a simple majority of voters. This is known as a "levy lid lift." A levy lid lift permits a levy amount increase greater than would otherwise be allowed, which increase may be effective indefinitely or for a limited period of time. Tax receipts from the incremental increase may be (but are not required to be) restricted in the ballot proposition to satisfy a limited purpose. A levy lid lift will not increase the levy if it would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City has several levy lid lifts that have been approved by the voters and are currently in effect. The incremental tax rates for the levy lid lifts currently in effect are shown below in Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2020, and Table 8—Voted Levy Lid Lifts in Effect in 2020.

Relationship Between Rate and Amount Limitations. Because the regular property tax increase limitation applies to the total dollar amount levied rather than to the levy rate, increases in the assessed value of all property in the taxing district (excluding new construction, improvements, and State-assessed property) that exceed the rate of growth in taxes allowed by the limit factor may result in decreased regular tax levy rates, unless voters authorize a higher levy or the taxing district uses banked levy capacity. Decreases in the assessed value of all property in the taxing district (including new construction, improvements, and State-assessed property) or increases in such assessed value that are less than the rate of growth in taxes imposed, among other events, may result in increased regular tax levy rates. Thus, as assessed values rise, the levy amount increase limitation may restrict levy growth. As assessed values fall, the levy rate limitation may restrict levy growth.

Guaranty Fund Levies. In addition to the City's general purpose regular levy and the aggregate \$5.90 per \$1,000 limitations described above, but within the constitutional 1% aggregate levy limitation, the City may impose a levy for the maintenance of a local improvement guaranty fund to secure debt of any local improvement district that may be created by the City. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12% of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on the delinquent assessments (RCW 35.54.060). The taxes levied for the maintenance of the guaranty fund will be in addition to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town.

The City previously issued \$21,924,640.73 of Local Improvement District No. 6750 Bonds, 2006, of which \$4,975,000 principal amount is currently outstanding and guaranteed by the local improvement guaranty fund. The balance in the local improvement guaranty fund as of July 31, 2020, was \$945,415.

In January 2019, the City Council adopted Ordinance 125760 (the "LID Ordinance"), creating Local Improvement District No. 6751 (the "Waterfront LID"). The City plans to issue local improvement district bonds (the "Waterfront LID Bonds") secured by the Guaranty Fund in the next one to two years, depending on the timing of finalizing the assessment roll, including resolving any appeals of final assessment amounts, which is expected to occur in the fourth quarter of 2020 or early 2021. The City is also waiting resolution of a pending legal challenge to the formation of the Waterfront LID, which is scheduled for trial on November 2, 2020. The amount of Waterfront LID Bonds is authorized to be up to \$160 million, plus an amount for costs of issuance and to fund a Guaranty Fund deposit in an amount not to exceed approximately 10% of the par amount of the Waterfront LID Bonds. The actual amount of bonds to be issued will be reduced by the amount of any assessments paid in full prior to issuance. See "Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District."

Nothing in State or local law prohibits the City from, in the future, creating additional local improvement districts and issuing additional local improvement district debt secured by the Guaranty Fund.

Assessed Value Determination. The Assessor determines the value of all real and personal property throughout the County (including the City) that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State DOR. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State DOR.

The assessed value of real property is equal to 100% of its fair market value, as determined by the Assessor using procedures prescribed by the State DOR. Three approaches may be used to determine the fair market value of real property: market data, replacement cost, and income-generating capacity. All property in the County is revalued each year based on market statistics and is subject to on-site appraisal and revaluation every six years. Although the intent is that the assessed value reflect 100% of market value, the infrequency of on-site appraisals can lead to assessed valuations that lag market and other adjustments. For purposes of the State property tax levies, the State DOR annually surveys each county to calculate a ratio of assessed values to fair market value, and determines an equalization ratio for each county. The State property tax levies are equalized across the State using these ratios. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor's office. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

Property Tax Collection Procedure. Property taxes are levied in specific amounts by the respective taxing districts. The levy rate is calculated and fixed by the Assessor based upon the assessed value of the taxable property within the taxing district. The Assessor is empowered to make adjustments according to statute and regulations promulgated by the State DOR to ensure compliance with the levy rate and amount limitations described above.

The method of giving notice of payment of taxes due, the accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by statute and regulation. The Assessor extends the taxes to be levied within each taxing district on a tax roll that contains the total amount of taxes levied and to be collected. The tax roll is delivered by January 15 of each year to the King County Treasury Division Manager (an appointed official), who creates a tax account for each taxpayer and is responsible for the collection of taxes due to each account.

All taxes are due and payable on April 30 of each tax year, but if the amount due from a taxpayer exceeds \$50, one half may be paid by April 30 and the balance must be paid no later than October 31 of that year. Delinquent taxes are subject to interest at the rate of 12% per year computed on a monthly basis from the date of delinquency until paid. In addition, a penalty of 3% is imposed on June 1 of the year in which the tax is due and 8% on December 1 of that year. Penalties are credited to the account of the taxing district; interest on delinquent taxes is credited to the County's current expense fund.

State law permits County Treasurers, during a state of emergency declared under RCW 43.06.010(12), on the County Treasurer's own motion or at the request of any taxpayer affected by the emergency, to grant extensions of the due date of such property taxes as the County Treasurer deems proper. Further, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. Although no such action has been taken on a State-wide basis in light of the COVID-19 pandemic, County Treasurers in several counties (including the County) did exercise this authority with respect to the statutory April 30, 2020, collection date, accepting payments without late fees or penalties through June 1, 2020, for individual residential and commercial taxpayers who pay real and personal property taxes themselves, rather than through their mortgage lender. As of June 30, 2020, the City had received 52.9% of its annual property tax levy, compared to 54.4% of last year's annual property tax levy received as of June 30, 2019. The extension delayed distribution by the County to the City of a portion of the first half property tax collections to the City but is not expected to impact collections on an annual basis. See "City Financial Information—Fiscal Year 2020 Results and Fiscal Impacts of COVID-19 Pandemic."

The lien on property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation except for federal civil judgment liens and the possible application of the State "homestead exemption" described below. A federal lien on personal property that is filed before a State or local personal property tax is levied

is senior to the State or local personal property tax lien. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to a lien for real property taxes that are levied after the judgment lien has been recorded. By law, the County may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency. State courts have not decided if the homestead law (chapter 6.13 RCW) gives the occupying homeowner a right to retain the first \$125,000 of proceeds of the forced sale of a family residence for delinquent general property taxes. The United States Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not. See also *Algona v. Sharp*, 30 Wn. App. 837, 638 P.2d 627 (1982) (holding the homestead right superior to liens for improvement district assessments).

The following tables set forth financial information regarding the City’s tax collection record and *ad valorem* levy rates and an example of representative overlapping levy rates for one levy code area of the City.

**TABLE 5
CITY PROPERTY TAX COLLECTION RECORD**

Collection Year	Total Assessed Value	Ad Valorem Tax Levy	Tax Collected Year Due ⁽¹⁾	Total Collected As of 6/30/2020
2020	\$ 257,958,280,787	\$ 570,239,595	52.90% ⁽²⁾	52.90%
2019	244,938,709,301	544,009,712	98.87%	99.54%
2018	214,109,064,214	503,981,703	98.84%	99.83%
2017	186,325,342,799	486,947,806	98.71%	99.92%
2016	163,924,328,611	452,827,119	98.79%	100.00%
2015	145,091,711,416	379,042,833	98.72%	100.00%

(1) Tax base used for regular (non-voted) property tax levies; equals total City assessed value shown under “Debt Information—Debt Capacity and Debt Service Summaries” less the value of certain property exempt from taxation.

(2) As of June 30, 2020. For comparison, Tax Collected Year Due as of June 30, 2019, was 54.42%.

Source: King County Department of Assessments, King County Finance and Business Operations Division, and City Department of Finance and Administrative Services

**TABLE 6
AD VALOREM LEVY RATES AND LEVY AMOUNTS OF THE CITY**

Collection Year	Levy Rates (per \$1,000 of Assessed Value)			Levy Amounts		
	General ⁽¹⁾	UTGO Bonds	Total	General ⁽¹⁾	UTGO Bonds	Total
2020	2.13204	0.08884	2.22088	\$ 547,473,222	\$ 22,733,373	\$ 570,206,595
2019	2.13558	0.09358	2.22916	521,238,054	22,771,658	544,009,712
2018	2.21919	0.14290	2.36209	473,604,377	30,377,326	503,981,703
2017	2.45735	0.16592	2.62327	456,259,294	30,688,512	486,947,806
2016	2.59545	0.17757	2.77302	423,969,612	28,857,507	452,827,119

(1) The General Levy is subject to certain statutory limitations (see “General Property Taxes—Regular Property Tax Limitations”). The rate shown above includes nonvoted regular levies and voted levy lid lifts for various specified purposes, described below in Table 7. An additional voter-approved EMS levy, which is considered a separate special purpose levy, is not shown in this table.

Source: King County Department of Assessments

TABLE 7
REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY⁽¹⁾
COLLECTION YEAR 2020
(Per \$1,000 of Assessed Value)

Overlapping Rates Within City of Seattle	2020
City of Seattle	\$2.22088
King County	1.23953
State School Fund ⁽²⁾	3.02799
Port of Seattle	0.11944
Seattle School District No. 1	1.85710
Voted EMS	0.26500
County Flood Zone	0.09199
Seattle Park District ⁽³⁾	0.20812
Sound Transit	0.19937
Total Within City of Seattle	\$9.22942
City of Seattle - Specific Rates	
Current Expense Base and Pension	\$1.11712
Voted Lid Lifts	
Low-Income Housing	0.16126
Families and Education	0.33863
Library	0.11854
Transportation	0.38482
I-122 Election Vouchers	0.01167
Subtotal Voted Lid Lifts	\$1.01492
Subject to \$3.60 Limit	\$2.13204
Voted Bonds	0.08884
Total City Rates	\$2.22088

- (1) Levy rate paid by taxpayers within the City’s levy code area with the largest assessed value. This table includes both regular and excess property tax levies and cannot be used to determine levy capacity within the \$5.90 or 1% aggregate levy rate limitations described under “General Property Taxes—Regular Property Tax Limitations.”
- (2) The aggregate State School Fund rate includes two levies: State School Fund Part 1, for \$1.96837, and State School Fund Part 2, for \$1.05962. The combined rate of \$3.02799, multiplied by the equalization ratio established by the State DOR for the County for 2020 (93.8%) is equal to the maximum combined State levy rate of \$2.70 per \$1,000 of assessed value.
- (3) The Seattle Park District is a metropolitan park district with boundaries coterminous with those of the City. The district is a separate municipal corporation with its own statutory maximum levy rate of \$0.75 per \$1,000 of assessed value, though the actual levy imposed by the district is constrained under an interlocal agreement between the City and the district. The members of the City Council comprise the governing body of the park district

Source: King County Department of Assessments

**TABLE 8
VOTED LEVY LID LIFTS IN EFFECT IN 2020**

Lid Lifts	Term	Amount Expected to be Raised Over Levy Period
Library	2020-2026	\$ 219,100,000
Transportation	2016-2025	930,000,000
I-122 Election Vouchers	2016-2025	30,000,000
Low-Income Housing	2017-2023	290,000,000
Families, Education, Preschool and Promise	2019-2025	619,600,000

Major Property Tax Payers. The following table presents the property taxpayers within the City with the highest 2019 assessed value for tax collection year 2020.

**TABLE 9
2020 LARGEST PROPERTY TAXPAYERS**

Taxpayer⁽¹⁾	Type of Business	Total Assessed Value⁽²⁾	Percent of Total Assessed Value
Amazon	Electronic Commerce	\$ 3,252,303,032	1.26 %
Union Square Limited Partnership	Commercial Real Estate	1,170,294,000	0.45
GC Columbia LLC	Commercial Real Estate	858,323,878	0.33
Ponte Gadea Seattle LLC	Commercial Real Estate	832,802,000	0.32
Altus Group US Inc.	Commercial Real Estate	748,287,300	0.29
Acorn Development LLC (Amazon)	Commercial Real Estate	710,417,000	0.28
1201 Tab Owner LLC	Commercial Real Estate	699,221,804	0.27
Selig Holdings Co LLC	Commercial Real Estate	579,449,300	0.22
BPP 1420 Fifth Avenue Owner	Commercial Real Estate	578,039,700	0.22
FSP-RIC LLC	Commercial Real Estate	575,775,000	0.22
Equity Office Mgmt LLC	Commercial Real Estate	511,565,000	0.20
Total		\$ 10,516,478,014	4.08 %
Total City Assessed Value for Tax Collection Year 2020		\$257,958,280,787	

(1) Includes taxpayers paying real and personal property taxes as property owners. Excludes governmental entities or taxpayers paying leasehold excise taxes based on rental payments for property they lease from governments.

(2) Includes the value of certain property exempt from taxation.

Source: King County Department of Assessments

Retail Sales and Use Taxes

Under State law, the State imposes a State-wide sales and use tax on goods and services, and local governments (cities, counties, and certain other municipal corporations) are authorized to levy additional “local option” sales and use taxes for general governmental purposes. Local option sales and use taxes are imposed on the same goods and services as the State retail sales and use tax. Among the various items currently exempt from sales and use taxes are most personal services, motor vehicle fuel, most food sold for off-premises consumption, trade-ins, and purchases for resale. The State Legislature, and the voters through the initiative process, have changed the base of the sales and use tax on occasion. State law does not provide a general exemption for businesses, nonprofits, or governmental entities from payment of sales and use taxes. Receipts from certain local option retail sales and use taxes are restricted to specific purposes, as set forth in the applicable authorizing statute.

A sales tax of 10.1% is charged on all gross retail sales in the City. The 10.1% is a composite of separate rates for several jurisdictions: 6.5% for the State, 0.85% for the City, 0.15% for the County for general purposes, 1.4% for the County to support public transportation, 0.9% for the Central Puget Sound Regional Transit Authority, 0.1% for the County to support chemical dependency or mental health programs, 0.1% for the support of criminal justice programs within the County, and 0.1% for the City for the Seattle Transportation Benefit District (discussed below under “—Seattle Transportation Benefit District Sales Tax”). The first 10% of the criminal justice tax revenues is allocated to the County. The remaining 90% of the criminal justice tax revenues is allocated to the County and cities within the County based on population. In addition, a portion of the State’s rate (0.0146%) is passed through to the City for affordable housing purposes. See “—State Shared Sales Tax Revenue for Affordable Housing.

In general, sales taxes are imposed on the purchase by consumers (including State and local governments) of a broad base of tangible personal property and selected services, including construction (labor and materials), machinery and supplies, services and repair of real and personal property, and many other transactions not taxed in other states. The use tax supplements the sales tax by taxing the use of certain services and the use of certain personal property on which a sales tax has not been paid (such as items purchased in a state that imposes no sales tax).

Sales taxes on applicable retail sales are collected by the seller from the consumer. Use taxes are payable by the consumer upon the applicable rendering of service or use of personal property. The County collects any use tax imposed on the use of motor vehicles. Each seller (and the County) is required to hold taxes in trust until remitted to the State DOR, which usually occurs on a monthly basis. The State DOR administers and collects sales and use taxes from sellers, consumers, and the County and makes disbursements to the City on a monthly basis. Disbursements lag two months behind collections. Due to the COVID-19 pandemic, the State DOR has exercised its authority to grant certain extensions of filing and collection deadlines to certain taxpayers, which may further delay disbursements. See “City Financial Information—Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic.”

Taxation of Internet Sales and Marketplace Fairness Act. The State Marketplace Fairness Act went into effect on January 1, 2018, requiring remote sellers and marketplace facilitators with \$10,000 or more in retail sales in the State within a calendar year to elect to collect and remit sales and use tax, or to comply with the use tax notice and reporting requirements in State statute. Additional legislation that became effective on March 14, 2019, brought the State’s law in line with the 2018 U.S. Supreme Court decision in *South Dakota v. Wayfair* (“*Wayfair*”), which upheld a substantially similar South Dakota law. Prior to that decision, states could impose a sales tax collection obligation only on sellers with a physical presence in the state under federal law.

State-Shared Sales Tax Revenue for Affordable Housing. On August 12, 2019, the City Council passed an ordinance enacting the local option tax for affordable housing pursuant to newly enacted State legislation that authorizes cities and counties to impose this additional tax, which is then credited against the State sales tax rate, resulting in no net change to the rate paid by retail consumers. This results in a pass-through of State sales tax revenues to the local jurisdiction, which must be used solely to provide housing or housing-related services to persons whose income is at or below 60% of area median income. The annual amount of the pass-through is capped pursuant to a statutory formula. For the City, the cap is \$4,228,362.75 per year for 20 years. The statutory authority for the City to impose the tax expires at the end of the third quarter of 2039 unless extended by future State legislation.

Seattle Transportation Benefit District Sales Tax. The City operates the Seattle Transportation Benefit District, which is an additional dedicated funding mechanism for certain transportation purposes under State law. It primarily provides funding to support mass transit services provided by King County Metro. Voters approved an incremental additional sales and use tax of 0.1% in November 2014, which by its terms expires December 31, 2020. On July 27, 2020, the City Council passed an ordinance placing a ballot measure before the voters in November to renew this additional retail sales and use tax and increase the rate to 0.15% through April 1, 2027.

Business Taxes

The City imposes a B&O tax for the act or privilege of engaging in business activities. The City imposes this B&O tax at varying rates, depending on the class of business, based on the value of products, gross proceeds of sales, or

gross income of the business, as applicable. Certain businesses are exempted, and deductions and credits are allowed. State law limits the maximum rate at which cities may levy the B&O tax to 0.2%, but cities whose tax rates were higher than this level when the limit was imposed can maintain their current tax rates. Some additional rate increases are possible within the parameters set by State law, including voter approval. The City's current rates range from 0.215% to 0.415%. The City's tax is in addition to the B&O tax imposed by the State.

The City imposes a utility B&O tax on the investor-owned natural gas, telephone, and steam utilities operating in the City at the 6% maximum rate permitted under State law without a vote of the electors and a utility B&O tax on cable television utilities operating in the City at the rate of 10%.

The City imposes a utility B&O tax on the City-owned electric utility at the 6% maximum rate permitted under State law without a vote of the electors and a utility B&O tax on the City-owned drainage utility and solid waste utility at the rate of 11.5%, on the City-owned wastewater utility at the rate of 12%, and on the City-owned water utility at the rate of 15.54%. Under the City Charter, a City-owned utility may pay taxes to the City only if sufficient revenue is available after paying debt service and the cost of necessary betterments and replacements for the current year. These taxes are categorized as Interfund Business in Table 4.

As a result of the impact of COVID-19, taxpayers with taxable income of \$5 million or less may defer payment of B&O taxes until October 31, 2020.

Real Estate Excise Taxes

The City imposes a real estate excise tax of 0.5% on sales of real property in the City. The proceeds may be used for qualifying capital projects and, until January 1, 2026, for certain affordable housing purposes. A portion of the revenue is used for the payment of certain of the City's general obligation bonds issued to finance those projects. The City's tax is in addition to the State real estate excise tax.

As of January 1, 2020, the State real estate excise tax is imposed based on a graduated rate schedule, as follows: 1.1% on the first \$500,000 of the selling price; 1.28% on the portion of the selling price that is greater than \$500,000 but equal to or less than \$1.5 million; 2.75% on the portion of the selling price greater than \$1.5 million, but equal to or less than \$3.0 million; and 3% on the portion of the selling price that is greater than \$3.0 million. A rate of 1.28% is imposed on the sale of undeveloped land, timberland, agricultural land, and water or mineral rights, regardless of selling price. Beginning on January 1, 2022 and every four years thereafter, the State DOR will adjust the selling price thresholds by a factor equal to the lesser of 5.0% or the growth in the Consumer Price Index for "shelter" over the those four years (but not less than 0%).

Real estate excise taxes (both State and local portions) are generally collected by County Treasurers, except for the tax that applies to the acquisition of controlling interests, which is reported directly to the State DOR. Preliminary year-end 2019 information indicates a one-time increase in real estate excise tax collections in advance of the January 1, 2020, effective date for the graduated rate schedule for the State real estate excise tax described above.

City Payroll Tax

On July 6, 2020, the City Council passed an ordinance establishing a new City-wide payroll tax. The ordinance establishes a three-tiered system of taxation on companies with annual payroll expenses exceeding \$7 million. Employers with total annual payroll expenses greater than \$7 million and less than \$100 million) will be taxed 0.7% of each annual employee salary between \$150,000 and \$399,999, and 1.7% of each annual employee salary of \$400,000 or more. Employers with total annual payroll expenses equal to or greater than \$100 million and less than \$1 billion will be taxed 0.7% of each annual employee salary between \$150,000 and \$399,999, and 1.9% of each annual employee salary of \$400,000 or more. Employers with total annual payroll expenses of \$1 billion or more will be taxed 1.4% of each annual employee salary between \$150,000 and \$399,999, and 2.4% of each annual employee salary of \$400,000 or more. No tax is due with respect to employees whose annual salaries are below \$150,000.

The tax is to be assessed against salaries a company pays to Seattle-based employees. Businesses with total payrolls below the \$7 million threshold are exempt from the tax; in addition, exemptions from the tax apply to federal and

State government entities, grocery stores, and businesses that the City is preempted from taxing under federal or State law.

On July 17, 2020, the Mayor returned the legislation to the City Council unsigned; the legislation became effective on August 17, 2020, without the Mayor's signature as permitted under the City Charter. By its terms, the tax will be imposed beginning January 1, 2021, and sunset on December 31, 2040. Based on City Council estimates, the tax is forecast to raise approximately \$214.3 million in 2021 and over \$200 million in years 2022 and thereafter.

Other Taxes

Sweetened Beverage Tax. Since January 1, 2018, the City has taxed sweetened beverages distributed for retail sale in the City at a standard rate of \$0.0175 per ounce. There is a reduced rate of \$0.01 per ounce for certain manufacturers. This tax generated \$24.101 million in 2019 and is estimated in the August forecast to generate between approximately \$15.367 million and \$16.876 million in 2020.

Short-Term Rentals Tax. Pursuant to State legislation passed in 2018, the Washington State Convention Center Public Facilities District (a separate municipal corporation with boundaries encompassing all of the County) began imposing and collecting, as of January 1, 2019, a tax at a rate of up to 7% per night on short-term rental activity throughout the County. The State legislation requires the district to pay to the City an amount equal to the portion of revenues from its tax derived from short-term rental activity within the City. Due to steps associated with the remittance of these funds to the City, only the tax associated with the first seven months of activity was received in 2019. The amount paid to the City in 2019 (reflecting activity from January through July) was approximately \$6.845 million. Due to the COVID-19 pandemic, however, this amount for 2020 is projected to be significantly lower, estimated in the August forecast to be between approximately \$3.675 million and \$5.600 million.

Legislative Changes Affecting City Taxing Authority and Limitations

Changes in tax legislation at the local, State, and national levels could affect City revenues. Certain authority of Washington local governments to impose taxes is granted by statute and, from time to time, the State Legislature does adjust those taxing powers and limitations. Local and State-wide initiative measures may also make changes to local government taxing powers and limitations. See "Initiative and Referendum" below. Legislation affecting the City's taxing power and limitations (and those of overlapping taxing districts, which may affect the aggregate levy rates and limitations within the City) may be pending or may arise at any time.

DEBT INFORMATION

The power of the City to contract debt of any kind is controlled and limited by State law. All debt must be incurred in accordance with detailed budget procedures and paid from identifiable receipts and revenues. The budget must be balanced for each fiscal year. It is unlawful for an officer or employee of the City to incur a current liability in excess of budgetary appropriations. In an emergency, the City Council may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purposes must be paid from any available money in the fund properly chargeable with such expenditures.

Limitations on Indebtedness

The State Constitution and statutes limit the City's ability to incur indebtedness based on a percentage of the assessed value of the taxable property within the City at the time the indebtedness is incurred. Changes in assessed value subsequent to issuance have no effect on outstanding debt, but may limit the City's ability to issue future debt. See "Debt Capacity and Debt Service Summaries" below.

Non-Voted Debt. The Bonds are issued as non-voted debt. State law provides that the City may, without a vote of the electors, incur general obligation debt in an amount not to exceed 1.5% of the assessed value of all taxable property within the City. The amount of non-voted debt plus the outstanding voter-approved debt for general municipal purposes also is subject to the aggregate debt limitation described below. Non-voted general obligation debt may be

issued as follows: (i) pursuant to an ordinance specifying the amount and object of the expenditure of the proceeds, the City Council may borrow money for corporate purposes and issue bonds or notes within the constitutional and statutory limitations on indebtedness, (ii) the City may execute conditional sales contracts for the purchase of real or personal property, and (iii) the City may execute leases with or without an option to purchase.

Voter-Approved Debt. Subject to 60% approval at an election held within the City, the City additionally may incur general obligation debt in an amount not to exceed 2.5% of assessed value for general municipal purposes (when combined with any outstanding non-voted debt), 2.5% for certain utility purposes, and 2.5% for certain parks, open space, and economic development purposes. If the ballot proposition approving issuance of voter-approved debt also approves (upon the requisite minimum voter turnout) the levy of taxes without limitation in amounts sufficient to repay those voter-approved bonds, then the bonds will be payable from a special excess tax levy. Under the State's laws and constitution, the levy for such purpose may not be used for any purpose other than the repayment of those voter-approved bonds.

Aggregate Debt Limitations. The combination of voted and non-voted general obligation debt for general municipal purposes may not exceed 2.5% of assessed value. The total of all voted and non-voted general obligation debt issued for all purposes may not exceed 7.5% of assessed value.

Short-Term Obligations. Within the limitations described above, State law permits municipal corporations to borrow money and to issue short-term obligations for any lawful purpose and in anticipation of the receipt of revenues, taxes, or grants, or the sale of bonds, if the bonds have been authorized by the governing body or the voters, as applicable. Short-term obligations issued in anticipation of taxes must be repaid within six months after the end of the fiscal year in which they are issued.

City-Guaranteed Debt. The City has from time to time entered into agreements with public development authorities chartered by the City and with other similar public entities to provide guarantees or contingent loan agreements with respect to debt issued by those authorities. The City includes the outstanding principal amount of such debt that it has guaranteed as a debt of the City for the purposes of calculating its legal debt capacity under the constitutional limitations described above. State law does not otherwise restrict the City from providing future similar guarantees for appropriate public purposes. The aggregate amount of such currently outstanding debt subject to City guarantees or contingent loan agreements are shown on Table 10—Estimated Legal Debt Capacity (notes 6 and 7).

Debt Payment Record

The City always has met principal and interest payments on all of its general obligation bonds when due and has not issued refunding bonds for the purpose of preventing an impending default.

Future General Obligation Debt Obligations

The City generally issues limited tax general obligation debt to fund its capital programs on an annual basis. Its next planned issuance of general obligation bonds is likely to occur in the first half of 2021 and, in addition to funding the City's regular capital program, is likely to include funding for emergency repairs to the West Seattle Bridge and capital funding for one or more City-chartered public development authorities and similar entities. Due to the amount of debt that is expected to be issued for the West Seattle Bridge repairs and/or replacement, the City's annual general obligation debt issuance in the next few years will likely be somewhat larger than the annual issuance amounts over the past decade. See "Other Considerations—West Seattle Bridge." Additionally, the City periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

In addition, the City may from time to time incur non-bond financial obligations through State and federal loan programs, leases, or interlocal agreements. The City also from time to time considers the use of its general obligation debt capacity to provide guarantees of debt issued by City-chartered public development authorities, consistent with the City's debt policies.

After this issuance, \$10 million will remain authorized under Ordinance 125456 but unissued for general municipal purposes. The authorization will expire on December 31, 2020, and the City has no plans to issue this amount prior to its expiration.

Debt Capacity and Debt Service Summaries

Table 10 sets forth the computation of the City's estimated legal debt capacity based on debt outstanding as of December 31, 2019, adjusted for the issuance of the Bonds, and a total City assessed value for collection of taxes in 2020 of \$257,958,280,787. Giving effect to the issuance of the Bonds, there remains \$2,316,821,531 of unlimited tax general obligation debt capacity for general purposes and \$3,097,889,235 of limited tax general obligation debt capacity. The tables below show the annual principal and interest due on the Bonds and all outstanding general obligations of the City and the City's net direct and overlapping debt and debt ratios as of December 31, 2019.

TABLE 10
ESTIMATED LEGAL DEBT CAPACITY⁽¹⁾
(as of December 31, 2019, adjusted for the issuance of the Bonds)

	General Capacity		Special Purpose Capacity		Total Capacity (7.5% of AV)
	A	B	Voter-Approved Open Space and Parks (2.5% of AV)	Voter-Approved Utility Purpose (2.5% of AV)	
Assessed Value as of March 25, 2020 ⁽²⁾ \$257,958,280,787					
2.5% of AV	\$ -	\$ 6,448,957,020	\$ 6,448,957,020	\$ 6,448,957,020	\$ 19,346,871,059
1.5% of AV	3,869,374,212	(3,869,374,212)			
	\$ 3,869,374,212	\$ 2,579,582,808	\$ 6,448,957,020	\$ 6,448,957,020	\$ 19,346,871,059
Debt Outstanding ⁽³⁾					
The Bonds	\$ (79,625,000)	\$ -	\$ -	\$ -	\$ (79,625,000)
Outstanding Bonds ⁽⁴⁾	(636,929,730)	(262,795,000)	-	-	(899,724,730)
Guarantees on PDA Bonds ⁽⁵⁾	(36,870,000)	-	-	-	(36,870,000)
Public Works Assistance Account Loans ⁽⁶⁾	(6,794,740)	-	-	-	(6,794,740)
Compensated Absences ⁽⁷⁾	(60,288,885)	-	-	-	(60,288,885)
Total Debt Outstanding	\$ (820,508,355)	\$ (262,795,000)	\$ -	\$ -	\$ (1,083,303,355)
Available Net Assets in Redemption and Other Funds ⁽⁸⁾	\$ 10,914,950	\$ 33,723	\$ -	\$ -	\$ 10,948,673
Compensated Absences for Sick Leave ⁽⁷⁾	38,108,428	-	-	-	38,108,428
Net Debt Outstanding	\$ (771,484,977)	\$ (262,761,277)	\$ -	\$ -	\$ (1,034,246,254)
Legal Debt Margin	\$ 3,097,889,235	\$ 2,316,821,531	\$ 6,448,957,020	\$ 6,448,957,020	\$ 18,312,624,805

NOTES TO TABLE:

- (1) Legal debt limits are established in the State Constitution and by statutes, including RCW 39.36.020 and 35.42.200.
- (2) RCW 39.36.015 allows incorporated cities to use the “last assessment for city purposes.” This assessment was issued as of March 25, 2020, for taxes payable in 2020.
- (3) State law and the State Auditor’s Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating legal debt capacity, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.
- (4) Excludes the Refunded Bonds.
- (5) Includes the principal amounts of City-guaranteed bonds issued by the following public development authorities (“PDA”) established by the City: the Seattle Indian Services Commission (“SISC”) and the Museum Development Authority. Under a 2012 Washington State Supreme Court decision, the total principal amount plus the amount of interest due and not yet paid is to be treated as “debt” when calculating the City’s legal debt capacity. Due to lack of clarity in that decision as to how interest should be calculated or when interest should be deemed to accrue, no amount for interest has been included in Table 10. In addition, since May 1, 2015, the City has been advancing funds required to pay debt service under its guaranty of SISC debt. See “Seattle Indian Services Commission Debt Guaranty” below and Appendix B—The City’s 2019 Comprehensive Annual Financial Report—Note 15, Contingencies.
- (6) Includes City obligations to repay loans from the Washington State Public Works Assistance Account. This is a departure from State accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City’s bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable constitutional debt limits. In 2018, the City entered into another such loan from the Washington State Public Works Assistance Account in the amount of approximately \$10 million. Draws on this loan will not take place until 2020 and 2021, so this loan amount is not included in the total outstanding as of December 31, 2019.
- (7) The State Auditor’s Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt capacity. All compensated absences except the sick leave estimate meet this criterion. The City’s bond counsel does not include compensated absences as debt for the purpose of calculating the City’s debt capacity.
- (8) Excludes available net assets in the Local Improvement Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Seattle Indian Services Commission Debt Guaranty. The SISC issued its Special Obligation Revenue Refunding Bonds, 2004 (the “SISC Bonds”), on November 1, 2004, in the amount of \$5.2 million. The amount outstanding as of September 1, 2020, is \$1.950 million. The SISC Bonds will be fully retired on November 1, 2024. The SISC Bonds include serial maturities and annual mandatory redemption payments on term bonds due on November 1 of each year and bear interest payable on May 1 and November 1 at fixed rates ranging from 4.20% to 4.50%. The SISC Bonds are not subject to acceleration under any circumstances. Pursuant to a Cooperation Agreement between the City and SISC dated March 1, 1994, as amended on September 1, 2004 (the “Cooperation Agreement”), in the event of an insufficiency to make a scheduled payment on any Debt Service Payment Date, the City is obligated to pay an amount necessary to make up such insufficiency. The City’s obligations are unconditional obligations of the City. In 2014, SISC experienced unforeseen conditions that left it unable to fulfill its debt obligations on bonds guaranteed by the City. The City began making payments under the Cooperation Agreement on May 1, 2015, and subsequently has budgeted to pay debt service on SISC Bonds on each May 1 and November 1, in accordance with the City’s unconditional obligation. As of September 1, 2020, remaining scheduled principal and interest payments with respect to the SISC Bonds guaranteed by the City total \$1.950 million and \$226,199, respectively. The City currently expects that it will continue to make the scheduled debt service payments through the life of the SISC Bonds. See Appendix B—The City’s 2019 Comprehensive Annual Financial Report—Note 15, Contingencies.

TABLE 11
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
LIMITED TAX GENERAL OBLIGATION BONDS

	Outstanding ⁽¹⁾			The Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2020	\$ 67,660,287	\$ 28,805,265	\$ 96,465,552	\$ -	\$ -	\$ -	\$ 96,465,552
2021	61,433,355	23,819,066	85,252,421	7,345,000	3,072,318	10,417,318	95,669,739
2022	57,793,256	21,116,249	78,909,505	4,450,000	3,212,150	7,662,150	86,571,655
2023	57,778,256	18,568,585	76,346,841	7,435,000	2,989,650	10,424,650	86,771,491
2024	60,402,442	15,883,127	76,285,569	6,325,000	2,617,900	8,942,900	85,228,469
2025	58,832,442	13,153,159	71,985,601	6,660,000	2,301,650	8,961,650	80,947,251
2026	42,217,442	10,418,174	52,635,616	7,025,000	1,968,650	8,993,650	61,629,266
2027	30,762,442	8,738,344	39,500,786	7,405,000	1,617,400	9,022,400	48,523,186
2028	27,147,442	7,552,855	34,700,297	7,805,000	1,247,150	9,052,150	43,752,447
2029	23,980,789	6,525,284	30,506,073	5,730,000	856,900	6,586,900	37,092,973
2030	23,105,789	5,594,699	28,700,488	6,050,000	570,400	6,620,400	35,320,888
2031	23,355,789	4,652,114	28,007,903	5,545,000	267,900	5,812,900	33,820,803
2032	19,310,000	3,808,632	23,118,632	805,000	157,000	962,000	24,080,632
2033	16,060,000	3,045,113	19,105,113	820,000	140,900	960,900	20,066,013
2034	15,040,000	2,400,276	17,440,276	840,000	124,500	964,500	18,404,776
2035	13,645,000	1,849,564	15,494,564	855,000	107,700	962,700	16,457,264
2036	10,655,000	1,385,830	12,040,830	870,000	90,600	960,600	13,001,430
2037	7,130,000	1,049,550	8,179,550	890,000	73,200	963,200	9,142,750
2038	4,945,000	776,054	5,721,054	905,000	55,400	960,400	6,681,454
2039	2,980,000	586,473	3,566,473	925,000	37,300	962,300	4,528,773
2040	1,335,000	504,900	1,839,900	940,000	18,800	958,800	2,798,700
2041	1,385,000	451,400	1,836,400	-	-	-	1,836,400
2042	1,440,000	395,900	1,835,900	-	-	-	1,835,900
2043	1,500,000	338,100	1,838,100	-	-	-	1,838,100
2044	1,560,000	278,000	1,838,000	-	-	-	1,838,000
2045	1,625,000	215,400	1,840,400	-	-	-	1,840,400
2046	1,685,000	150,300	1,835,300	-	-	-	1,835,300
2047	1,755,000	82,800	1,837,800	-	-	-	1,837,800
2048	200,000	12,400	212,400	-	-	-	212,400
2049	210,000	4,200	214,200	-	-	-	214,200
Total	\$ 636,929,730	\$ 182,161,813	\$ 819,091,544	\$ 79,625,000	\$ 21,527,468	\$ 101,152,468	\$ 920,244,012

(1) Excludes the Refunded Bonds. Includes debt service on Public Works Assistance Account loans. Does not include City-guarantees or contingent loan agreements with respect to debt issued by City-chartered PDAs. Reflects taxable rates on certain bonds issued as taxable bonds with a federal subsidy, but is not adjusted to reflect the receipt of any federal tax credit subsidy payment associated with those bonds. See “Other Considerations—Federal Policy Risk and Other Federal Funding Considerations.”

TABLE 12
NET DIRECT AND OVERLAPPING DEBT

Outstanding Direct Debt ⁽¹⁾	
Unlimited Tax General Obligation Bonds	\$ 262,795,000
Limited Tax General Obligation Bonds ⁽²⁾	636,929,730
The Bonds	79,625,000
Less: Cash and Investments in Debt Service Funds	<u>(10,948,673)</u>
Net Direct Debt	\$ 968,401,057
Estimated Overlapping Debt ⁽³⁾	
King County ⁽⁴⁾	\$ 267,798,035
Port of Seattle	134,691,205
Seattle School District No. 001	20,111,120
Highline School District No. 401	<u>17,303</u>
Total Estimated Overlapping Debt	\$ 422,617,663
Total Net Direct and Estimated Overlapping Debt	\$ 1,391,018,720

(1) As of September 1, 2020, adjusted for the issuance of the Bonds.

(2) Excludes the Refunded Bonds. Excludes the Public Works Assistance Account loans and City-guarantees or contingent loan agreements with respect to the debt issued by City-chartered PDAs. See Table 10—Estimated Legal Debt Capacity.

(3) Allocated to the taxable property within the City according to its share of 2020 total assessed values.

(4) Excludes limited tax general obligation indebtedness payable first from other revenues of the County, such as sales tax and sewer revenue.

TABLE 13
CITY BONDED DEBT RATIOS

Total City Assessed Value for 2020 Collections ⁽¹⁾	\$257,958,280,787
2020 Population Estimate ⁽²⁾	761,100
Assessed Valuation ⁽³⁾	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.38%
Net Direct and Overlapping Debt to Assessed Value	0.54%
Per Capita Assessed Value	\$338,928
Per Capita Net Direct Debt	\$1,272
Per Capita Net Direct and Overlapping Debt	\$1,828
Net Direct Debt	\$968,401,057
Net Direct and Overlapping	\$1,391,018,720

(1) Source: King County Assessor.

(2) Source: State of Washington Office of Financial Management.

(3) See “General Fund Tax Revenue Sources—General Property Taxes—Assessed Value Determination.”

THE CITY OF SEATTLE

The following provides general information about the City.

Municipal Government

Incorporated in 1869, the City is the largest city in the Pacific Northwest and is the County seat.

The City is a general purpose government that provides a broad range of services typical of local municipalities, such as streets, parks, libraries, human services, law enforcement, firefighting and emergency medical services, planning, zoning, animal control, municipal court, and utilities. The City owns and operates water, electric, solid waste, and drainage and wastewater utilities, although the County provides wastewater treatment service. The County also provides certain services throughout the County and within the City, including courts of general jurisdiction, felony prosecution and defense, jail, public health, and transit services.

The City is organized under the mayor-council form of government and operates under its City Charter. The Mayor, the city attorney, and the Municipal Court judges are all elected to four-year terms. The nine City Council members are elected to staggered four-year terms.

Mayor. The Mayor serves as the chief executive officer of the City. The Mayor presents to the City Council annual statements of the financial and governmental affairs of the City, budgets, and capital improvement plans. The Mayor signs, or causes to be signed on behalf of the City, all deeds, contracts, and other instruments.

City Council. As the policy-making legislative body of the City, the City Council sets tax levies and utility rates, makes appropriations, and adopts and approves the annual operating budget and capital improvement plans for the City. The City Council members serve on a full-time basis.

Municipal Court. The State Constitution provides for the existence of county superior courts as the courts of general jurisdiction and authorizes the State Legislature to create other courts of limited jurisdiction. The Seattle Municipal Court has limited jurisdiction over a variety of cases, including misdemeanor criminal cases, traffic and parking infractions, collection of fines, violation of no-contact or domestic violence protection orders, and civil actions for enforcement of City fire and housing codes. The Municipal Court has seven judges. Municipal Court employees report to the judges.

Financial Management

City financial management functions are provided by the Department of Finance and Administrative Services.

Accounting. The accounting and reporting policies of the City conform to generally accepted accounting principles for municipal governments and are regulated by the State Auditor's Office, which maintains a resident staff at the City to perform a continual current audit as well as an annual, post-fiscal year audit of City financial operations. The Accounting Services Division of the Department of Finance and Administrative Services maintains general supervision over the accounting functions of the City.

Auditing. The State Auditor is required to examine the affairs of all local governments at least once every three years; the City is audited annually. The examination must include, among other things, the financial condition and resources of the City, compliance with the State Constitution and laws of the State, and the methods and accuracy of the accounts and reports of the City. Reports of the State Auditor's examinations are required to be filed in the office of the State Auditor and in the Department of Finance and Administrative Services. The City's Comprehensive Annual Financial Report for 2019 is attached as Appendix B.

The State Auditor's Office has authority to conduct independent performance audits of State and local government entities. The Office of the City Auditor also reviews the performance of a wide variety of City activities such as span of control, City-wide collections, special events permitting, and specific departmental activities.

Municipal Budget. City operations are guided by a budget prepared under the direction of the Mayor by the CBO pursuant to State statute (chapter 35.32A RCW) and based in part on General Fund revenue forecasts prepared by the

City's Department of Finance and Administrative Services. The proposed budget is submitted to the City Council by the Mayor each year not later than 90 days prior to the beginning of the next fiscal year. Currently the fiscal year of the City is January 1 through December 31. The City Council considers the proposed budget, holds public hearings on its contents, and may alter and revise the budget at its discretion, subject to the State requirement that budgeted revenues must at least equal expenditures. The City Council is required to adopt a balanced budget at least 30 days before the beginning of the next fiscal year, which may be amended or supplemented from time to time by ordinance. The Mayor may choose to approve the City Council's budget, veto it, or permit it to become law without the Mayor's signature. The Mayor does not have line-item veto power.

The 2020 budget was adopted on November 19, 2019. The City's adopted General Fund budget was approximately \$1.40 billion in 2019 and \$1.48 billion in 2020. The Mayor's 2021 budget proposal is expected to be submitted in late September 2020 and is expected to address forecast revenue and expense impacts of the COVID-19 pandemic and the related recession, revisions to public safety funding, and certain costs of emergency repairs and preliminary design and planning for repair or replacement of the West Seattle Bridge, among other challenges. See "Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic," "—Public Safety Funding Considerations and Social Justice Demonstrations," and "—West Seattle Bridge." The 2021 budget will then be considered by the City Council for adoption. The State statutory deadline is 30 days prior to January 1, 2021.

Investments

Authorized Investments. Chapter 35.39 RCW permits the investment by cities and towns of their inactive funds or other funds in excess of current needs in the following: United States bonds, United States certificates of indebtedness, State bonds or warrants, general obligation or utility revenue bonds of its own or of any other city or town in the State, its own bonds or warrants of a local improvement district that are within the protection of the local improvement guaranty fund law, and any other investment authorized by law for any other taxing district. Under chapter 39.59 RCW, a city or town also may invest in the following: bonds of the State or any local government in the State, general obligation bonds of any other state or local government of any other state that have at the time of the investment one of the three highest credit ratings of a nationally recognized rating agency, registered warrants of a local government in the same county as the government making the investment; certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; or United States dollar-denominated bonds, notes, or other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment, the institution has the United States government as its largest shareholder; Federal Home Loan bank notes and bonds, Federal Land Bank bonds and Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation, or the obligations of any other government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve system; bankers' acceptances purchased on the secondary market; commercial paper purchased in the secondary market, provided that any local government of the State that invests in such commercial paper must adhere to the investment policies and procedures adopted by the Washington State Investment Board; and corporate notes purchased on the secondary market, provided that any local government of the State that invests in such notes must adhere to the investment policies and procedures adopted in Washington State Investment Board Policy Number 2.05.000.

Money available for investment may be invested on an individual fund basis or may, unless otherwise restricted by law, be commingled within one common investment portfolio. All income derived from such investment may be either apportioned to and used by the various participating funds or used for the benefit of the general government in accordance with City ordinances or resolutions.

Authorized Investments for Bond Proceeds. Funds derived from the sale of bonds or other instruments of indebtedness will be invested or used in such manner as the initiating ordinances, resolutions, or bond covenants may lawfully prescribe.

City Investments. The information in this section does not pertain to pension funds that are administered by the City (see "Pension Plans") and certain refunding bond proceeds that are administered by trustee service providers.

All cash-related transactions for the City, including its utilities, are administered by the Department of Finance and Administrative Services. Investments of temporarily idle cash may be made, according to existing City Council-

approved policies, by the Treasury Services Division of the Department of Finance and Administrative Services in securities described above under “Authorized Investments.”

State statutes, City ordinances, and Department of Finance and Administrative Services policies require the City to minimize market risks by safekeeping all purchased securities according to governmental standards for public institutions and by maintaining safety and liquidity above consideration for returns. Current City investment policies require periodic reporting on the City’s investment portfolio to the Mayor and the City Council. The City’s investment operations are reviewed by the City Auditor and by the State Auditor.

As of June 30, 2020, the combined investment portfolios of the City, not including pensions, totaled \$2,680 million at market value. The City’s investment portfolio consists solely of City funds. As of June 30, 2020, the earnings yield on the City’s investment portfolios was 2.08%, and the weighted average maturity of the City’s investment portfolios was 1,087 days. Approximately 27%, or \$687 million, was invested in securities with maturities of three months or less. The City held no securities with maturities longer than 15 years.

Investments were allocated as follows:

U.S. Government Agencies	23%
U.S. Government ⁽¹⁾	21%
State Local Government Investment Pool	18%
Taxable Municipals	16%
U.S. Government Agency Mortgage-Backed	11%
Corporate Bonds	4%
Repurchase Agreements	3%
Commercial Paper	2%
Supranational	2%

(1) Includes FDIC-backed and U.S. Department of Housing and Urban Development securities.

Note: may not add to 100% due to rounding.

Interfund Loans. The City is authorized to make interfund loans from the City’s common investment portfolio to individual funds, bearing interest payable by the borrowing fund. The Director of Finance may approve interfund loans for a duration of up to 90 days.. Loans of a longer duration require City Council approval.

As of July 31, 2020, the City had outstanding five interfund loans totaling approximately \$23.580 million, in amounts ranging from \$1.2 million to \$11.7 million, including interfund loans for the Waterfront LID improvements to be reimbursed with various revenue sources, including proceeds of the Waterfront LID Bonds. See “Other Considerations—Considerations Related to Alaskan Way and Waterfront Seattle Program—Waterfront Local Improvement District.”

Risk Management

The City purchases excess liability insurance to address general, automobile, professional, public official, and other exposures. Currently the City’s excess liability policy provides \$100 million limits above a \$6.5 million self-insured retention per occurrence, but coverage excludes partial or complete failure of any of the City’s hydroelectric dams. The City also purchases all risk property insurance, including earthquake and flood perils, that provide up to \$500 million in limits subject to a schedule of deductibles and sublimits. Earthquakes and floods are subject to annual aggregate limits of \$100 million. City hydroelectric generation and transmission equipment and certain other utility systems and equipment are not covered by the property insurance policy. The City purchased cyber insurance in 2019, which coverage includes business interruption, system failure, data asset protection, event management, and privacy and network security liability.

The City insures a primary level of fiduciary, crime liability, inland marine, and various commercial general liability, medical, accidental death and dismemberment, and miscellaneous exposures. Surety bonds are purchased for certain public officials and notaries.

Pension Plans

The information below describes pension plans available to City employees generally. City employees are eligible for coverage by one of the following defined benefit pension plans: Seattle City Employees' Retirement System ("SCERS"), Firefighters' Pension Fund, Police Relief and Pension Fund, and LEOFF. The first three are administered by the City and are reported as pension trust funds as part of the City's reporting entity. The State administers LEOFF through the State Department of Retirement Systems ("DRS").

Pursuant to an agreement with various City labor unions, the City Council passed legislation in August 2016 that created a new defined benefit retirement plan, SCERS Plan 2 ("SCERS 2"), covering non-uniformed employees. The new plan is open to employees first hired on or after January 1, 2017. SCERS 2 includes, among other adjustments to SCERS Plan 1 ("SCERS 1"), a slight decrease in benefit levels, raising the minimum retirement age, and deferring retirement eligibility by increasing the age-plus-years-of-service required for retirement with full benefits. The City expects SCERS 2 to provide a more cost-effective method for the City to provide retirement benefits to its employees. It does not affect uniformed employees. The historical information provided in this section relates only to SCERS 1.

Additional detail on the existing plans is available from SCERS and DRS on their respective websites (SCERS: <http://www.seattle.gov/retirement/>; DRS: <http://www.drs.wa.gov/>).

Permanent non-uniformed City employees and certain grandfathered employees of the County (and a predecessor agency of the County) are eligible for membership in SCERS. Newly-hired uniformed police and fire personnel are generally eligible for membership in LEOFF. The Seattle Firefighters' Pension Fund and Police Relief and Pension Fund have been closed to new members since 1977.

GASB 67/68 Reporting. Governmental Accounting Standards Board ("GASB") Statements No. 67 ("GASB 67") and 68 ("GASB 68") modified the accounting and financial reporting of pensions by pension plans (GASB 67) and by state and local government employers (GASB 68), but did not alter the funding requirements under State law and City ordinance for members, employers, or the State. The SCERS annual report for the fiscal year ended December 31, 2018, and DRS's Comprehensive Annual Financial Reports for LEOFF for the fiscal year ended June 30, 2018, were prepared in accordance with GASB 67. The City's financial statements beginning with the fiscal year ended December 31, 2017, were prepared in accordance with GASB 68. The City's Comprehensive Annual Financial Report for 2019 is attached as Appendix B.

Seattle City Employees' Retirement System. SCERS is a cost-sharing multiple-employer defined benefit public employee retirement plan, administered in accordance with Chapter 4.36 of the Seattle Municipal Code ("SMC"), by the Retirement System Board of Administration (the "Board"). The Board consists of seven members, including the Chair of the Finance Committee of the City Council, the City's Director of Finance, the City's Human Resources Director, two active members and one retired member of the system, and one outside board member who is appointed by the other six board members. Elected and appointed Board members serve for three-year terms.

SCERS is a pension trust fund of the City and provides retirement, death, and disability benefits under SCERS 1 and SCERS 2. Employees first entering the system on or after January 1, 2017, are enrolled in SCERS 2, with limited exceptions for certain exempt employees and those with service credit prior to January 1, 2017. Members already enrolled in SCERS 1 do not currently have an option to switch to SCERS 2.

Under SCERS 1, retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. Under SCERS 2, retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Retirement benefits are calculated as 1.75% multiplied by years of creditable service, multiplied by average salary, based on the highest 60 consecutive months. The benefit is actuarially reduced for early retirement.

According to the most recent actuarial valuation (with a valuation date as of January 1, 2020), which was approved by the Board on July 9, 2020 (the "2019 Actuarial Valuation"), there were 7,029 retirees and beneficiaries receiving benefits, and 9,440 active members of SCERS. There are an additional 1,420 terminated employees in SCERS who are vested and entitled to future benefits and another 1,392 who are not vested and not entitled to benefits beyond

contributions and accumulated interest. From January 1, 2019, to January 1, 2020, the net number of active members in SCERS increased by 0.6%, the net number of retirees receiving benefits increased by 3.5%, and the net number of vested terminated members increased by 6.6%.

Certain demographic data from the 2019 Actuarial Valuation are shown below:

TABLE 14
PLAN MEMBER DEMOGRAPHIC INFORMATION, SCERS

<u>Age Range</u>	<u>Retirees and Beneficiaries</u>		<u>Active Employees</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<25	-		116	1.2%
25-39	-		2,570	27.2%
40-49	7 ⁽¹⁾	0.1% ⁽¹⁾	2,488	26.4%
50-59	287	4.1%	2,633	27.9%
60-69	2,505	36.1%	1,496	15.8%
70+	4,141	59.7%	137	1.5%

(1) Includes everyone under the age of 50.

Source: 2019 Actuarial Valuation

FINANCIAL CONDITION AND ACTUARIAL VALUATIONS. As a department of the City, SCERS is subject to the City’s internal control structure and is required by SMC 4.36.140.D to transmit a report to the City Council annually regarding the financial condition of SCERS (the “SCERS Annual Report”). The most recent SCERS Annual Report, for the years ended December 31, 2019, and December 31, 2018, was transmitted on July 7, 2020, by CliftonLarsonAllen LLP.

Milliman Consultants and Actuaries, as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report, the 2019 Actuarial Valuation (with a valuation date as of January 1, 2020), is available on the City’s website at

<http://www.seattle.gov/retirement/about-us/board-of-administration#actuarialreports>.

Since 2010, the City has had actuarial valuations prepared annually.

At its July 2018 meeting, the Board adopted new assumptions to be used for the 2018 Actuarial Valuation. The assumptions were based on the 2018 Investigation of Experience Report. The adopted assumptions included a decrease in the investment return assumption, a decrease in the consumer price inflation assumption, and an overall increase in life expectancies. The following summarizes some key assumptions utilized in the 2019 Actuarial Valuation and compares those to the assumptions used in the last two actuarial valuations.

TABLE 15
ACTUARIAL ASSUMPTIONS

	2019	2018	2017
Investment return	7.25%	7.25%	7.50%
Price inflation	2.75%	2.75%	3.25%
Wage growth (price inflation plus wage inflation)	3.50%	3.50%	4.00%
Expected annual average membership growth	0.50%	0.50%	0.50%
Interest on member contributions made on or after January 1, 2012 ⁽¹⁾	4.00%	4.00%	4.75%

(1) Contributions made prior to January 1, 2012, are assumed to accrue interest at 5.75%.

Source: 2019, 2018, and 2017 Actuarial Valuations

As of January 1, 2020 (as set forth in the 2019 Actuarial Valuation), the actuarial value of net assets available for benefits was \$3,041 million and the actuarial accrued liability was \$4,411 million. An Unfunded Actuarial Accrued Liability (“UAAL”) exists to the extent that actuarial accrued liability exceeds plan assets. Per the 2019 Actuarial Valuation, the UAAL increased from \$1,339.3 million as of January 1, 2019, to \$1,370.4 million as of January 1, 2020. The funding ratio increased from 68.2% as of January 1, 2019, to 68.9% as of January 1, 2020, which increase was primarily due to contributions made in 2019 in excess on the normal cost rate. For the year ending December 31, 2019, SCERS assets experienced an investment gain of about 17.2% on a market basis (net of investment expenses), a rate of return greater than the assumed rate of 7.25% for 2019. The result is an actuarial gain on assets for 2019, but only one-fifth of this gain was recognized in the current year actuarial value of assets (“AVA”). Unlike most public pension systems, prior to January 1, 2011, all valuations were reported on a mark-to-market basis. Consequently, the full impact of annual asset gains or losses occurring in recent years was reflected in each actuarial valuation. To improve its ability to manage short-term market volatility, the City adopted a five-year asset smoothing methodology in 2011 that recognizes the asset gain or loss occurring in each year evenly over a five-year period. Under this methodology, combined with prior years’ asset gains and losses, the 2019 return was a positive 6.9% on an actuarial value basis.

The following table provides historical plan funding information for SCERS:

TABLE 16
HISTORICAL SCERS SCHEDULE OF FUNDING PROGRESS⁽¹⁾
(\$000,000)

Actuarial Valuation Date (January 1)	Actuarial Value of Assets (AVA) ⁽²⁾	Actuarial Accrued Liability (AAL) ⁽³⁾	Unfunded AAL (UAAL)	Funding Ratio	Covered Payroll ⁽⁴⁾	UAAL as % of Covered Payroll
2011	2,013.7	2,709.0	(695.4)	74.3%	563.2	123.5 %
2012	1,954.3	2,859.3	(905.0)	68.3%	557.0	162.5 %
2013	1,920.1	3,025.3	(1,105.2)	63.5%	567.8	194.6 %
2014	2,094.3	3,260.1	(1,165.8)	64.2%	597.9	195.0 %
2015	2,266.7	3,432.6	(1,165.9)	66.0%	630.9	184.8 %
2016	2,397.1	3,605.1	(1,208.0)	66.5%	641.7	188.3 %
2017	2,564.1	3,766.4	(1,202.3)	68.1%	708.6	169.7 %
2018	2,755.2	3,941.8	(1,186.6)	69.9%	733.3	161.8 %
2019	2,877.4	4,216.7	(1,339.3)	68.2%	779.1	171.9 %
2020	3,040.7	4,411.1	(1,370.4)	68.9%	819.7	167.2 %

- (1) For accounting purposes under GASB 67/68, UAAL is replaced with net pension liabilities. However, because the City continues to set its contribution rates based on an actuarially required contribution based on the UAAL and funding ratios calculated under the pre-GASB 67/68 methodology, both methods are currently reported in the SCERS actuarial valuations and annual reports.
- (2) Based on five-year asset smoothing.
- (3) Actuarial present value of benefits less actuarial present value of future normal cost. Based on Entry Age Actuarial Cost Method, defined below under "SCERS Contribution Rates."
- (4) Covered Payroll shown for the prior calendar year; includes compensation paid to all active employees on which contributions are calculated.

Source: Annual Actuarial Valuation Reports

In accordance with GASB 67, the 2019 SCERS audited financial statements included a calculation of Total Pension Liability ("TPL") and Net Pension Liability ("NPL") based on the actuarial valuation dated as of January 1, 2019, rolled forward using generally accepted actuarial procedures (assuming a 7.25% investment rate of return and 3.50% salary increases) to December 31, 2019, as follows: TPL was calculated to be \$4,406.7 million, plan fiduciary net position ("Plan Net Position") was calculated to be \$3,149.9 million, and NPL was calculated to be \$1,256.8 million, for a funding ratio (Plan Net Position as a percentage of TPL) of 71.5%.

SCERS CONTRIBUTION RATES. Member and employer contribution rates for SCERS 1 and SCERS 2 are established separately by Chapter 4.36 of the SMC. The SMC provides that the City contribution for SCERS 1 must match the normal contributions of SCERS 1 members and does not permit the employer rate to drop below the employee rate. There is no similar restriction in the SMC with respect to SCERS 2. The SMC also requires that the City contribute, in excess of the matching contributions, the amount determined by the most recent actuarial valuation that is required to fully fund the plan. Contribution rates are recommended annually by the Board, based on the system's actuarial valuation. Benefit and contribution rates are set by the City Council.

The Actuarially Required Contribution ("ARC") rate is based on amortizing the required contribution over 30 years, meaning that the total contribution rate must be sufficient to pay for the costs of benefits earned during the current year, as well as the annual cost of amortizing the plan's UAAL over 30 years. The City Council may from time to time set the amortization period by resolution, and in 2013, it passed a resolution to close the 30-year amortization period for calculating UAAL as of the January 1, 2013, actuarial valuation. As a result, for purposes of the 2019 Actuarial Valuation calculation, a 23-year amortization period was used. This policy may be revised by the City Council in future years. The 2019 Actuarial Valuation was prepared using the Entry Age Normal Cost ("EANC") method. Under the EANC method, the actuarial present value of the projected

benefits of each individual included in the valuation is allocated as a level percent of the individual’s projected compensation between entry age into the system and assumed exit age (e.g., termination or retirement).

Current and historical contribution rates for SCERS, based on a percentage of employee compensation (exclusive of overtime), are shown in the table below.

**TABLE 17
EMPLOYER AND EMPLOYEE SCERS CONTRIBUTION RATES**

Calendar Years (beginning Jan. 1)	Employer Rate	Employee Rate	Total Contribution Rate	Total ARC ⁽¹⁾	% of Total ARC Contributed	Total ARC per GASB 27 ⁽²⁾	% of Total ARC Contributed per GASB 27
2012	11.01%	10.03%	21.04%	21.04%	100%	21.87%	96%
2013	12.89%	10.03%	22.92%	22.92%	100%	24.05%	95%
2014	14.31%	10.03%	24.34%	24.34%	100%	25.63%	95%
2015	15.73%	10.03%	25.76%	25.76%	100%	26.38%	98%
2016	15.23%	10.03%	25.26%	25.26%	100%	N/A	N/A
2017	15.29%	10.03%	25.32%	25.32%	100%	N/A	N/A
2018	15.23% ⁽³⁾	10.03%	25.26%	25.00%	101% ⁽³⁾	N/A	N/A
2019	15.26% ⁽³⁾	9.85% ⁽⁴⁾	25.11%	24.40% ⁽⁵⁾	103% ⁽³⁾	N/A	N/A
2020	16.14%	9.65% ⁽⁴⁾	25.79%	25.79% ⁽⁵⁾	100%	N/A	N/A
2021	16.10%	9.46% ⁽⁴⁾	25.56%	25.56% ⁽⁵⁾	100%	N/A	N/A

- (1) Reflects total actuarial required contribution (i.e., employer plus employee contribution rates). Since November 21, 2011, this rate has been used for City budgeting purposes.
- (2) The primary difference between the Total ARC calculation and that calculated under GASB Statement No. 27 is that the Total ARC calculation uses a 0.50% membership growth assumption, while GASB specifies an assumption of no membership growth. The GASB rate calculations take into account the lag between the determination of the ARC and the expected contribution date associated with that determination (for example, contribution rates for calendar year 2012 were based on the ARC determined as part of the January 1, 2011, actuarial valuation). Beginning in 2016, GASB Statement No. 27 was superseded by GASB 68, so this calculation is no longer performed.
- (3) The City contribution rate is intentionally more than the total ARC in an effort to reduce the projected increase in future contribution rates. See Table 18.
- (4) Reflects a blended employee contribution rate based on rates for SCERS 1 and SCERS 2 members.
- (5) Since 2019, the ARC reflects a blended normal cost for SCERS 1 and SCERS 2.

Source: Seattle Municipal Code; 2018 and 2019 Budgets; Annual Actuarial Valuation Reports

In 2011, the City Council adopted Resolution 31334, affirming the City’s intent to fully fund the annual ARC each year with its budget. See Table 17—Employer and Employee SCERS Contribution Rates and Table 18—Projected Actuarially Required Total Contribution Rates for SCERS by Employer and Employee.”

The City’s contracts with all labor unions that represent SCERS members limit the ability of the City to pass on increases to pension contribution rates to the employee portion. Prior contracts permitted 1% increases in 2011 and 2012 to be reflected in the employee contribution rates, but have eliminated any additional cost-sharing. Future increases to pension contribution rates will be reflected in the City’s employer contribution.

As indicated in Table 17, the Total ARC is decreasing to 25.56% as a percent of payroll beginning in January 1, 2021. This compares to the 25.79% Total ARC in the prior year. The employees’ share will average 9.46% between SCERS 1 and SCERS 2. The employer’s share needed to meet the Total ARC is decreasing from 16.14% to 16.10% and the City is anticipating adjusting its employer contribution rate for 2021 to 16.10%, in order to meet the projected Total ARC in 2021.

Projected total actuarially required contribution rates for SCERS reported in the 2019 Actuarial Valuation are shown in the table below:

TABLE 18
PROJECTED ACTUARIALY REQUIRED TOTAL CONTRIBUTION RATES FOR SCERS
BY EMPLOYER AND EMPLOYEE

Contribution Year⁽¹⁾	Assuming 7.25% Returns	Confidence Range⁽²⁾
2021	16.10%	16.10-16.10
2022	15.83%	14.88-16.77
2023	15.57%	13.53-17.65
2024	15.66%	12.28-19.19
2025	15.13%	10.14-20.41
2026	15.13%	8.20-22.48

(1) Contribution year lags valuation year by one. For example, contribution year 2021 is based on the 2019 Actuarial Valuation (as of January 1, 2020) results, amortized over 23 years beginning in 2020 if the contribution rate change takes place in 2021.

(2) Confidence range for asset returns between the 5th and 95th percentile.

Source: 2019 Actuarial Valuation

Employer contributions were \$117.7 million in 2018 and \$118.4 million in 2019. The employer share for employees of each of the utility funds is allocated to and paid out of the funds of each respective utility.

INVESTMENT OF SCERS PLAN FUNDS. In accordance with chapter 35.39 RCW, the Board has established an investment policy for the systematic administration of SCERS funds. The investment of SCERS funds is governed primarily by the prudent investor rule, as set forth in RCW 35.39.060. SCERS invests retirement funds for the long term, anticipating both good and poor performing financial markets. Contributions into SCERS 1 and SCERS 2 are invested together.

The market value of SCERS' net assets increased by \$432.4 million (15.9%) during 2019, including member and employer contributions of \$194.4 million and net gain from investment activity totaling \$465.8 million. Deductions increased by \$4.8 million in 2019, primarily attributed to a \$12.9 million increase in retiree benefit payments, offset by reductions in the amount of contributions refunded and administrative expenses.

Table 19 shows the historical market value of SCERS' assets (as of each December 31). Table 20 shows the historical investment returns on SCERS for the last ten years.

TABLE 19
SCERS MARKET VALUE OF ASSETS

Year (As of December 31)	Market Value of Assets (MVA)⁽¹⁾
2010	\$ 1,812.8
2011	1,753.5
2012	1,951.4
2013	2,216.9
2014	2,322.7
2015	2,313.0
2016	2,488.5
2017	2,852.9
2018	2,717.4
2019	3,149.9

(1) In millions.

Source: SCERS Actuarial Valuations

TABLE 20
SCERS INVESTMENT RETURNS

Year (As of December 31)	One-Year Annualized Return⁽¹⁾
2010	12.7%
2011	-0.4%
2012	12.8%
2013	15.0%
2014	5.3%
2015	0.1%
2016	8.4%
2017	15.7%
2018	-3.7%
2019	17.2%

(1) Calculated net of fees.

Source: SCERS Annual Reports

Table 21 below shows the historical distribution of SCERS investments for the years 2014 through 2018. Table 22 shows similar information for the past three years under a revised investment class categorization.

TABLE 21
HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS

Investment Categories (January 1)	2018	2017	2016	2015	2014
Fixed Income	24.0%	22.9%	28.4%	24.2%	23.7%
Domestic and International Stocks	57.0%	57.4%	53.3%	60.0%	60.8%
Real Estate	10.8%	12.2%	12.8%	11.0%	10.6%
Alternative Investments	8.2%	7.4%	5.4%	4.8%	4.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

TABLE 22
HISTORICAL SCERS DISTRIBUTION: REVISED INVESTMENT CLASS CATEGORIZATION

Investment Categories (January 1)	2020	2019	2018
Diversifying Strategies	0.0%	2.0%	1.9%
Fixed Income	26.7%	28.9%	24.6%
Infrastructure	1.2%	0.9%	0.4%
Private Equity	8.6%	8.1%	5.2%
Public Equity	53.1%	48.8%	57.1%
Real Estate	10.5%	11.3%	10.8%
Total	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

In accordance with SCERS’ Investment Policy, the Board retains external investment managers to manage components of the SCERS portfolio. Managers have authority to determine investment strategy, security selection, and timing, subject to the Investment Policy, specific manager guidelines, legal restrictions, and other Board direction. Managers do not have authority to depart from their guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control.

The Investment Policy defines eligible investments to include securities lending transactions. Through a custodial agent, SCERS participates in a securities lending program whereby securities are lent from the system’s investment portfolio on a collateralized basis to third parties (primarily financial institutions) for the purpose of generating additional income to the system. The market value of the required collateral must meet or exceed 102% of the market value of the securities lent. Lending is limited to a volume of less than \$75 million.

Firefighters’ Pension Fund; Police Relief and Pension Fund. The Firefighters’ Pension Fund and the Police Relief and Pension Fund are single-employer pension plans that were established by the City in compliance with chapters 41.18 and 41.20 RCW.

All City law enforcement officers and firefighters serving before March 1, 1970, are participants in these plans and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Some disability benefits may be available to such persons hired between March 1, 1970, and September 30, 1977. Since the effective date of LEOFF in 1970, no payroll for employees was covered under these City plans, and the primary liability for pension benefits for these City plans shifted from the City to the State LEOFF plan described below. The City remains liable for all benefits of employees in service at that time plus certain future benefits in excess of LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plan. However, because LEOFF benefits increase with the consumer price index (CPI-Seattle) while some City benefits increase with wages of current active members, the City’s projected liabilities vary according to differences between wage and CPI increase assumptions.

These pension plans provide retirement benefits, death benefits, and certain medical benefits for eligible active and retired employees. Retirement benefits are determined under chapters 41.18 and 41.26 RCW for the Firefighters’ Pension Fund and under chapters 41.20 and 41.26 RCW for the Police Relief and Pension Fund. As of January 1, 2019, membership in these plans consisted of 590 fire employees and survivors and 658 police employees and survivors. See “Other Post-Employment Benefits” below for a discussion of medical benefits paid to retirees.

In 2015, GASB released Statement No. 73 (“GASB 73”), replacing accounting requirements previously mandated under GASB Statements Nos. 25 and 27 for public pension plans that are not within the scope of GASB 68. The City has determined that both the Firefighters’ Pension Fund and the Police Relief and Pension Fund are outside the scope of GASB 67 and GASB 68, and therefore the accounting and financial reporting for these pension plans has been prepared in accordance with GASB 73.

These pension plans do not issue separate financial reports. The most recent actuarial valuations, dated January 1, 2020, use the EANC method and value plan assets at fair value. The actuarial valuation for the firefighters' pension fund uses the following long-term actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 5.50%; and projected salary increases, 3.00%. The actuarial valuation for the Police Relief and Pension Fund uses the following long-term actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 2.75%; and projected salary increases, 3.00%. Postretirement benefit increases are projected based on salary increase assumptions for benefits that increase based on salary and based on CPI assumptions for benefits based on CPI.

Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability of these plans. In 1994, the City established an actuarial fund for the Firefighters' Pension Fund and adopted a policy of fully funding the actuarial accrued liability ("AAL") by the year 2018 (which was subsequently extended to 2028). In accordance with GASB 73, the plan had a TPL of \$90.7 million as of December 31, 2019, an increase of \$4.8 million from the TPL of \$85.9 million as of December 31, 2018. As of January 1, 2020, the actuarial value of net assets available for benefits in the Firefighters' Pension Fund was \$26.8 million, and the AAL was \$89.2 million. As a result, the UAAL was \$62.4 million and the funded ratio was 30.0%. In the January 1, 2019, actuarial valuation, the UAAL was \$52.1 million and the funded ratio was 28.5%. The City's employer contribution to the fund in 2019 was \$8.3 million; there were no current member contributions. Under State law, partial funding of the Firefighters' Pension Fund may be provided by an annual property tax levy of up to \$0.225 per \$1,000 of assessed value within the City. The City does not currently levy this additional property tax, but makes contributions out of the General Fund levy. The fund also receives a share of the State tax on fire insurance premiums.

The City funds the Police Relief and Pension Fund as benefits become due. In accordance with GASB 73, the plan had a TPL of \$92.9 million as of December 31, 2019, an increase of \$12.4 million from the TPL of \$80.5 million as of December 31, 2018. As of January 1, 2020, the actuarial value of net assets available for benefits in the Police Relief and Pension Fund was \$8.7 million, and the AAL was \$99.8 million. As a result, the UAAL was \$91.1 million and the funded ratio was 8.7%. In the January 1, 2019, actuarial valuation, the UAAL was \$83.4 million and the funded ratio was 6.5%. The City's employer contribution to the fund in 2019 was \$11.5 million; there were no current member contributions. The fund also receives police auction proceeds of unclaimed property.

Law Enforcement Officers' and Fire Fighters' Retirement System. Substantially all of the City's current uniformed firefighters and police officers are enrolled in LEOFF. LEOFF is a State-wide, multiple-employer defined benefit plan administered by the DRS. Contributions by employees, employers, and the State are based on gross wages. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. LEOFF participants who joined on or after October 1, 1977, are Plan 2 members. For all of the City's employees who are covered under LEOFF, the City contributed \$16.2 million in 2018 and \$15.3 million in 2017. The following table outlines the contribution rates of employees and employers under LEOFF.

TABLE 23
LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL
(AS OF JULY 1, 2019)

	Plan 1	Plan 2
Employer	0.18% ⁽¹⁾	5.33% ⁽¹⁾
Employee	0.00	8.59%
State	N/A	3.44%

(1) Includes a 0.18% DRS administrative expense rate.

Source: Washington State Department of Retirement Systems

While the City's current contributions represent its full current liability under the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. The State Actuary's website includes information regarding the values and funding levels for LEOFF.

According to the Office of the State Actuary's June 30, 2018, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 135% and LEOFF Plan 2 had a funded ratio of 108%. The assumptions used by the State Actuary in calculating the accrued actuarial assets and liabilities are a 7.5% annual rate of investment return for LEOFF Plan 1 and a 7.4% annual rate of investment return for LEOFF Plan 2, 3.50% general salary increases, 2.75% consumer price index increase, and annual growth in membership of 0.95%. Liabilities were valued using the EANC method and assets were valued using the AVA, which defers a portion of the annual investment gains or losses over a period of up to eight years. As of December 31, 2018, the City reported an asset of \$249.2 million for its proportionate share of the net pension asset as follows: \$64.9 million for LEOFF Plan 1 and \$184.3 million for LEOFF Plan 2.

For additional information, see Note 11 to the City's 2019 Comprehensive Annual Financial Report, which is attached as Appendix B.

Other Post-Employment Benefits

The City has liability for two types of OPEB: (i) an implicit rate subsidy for health insurance covering employees retiring under SCERS 1, SCERS 2, or LEOFF Plan 2 and dependents of employees retiring under LEOFF Plan 1, and (ii) medical benefits for eligible beneficiaries of the City's Firefighters' Pension Fund and Police Relief and Pension Fund. The implicit rate subsidy is the difference between (i) what retirees pay for their health insurance as a result of being included with active employees for rate-setting purposes, and (ii) the estimated required premiums if their rates were set based on claims experience of the retirees as a group separate from active employees.

Beginning with the fiscal year ending December 31, 2018, the City has assessed its OPEB liability in accordance with GASB Statement No. 75 ("GASB 75"). While GASB 75 requires reporting and disclosure of the unfunded OPEB liability, it does not require that it be funded.

The City funds its OPEB liabilities on a pay-as-you-go basis.

The City commissions a biennial valuation report on its OPEB liabilities associated with the implicit rate subsidy for health insurance covering employees retiring under the SCERS 1, SCERS 2, or LEOFF plans. The last valuation was as of January 1, 2019, and was prepared in accordance with GASB 75. It showed the total OPEB liability for the implicit rate subsidy decreased to \$60.9 million from \$61.1 million in the prior valuation. The City's GASB 75 annual expense in 2019 was calculated at \$4.7 million, which compares to \$5.5 million in 2018. The valuation of the OPEB liability associated with the City's Firefighters' Pension Fund and Police Relief and Pension Fund is updated annually. The most recent valuations were prepared in accordance with GASB 75. As of December 31, 2019, the total OPEB liability in the City's Firefighters' Pension Fund increased to \$269.9 million from \$268.8 million. The annual OPEB expense for 2019 was \$12.6 million and the estimated benefit payments were \$11.5 million. As of December 31, 2019, the total OPEB liability in the Police Relief and Pension Fund decreased to \$287.1 million from \$297.4 million. The annual OPEB expense for 2019 was \$4.7 million and the estimated benefit payments were \$15.0 million.

For additional information regarding the City's OPEB liability, see Note 11 to the City's 2019 Comprehensive Annual Financial Report.

State Paid Family and Medical Leave Insurance

On January 1, 2020, the State became the fifth state in the nation to offer paid family and medical leave benefits to State workers, including State and local government employees. The Paid Family and Medical Leave program is a State-wide insurance program that ensures paid leave for State workers when they need time off to give or receive care. Eligible workers are those who have worked at least 820 hours (equivalent to 20.5 full-time weeks) in the qualifying period before the leave begins. The program typically covers 12 weeks of leave (up to 18 weeks in certain circumstances). Workers receive between \$100 and \$1,000 per week, depending on their income. The program is funded by employer and employee premiums, and will be administered by the Employment Security Department. Assessments for premiums began on January 1, 2019, and benefits became available to be taken starting January 1, 2020.

As of January 1, 2019, the City began paying assessments for premiums based on a percentage of wages. The initial rate of this assessment is 0.4% of wages that are subject to the federal social security tax. The City paid both the employer and employee share of the assessment in 2019, totaling \$4,513,000, of which approximately \$1,838,000 was

paid from the General Fund and \$1,175,000 was paid by the City's various utilities. The City will pay only the employer share of the 2020 assessment (0.147% of Social Security wages) for most employees, estimated to be \$1,659,000, of which approximately \$675,000 will be paid from the General Fund and \$432,000 will be paid by the City's various utilities.

State Long-Term Care Services and Supports Benefit Program

In 2019, the State created a Long-Term Services and Supports ("LTSS") Trust Program, pursuant to House Bill 1087, which will provide certain long-term care benefits to eligible beneficiaries. All individuals employed in the State (including employees of local governments such as the City) may become eligible to receive the benefit when they have paid the LTSS trust premiums while working at least 500 hours per year for either ten years with at least five years uninterrupted, or three of the last six years. A program participant who may receive benefits must have been assessed by the State Department of Social and Health Services with needing assistance with at least three daily living tasks, must be at least 18 years old (and must not have been disabled before the age of 18), and must reside in the State. There is a lifetime cap on the benefit for any individual equal to 365 benefit units, which are assigned a dollar value adjusted annually at a rate not exceeding the CPI. Benefits may be accessed beginning January 1, 2025, and will be paid directly to LTSS providers on behalf of eligible beneficiaries. Administration of the LTSS Trust Program is divided among multiple existing State health and human services agencies and two newly created State bodies, the LTSS Trust Council and the LTSS Trust Commission.

The LTSS Trust Program will be funded through premiums assessed beginning January 1, 2022, at a rate of 0.58% of each employee's wages within the State. Rates will be adjusted every two years by the State Pension Funding Council (based on actuarial studies and valuations to be performed by the State Actuary) to maintain financial solvency of the LTSS Trust, but not to exceed 0.58%. Employers will be required to remit premiums on behalf of all employees other than employees who demonstrate that they have long-term care insurance. There is no employer contribution required under State law. Collective bargaining agreements existing on October 19, 2017, are not required to be reopened or to apply the LTSS Trust Program requirements until the existing agreement is reopened, renegotiated, or expires.

Labor Relations

This information has been updated as of July 23, 2020, to reflect the engagement of the Labor Relations Unit within the Seattle Department of Human Resources ("Labor Relations") with union representatives in response to the impacts of the COVID 19 emergency upon the City and the employees in the respective bargaining units. Since the Mayor's emergency declaration on March 3, 2020, Labor Relations has been actively addressing the impacts of the emergency on the workplace and working conditions of employees. Negotiation of a Memorandum of Understanding providing the City with additional flexibility was concluded on May 28, 2020. All City unions signed except for the Seattle Parking Enforcement Officers Guild, the Seattle Police Dispatchers Guild, the Seattle Police Management Association, SPOG, Local 27, and Local 2898. Labor Relations is currently negotiating the impacts, terms, and conditions for employees to return to work as the City prepares to move forward. See "City Financial Information—Fiscal Year 2020 and Fiscal Impacts of COVID-19 Pandemic" and "Other Considerations—Global Health Emergency Risk and the COVID-19 Pandemic."

As of July 2020, the City had 37 separate departments and offices with approximately 14,900 employees (including 11,800 regular and 3,100 temporary employees). Twenty-five different unions and 51 bargaining units represent the approximately 75% of regular City employees whose employment is governed by 30 different collective bargaining agreements (contracts). In 2020, a new bargaining unit has been recognized for Legislative Analysts, represented by PROTEC Local 17, which is currently in negotiations with the City for an initial collective bargaining agreement.

Of the 30 collective bargaining agreements, in late 2019, the City successfully negotiated 22 new contracts replacing contracts that expired on December 31, 2018, including the Joint Crafts Council contract, which covers 12 different bargaining units represented by 11 separate unions. The majority of the new agreements are three-year agreements, expiring on December 31, 2021; three bargaining units, represented by IBEW Local 77, have four-year agreements expiring on December 31, 2022. All of these new agreements include language addressing union engagement and payroll deductions consistent with the U.S. Supreme Court decision in *Janus v. AFSCME* issues on June 27, 2018.

In 2020, of the remaining three contracts that expired on December 31, 2018, only one is still being negotiated: IAFF Local 2898, representing the Seattle Fire Chiefs Association. Negotiations with the Seattle Parking Enforcement

Officers Guild successfully concluded in early April 2020, with a contract that has now been implemented. Negotiations with IAMAW Local 79 (Machinists) have also concluded. Local 79 has ratified the new collective bargaining agreement, which is currently in final executive review before being presented to the City Council in September 2020 for adoption and implementation.

In 2020, the City is in active negotiations with the Seattle Police Management Association for a new agreement to replace the contract that expired December 31, 2019. Labor Relations is also preparing to open negotiations with SPOG for a new contract to replace the current contract, which expires on December 31, 2020. These two contracts cover almost 1,500 of the approximately 11,000 City employees, including temporary workers, covered by collective bargaining agreements. There is no expected date by which the agreements that are currently in negotiations will be reached, and these unions continue to operate under expired contracts.

In addition to the SPOG contract, the City has current collective bargaining agreements in place with IBEW Local 77—Power Marketers (expires December 31, 2020), IBEW Local 77—Seattle City Light (expires January 22, 2021), and IBEW Local 77—Seattle Department of Transportation (expires January 22, 2021).

Additionally, the City remains under a U.S. District Court consent decree entered in the U.S. Department of Justice’s inquiry into the Seattle Police Department originally entered into in 2012. See “Other Considerations—Public Safety Funding Considerations and Social Justice Demonstrations.”

Emergency Management and Preparedness

The City’s Office of Emergency Management (“OEM”) is responsible for coordinating the City’s resources and responsibilities in dealing with emergencies. The OEM is taking a lead role in coordinating various aspects of the City’s response to the COVID-19 pandemic. See “Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic.”

The OEM prepares for emergencies, coordinates with regional, State, and federal response agencies, provides education to the community about emergency preparedness, plans for emergency recovery, and works to mitigate known hazards. It has identified and assessed many types of hazards that may impact the City, including geophysical hazards (*e.g.*, earthquakes, landslides, tsunamis, seismic seiches, volcanic eruptions, and lahars), infectious disease outbreaks, intentional hazards (*e.g.*, terrorism, active shooter incidents, breaches in cyber security, and civil disorder), transportation incidents, fires, hazardous materials, infrastructure failure, and unusual weather conditions (*e.g.*, floods, snow, water shortages, and wind storms). However, the City cannot anticipate all potential hazards and their effects, including any potential impact on the economy of the City or the region.

If a disaster were to damage or destroy a substantial portion of the taxable property within the City, the assessed value of such property could be reduced, which could result in a reduction of property tax revenues. Other revenue sources, such as sales tax and lodging tax, could also be reduced. In addition, substantial financial and operational resources of the City could be required during any emergency event or disaster and could be diverted to the subsequent repair of damage to City infrastructure.

The City’s emergency management program was assessed by a third-party team of emergency management professionals according to the Emergency Management Accreditation Program standards and was accredited in 2016. The City will seek reaccreditation in 2021.

Climate Change. There are potential risks to the City associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. The City is preparing for a changing climate and the resulting economic, infrastructure, health, and other community impacts by integrating consideration of climate change into decision making and identifying mitigation and adaptation actions to enhance the resilience of services and infrastructure. The City adopted Resolution 31447 in June 2013 adopting a Climate Action Plan to provide long-term planning direction and guide climate protection and adaptation efforts through 2030. In April 2018, the Mayor’s Office and released an updated “Climate Action Plan” that focuses on a set of short- and long-term actions that provide a roadmap for the City to act on the leading contributors of greenhouse gases: transportation and buildings. It builds on prior studies and plans implemented by the Office of Sustainability and the Environment (“OSE”) that detail strategies and actions that can be taken to improve the climate preparedness of City infrastructure and services and to facilitate coordination across City government. The OSE plans include sector-specific strategies for

transportation; buildings, and energy (including specific energy consumption and greenhouse gas emissions reduction targets for City buildings); trees and green space; food access; a healthy environment; and environmental justice. In 2019, the City adopted Resolution 31895, committing to creating a “Green New Deal” for the City to address and mitigate the effects of climate change. The City has also developed more specific plans addressing utility operations (including drainage, water supply, solid waste, and the electric system) and community preparedness. The City cannot predict how or when various climate change risks may occur nor can it quantify the impact on the City, its population, or its operations. Over time, the costs could be significant and could have a material adverse effect on the City’s finances by requiring greater expenditures to counteract the effects of climate change.

Cyber Security. Cyber security threats continue to become more sophisticated and are increasingly capable of impacting the confidentiality, integrity, and availability of City systems and applications, including those of critical controls systems. Seattle Information Technology (“Seattle IT”), working in conjunction with various City departments, has and continues to institute processes, training, and controls to maintain the reliability of its systems and protect against cyber security threats as well as mitigate intrusions and plan for business continuity via data recovery. Cyber security incident response plans are reviewed regularly, and tabletop and other exercises are conducted annually to assess the effectiveness of those plans. Seattle IT and third-party professional services also conduct cyber security assessments with the intent to identify areas for continual improvement, and develop work plans to address issues and support the cyber security program. This includes technical vulnerability assessments, penetration testing, and risk assessments based on the National Institute of Standards and Technology (“NIST”) 800-53a. Seattle IT continuously reviews and updates processes and technologies to mature security practices leveraging the NIST Cybersecurity Framework. Cyber security risks create potential liability for exposure of nonpublic information and could create various other operational risks. The City cannot anticipate the precise nature of any particular breach or the resulting consequences, and acquired Cybersecurity Liability insurance in October 2019. See “The City of Seattle—Risk Management.”

OTHER CONSIDERATIONS

Global Health Emergency Risk and COVID-19 Pandemic

The spread of COVID-19, the illness caused by the novel coronavirus known as SARS-CoV-2, is currently affecting local, State, national, and global economic activity and has contributed to the onset of a recession in the United States. In the City, the COVID-19 pandemic is ongoing and has resulted in significant public health emergency response costs and significant revenue reductions from previously budgeted and forecast levels.

State-wide Stay Home—Stay Healthy Proclamation and Phased Reopening Status. The Governor of the State initially declared a state of emergency on February 29, 2020, and on March 23, 2020, issued Proclamation 20-25, Stay Home—Stay Healthy (the “Proclamation”), ordering residents to self-isolate and practice social distancing and limiting non-essential activities. The Proclamation has been extended several times and was amended to include a four-phase approach to reopening access to non-essential activities on a county-by-county basis, as local public health conditions permit. The Proclamation was most recently extended on July 24, 2020, and will remain in effect until rescinded. The activities permitted in each phase have been revised to reintroduce certain restrictions, such as incorporating a State-wide mask requirement, reducing the size of permissible gatherings, and reintroducing restrictions on bar and restaurant service, effective July 30. Under the latest orders of the Governor and State Secretary of Health, the reopening process is currently on hold State-wide and no county applications for further reopening are being considered at this time. There is no date set for restarting the reopening process; the pause will continue indefinitely. The Proclamation and the reopening process are subject to adjustment, which could include reintroducing restrictions, as public health concerns dictate.

The County, including the City, is currently in Phase 2 of the reopening process, meaning that limited non-essential activities are permitted, with social distancing and mandatory mask-wearing orders in place. Social activities are generally limited to five or fewer persons outside of a household.

City Response and Impacts to City Services. The City has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the City, including emergency response, support to homeless and vulnerable populations and small businesses, food assistance, and expanded childcare services, among others. The Mayor initially issued a Proclamation of Civil Emergency on

March 3, 2020, and by Executive Order has extended various relief programs and implemented a series of programs that support artists, nonprofits, small businesses, workers, and vulnerable populations, including setting up free COVID-19 testing sites, obtaining and distributing personal protective equipment; addressing homelessness and housing insecurity caused or exacerbated by the pandemic by implementing moratoriums on residential, small business, and nonprofit evictions and implementing various homelessness prevention measures, rental assistance, utility discount program expansions, and grocery vouchers; and providing direct assistance to small businesses, nonprofits, and essential workers by opening emergency childcare for essential workers, expanding zoning and permitting flexibility for small businesses to operate curbside pickups and outdoor service, and providing direct rent relief and other assistance to various nonprofit organizations.

The additional costs incurred to implement these and other measures, and the reduction in revenues due to the pandemic-related economic recession, are expected to materially adversely impact the financial condition of the City. Other potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy with corresponding decreases in the City's revenues, including transient occupancy tax revenue, sales tax revenue, and other revenues, and potential declines in property values.

In an effort to limit large gatherings of employees, certain City personnel are telecommuting or working from alternate locations and the City has staggered shifts at critical facilities. In addition, on-site personnel are wearing masks and gloves and practicing social distancing while working. To date, the City has not observed material impacts from such measures on core operations and does not expect a material effect in the future. However, there can be no assurance that the absence of employees due to COVID-19 will not adversely impact City leadership or City operations.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown at this time. Additional discussion of the City's response to the pandemic and its fiscal impacts on the City is provided under the "City Financial Information—Fiscal Year 2020 Outlook and Fiscal Impacts of COVID-19 Pandemic."

Notwithstanding the foregoing, the City does not currently believe that the COVID-19 outbreak will materially adversely affect its ability to pay debt service on the Bonds.

CARES Act and other Federal Assistance. On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act"), which provides, among other measures, \$150 billion in financial assistance to states, tribal governments, and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible for reimbursement of certain costs that are expended to address the impacts of the pandemic, although the City cannot predict what State and/or federal funding or other relief it will ultimately receive. Funds received by the City under the CARES Act are not available for payment of debt service on the Bonds and cannot be used to backfill City revenue losses related to COVID-19. See "Financial Results—Fiscal Year 2020 Outlook and Estimated Fiscal Impacts of COVID-19 Pandemic—City Expense Reductions and Proposed Budgetary Actions."

The City cannot predict whether or when additional federal funding may become available or whether the City may be eligible to receive any of it.

Public Safety Funding Considerations and Social Justice Demonstrations

The City has experienced a high level of social justice demonstrations in recent months, initially inspired by protests across the country responding to the death of George Floyd in Minneapolis and other incidents of violence against and deaths of African Americans, Native Americans, and persons of other racial and ethnic minorities at the hands of police officers in various jurisdictions, including incidents that have occurred in the City and the region.

In some cases, peaceful demonstrations have been marred by incidents of looting, vandalism, and arson that resulted in damage and loss to public and private property. Police, fire, and other City departments have been required to deploy additional resources to protect public health and safety. In addition, the City received an unprecedented number of complaints alleging excessive use of force in SPD's response. The use of various measures to control persons present at the demonstrations, including tear gas and blast balls, has been the subject of a City Council resolution

banning use of such measures as well as a lawsuit. The Seattle Police Department (“SPD”) has expressed concern that banning these measures could limit the range of less-lethal tools available. The City also understands that various parties have brought or threatened lawsuits against the City, alleging excessive use of force and civil rights violations in connection with the recent protests.

The most high-profile demonstration resulted in the creation of the six-block “Capitol Hill Organized Protest” area (“CHOP”), which began on or about June 8, 2020, when SPD withdrew its personnel from the East Precinct Building in response to rising tensions surrounding the building. During the ensuing weeks, the largely peaceful demonstrations attracted many people and were ongoing 24 hours per day within the area. Several violent incidents occurred near the end of June, prompting efforts to remove the protesters. At least two claims have been filed with the City in connection with a death that occurred within the CHOP area, alleging that the City failed to provide appropriate protection for those in the area. One of the claims seeks \$1 billion in damages from each of the City, the County, and the State. The City has not yet evaluated the merits of this or other claims related to the CHOP.

The CHOP area and barriers were dismantled on July 1, 2020 and tensions in the area initially eased, though largely peaceful protests and demonstrations continue throughout the City. In mid-July, however, the presence or threatened presence of unidentified federal agents sparked a riot and threatened to further inflame violent elements attending the demonstrations. The City believes that the federal agents have since left the City.

These demonstrations have had the effect of placing renewed emphasis on calls to reform the City’s approach to public safety. SPD has been engaged in various reform efforts for many years and is currently operating under a 2012 consent decree (“2012 Consent Decree”) that was imposed in response to findings by the U.S. Department of Justice (“DOJ”) in 2011 outlining a “pattern or practice” of unconstitutional use of force within SPD. The 2012 Consent Decree required SPD to enact significant reforms, including new use-of-force policies and trainings that emphasize de-escalation, a new approach to how officers interact with people experiencing mental crisis, and new supervision and oversight with community involvement. After a finding by the U.S. District Court for the Western District of Washington that the City had met the comprehensive reform and improvements in SPD operations set forth in the 2012 Consent Decree and the completion of a two-year, Court-approved Sustainment Plan, the City and DOJ in May 2020 filed a motion and corresponding memorandum to terminate that plan and most provisions of the Consent Decree. As a result of the demonstrations, the City has announced that it would withdraw that petition and continue to operate under the 2012 Consent Decree.

On June 18, 2020, the Mayor and the Police Chief asked SPD leadership and CBO to comprehensively analyze SPD’s current services. Based on that analysis, the Mayor and the Police Chief on July 13, 2020, announced early actions to transfer programs and functions currently within SPD out of the department and identified some preliminary reductions to be made in the Mayor’s forthcoming 2021 budget proposal. In total, these early steps would lead to a \$76 million reduction in SPD’s budget for 2021. Approximately \$55.7 million of this reduction would occur as a result of transferring SPD civilian functions out of the department, including the SPD 911 call center, certain parking enforcement functions, the Office of Emergency Management, and the Office of Police Accountability.

On August 10, 2020, as part of rebalancing the 2020 budget, the City Council passed an ordinance reducing the police force by up to 100 officers, reducing police commander wages, and appropriating funding to community organizations for public safety initiatives. On Friday, August 21, 2020, the Mayor vetoed the City Council’s 2020 budget rebalancing ordinance. The City Council must override or sustain vetoes within 30 days. In addition, on August 12, 2020, the Police Chief submitted her resignation. The Deputy Chief of the department was selected by the Mayor to serve as Interim Chief of the department and will assume office on September 2, 2020. The City is conducting further analysis on SPD’s workforce and specialty units, response times, 911 and arrest data, and overtime practices. This process will continue to develop through submission of the Mayor’s proposed 2021 budget in late September 2020. Some elements of proposed transfers and reductions will be subject to collective bargaining.

West Seattle Bridge

The West Seattle High-Rise Bridge (the “Bridge”), which was completed in 1984, connects the West Seattle neighborhood to Interstate 5 and provides the most direct and most heavily traveled access from West Seattle to the downtown core of the City. It is typically the busiest City-owned roadway, carrying an average of 100,000 vehicles and 25,000 public transit riders per day.

During a 2013 routine inspection of the Bridge, City inspectors discovered four sets of cracks in the Bridge support structure. As a result, the City increased its monitoring protocols for the Bridge. Between 2013 and late 2019, the City regularly monitored the cracks, performed ongoing maintenance, and began analyzing mitigation options, none of which would have disrupted normal use of the Bridge.

On March 19, 2020, the City’s structural engineering consultant notified the City that it had completed a new analysis of previously collected data raising larger concerns and a recommendation that closure of the Bridge may be necessary at some point. After confirmation of a sudden change in the crack growth rate, the City made the decision to close the Bridge on March 23, 2020. The Bridge is still closed and is expected to remain closed for the foreseeable future.

Since the closure of the Bridge, the City has worked to stabilize the Bridge and mitigate traffic impacts, and is evaluating a variety of options for repairing or replacing the Bridge. As part of this effort, the Seattle Department of Transportation established the West Seattle Bridge Technical Advisory Panel (“TAP”), an independent advisory committee made up of bridge engineers and experts from across the country, to guide, inform, and review efforts to repair or replace the Bridge. Earlier in July, the TAP released a statement indicating that the information it has reviewed indicates repairs are not infeasible and recommending the continued exploration of a repair option along with various replacement options. Currently, there are no official cost estimates associated with either the repair or replacement options.

On July 16, 2020 the Mayor declared the West Seattle High-Rise Bridge a City Emergency. This emergency declaration makes the City eligible to apply for State and Federal assistance towards the repair or replacement efforts, and the City is exploring all such funding options.

Federal Policy Risk and Other Federal Funding Considerations

From time to time, federal funding policies may be enacted or implemented in a way that could negatively or disproportionately affect the City’s receipt of federal funds.

Sequestration. The sequestration provisions of the Budget Control Act of 2011 (“Sequestration”) have been in effect since 2013 and are currently scheduled to remain in effect through federal fiscal year (“FFY”) 2024. This results in a slight reduction in the expected subsidy in respect of certain Build America Bonds and Recovery Zone Economic Development Bonds previously issued by the City. The City does not expect Sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

Earlier this year, the Internal Revenue Service (the “IRS”) stopped processing paper filings due to the COVID-19 pandemic and there is no substitute electronic filing option available to claim subsidy payments with respect to tax credit bonds such as Build America Bonds and Recovery Zone Economic Development Bonds. As a result, the IRS delayed making subsidy payments associated with the City’s tax credit bonds. The IRS has since restarted processing paper filing and subsidy payments have resumed.

Federal Funding Considerations Relating to Federal Policy Matters, Including “Sanctuary Cities” and Related Immigration Policies and Other Executive Actions. The City’s welcoming city policies are implicated in various lawsuits challenging executive powers exercised by the current presidential administration, including (among others) executive orders that purport to reduce federal funding to so-called “sanctuary cities” that refuse to assist in federal immigration enforcement activities. Several such lawsuits have been brought by plaintiffs in multiple federal circuits. Some have resulted in conflicting results and are likely to be taken up by the United States Supreme Court in the next several years, unless the executive orders are withdrawn or the challenges are otherwise rendered moot.

The City and its handling of recent demonstrations (see “—Public Safety Funding Considerations and Social Justice Demonstrations”) have been the subject of recent criticism from the current federal administration.

The City cannot predict whether reductions in federal funding based on these or other current federal policy matters may be threatened or may actually occur, when they could be implemented, what form they could take, or whether court rulings in any litigation challenging such executive actions would be effective at curtailing any reductions. Currently, the City expects that it would be able to redirect funding or reduce expenditures in a manner that does not affect the City’s ability to repay the Bonds.

Considerations Related to Alaskan Way and Waterfront Seattle Program

The Alaskan Way Viaduct Replacement Program (“AWVR Program”) consists of multiple projects. The most significant piece of this effort was the State’s replacement of the State Route 99 (“SR 99”) Alaskan Way Viaduct with the SR 99 Tunnel (the “State’s Viaduct Replacement Project”), which was completed in 2019. See “—State’s Viaduct Replacement Project.”

The current activity is centered on the Waterfront Seattle Program, which consists of multiple projects to redevelop the City’s central waterfront, including seawall replacement (substantially complete), the creation of approximately 20 acres of new and improved parks and public space, and improved connectivity in and around the City’s central waterfront area. See “—Waterfront Seattle Program” below.

City Contracts with the State. The various projects comprising the AWVR Program are separate public projects by separate lead public agencies being implemented in a coordinated and phased manner pursuant to a series of written agreements. The City has a series of written agreements, the most significant of which are with the Washington State Department of Transportation (“WSDOT”). With the completion of the SR 99 Tunnel and demolition of the viaduct structure, the remaining project consists of the completion of the New Alaskan Way Roadway for surface traffic along the waterfront. The City is responsible for construction of the project, though the State is responsible for the cost.

Other contracts with WSDOT cover issues such as the protection, repair, and relocation of the City’s utility infrastructure impacted by or constructed as part of the State’s Viaduct Replacement Project. In general, these agreements provide that the City is responsible for relocating certain utility infrastructure that conflicts with the State’s projects and the State is responsible for avoiding damage and repairing or replacing damaged utility infrastructure as defined in the agreements. The City’s utilities have budgeted according to the agreements for the State’s Viaduct Replacement Project, plus necessary contingencies.

State’s Viaduct Replacement Project (Substantially Complete). The State’s construction of a bored tunnel to replace the Alaskan Way Viaduct has been completed and the SR 99 Tunnel was opened to vehicles in February 2019. The SR 99 Tunnel construction was undertaken pursuant to a contract between WSDOT and a joint venture named Seattle Tunnel Partners. The City is not a party to that contract and has no direct contractual liability. Following completion of the SR 99 Tunnel, the State completed demolition of the Alaskan Way Viaduct and the decommissioning of the Battery Street Tunnel. Remaining improvements consists of street improvements near the tunnel’s entrances, which are expected to be completed by the end of 2022.

Waterfront Seattle Program. The Waterfront Seattle Program includes or will include various City capital improvements that span the City’s central waterfront area from Pioneer Square to Belltown. The overall budget is approximately \$728 million, excluding seawall replacement and utility relocations and upgrades. The major elements of the seawall replacement project were completed in 2017 and were financed primarily with voter-approved bonds; the final portion of that project has been recently completed as part of the Waterfront Seattle Program. The State’s contribution for various improvements is expected to be approximately \$198 million, with certain costs relating to a pedestrian overpass connecting to the State ferry terminal still under negotiation.

The City’s funding plan for the remaining approximately \$530 million of the Waterfront Seattle Program (excluding the seawall) includes a mix of funding sources from various City revenues (*e.g.*, commercial parking tax, real estate excise tax), grant funding, approximately \$110 million in private philanthropy (currently being raised by the nonprofit Friends of the Waterfront), and approximately \$160 million in local improvement district assessments from the Waterfront Local Improvement District, described below. The various projects (other than the seawall replacement) will be phased, with many elements nearing completion by 2024.

Waterfront Local Improvement District. The Waterfront LID will impose and collect special assessments to pay for a portion (approximately \$160 million) of the estimated costs of specific improvements identified in the LID Ordinance, which include the Promenade, Overlook Walk, Pioneer Square Street Improvements, Union Street Pedestrian Connection, Pike/Pine Streetscape Improvements, and Waterfront Park. Two lawsuits challenging the formation of the Waterfront LID were filed, and were subsequently consolidated into a single action. The lawsuit has a trial date of November 2, 2020, and the City cannot currently estimate when it will be resolved. The process to confirm final assessment amounts is underway. The assessment roll hearing began in February 2020 and the hearing

examiner’s decision is expected in August 2020. Following the assessment roll hearing, City Council will consider an ordinance to confirm the final LID assessments.

The LID improvements are to be undertaken as part of the Waterfront Seattle Program and are expected to be partially funded by the issuance of Waterfront LID Bonds, which will be payable from the special assessments and will not be a general obligation of the City. However, they are expected to be secured by the City’s LID Guaranty Fund. See “General Fund Tax Revenue Sources—General Property Taxes—Guaranty Fund Levies.” Special assessments will be imposed sufficient to pay or reimburse the City for up to \$160 million of the costs of these improvements, plus the costs of issuing the Waterfront LID Bonds and making a Guaranty Fund deposit. The City plans to issue the Waterfront LID Bonds within the next two to three years, depending on the result of the challenge to the formation of the Waterfront LID (the trial date is scheduled for November 2, 2020) and the timing of the finalization of the Waterfront LID assessment roll. Interim financing for the LID improvements is being provided by means of an interfund loan authorized by the City Council.

INITIATIVE AND REFERENDUM

State-Wide Measures

Under the State Constitution, Washington voters may initiate legislation (either directly to the voters, or to the State Legislature and then, if not enacted, to the voters) and require that legislation passed by the State Legislature be referred to the voters. Any law approved in this manner by a majority of the voters may not be amended or repealed by the State Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the State Legislature. After two years, the law is subject to amendment or repeal by the State Legislature in the same manner as other laws. The State Constitution may not be amended by initiative.

Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiative) and 4% (referendum) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election.

In recent years, several State-wide initiative petitions to repeal or reduce the growth of taxes and fees, including City taxes, have garnered sufficient signatures to reach the ballot. Some of those tax and fee initiative measures have been approved by the voters and, of those, some remain in effect while others have been invalidated by the courts.

Additional tax and fee initiative measures continue to be filed on a regular basis, but it cannot be predicted whether any more such initiatives might gain sufficient signatures to qualify for submission to the State Legislature and/or the voters or, if submitted, whether they ultimately would become law.

Local Measures

Under the City Charter, Seattle voters may initiate City Charter amendments and local legislation, including modifications to existing legislation, and, through referendum, may prevent legislation passed by the City Council from becoming law.

LEGAL AND TAX INFORMATION

No Litigation Relating to the Bonds

There is no litigation pending with process properly served on the City questioning the validity of the Bonds or the power and authority of the City to issue the Bonds or the power and authority of the City to levy and collect the taxes pledged to the Bonds. There is no litigation pending or threatened which would materially affect the City’s ability to meet debt service requirements on the Bonds.

Other Litigation

Because of the nature of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business of running a municipality, including various lawsuits and claims involving claims for money damages. (See Appendix B—The City’s 2019 Comprehensive Annual Financial Report—Note 15, Contingencies.)

Based on its past experience and the information currently known, the City has concluded that its ability to pay principal of and interest on the Bonds on a timely basis will not be impaired by the aggregate amount of uninsured liabilities of the City and the timing of any anticipated payments of judgments that might result from suits and claims.

Initiative 976. A State-wide initiative (“I-976”) was approved by the voters at the November 2019 election. The initiative purports to repeal a wide array of vehicle taxes and fees, including vehicle fees authorized to be imposed by transportation benefit districts and by Sound Transit, and a number of vehicle taxes and fees imposed by the State. I-976 would eliminate the City’s existing VLF (both the \$60 voted fee approved in 2014 and the \$20 councilmanic fee that the City has been collecting since 2011) and repeal the statutory authority to impose any future VLF.

On November 14, 2019, the City, together with a number of local governments, organizations, and individuals as co-plaintiffs, filed a complaint in King County Superior Court for declaratory judgment and injunctive relief, seeking a judgment declaring the initiative unconstitutional and permanently enjoining the initiative from taking effect. Subsequently, the Superior Court ruled against most of the plaintiffs’ arguments. The plaintiffs have filed for expedited direct review before the State Supreme Court and oral arguments were heard on June 30, 2020.

Tax and fee revenues continue to be collected as if the initiative had not been approved so long as the injunction remains in effect pending resolution by the State Supreme Court. The City is currently holding these receipts aside and has not budgeted for their expenditure in 2020. The City anticipates that it may be ordered to refund VLF receipts unless the relevant portions of I-976 are determined to be unconstitutional.

The City cannot predict whether the initiative will be upheld by the courts, and will continue to review the effect the measure would have on City revenues. The State Office of Financial Management has prepared a fiscal note, which is available on its website, estimating the State-wide fiscal impact if the measure were to go into effect as written.

Approval of Counsel

Legal matters incident to the authorization, issuance, and sale of the Bonds by the City are subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel. The form of the opinion of Bond Counsel with respect to the Bonds is attached hereto as Appendix A. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel and under existing law as of the date of initial delivery of the Bonds. Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

Limitations on Remedies and Municipal Bankruptcies

Any remedies available to the owners of the Bonds are in many respects dependent upon judicial actions which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the City fails to comply with its covenants under the Bond Ordinance or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

The rights and obligations under the Bonds and the Bond Ordinance may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors’ rights, to the application of equitable principles, and the exercise of judicial discretion in appropriate cases.

A municipality such as the City must be specifically authorized under state law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the “Bankruptcy Code”). Washington State law permits any “taxing district” (defined to include cities) to voluntarily petition for relief under the Bankruptcy Code. A creditor cannot bring an involuntary bankruptcy proceeding under the Bankruptcy Code against a municipality, including the City. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code.

The opinion to be delivered by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, reorganization,

insolvency, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors' rights. A copy of the proposed form of opinion is set forth in Appendix A.

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Bond Ordinance and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

CONTINUING DISCLOSURE AGREEMENT

Basic Undertaking to Provide Annual Financial Information and Notice of Listed Events. To meet the requirements of paragraph (b)(5) of United States Securities and Exchange Commission (“SEC”) Rule 15c2-12 (“Rule 15c2-12”), as applicable to a participating underwriter for the Bonds, the City will execute the Continuing Disclosure Agreement (the “CDA”) for the benefit of holders of the Bonds, as follows.

Annual Financial Information. The City will provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB:

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below under “Type of Annual Information Undertaken to be Provided.” The timely filing of unaudited financial statements will satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements described below under “Type of Annual Information Undertaken to be Provided,” provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City; and
- (ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of holders of the Bonds, if material;
 - (h) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;
 - (l) bankruptcy, insolvency, receivership, or similar event of the City, as such “Bankruptcy Events” are defined in the Rule;

- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

For purposes of this undertaking, the term “financial obligation” means a (i) debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The City also will provide or cause to be provided to the MSRB timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide will consist of:

- (i) annual financial statements of the City, prepared in accordance with generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by applicable State law;
- (ii) a statement of outstanding general obligation debt of the City;
- (iii) the assessed value of the property within the City subject to *ad valorem* taxation; and
- (iv) *ad valorem* tax levy rates and amounts and percentage of taxes collected.

Annual financial information, as described above, will be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ended December 31, 2020. The annual financial information may be provided in a single document or in multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

Amendment of CDA. The CDA is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including:

- (i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, nature, or status of the City, or type of business conducted;
- (ii) The undertaking, as amended, would have complied with the requirements of the rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and
- (iii) The amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Ordinance at the time of the amendment.

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the CDA and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be

provided, the annual financial information containing the amended information will include a narrative explanation of the effect of that change on the type of information to be provided.

Termination of CDA. The City's obligations under the CDA will terminate upon the legal defeasance, prior repayment, or payment in full of all of the then outstanding Bonds. In addition, the City's obligations under the CDA will terminate if those provisions of Rule 15c2-12 that require the City to comply with the CDA become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

Remedy for Failure to Comply with CDA. The City has agreed to proceed with due diligence to cause any failure to comply with the CDA to be corrected as soon as practicable after the City learns of that failure. No failure by the City or any other obligated person to comply with the CDA will constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond will be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the CDA.

Compliance with Continuing Disclosure Undertakings of the City. The City has entered into undertakings to provide annual information and the notice of the occurrence of certain events with respect to all bonds issued by the City subject to Rule 15c2-12. The City's review of its compliance during the past five years did not reveal any failure to comply, in a material respect, with any undertakings in effect during this time. The City recently discovered that one table of Solid Waste utility operating statistics required by the continuing disclosure undertakings for certain outstanding Solid Waste utility revenue bonds had been omitted from its annual disclosure filings for the years ended December 31, 2017 and 2018, and has since remedied those filings.

OTHER BOND INFORMATION

Ratings on the Bonds

The Bonds have been rated "Aaa," "AAA," and "AAA" by Moody's Investors Service, S&P Global Ratings, and Fitch Ratings, respectively. In general, rating agencies base their ratings on rating materials furnished to them (which may include information provided by the City that is not included in this Official Statement) and on the rating agency's own investigations, studies, and assumptions. The ratings reflect only the views of the rating agencies and an explanation of the significance of the ratings may be obtained from the respective rating agencies. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward, suspended, or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision, suspension, or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Municipal Advisor

The City has retained Piper Sandler & Co., Seattle, Washington, as municipal advisor (the "Municipal Advisor") in connection with the preparation of the City's financing plans and with respect to the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make any independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is a full service investment banking firm that provides financial advisory and underwriting services to state and local governmental entities. While under contract to the City, the Municipal Advisor may not participate in the underwriting of any City debt.

Purchaser of the Bonds

The Bonds are being purchased by Robert W. Baird & Company, Inc. at a price of \$95,498,315.24 and will be reoffered at a price of \$95,781,831.20. The underwriter for the Bonds (the "Purchaser") may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on page i hereof, and such initial offering prices may be changed from time to time by the Purchaser. After the initial public offering, the public offering prices may be varied from time to time.

APPENDIX A
FORM OF LEGAL OPINION

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ATTORNEYS AT LAW
999 THIRD AVENUE, SUITE 3610
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WASHINGTON
SEATTLE

[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$79,625,000 Limited Tax General Obligation Improvement and Refunding Bonds, 2020A
(the “Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced Bonds, and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us.

The Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 125986 and Ordinance 125457 (together, the “Bond Ordinance”) for general City purposes. The Bonds are being issued (i) to pay or reimburse all or part of the costs of various elements of the City’s capital improvement program, including design, construction, renovation, improvement, or replacement of various capital facilities and street, road, bridge, transportation, and information technology projects of the City, (ii) to carry out a current refunding of a portion of the City’s outstanding limited tax general obligation bonds and (iii) to pay the costs of issuing the Bonds and the administrative costs of carrying out the Refunding Plan.

Reference is made to the Bond Ordinance for the definitions of capitalized terms used and not otherwise defined herein.

Under the Internal Revenue Code of 1986, as amended (the “Code”), the City is required to comply with certain requirements after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the City’s compliance with these requirements.

As of the date of initial delivery of the Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The City is a duly organized and legally existing first class city under the laws of the State of Washington.

2. The City has duly authorized and approved the Bond Ordinance, the Bonds have been duly authorized and executed by the City and the Bonds are issued in full compliance with the provisions of the Constitution and laws of the State of Washington, the Bond Ordinance and other ordinances and resolutions of the City relating thereto.

3. The Bonds constitute valid general obligations of the City, payable from tax revenue of the City to be levied within the constitutional and statutory limitations provided by law without the assent of the voters and from such other money as is lawfully available and pledged by the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles if equitable remedies are sought.

4. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, under existing statutes, regulations, rulings and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We express no opinion herein concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds.

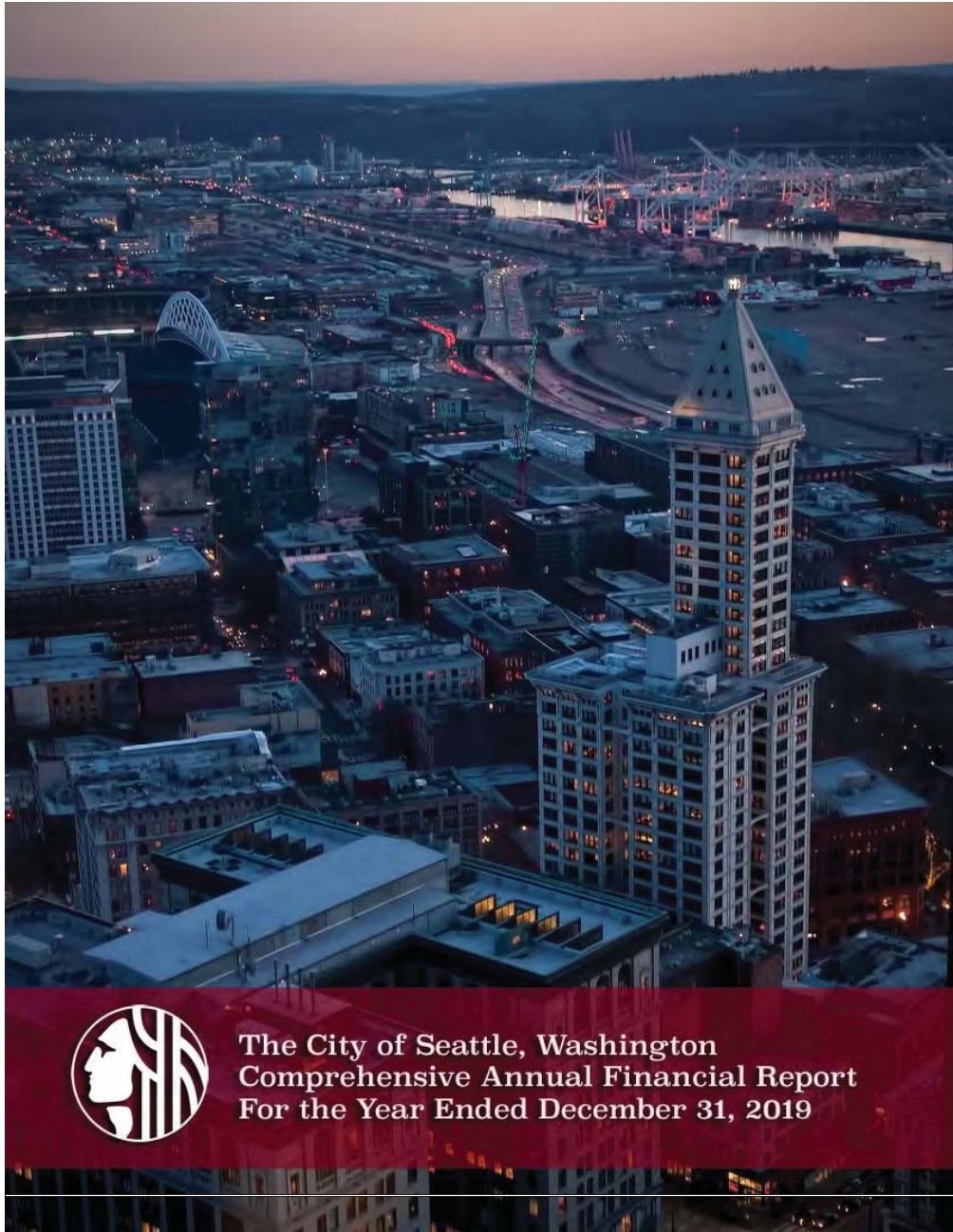
We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

APPENDIX B

THE CITY'S 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**The City of Seattle, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2019**

*Cover image: The Smith Tower as seen from downtown Seattle
Author: Ken Knapp
Used by permission of the author
Text added to original*

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2019



City of Seattle
Washington

Issued by the Department of Finance and Administrative Services

Introduction

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Comprehensive Annual Financial Report

For the Year Ended December 31, 2019

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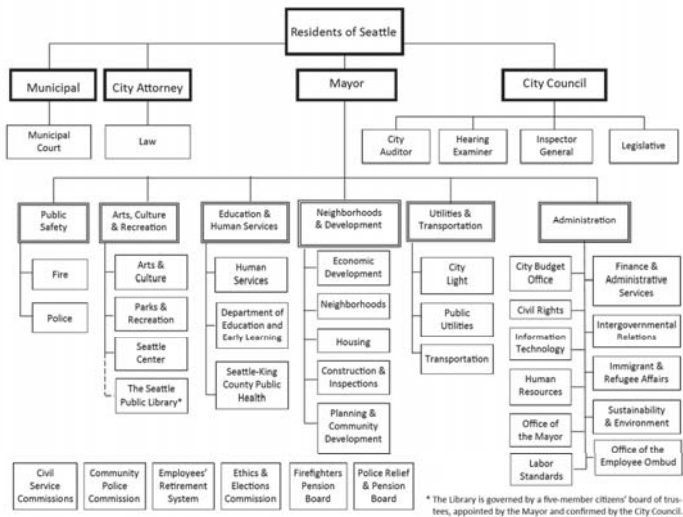
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CITY ORGANIZATIONAL CHART



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OFFICIALS

MAYOR AND CITY COUNCIL

Jenny A. Durkan
Mayor

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City Council

Lisa Herbold
District 1

Alex Pedersen
District 4

Andrew J. Lewis
District 7

Tammy J. Morales
District 2

Debora Juarez
District 5

Teresa Mosqueda
At-large

Kshama Sawant
District 3

Dan Strauss
District 6

M. Lorena González
At-large



August 21, 2020

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2019 Comprehensive Annual Financial Report (CAFR) of the City of Seattle, Washington. The Department of Finance and Administrative Services prepared this report to present the financial position of the City of Seattle as of December 31, 2019. In addition, the CAFR describes the results of its operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

Washington State law requires an annual audit of the City of Seattle's (the City's) financial statements by the independently elected State Auditor. The State Auditor conducts his examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the City's financial position, results of operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds. In addition to the opinion on the City's financial statements, included in this report, the State Auditor also issues separate reports on internal control and compliance with laws and regulations that meet the requirements of the Single Audit Act under Title 2 CFR Part 200 (OMB Uniform Guidance). These reports are available in the City's separately issued Single Audit Report.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of the City's management staff. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

Management's discussion and analysis (MD&A) immediately follows the State Auditor's report. It provides a summary and assessment of the City's most important financial developments to accompany the financial statements. This letter of transmittal complements the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Seattle was incorporated on December 2, 1869. The City is organized as a mayor-council form of government and operates under its City Charter adopted on March 12, 1946. In 2013, voters approved a charter amendment shifting from nine at-large City Council positions to seven City Council positions elected by district and two at-large positions. As a result, all nine City Council positions were up for election in 2015.

The City of Seattle is a primary government for financial reporting purposes. Its governing body is elected by the citizens in a general, popular election. The CAFR includes financial summaries for all organizations and activities for which elected City officials exercise financial accountability. Certain organizations created by or related to the City, for which the City is not financially accountable, have been excluded from this report. A joint venture, component units, and contingent liabilities, which exist from relationships with organizations

City Finance Division | Glen Lee, City Finance Director
700 Fifth Ave., 43rd Floor | P.O. Box 94669 | Seattle, WA 98124-4669 | 206-233-0031 | seattle.gov/fas

created by the City, are included in this report. The notes to the financial statements further discuss the City as a financial reporting entity.

The City provides a full range of services typical of local municipalities and operates four rate-funded utilities. The City constructs and maintains a street network, and electric, water, solid waste, and sewer and drainage systems. It provides police and fire protection as well as judicial services. It administers land use policy and takes an active role in commercial and industrial development and environmental protection. The City designs and maintains many parks and golf courses, coordinates recreation activities, maintains libraries, fosters neighborhood livability, and works to preserve a satisfactory living environment for both the community and individuals.

BUDGETS AND BUDGETARY ACCOUNTING

The City Council approves the City's operating budget and two separate but related fiscal plans: The Capital Improvement Program (CIP) plan and the Community Development Block Grant (CDBG) program allocation.

The operating budget is proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The Adopted Budget allocates available resources on an annual basis between the City's programs and ordains financial transactions that support the allocations and related financing decisions. Appropriations in the Budget are valid only for the fiscal year except for appropriations that support capital projects, grants, or endowments. The Budget also ordains changes to employee positions by department.

The CIP plan is proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The CIP is a six-year plan for capital project expenditures and anticipated financing by funding source. It is revised and extended annually. The City Council adopts the CIP as a planning document and appropriates the multi-year expenditures identified in the CIP through the adoption of the annual budget or subsequent supplemental budgets. The CIP is consistent with the City's Comprehensive Plan and includes information required by the State's Growth Management Act.

The CDBG planning process allocates the annual grant awarded by the federal government to City departments and non-City organizations. Although this federally funded program has unique timetables and requirements, the City coordinates it with the annual budget and CIP processes to improve preparation and budget allocation decisions and streamline budget execution.

The Adopted Budget makes appropriations for operating and capital expenses at the budget control level within the departments. Grant-funded activities are controlled as prescribed by law and federal or state regulations.

NATIONAL AND LOCAL ECONOMY

U.S. Economy. The economic expansion that began after the Great Recession ended in June 2009 was the longest expansion in U.S. history. However, compared to previous post-recession expansions real gross domestic product (GDP) growth has been significantly lower, averaging only 2.3% per year. The rate of U.S. economic growth has been decreasing steadily for several decades and is expected to decline further in coming years. Real GDP grew by 2.9% in 2018 and 2.3% in 2019, temporarily stimulated in 2018 by the Tax Cuts and Jobs Act which lowered individual and corporate federal taxes and the Bipartisan Budget Act which boosted federal spending in 2018 and 2019.

Over the course of the recovery, the economy has been adding on average 169,000 jobs each month. Employment has increased by an average of 193,000 jobs each month in 2018 and 178,000 jobs per month in 2019. The unemployment rate has gradually fallen from its 10.0% peak in October 2009 to 3.5% in December 2019, which is the lowest value since December 1969. Wages have risen rather slowly, on average at 2.1% per year since 2009, but have slightly outpaced the consumer price inflation which averaged 1.7% per year. The *Employment Cost Index*, considered by many to be the best gauge of labor market inflation, increased by 2.9% in 2018 and 2.7% in 2019, the strongest readings since 2007.

Seattle metropolitan area economy. Since the Great Recession ended in June 2009, the region's economy has outperformed the national economy by a considerable margin. This is reflected in the region's robust job growth and low unemployment rate. Total nonfarm employment in the Seattle Metropolitan Division (MD) area (King and Snohomish Counties) increased by 29.0% from its post-recession low in February 2010 through December 2019. This compares to a 17.1% gain for the U.S. and a 19.4% gain for the rest of Washington state. In December 2019, the unemployment rate for the Seattle MD area was 3.0%, compared to 4.0% for Washington state and 3.5% for the U.S. The region has also outpaced the nation and the state in both income and wage growth during the recovery. Per capita income grew on average by 5.3% each year from 2010 to 2018 in the Seattle MD area, compared to 3.7% in the U.S. and 3.6% in the rest of Washington state.

Although virtually all sectors of the economy have seen employment increase during the recovery, the principal driver of growth has been high productivity technology business. Total employment in information services sector grew by 49.3% from 84,800 to 126,600 between 2010 and 2019; in computer systems design and related services it grew 82% from 26,000 to 47,800. Amazon has increased its Seattle area employment from less than 10,000 in 2010 to approximately 55,000 by the end of 2019. Microsoft added 15,000 jobs between 2010 and 2019. Google and Facebook each have more than 3,000 employees in the region, and other Silicon Valley firms have opened or expanded Seattle area offices. In addition, local firms, including Tableau, and Zillow, have been growing, and new firms have emerged. Strong growth in the technology sector and other basic industries has spurred growth in construction, real estate, and business and professional services. It has drawn workers and job seekers to the region, causing a surge in in-migration. Between 2010 and 2019, the population of King and Snohomish Counties increased by 400,000 (15.5%). More than a third of that increase took place in Seattle. Strong population growth has stimulated employment in the local serving sectors of the economy, including retailing, eating, and drinking places, and health care. Total employment in the services sector grew by 22.5% (from 1,179,600 to 1,494,300) between 2010 and 2019.

Economic growth during the current recovery within the Seattle MD area has been concentrated in the city of Seattle. The Seattle MD area, with 50.9% of the state's employment and 40.4% of the state's population in 2019, accounted for 58.1% of state employment growth and 48.7% of state population growth between 2010 and 2019. During this period, the city of Seattle's employment increased by 33%, compared to a 24.4% increase for the rest of the metro area and 25.1% for the rest of the state. Population growth was even more skewed toward the city of Seattle, which saw a 22.8% increase from 2010 to 2019, nearly double the 12.9% rate for the rest of the metro area, and more than double the 11.2% rate for the rest of the state.

The city of Seattle's strong growth after the 2008-2009 recession has been supported by the growth of information technology businesses, and business and professional service firms. Employment growth at these businesses, along with the current popularity of in-city living, has boosted the demand for office space and housing in the city, spurring a construction boom. Initial construction was focused on new apartments and public construction, but over time activity has broadened to include more office projects and condominiums.

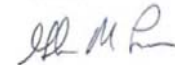
In 2017, the City issued building permits valued at a record \$5.0 billion; this was followed by an additional \$3.9 billion in 2018 and \$4.6 billion in 2019.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seattle for its comprehensive annual financial report for the fiscal year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

I would like to express my appreciation to the entire staff of Citywide Accounting Services, other members of the Department of Finance and Administrative Services, and other City departments who contributed to the preparation of this report. Finally, I thank you for your interest and continuing support in planning and conducting the City's financial operations in a responsible manner.

Sincerely,



Glen M. Lee, City Finance Director
Department of Finance and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Seattle
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

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City of Seattle
2019 Comprehensive Annual Financial Report

Department of Finance and Administrative Services

Calvin W. Goings, Director

Glen Lee, City Finance Director

Citywide Accounting and Payroll Division

Kathleen Organ, Division Director

Ken Knopp, Financial Reporting Manager

Mike Magdaleno, Accounting Operations Manager

Michelle Spruch, Internal Controls & Compliance Manager

Nicholas Devin
Anna Himichuk
John Moore
Steve Spada

Chau Du
Cam Huynh
Mena Nguyen

Beau Eiland
April McCraney
Parag Santhosh
Olivia Teo

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Treasury Services Division

Teri Allen, Division Director

Gregg Johanson, City Cash Manager

Kellie Craine, Investment Director

Debt Management Services

Michael VanDyck, City Debt Manager

Risk Management Division

Bruce Hori, Division Director

Financial Section

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 21, 2020

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

- The Light, Water, Drainage and Wastewater, and Solid Waste funds, which are major funds that in aggregate represent 99 percent, 99 percent and 96 percent, respectively, of the assets, net position, and revenues of the business-type activities.
- The Seattle City Employees' Retirement System, which represents 64 percent, 71 percent, and 35 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units and remaining fund information.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Light, Water, Drainage and Wastewater, and Solid Waste funds, and the Seattle City Employees' Retirement System, are based solely on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, in March 2020, a global pandemic was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2018, from which such partial information was derived.

We and other auditors have previously audited the City's 2018 financial statements and, based on our audit and the reports of the other auditors, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information in our report dated October 28, 2019.

In our opinion, the partial comparative information for the governmental activities and governmental funds presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The financial statements and schedules included in the Combining and Individual Fund and Other Supplementary Information section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

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

The Introduction and Statistics sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated August 21, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy
State Auditor
Olympia, WA

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seattle (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2019. We encourage the reader to consider the information presented here in addition to the information presented in the Letter of Transmittal when evaluating the financial statements following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report the operating results and financial position of the City as an economic entity, in a manner like that of private-sector business. The statements provide information about the probably near-term and long-term effects of past decisions on the City's financial position.

The Statement of Net Position presents information on all City assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents changes in net position during the fiscal year. All changes to net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some reported revenues and expenses result in cash flows in future periods, such as for uncollected taxes and earned but unused compensated absences. This statement also distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental functions of the City include general government activities, judicial activities, public safety, physical environment, transportation, economic environment, health and human services, and culture and recreation. The business-type activities of the City include an electric utility, a water utility, a waste disposal utility, a sewer and drainage utility, and a fund for enforcement of policies and codes that include construction and land use.

The government-wide financial statements can be found beginning on page 23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories of City funds: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and

The City of Seattle

Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). The City's major governmental funds are the General Fund and Transportation Fund. Information for the two major governmental funds is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Information for the nonmajor funds is presented in the aggregate. Individual fund data for each of the nonmajor governmental funds is provided as supplementary information in the form of combining statements beginning on page 154.

The basic governmental funds financial statements can be found beginning on page 29 of this report.

Proprietary funds account for services for which the City charges outside customers and internal City departments. The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its various business-type activities and uses internal service funds to report activities that provide centralized supplies and/or services to the City. Because internal service funds largely benefit governmental rather than business-type functions, they are included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail, including the addition of cash flow statements. The proprietary funds financial statements provide separate information for the City Light, Water, Drainage and Wastewater, and Solid Waste funds, which are considered major enterprise funds. Data for nonmajor enterprise funds is presented in the aggregate, and the data for internal service funds are presented in the aggregate as well. Information for each of the nonmajor enterprise funds and internal service funds is provided in the combining statements in this report, starting on page 216.

The basic proprietary fund financial statements begin on page 36 of this report.

Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support City programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary funds financial statements can be found beginning on page 55 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements and begin on page 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding the current funding progress for, and employer contributions to, pensions and other postemployment benefits (OPEB), as well as changes in pension and OPEB liabilities. Also included are budgetary comparisons for major governmental funds and funds for which the budget has been legally adopted. The required supplementary information begins on page 154 of this report.

The individual fund data referred to earlier in connection with the nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds begins on page 170 of this report.

A statistical section provides financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained within the financial statements, notes to the financial statements, and the required supplementary information with the goal of providing the user with a better understanding of the City's economic condition.

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table A-1

CONDENSED STATEMENT OF NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and Other Assets	\$ 1,966,622	\$ 1,805,210	\$ 2,306,604	\$ 2,123,133	\$ 4,197,253	\$ 3,928,343
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	4,509,878	4,411,510	6,809,800	6,530,860	11,319,678	10,942,370
Total Assets	6,476,500	6,216,720	9,116,404	8,653,993	15,516,931	14,870,713
DEFERRED OUTFLOWS OF RESOURCES	292,033	149,186	200,329	97,240	492,362	246,426
LIABILITIES						
Current Liabilities	449,290	427,154	534,599	490,511	983,889	917,665
Noncurrent Liabilities	2,818,496	2,584,758	5,632,755	5,436,724	8,451,251	8,021,482
Total Liabilities	3,267,786	3,011,912	6,167,354	5,927,235	9,435,140	8,939,147
DEFERRED INFLOWS OF RESOURCES	120,197	165,642	237,279	287,108	357,476	452,750
NET POSITION						
Net Investment in Capital Assets	3,501,410	3,382,301	2,668,365	2,462,768	6,169,775	5,845,069
Restricted	927,952	865,915	60,692	88,151	988,644	954,066
Unrestricted	(1,048,812)	(1,059,864)	183,043	(14,029)	(941,742)	(1,073,893)
Total Net Position	\$ 3,380,550	\$ 3,188,352	\$ 2,912,100	\$ 2,536,890	\$ 6,216,677	\$ 5,725,242

Changes in net position over time may serve as a useful indicator of a government's financial position. The City's total net position was \$6.3 billion at December 31, 2019, an increase of \$567.4 million, or 9.9%, over fiscal year 2018. Total net position for governmental activities increased \$192.2 million while total net position for business-type activities increased \$375.2 million. The increase in net position for business-type activities was due to results of operations in 2019. See the analysis of changes in net position below.

For governmental activities, total liabilities increased by \$255.4 million in 2019. For business-type activities, the total liabilities increased by \$162.6 million. The increase was primarily due to City Light's revenue bonds payable. For further explanation on these increases please refer to the Proprietary Funds explanation in the Financial Analysis of City Funds section after Table A-2.

The net investment in capital assets increased by \$324.7 million in 2019. This increase was due to the new capital assets additions, less any related debt used to acquire those assets. Compared to 2018, the capital assets net of accumulated depreciation went up by \$377.3 million. Please refer to Capital Assets section in MD&A below for the analysis of capital assets year over year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other funding sources, as capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$988.6 million, or 15.7%, represents resources that are subject to external restrictions on how they may be used. Compared to 2018, the restricted net position increased by \$34.6 million in 2019, which was primarily due to Low-income Housing Fund and Health Care Reserve Fund (governmental activities). Low-income Housing Fund reported a net position/fund balance of \$253.9 million in 2019, an increase of \$19.0 million from \$234.9 million in 2018. Health Care Reserve Fund reported a net position/fund balance of \$86.0 million in 2019, an increase \$8.8 million from \$77.2 million in 2018. The decrease in restricted net position for business-type was \$27.5 million and the increase in unrestricted net position for business-type activities was \$197.1 million. For further explanation on these increases please refer to the Analysis of Changes in Net Position section after Table A-2.

The City of Seattle

Total current and other assets increased by \$273.6 million in 2019, which primarily consisted of an increase in cash and equity in pooled investments of \$151.0 million, in due from other governments of \$17.9 million, and in net pension asset of \$28.9 million. These increases were primarily due to results of the operations in 2019.

Table A-2

CONDENSED STATEMENT OF ACTIVITIES (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 388,039	\$ 468,704	\$ 2,118,522	\$ 1,965,380	\$ 2,506,561	\$ 2,434,084
Operating Grants and Contributions	179,266	152,736	7,120	10,616	186,386	163,352
Capital Grants and Contributions	1,763	15,547	71,782	90,351	73,545	105,898
General Revenues						
Property Taxes	640,828	597,349	—	—	640,828	597,349
Sales Taxes	324,392	306,587	—	—	324,392	306,587
Business Taxes	569,680	539,045	—	—	569,680	539,045
Excise Taxes	149,058	106,861	—	—	149,058	106,861
Other Revenues	35,923	45,755	66,481	45,902	102,404	91,657
Total Revenues	2,288,949	2,232,584	2,263,905	2,112,249	4,552,854	4,344,833
Expenses						
Governmental Activities						
General Government	316,015	173,424	—	—	316,015	173,424
Judicial	30,941	31,666	—	—	30,941	31,666
Public Safety	660,167	678,857	—	—	660,167	678,857
Physical Environment	13,595	12,932	—	—	13,595	12,932
Transportation	332,082	307,433	—	—	332,082	307,433
Economic Environment	265,933	251,711	—	—	265,933	251,711
Health and Human Services	110,814	138,252	—	—	110,814	138,252
Culture and Recreation	271,260	311,875	—	—	271,260	311,875
Interest on Long-Term Debt	44,794	46,915	—	—	44,794	46,915
Business-Type Activities						
Light	—	—	959,811	891,783	959,811	891,783
Water	—	—	252,550	241,847	252,550	241,847
Drainage and Wastewater	—	—	393,410	379,919	393,410	379,919
Solid Waste	—	—	200,958	201,387	200,958	201,387
Construction and Inspections	—	—	73,102	62,994	73,102	62,994
Fiber Leasing	—	—	—	—	—	—
Total Expenses	2,045,601	1,953,065	1,879,831	1,777,930	3,925,432	3,730,995
Excess Before Special Item and Transfers	243,348	279,519	384,074	334,319	627,422	613,838
Special Item - Environmental Remediation Transfers	—	—	(8,902)	(40,700)	(8,902)	(40,700)
Changes in Net Position	243,348	279,519	375,172	293,619	618,520	573,138
Net Position - Beginning of Year	3,188,352	3,493,637	2,536,890	2,244,617	5,725,242	5,738,254
Restatements/Prior-Year Adjustments	(51,150)	(584,804)	38	(1,346)	(51,111)	(586,150)
Net Position - Beginning of Year as Restated	3,137,202	2,908,833	2,536,928	2,243,271	5,674,131	5,152,104
Net Position - End of Year	\$ 3,380,550	\$ 3,188,352	\$ 2,912,100	\$ 2,536,890	\$ 6,292,651	\$ 5,725,242

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Analysis of Changes in Net Position

In 2019, the change in net position increased by \$45.4 million, or 7.9%. The factors contributing to the increase are explained in the following discussion of governmental and business-type activities.

Governmental Activities. The City’s revenues for governmental activities were up 2.5%, increased \$56.4 million in 2019. The increase in revenues was due to the increase in general revenues of \$124.3 million and the decrease in program revenue of \$67.9 million. The City’s tax revenues continue to provide the most significant source of revenue for governmental activities, with property, sales, business, and excise taxes contributing 97.9% of total general revenue and 73.6% of the governmental activities general and program revenue combined.

The following table lists the tax revenues ranked by the amount reported in 2019 and the change in each tax revenue from 2018.

2019 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$640.8	7.3%	\$43.5
2	Business Taxes	\$569.6	5.7%	\$30.6
3	Sales Taxes	\$324.4	5.8%	\$17.8
4	Excise Taxes	\$149.8	39.5%	\$42.2

The increase in property taxes was due to the increase in the assessed value of property. Based on statistical information provided by King County, total assessed value for real property and personal property was \$244.9 billion in 2019 compared to \$214.1 billion in 2018.

The City’s business taxes include general business taxes and utilities related business taxes. The increase in business taxes in 2019 was the direct result of the increase in total reported business revenues. The utilities related business taxes consist of 37% of total City’s business tax revenues. Taxes on the \$153.1 million increase in charges for services reported by business-type activities accounts for nearly half of the increased business tax revenues of \$30.6 million in 2019.

The year over year growth in sales tax was 5.8%, or \$17.8 million. The continuing driver behind the General Fund’s sales tax growth is the local construction boom.

Excise tax went up by \$42.2 million or 39.5% in 2019, caused primarily by the increase in real estate sales during 2019.

Program revenues supporting the City’s governmental activities were \$569.1 million, or 24.8% of the City’s expenses for governmental activities. The City’s charges for services are the largest component of reported program revenues and comprise 68.1% of program revenue generated by governmental activities and 27.0% of total revenues. The total charges for services reported in 2019 was \$388.0 million, a decrease of \$80.7 million compared to 2018.

Total expenses for governmental activities were up 4.7%, totaling \$92.5 million in 2019. The following table lists the top five functions and programs ranked by the size of their 2019 expenses and highlights the growth in costs between the 2018 and 2019 financial statements.

2019 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$660.2	(2.8)%	\$(18.7)
2	Culture and Recreation	\$271.2	(13.0)%	\$(40.7)
3	Transportation	\$332.1	8.0%	\$24.7
4	Economic Environment	\$265.9	5.7%	\$14.2
5	General Government	\$316.0	82.2%	\$142.6

The City’s largest governmental expense continues to be the public safety function, totaling \$660.2 million for 2019, contributing 16.8% of all citywide expenses, and 32.3% of expense in the City’s governmental activities. The year-over-year changes reflected the changes

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in operations of City’s various programs, and the increase in general government expenses were mostly attributed to accrued expenses for pension and compensated absences.

The changes in net position for governmental activities decreased by 12.9%, totaling \$(36.2) million.

Business-Type Activities. The change in net position for business-type activities was \$375.2 million, an increase of 21.8% in 2019. This included the consolidation from internal service funds of \$12.7 million. Key factors for the change are described below:

City Light realized a change in net position of \$202.8 million in 2019, an increase of \$34.6 million or 25.0% over 2018. Higher retail electric sales due to rate increases, including for the 3.0% Revenue Stabilization Account (RSA) surcharge, unbilled revenue, transfers from RSA, interest earnings, capital contributions, and other combined with lower bad debt expense were the major reasons for the higher revenues. Offsetting the higher revenues were lower net short-term wholesale power revenues and higher administrative and general expenses, interest, depreciation, and taxes. Total operating revenues were \$1,079.5 million, an increase of \$87.9 million or 8.9% from 2018. Retail power revenues were \$938.9 million in 2019, approximately 87.0% of total revenue at City Light. Retail power revenues were higher mainly because of the 5.8% system rate increase implemented in January 2019 along with the 1.5% rate surcharge in effect since August 1, 2016 and the additional 1.5% surcharge billed since November 2019 as a result of the RSA being lower than the next trigger level of \$80.0 million. A Bonneville Power Administration (BPA) 1.9% passthrough credit to customers effective November 1, 2019 translated into a 0.4% system rate decrease and included the 1.5% surcharge. Consumption among customers was mixed with residential customers experiencing an increase of 3.3% and non-residential customers experiencing a decrease of 0.8%. Operating expenses totaled \$873.3 million, an increase of \$50.1 million or 6.1% over 2018. The decrease in operating expenses were primarily due to power-related operating expenses at \$377.0 million which were higher by \$16.3 million and short-term wholesale power purchases of \$34.3 million, which increased \$15.8 million from 2018. Higher short-term wholesale power purchases of \$15.8 million were necessary for managing load and the result of lower generation from below normal hydro conditions in 2019.

The Water Utility realized a \$49.5 million change in net position for 2019, an increase of 9.2% from 2018. Operating revenues decreased approximately \$1.3 million or 0.5% over 2018. The change was mainly driven by a decrease in wholesale revenue of \$13.1 million as a result of \$12.0 million contract transition payment received from Cascade Water Alliance (CWA) in 2018. This decrease was offset by increased revenue of \$8.2 million in utility services and \$3.6 million in other operating revenues. Operating expenses increased \$10.0 million or 4.8% from 2018. Notable factors affecting this change include increases of \$5.5 million in salaries, wages and benefits and \$5.3 million in other operating expenses. Other expenses, net of other revenues decreased by \$1.5 million or 3.0% over 2018. The change was primarily due to a decrease in interest and debt service expenses of \$1.3 million. Capital fees, contributions and grants decreased by \$22.7 million or 74.0% over 2018. The main factors for the decrease are a \$16M WSDOT litigation settlement and a \$6.2M seismic settlement received.

The Drainage and Wastewater Utility realized a \$72.7 million change in net position for 2019, an increase of 19.2% over 2018. Current year operating revenues increased \$34.5 million or 8.2% from 2018. This is due to an average rate increase of 7.4% for wastewater and 8.0% for drainage, resulting in additional revenues of \$25.7 million and \$9.5 million, respectively. Other operating revenues decreased by \$0.8 million. Operating expenses increased by \$15.2 million or 4.3% from 2018. The increases can largely be attributed to \$6.6 million increase in salaries, wages and personnel benefits and \$7.2 million increase in intergovernmental payments consisting of \$4.1 million for city and state taxes and \$3.1 million for wastewater treatment. Additional increases consisted of \$1.2 million for supplies and \$1.2 million for services. These increases were offset by a decrease in other operating expenses by \$1.0 million. Nonoperating expenses decreased by \$5.4 million or 73.0% as compared to 2018. This decrease in net expenses is due to a \$6.0 million increase in investment income, and a \$2.8 million reduction in interest expense. These decreases in net expenses were offset by a \$3.3 million decrease in contributions and grants. Environmental remediation expense decreased \$31.8 million as compared to 2018. This significant reduction resulted from a one-time adjustment in 2018 to record additional estimated costs for remediation management and construction.

The Solid Waste Utility realized a \$28.1 million change in net position for 2019, an increase of 74.4% over 2018. Current year operating revenues increased \$19.3 million or 9.4% compared to 2018. The key factors affecting this change included an approximate 4.0% rate increase for residential and commercial garbage and composting services effective April 1, 2019, resulting in a revenue gain 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 transfer station revenue. These increases were offset by a \$1.8 million decrease in revenues from fluctuations in pricing of recycling commodities. Additionally, the utility did not reduce revenues with a transfer to the Revenue Stabilization Account (RSA) in 2019, as compared to a \$10.2 million transfer in 2018, as there were sufficient funds in the RSA and per ordinance the utility may contribute to the RSA when operating cash at year-end meets certain targets. Operating expenses in 2019

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increased \$0.1 million (less than 0.1%) compared to 2018. The largest change 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 million 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 or 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 OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance measures the City's net resources available for all purpose spending at the end of the fiscal year. Governmental funds reported by the City include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

In 2019, the City's governmental funds generated \$2.5 billion in revenues and recorded \$2.5 billion in expenditures. Revenues grew by 6.4%, driven by a \$136.4 million increase in tax collections, a \$37.5 million decrease in charges for services, and a \$53.9 million increase in program income, interest, and miscellaneous revenues. Along with the 6.4% growth in revenue, expenditures also grew \$83.0 million, rising 3.4%. The City's governmental funds received a significant contribution from other financing sources and uses, totaling \$83.6 million for 2019. These resources increased the operating surplus and directly contributed to the 5.0% increase in the City's governmental fund balance which totals \$1.3 billion at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2019.

The General Fund accounts for 66.1% of revenues and 62.1% of total governmental expenditures. The General Fund is the chief operating fund of the City.

The General Fund reported \$1.7 billion total revenue, of which, 76.2% were from tax collections. Tax revenues include property, business, sales and excises taxes. Total tax revenues increased by 7.6%, or \$90.2 million in 2019. This increase is resulted from the increase in assessed values of properties and increase in business and sales tax rates in 2019. See more discussions and analysis of tax revenue in the governmental activities above. Charges for services increased \$32.0 million compared to 2018. Also, program income, interest and miscellaneous revenue increased \$29.2 million in 2019. Total revenue increased 9.3% in 2019.

The General Fund reported \$1.6 billion total expenditures in 2019, an increase of 1.0% from 2018. The increase in total expenditures was primarily due to an increase in spending for public safety of \$54.8 million.

The increase in expenditures did not exceed the growth of revenues in 2019. The General Fund reported an excess of \$121.1 million in 2019 compared to a deficiency of \$6.8 million in 2018. Fund balance of the General Fund increased to \$585.0 million.

Consistent with prior reporting period, one of the City's special revenue funds continues to meet the criteria for reporting as major governmental funds, the Transportation Fund, which is included in the fund financial statement section of the CAFR alongside the presentation of the General Fund and the combined non-major governmental funds.

The Transportation Fund, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, seawalls, bike trails, streetlights, and other road infrastructure. At the end of the fiscal year the Transportation Fund reports a fund balance of \$68.7 million, 38.4% less than reported for 2018. The \$287.1 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services.

The \$7.1 million decrease in revenue was primarily due to the decrease in charges for services. The Transportation Fund reported a total revenue of charges for services in 2019, \$85.8 million, a decrease of \$29.3 million from \$115.2 million. The Transportation Fund's expenditures account for 11.8% of all governmental fund expenditures, totaling \$298.2 million for 2019, an increase of \$34.7 million from 2018. The increase was primarily due to more capital spending in 2019 and increased current transportation expenses. The

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Transportation Fund reported total expenditures for capital outlay of \$89.5 million, an increase of \$15.7 million from 2018 and current transportation expenditures of \$207.4 million, an increase of \$19.1 million or 10.1% from 2018.

As a result of the decrease in total revenue and the decrease in total expenditures, the Transportation Fund had a deficiency of revenues over expenditures of \$11.1 million in 2019.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in business-type activities in the government-wide financial statements, but in more detail. Therefore, the analysis of changes in net position in the government-wide financial statements provides sufficient details for changes in net position of each major proprietary fund. The discussions below more focus on changes in significant balances of assets, liabilities, deferred outflows and inflows of resources, and net position for each major proprietary fund.

City Light Fund. Capital assets, net of accumulated depreciation and amortization, were \$4.0 billion in 2019, an increase of \$200.2 million over 2018. The new additions of utility plant were \$296.4 million in 2019, including the largest addition of \$198.7 million of distribution plant. The 2019 new additions were partially offset by a \$85.6 million net increase in accumulated depreciation and amortization. Another significant component of capital assets is construction work-in-progress, which increased by \$7.2 million in 2019. The \$197.5 million increase in distribution plant is primarily due to service installations, \$89.2 million, meters, \$50.6 million.

Total liabilities were \$3.5 billion in 2019 and \$3.3 billion in 2018, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables increased a net \$117.7 million to \$2.7 billion in 2019 compared to \$2.6 billion in 2018. City Light issued new debt in the amount of \$210.5 million revenue bonds and \$140.3 million refunding revenue bonds to fund a portion of the ongoing capital improvement program and to advance refund certain bonds. The 2019 bond issues were fixed rate in nature. \$155.8 million of the 2010B revenue bonds were refunded with lower interest rate debt over the life of the new bonds. Debt to capitalization ratio was 60.1% at the end of 2019, a decrease from the 62.4% ratio of 2018. Net revenues available to pay debt service were equal to 2.10 times principal and interest on all bonds for 2019.

City Light's total net position was \$1.7 billion in 2019 and \$1.5 billion in 2018, an increase of \$202.7 million. The financial position of City Light improved year over year.

Water Fund. Current assets increased by \$13.0 million or 8.1% from 2018. This is primarily due to increase in operating cash of \$36.1 million, and a decrease in due from other funds of \$15.4 million and due from other governments of \$9.4 million. The increase in operating cash is primarily due to less than anticipated spending in capital expenditure. Capital assets decreased \$0.4 million or 0% from 2018 mainly due to retirements and accumulated depreciation.

Other assets decreased \$24.0 million or 13.0% from 2018. The largest portion of the change was due to a decrease in restricted cash and equity in pooled investments of \$21.7 million for spending on capital projects.

Deferred outflows of resources increased by \$19.3 million or 83.1% from 2018. This change resulted from assumptions related to pension accounting and differences in expected and actual experience in other post-employment benefits (OPEB).

Current liabilities decreased \$17.1 million or 16.6% from 2018. This change mostly resulted from decreases of \$23.2 million in due to other funds because of settlements made during the year. The decrease was offset by increases in salaries and benefits payable of \$4.4 million, revenue bonds due with one year of \$2.5 million and others of \$1.3 million.

Noncurrent liabilities decreased \$27.3 million or 2.8% over 2018. This change mostly resulted from decreases of \$23.2 million in due to other funds because of settlements made during the year. The decrease was offset by increases in salaries and benefits payable of \$4.4 million, revenue bonds due with one year of \$2.5 million and others of \$1.3 million.

Deferred inflow of resources increased by \$2.9 million or 4.6% from 2018. This increase is due to a deposit of \$3.9 million to the revenue stabilization account and was offset by a \$0.9 decrease in deferred inflows-pension and OPEB.

In 2019, net investment in capital assets increased \$20.2 million from 2018 primarily from an increase in utility plant and construction in progress. Other contributing factors are decreases in debt and debt related accounts of \$44.6 million, offset by a decrease in

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construction cash of \$21.7 million. Restricted net position stayed mostly constant from 2018. Unrestricted net position increased by \$29.3 million in 2019 as compared to 2018. Overall, the financial position of Water Utility improved year over year.

Drainage and Wastewater Fund. Current assets increased \$42.4 million or 16.9% over the prior year primarily due to \$46.0 million increase in operating cash and equity in pooled investments, \$5.3 million in accounts receivable, net of allowance for doubtful accounts, \$3.7 million in unbilled revenues, and \$0.5 million in materials and supplies inventory. These increases are offset by decreases of \$12.1 million in amounts due from other funds, and \$0.9 million in amounts due from other governments.

Other assets (excluding current assets and capital assets) decreased \$64.9 million or 30.1% from 2018. This is mostly attributable to decreases of \$64.1 million in restricted cash and equity in pooled investments used to fund capital projects.

Deferred outflows of resources increased by \$21.1 million or 275.5% from 2018. This increase is attributed to a \$21.4 million increase in pension contributions and changes in assumptions related to pension and other post-employment benefits and offset by a \$0.4 million decrease in unamortized loss on refunded debt.

Current liabilities decreased by \$12.4 million or 13.6% from 2018. This is mostly attributable to \$19.1 million reduction in due to other funds. These decreases were offset by increases of \$1.2 million in accounts payable and \$4.6 million in salaries, benefits and payroll taxes payable.

Other liabilities increased by \$29.9 million or 10.1% from 2018. This is mostly attributable to \$6.8 million increase in environmental liabilities because of changes in estimates, and \$24.9 million in net pension liability (Note 9) because of contributions and changes in assumptions. The increase was offset by \$2.4 million reduction in loan debt and \$0.5 million reduction in compensated absences payable.

Deferred inflow of resources increased by \$0.6 million or 6.0% from 2018. This increase is due to assumptions related to pension accounting and difference between expected and actual expense in other post-employment benefits (OPEB).

The largest portion of the Fund's net position (\$448.5 million or 99.3%) 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. In 2019, net investment in capital assets increased \$56.2 million from 2018 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

The Fund's restricted net position (\$22.4 million or 5.0%) represent resources that are subject to restrictions on how they may be used. This portion of net position decreased by \$27.6 million from 2018.

The remaining portion of the Fund's net position (a negative \$19.1 million or -4.2%) represents resources that are unrestricted. The unrestricted portion of net position increased by \$44.1 million from the prior year.

Solid Waste Fund. Current assets increased by \$27.9 million or 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 \$3.0 million increase in accounts receivable, net of allowance for doubtful accounts. These increases were offset by a \$2.9 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 a \$2.1 million increase in estimated call center reimbursements and an \$0.8 million increase from commercial customers.

Capital assets decreased \$1.9 million or 0.9% over the prior year. This decrease is due to a decrease in depreciation (\$4.9 million), plant in service (\$0.9 million), and other property (\$0.9 million). These decreases are mostly offset by the increase of \$4.8 million in construction in progress, 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/post-closure costs, and a decrease of \$0.1

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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 increased by \$7.3 million or 263.3% from 2018. This increase is attributed to changes in assumptions related to pension accounting in 2019.

Current liabilities increased \$6.4 million or 21.4% from the prior year. This is mostly attributed to an increase in the current portion of accrued landfill closure/post-closure 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 \$0.8 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 or 3.8% from 2018. This decrease is mostly attributed to a \$9.0 million decrease in the non-current portion of accrued landfill closure/post-closure 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 increased by \$0.5 million or 1.3% from 2018 due to an increase of \$0.8 million in the Revenue 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.

Net position increased \$28.1 million or 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.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the S. L. Denny Private-Purpose Trust Fund, and various agency funds. Due to the City's implementation of GASB 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are reported with the City's General Fund. The net position of the combined fiduciary funds at the end of 2019 is \$3.15 billion; SCERS represents 99.99% of this amount.

SCERS assets held in trust for the payment of future benefits does not exceed its proportionate share of the total pension liability as of December 31, 2019. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$432.4 million, or 15.9%, during 2019. For year ending 2019 the member and employer contributions totaled \$194.4 million; net income from investment activity totaled \$451.2 million. Total benefit payment for 2019 increased by \$12.9 million to \$203.4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund in the budgetary discussion below includes the General Operating Fund and several funds that are combined into one General Fund. It is also important to note that for budgetary comparisons purposes the General Fund presentation on schedules C-1 and D-11 report actual expenditure and revenue totals without the elimination of reimbursements collected internally through the City's personnel compensation trust funds.

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As reported in the budget to actuals schedules of the required supplementary information, the General Fund's original budget is comprised of the adopted budget and carryforward budgets from previous years. The final budget presentation adds the additional supplemental legislation for budget revisions and authorized budget transfers.

Original Budget Compared to Final Budget:

The General Fund's final budget had the same budgeted revenues and other financing sources as the original budget but increase the budgeted expenditures by \$114.9 million from the original budget. The variance in expenditures is mainly due to adjustment made to current expenditures for general government, public safety, transportation, economic environment functions and culture and recreation, which together accounting for roughly 100% of the increase. Budget adjustments were made during the year to current expenditures: general government by \$32.2 million; public safety by \$32.4 million; transportation by \$69.5 million; economic environment by \$30.6 million; and culture and recreation by \$(49.5) million.

Final Budget Compared to Actual Results:

Actual revenue was higher than the final budget by \$190.8 million. The higher amount of actual revenue was driven mainly by program income, interest and miscellaneous revenues, which increased by \$97.0 million; total taxes, which increased \$40.1 million; and charges for services, which increased \$24.8 million from 2018.

Taxes are by far the largest revenue source, all taxes account for 76.2% of total actual revenue. Property taxes, sales taxes, business taxes and interfund business taxes are four major sources of budgetary taxes for General Fund. Retail sales and use taxes provide the most opportunity for variability up or down, as it is dependent on spending, which increases or decreases with consumer confidence. Program Income, Interest, and Miscellaneous is the other significant sources of revenues for the General Fund with 9% of total actual revenues. The amount received for charges for services and intergovernmental revenues are dependent on corresponding services provided, thus would fluctuate with the applicable programs and services offered.

Actual expenditures were \$105.8 million less than the final budget. General government accounts for 29.0% of the under expenditures and all other expenditures contributed to the overall under expenditure. For other financing sources, actual sales of capital assets were \$1.8 million less than the final budget; transfers in was \$12.4 million less than the final budget; and transfer out was \$94.3 million less than the final budget.

CAPITAL ASSETS

The following schedule shows the City's investment in capital assets.

Table A-3 CAPITAL ASSETS AT YEAR END, NET OF DEPRECIATION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 606,279	\$ 590,659	\$ 268,133	\$ 265,709	\$ 874,412	\$ 856,368
Plant in Service, Excluding Land	—	—	5,784,080	5,576,002	5,784,080	5,576,002
Buildings and Improvements	1,541,166	1,531,976	—	—	1,541,166	1,531,976
Machinery and Equipment	182,121	190,670	—	34	182,121	190,704
Infrastructure	1,533,857	1,561,500	—	—	1,533,857	1,561,500
Construction in Progress	570,404	482,058	723,059	654,172	1,293,463	1,136,230
Other Capital Assets	76,051	54,649	34,528	34,941	110,579	89,590
Total Capital Assets	\$ 4,509,878	\$ 4,411,512	\$ 6,809,800	\$ 6,530,858	\$ 11,319,678	\$ 10,942,370

Capital assets, net of depreciation for governmental activities increased by \$98.4 million. Land plus Buildings and Improvements increased by \$24.8 million due to acquisitions by Seattle Public Library, Transportation, Parks, and other governmental departments.

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Machinery and Equipment along with Infrastructure decreased by \$36.2 million primarily due to retirements by Transportation. Construction in Progress increased by \$88.3 million primarily due to Transportation projects. Other Capital Assets increased by \$21.4 million due to software costs for Finance and Administrative Services department and Seattle IT.

Capital assets, net of depreciation for business-type activities increased by \$278.9 million, largely as the result of the following:

City Light's capital assets, net of accumulated depreciation and amortization, increased by \$220.7 million in 2019. Utility plant assets such as the hydroelectric production plant increased by \$42.8 million, transmission plant increased by \$11.7 million, distribution plant increased by \$197.5 million, general plant increased by \$13.1 million, and other intangible assets increased by \$31.3 million. The net increase in utility plant assets was offset by a \$85.6 million net increase in accumulated depreciation and amortization.

The Drainage and Wastewater Fund's net capital assets increased by \$61.5 million in 2019. The increase is primarily due to capital asset additions and enhancements such as pipeline rehabilitations and improvements (\$7.8 million), sewer pipe lining projects (\$6.6 million), emergency force main replacements (\$6.2 million), pump station ventilation upgrades (\$5.8 million), pump station improvements (\$2.1 million), and various small construction projects (\$15.5 million).

The Water Fund's net capital assets decreased slightly by \$0.4 million in 2019 compared to prior year. Major capital assets placed into service during the year included water infrastructure improvements and rehabilitations (\$16.9 million), Cedar Falls and Lake Youngs facilities improvements (\$1.9 million), and other infrastructure work (\$1.0 million). These additions were offset by current year depreciation.

The Solid Waste Fund's net capital assets decreased slightly by \$1.9 million in 2019 compared to the prior year. Major capital assets placed in service during the year included heavy equipment purchases (\$2.7 million) and South Station track-out controls (\$1.5 million)

More detailed financial information about the City's capital asset activities is presented in Note 6 to the financial statements.

DEBT ADMINISTRATION

At the end of the fiscal year 2019, the City had \$5.2 billion in outstanding bonded debt, net of premiums and discounts that included general obligation and revenue bonds, comparable to \$5.3 billion in 2018. The special assessments bonds that the City issued in 2006, without lending its full faith and credit but obligated in some manner for the design and construction of the South Lake Union Streetcar, had an outstanding balance of \$3.8 million. In 2019 general obligation bonds were issued to finance various capital improvement projects such as the Alaskan Way Corridor, Elliot Bay Seawall, Habitat Beach, Low Income Housing, Overlook Walk chiller replacement at the Seattle Municipal Tower and various information technology projects. The City also issued \$350.8 million in revenue bonds for the Light Fund to finance capital improvements and conservation programs.

The City's bond ratings remained similar to the ratings for the previous year. The City's credit rating on its limited tax general obligation (LTGO) bonds was upgraded by the three rating agencies in 2017, resulting in the highest possible ratings. As such, the City's 2019 LTGO bonds are now rated Aaa by Moody's Investors Service, AAA by Fitch Ratings, and AAA by Standard & Poor's. In addition, the City's utilities have stellar credit ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited tax general obligation debt is capped at 7.5% of the assessed value of taxable properties by state law. The 2019 assessed value based on the latest report for the City is \$244.9 billion. At the end of 2019 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.086 billion, well below the limit of \$18.3 billion, rendering the City's legal debt margin at \$17.3 billion for year-end 2019. Within the 7.5% limitation, state law restricts outstanding LTGO bonds to 1.5% of assessed value. At year end 2019 the LTGO net outstanding debt was \$681.1 million.

More detailed information about the City's long-term liabilities are presented in Note 9 to the financial statement.

ECONOMIC FACTORS

U.S. Economy. The economic expansion that began after the Great Recession ended in June 2009 was the longest expansion in U.S. history. However, compared to previous post-recession expansions real gross domestic product (GDP) growth has been significantly lower, averaging only 2.3% per year. The rate of U.S. economic growth has been decreasing steadily for several decades and is expected to decline further in coming years. Real GDP grew by 2.9% in 2018 and 2.3% in 2019, temporarily stimulated in 2018 by the Tax Cuts and Jobs Act which lowered individual and corporate federal taxes and the Bipartisan Budget Act which boosted federal spending in 2018 and 2019.

Over the course of the recovery, the economy has been adding on average 169,000 jobs each month. Employment has increased by an average of 193,000 jobs each month in 2018 and 178,000 jobs per month in 2019. The unemployment rate has gradually fallen from its 10.0% peak in October 2009 to 3.5% in December 2019, which is the lowest value since December 1969. Wages have risen rather slowly, on average at 2.1% per year since 2009, but have slightly outpaced the consumer price inflation which averaged 1.7% per year. The Employment Cost Index, considered by many to be the best gauge of labor market inflation, increased by 2.9% in 2018 and 2.7% in 2019, the strongest readings since 2007.

Seattle metropolitan area economy. Since the Great Recession ended in June 2009, the region's economy has outperformed the national economy by a considerable margin. This is reflected in the region's robust job growth and low unemployment rate. Total nonfarm employment in the Seattle Metropolitan Division (MD) area (King and Snohomish Counties) increased by 29.0% from its post-recession low in February 2010 through December 2019. This compares to a 17.1% gain for the U.S. and a 19.4% gain for the rest of Washington state. In December 2019, the unemployment rate for the Seattle MD area was 3.0%, compared to 4.0% for Washington state and 3.5% for the U.S. The region has also outpaced the nation and the state in both income and wage growth during the recovery. Per capita income grew on average by 5.3% each year from 2010 to 2018 in the Seattle MD area, compared to 3.7% in the U.S. and 3.6% in the rest of Washington state.

Although virtually all sectors of the economy have seen employment increase during the recovery, the principal driver of growth has been high productivity technology business. Total employment in information services sector grew by 49.3% from 84,800 to 126,600 between 2010 and 2019; in computer systems design and related services it grew 82% from 26,000 to 47,800. Amazon has increased its Seattle area employment from less than 10,000 in 2010 to approximately 55,000 by the end of 2019. Microsoft added 15,000 jobs between 2010 and 2019. Google and Facebook each have more than 3,000 employees in the region, and other Silicon Valley firms have opened or expanded Seattle area offices. In addition, local firms, including Tableau and Zillow, have been growing, and new firms have emerged. Strong growth in the technology sector and other basic industries has spurred growth in construction, real estate, and business and professional services. It has drawn workers and job seekers to the region, causing a surge in in-migration. Between 2010 and 2019, the population of King and Snohomish Counties increased by 400,000 (15.5%). More than a third of that increase took place in Seattle. Strong population growth has stimulated employment in the local serving sectors of the economy, including retailing, eating and drinking places, and health care. Total employment in the services sector grew by 22.5% (from 1,179,600 to 1,494,300) between 2010 and 2019.

Economic growth during the current recovery within the Seattle MD area has been concentrated in the city of Seattle. The Seattle MD area, with 50.9% of the state's employment and 40.4% of the state's population in 2019, accounted for 58.1% of state employment growth and 48.7% of state population growth between 2010 and 2019. During this period the city's employment increased by 33%, compared to a 24.4% increase for the rest of the metro area and 25.1% for the rest of the state. Population growth was even more skewed toward the City, which saw a 22.8% increase from 2010 to 2019, nearly double the 12.9% rate for the rest of the metro area, and more than double the 11.2% rate for the rest of the state.

The city of Seattle's strong growth after the 2008-2009 recession has been supported by the growth of information technology businesses, and business and professional service firms. Employment growth at these businesses, along with the current popularity of in-city living, has boosted the demand for office space and housing in the city, spurring a construction boom. Initial construction was focused in new apartments and public construction, but over time activity has broadened to include more office projects and condominiums. In 2017, the City issued building permits valued at a record \$5.0 billion; this was followed by an additional \$3.9 billion in 2018 and \$4.6 billion in 2019.

FINANCIAL CONTACT

The City's financial statements are designed to provide users with a general overview of the City's finances as well as to demonstrate the City's accountability to its citizens, investors, creditors, and other customers. If you have a question about the report, please contact the City of Seattle, Department of Finance and Administrative Services, Citywide Accounting and Payroll Division, P.O. Box 94669, Seattle, WA 98124-4669 (Telephone 206-233-7825).

Government-wide Financial Statements

The City of Seattle

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STATEMENT OF NET POSITION December 31, 2019 (In Thousands)

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2019	2018	
ASSETS					
Current Assets					
Operating Cash and Equity in Pooled Investments	\$ 1,300,501	\$ 740,634	\$ 2,041,135	\$ 1,718,633	\$ 3,629
Restricted Cash and Equity in Pooled Investments	17,035	—	17,035	10,217	
Investments	—	—	—	—	75,436
Receivables, Net of Allowances	168,977	349,979	518,956	455,270	
Internal Balances	(88,533)	77,325	(11,208)	—	
Due from Other Governments	150,417	8,509	158,926	158,289	
Inventories	4,795	43,211	48,006	47,414	
Prepaid and Other Current Assets	10,976	442	11,418	8,132	
Total Current Assets	1,564,168	1,220,100	2,784,268	2,397,955	79,065
Noncurrent Assets					
Restricted Cash and Equity in Pooled Investments	103,230	540,104	643,334	704,780	
Contracts and Notes	21,079	—	21,079	23,329	
Conservation Costs, Net	—	289,250	289,250	290,457	
Landfill Closure and Postclosure Costs, Net	—	15,343	15,343	19,201	
Environmental Costs and Recoveries	—	118,648	118,648	115,728	
Net Pension Asset	278,145	—	278,145	249,229	
Regulatory Asset	—	14,065	14,065	15,722	
Other Charges and Noncurrent Assets	—	109,094	109,094	111,942	
Capital Assets, Net of Accumulated Depreciation					
Land and Land Rights	606,279	268,133	874,412	856,368	
Plant in Service, Excluding Land	—	5,784,999	5,784,999	5,576,002	
Buildings and Improvements	1,541,166	—	1,541,166	1,531,976	
Machinery and Equipment	182,121	—	182,121	190,704	
Infrastructure	1,533,857	—	1,533,857	1,561,500	
Construction in Progress	570,404	723,059	1,293,463	1,136,230	
Other Capital Assets	76,051	33,609	109,660	89,590	14
Total Noncurrent Assets	4,912,332	7,896,304	12,808,636	12,472,758	14
Total Assets	6,476,500	9,116,404	15,592,904	14,870,713	79,079
DEFERRED OUTFLOWS OF RESOURCES					
	292,033	200,329	492,362	246,426	
Total Assets and Deferred Outflows of Resources	\$ 6,768,533	\$ 9,316,733	\$ 16,085,266	\$ 15,117,139	\$ 79,079

The accompanying notes are an integral part of these financial statements

Government-wide Financial Statements

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**STATEMENT OF NET POSITION
December 31, 2019
(In Thousands)**

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2019	2018	
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 131,990	\$ 119,498	\$ 251,488	\$ 221,577	\$ 1,261
Salaries, Benefits, and Taxes Payable	89,122	41,373	130,495	146,558	
Contracts Payable	1,902	—	1,902	1,290	
Due to Other Governments	4,685	14,186	18,871	23,548	
Interest Payable	7,691	58,512	66,203	70,087	
Taxes Payable	113	13,351	13,464	11,095	
Unearned Revenues	62,911	26,794	89,705	60,502	
Current Portion of Long-Term Debt					
Bonds Payable	78,010	202,790	280,800	276,595	
Compensated Absences Payable	5,545	2,007	7,552	9,332	
Notes and Contracts Payable	1,275	4,843	6,118	6,070	
Claims Payable	40,423	14,339	54,762	45,311	
Habitat Conservation Program Liability	—	578	578	604	
Landfill Closure and Postclosure Liability	—	8,673	8,673	1,708	
Other Current Liabilities	25,623	27,655	53,278	43,388	
Total Current Liabilities	449,290	534,599	983,889	917,665	1,261
Noncurrent Liabilities					
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	937,416	4,522,576	5,459,992	5,467,521	
Special Assessment Bonds with Governmental Commitment	3,760	—	3,760	4,975	
Compensated Absences Payable	105,351	30,311	135,662	108,214	
Claims Payable	70,891	317,350	388,241	387,762	
Notes and Contracts Payable	5,519	66,999	72,518	78,256	
Landfill Closure and Postclosure Liability	—	13,923	13,923	22,947	
Vendor Deposits Payable	333	16	349	393	
Habitat Conservation Program Liability	—	6,502	6,502	6,121	
Unearned Revenues	—	45,861	45,861	42,116	
Unfunded Other Post-Employment Benefits	600,342	17,658	618,000	627,339	
Net Pension Liability	1,093,232	608,912	1,702,144	1,273,010	
Other Noncurrent Liabilities	1,652	2,647	4,299	2,828	
Total Noncurrent Liabilities	2,818,496	5,632,755	8,451,251	8,021,482	—
Total Liabilities	3,267,786	6,167,354	9,435,140	8,939,147	1,261
DEFERRED INFLOWS OF RESOURCES	120,197	237,279	357,476	452,750	

The accompanying notes are an integral part of these financial statements

The City of Seattle

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**STATEMENT OF NET POSITION
December 31, 2019
(In Thousands)**

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2019	2018	
NET POSITION					
Net Investment in Capital Assets	\$ 3,502,222	\$ 2,668,365	\$ 6,169,775	\$ 5,845,069	\$ 14
Restricted for					
Debt Service	11,903	—	11,903	11,694	
Capital Projects	220,301	—	220,301	191,379	
Revenue Stabilization Account	—	25,007	25,007	25,000	
Education and Development Services	107,940	—	107,940	75,006	
Conservation and Environmental Costs	—	8,445	8,445	8,373	
External Infrastructure Costs	—	6,807	6,807	6,878	
Other Charges	—	20,433	20,433	47,900	
Health Care Reserve	85,977	—	85,977	77,179	
Transportation Programs	115,628	—	115,628	148,821	
Low-Income Housing Programs	253,931	—	253,931	234,904	
Other Purposes	130,222	—	130,222	124,882	54,279
Nonexpendable	2,050	—	2,050	2,050	23,524
Unrestricted	(1,049,624)	183,043	(866,581)	(1,073,893)	
Total Net Position	3,380,550	2,912,100	6,292,650	5,725,242	77,817
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,768,533	\$ 9,316,733	\$ 16,085,266	\$ 15,117,139	\$ 79,079

The accompanying notes are an integral part of these financial statements

Government-wide Financial Statements

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Page 1 of 2
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(In Thousands)

Functions/Programs	Program Expenses		Program Revenues		
	Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES					
General Government	\$ 252,978	\$ 63,037	\$ 58,056	\$ 32,603	\$ 1,550
Judicial	23,686	7,255	29,555	152	—
Public Safety	575,104	85,063	30,815	8,488	—
Physical Environment	13,125	470	5,020	1,043	—
Transportation	285,392	46,690	142,151	53,100	(500)
Economic Environment	261,410	4,523	63,100	31,139	(3)
Health and Human Services	99,937	10,877	1,571	41,373	716
Culture and Recreation	244,473	26,787	57,771	11,368	—
Interest on Long-Term Debt	44,794	—	—	—	—
Total Governmental Activities	1,800,899	244,702	388,039	179,266	1,763
BUSINESS-TYPE ACTIVITIES					
Light	866,799	93,012	1,079,424	593	63,783
Water	218,892	33,658	281,008	—	7,999
Drainage and Wastewater	368,116	25,294	454,382	6,382	—
Solid Waste	193,442	7,516	224,965	123	—
Construction and Inspections	73,091	11	78,743	22	—
Total Business-Type Activities	1,720,340	159,491	2,118,522	7,120	71,782
Total Government-Wide Activities	\$ 3,521,239	\$ 404,193	\$ 2,506,561	\$ 186,386	\$ 73,545
COMPONENT UNITS	\$ 6,330	\$ —	\$ 301	\$ 4,902	\$ —

The accompanying notes are an integral part of these financial statements

The City of Seattle

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STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(In Thousands)

	Net Revenue (Expense) and Changes in Net Position				Component Units
	Primary Government		Comparative Totals		
	Governmental Activities	Business-Type Activities	2019	2018	
GOVERNMENTAL ACTIVITIES					
General Government	\$ (223,806)	\$ —	\$ (223,806)	\$ (57,305)	
Judicial	(1,234)	—	(1,234)	(4,173)	
Public Safety	(620,864)	—	(620,864)	(630,005)	
Physical Environment	(7,532)	—	(7,532)	(6,141)	
Transportation	(137,331)	—	(137,331)	(99,011)	
Economic Environment	(171,697)	—	(171,697)	(138,351)	
Health and Human Services	(67,154)	—	(67,154)	(105,457)	
Culture and Recreation	(202,121)	—	(202,121)	(228,720)	
Interest on Long-Term Debt	(44,794)	—	(44,794)	(46,915)	
Total Governmental Activities	(1,476,533)	—	(1,476,533)	(1,316,078)	
BUSINESS-TYPE ACTIVITIES					
Light	—	183,989	183,989	160,075	
Water	—	36,457	36,457	68,899	
Drainage and Wastewater	—	67,354	67,354	46,236	
Solid Waste	—	24,130	24,130	2,274	
Construction and Inspections	—	5,663	5,663	10,933	
Total Business-Type Activities	—	317,593	317,593	288,417	
Total Government-Wide Activities	(1,476,533)	317,593	(1,158,940)	(1,027,661)	
COMPONENT UNITS					\$ (1,127)
General Revenues					
Property Taxes	640,828	—	640,828	597,349	
Sales Taxes	324,392	—	324,392	306,587	
Business Taxes	569,680	—	569,680	539,045	
Excise Taxes	149,058	—	149,058	106,861	
Other Taxes	80,542	13,177	93,719	53,137	
Penalties and Interest on Delinquent Taxes	—	—	—	—	
Unrestricted Investment Earnings (Loss)	1	52,530	52,531	29,777	11,569
Gain (Loss) on Sale of Capital Assets	(44,620)	774	(43,846)	8,743	
Special Item - Environmental Remediation	—	(8,902)	(8,902)	(40,700)	
Transfers	—	—	—	—	
Total General Revenues (Loss), Special Item, and Transfers	1,719,881	57,579	1,777,460	1,600,799	11,569
Changes in Net Position	243,348	375,172	618,520	573,138	(10,442)
Net Position - Beginning of Year	3,188,352	2,536,890	5,725,242	5,738,254	67,375
Restatements/Prior-Year Adjustments	(51,150)	38	(51,112)	(586,150)	—
Net Position - Beginning of Year as Restated	3,137,202	2,536,928	5,674,130	5,152,104	67,375
Net Position - End of Year	\$ 3,380,550	\$ 2,912,100	\$ 6,292,650	\$ 5,725,242	\$ 77,817

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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MAJOR GOVERNMENTAL FUNDS

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from property, sales, business, and utility taxes. Several separate funds are combined as one single general fund for reporting purposes, and all interfund activity and balances are eliminated.

The **Transportation Fund** accounts for revenues for construction, improvement, repair, or maintenance of City streets and roadways. Revenues include taxes on the sale, distribution, or use of motor vehicle fuel; property taxes, commercial parking taxes, and motor vehicle excise taxes designated for street purposes; and grants.

Descriptions for nonmajor governmental funds are provided in the Combining Statements and Other Supplementary Information section.

The City of Seattle

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2019 (In Thousands)

	General Fund	Transportation	Other Governmental	2019	Comparative Totals 2018
ASSETS					
Cash and Equity in Pooled Investments	\$ 502,167	\$ 134,762	\$ 635,588	\$ 1,272,517	\$ 1,143,606
Receivables, Net of Allowances	130,860	7,736	27,590	166,186	162,359
Due from Other Funds	68	273	9,207	9,548	196,339
Due from Other Governments	81,597	21,329	44,338	147,264	127,407
Interfund Loans and Advances	1,550	2,000	—	3,550	35,701
Other Current Assets	1,901	—	666	2,567	2,414
Total Assets	718,143	166,100	717,389	1,601,632	1,667,826
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 718,143	\$ 166,100	\$ 717,389	\$ 1,601,632	\$ 1,667,826
LIABILITIES					
Accounts Payable	\$ 62,331	\$ 38,846	\$ 14,280	\$ 115,457	\$ 108,791
Contracts Payable	177	1,273	452	1,902	1,290
Salaries, Benefits, and Taxes Payable	54,967	9,433	12,130	76,530	115,597
Due to Other Funds	673	269	9,602	10,544	173,361
Due to Other Governments	592	—	5,198	5,790	5,768
Revenues Collected in Advance	8,382	44,213	10,316	62,911	27,522
Interfund Loans and Advances	700	—	3,550	4,250	35,990
Other Current Liabilities	1,212	2,156	20,948	24,316	14,239
Total Liabilities	129,034	96,190	76,476	301,700	482,558
DEFERRED INFLOWS OF RESOURCES					
	4,061	1,232	8,626	13,919	14,439
FUND BALANCES					
Nonspendable	\$ 74	\$ —	\$ 2,790	\$ 2,864	\$ 2,882
Restricted	250,624	57,052	618,236	925,912	863,865
Committed	89,595	6,932	5,154	101,681	145,794
Assigned	20,632	4,694	10,844	36,170	39,307
Unassigned	224,123	—	(4,737)	219,386	118,982
Total Fund Balances	585,048	68,678	632,287	1,286,013	1,170,829
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 718,143	\$ 166,100	\$ 717,389	\$ 1,601,632	\$ 1,667,826

Fund Financial Statements

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019
(In Thousands)**

	Comparative Totals	
	2019	2018
Governmental Fund Balance	\$ 1,268,013	\$ 1,170,829
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 3,728,801	\$ 3,612,873
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	32,775	26,572
Internal service funds are used by management to charge the costs of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Adjustments to reflect the consolidation of internal service fund (ISF) activities related to enterprise funds and prior-year adjustment (B-6) are added back to ISF total net position, and the latter amounts are included in governmental activities.	456,012	471,950
Net pension asset net of pension obligations	278,145	249,229
Deferred inflows and outflows of resources	104,691	(46,577)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Claims Payable - Current	(39,883)	(30,086)
Accrued Interest Payable	(5,840)	(6,062)
Current Portion of Long-Term Debt	(56,566)	(52,873)
Compensated Absences Payable	(4,920)	(6,501)
General Obligation Bonds Payable	(750,010)	(773,498)
Less Bond Discount and Premium	—	—
Special Assessment Bonds	(3,760)	(4,975)
Net Pension Liability	(866,257)	(662,073)
Notes and Other Long-Term Liabilities	(14,465)	(6,795)
Compensated Absences - Long-Term	(93,478)	(70,099)
Claims Payable - Long-Term	(70,171)	(76,886)
Workers' Compensation	—	—
Arbitrage	—	—
Unfunded Other Post-Employment Benefits	(594,143)	(603,165)
Other Liabilities	(6,394)	(3,511)
Net Adjustments	2,094,537	2,017,523
Net Position of Governmental Activities	\$ 3,380,550	\$ 3,188,352

The accompanying notes are an integral part of these financial statements

The City of Seattle

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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	General Fund	Transportation	Other Governmental	2019	Comparative Totals 2018
REVENUES					
Taxes	\$ 1,283,863	\$ 149,510	\$ 310,371	\$ 1,743,744	\$ 1,607,390
Licenses and Permits	43,856	6,889	—	50,745	55,697
Grants, Shared Revenues, and Contributions	37,339	39,742	91,298	168,379	157,092
Charges for Services	95,582	85,849	85,316	266,747	304,218
Fines and Forfeits	34,529	176	9,766	44,471	45,368
Concessions, Parking Fees and Space Rent	39,105	272	26,040	65,417	70,262
Program Income, Interest, and Miscellaneous Revenues	151,295	4,664	53,733	209,692	155,746
Total Revenues	1,685,569	287,102	576,524	2,549,195	2,395,776
EXPENDITURES					
Current					
General Government	274,574	—	20,242	294,816	330,004
Judicial	35,208	—	—	35,208	32,892
Public Safety	741,670	—	1,778	743,448	690,650
Physical Environment	15,527	—	325	15,852	13,577
Transportation	53,808	207,355	107,613	368,776	334,625
Economic Environment	146,586	—	140,003	286,589	258,243
Health and Human Services	29,757	—	94,876	124,633	139,433
Culture and Recreation	191,958	—	126,117	318,075	317,667
Capital Outlay					
General Government	8,821	—	218	9,039	16,442
Public Safety	4,013	—	37	4,050	1,031
Physical Environment	—	—	—	—	895
Transportation	23,449	89,505	14,564	127,518	111,322
Economic Environment	875	—	—	875	811
Culture and Recreation	38,252	—	31,812	70,064	62,201
Debt Service					
Principal	5	1,275	73,865	75,145	80,576
Interest	—	45	43,218	43,263	43,821
Bond Issuance Cost	—	—	232	232	397
Total Expenditures	1,564,503	298,180	654,900	2,517,583	2,434,587
Excess (Deficiency) of Revenues over Expenditures	121,066	(11,078)	(78,376)	31,612	(38,811)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	39,825	39,825	49,975
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	5,053	5,053	3,186
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	6,199	73	6,272	4,128
Transfers In	10,406	2,119	95,470	107,995	104,215
Transfers Out	(29,656)	(39,968)	(5,891)	(75,515)	(78,011)
Total Other Financing Sources (Uses)	(19,250)	(31,650)	134,530	83,630	83,493
Net Change in Fund Balance	101,816	(42,728)	56,154	115,242	44,682
Fund Balances - Beginning of Year	483,267	111,432	576,134	1,170,833	1,100,311
Restatements/Prior-Year Adjustments	(35)	(26)	(1)	(62)	25,837
Fund Balances - Beginning of Year as Restated	483,232	111,406	576,133	1,170,771	1,126,148
Fund Balances - End of Year	\$ 585,048	\$ 68,678	\$ 632,287	\$ 1,286,013	\$ 1,170,829

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

The City of Seattle

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**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(In Thousands)**

MAJOR PROPRIETARY FUNDS

The **Light Fund** (City Light) accounts for the operations of the City-owned electric utility. City Light owns and operates certain generating, transmission, and distribution facilities and supplies electricity to approximately 461,500 customers in the Seattle and certain surrounding communities. City Light also supplies electrical energy to other City agencies at rates prescribed by City ordinances.

The **Water Fund** accounts for activities of the water system operated by Seattle Public Utilities (SPU). The water system, established in 1890, provides water to the greater Seattle area through direct service to customers and through wholesale contracts. The activities of the water system include protection of available water supply, transmission of water to customers, development of water conservation programs, evaluation of new water sources, and management of the City's water system assets, which include the Tolt and Cedar River Watersheds, water pipes, pumping stations, and treatment plants.

The **Drainage and Wastewater Fund** accounts for the drainage and wastewater systems operated by SPU. Drainage activities include regulating storm water runoff, alleviating flooding, mitigating water pollution caused by runoff, and responding to federal storm water regulations, in addition to managing drainage utility assets. Wastewater activities consist of managing the City's sewer system, including the operation of sewer utility facilities and pumping stations necessary to collect the sewage of the City and discharge it into the King County Department of Natural Resources Wastewater Treatment System for treatment and disposal.

The **Solid Waste Fund** accounts for the solid waste operations of SPU. These activities include the collection and disposal of residential and commercial garbage, recycling, and organic material, operation of the City's two recycling and disposal stations and two household hazardous waste facilities, and management of the post-closure maintenance and environmental monitoring of two closed landfills. The collection, disposal and/or processing of garbage, recycling, and organic materials is performed by private contractors, under contract with the Solid Waste Fund.

Descriptions for non-major enterprise funds and the City's internal service funds are provided in the Combining Statements and Other Supplementary Information section.

	Comparative Totals	
	2019	2018
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 115,242	\$ 44,682
Governmental funds report capital outlay as expenditures and proceeds from the disposition of capital assets as other financing sources. However, in the statement of activities the cost of those assets is allocated over the estimated useful life and reported as depreciation expense and the gain or loss is reported as income.		
Depreciation expense for the year	(136,989)	(120,219)
Capital outlay reported as expenditures	300,579	251,732
Retirement and sale of capital assets	(44,090)	(11,049)
Capital assets received as donations	—	—
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These are comprised of:		
Unavailable resources - property taxes	842	(248)
Other revenue and receivable adjustments	6,551	7,813
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and		
Proceeds of general obligation bonds	(60,372)	(59,864)
Premium on general obligation bonds	—	—
Proceeds from bond refunding	—	—
Principal payments bonds/notes	75,770	80,565
Amortization of bond premium	3,770	5,421
Amortization of loss on refunding	—	(1,146)
Minimum capital lease payments	—	—
Bond interest	809	281
Bond expense	890	—
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(21,798)	10,665
Injury and damage claims	(3,422)	(19,523)
Workers' compensation	—	2,783
Arbitrage	—	—
Unfunded OPEB liabilities	7,560	37,860
Environmental liability	40,353	(12,033)
Loan to agencies	—	—
Debt guarantee of SISC 2004 bonds	—	—
Pension Expense - GASB 68	(34,521)	48,756
WA State's LEOFF Contribution	—	—
Other	—	77
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to enterprise funds	(17,653)	(16,941)
Net revenue of internal service funds activities reported with governmental activities	9,827	29,907
Change in Net Position of Governmental Activities	\$ 243,348	\$ 279,519

Fund Financial Statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
ASSETS				
Current Assets				
Operating Cash and Equity in Pooled Investments	\$ 190,153	\$ 130,036	\$ 230,631	\$ 72,278
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	130,113	17,282	29,440	18,588
Interest and Dividends	—	834	300	—
Unbilled	92,607	17,131	26,413	15,809
Energy Contracts, Notes, and Other Contracts	—	—	—	—
Due from Other Funds	504	11	163	674
Due from Other Governments	1,871	1,201	3,819	1,149
Materials and Supplies Inventory	34,328	6,914	1,833	136
Interfund Loans and Advances	—	—	—	—
Prepayments and Other Current Assets	312	72	35	21
Total Current Assets	449,888	173,481	292,634	108,655
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	276,541	122,541	88,092	52,914
Notes and Contracts Receivable	—	—	—	—
Conservation Costs, Net	261,432	27,818	—	—
Landfill Closure and Postclosure Costs, Net	—	—	—	15,343
Environmental Costs and Recoveries	116,013	—	2,635	—
External Infrastructure Costs	—	—	17,864	—
Regulatory Asset	—	7,322	5,120	1,623
Other Charges	54,555	2,965	32,903	807
Capital Assets				
Land and Land Rights	152,600	48,319	40,331	26,883
Plant in Service, Excluding Land	5,354,147	2,095,575	1,404,055	254,628
Less Accumulated Depreciation	(1,979,420)	(859,214)	(408,524)	(76,248)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	493,413	33,429	184,070	12,147
Other Property, Net	20,831	1,756	2,192	1,530
Total Noncurrent Assets	4,750,112	1,480,511	1,368,738	289,627
Total Assets	5,200,000	1,653,992	1,661,372	398,282
DEFERRED OUTFLOWS OF RESOURCES				
	102,643	42,607	28,727	10,060
Total Assets and Deferred Outflows of Resources	\$ 5,302,643	\$ 1,696,599	\$ 1,690,099	\$ 408,342

The accompanying notes are an integral part of these financial statements

The City of Seattle

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		
	Nonmajor Funds	2019	Comparative Totals 2018
ASSETS			
Current Assets			
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 740,634	\$ 569,164
Restricted Cash and Equity in Pooled Investments	—	—	—
Receivables, Net of Allowances			
Accounts	1,435	196,858	173,609
Interest and Dividends	27	1,161	1,182
Unbilled	—	151,960	113,737
Energy Contracts, Notes, and Other Contracts	—	—	—
Due from Other Funds	—	1,352	46,434
Due from Other Governments	469	8,509	19,052
Materials and Supplies Inventory	—	43,211	43,513
Interfund Loans and Advances	—	—	—
Prepayments and Other Current Assets	2	442	464
Total Current Assets	119,469	1,144,127	967,155
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	16	540,104	618,102
Notes and Contracts Receivable	—	—	—
Conservation Costs, Net	—	289,250	290,457
Landfill Closure and Postclosure Costs, Net	—	15,343	19,201
Environmental Costs and Recoveries	—	118,648	115,728
External Infrastructure Costs	—	17,864	18,157
Regulatory Asset	—	14,065	15,722
Other Charges	—	91,230	93,784
Capital Assets			
Land and Land Rights	—	268,133	265,710
Plant in Service, Excluding Land	—	9,108,405	8,766,434
Less Accumulated Depreciation	—	(3,323,406)	(3,190,433)
Buildings and Improvements	—	—	—
Less Accumulated Depreciation	—	—	—
Machinery and Equipment	852	852	14,332
Less Accumulated Depreciation	(852)	(852)	(14,298)
Construction in Progress	—	723,059	654,173
Other Property, Net	7,300	33,609	34,942
Total Noncurrent Assets	7,316	7,896,304	7,702,011
Total Assets	126,785	9,040,431	8,669,166
DEFERRED OUTFLOWS OF RESOURCES			
	16,292	200,329	97,241
Total Assets and Deferred Outflows of Resources	\$ 143,077	\$ 9,240,760	\$ 8,766,407

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2019	2018
ASSETS		
Current Assets		
Operating Cash and Equity in Pooled Investments	\$ 27,984	\$ 5,863
Restricted Cash and Equity in Pooled Investments	17,035	10,217
Receivables, Net of Allowances		
Accounts	520	1,117
Interest and Dividends	1	2
Unbilled	20	20
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	8,918	27,004
Due from Other Governments	112	89
Materials and Supplies Inventory	4,795	3,901
Interfund Loans and Advances	700	—
Prepayments and Other Current Assets	8,409	5,254
Total Current Assets	68,494	53,467
Noncurrent Assets		
Restricted Cash and Equity in Pooled Investments	103,230	86,677
Notes and Contracts Receivable	—	—
Conservation Costs, Net	—	—
Landfill Closure and Postclosure Costs, Net	—	—
Environmental Costs and Recoveries	—	—
External Infrastructure Costs	—	—
Regulatory Asset	—	—
Other Charges	—	—
Capital Assets		
Land and Land Rights	101,718	108,855
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	770,122	771,099
Less Accumulated Depreciation	(296,534)	(278,847)
Machinery and Equipment	286,018	280,801
Less Accumulated Depreciation	(163,385)	(150,225)
Construction in Progress	35,307	26,136
Other Property, Net	47,831	40,820
Total Noncurrent Assets	884,307	885,316
Total Assets	952,801	938,783
DEFERRED OUTFLOWS OF RESOURCES		
Total Assets and Deferred Outflows of Resources	\$ 1,045,293	\$ 1,005,973

The accompanying notes are an integral part of these financial statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 85,257	\$ 11,070	\$ 11,076	\$ 11,820
Salaries, Benefits, and Payroll Taxes Payable	19,519	7,350	7,578	2,553
Compensated Absences Payable	1,291	241	246	86
Due to Other Funds	—	346	11	—
Due to Other Governments	—	—	13,829	—
Interest Payable	34,054	11,347	10,995	2,116
Taxes Payable	10,554	863	433	1,501
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	122,545	45,625	27,575	7,045
Claims Payable	6,914	1,312	3,361	2,691
Notes and Contracts Payable	—	2,050	2,793	—
Habitat Conservation Program Liability	—	578	—	—
Landfill Closure and Postclosure Liability	—	—	—	8,673
Unearned Revenues and Other Credits	21,636	5,158	—	—
Other Current Liabilities	26,625	115	851	9
Total Current Liabilities	328,395	86,055	78,748	36,494
Noncurrent Liabilities				
Compensated Absences Payable	16,710	4,571	4,680	1,632
Claims Payable	111,967	3,883	184,704	16,718
Public Works Trust Loan	—	24,777	42,222	—
Landfill Closure and Postclosure Liability	—	—	—	13,923
Vendor and Other Deposits Payable	—	—	—	—
Habitat Conservation Program Liability	—	6,502	—	—
Unearned Revenues and Other Credits	13,613	231	—	—
Other Post-Employment Benefits Liability	8,742	2,901	2,968	1,036
Net Pension Liability	321,624	96,599	91,293	33,157
Other Noncurrent Liabilities	743	59	1,789	28
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,682,513	817,814	823,179	199,070
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	3,155,912	957,337	1,150,835	265,564
Total Liabilities	3,484,307	1,043,392	1,229,583	302,058
DEFERRED INFLOWS OF RESOURCES	116,172	67,346	8,677	40,388

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		
	Nonmajor Funds	Comparative Totals	
		2019	2018
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 275	\$ 119,498	\$ 97,808
Salaries, Benefits, and Payroll Taxes Payable	4,373	41,373	23,171
Compensated Absences Payable	143	2,007	1,929
Due to Other Funds	—	357	80,229
Due to Other Governments	—	13,829	13,464
Interest Payable	—	58,512	61,988
Taxes Payable	—	13,351	10,995
General Obligation Bonds Due Within One Year	—	—	—
Revenue Bonds Due Within One Year	—	202,790	196,035
Claims Payable	61	14,339	14,665
Notes and Contracts Payable	—	4,843	4,795
Habitat Conservation Program Liability	—	578	604
Landfill Closure and Postclosure Liability	—	8,673	1,708
Unearned Revenues and Other Credits	—	26,794	32,980
Other Current Liabilities	55	27,655	28,613
Total Current Liabilities	4,907	534,599	568,984
Noncurrent Liabilities			
Compensated Absences Payable	2,718	30,311	27,166
Claims Payable	78	317,350	310,130
Public Works Trust Loan	—	66,999	71,461
Landfill Closure and Postclosure Liability	—	13,923	22,947
Vendor and Other Deposits Payable	16	16	41
Habitat Conservation Program Liability	—	6,502	3,121
Unearned Revenues and Other Credits	32,017	45,861	42,116
Other Post-Employment Benefits Liability	2,011	17,658	17,819
Net Pension Liability	66,239	608,912	444,198
Other Noncurrent Liabilities	28	2,647	764
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	4,522,576	4,493,961
Bond Interest Payable	—	—	—
Total Noncurrent Liabilities	103,107	5,632,755	5,436,724
Total Liabilities	108,014	6,167,354	6,005,708
DEFERRED INFLOWS OF RESOURCES	4,696	237,279	287,108

The accompanying notes are an integral part of these financial statements

The City of Seattle

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	Comparative Totals	
	2019	2018
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 16,533	\$ 14,979
Salaries, Benefits, and Payroll Taxes Payable	12,592	7,789
Compensated Absences Payable	625	901
Due to Other Funds	8,918	8,762
Due to Other Governments	—	—
Interest Payable	1,851	2,037
Taxes Payable	113	100
General Obligation Bonds Due Within One Year	21,444	27,687
Revenue Bonds Due Within One Year	—	—
Claims Payable	540	560
Notes and Contracts Payable	—	—
Habitat Conservation Program Liability	—	—
Landfill Closure and Postclosure Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Current Liabilities	778	75
Total Current Liabilities	63,394	62,890
Noncurrent Liabilities		
Compensated Absences Payable	11,873	10,949
Claims Payable	720	746
Public Works Trust Loan	—	—
Landfill Closure and Postclosure Liability	—	—
Vendor and Other Deposits Payable	333	352
Habitat Conservation Program Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Post-Employment Benefits Liability	6,199	6,354
Net Pension Liability	226,975	166,740
Other Noncurrent Liabilities	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	187,406	200,062
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Bond Interest Payable	—	—
Total Noncurrent Liabilities	433,506	385,203
Total Liabilities	496,900	448,093
DEFERRED INFLOWS OF RESOURCES	11,428	22,630

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
NET POSITION				
Net Investment in Capital Assets	1,653,700	526,544	448,542	32,280
Restricted for				
Revenue Stabilization Account	25,007	—	—	—
Conservation and Environmental Costs	—	8,445	—	—
External Infrastructure Costs	—	—	6,807	—
Other Charges	—	4,532	15,577	324
Unrestricted	23,457	46,340	(19,087)	33,292
Total Net Position	1,702,164	585,861	451,839	65,896
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,302,643	\$ 1,696,599	\$ 1,690,099	\$ 408,342

The City of Seattle

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		
	Nonmajor Funds	2019	Comparative Totals 2018
NET POSITION			
Net Investment in Capital Assets	7,299	2,668,365	2,462,768
Restricted for			
Revenue Stabilization Account	—	25,007	25,000
Conservation and Environmental Costs	—	8,445	8,373
External Infrastructure Costs	—	6,807	6,878
Other Charges	—	20,433	47,899
Unrestricted	23,068	107,070	(77,327)
Total Net Position	30,367	2,836,127	2,473,591
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 143,077	\$ 9,240,760	\$ 8,766,408
Total Net Position as above		\$ 2,836,127	\$ 2,473,591
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds		75,972	63,300
Net Position of Business-type Activities		\$ 2,912,099	\$ 2,536,890

Fund Financial Statements

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	Comparative Totals	
	2019	2018
NET POSITION		
Net Investment in Capital Assets	577,110	576,788
Restricted for		
Revenue Stabilization Account	—	—
Conservation and Environmental Costs	—	—
External Infrastructure Costs	—	—
Other Charges	—	—
Unrestricted	(40,145)	(41,538)
Total Net Position	536,965	535,250
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,045,293	\$ 1,005,973

The City of Seattle

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 1,079,424	\$ 281,008	\$ 454,382	\$ 224,965
OPERATING EXPENSES				
Salaries, wages and personnel benefits	—	62,308	55,875	24,787
Supplies	—	5,787	3,229	1,927
Services	—	46,582	43,256	121,396
Intergovernmental Payments	—	46,746	226,517	30,815
Operations and Maintenance	627,388	—	—	—
General and Administrative	—	—	—	—
Taxes	100,072	—	—	—
Depreciation and Other Amortization	145,809	54,873	38,134	14,765
Other Operating Expenses	—	4,298	3,757	1,107
Total Operating Expenses	873,269	220,594	370,768	194,797
Operating Income (Loss)	206,155	60,414	83,614	30,168
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	18,311	10,807	14,955	4,161
Interest Expense	(93,012)	(33,658)	(25,294)	(7,516)
Gain (Loss) on Sale of Capital Assets	774	—	—	—
Contributions and Grants	593	—	6,382	123
Others, Net	6,138	3,920	1,952	1,167
Total Nonoperating Revenues (Expenses)	(67,196)	(18,931)	(2,005)	(2,065)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	138,959	41,483	81,609	28,103
Capital Contributions and Grants	63,783	7,999	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	—	—	(8,902)	—
Change in Net Position	202,742	49,482	72,707	28,103
Net Position - Beginning of Year	1,499,422	536,379	379,133	37,793
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	1,499,422	536,379	379,133	37,793
Net Position - End of Year	\$ 1,702,164	\$ 585,861	\$ 451,840	\$ 65,896

Fund Financial Statements

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		Comparative Totals 2018
	Nonmajor Funds	2019	
OPERATING REVENUES			
Charges for Services and Other Revenues	\$ 78,743	\$ 2,118,522	\$ 1,973,338
OPERATING EXPENSES			
Salaries, wages and personnel benefits	—	142,970	128,757
Supplies	—	10,943	11,359
Services	—	211,234	210,165
Intergovernmental Payments	—	304,078	295,213
Operations and Maintenance	58,285	685,673	640,701
General and Administrative	14,383	14,383	30,369
Taxes	—	100,072	91,766
Depreciation and Other Amortization	916	254,497	233,841
Other Operating Expenses	—	9,162	6,207
Total Operating Expenses	73,584	1,733,012	1,648,378
Operating Income (Loss)	5,159	385,510	324,960
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	4,296	52,530	28,012
Interest Expense	(11)	(159,491)	(154,453)
Gain (Loss) on Sale of Capital Assets	—	774	—
Contributions and Grants	22	7,120	10,617
Others, Net	—	13,177	17,888
Total Nonoperating Revenues (Expenses)	4,307	(85,890)	(97,936)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	9,466	299,620	227,024
Capital Contributions and Grants	—	71,782	90,351
Transfers In	—	—	—
Transfers Out	—	—	—
Environmental Remediation	—	(8,902)	(40,700)
Change in Net Position	9,466	362,500	276,675
Net Position - Beginning of Year	20,901	2,473,628	2,198,259
Prior-Year Adjustment	—	—	(1,345)
Net Position - Beginning of Year as Restated	20,901	2,473,628	2,196,914
Net Position - End of Year	\$ 30,367	\$ 2,836,128	\$ 2,473,591
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds		75,972	63,300
Net Position of Business-Type Activities	\$ 2,912,100	\$ 2,536,891	
Change in Net Position as above	\$ 362,500	\$ 276,675	
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds		12,672	16,942
Adjusted Change in Net Position of Business-Type Activities	\$ 375,172	\$ 293,619	

The accompanying notes are an integral part of these financial statements

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2019	Comparative Totals 2018
OPERATING REVENUES		
Charges for Services and Other Revenues	\$ 417,502	401,495
OPERATING EXPENSES		
Salaries, wages and personnel benefits	—	—
Supplies	—	—
Services	—	—
Intergovernmental Payments	—	—
Operations and Maintenance	255,718	260,594
General and Administrative	64,805	45,074
Taxes	211	869
Depreciation and Other Amortization	51,774	48,472
Other Operating Expenses	—	—
Total Operating Expenses	372,509	355,009
Operating Income (Loss)	44,993	46,486
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	8,611	1,765
Interest Expense	(9,586)	(7,650)
Gain (Loss) on Sale of Capital Assets	(6,802)	14,911
Contributions and Grants	—	—
Others, Net	256	—
Total Nonoperating Revenues (Expenses)	(7,521)	9,026
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	37,472	55,512
Capital Contributions and Grants	(4,507)	66,305
Transfers In	51	6,546
Transfers Out	(32,531)	(32,750)
Environmental Remediation	—	—
Change in Net Position	485	95,613
Net Position - Beginning of Year	535,250	441,654
Prior-Year Adjustment	1,230	(2,017)
Net Position - Beginning of Year as Restated	536,480	439,637
Net Position - End of Year	\$ 536,965	\$ 535,250

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,027,003	\$ 313,163	\$ 461,717	\$ 206,477
Cash Paid to Suppliers	(365,815)	(81,970)	(234,067)	(121,272)
Cash Paid to Employees	(159,857)	(55,870)	(50,010)	(24,452)
Cash Paid for Taxes	(103,406)	(45,743)	(59,092)	(29,220)
Net Cash from Operating Activities	397,925	129,580	118,548	31,533
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	(11,318)	—	—	—
Interest Paid on Long-Term Debt	(10,185)	—	—	—
Operating Grants Received	593	1,983	2,398	124
Transfers In	1,336	—	—	—
Transfers Out	(47,666)	—	—	—
Bonneville Receipts for Conservation	3,697	—	—	—
Payments to Vendors on Behalf of Customers for Conservation	(26,258)	—	—	—
Loans Provided to Other Funds	—	—	—	—
Payments for Environmental Liabilities	—	(76)	(3,325)	(27)
Net Cash from Noncapital Financing Activities	(89,801)	1,907	(927)	97
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	420,178	—	—	—
Principal Payments on Long-Term Debt and Refunding	(108,092)	(44,252)	(27,958)	(6,833)
Capital Expenses and Other Charges Paid	(320,320)	(51,003)	(90,313)	(12,809)
Interest Paid on Long-Term Debt	(97,268)	(36,684)	(35,008)	(8,757)
Capital Fees and Grants Received	1,105	6,016	3,984	—
Payment to Trustee for Defeased Bonds	(154,558)	—	—	—
Interest Received for Suburban Infrastructure Improvements	2,583	—	—	—
Debt Issuance Costs	(523)	—	—	—
Proceeds from Sale of Capital Assets	1,698	(5)	387	456
Net Cash from Capital and Related Financing Activities	(255,197)	(125,928)	(148,908)	(27,943)
CASH FLOWS FROM INVESTING ACTIVITIES^a				
Interest and Investment Income (Loss)	14,937	8,832	13,274	4,162
Net Cash from Investing Activities	14,937	8,832	13,274	4,162
Net Increase (Decrease) in Cash and Equity in Pooled Investments	67,864	14,391	(18,013)	7,849
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	398,830	238,190	336,736	117,343
End of Year	\$ 466,694	\$ 252,581	\$ 318,723	\$ 125,193
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 190,153	\$ 130,036	\$ 230,631	\$ 72,278
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	276,541	122,541	88,092	52,914
Total Cash at the End of the Year	\$ 466,694	\$ 252,577	\$ 318,723	\$ 125,192

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

The City of Seattle

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		
	Nonmajor Funds	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 88,265	\$ 2,096,625	\$ 1,911,336
Cash Paid to Suppliers	(21,901)	(825,025)	(741,333)
Cash Paid to Employees	(47,481)	(337,670)	(302,013)
Cash Paid for Taxes	—	(237,461)	(220,290)
Net Cash from Operating Activities	18,883	696,469	647,700
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal Payments on Long-Term Debt and Interfund Loans	—	(11,318)	(48,627)
Interest Paid on Long-Term Debt	—	(10,185)	(9,153)
Operating Grants Received	23	5,121	13,593
Transfers In	—	1,336	25
Transfers Out	—	(47,666)	—
Bonneville Receipts for Conservation	—	3,697	6,560
Payments to Vendors on Behalf of Customers for Conservation	—	(26,258)	(24,203)
Loans Provided to Other Funds	—	—	—
Payments for Environmental Liabilities	—	(3,428)	(4,564)
Net Cash from Noncapital Financing Activities	23	(88,701)	(66,394)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Bonds and Other Long-Term Debt	—	420,178	462,515
Principal Payments on Long-Term Debt and Refunding	—	(187,135)	(181,987)
Capital Expenses and Other Charges Paid	—	(474,445)	(550,480)
Interest Paid on Long-Term Debt	—	(177,717)	(176,154)
Capital Fees and Grants Received	—	11,105	56,561
Payment to Trustee for Defeased Bonds	—	(154,558)	(198,220)
Interest Received for Suburban Infrastructure Improvements	—	2,583	2,632
Debt Issuance Costs	—	(523)	(2,167)
Proceeds from Sale of Capital Assets	—	2,536	710
Net Cash from Capital and Related Financing Activities	—	(557,976)	(586,590)
CASH FLOWS FROM INVESTING ACTIVITIES^a			
Interest and Investment Income (Loss)	2,436	43,641	22,413
Net Cash from Investing Activities	2,436	43,641	22,413
Net Increase (Decrease) in Cash and Equity in Pooled Investments	\$ 21,342	\$ 93,433	\$ 17,129
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year	96,210	1,187,320	1,170,134
End of Year	\$ 117,552	\$ 1,280,738	\$ 1,187,265
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 740,634	\$ 569,164
Current Restricted Cash and Equity in Pooled Investments	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	16	540,105	618,102
Total Cash at the End of the Year	\$ 117,552	\$ 1,280,739	\$ 1,187,266

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

Fund Financial Statements

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 436,010	\$ 393,623
Cash Paid to Suppliers	(110,925)	(118,750)
Cash Paid to Employees	(183,450)	(166,840)
Cash Paid for Taxes	(188)	(863)
Net Cash from Operating Activities	141,447	107,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Interfund Loans	—	—
Interest Paid on Long-Term Debt	—	—
Operating Grants Received	—	584
Transfers In	51	6,546
Transfers Out	(32,531)	(32,750)
Bonneville Receipts for Conservation	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—
Loans Provided to Other Funds	700	51
Payments for Environmental Liabilities	—	—
Net Cash from Noncapital Financing Activities	(31,780)	(25,569)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Other Long-Term Debt	9,073	—
Principal Payments on Long-Term Debt and Refunding	(27,687)	(21,796)
Capital Expenses and Other Charges Paid	(38,735)	(118,712)
Interest Paid on Long-Term Debt	(9,771)	(9,795)
Capital Fees and Grants Received	(2,621)	65,721
Payment to Trustee for Defeased Bonds	—	—
Interest Received for Suburban Infrastructure Improvements	—	—
Debt Issuance Costs	(45)	(27)
Proceeds from Sale of Capital Assets	339	14,936
Net Cash from Capital and Related Financing Activities	(69,447)	(69,673)
CASH FLOWS FROM INVESTING ACTIVITIES^a		
Interest and Investment Income (Loss)	5,271	1,763
Net Cash from Investing Activities	5,271	1,763
Net Increase (Decrease) in Cash and Equity in Pooled Investments	45,491	13,691
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	102,758	89,066
End of Year	\$ 148,249	\$ 102,757
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 27,984	\$ 5,863
Current Restricted Cash and Equity in Pooled Investments	17,035	10,217
Noncurrent Restricted Cash and Equity in Pooled Investments	103,230	86,677
Total Cash at the End of the Year	\$ 148,249	\$ 102,757

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

The City of Seattle

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Light	Water	Drainage and Wastewater	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 206,155	\$ 60,413	\$ 83,614	\$ 30,168
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	145,809	54,873	38,134	14,765
Depreciation Charged to O&M Accounts	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	(2,048)	2,135	1,949	721
Nonoperating Revenues and Expenses	42,612	4,002	1,644	695
Changes in Operating Assets and Liabilities				
Accounts Receivable	55,378	(2,200)	(830)	(2,999)
Unbilled Receivables	(17,957)	(1,102)	(3,698)	(15,465)
Other Receivables	(2,735)	—	—	—
Due from Other Funds	—	17,406	10,026	2,835
Due from Other Governments	—	9,381	(1,521)	603
Materials and Supplies Inventory	1,049	(422)	(346)	21
Accounts Payable	(19,186)	(653)	1,212	3,032
Salaries, Benefits, and Payroll Taxes Payable	—	4,414	4,571	1,494
Compensated Absences Payable	186	563	577	201
Due to Other Funds	—	(23,213)	(19,147)	(2,796)
Due to Other Governments	—	(115)	476	—
Claims Payable	5,950	(372)	215	49
Taxes Payable	(748)	(794)	(5)	898
Unearned Revenues and Other Credits	—	—	—	—
Other Assets and Liabilities	6,231	1,399	1,679	(3,555)
Revenue Stabilization	(22,771)	3,865	—	866
Total Adjustments	191,770	69,167	34,936	1,365
Net Cash from Operating Activities	\$ 397,925	\$ 129,580	\$ 118,550	\$ 31,533
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 679	\$ 1,789	\$ —	\$ —
Amortization of Debt Related Costs, Net	14,654	—	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	—	—	—	—
Power Exchange Revenues	15,351	—	—	—
Power Exchange Expenses	(15,351)	—	—	—
Power Revenue Netted against Power Expenses	8,953	—	—	—
Power Expense Netted against Power Revenues	(12,908)	—	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	\$ 11,378	\$ 1,789	\$ —	\$ —

Fund Financial Statements

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Business-Type Activities - Enterprise Funds		
	Nonmajor Funds	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 5,159	\$ 385,509	\$ 324,960
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	916	254,497	239,338
Amortization of Other Liabilities and Other Operating Expenses	(11)	2,746	(8,079)
Nonoperating Revenues and Expenses	1,860	50,813	76,285
Changes in Operating Assets and Liabilities			
Accounts Receivable	535	49,884	(4,232)
Unbilled Receivables	—	(38,222)	12,967
Other Receivables	—	(2,735)	(4,491)
Due from Other Funds	3,359	33,626	(37,172)
Due from Other Governments	(274)	8,189	(10,802)
Materials and Supplies Inventory	—	302	(6,473)
Accounts Payable	(62)	(15,657)	33,485
Salaries, Benefits, and Payroll Taxes Payable	2,035	12,514	(2,266)
Compensated Absences Payable	73	1,600	(1,492)
Due to Other Funds	(1,334)	(46,490)	22,208
Due to Other Governments	(8)	353	(4,608)
Claims Payable	(61)	5,781	(16,130)
Taxes Payable	—	(649)	1,128
Unearned Revenues and Other Credits	4,331	4,331	4,626
Other Assets and Liabilities	2,365	8,119	5,683
Revenue Stabilization	—	(18,040)	22,765
Total Adjustments	13,724	310,962	322,740
Net Cash from Operating Activities	\$ 18,883	\$ 696,471	\$ 647,700
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
In-Kind Capital Contributions	\$ —	\$ 2,468	\$ 7,801
Amortization of Debt Related Costs, Net	—	14,654	12,821
Allowance for Funds Used During Construction	—	—	12,104
Power Exchange Revenues	—	15,351	17,456
Power Exchange Expenses	—	(15,351)	(18,331)
Power Revenue Netted against Power Expenses	—	8,953	5,906
Power Expense Netted against Power Revenues	—	(12,908)	(8,626)
Total Noncash Investing, Capital, and Financing Activities	\$ —	\$ 13,167	\$ 29,131

The accompanying notes are an integral part of these financial statements

The City of Seattle

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 44,954	\$ 46,486
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	51,774	48,472
Depreciation Charged to O&M Accounts	—	—
Amortization of Other Liabilities and Other Operating Expenses	42,824	7,149
Nonoperating Revenues and Expenses	—	—
Changes in Operating Assets and Liabilities		
Accounts Receivable	847	(1,361)
Unbilled Receivables	—	17
Other Receivables	—	—
Due from Other Funds	16,999	(7,169)
Due from Other Governments	(22)	11
Materials and Supplies Inventory	(895)	456
Accounts Payable	1,554	872
Salaries, Benefits, and Payroll Taxes Payable	4,803	441
Compensated Absences Payable	649	(1,404)
Due to Other Funds	157	6,120
Due to Other Governments	—	—
Claims Payable	(46)	(194)
Taxes Payable	13	25
Unearned Revenues and Other Credits	—	—
Other Assets and Liabilities	(22,165)	7,249
Revenue Stabilization	—	—
Total Adjustments	96,493	60,684
Net Cash from Operating Activities	\$ 141,447	\$ 107,170
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
In-Kind Capital Contributions	\$ —	\$ —
Amortization of Debt Related Costs, Net	3,479	1,688
Change in Valuation of Power Exchange Assets or Liabilities	—	—
Allowance for Funds Used During Construction	—	—
Power Exchange Revenues	—	—
Power Exchange Expenses	—	—
Power Revenue Netted against Power Expenses	—	—
Power Expense Netted against Power Revenues	—	—
Settlement from Nextel	—	—
Total Noncash Investing, Capital, and Financing Activities	\$ 3,479	\$ 1,688

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUND

The **S. L. Denny Fund** holds a nonexpendable gift. The investment income is available for aid to disabled firemen.

PENSION TRUST FUNDS

The **Employees' Retirement Fund** receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees. It also accounts for the investments and related earnings in the City's employee retirement plan.

CUSTODIAL FUNDS

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private-purpose trust funds. The City's custodial funds comprise the following funds:

The *Guaranty Deposits Fund* holds temporary deposits of monies from individuals or entities pending fulfillment of contractual agreements with the City.

The *Payroll Withholding Fund* receives City contributions and/or employee deductions for payroll taxes, such as Social Security, Medicare, and federal income tax withholding; state retirement (LEOFF); savings bonds; and dependent childcare. The contributions and deductions are paid to federal and state agencies and to other City funds. In addition, beginning in 2019, the City began paying the State Paid Family Medical Leave (SPFML) premiums to the State through the Payroll Withholding Fund.

The *Regulatory Agency Fund* was established in 2018 by the City Treasury to hold various regulatory fees collected by the City on behalf of other government jurisdictions, including but not limited to taxicab and transportation network company license fees collected on behalf of King County and fingerprinting fees collected on behalf of the State of Washington.

The *FileLocal Agency Fund* was established in 2015 to account for revenues and expenditures related to the management of the Washington Multi-City Business License and Tax Portal Agency (FileLocal Agency). The FileLocal Agency maintains an internet web application gateway to increase efficiency for businesses in applying for local business licenses and filing local taxes. The City's expenditures include, but are not limited to, those required to provide loaned staff to manage the Agency. The Fund receives revenues from the FileLocal Agency.

The *Custodial Fund* records the balances of five bank accounts held in a custodial capacity for external customers. The City has no legal right to or ownership of the balances. The fund includes balances for Seattle Police evidence, Municipal Court restitution and bail monies, and amounts held by City Light.

The City of Seattle

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STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2019

(In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Equity in Pooled Investments	\$ —	\$ 236	\$ 27,191
Short-Term Investments	52,036	—	—
Receivables			
Members	321	—	—
Employers	11,628	—	—
Interest and Dividends	4,482	—	—
Sales Proceeds	157,096	—	—
Other	—	—	115
Total Receivables	173,527	—	115
Investments at Fair Value			
Fixed Income	832,701	—	—
Equity	1,925,924	—	—
Real Estate	365,646	—	—
Alternative Investments	—	—	—
Total Investments at Fair Value	3,124,271	—	—
Securities Lending Collateral	7,023	—	—
Prepaid Expenses	782	—	—
Total Assets	3,357,639	236	27,306
LIABILITIES			
Accounts Payable and Other Liabilities	3,095	—	20,112
Salaries, Benefits, and Payroll Taxes Payable	362	—	(9,038)
Deposits Payable	552	—	16,211
Claims/Judgments Payable	3	—	21
Securities Lending Collateral	7,013	—	—
Investment Commitments Payable	196,750	—	—
Total Liabilities	207,775	—	27,306
Net Position			
Restricted for:			
Pensions	3,149,864	—	—
Individuals and Organizations	—	236	—
Total Net Position	\$ 3,149,864	\$ 236	\$ —

Fund Financial Statements

The City of Seattle

**B-10 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions			
Employer	\$ 119,171	\$ —	\$ —
Plan Member	75,261	—	—
Total Contributions	194,432	—	—
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	426,968	—	—
Interest	17,410	9	—
Dividends	20,647	—	—
Total Investment Activities Income	465,025	9	—
Investment Activities Expenses			
Investment Management Fees	(13,974)	—	—
Investment Consultant Fees	—	—	—
Investment Custodial Fees	—	—	—
Total Investment Activities Expenses	(13,974)	—	—
Net Income from Investment Activities	451,051	9	—
From Securities Lending Activities			
Securities Lending Income	200	—	—
Borrower Rebates	(3)	—	—
Total Securities Lending Income	197	—	—
Securities Lending Expenses			
Management Fees	(49)	—	—
Total Securities Lending Expenses	(49)	—	—
Net Income from Securities Lending Activities	148	—	—
Total Net Investment Income	451,199	9	—
Other Income	14,566	—	371
Total Additions	660,197	9	371
DEDUCTIONS			
Benefits	203,413	—	—
Refund of Contributions	15,189	—	—
Administrative Expense	9,171	—	371
Total Deductions	227,773	—	371
Change in Net Position	432,424	9	—
Net Position - Beginning of Year	2,717,437	227	—
Net Position - End of Year	\$ 3,149,864	\$ 236	\$ —

Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Seattle (the City) are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

REPORTING ENTITY

The City was incorporated in 1869 with a mayor-council form of government. From 1922 to 2013, the City's nine council members were elected at large, rather than by geographic subdivisions. As a result of a ballot measure passed on November 5, 2013, council members are now elected on a hybrid system of seven district members and two at-large members. The only other elected offices are the City Attorney and Municipal Court judges. Like some other parts of the United States, government and laws are also run by a series of ballot initiatives (allowing citizens to pass or reject laws), referenda (allowing citizens to approve or reject legislation already passed), and propositions (allowing specific government agencies to propose new laws or tax increases directly to the people).

As required by generally accepted accounting principles the financial statements present the City, the primary government and its component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* (GASB 61). Under GASB 61, a legally separate entity must be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The financial statements include the organizations for which the elected officials of the City are financially accountable. Criteria indicating financial accountability include, but are not limited to, the following:

- Appointment by the City of a majority of voting members of the governing body of an organization, and
 - Ability of the City to impose its will on the daily operations of an organization, such as the power to remove appointed members at will; to modify or approve budgets, rates, or fees; or to make other substantive decisions; or
 - Provisions by the organization of specific financial benefits to the City; or
 - Imposition by any organization of specific financial burdens on the City, such as the assumption of deficits or provision of support
- Or, fiscal dependency by the organization on the City, such as from the lack of authority to determine its budget or issue its own bonded debt without City approval.

The City presents its component units information in Note 12.

Related Organizations. The City is also responsible for appointing the members of the governing body of the following organizations, but the accountability for these organizations does not extend beyond making the appointment. These organizations are excluded from the City's financial statements:

- Housing Authority of the City of Seattle
- City of Seattle Industrial Development Corporation
- Burke-Gilman Place Public Development Authority

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Notes to Financial Statements

Joint Venture. A joint venture is an organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate activity. In addition to joint control, each participant must have either an ongoing financial interest or an ongoing financial responsibility. The City participates with King County in a joint venture with regard to the Seattle-King County Work Force Development Council. More information regarding joint ventures can be found in Note 13.

ACCOUNTING STANDARDS

In 2019, the City fully implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of implementation, the City created a Custodial Fund to account for monies held for external parties in a custodial capacity.

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all nonfiduciary activities of the primary government. As a rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Resources of fiduciary activities, which are not available to finance governmental programs, are excluded from the government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between government-wide (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources is net position. Net position is displayed in three components: net investment in capital assets, restricted, and unrestricted.

The amount reported as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond proceeds; deferred inflows and outflows of resources attributable to capital assets; 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 its 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. Unrestricted net position is the amount remaining that is not “net investment in capital assets” or “restricted.”

Statement of Activities. The Statement of Activities displays the degree to which the direct expenses of a given function or segment is funded by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment, including depreciation on capital assets that are clearly associated with a given function. In general, expenses related to personnel functions are reported as indirect expenses. The City’s policy is to allocate indirect costs to a specific function or segment. Program revenues are revenues derived directly from the program itself. These revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other revenues not included as program revenues are reported as general revenues.

Interfund activities within governmental funds or within enterprise funds of the City are eliminated. The effects of interfund services provided and used between functions are not eliminated, such as the sale of utility services to the general government and to other funds. This avoids misstatement of program revenues of the selling function and expenses of the various users. Operating income or loss reported by internal service funds in the fund financial statements are allocated back to the City departments either as a reduction or addition to their expenses by function.

Fund Financial Statements. Separate fund financial statements are provided to report additional and detailed information for governmental funds, proprietary funds, and fiduciary funds. Even though fiduciary funds are excluded from the government-wide

The City of Seattle

financial statements, these funds are reported in the fund financial statements under the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Major individual governmental funds and major individual enterprise funds are presented in separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in other funds.
- The Transportation Fund accounts for revenues for construction, improvement, repair, or maintenance of City streets and waterways. Revenues include taxes on the sale, disposition, or use of motor vehicle fuel; motor vehicle excise taxes designated for street purposes; and grants.

The City reports the following major proprietary funds:

- The Light Fund accounts for operating the City’s electric utility which owns and operates generating, transmission, and distribution facilities. The Light Fund supplies electricity to approximately 461,500 customers in the Seattle area as well as to other city agencies.
- The Water Fund accounts for operating the City’s water utility. The fund was established to account for activities of the water system operated by Seattle Public Utilities (SPU). The water system, established in 1890, provides water to the greater Seattle area through direct service to customers and through purveyors, such as suburban water districts and municipalities. The activities of the water system include protection of available water supply, transmission of water to customers, development of water conservation programs, evaluation of new water sources, and management of the City’s water system assets, which include the Tolt and Cedar River Watersheds, water pipes, pumping stations, and treatment plants.
- The Drainage and Wastewater Fund accounts for operating the City’s sewer and drainage utility facilities and its pumping stations. These facilities and pumping stations collect the sewage of the City and discharge it into the King County Department of Natural Resources Wastewater Treatment System for treatment and disposal.
- The Solid Waste Fund accounts for the collection and disposal of residential and commercial garbage, compostables, and other recyclable materials; operation of transfer stations and hazardous waste facilities; and management of the post-closure maintenance and environmental monitoring of the City’s two closed landfills. The collection and disposal or processing of garbage, yard waste, and recyclable materials is performed by private companies under contract with the Solid Waste Fund.

Additionally, the City reports the following fund types:

- Internal service funds account for support services provided to other City departments, such as motor pool, office space, financial services, managing the design and construction phases of capital improvement projects, telecommunications, data communications, and radio systems.
- Fiduciary funds account for assets held in a trustee or agency capacity. Fiduciary funds include the Employees’ Retirement Fund, S. L. Denny Fund and custodial funds. The Employees’ Retirement Fund receives employees’ payroll deductions for retirement and the City’s matching contributions. It pays pension benefits to retired City employees. The S. L. Denny Fund, a private-purpose trust, which holds a nonexpendable gift. Investment income is available to aid disabled firemen. Custodial funds are not used to support the government’s own programs and so these funds are excluded from the government-wide financial statements. The City reports the following as custodial funds: Guaranty Deposits, Payroll Withholding, Regulatory Agency Fund, FileLocal Agency Fund and Custodial Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are

Notes to Financial Statements

collected within 60 days of the end of the current fiscal period. Revenues that are measurable but not available are recorded as receivables and offset by deferred inflows of resources.

Property taxes, business and occupation taxes, and other taxpayer-assessed tax revenues that are due for the current year are considered measurable and available and are therefore recognized as revenues even though a portion of the taxes may be collected in the subsequent year. Special assessments are recognized as revenues only to the extent that those individual installments are considered as current assets. Intergovernmental revenues received as reimbursements for specific purposes are recognized when the expenditures are recognized. Intergovernmental revenues received but not earned are recorded as unearned revenues. Licenses, fines, penalties, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are accrued as earned.

Expenditures generally are recorded when a liability is incurred, regardless of when payment is made, based on accrual accounting. However, debt service expenditure, judgments and claims, worker's compensation, and compensated absences are recorded only when payment is due.

Proprietary Fund Financial Statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability incurred, regardless of the timing of the cash flows. Certain costs in the enterprise funds are reported as an asset and expensed in future years when costs are allocated to those years, and as the utility rates recover these costs.

The revenues of the four utilities, which are based upon service rates authorized by the City Council, are determined by monthly or bimonthly billings to customers. Amounts received but not earned at year-end are reported as unearned revenues. Earned but unbilled revenues are accrued as revenues and receivable.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Light, Water, Solid Waste, Drainage and Wastewater Utilities, the Construction and Inspections Fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Financial Statements. Financial statements for the pension trust and private-purpose trust funds are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net position of the retirement funds are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Agency funds, unlike the other types of fiduciary funds, report only assets and liabilities. Agency funds do not have a measurement focus since they do not report equity and cannot present an operating statement reporting changes in equity. They, however, use the accrual basis of accounting for reporting assets and liabilities.

Use of Estimates. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. The City used significant estimates in determining reported allowance for doubtful accounts, unbilled revenues, power exchanges, asset life, claims payable, environmental liabilities, employee benefits, post-employment benefits, and other contingencies. Actual results may differ from those estimates.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

Cash and Investments. Under the City's investment policy all temporary cash surpluses are invested, either directly or through a "sweep account." Pooled investments are reported on the combined balance sheets as Cash and Equity in Pooled Investments.

The City of Seattle

Interest earned on the pooled investments is prorated to individual funds at the end of each month based on their average daily cash balances during the month when interest was earned.

Since the participating funds in the City's internal investment pool use the pool as if it were a demand deposit account, the proprietary fund equity in pooled investments is considered cash for cash flow reporting purposes.

Investments are recorded at fair value based on the market approach valuation technique. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For more on the City's investment policies, see Note 3.

Receivables Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable. Taxes receivable consist of property taxes and general business and occupation taxes. See Note 4 Receivables for additional information. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.

Customer accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations including amounts owed for which billings have not been prepared. Notes and contracts receivable arise from written agreements or contracts with private individuals or organizations. Receivables are shown net of allowances for uncollectible accounts.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/due from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 3.

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

Inventories. Inventories consist of expendable materials and supplies held for consumption. These amounts are recorded as expenditures in governmental funds at the time these items are purchased. This is known as the purchase method. However, any significant inventories in a governmental fund may also be reported as assets, as allowed by GAAP, and are equally offset by a fund balance reserve to indicate that they do not constitute available spendable resources even though they are included in net position. Proprietary funds inventories are held until expensed when consumed. Unconsumed amounts are generally valued using the weighted-average cost method by City Light and the moving average method by Seattle Public Utilities, which approximates the market value.

Capital Assets. Capital assets, which include land, land rights, utility plant, buildings and improvements, machinery and equipment, and infrastructure assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are valued at fair market value at the time of donation. For proprietary funds, contributions of capital assets are reported under Capital Contributions and Grants in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset or significantly extend the asset's original estimated useful life. The costs for normal maintenance and repairs are immediately expensed.

Notes to Financial Statements

Governmental infrastructure assets include long-lived capital assets, such as roads, bridges, and tunnels that normally can be preserved for a significantly greater number of years than most capital assets. Where historical costs for certain infrastructure assets are unavailable, estimated historical costs were established via sources such as City's street reports to the state. Works of art are valued at historical cost. In cases where the historical cost is not available, the cost is estimated by deflating the current replacement cost using the appropriate price index.

Expenses related to Construction In Progress are capitalized when incurred, and only expensed if they are subsequently determined to be non-capitalizable. Upon completion, Construction In Progress assets are reclassified to their appropriate asset category.

All exhaustible capital assets are depreciated. Annual depreciation is recorded in government-wide financial statements as an expense of the governmental function for which the assets are being used. Depreciation is computed using the straight-line method over estimated service lives as follows:

Utility plant	33 - 100 years
Building	25 - 50 years
Improvements other than buildings	25 - 50 years
Infrastructure	10 - 50 years
Machinery and equipment	2 - 25 years

In addition to the capital asset conventions followed by governmental funds, regulated enterprise funds use industry-specific accounting techniques such as mass-asset accounting and recording provisions for cost-of-removal of capital assets. These techniques can result in the reporting of accumulated depreciation in excess of the costs of capital assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

Restricted Assets. In accordance with utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes. Specific debt service reserve requirements are described in Note 9 Long-term Debt.

Other Charges. Other charges include preliminary costs of projects and information systems and programmatic conservation costs. Costs related to projects that are ultimately constructed are transferred to utility plant while costs related to abandoned projects are expensed. Conservation program costs in City Light and Water Fund which result in long-term benefits and reduce or postpone other capital expenditures are capitalized and amortized over their expected useful lives due to the Utilities' capital financing plans and rate-setting methodology. Costs of administering the overall program are expensed as incurred.

Prepaid Items. Payments made in advance to vendors for certain goods or services, such as building rent, that will benefit future periods are recorded as prepaid items in both the government-wide and fund financial statements. The expenditures/expenses are recognized in the period of consumption or occupancy. Prepays recorded in governmental type funds do not reflect current appropriated resources and shall be reported as non-spendable fund balance. The City recognizes a reserve of fund balance for prepaid items only when the amount in the fund is material to the financial statements.

Deferred Outflows/Inflows of Resources. In addition to assets, the Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Two items qualify for reporting in this category – deferred charge on refunding and deferred outflow for pensions and other post-employment benefits (OPEB). A deferred charge on refunding 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 deferred outflows of resources for pensions

The City of Seattle

and OPEB results from contributions made after the measurement date, the difference between projected and actual investment earnings, the difference between expected and actual experience, changes in actuarial assumptions, and changes in proportions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the business-type activities and proprietary funds represent sewer revenues that are reserved annually to normalize future sewer rates. The deferred inflows of resources reported in government-wide statements represent the following:

- Pensions and other post-employment benefits
 - Grants received before meeting time requirements, but after all other eligibility requirements have been met
 - Unavailable revenue from property taxes, district court receivables and abatement receivables
- These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

See Note 4 for additional information of deferred outflows and inflows of resources.

Compensated Absences. Compensated absences consist of unused vacation pay, sick pay, and other paid leaves earned by employees. Employees earn vacation based upon the date of hire and years of service and may accumulate earned vacation up to a maximum of 480 hours. Unused vacation balances remaining at retirement or termination are considered vested and payable to the employee. Employees earn up to 12 days of sick leave per year; there is no limit to the amount of sick leave an employee can accumulate. Employees terminated due to retirement can receive a portion of their unused sick leave balance as a cash benefit payable to either the City's Health Reimbursement Arrangement – Voluntary Employees' Beneficiary Association, the City's 457 Plan and Trust, or the employee.

Other compensated absences include compensatory time in lieu of overtime pay, merit credits earned by fire fighters, furlough earned by police, holiday earned by library and police employees, and other compensation earned by City employees under law or union contracts. Unused other compensated absences are vested and payable at retirement or termination. Compensated absences, including payroll taxes, are reported as current and noncurrent liabilities in the Statement of Net Position. Actual balances are accrued for all types of compensated absences except sick leave, the liability for which is generally estimated using the termination method.

More information about this liability can be found in Note 7.

Claims Payable. A liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are discounted at the City's average investment rate of return (see Note 15 Contingencies).

Other Accrued Liabilities. Other accrued liabilities include deposits, interest payable on obligations, lease-purchase agreements, and revenues collected in advance.

Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

Unearned Revenues. Unearned revenues include amounts collected or billed in advance of providing the service. The balances consist primarily of contract revenues, grant funds received in advance of expenditures, portions of local improvement districts special assessments that are due in succeeding years in governmental funds, and the amounts loaned by the Housing and Community Development Revenue Sharing Fund, a special revenue fund, under authorized federal loan programs.

Long-Term Obligations. Long-term obligations are described in Note 9.

Fund Balances. Fund balances are based on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balances are classified according to these constraints as follows:

- Nonspendable fund balances are either not in spendable form or are legally or contractually required to remain intact;
- Restricted fund balances are restricted for specific purposes by the enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments;

Notes to Financial Statements

- Committed fund balances can only be used for specific purposes ordained by the City Council. The Council can by ordinance establish, modify, or rescind constraints on committed fund balances;
- Assigned fund balances are constraints imposed by City Management for specific purposes. These constraints are authorized, through the budgeting process, by the Director of the City Budget Office in accordance with SMC 3.14.100. Fund balances of special revenue funds that are neither considered restricted or committed are considered an assigned fund balance; and
- Unassigned fund balances represent balances that are available for any purpose. These balances are only reported in the City's General Fund unless a deficit occurs in any other fund.

The flow assumption is to consider restricted amounts have been spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. The flow assumption of the City is to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

General Fund Stabilization and Other Reserves. The City created the Revenue Stabilization Account (RSA) to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in General Fund revenues. Any use of the RSA shall be accompanied with an ordinance approved by the City Council. The City shall replenish the RSA through (1) transfers by ordinance from other city funds; (2) automatic transfer of 0.5% of forecasted tax revenues; and (3) 50% of unanticipated excess fund balance of the General Fund. At no time shall the maximum funding level exceed 5% of the General Fund tax revenues forecast. At the end of fiscal year 2019, the RSA reported an ending fund balance of \$57.8 million.

The City maintains the Emergency Fund to pay for unanticipated or unplanned expenditures that occur during the course of the fiscal year. Any use of the Emergency Fund shall be accompanied by an ordinance approved by three-fourths of the City Council. At the beginning of each year, sufficient funds shall be appropriated to the Emergency Fund so that its balance equals thirty-seven and one-half cents per thousand dollars of assessed value, which is the maximum amount allowed by state law. The City may also choose to reimburse the Emergency Fund during the year for any expenditure incurred, by transferring unexpended and unencumbered balances from other City funds, or from other reimbursements the City may receive. At the end of fiscal year 2019, the Emergency Fund reported an ending fund balance of \$65.0 million.

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A summary of governmental fund balances at December 31, 2019, is as follows:

Table 1-1

GOVERNMENTAL FUND BALANCES (In Thousands)

Fund Balances	General	Transportation	Other Governmental	Total
Non-spendable				
Not in spendable form ^a	\$ 74	\$ —	\$ 740	\$ 814
Legally or contractually required to be maintained intact	—	—	2,050	2,050
Restricted				
General	1,333	—	5,793	7,126
Capital and Continuing Programs	152,715	—	67,586	220,301
Library	10,599	—	6,213	16,811
Transportation	—	57,052	58,576	115,628
Low-Income Housing	—	—	253,931	253,931
Health Care Reserve	85,977	—	—	85,977
Parks and Recreation	—	—	65,812	65,812
Pike Place Market Renovation	—	—	397	397
Seattle Center	—	—	1,859	1,859
Wheelchair Accessibility	—	—	7,420	7,420
Human Services	—	—	12,183	12,183
Department of Education	—	—	107,940	107,940
Municipal Arts	—	—	11,577	11,577
Debt Service	—	—	11,903	11,903
General Trust	—	—	3,634	3,634
General Donation and Gift Trusts	—	—	3,306	3,306
Permanent Funds	—	—	106	106
Committed				
General	2,483	—	—	2,483
Capital and Continuing Programs	26,130	—	—	26,130
Transportation	—	6,932	—	6,932
Standard Labor	2,066	—	—	2,066
Judgment and Claims	8,612	—	—	8,612
Election Vouchers	—	—	4,779	4,779
Employee Benefit Trust Funds	9,269	—	—	9,269
Human Services	—	—	375	375
Municipal Arts	5,535	—	—	5,535
Fire and Police Pension	35,500	—	—	35,500
Assigned				
General	20,632	—	—	20,632
Transportation	—	4,694	—	4,694
Parks and Recreation	—	—	8,045	8,045
Office of Housing	—	—	2,799	2,799
Unassigned				
General	102,041	—	—	102,041
Capital and Continuing Programs	57,135	—	(1,930)	55,205
Transportation	(5)	—	—	(5)
Emergency Subfund	64,952	—	—	64,952
Seattle Streetcar	—	—	(2,807)	(2,807)
Total	\$ 585,048	\$ 68,678	\$ 632,287	\$ 1,286,013

^a Resources that cannot be spent due to their form, such as inventory and prepaid items.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City budgets for the General Fund and various special revenue funds on an annual basis. The special revenue funds which have legally adopted annual budgets are the Parks and Recreation Fund, the Transportation Fund, the Seattle Center Fund, the Human Services Operating Fund, the Office of Housing Fund, and the Low-Income Housing Fund.

The City Council approves the City's operating budget through the adopted budget ordinance. In addition, the City Council annually approves two separate but related financial planning documents: the Capital Improvement Program (CIP) plan and the Community Development Block Grant (CDBG) program allocation.

The operating budget is proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The budget is designed to allocate available resources on a biennial basis among the City's public services and programs and provides for associated financing decisions. The budget appropriates fiscal year expenditures and establishes employee positions by department and fund except for project-oriented, multi-year appropriations made for capital projects, grants, or endowments.

The CIP plan is also proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The CIP is a six-year plan for capital project expenditures and anticipated financing by funding source. It is revised and extended annually. The City Council adopts the CIP as a planning document but does not appropriate the multi-year expenditures identified in the CIP. These expenditures are legally authorized through the annual operating budget or by specific project ordinances during the year.

The CDBG planning process allocates the annual grant awarded by the federal government. Allocations are made to both City and non-City organizations. Legal authority is established each year by a separate appropriation ordinance for the Housing and Community Development Revenue Sharing Fund.

Amending the Budget. Budgetary control for the operating budget generally is maintained at the budget control level (BCL) within departments with the following exceptions: the Library Fund has its total budget set at the fund level by the City Council, but its actual expenditures are controlled by the Library Board; capital projects programmed in the CIP are controlled at the project or project-phase level or program depending on legal requirements; grant-funded activities are controlled as prescribed by law and federal regulations.

The City Council may by ordinance abrogate, decrease, or re-appropriate any unexpended budget authority during the year. The City Council, with a three-fourths vote, may also increase appropriations. Emergency Fund appropriations related to settlement of claims, emergency conditions, or laws enacted since the annual operating budget ordinance require approval by two-thirds of the City Council.

The City Budget Office may approve the transfer of appropriations. The following restrictions to budget transfers within a budget year are imposed by ordinance. Total budget transfers into a BCL may not exceed 10% of its original budgeted allowance, and in no case may they be greater than \$500 thousand. Total transfers out may not exceed 25% of the original budgeted allowance. For capital items the affected budget is both the original appropriated budget for the current year and the unexpended budget carried over from prior years. Within a BCL, departments may transfer appropriations without the City Budget Office's approval.

Budgetary Reporting. Budget amounts shown in the financial statements are the authorized amounts, both original and final, as approved for 2019. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

This annual financial report includes budgetary comparisons for annually budgeted governmental operating funds only. The budgetary comparisons are presented on a budgetary basis. The budgetary basis is substantially the same as the modified accrual

basis of accounting in all governmental funds except for the treatment of appropriations that do not lapse, those whose budgets were approved by the City Budget Office to carry over to the following year. These appropriations are included with expenditures in the City's budgetary basis of accounting.

Budgetary comparisons for proprietary funds may be requested from the Department of Finance and Administrative Services.

Deficit Fund Balances and Net Position. The Central Waterfront Improvement Fund reported a deficit fund balance of \$1.8 million as of December 31, 2019. This fund was created with the specific intent that urgent and necessary repairs to the Seawall and other infrastructure along the waterfront be funded by multiple partnerships, both intergovernmental and private. In recognition of this urgency, this fund was provided a loan from the City's Consolidated Residual Cash Pool, which was paid in full before December 31, 2019. Per City ordinance, the fund can borrow up to \$12.2 million at any one time from the Real Estate Excise Tax (REET I) Capital Project fund and must repay any inter-fund loan to the REET I Capital Project fund no later than December 31, 2023.

The Seattle Streetcar Fund reported a deficit fund balance of \$2.8 million as of December 31, 2019. The fund was created in 2007 and the authorized interfund loan allowance was amended in 2009 to increase the amount available from the City's Consolidated Residual Cash Pool to a maximum of \$3.7 million. This loan is to be repaid no later than December 31, 2020 from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

Per Seattle Municipal Code, SMC 5.06.010 Investment Authority, the Director of Finance and Administrative Services (FAS) is authorized to invest all funds that are available in the City Treasury. Cash resources of all City funds are combined into a common investment pool that is managed by FAS. Each fund's share of the pooled investments is included in the participating fund's balance sheet under the caption "Cash and Equity in Pooled Investments." The pool operates like a demand deposit account in that all City funds may deposit cash at any time and withdraw cash up to their respective fund balance out of the pool without prior notice or penalty.

Custodial Credit Risk - Deposits: The custodial credit risk of deposits is the risk that in the event of bank failure of 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, 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, the City held \$95,000 in its cash vault. 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, is 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.

Notes to Financial Statements

CITY TREASURY INVESTMENTS

The City of Seattle has the following policies in managing its investments:

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- 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.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the "Prudent Investor Rule" promulgated under the Uniform Prudent Investor Act (UPIA) of 1994.
- Investments shall generally be held until maturity except for a security with declining credit may be sold early to minimize the loss of principal; a security swap that would improve the quality, yield, or duration of the portfolio; liquidity needs of the portfolio require that a security be sold early.

The City is authorized to purchase U.S. Treasury and government agency securities, certificates of deposit, and other investment deposits issued by Washington State depositories that qualify under the Washington State Deposit Protection Act as defined by RCW 39.58, bankers' acceptances purchased in the secondary market, commercial paper purchased in the secondary market and having received the highest rating by at least two nationally recognized rating agencies, repurchase and reverse repurchase agreements with "primary dealers" that have executed master repurchase agreements, public funds in the local government investment pool (LGIP) in the State Treasury, and other securities as authorized by law.

The City and the City Employees' Retirement System are also allowed under state law to make securities lending transactions. Gross income from securities lending transactions, as well as the various fees paid to the institution that oversees the lending activity, is recorded in the operating statements. Assets and liabilities include the value of the collateral that is being held. Under the authority of RCW 41.28.005 and the Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Securities lent must be collateralized with cash or securities having 102% of the market value of the loaned securities. The City and the Retirement System cannot pledge or sell collateral securities without a borrower default.

The Seattle City Employees' Retirement System has its investment management policies set by the Retirement Board. State law allows the System to invest in longer term maturities and in a broader variety of securities, such as real estate and equity issues. The Board policies require that investments in any one corporation or organization may not exceed 5% of net position available for benefits. Less than 5% of plan assets can be invested in derivative securities. All derivatives are high quality non-leveraged securities consisting of collateralized mortgage obligations (CMOs), Treasury strips, convertible bonds, futures, options, etc. These derivatives cause little exposure to credit risk, market risk, or legal risk.

The City reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is defined in GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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 approaches for the valuation of pooled investments.

The City's overnight repurchase agreement with Wells Fargo Bank, N.A. is accounted for at cost.

The City's participation in the Local Government Investment Pool (LGIP) is authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and

The City of Seattle

reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* for the city's external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or online at <http://www.tre.wa.gov>.

The remainder of City's investments are purchased in the over-the-counter U.S. bond market and accounted for at market value. The City uses market pricing for its over-the-counter investments as provided by its contractual custodial agent, Wells Fargo Institutional Retirement & Trust, and the City's 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.

As a basis for considering market participant assumptions in fair value measurements, GASB 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 Department 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.

The City's investments in U.S. Treasuries are Level 1 assets. The remainder of the City's investments are Level 2 assets. The City does not invest in Level 3 assets.

As of December 31, 2019, the City's investment pool held the following investments:

Table 3-1

INVESTMENTS AND MATURITIES TREASURY RESIDUAL POOLED INVESTMENTS (In Thousands)

Investments	Value as of December 31, 2019	Fair Value Measurements Using			Measured at Amortized Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Commercial Paper	\$ 84,916	\$ —	\$ 84,916	\$ —	\$ —	22
Corporate Bonds	50,188	50,188	—	—	—	570
International Bank for Reconstruction & Development	44,744	44,744	—	—	—	1,714
Local Government Investment Pool	509,564	—	—	—	509,564	2
Municipal Bonds	354,010	—	354,010	—	—	2,184
Repurchase Agreements	118,190	0	0	0	118,190	2
U.S. Government Agency Mortgage-Backed Securities	290,240	—	290,240	—	—	1,821
U.S. Government Agency Securities	693,743	693,743	—	—	—	1,246
U.S. Treasury and U.S. Government-Backed Securities	583,538	583,538	—	—	—	902
Total	\$ 2,729,133	\$ 1,372,213	\$ 729,166	\$ —	627,754	
Weighted Average Maturity of the City's Pooled Investments						1,026

The City uses the "Market Approach" to determine the fair value of the fixed income securities held in the Pooled investment portfolio. All asset classes that are classified in Level 1 are valued using prices quoted in active markets for identical or similar

Notes to Financial Statements

securities. Securities within all asset classes that are classified in Level 2 are valued using inputs that are observable for the security either directly or indirectly, which includes quoted market prices for identical or similar securities in an inactive market, or derived from observable market data via a matrix pricing technique using inputs such as yield curves, interest rates, credit spreads, and other market-corroborated inputs. The City does not purchase Level 3 securities for its Pooled investment portfolio. There have been no changes in the valuation techniques during the year.

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 LGIP.

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 is over a market cycle, and 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.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to State statute. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations but provide for minimum credit ratings for investments in municipal bonds, commercial paper and corporate notes. State statute limits the maximum maturity and percentage allocations for investments in commercial paper and corporate notes, but not for municipals. The City's investment policy limits the maximum percentage allocations that can be invested in municipal bonds, commercial paper and bank notes. In addition, commercial paper, bank notes, and corporate notes purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 was last revised September 15, 2016) which includes the following credit and maximum maturity constraints:

- A commercial paper issuer must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Ratings Organizations (NRSROs), at the time of purchase (P-1 by Moody's, A-1+ or A-1 by Standard and Poor's, F1+ or F1 by Fitch). If the commercial paper is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial Paper investments may not have maturities exceeding 270 days. Any Commercial Paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the two highest rating categories of a NRSRO.
- Bank notes or corporate notes at the time of purchase must have a credit rating of not less than "A" by any nationally recognized rating agency and must mature within 5.5 years.
- Commercial paper, bank and corporate notes combined may not exceed 25% of the total portfolio.
- No single issuer of commercial paper may exceed 3% of the total portfolio.
- No single issuer of bank or corporate notes rated AA or better by all rating agencies may exceed 3% of the total portfolio.
- No single issuer of bank or corporate notes rated single A by all rating agencies may exceed 2% of the total portfolio.
- Investments in a single credit issuer, consisting of commercial paper, bank and corporate notes combined, may not exceed 3% of the total portfolio.

The City subscribes to asset-backed commercial paper research from Moody's Investors Service and public finance and non-U.S. bank research from Fitch Ratings. The City conducts internal due diligence on commercial paper, bank notes and municipal issuers, and maintains an approved list of issuers. Additionally, the City monitors the credit worthiness of its investments over time until they mature or are potentially sold.

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Concentration Risk. 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.

Table 3-2 CONCENTRATION OF CREDIT RISK
(In Thousands)

Issuer	Fair Value	Percent of Total Investments
Anglesea FDG LLC ABCP	\$ 19,999	0.7 %
Apple Inc	12,318	0.5
Canadian Natl RR	8,368	0.3
Costco Wholesale Corp	22,464	0.8
CPPIB Capital Inc	34,975	1.3
Federal Farm Credit Bank, Federal Home Loan Bank	406,901	14.9
Federal Home Loan Mortgage Corporation (Freddie Mac) and FHMS K Series	293,802	10.8
Federal National Mortgage Association (Fannie Mae), FNA, and FNMA DUS ACES, FN DUS POOL	283,980	10.4
International Bank for Reconstruction & Development	44,744	1.6
Kells FDG LLC ABCP	29,942	1.1
Mastercard Inc	7,038	0.3
Municipal Bonds	354,010	13.0
Sweep Repo	118,190	4.3
US Treasury (HUD Debenture, US Treasury Bonds)	583,538	21.4
Washington State Treasurer's Investment Pool	509,564	18.7
Total Investments	\$ 2,729,833	100.1 %

Custodial Credit Risk – Investments. The 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, Wells Fargo, rather than the trading counterparty or the trading counterparty's trust department or agent. 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.

Foreign Currency Risk. The City's pooled investments do not include securities denominated in foreign currencies.

INVESTMENTS OF THE SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

Investments of the Seattle City Employees' Retirement System (SCERS) are accounted for in the Employees' Retirement Fund, a fiduciary fund that is not included in the government-wide financial statements because its resources belong to the retirement system and do not support City programs.

The retirement fund investments are made in accordance with the Prudent Person Rule as defined by RCW 35.39.060.

The following schedule presents investments categorized according to the fair value hierarchy, followed with additional information regarding investments measured at the net asset value as of December 31, 2019:

Notes to Financial Statements

Table 3-3 SCERS' INVESTMENTS
(In Thousands)

	Fair Value Measurements Using			
	Value as of December 31, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
INVESTMENTS BY FAIR VALUE LEVEL				
Equity	\$888,929	\$888,912	\$1	\$16
Fixed Income	616,209	121,735	494,473	—
Total Investments by fair value level	\$1,505,138	\$1,010,647	\$494,474	\$16
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
Equity	\$1,036,995			
Fixed Income	216,492			
Real Estate	326,818			
Alternative Investments	38,829			
Total Investments measured at the NAV	1,619,134			
Total Investments	\$3,124,272			
Securities lending collateral	\$7,023			
INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity	\$268,080	\$397,425	N/A	N/A
Public Equity	768,915		Daily, Monthly	1-60 Days
Fixed Income	216,492	75,832	Monthly, N/A	5-30 Days, N/A
Real Estate	326,818	57,455	Quarterly, N/A	45 Days, N/A
Alternative Investments	38,829	46,133	N/A	N/A
Total Investments measured at the NAV	\$1,619,134	\$576,845		

Credit Risk. In accordance with its policy the Retirement Board provides its investment managers with a set of investment guidelines that specify eligible investments and applicable restrictions necessary for diversification and risk control. Managers do not have authority to depart from those guidelines.

SCERS' fixed income portfolio is primarily managed by four external money management firms. SCERS' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rates. As of December 31, 2019, the fixed income portfolio of the SCERS had the following investment maturities:

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Table 3-4 SCERS' FIXED INCOME PORTFOLIO
(In Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	6 - 10	>10
Agencies	\$ —	\$ —	\$ —	\$ —	\$ —
Derivatives	231	(469)	700	—	—
Asset Backed Security	40,507	25	18,477	17,625	4,380
Corporate Debt	217,052	19,671	98,466	67,781	31,135
Mortgage Backed Security	228,840	—	3,358	10,835	214,648
Municipal	7,374	—	—	3,191	4,183
Treasury Notes and Bonds	122,205	—	30,590	38,370	53,244
Total Fixed Income Securities	\$ 616,209	\$ 19,227	\$ 151,591	\$ 137,802	\$ 307,590
Fixed Income Fund	216,492				
Total Fixed Income	\$ 832,701				

Interest Rate Risk. SCERS' investment policy requires the Retirement Board to provide its investment managers with a set of investment guidelines that specify eligible investments, minimum diversification standards, and applicable restrictions necessary for risk control. Managers do not have authority to depart from those guidelines.

SCERS' investment policy does not limit fixed income investments based on ratings by nationally recognized rating agencies. Speculative investments are avoided based on the Prudent Person Rule as defined by RCW 35.39, and the policy specifies target percentages for diversification in order to minimize risk of large losses. As of December 31, 2019, the fixed income portfolio of the SCERS had the following investment ratings:

Table 3-5 SCERS' FIXED INCOME RATINGS BY STANDARD AND POOR'S
(In Thousands)

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
Agencies	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Derivatives	231	—	—	—	—	—	—	—	231
Asset Backed Security	40,507	34,612	3,303	1,579	—	—	—	343	669
Corporate Debt	217,052	—	7,812	81,383	125,682	646	360	—	1,170
Mortgage Backed Security	228,840	142,711	—	—	321	—	—	71	85,737
Municipal	7,374	1,098	5,047	1,229	—	—	—	—	—
Treasury Notes and Bonds	122,205	122,205	—	—	—	—	—	—	—
Total Fixed Income Securities	616,209	\$ 300,626	\$ 16,162	\$ 84,192	\$ 126,003	\$ 646	\$ 360	\$ 414	\$ 87,807
Fixed Income Funds	216,492								
Total Fixed Income	\$ 832,701								

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Equity	61.6%	59.0%
Fixed Income	26.7	25.0
Alternative	1.2	4.0
Real Estate	10.5	12.0
Total	100.0%	100.0%

Notes to Financial Statements

Concentration of Credit Risk. The Investment Committee reviews its portfolio holdings quarterly with the Investment Consultant to ensure compliance with the specified targets and performance results. Rebalancing of the portfolio back to the target percentages is undertaken to ensure compliance with the specified targets. The Retirement Board provides its investment managers with a set of investment guidelines that specify eligible investments, minimum diversification standards, and applicable restrictions necessary for diversification. In general, these guidelines require that investments in any issuer may not exceed 5% of the net position value of a manager's portfolio. Managers do not have authority to depart from these guidelines.

Custodial Credit Risk. SCERS mitigates custodial credit risk by having its investment securities held by SCERS' custodian and registered in SCERS' name.

Foreign Currency Risk. SCERS' currency risk exposure or exchange rate risk primarily resides within the international equity holdings. SCERS' investment managers maintain adequately diversified portfolios to limit foreign currency and security risk.

SECURITIES LENDING TRANSACTIONS

The City's cash pool and the Seattle City Employees' Retirement System may engage in securities lending transactions similar to that instituted by the Washington State Treasurer's Office and other municipal corporations in the State of Washington.

Under the authority of RCW 41.28.005 and SMC 4.36.130, the SCERS Administration adopted investment policies that define eligible investments, which include securities lending transactions whereby securities are lent for the purpose of generating additional income to SCERS. Gross income from securities lending transactions of SCERS as well as various fees paid to the institution that oversees the lending activities are reported in the fund's operating statements. Assets and liabilities include the value of the collateral that is being held.

The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral, and is limited to a volume of less than \$75.0 million. The contractual agreement with the SCERS' custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay SCERS income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans.

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2019, the fair value of securities on loan was \$6.9 million. Associated cash collateral totaling \$7.0 million was received. The fair market value of reinvested collateral was \$7.0 million as of December 31, 2019, which includes an unrealized gain totaling \$9,504.

REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City monies in excess of current City needs in reverse repurchase agreements. At December 31, 2019, the City does not engage in this type of investment strategy.

(4) RECEIVABLES, INTERFUND TRANSACTIONS, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

TAXES RECEIVABLE

Property Taxes. Property taxes are levied by the King County Assessor and collected by the County Finance Director. Assessments are based on 100% of true and fair-market value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent on May 1. The balance is due on October 31, becoming delinquent on November 1. Delinquent taxes bear interest at

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the rate of 1% per month until paid and are subject to additional penalties of 3% and another 8% on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

Taxing Powers and Limitations. State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. State law limits the annual growth in the City's regular property tax levy to 101%. The growth limit does not count tax revenues from new construction or property remodeled within last year. With simple-majority voter approval, the City can levy additional property taxes above the 101% annual growth limit if the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60% approval by voters and do not fall under either of the limits.

The City levied \$1.13 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2019. In addition, the levy included \$1.10 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2019 levy was \$2.23 per \$1,000 of assessed value. Not included in this total was the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds and was \$0.22 per \$1,000 of assessed value in 2019.

The following table shows tax receivables and revenues as reported in the fund financial statements:

Table 4-1

TAX RECEIVABLES AND REVENUES
As of and for the Year Ended December 31, 2019
(In Thousands)

	Taxes Receivable	Tax Revenues
Property Taxes	\$ 10,373	\$ 639,986
General Business and Occupation Taxes	103,824	576,581
Totals	<u>\$ 114,197</u>	<u>\$ 1,216,567</u>

INTERFUND TRANSACTIONS

Interfund Transfers. Transfers between funds are used to (1) move revenues from the fund wherein the statute or budget requires them to be collected to the fund wherein the statute or budget requires them to be expended, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) apply unrestricted revenues collected in the General Fund to various programs accounted for in other funds in accordance with budgetary authorizations. The City eliminates or reclassifies transfers between funds in the process of aggregating data for the government-wide statements.

Transfers between governmental funds which were eliminated in the Statement of Activities were as follows:

Table 4-2

INTERFUND TRANSFERS
(In Thousands)

Transfers Out	Transfers In				
	General	Internal Service	Transportation	Nonmajor Governmental	Total
General Fund	\$ —	\$ 51	\$ 2,119	\$ 27,486	\$ 29,656
Internal Service Fund	4,000	—	—	28,531	32,531
Transportation	515	—	—	39,453	39,968
Nonmajor Governmental Fund	5,891	—	—	—	5,891
Total Transfers	<u>\$ 10,406</u>	<u>\$ 51</u>	<u>\$ 2,119</u>	<u>\$ 95,470</u>	<u>\$ 108,046</u>

Notes to Financial Statements

Interfund Receivables and Payables. Balances between funds not representative of lending or borrowing arrangements are reported as due to/due from other funds in the balance sheets for governmental funds and statements of net position for proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The table below shows the interfund receivables and payables reported in the fund financial statements at December 31, 2019:

Table 4-3 Due From and To Other Funds (In Thousands)

Due From	Due To									Total
	General	Transportation	Nonmajor Governmental	Light	Water	Drainage and Wastewater	Solid Waste	Internal Service		
General Fund	\$ —	\$ 52	\$ 102	\$ —	\$ —	\$ —	\$ 516	\$ —	\$ —	\$ 670
Transportation	269	—	—	—	—	—	—	—	—	269
Nonmajor Governmental	—	221	—	—	—	163	158	8,918	—	9,460
Light	—	—	—	—	—	—	—	—	—	—
Water	—	—	—	504	—	—	—	—	—	504
Drainage and Wastewater	—	—	—	—	11	—	—	—	—	11
Solid Waste	—	—	—	—	—	—	—	—	—	—
Internal Service	—	—	8,918	—	—	—	—	—	—	8,918
Total Due from Other Funds	\$ 269	\$ 273	\$ 9,020	\$ 504	\$ 11	\$ 163	\$ 674	\$ 8,918	\$ —	\$ 19,832

Interfund Advances and Loans. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

At December 31, 2019, the following interfund debt was outstanding:

Table 4-4 ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS (In Thousands)

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
General Fund	Central Waterfront Improvement Fund	\$ 1,500
Move Seattle Levy Fund	Seattle Streetcar Fund	2,000
Information Technology Fund	Cable Television Franchise Fund	700
Emergency Fund	Gen. Bond Interest and Redemption Fund	50
Total City		\$ 4,250

All the above interfund loans were approved by ordinance by the City Council. Repayment of the interfund loan for the Central Waterfront Improvement Fund was extended by City Council until December 31, 2023. The interfund loan to the Seattle Streetcar Fund is to be repaid no later than December 31, 2020. The interfund loan to the Cable Television Franchise Fund is to be repaid no later than December 31, 2020. The advance to the General Bond Interest and Redemption Fund was for the purpose of cash flow and will be paid back in 2020.

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DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Governmental Activities

Table 4-5 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES GOVERNMENTAL ACTIVITIES (In Thousands)

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Debt Service	\$ —	\$ —	\$ 406	\$ 406
Pension and OPEB Plans	—	92,492	199,135	291,627
Total Deferred Outflows of Resources	\$ —	\$ 92,492	\$ 199,541	\$ 292,033
Deferred Inflows of Resources				
Property Taxes	\$ 8,059	\$ —	\$ (8,049)	\$ 10
Special Assessment	5,860	—	(1,452)	4,408
Pension and OPEB Plans	—	11,428	104,351	115,779
Total Deferred Inflows of Resources	\$ 13,919	\$ 11,428	\$ 94,850	\$ 120,197

Debt Service. The governmental funds loss on debt refunding of \$0.4 million, previously reported as an asset, is now reported as a Deferred Inflow of Resources on the government-wide financial statement and will continue to be amortized as a component of interest expense. Internal service funds' share has been fully amortized.

Pension and OPEB Plans. As a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015, and implementation of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018, the City recognized deferred inflows and outflows of resources related to its pension and OPEB plans. Detailed information about these deferred inflows and outflows of resources for each pension and OPEB plan can be found in Note 11.

Property Taxes. For 2019, total taxes outstanding of \$8.0 million were recorded as a tax receivable asset within governmental funds. Unable to meet the revenue recognition criteria, the City's governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of governmental fund financial statements to government-wide financial statements shows an adjustment to remove the deferred inflow of resources recorded by the governmental funds, and to record the tax revenues to the Statement of Activities.

Special Assessment. The Local Improvement District 6750 Fund recorded a deferred inflow of resources which reflects the total expected future collections from the District. The assessment expected to be collected during the upcoming fiscal period is adjusted from the deferred inflows of resources and recognized as revenue within the government-wide presentation.

Notes to Financial Statements

Business-Type Activities

Table 4-6 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
BUSINESS-TYPE ACTIVITIES
(In Thousands)

Deferred Outflows/Inflows of Resources	City Light	Seattle Public Utilities				Total
		Water	Drainage and Wastewater	Solid Waste	Construction & Inspections	
Deferred Outflows of Resources						
Pension and OPEB	\$ 78,085	\$ 22,890	\$ 22,764	\$ 8,057	\$ 16,292	\$ 148,088
Charges on Advance Refunding	\$ 24,558	\$ 19,717	\$ 5,962	\$ 2,004	\$ —	\$ 52,241
Total Deferred Outflows of Resources	\$ 102,643	\$ 42,607	\$ 28,726	\$ 10,061	\$ 16,292	\$ 200,329
Deferred Inflows of Resources						
Pension and OPEB	\$ 29,359	\$ 8,476	\$ 10,209	\$ 3,027	\$ 4,696	\$ 55,767
Revenue Stabilization Account	49,145	58,870	—	37,360	—	145,375
Regulatory Credits	37,668	—	—	—	—	37,668
Total Deferred Inflows of Resources	\$ 116,172	\$ 67,346	\$ 10,209	\$ 40,387	\$ 4,696	\$ 238,810

Revenue Stabilization Account. Funding of Revenue Stabilization Accounts (RSAs) from operating cash effectively defers operating revenues. For City Light the balance of the RSA was \$49.1 million as of December 31, 2019. For Seattle Public Utilities (SPU), the balance of the RSA was \$96.2 million as of December 31, 2019.

Regulatory Credits. Regulatory credits are the result of City Light (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate-making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For City Light the balance of the credits was \$37.7 million as of December 31, 2019.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

City Light engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve City Light's load obligations and the use of these resources to capture available economic value. City Light makes frequent projections of electric loads at various points in time based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms. City Light also makes recurring projections of resource availability at these points in time based on variables such as estimates of stream flows, availability of generating units, historic and forward market information, contract terms, and experience. Based on these projections, City Light purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements, and to realize earnings from surplus energy resources. These transactions can be up to 60 months forward. Under these forward contracts, City Light commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future. Except for limited intraday and inter-day trading to take advantage of owned hydro storage, City Light does not take market positions in anticipation of generating profit. Energy transactions in response to forecasted seasonal resource and demand variations require approval by City Light's Risk Oversight Council.

It is the City's policy to apply the normal purchase and normal sales exception of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), as appropriate. Certain forward purchase and sale of electricity contracts meet the definition of a derivative instrument but are intended to result in the purchase or sale of electricity delivered and used in the normal course of operations. Accordingly, City Light considers these forward contracts as normal purchases and normal sales

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under GASB 53. These transactions are not required to be recorded at fair value in the financial statements and are presented in the table below for informational purposes only.

The following table presents (in thousands) the aggregate contract amounts, fair value, and unrealized gain (loss) of City Light's commodity derivative instruments qualifying as normal purchases and normal sales on December 31, 2019:

Table 5-1

	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 8,331.7	\$ 8,615.4	\$ (283.7)
Purchases	696.0	665.7	30.4
Total	\$ 9,027.7	\$ 9,281.0	\$ (253.3)

Fair value measurements as of December 31, 2019, used an income valuation technique consisting of Kiodek Forward Curves, which is considered a level 2 input in accordance with GASB 72, *Fair Value Measurement and Application*.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB 53. In 2010, the Seattle City Council adopted a resolution granting City Light authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB 53. City Light did not have any such activity for 2019. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for rate-making purposes, and City Light maintains regulatory accounts to defer the impact of these accounting adjustments in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Market Risk. Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk may also be influenced by the number of active, creditworthy market participants, and to the extent that nonperformance by market participants of their contractual obligations and commitments affects the supply of, or demand for, the commodity. Because City Light is active in the wholesale energy market, it is subject to market risk.

Credit Risk. Credit risk relates to the potential losses that City Light would incur as a result of nonperformance by counterparties of their contractual obligations to deliver energy or make financial settlements. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. City Light seeks to mitigate credit risk by entering into bilateral contracts that specify credit terms and protections against default; applying credit limits and duration criteria to existing and prospective counterparties; and actively monitoring current credit exposures. City Light also seeks assurances of performance through collateral requirements in the form of letters of credit, parent company guarantees, or prepayment.

City Light has concentrations of suppliers and customers in the electric industry including electric utilities; electric generators and transmission providers; financial institutions; and energy marketing and trading companies. In addition, City Light has concentrations of credit risk related to geographic location as it operates in the western United States. These concentrations of counterparties and concentrations of geographic location may impact City Light's overall exposure to credit risk, either positively or negatively, because the counterparties may be similarly affected by changes in conditions.

Other Operational and Event Risk. There are other operational and event risks that can affect the supply of the commodity and City Light's operations. Due to City Light's primary reliance on hydroelectric generation, the weather, including springtime snow melt, runoff, and rainfall, can significantly affect City Light's operations. Other risks include regional planned and unplanned generation outages, transmission constraints or disruptions, environmental regulations that influence the availability of generation resources, and overall economic trends.

Notes to Financial Statements

(6) CAPITAL ASSETS

Table 6-1

CHANGES IN CAPITAL ASSETS^a
(In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES^b				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 590,659	\$ 41,675	\$ 26,055	\$ 606,279
Construction in Progress	482,058	284,662	196,316	570,404
Other Capital Assets	10,456	1,285	—	11,741
Total Capital Assets Not Being Depreciated	1,083,173	327,622	222,371	1,188,424
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,497,344	279,909	250,479	2,526,774
Machinery and Equipment	480,773	30,488	20,401	490,860
Infrastructure	2,587,095	53,868	102	2,640,861
Other Capital Assets	54,093	63,739	40,040	77,792
Total Capital Assets Being Depreciated	5,619,305	428,004	311,022	5,736,287
Accumulated Depreciation				
Buildings and Improvements	965,369	30,599	10,294	985,674
Machinery and Equipment	290,103	36,621	17,985	308,739
Infrastructure	1,025,595	81,410	—	1,107,005
Other Capital Assets	9,900	3,684	—	13,584
Total Accumulated Depreciation	2,290,967	152,314	28,279	2,415,002
Total Capital Assets Being Depreciated, Net	3,328,338	275,690	282,743	3,321,285
Governmental Activities Capital Assets, Net	\$ 4,411,511	\$ 603,312	\$ 505,114	\$ 4,509,709
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 265,710	\$ 2,424	\$ —	\$ 268,134
Construction in Progress	654,173	542,747	473,863	723,057
Other Capital Assets	10,256	169	—	10,425
Total Capital Assets Not Being Depreciated	930,139	545,340	473,863	1,001,616
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	8,766,434	454,596	113,544	9,107,486
Buildings	—	—	—	0
Machinery and Equipment	14,332	—	13,479	853
Other Capital Assets	26,751	2,075	1,337	27,489
Total Capital Assets Being Depreciated	8,807,517	456,671	128,360	9,135,828
Accumulated Depreciation				
Plant in Service, Excluding Land	3,190,433	247,313	114,340	3,323,406
Buildings	—	—	—	—
Machinery and Equipment	14,298	1	13,447	852
Other Capital Assets	2,065	1,405	84	3,386
Total Accumulated Depreciation	3,206,796	248,719	127,871	3,327,644
Total Capital Assets Being Depreciated, Net	5,600,721	207,952	489	5,808,184
Business-Type Activities Capital Assets, Net	\$ 6,530,860	\$ 753,292	\$ 474,352	\$ 6,809,800

^a Some amounts may have rounding differences with Statement of Net Position.

^b The capital assets for governmental activities include the capital assets of the internal service funds.

The City of Seattle

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION
(In Thousands)

GOVERNMENTAL ACTIVITIES	
General Government	\$ 27,894
Public Safety	2,016
Transportation	87,287
Economic Environment	—
Culture and Recreation	35,116
Subtotal	152,314
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	
	54,338
Total Governmental Activities	\$ 206,652
BUSINESS-TYPE ACTIVITIES	
Light	\$ 152,600
Water	32,825
Solid Waste	11,445
Drainage and Wastewater	50,381
Construction and Inspections	916
Total Business-Type Activities	\$ 248,167

(7) COMPENSATED ABSENCES

The following table presents accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds as of December 31, 2019.

Table 7-1

COMPENSATED ABSENCES
(In Thousands)

Governmental Activities	
Governmental Funds	\$ 98,397
Internal Service Funds	
Finance and Administrative Services	4,798
Information Technology	7,701
Total Internal Service Funds	110,896
Business-Type Activities	
Enterprise Funds	
Light	18,000
Water	4,811
Drainage and Wastewater	4,926
Solid Waste	1,718
Construction and Inspections	2,861
Total Enterprise Funds	32,316
Pension Trust	
Employees' Retirement	254
Total Compensated Absences Liability	\$ 143,466

Note 9, Long-Term Debt, includes compensated absences in governmental activities and business-type activities in the aggregate and the amount estimated to be due within one year.

Notes to Financial Statements

(8) LEASES

CAPITAL LEASES

The City leases certain office equipment under various capital lease agreements. The City's capital lease obligations and related assets were recorded in the appropriate funds and government-wide financial statements. The net capital lease assets shown in the following table reflect those continuing to be financed through capital leases. The minimum capital lease payments reflect the remaining capital obligations on these assets.

Table 8-1 CAPITAL LEASES (In Thousands)

Capital Assets	
Net Capital Lease Assets	Governmental Activities
Machinery and Equipment	\$ 1,147
Less Accumulated Depreciation	(1,012)
December 31, 2019	\$ 135
Long-Term Liabilities	
Minimum Capital Lease Payments	Governmental Activities
2019	\$ 11
Total Minimum Lease Payments	11
Less Interest	(1)
Principal	\$ 10

The outstanding principal portion of the minimum capital lease payments is also presented in Table 9-9 of Note 9, Long-Term Debt.

OPERATING LEASES

Governmental Activities. The City, through its Finance and Administrative Services Department's Facilities Operations Division, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show periodic schedules of rental amounts. Facilities Operations Division paid rents of approximately \$8.8 million in 2019 on lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

Seattle Center leases a building for office space and workshop on a type of lease called a "triple net lease" for its Technical Facilities Management. The current lease term expires on July 30, 2020. The lease agreement requires a fixed rent of \$26,000 per month subject to increases on each July 1 by the percentage of change in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from last published in the preceding year, but not to exceed 5% for any lease year. When the CPI declines, the fixed rent during the succeeding year is the fixed rent during preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease, Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the lease term. Seattle Center paid lease payments of \$0.3 million in 2019. Rents are paid as they become due and payable.

Minimum payments under leases for the years ending December 31 are:

The City of Seattle

Table 8-2 OPERATING LEASE COMMITMENTS GOVERNMENTAL ACTIVITIES (In Thousands)

Minimum Lease Payments					
Year Ending December 31	Department of Finance & Admin Services	Seattle Center	Department of Parks & Recreation	Department of Transportation	Total
2020	\$ 9,788	\$ 411	\$ 1,034	\$ 137	\$ 11,370
2021	10,216	513	1,047	105	11,881
2022	10,497	522	1,488	64	12,571
2023	10,765	533	1,016	26	12,340
2024	11,098	543	1,066	—	12,707
2024-2028	60,327	323	6,427	—	67,077
Total	\$ 112,691	\$ 2,845	\$ 12,078	\$ 332	\$ 127,946

The following schedule shows the composition of total rental expense for all operating leases except those with terms of a month or less that were not renewed during 2019:

For the Year Ended December 31, 2019 (In Thousands)	
Minimum Rentals:	\$ 10,373
Less: Sublease Rentals	(61)
	\$ 10,312

Business-Type Activities. City Light leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense for these operating leases totaled \$1.3 million in 2019.

Seattle Public Utilities has non-cancellable operating lease commitments for real and personal properties for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2019 were \$135,718 for the Water Fund; \$131,331 for the Drainage and Wastewater Fund; and \$9,516 for the Solid Waste Fund. Rents are paid as they become due and payable.

Seattle Department of Construction & Inspections leases office equipment for operational purposes. Minimum payments of \$58,184 were made in 2019.

Minimum payments under the leases for the years ending December 31 are:

Notes to Financial Statements

Table 8-3 OPERATING LEASE COMMITMENTS
BUSINESS-TYPE ACTIVITIES
(In Thousands)

Year Ending December 31	Minimum Payments						Total
	City Light	Water	Drainage & Wastewater	Solid Waste	Construction & Inspections		
2020	\$ 1,442	\$ 44	\$ 321	\$ 6	\$ 49	\$ 1,862	
2021	1,493	13	310	2	32	1,850	
2022	1,501	13	318	2	—	1,834	
2023	1,518	13	326	2	—	1,859	
2024	1,421	12	334	—	—	1,767	
2025 - 2029	—	62	1,690	—	—	1,752	
Total	\$ 7,375	\$ 157	\$ 3,299	\$ 12	\$ 81	\$ 10,924	

LEASE REVENUES – GOVERNMENTAL ACTIVITIES

The Facilities Operations Division collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Finance and Administrative Services Fund, an internal service fund, and are shown in the following table.

Table 8-4 MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY
FACILITIES OPERATIONS DIVISION
(In Thousands)

	2019
Non-City Property Occupied by City Departments	\$ 10,518
City-Owned Property Occupied by City Departments	56,739
City-Owned Property Leased to Non-City Tenants	2,279
Total	\$ 69,536

Additionally, the SeaPark Garage and the Seattle Municipal Tower Building generated \$4.64 million total parking revenues in 2019, which were recorded in the Finance and Administrative Services Fund.

(9) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The City issues general obligation (GO) bonds to provide funding for the acquisition and the construction of major capital facilities. GO bonds have been issued for both governmental and business-type activities, are direct obligations and pledge the full faith and credit of the City. The City issues two types of GO bonds – Limited Tax General Obligation (LTGO) bonds and Unlimited Tax General Obligation (UTGO) bonds.

In July 2019, the City issued \$47.0 million of LTGO bonds, comprised of \$35.9 million of tax-exempt bonds (Series A) and \$11.1 million of taxable bonds (Series B). The Series A bonds mature from November 2019 through May 2049 with an average coupon rate of 4.4%. The Series B bonds mature from November 2019 through May 2039 with an average coupon rate of 2.7%. The proceeds of these LTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, such as Alaskan Way Corridor, Elliot Bay Seawall, Habitat Beach and various IT projects.

The City of Seattle

The original amount of GO bonds issued for which amounts are still outstanding at the end of 2019 was \$1.417 billion. The principal balance of those bonds as of December 31, 2019 was \$943.9 million. The following table presents the individual GO bonds outstanding as of December 31, 2019:

Table 9-1 GENERAL OBLIGATION BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date ^A	
LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Improvement and Refunding, 2009	3/25/2009	11/2009-5/2034	3.574 %	\$ 99,860	\$ 4,620	\$ 98,970	\$ 890
Improvement and Refunding, 2010, Series A (Taxable) ^B	3/31/2010	8/2010-8/2030	3.039	66,510	4,445	8,900	57,610
Improvement and Refunding, 2010, Series B	3/31/2010	8/2010-8/2031	3.125	135,395	7,495	76,565	58,830
Improvement, 2011	3/16/2011	3/2011-3/2031	3.645	79,185	3,470	33,755	45,430
Improvement and Refunding, 2012	5/16/2012	9/2012-9/2032	2.703	75,590	3,660	25,840	49,750
Improvement and Refunding, 2013 Series A	6/4/2013	10/2014-10/2033	2.375	42,315	1,200	23,200	19,115
Improvement, 2013 Series B	6/4/2013	1/2014-1/2025	1.427	55,075	7,820	42,590	12,485
Improvement and Refunding, 2014	4/10/2014	11/2014-5/2034	2.497	62,770	8,385	37,745	25,025
Improvement and Refunding, 2015 Series A	5/21/2015	12/2015-6/2035	2.401	160,945	13,285	34,380	126,565
Improvement, 2015 Series B (Taxable)	5/21/2015	4/2016-4/2035	3.452	28,175	1,155	4,545	23,630
Improvement and Refunding, 2016 Series A	5/25/2016	4/2017-4/2036	2.188	103,660	6,435	18,380	85,280
Improvement, 2016 Series B (Taxable)	5/25/2016	4/2017-4/2036	2.801	6,070	250	745	5,325
Improvement, 2017 Series A	6/14/2017	11/2017-11/2047	2.964	73,080	3,445	6,735	66,345
Improvement, 2017 Series B (Taxable)	6/14/2017	11/2017-11/2037	3.038	12,400	760	1,490	10,910
Improvement and Refunding, 2018 Series A	5/22/2018	12/2018-12/2038	2.705	23,230	1,900	1,900	21,330
Improvement and Refunding, 2018 Series B (Taxable)	5/22/2018	12/2018-12/2038	3.593	26,745	1,150	1,150	25,595
Improvement, 2019 Series A	7/25/2019	11/2019-5/2049	2.208	35,870	—	—	35,870
Improvement, 2019 Series B (Taxable)	7/25/2019	11/2019-5/2049	2.736	11,100	—	—	11,100
Total Limited Tax General Obligation Bonds				1,097,975	69,475	416,890	681,085
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Refunding, 2012	5/16/2012	12/2012-12/2021	1.276	46,825	5,575	34,830	11,995
Improvement, 2013	6/4/2013	12/2014-12/2042	3.280	50,000	1,080	5,925	44,075
Improvement, 2014	4/10/2014	12/2014-12/2043	3.672	16,400	360	1,670	14,730
Improvement, 2015	5/21/2015	12/2016-12/2044	3.575	169,135	3,355	12,485	156,650
Improvement and Refunding, 2016	5/25/2016	12/2018-12/2045	3.084	36,740	715	1,395	35,345
Total Unlimited Tax General Obligation Bonds				319,100	11,085	56,305	262,795
Total General Obligation Bonds				\$ 1,417,075	\$ 80,560	\$ 473,195	\$ 943,880

^A Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.
^B Issued as direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest payable to investors or buyers of the bonds. However, starting in fiscal year 2014, the subsidy payments have been reduced as a result of sequestration mandated by the U.S Congress. The subsidy cuts are expected to last through fiscal year 2024.

The requirements to amortize the general obligation bonds as of December 31, 2019, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that

Notes to Financial Statements

authorized the bond issuance and were approved by at least 60% of the voters in elections in which the number of voters exceeded 40% of the voters in the most recent election preceding the election to vote on the bond issue.

**Table 9-2 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
(In Thousands)**

Year Ending December 31	Governmental Activities		Total
	Principal	Interest	
2020	\$ 78,010	\$ 39,910	\$ 117,920
2021	80,990	36,288	117,278
2022	69,040	32,733	101,773
2023	68,265	29,639	97,904
2024	70,480	26,434	96,914
2025 - 2029	241,035	91,860	332,895
2030 - 2034	155,035	51,960	206,995
2035 - 2039	99,760	26,800	126,560
2040 - 2044	73,650	10,151	83,801
2045 - 2049	7,615	550	8,165
Total	\$ 943,880	\$ 346,325	\$ 1,290,205

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The bonds are special fund obligations of the City, the debt service of which will be paid from collections from related Local Improvement District (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The amount of special assessment bonds outstanding at the end of 2019 was \$3.8 million. No bond was issued in 2019.

The following table shows more detail on the outstanding special assessment bonds:

**Table 9-3 SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)**

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date	
Local Improvement District No. 6750 Bonds, 2006	12/31/2006	12/2007-12/2024	4.102 %	\$ 21,925	\$ 1,215	\$ 18,165	\$ 3,760

The City of Seattle

**Local Improvement District No. 6750
Assessment Collection Information**

Calendar/Fiscal Year End Dec. 31	Assessment Installment Payments Billed ^a	Assessment Installment Payments Collected ^b	Unpaid Principal Balance of Assessments ^c	Assessment Installments that are Delinquent ^d
2010	\$ 1,202,504	\$ 2,092,158	\$ 16,761,182	\$ 163,623
2011	1,199,958	1,991,483	15,535,847	152,307
2012	1,194,120	1,900,225	14,265,404	194,705
2013	1,189,621	2,046,315	13,038,066	264,692
2014	1,186,600	1,781,162	11,819,398	249,080
2015	1,186,600	1,996,091	10,572,835	291,124
2016	1,148,384	1,768,274	9,153,197	287,510
2017	1,126,841	1,492,796	7,854,542	359,974
2018	1,554,199	1,561,443	7,192,381	378,532
2019	1,451,992	1,535,808	5,860,549	404,063

^a Represents installment payments due and billed in the current calendar year. Source: King County Report SLD270 - "Current Install."
^b Represents total amount received in respect of assessments in calendar year, including payments of assessment installments (consisting of both principal and interest) due and billed in current calendar year, plus amounts received as prepayments of outstanding principal balances of unpaid assessments and amounts received in respect of delinquent installments. Source: Seattle Oracle Financial System.
^c Represents principal balance of assessments that is outstanding and unpaid, including amounts that are not yet due and payable at year-end. Source: King County Report SLD270 - "Future Install."
^d Represents cumulative amount of the principal portion of installment payments that were due and billed in any calendar year, but which remained unpaid at year-end. Source: King County Report SLD270 - "Delinquent Install."

The requirements to amortize the special assessments with governmental commitment as of December 31, 2019, are shown below:

**Table 9-4 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)**

Year Ending December 31	Principal	Interest	Total
2020	\$ —	\$ 211	\$ 211
2021	—	211	211
2022	—	211	211
2023	—	96	96
2024	3,760	—	3,760
Total	\$ 3,760	\$ 729	\$ 4,489

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State's Public Works Trust Loan program. The notes were drawn at varying annual interest rates ranging from 0.5% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.3 million principal and \$0.05 million interest in 2019. The outstanding balance on the notes was \$16.8 million as of December 31, 2019. The following table presents the annual debt service requirements to maturity on the notes as of December 31.

Notes to Financial Statements

Table 9-5 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY SEATTLE DEPARTMENT OF TRANSPORTATION PUBLIC WORKS TRUST LOAN NOTES (In Thousands)

Year Ending December 31	Principal	Interest	Total
2020	\$ 1,275	\$ 32	\$ 1,307
2021	973	19	992
2022	918	15	933
2023	918	11	929
2024	353	7	360
2025 - 2029	1,726	22	1,747
2030 - 2034	632	2	634
Total	\$ 6,795	\$ 108	\$ 6,902

REVENUE BONDS

The City issues revenue bonds to provide financing for the capital programs of the four utilities – City Light, Water, Drainage and Wastewater, and Solid Waste. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. The original amount of revenue bonds issued for which amounts are still outstanding at the end of 2019 was approximately \$6.0 billion. The outstanding principal balance on December 31, 2019 was \$4.3 billion.

In October 2019, City Light issued \$210.5 million of tax exempt Municipal Light and Power (ML&P) Improvement Revenue Bonds (2019A Bonds) and in November 2019 issued \$140.3 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2019B Bonds). The 2019A bonds had a coupon interest rate of 5.0% and mature serially from April 1, 2020 through April 1, 2049. The 2019B bonds also had a coupon interest rate of 5.0% and mature serially from February 2021 through February 2026. Proceeds from the 2019A bonds were used to finance certain capital improvement and conservation programs and to make a deposit to the reserve fund. Proceeds from the 2019B bonds were used to refund \$155.8 million of the 2010B bonds.

The following table presents revenue bonds outstanding as of December 31, 2019:

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date ^A	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2008 Parity	12/30/2008	4/2009-4/2029	5.522 %	\$ 257,375	\$ 10,020	\$ 257,375	\$ —
2010 Parity, Series A ^B	5/26/2010	2/2021-2/2040	3.566	181,625	—	—	181,625
2010 Parity, Series B	5/26/2010	2/2011-2/2026	3.413	596,870	200,000	550,445	46,425
2010 Parity, Series C ^C	5/26/2010	2/2011-2/2040	3.113	13,275	—	—	13,275
2011 Parity, Series A, Refunding	2/8/2011	2/2011-2/2036	4.544	296,315	11,350	238,335	57,980
2011 Parity, Series B ^D	2/8/2011	2/2011-2/2027	1.957	10,000	—	—	10,000
2012 Parity, Series A	7/17/2012	6/2041	3.148	293,280	13,180	80,690	212,590
2012 Parity, Series C ^D	7/17/2012	6/2033	0.586	43,000	—	—	43,000
2013 Parity	7/9/2013	7/2043	4.051	190,755	3,475	18,845	171,910
2014 Parity	11/5/2014	9/2044	3.098	265,210	18,065	66,840	198,370

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Table 9-6 REVENUE BONDS (In Thousands) Page 2 of 2

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date ^A	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2015 Parity, Series A	7/9/2015	5/2045	3.566	171,850	5,965	22,855	148,995
2016 Parity, Series A ^D	1/28/2016	1/2041	1.029	31,870	—	—	31,870
2016 Parity, Series B, Refunding	1/28/2016	4/2029	2.080	116,875	—	1,535	115,340
2016 Parity, Series C, Refunding	9/28/2016	10/2046	2.926	160,815	2,360	6,710	154,105
2018 Parity, Series C, Refunding	9/28/2017	9/2047	3.160	385,530	4,100	9,235	376,295
2018 Parity, Series A	6/19/2018	1/2048	3.530	263,755	3,870	3,870	259,855
2018 Parity, Series B-1	9/4/2018	5/2045	1.77-2.00	50,135	—	—	50,135
2018 Parity, Series B-2	9/4/2018	5/2045	1.77-2.00	50,135	—	—	50,135
2018 Parity, Series C-1	9/4/2018	11/2046	1.26-2.79	49,245	1,435	2,065	47,180
2018 Parity, Series C-2	9/4/2018	11/2046	1.26-2.79	49,245	1,435	2,065	47,180
2019 Parity, Series A	10/16/2019	4/2049	3.203	210,540	—	—	210,540
2019 Parity, Series B	11/5/2019	2/2026	1.286	140,275	—	—	140,275
Total Light Bonds				3,827,975	275,255	1,260,865	2,567,110
MUNICIPAL WATER BONDS							
2010A Parity ^A	1/21/10	8/2019-8/2040	3.718	109,080	3,360	3,360	105,720
2010B Parity, Refunding	1/21/10	8/2010-8/2027	3.298	81,760	3,150	50,245	31,515
2012 Parity, Refunding	5/30/12	9/2012-9/2034	2.631	238,770	12,990	71,600	167,170
2015 Parity, Refunding	6/10/15	11/2015-11/2045	3.183	340,840	18,460	55,815	285,025
2017 Improvement & Refunding	1/25/17	8/2017-8/2046	2.992	194,685	5,120	10,000	184,685
Total Water Bonds				965,135	43,080	191,020	774,115
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2009 Parity, Series A ^B	12/17/09	11/2017-11/2039	3.538	102,535	3,195	9,325	93,210
2009 Parity, Series B	12/17/09	11/2010-11/2027	2.907	36,680	975	27,115	9,565
2012 Parity and Refunding	6/27/12	9/2012-9/2042	3.327	222,090	8,025	50,300	171,790
2014 Parity and Refunding	6/17/14	5/2015-5/2044	3.578	133,180	2,110	9,705	123,475
2016 Parity and Refunding	6/22/16	10/2016-10/2046	2.921	160,910	3,725	7,155	153,755
2017 Improvement & Refunding	6/28/17	7/2018-7/2047	3.148	234,125	8,395	16,315	217,810
Total Drainage and Wastewater Bonds				889,520	26,425	119,915	769,605
MUNICIPAL SOLID WASTE BONDS							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505	82,175	415	82,175	—
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,375	9,140	36,610
2014 Revenue & Refunding	06/12/14	05/01/15-39	3.337	95,350	4,025	11,660	83,690
2015 Revenue	06/25/15	02/01/16-40	3.650	35,830	885	3,165	32,665
2016 Revenue & Refunding	06/30/16	12/01/16-41	2.793	35,335	420	1,195	34,140
Total Solid Waste Bonds				294,440	7,120	107,335	187,105
Total Utility Revenue Bonds				\$ 5,977,070	\$ 351,880	\$ 1,679,135	\$ 4,297,935

^A Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.
^B Issued as taxable direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest payable to investors or buyers of the bonds.
^C Issued as taxable Recovery Zone Economic Development Bonds, a third type of Build America Bonds which provides for a deeper federal subsidy through a refundable tax credit paid to state or local governmental issuers in an amount equal to 45% of the total coupon interest payable to investors or buyers of the bonds.
^D Issued as taxable New Clean Renewable Energy Bonds.
^E Interest rates for fixed rate Parity Bonds are the True Interest Costs. Interest rates for variable rate Parity Bonds are the minimum and maximum rates for the reporting year.

Notes to Financial Statements

The requirements to amortize the revenue bonds as of December 31, 2019 are presented below:

Table 9-7 **ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**
REVENUE BONDS
(In Thousands)

Year Ending December 31	Light		Water		Drainage and Wastewater		Solid Waste		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 122,545	\$ 108,667	\$ 45,625	\$ 36,100	\$ 27,575	\$ 34,274	\$ 7,045	\$ 8,405	\$ 390,236
2021	119,085	105,445	46,235	33,892	27,300	32,996	7,400	8,045	380,398
2022	118,950	99,643	48,725	31,594	28,610	31,651	7,775	7,668	374,616
2023	121,375	93,691	50,870	29,137	28,640	30,229	8,170	7,271	369,383
2024	125,065	87,612	44,140	26,565	30,035	28,880	8,590	6,854	357,741
2025 - 2029	497,160	357,486	220,945	99,661	165,420	120,990	49,860	27,373	1,538,895
2030 - 2034	394,515	262,906	157,590	54,897	163,370	82,074	56,240	15,112	1,186,704
2035 - 2039	459,805	172,960	101,745	24,840	150,940	47,720	37,550	4,679	1,000,239
2040 - 2044	411,355	81,686	44,165	7,548	108,210	19,561	4,475	133	677,133
2045 - 2049	197,255	17,104	14,075	736	39,505	2,763	—	—	271,438
Total	\$ 2,567,110	\$ 1,387,200	\$ 774,115	\$ 344,970	\$ 769,605	\$ 431,138	\$ 187,105	\$ 85,540	\$ 6,546,783

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

Seattle Public Utilities (SPU) has various construction projects that are financed by low-interest loans issued by the State of Washington. The loan agreements require that SPU finance a portion of these projects from other sources. These loans have been used to enhance and protect the City's water, drainage, and wastewater systems.

Water

In 2008, the Fund entered into two loan agreements to borrow \$8.1 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% interest per year and a repayment of 18 to 19 years. Proceeds from these loans were used to finance the Myrtle and Beacon Reservoir projects. As of December 31, 2019, these loans have an outstanding balance of \$2.8 million.

In 2009, the Fund entered into a loan agreement to borrow \$3.0 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% per annum and payable in 19 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2019, this loan has an outstanding balance of \$1.3 million.

Also in 2009, the Fund entered into two loan agreements, totaling \$10.4 million, to borrow from the Washington State Department of Commerce under its Public Works Trust Loan program to be used to finance the Maple Leaf Reservoir project. The first loan, in the amount of \$7.3 million, was funded with resources from the American Recovery and Reinvestment Act of 2009 (ARRA) at 1.0% annual interest and payable in 20 years. The second loan, in the amount of \$3.0 million, bears interest of 1.5% per annum and a repayment period of 20 years. As of December 31, 2019, these loans have an outstanding balance of \$6.4 million.

In 2014, the Fund entered into a loan agreement, totaling \$12.1 million, to borrow from the Washington State Department of Commerce under its Public Work Loan program at 1.5% per annum and payable in 20 years. Proceeds from this loan will be used to finance the Morse Lake Pump project. An initial draw on \$7.3 million was done in 2015. Subsequent draws on \$3.6 million

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were done in 2016. In 2017, an additional draw on \$1.2 million was done, and the Fund entered into the second portion of loan agreements to borrow \$6.1 million. As of December 31, 2019, this loan has an outstanding balance of \$16.3 million.

Amounts paid for all loans in 2019 were \$2.0 million in principal and \$0.4 million in interest. Total loans outstanding as of December 31, 2019 are \$26.8 million. The minimum debt service requirements to maturity are included in Table 9-8.

Drainage and Wastewater

During 2004, the Fund entered into a loan agreement to borrow up to \$3.7 million from the Washington State Department of Commerce under the Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid in 19 annual installments plus interest. Proceeds from this loan were used to finance the Thornton Creek Natural Drainage Systems. As of December 31, 2019, this loan has an outstanding balance of \$1.0 million.

In 2005, the Fund entered into a loan agreement with the Washington State Department of Ecology under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts under this agreement accrue interest at 1.5% per annum and are to be repaid in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.4 million.

In 2006, the Fund entered into a loan agreement with the Washington State Department of Commerce under its Public Works Trust Loan program to borrow up to \$3.4 million to support the construction of the South Park Flood Control and Local Drainage program. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid over 19 years. As of December 31, 2019, the loan has an outstanding balance of \$1.2 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5% per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2019, the loan has an outstanding balance of \$4.0 million.

In 2009, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.2 million to support the Ballard Green Streets project. This loan was funded with resources from the ARRA which provides a 50% forgivable provision. Amounts borrowed under this agreement accrue interest at 2.9% per annum and are to be repaid by December 2020. As of December 31, 2019, the loan has an outstanding balance of \$0.1 million.

In 2011, the Fund was approved for a Public Works Trust Loan of \$4.0 million from the Washington State Department of Commerce for construction and site improvements in the Midvale area of Seattle. Amounts borrowed under this agreement accrue interest at 0.25% per annum and are to be repaid by June 2031. As of December 31, 2019, the loan has an outstanding balance of \$2.5 million.

In 2012, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.9 million to support the design and construction of the storm water facility for the Capitol Hill Water Quality Project. Amounts borrowed under this agreement accrue interest at 2.6% per annum and are to be repaid over 20 years in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.5 million.

In 2017, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$36.4 million for construction of storage facilities to reduce the frequency and volume of Henderson North Combined Sewer Overflow. Amounts borrowed under this agreement accrue interest at 2.4% per annum and are to be repaid by February 2037. The Fund has drawn \$32.0 million in 2017, and \$4.4 million in 2018. As of December 31, 2019, the loan has an outstanding balance of \$33.0 million.

In 2019, The Fund entered into a 20-year loan agreement with the Washington State Department of Ecology to borrow up to \$25.0 million to support the Water Quality Ship Canal Water Quality Project for protecting Lake Washington Ship Canal from combined sewer overflows from Ballard, Fremont, Wallingford, and North Queen Anne. Amounts borrowed under this agreement

Notes to Financial Statements

accrue interest at the rate of 2.0% per annum and estimated initiation of operation date is December 31, 2020. As of December 31, 2019, the Fund had drawn \$0.4 million on the loan.

Amounts paid to all loans in 2019 were \$2.8 million for principal and \$1.0 million for interest. Total loans outstanding as of December 31, 2019 are \$45.0 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Table 9-8 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SEATTLE PUBLIC UTILITIES
PUBLIC WORKS TRUST LOANS AND OTHER NOTES
(In Thousands)**

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2020	\$ 2,050	\$ 378	\$ 2,793	\$ 922	\$ 6,143
2021	2,050	350	3,150	884	6,434
2022	2,050	321	2,817	821	6,009
2023	2,050	292	2,866	769	5,977
2024	2,050	263	2,916	716	5,945
2025 - 2029	8,395	913	13,531	2,763	25,602
2030 - 2034	5,726	414	11,343	1,398	18,881
2035 - 2039	2,456	69	5,600	204	8,329
Total	\$ 26,827	\$ 3,000	\$ 45,016	\$ 8,477	\$ 83,320

The following table shows the long-term liability activities during the year ended December 31, 2019:

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**Table 9-9 CHANGES IN LONG-TERM LIABILITIES ^a
(In Thousands)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 977,470	\$ 46,970	\$ 80,560	\$ 943,880	\$ 78,010
Issuance Premiums and Discounts, Net	76,649	6,208	11,310	71,547	—
Special Assessment Bonds with Governmental Commitment ^b	4,975	—	1,215	3,760	—
Total Bonds Payable	1,059,094	53,178	93,085	1,019,187	78,010
Notes and Contracts					
Capital Leases	35	—	25	10	9
Other Notes and Contracts	8,070	—	1,275	6,795	1,275
Total Notes and Contracts	8,105	—	1,300	6,805	1,784
Compensated Absences	88,450	22,446	—	110,896	5,545
Claims Payable					
General Contamination Cleanup ^c	12,033	4,585	4,926	11,692	2,318
Workers' Compensation	30,056	2,406	—	32,462	13,973
General Liability	61,218	—	9,431	51,787	11,012
Health Care Claims	4,971	10,400	—	15,371	—
Total Claims Payable ^d	108,278	17,391	14,357	111,312	27,303
Arbitrage Rebate Liability	—	—	—	—	—
Unfunded Other Post-Employment Benefits	609,519	—	9,177	600,342	—
Net Pension Liability	828,812	264,420	—	1,093,232	—
Other Noncurrent Liabilities	2,381	—	406	1,975	—
Total Long-Term Liabilities from Governmental Activities	\$ 2,704,639	\$ 357,435	\$ 118,325	\$ 2,943,749	\$ 112,142
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
Revenue Bonds	\$ 4,299,000	\$ 350,815	\$ 351,880	\$ 4,297,935	\$ 202,790
Issuance Premiums and Discounts, Net	390,995	45,247	8,812	427,430	—
Total Bonds Payable	4,689,995	396,062	360,692	4,725,365	202,790
Notes and Contracts - Other	76,256	382	4,795	71,843	4,843
Compensated Absences	29,096	3,222	—	32,318	2,007
Claims Payable					
General Contamination Cleanup ^c	301,361	12,490	5,664	308,187	7,684
Workers' Compensation	9,662	276	—	9,938	4,280
General Liability	13,772	—	243	13,529	2,375
Total Claims Payable ^d	324,795	12,766	5,907	331,654	14,339
Unearned Revenues	75,096	0	2,441	72,655	26,794
Habitat Conservation Program Liability	6,725	355	—	7,080	578
Landfill Closure and Postclosure Costs	24,655	—	2,059	22,596	8,673
Unfunded Other Post-Employment Benefits	17,819	—	161	17,658	—
Net Pension Liability	444,197	164,716	—	608,913	—
Other Noncurrent Liabilities	804	327	—	1,131	—
Total Long-Term Liabilities from Business-Type Activities	\$ 5,689,438	\$ 577,830	\$ 376,055	\$ 5,891,213	\$ 260,024

^a Some amounts may have rounding differences with the Statement of Net Position.

^b The Special Assessment Bonds carry neither premiums nor discounts.

^c See Note 10, Environmental Liabilities for a detailed discussion.

^d See Note 15, Contingencies, for a discussion of risk management, environmental, and other matters. The table in Note 16 also includes information on workers' compensation and health care.

Notes to Financial Statements

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals in the governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$12.5 million and \$1.3 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from City Light. For further discussion on purchased power, see Note 14, Commitments.

ADVANCE AND CURRENT REFUNDINGS

In order to lower interest costs the City refunded and defeased certain bonds. To do so, the City issued new refunding bonds to refund certain prior bond issues and also used its own resources to defease certain prior bond issues. In most cases, City resources and the proceeds of refunding bonds are placed in irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds including those refunded are considered defeased, and the corresponding liabilities are not included in the statement of net position. The following paragraph discusses the advance and current refunding activities.

City Light. The 2019B bond refunded the 2010B bonds on an advanced refunding basis. The debt service on the 2019B bond requires a cash flow over the life of the bond of \$166.5 million, including \$26.3 million in interest. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2019B bond totaled \$20.6 million and the aggregate economic gain on refunding totaled \$19.4 million at present value. The accounting gain on refunding for the 2019B bonds was \$2.0 million

The following is a schedule of outstanding bonds that are either refunded or defeased:

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Original Bond Issuance	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2019	Defeased Outstanding December 31, 2019
REVENUE BONDS							
Municipal Light and Power							
2010 Parity, Series B	5/26/2010	2/2026	3.413	596,870	187,865	—	187,865
2011 Parity, Series A	2/08/2011	2/2036	4.544	296,315	145,115	—	145,115
Total Refunded/Defeased Bonds				\$ 893,185	\$ 332,980	\$ —	\$ 332,980

The City of Seattle

ARBITRAGE

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$0.2 million on its general obligation bonds in 2011 and none thereafter. As of December 31, 2019, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.7 million on its revenue bonds.

(10) ENVIRONMENTAL LIABILITIES

The following list of liabilities are split between the Drainage and Wastewater fund and the Solid Waste fund. For purposes of this section all liabilities will be listed in regard to The City of Seattle or The City.

Duwamish sites. The U.S. Environmental Protection Agency (EPA) has indicated that it will require the clean-up and remediation of certain Duwamish sites under its Superfund authority. In order to manage the liability, the City has worked with the EPA and other PRPs to complete a Remedial Investigation (RI) and Feasibility Study (FS). On November 2, 2012, the EPA and Ecology approved the Lower Duwamish Waterway Group's FS. The EPA announced their proposed cleanup plan in February 2013 for public comment. The remaining scope of cleanup by potentially responsible parties (PRPs) has been decided by the EPA in the 2014 Record of Decision. The City recorded an estimate of its share of the estimated total cost. Remedial design work began in 2019.

Specific "early action sites" have been cleaned up separately under Administrative Orders on Consent (AOC). The City, together with other PRPs, has completed two early action sites identified during the RI under EPA issued AOC: Slip 4 and T-117.

East Waterway Site. In 2006 the EPA issued an AOC for a Supplemental RI and FS for the East Waterway, an operable unit of the Harbor Island Superfund Site. The Port of Seattle (the Port) alone signed the AOC. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the RI/FS work required by the EPA. The RI is complete, and a draft final FS was submitted to EPA in early 2019. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million. Once the FS is approved, EPA will then develop a Proposed Plan followed by a Record of Decision. The schedule for release of EPA's Proposed Plan is 2020. The Record of Decision is expected in 2021. Remedial design activities would start in late 2021 at the earliest. The City recorded an estimate of its share of the estimated total cost.

Gas Works Park Sediment Site. In April 2002, the Department of Ecology (DOE) named the City and another party, Puget Sound Energy, as PRPs for contamination at the Gas Works Sediments Site in North Lake Union. The City and Puget Sound Energy signed an Agreed Order with the DOE in 2005 to initiate two RIs and FSs for the sediment site – one in the western portion of the site led by the City, and another in the eastern portion of the site led by Puget Sound Energy. Subsequently, in fall of 2012, the City and Puget Sound Energy entered into a Settlement, Release, and Cost Allocation Agreement that puts Puget Sound Energy in the lead for all additional cleanup work at the site; the east-west split is no longer in place. Based on the 2012 Agreement, the City pays for 20% of the Shared Costs incurred by Puget Sound Energy for the cleanup work. The RI and FS include an evaluation of the nature and extent of contamination on the site, an evaluation of multiple alternatives for remediating the sediments and a recommended preferred alternative. Puget Sound Energy collected additional environmental data in 2013 and the draft RI/FS was submitted to DOE in March 2016. A revised draft RI/FS is anticipated to be submitted to DOE in 2020. A Clean-up Action Plan, which is the State of Washington's equivalent to a Record of Decision under the Model Toxics Control Act, is expected in 2021.

North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing signed an Administrative Order issued by Ecology requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the City's Georgetown Steam Plant, and the King County Airport.

7th Avenue South Pump Station. The City acquired land in the South Park area of Seattle to construct the 7th Ave South Pump Station. After the purchase, the land was determined to be contaminated. The City has voluntarily agreed to clean up the

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contamination in order to continue with the planned construction of the pump station. The cleanup was completed in 2012; however, the City has ongoing monitoring activities it must perform.

South Park Landfill. The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (DOE) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. DOE 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.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. The Duwamish site cost estimates were adjusted to remove discounting and to record the costs in 2018 dollars. 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.

The City calculated costs on a weighted average basis 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 fluctuations, technology advances, or applicable laws or regulations.

The City is pursuing other third parties that may have contributed to the contamination of superfund sites for appropriate cost sharing. Recoveries from other parties for their share of remediation work performed that partially offset the City's estimated environmental liabilities were estimated to be \$2.6 million for the Drainage and Wastewater liabilities and deemed to not be realizable as of December 31, 2019 for the Solid Waste Liabilities. Certain environmental costs were deferred primarily for cleanup estimates of the City's responsibility for the Lower Duwamish Waterway sites and these costs are being amortized and will be recovered through future rates in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The changes in the provision for environmental liability (in thousands) at December 31, 2019 are as follows:

Beginning Environmental Liability, Net of Recovery	\$ 313,395
Payments or Amortization	(10,590)
Incurring Environmental Liability	17,075
Ending Environmental Liability, Net of Recovery	<u>\$ 319,880</u>

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2019 are as follows:

Environmental Liability, Current	\$ 10,002
Environmental Liability, Noncurrent	309,879
Total	<u>\$ 319,880</u>

Information on the City's environmental liability is also presented in Table 9-9 of Note 9, Long-Term Debt.

The City of Seattle

(11) PENSIONS, DEFERRED COMPENSATION, AND OTHER POSTEMPLOYMENT BENEFITS

City employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first plan (SCERS) is considered part of the City's reporting entity and is reported as pension trust fund. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The State of Washington, through the Department of Retirement Systems (DRS), administers and reports LEOFF Plans 1 and 2. The following table represents the aggregate pension amounts for all plans for the year 2019:

Table 11-1	Aggregate Pension Amounts - All Plans (In Thousands)
Pension liabilities	\$ 1,702,145
Pension assets	278,127
Deferred outflows of resources	426,707
Deferred inflows of resources	149,093
Pension expense	226,170

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer defined benefit public employee retirement plan. SCERS is established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36. SCERS is a pension trust fund of the City.

SCERS is administered 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 Human Resources Director, two active members and one retired member of the System who are elected by other SCERS 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.

All employees of the City are eligible for membership in SCERS except uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in SCERS when these organizations were formerly City of Seattle departments were allowed to continue their membership (there are currently fewer than 50 members in this category). There are currently 6,792 retirees and beneficiaries receiving benefits, and 9,390 active members of the System. There are 1,332 terminated, vested employees entitled to future benefits, based on the 2018 audited financial report issued by SCERS.

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. SCERS provides post-retirement benefit increases including an automatic 1.5% annual Cost-of-Living Adjustment (COLA) increase and a 65% restoration of purchasing power benefit.

In 2016, the City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017. Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates final average

Notes to Financial Statements

salary based on the highest 60 consecutive months of service. Other changes related to the second tier can be found in the Seattle Municipal Code 4.36.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

SCERS issues an independent financial report. A copy of the report is available from the SCERS office, located at 720 Third Avenue, Suite 900, Seattle, WA, 98104. The report can also be requested by telephone at (206) 386-1293 or by accessing the website http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

Basis of Accounting. SCERS is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from plan net position (including contributions, benefits, and refunds) are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Plan investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

Contributions and Reserves. Member and employer contribution rates are established by SMC 4.36. The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Active Tier I members contributed 10.03% of their salaries to the retirement fund in 2018 and the City contributed 15.23%. Active Tier II members contributed 7.00% and the City contributed 14.42% in 2018. There are no long-term contracts for contributions outstanding and currently no legally required reserves.

As of December 31, 2018, SCERS reported total pension liability of \$4.2 billion, plan fiduciary net position of \$2.7 billion, the net pension liability \$1.5 billion, and the funded ratio of 64.14% based on the actuarial valuation as of January 1, 2018.

An actuarial report with valuation date of January 1, 2019, is presently underway, and expected to be available at the Retirement Office after June 1, 2020.

Information about the Net Pension Liability

The City of Seattle

Assumptions and Other Inputs. The City's total pension liability under SCERS was determined by the actuarial valuation as of January 1, 2018, with the results rolled forward to the December 31, 2018 measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2017. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary Increases: 3.50%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the RP-2000 mortality tables and using generational project of improvement using Projection Scale AA
- Long-term expected rate of return on pension plan investments: Determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	5.43%	48.0%
Equity: Private	8.40	9.0
Fixed Income: Core	1.62	16.0
Fixed Income: Credit	4.30	7.0
Real Assets: Real Estate	3.90	12.0
Real Assets: Infrastructure	4.25	3.0
Diversifying Strategies	4.01	5.0
		100.0%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same time period.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to apply the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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 the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-3 Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 2,032,380	\$ 1,518,484	\$ 1,070,322

Notes to Financial Statements

There were no significant changes in assumptions since the last valuation including the inflation rate, growth rate and discount rate.

Changes in the Net Pension Liability. On December 31, 2018, SCERS reported the collective net pension liability of \$1.5 billion, of which the City recorded \$1.5 billion for its proportionate share of the collective net pension liability. The City's proportion is based on the City's contributions to the plan. The following table shows the changes in the City's proportionate share of the net pension liability for the year ended December 31, 2018, which was rolled forward to come up with the net pension liability as of December 31, 2019 (in thousands):

Table 11-4 Schedule of Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 3,958,063	\$ 2,851,446	\$ 1,106,617
Changes for the Year			
Service Cost	106,430	—	106,430
Interest on Total Pension Liability	293,017	—	293,017
Effect of Plan Changes	—	—	—
Effect of Economic/Demographic	(12,304)	—	(12,304)
Effect of Assumptions Changes or Inputs	100,014	—	100,014
Benefit Payments	(190,380)	(190,380)	—
Refund Contributions	(20,278)	(20,278)	—
Administrative Expenses	—	(12,198)	12,198
Member Contributions	—	76,247	(76,247)
Employers Contributions	—	117,757	(117,757)
Net Investment Income	—	(106,516)	106,516
Balance at December 31, 2018	<u>4,234,562</u>	<u>2,716,078</u>	<u>1,518,484</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

The City recognized its proportionate share of pension expense in the amount of \$193.4 million for 2019. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2019 as follows (in thousands):

Table 11-5 Proportionate Share of Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 541	\$ 32,141
Change of Assumption	82,155	—
Net Difference Between Projected and Actual Earnings	159,952	—
Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	39,562	40,015
Contributions Made Subsequent to Measurement Date	118,121	—
Total	<u>\$ 400,331</u>	<u>\$ 72,156</u>

The City of Seattle

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense in the fiscal years ended December 31 as follows (in thousands):

Table 11-6 Recognized Pension Plan Expense

Year Ended December 31	
2019	\$ 62,229
2020	28,843
2021	32,792
2022	76,820
2023	9,369
Thereafter	—

FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS

Plan Description

The Firemen's Pension and the Police Relief and Pension Funds are single-employer defined-benefit pension plans that were established by the City in compliance with the requirements of the Revised Code of Washington (RCW) 41.18 and 41.20.

Since the effective date of the state LEOFF plan on March 1, 1970, no payroll for employees was covered under these pension plans, and the primary liability for pension benefits for these plans shifted from the City to the state LEOFF. However, the City was still liable for all benefits in pay status at that time plus any future benefits payable to active law enforcement officers and firefighters on March 1, 1970, under the old City plans in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plans when payment begins. However, LEOFF retirement benefits increase with the consumer price index (CPI - Seattle) while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for this residual amount. Due to this leveraging effect, projection of the City's liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and firefighters of the City who served before March 1, 1970, are participants of these pension plans and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and firefighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible for disability benefits under these plans. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2019, 619 firefighters and surviving spouses and 685 police retirees and surviving spouses met the eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighter's Pension Fund are reflected in the City's position list.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City's position list.

Notes to Financial Statements

Refer to the Other Postemployment Benefits (OPEB) section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans.

The Firemen's Pension and Police Relief and Pension benefit provisions are established in the state statute, RCW 41.16, 41.18, and 41.20, and may be amended only by the state legislature. Retirement benefits are determined under RCW 41.18 and 41.26 for Firemen's Pension and RCW 41.20 and 41.26 for Police Relief and Pension. Medical benefit payments for both plans are based on estimates of current and expected experience.

These pension plans do not issue separate financial reports.

Current membership in Firemen's Pension and Police Relief and Pension consisted of the following at December 31, 2019:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	\$ 619	\$ 685
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	—	—
Active Plan Members, Non-vested	—	—

Summary of Significant Accounting Policies

Basis of Accounting. The City fully implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), in 2017. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The City does not collect contributions or hold assets in trust for the Firemen's Pension and Police Relief and Pension plans. Any monies provided by the City for future benefit payments are not legally protected from creditors and are not dedicated to the provision of pensions to plan members. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the plans do not meet the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

The financial statements for the Firemen's Pension and Police Relief and Pension Funds were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Investments are recorded at fair value as shown in Note 3. Fair value of investments is based on quoted market prices.

Contributions and Reserves. Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability (AAL). An actuarial fund was established for the Firemen's Pension in July 1994 and is discussed in more detail below; the City funds the Police Relief and Pension Fund as benefits become due. Contributions are no longer required from plan members or the City departments they represent. Under state law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$0.225 per \$1,000 of assessed value of all taxable property of the City. The Firemen's Pension Fund also receives a share of the state tax on fire insurance premiums. Additional funding through the General Fund adopted budget is provided to both pension funds as necessary. The Police Relief and Pension Fund also receives police auction proceeds of unclaimed property. Administrative costs for the Firemen's Pension are financed by the General Fund and fire insurance premium tax. Administrative costs for the Police Relief and Pension Fund are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans.

There are no securities held by the City for these pension funds except for the Firemen's Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

The City of Seattle

In July 1994, the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions, thus creating the Firemen's Pension Actuarial Account. In 2006, the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The funding policy does not fund for future medical liabilities. The employer contributions for retiree medical are set equal to the disbursements for medical benefits and administration. All other contributions are considered pension contributions. The market value of the net assets of Firemen's pension was \$26.7 million as of December 31, 2019. No similar program has been established for the Police Relief and Pension Fund.

The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City's adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen's Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section.

Information about the Total Pension Liability

Assumptions and Other Inputs. The total pension liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2019). Actuarial assumptions used were as follows:

- Inflation: 2.25%
- Salary Increases: 2.75%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the PR-2000 Mortality Table and using generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)

Discount Rate. The discount rate used to measure total pension liability was 2.75%. GASB 73 requires the discount rate used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is 2.74% as of December 26, 2019. Rounding this to the nearest 0.25% results in a discount rate of 2.75% as of the December 31, 2019 measurement date.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following presents the Total Pension Liability, calculated using the discount rate of 2.75%, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-8 Discount Rate Sensitivity of Pension Liability

	Current Discount Rate		
	1% Lower 1.75%	Rate 2.75%	1% Higher 3.75%
Firemen's Pension Plan	\$ 99,249	\$ 90,744	\$ 83,398
Police Relief and Pension Plan	100,735	92,917	86,098

Changes in the Total Pension Liability. At December 31, 2019, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$90.7 million and \$92.9 million respectively.

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Table 11-9 Changes in Total Pension Liability (In Thousands)

	Firemen's Pension	Police Relief and Pension
Balance at December 31, 2018	\$ 85,880	\$ 80,513
Changes for the Year		
Service Cost	—	—
Interest on Total Pension Liability	3,298	3,061
Effect of Plan Changes	—	—
Effect of Economic/Demographic	(525)	5,602
Effect of Assumptions Changes or Inputs	9,030	11,816
Benefit Payments	(6,939)	(8,075)
Balance at December 31, 2019	\$ 90,744	\$ 92,917

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, the City recognized an increase of pension expenses in the amount of \$32.3 million for the Firemen's Pension and the Police Relief and Pension plans. On December 31, 2019, there were no deferred outflows of resources or deferred inflows of resources related to these pension plans.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) is administered by the Washington State Department of Retirement Systems (DRS). Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans – Plan 1 and Plan 2 – both of which are cost-sharing, multiple-employer public employee defined benefit retirement plans.

The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each LEOFF plan. The DRS CAFR may be obtained by writing to Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380. It may also be downloaded from the DRS website at www.drs.wa.gov.

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

Years of Service	LEOFF Plan 1	
	Percent of FAS	
20+	2.0 %	
10 - 19	1.5	
5 - 9	1.0	

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

The City of Seattle

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service based on the highest consecutive 60 months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions. Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute nothing, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18% of covered payroll.

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

LEOFF Plan 2 required contribution rates for 2019 were as follows:

Table 11-11		LEOFF Plan 2 Required Contribution Rates As a Percentage of Covered Payroll	
Actual Contribution Rates	Employer	Employee	
State and local governments	5.25%	8.75%	
Administrative Fee	0.18%	—	
Total	5.43%	8.75%	
Ports and Universities	8.75%	8.75%	
Administrative Fee	0.18%	—	
Total	8.93%	8.75%	

The City's actual contributions to LEOFF Plan 2 were \$17.1 million for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the State's General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$73 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$10.8 million.

Information about the Total Pension Liability

Actuarial Assumptions. The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled

Notes to Financial Statements

forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary increases: 3.5% plus expectations of salary growth and longevity
- Investment rate of return: 7.4%
- Mortality rates: Based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries (SOA). SOA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.7% to 7.5% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.5% to 7.4%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate. The discount rate used to measure the total pension liability for all DRS plans was 7.4%. To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return. The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Table 11-12 Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	2.2%
Tangible Assets	7.0	5.1
Real Estate	18.0	5.8
Global Equity	32.0	6.3
Private Equity	23.0	9.3
	100.0%	

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The table below presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the

The City of Seattle

net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate (in thousands):

Table 11-13 Sensitivity of the Total Pension Liability to Changes in the Discount Rate

	Current Discount Rate		
	1% Decrease 6.4%	7.4%	1% Increase 8.4%
LEOFF Plan 1	\$ 57,814	\$ 70,673	\$ 81,775
LEOFF Plan 2	38,575	207,455	345,299

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

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

Pension Asset or Liability. At December 31, 2019, the City reported a pension asset of \$278.1 million for its proportionate share of the net pension assets (in thousands) as follows:

Table 11-14 City's Proportionate Share of Net Pension Asset

	Share in Dollars	
	LEOFF 1	LEOFF 2
LEOFF 1	\$ 70,673	
LEOFF 2		207,455
Total	\$ 278,128	

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows (in thousands):

Table 11-15 Proportionate Share of Plan 1 and Plan 2 Net Pension Asset

	Share in Dollars	
	LEOFF 1	LEOFF 2
Employer's Proportionate Share	\$ 70,673	\$ 207,455
State's Proportionate Share of the net pension asset associated with the Employer	478,028	135,855
Total	\$ 548,700	\$ 343,310

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

Table 11-16 Proportionate Share of the Collective Net Pension Asset

	As of June 30, 2019		
	As of June 30, 2019	As of June 30, 2018	Change in Proportion
LEOFF 1	3.57 %	3.57 %	— %
LEOFF 2	8.95 %	9.08 %	(0.13)%

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

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LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43% of employer contributions.

The collective net pension asset of LEOFF 1 and 2 was measured as of June 30, 2019, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2018, with update procedures used to roll forward the total pension asset to the measurement date.

Pension Expense. For the year ended December 31, 2019, the City recognized its proportionate share of pension expense as follows:

	Pension Expense	
LEOFF 1	\$	(3,997)
LEOFF 2		4,199
Total	\$	202

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019, the City reported its proportionate share of deferred outflows of resources and deferred inflows for each Plan (In Thousands):

	LEOFF Plan 1		LEOFF Plan 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 14,928	\$ 3,731
Net difference between projected and actual investment	—	7,327	—	42,535
Changes of assumptions	—	—	342	23,345
Changes in proportion and differences between contributions	—	—	2,445	—
Contributions subsequent to the measurement date	—	—	8,661	—
TOTAL	\$ —	\$ 7,327	\$ 26,376	\$ 69,611

Deferred outflows of resources related to pensions resulting from the City contributions made after the measurement date but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended December 31:	LEOFF 1	LEOFF 2
2020	\$ (1,702)	\$ (10,933)
2021	(3,751)	(21,136)
2022	(1,361)	(9,433)
2023	(513)	(4,922)
2024	—	(1,514)

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DEFERRED COMPENSATION PLAN

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

Beginning in 2006 the Deferred Compensation Plan (DCP) was amended to allow separating employees to cash out accrued vacation balances into their DCP accounts. Eligible retiring employees may also cash out up to 35% of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for 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 manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the Deferred Compensation Plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' Deferred Compensation Plan, created in accordance with IRC 457, is not reported in the financial statements of the City.

OTHER POSTEMPLOYMENT BENEFITS

The City has three other postemployment benefits (OPEB) plans – Health Care Blended Premium Subsidy, OPEB benefits under Firemen's Pension, and Police Relief and Pension. In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefit Other Than Pensions* (GASB 75), which concerns the accounting for and disclosure of OPEB. The following table represents the aggregate OPEB amounts for all OPEB plans subject to the requirements of GASB 75 for the year 2019.

Table 11-20 Aggregate OPEB amounts for all OPEB plans subject to GASB 75 (In Thousands)

	Healthcare Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension	All Plans
OPEB liabilities	\$ 60,947	\$ 269,926	\$ 287,127	\$ 618,000
OPEB assets	—	—	—	—
Deferred outflows of resources	13,008	—	—	13,008
Deferred inflows of resources	20,725	—	—	20,725
OPEB expenses/expenditures	2,183	1,098	(10,254)	(6,973)

Plan Description

Health Care Blended Premium Subsidy is a single employer defined benefit public employee health care plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. 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 of Seattle, Washington LEOFF 2 plan or Social Security may

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continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100% 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 City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

OPEB under Firemen's Pension and Police Relief and Pension Plans - the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans are single employer defined benefit OPEB plans and provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

On December 31, 2019, the following employees were covered by the benefit terms:

	Health Care Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension Plan
Inactive employees or beneficiaries currently receiving benefits	398	711	635
Inactive employees entitled to but not yet receiving benefits	—	—	—
Active employees	11,823	6	4
Total	12,221	717	639

OPEB plans under Firemen's Pension and Police Relief and Pension were closed to new entrants.

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Actuarial Methods and Assumptions. The total OPEB liability for each OPEB plan in their actuarial valuation was determined using the following actuarial assumptions and other inputs:

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Table 11-22

OTHER POST-EMPLOYMENT BENEFITS Actuarial Assumptions

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2018	1/1/2019	1/1/2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	2.25%	2.25%
Salary Increases	---	2.75%	2.75%
Discount rate	4.10%, based on 20-year municipal bond yields	2.75%, based on 20-year municipal bond yields	2.75%, based on 20-year municipal bond yields
Healthcare cost trend rates	The trend rates were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by the City of Seattle. 7.00% in 2018, decreasing to 6.77% in 2019, and decreasing by varying amounts until 2030 thereafter.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing to 5.1% in 2021 through 2022. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing by varying amounts until 2028. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.
Mortality rates	For actives, males: PR-2014 Employees Table for Males, adjusted by 60%; female: PR-2014 Employees Table for Females, adjusted by 95%. For Retirees, males: PR-2014 Healthy Annuitant Males, adjusted by 95%; female: PR-2014 Healthy Annuitant Females, adjusted by 95%. Rates are projected generationally using Scale MP-2014 ultimate rates.	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).

For Healthcare Blended Premium Subsidy, the valuation date is January 1, 2018 and the measurement date is January 1, 2019. For Firemen's Pension and Police Relief and Pension, the total OPEB liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discounted rates above, with the results rolled forward to the measurement date (December 31, 2019) .

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the discount rates used to measure the total OPEB liability for each plan:

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	\$ 66,939	\$ 60,947	\$ 55,546
Firemen's Pension Plan	305,429	269,926	240,334
Policy Relief and Pension Plan	323,337	287,127	256,868

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

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Table 11-24 Healthcare Cost Trend Rate Sensitivity of OPEB Liability (In Thousands)

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	\$ 53,752	\$ 60,947	\$ 69,494
Firemen's Pension Plan	241,756	269,926	302,682
Police Relief and Pension Plan	258,226	287,127	320,694

Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$618.0 million in 2019. Based on the actuarial valuation date of January 1, 2019, details regarding the City of Seattle Health Care Blended Premium Subsidy Plan, Firemen's Pension Plan, and Police Relief and Pension Plan as of December 31, 2019 are shown below:

Table 11-25 Changes in Total OPEB Liability (In Thousands)

	Health Care Blended Premium Subsidy Plan			Total OPEB Liability
	Health Care Blended Premium Subsidy Plan	Firemen's Pension	Police Relief and Pension Plan	
Total OPEB Liability at 1/1/2019	\$ 61,130	\$ 268,828	\$ 297,381	\$ 627,339
Service costs	3,842	—	—	3,842
Interest	2,196	10,525	11,599	24,320
Changes of benefit terms	—	—	—	—
Effect of economic/demographic gains or losses	—	(7,497)	(9,511)	(17,008)
Differences between expected and actual experience	—	—	—	—
Changes of assumptions	(3,887)	9,583	2,637	8,333
Benefit payments	(2,334)	(11,513)	(14,979)	(28,826)
Other changes	—	—	—	—
Total OPEB Liability at 12/31/2019	\$ 60,947	\$ 269,926	\$ 287,127	\$ 618,000

The changes in current year's assumption, such as discount rate, participation rate, resulted in the increase in the OPEB liability for all OPEB plans by \$8.3 million. For Health Care Blended Premium Subsidy, mortality and retirement assumptions for General Service was updated to reflect the most recent assumptions developed in the SCERS 2014 - 2017 investigation of experience report. For OPEB plans under Firemen's Pension and Police Relief and Pension Plan, the effect of economic/demographic losses resulted in the decrease in the OPEB liability by \$17 million.

Service costs estimated for Health Care Blended Premium Subsidy plan in 2019 were \$3.8 million. OPEB plans under Firemen's Pension and Police Relief and Pension Plan was closed to new entrants.

Total interest on OPEB liability estimated for all plans was \$24.3 million in 2019. The total OPEB liability also reduced by \$28.8 million from benefit payments. As a result of the net effect of these changes, the City's OPEB liability decreased by \$9.3 million in 2019.

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Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized negative OPEB expense of \$6.9 million. The following table presents deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the City at December 31, 2019 for City of Seattle Health Care Blended Premium Subsidy Plan. Firemen's Pension and Police Relief and Pension Plan have no deferred outflow of resources and no deferred inflows of resources.

Table 11-26 Deferred Outflows/Inflows of Resources Related to OPEB (In Thousands)

City of Seattle Health Care Blended Premium Subsidy Plan	Deferred Outflow of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$10,523	\$—
Changes of assumptions	—	20,725
Payments subsequent to the measurement date	2,484	—
Total	\$13,007	\$20,725

Deferred outflows of resources of \$2.4 million resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amount reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense for City of Seattle Health Care Blended Premium Subsidy as follows:

Table 11-27

(In Thousands)	City of Seattle Health Care Blended Premium Subsidy Plan	Firemen's Pension Plan	Police Relief and Pension Plan
Year End December 31:			
2020	\$(1,370)	\$—	\$—
2021	(1,370)	—	—
2022	(1,370)	—	—
2023	(1,370)	—	—
2024	(1,370)	—	—
Thereafter	(3,354)	—	—

(12) COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

Seattle Public Library Foundation

The Seattle Public Library Foundation (the Foundation) is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* (GASB 39), and is presented discretely in the City's financial statements because (1) the economic

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resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Foundation reports on a fiscal year-end consistent with the City, the primary government. The Foundation issues its own audited financial statements. To obtain complete audited statements for all years, please contact: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

Seattle Investment Fund LLC

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department's New Market Tax Credit (NMTC) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Twelve subsidiaries have been established since the program's inception. Detailed information on the program and complete audited financial statements are available by contacting the City's Office of Economic Development at 700 Fifth Avenue, Seattle, WA 98104, or by telephone at 206-684-8090.

SIF is a limited liability corporation in accordance with RCW 35.21.735. It has no employees. Administrative work at SIF is performed by the staff of the City's Office of Economic Development. The members of its Investment Committee and Advisory Board are selected by the Mayor and confirmed by the City Council. The City is not financially accountable for SIF, but under this structure the City may impose its will upon the organization. In accordance with GASB 39, SIF is presented as a nonmajor discrete component unit of the City.

Table 12-1 **CONDENSED STATEMENT OF NET POSITION**
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC
December 31, 2019
(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash and Other Assets	\$ 2,381	\$ 2,726	\$ 1,248	\$ 1,486	\$ 3,629	\$ 4,212
Investments	75,430	64,622	6	6	75,436	64,628
Capital Assets, Net	14	18	—	—	14	18
Total Assets	77,825	67,366	1,254	1,492	79,079	68,858
LIABILITIES						
Current Liabilities	1,254	1,357	7	127	1,261	1,484
Total Liabilities	1,254	1,357	7	127	1,261	1,484
NET POSITION						
Net Investment in Capital Assets	14	18	—	—	14	18
Restricted	54,279	47,579	—	—	54,279	47,579
Unrestricted	22,278	18,413	1,246	1,365	23,524	19,778
Total Net Position	\$ 76,571	\$ 66,010	\$ 1,246	\$ 1,365	\$ 77,817	\$ 67,375

The City of Seattle

Table 12-2

CONDENSED STATEMENT OF ACTIVITIES
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC
For the Year Ended December 31, 2019
(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2019	2018	2019	2018	2019	2018
PROGRAM REVENUES						
Contributions/Endowment Gain	\$ 4,902	\$ 4,037	\$ —	\$ —	\$ 4,902	\$ 4,037
Placement/Management Fee Income	—	—	301	293	301	293
Total Program Revenues	4,902	4,037	301	293	5,203	4,330
GENERAL REVENUES						
Investment Income	11,569	(3,613)	—	—	11,569	(3,613)
Total Program Support and Revenues	16,471	424	301	293	16,772	717
EXPENSES						
Support to Seattle Public Library	4,563	5,370	—	—	4,563	5,370
Management and General	770	725	420	291	1,190	1,016
Fundraising	577	521	—	—	577	521
Total Expenses	5,910	6,616	420	291	6,330	6,907
Change in Net Position	10,561	(6,192)	(119)	2	10,442	(6,190)
NET POSITION						
Net Position - Beginning of Year	66,010	72,202	1,365	1,363	67,375	73,565
Net Position - End of Year	\$ 76,571	\$ 66,010	\$ 1,246	\$ 1,365	\$ 77,817	\$ 67,375

BLENDED COMPONENT UNIT

Seattle Park District

The Seattle Park District (the District) is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The District has the same boundaries as the City. On August 5, 2014, voters in the City approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining park lands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The District is governed by the City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the District under an inter-local agreement between the City and the District.

The District is reported as a special revenue fund in the City's financial statement. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements are available from Seattle Park District, PO Box 34025, Seattle, WA 98124-4025, or by emailing SeattleParkDistrict@Seattle.gov.

(13) JOINT VENTURES

SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between the City and King County. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, the City and King County who each will be responsible for one half of the disallowed amount. As of December 31, 2019, there are no outstanding program eligibility issues that may lead to a liability for the City.

WDC contracts with the City which provides programs related to the Workforce Innovation and Opportunity Act. WDC paid \$55 dollars to the City during WDC’s fiscal year ended June 30, 2019.

WDC issues independent financial statements that may be obtained from its offices at 2003 Western Avenue, Suite 250, Seattle, WA; by accessing its website <http://www.seakingwdc.org/annualreport>; or by telephone at 206-448-0474.

(14) COMMITMENTS

Financial Guarantees

The City has extended nonexchange financial guarantees in the form of contingent loan agreements with other owner/developers of affordable housing. The City will provide credit support, such as assumption of monthly payments for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The City’s program, managed by the Office of Housing, currently has loan agreements outstanding of \$697.8 million. These agreements have maturity ranges up to 50 years. All projects are currently self-supporting, and the City has not made any payments pursuant to these agreements. It is unlikely that the City will make any payments in relation to these guarantees based on available information at the end of December 31, 2019 and standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Capital Improvement Program

The City adopted the 2019 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.1 billion for the years 2019-2024. The adopted CIP for 2019 was \$1.2 billion, consisting of \$711.6 million for City-owned utilities and \$507.9 million for non-utility departments. The utility allocations are: \$351.4 million for City Light, \$111.5 million for Water, \$229.5 million for Drainage and Wastewater, \$6.4 million for Solid Waste, and \$12.9 million for Seattle Public Utilities’ technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

Purchased and Wholesale Power

City Light expenses associated with energy received under long-term purchased power agreements at December 31, 2019 are shown in the following table:

	2019
Bonneville Block	\$ 162.9
Bonneville Slice	—
Lucky Peak, including royalties	8.4
British Columbia - High Ross Agreement	13.5
Grant County Public Utility District	1.8
Columbia Basin Hydropower	6.0
Bonneville South Fork Tolt billing credit	(3.4)
Renewable energy - State Line Wind	22.6
Renewable energy - other	7.9
Exchanges and loss returns energy at fair value	2.7
Long-term purchased power booked out	(6.5)
Total	\$ 215.9

Bonneville Power Administration. The City purchased electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 17-year contract, for the period October 1, 2011 through September 30, 2028. Effective October 1, 2017 there was an amendment to the agreement whereby the City no longer participates as a Slice customer and will now exclusively purchase Block. Block quantities are expected to be recalculated periodically during the term of the contract. Rates will be developed and finalized every two years. Accordingly, certain estimates and assumptions were used in the calculations in the estimated future payments table above.

BPA’s Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region’s investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. To remedy this inconsistency, the Court ruled that refunds be issued to non-IOUs through September 2019. The City received \$4.3 million in billing credits related to the Block and Slice agreement in 2019.

Lucky Peak. In 1984, the City entered into a purchase power agreement with four irrigation districts to acquire 100% of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the Federal Energy Regulatory Commission (FERC) license expires in 2030. The agreement, which expires in 2038, obligates the City to pay all ownership and operating costs, including debt service, over the term of the contract, whether the plant is operating or operable.

The City incurred \$8.4 million in 2019, including operations costs and royalty payments to the irrigation districts. The City provided and billed Lucky Peak \$0.3 million for operational and administrative services in 2019. These amounts are recorded as offsets to purchased power expense.

The City’s receivables from Lucky Peak were less than \$0.1 million at December 31, 2019. City Light’s payables to Lucky Peak were \$1.2 million at December 31, 2019.

Notes to Financial Statements

British Columbia-High Ross Agreement. In 1984, an agreement was reached between the Province of British Columbia and the City under which British Columbia will provide the city with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years. In addition to the direct costs of energy under the agreement, the City incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchased power expense over 35 years through 2035.

Renewable Energy Purchase and/or Exchanges. The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits (RECs) as a percentage of total energy delivered to retail customers. The current annual target is at least 9% for 2019. The city's 2019 resource portfolio was adequate to meet this requirement. Effective for 2020 and beyond, the annual target is 15%.

Energy Exchange. Northern California Power Agency (NCPA) and the City executed a long-term Capacity and Energy Exchange Agreement in March 1993. The city delivered energy to NCPA from June through October 15. NCPA returned energy under conditions specified in the contract at a 1.2:1 ratio of exchange power, from November through April. The agreement included financial settlement and termination options.

Fair Value of Exchange Energy. During 2019, exchange energy settled deliveries were valued using Dow Jones U.S Daily Electricity Price Indices.

Estimated Future Payments under Purchased Power, Transmission, and Related Contracts. The City's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2020 through 2065, undiscounted, are shown in the following table:

Table 14-2

**ESTIMATED FUTURE PAYMENTS UNDER
PURCHASED POWER, TRANSMISSION, AND RELATED CONTRACTS
(In Millions)**

Year Ending December 31	Estimated Payments ^A
2020	\$ 286.2
2021	266.3
2022	254.8
2023	255.4
2024	261.8
2025-2029	841.0
Thereafter (through 2065)	182.1
Total	<u>\$ 2,347.6</u>

^A 2019 includes estimated REP recoveries from BPA.

^B British Columbia - High Ross direct cost payment ends in 2020.

^C BPA transmission contract expires July 31, 2025. BPA Block and Slice contract expires September 30, 2028.

Other Regulatory Commitments

Federal Energy Regulatory Commission (FERC) Fees. Estimated Federal land use and administrative fees related to hydroelectric licenses total \$99.1 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, when their existing FERC licenses expire. The estimated portion of Boundary fees

The City of Seattle

is included through 2055, the year the current license issued by FERC expires. The Boundary FERC license and related issues are discussed below.

New Boundary License. The City's FERC license for the Boundary Project was re-issued on March 20, 2013 with a 42-year life and a total cost of \$48.6 million. The terms and conditions of the new license were evaluated, and the Department continues the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

As part of the license renewal process, the City negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups and other government agencies. The settlements sought to preserve the City's operational flexibility at Boundary Dam while providing for natural resource protection, mitigation and enhancement measures.

The cost projections for such mitigation over the expected 42-year life of the license, included in the city's license application, were estimated to be \$398.2 million adjusted to 2019 dollars, of which \$92.7 million were expended through 2019. Projected mitigation cost estimates are subject to revision as more information becomes available.

South Fork Tolt and Skagit Licensing Mitigation and Compliance. On July 20, 1989, the FERC license for operation of the South Fork Tolt hydroelectric facilities through July 19, 2029, became effective. In 1995, FERC issued a license for operation of the Skagit hydroelectric facilities through April 30, 2025. As a condition for both licenses, the city has taken and will continue to take required mitigating and compliance measures.

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2019, to be \$138.0 million, of which \$133.4 million had been expended through 2019. Total South Fork Tolt license mitigation costs were estimated at \$2.0 million, of which \$1.6 million were expended through 2019. In addition to the costs listed for South Fork Tolt mitigation, the license and associated settlement agreements required certain other actions related to wildlife studies and wetland mitigation for which no set dollar amount was listed. Requirements for these actions have been met, and no further expenditures need to be incurred for these items.

Capital improvement, other deferred costs, and operations and maintenance costs are included in the estimates related to the settlement agreements for both licenses. Amounts estimated are adjusted to 2019 dollars. The City's labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

Endangered Species. Several fish species that inhabit waters where hydroelectric projects are owned by the City, or where the city purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all City hydroelectric projects, the ESA listings still affect operations of the city's Boundary, Skagit, Tolt, and Cedar Falls hydroelectric projects.

Federal Regulations in response to the listing of species affect flow in the entire Columbia River system. As a result of these regulations, the City's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

The City, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. The City is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management, and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for the city's share of the Early Action program from inception in 1999 through December 31, 2019 are estimated to be \$15.9 million. \$2.0 million has been allocated for the program in the 2020 budget.

Notes to Financial Statements

Project Impact Payments. Effective August 2010, the City renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of the city's hydroelectric projects. Effective February 2009, the City renewed its contract with Whatcom County committing to pay a total of \$15.8 million over 15 years ending in 2023. The payments compensate the counties and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments made in 2019 totaled \$1.9 million to Pend Oreille County and \$1.1 million to Whatcom County.

Habitat Conservation Program Liability. Seattle Public Utilities (SPU) has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by the operations of SPU and City Light in the Cedar River Watershed, while allowing the City to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$114.4 million (in 2019 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of the City's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2019 is \$94.4 million. The remaining \$20.0 million to complete the HCP is comprised of a \$7.1 million liability and an estimate of \$12.9 million for construction and operating commitments. The construction activities will add to the city's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

Distribution System Reservoirs. The City is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying six reservoirs is expected to be approximately \$231.7 million through the year 2022; costs beyond 2022 are not estimable as of the date of this report. As of December 31, 2019, total cumulative costs incurred were \$168.3 million.

Wholesale Water Supply Contracts. The City has wholesale contracts with Cascade Water Alliance (CWA) and twenty individual water districts and municipalities. Seventeen wholesale customers have full and partial requirements contracts which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. Two wholesale customers (including CWA) have block contracts which obligate the City to provide water up to a combined maximum of 41.85 MGD per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. The CWA contract expires in 2063 while other wholesale contracts expire in 2062.

The City also has a contract with the City of North Bend to provide untreated water supply up to an average annual amount of 1.1 MGD through 2066 for use in supplementing stream flows.

Wastewater Disposal Agreement. The City has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (the Division), which expires in 2036. The monthly wastewater disposal charge paid to the Division is based on the Division's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by the City were \$165,796,390 for fiscal year 2019.

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 \$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 \$15,279,836 in 2019.

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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 Lenz Enterprise contract is 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 \$4,534,016 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 \$5,285,545 in **Error! Reference source not found.**

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

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 City's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, the City uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as future costs in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from Solid Waste Fund 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 post-closure costs will continue to amortize until 2024.

(15) CONTINGENCIES

The City is exposed to the risk of loss from torts, theft or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, failure to supply utilities, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for job-related illnesses and injuries to employees. The City has been self-insured for most of its general liability risks prior to January 1, 1999, for workers' compensation since 1972, and for employees' health care benefits starting in 2000.

In addition, the City purchases excess general liability insurance coverage on a year to year basis. The City's self-insured retention for each claim involving general liability is limited to \$6.5 million per occurrence of such claims through May 2020. Effective June 1, 2019 through May 2020 the City's excess liability insurance limits were \$100 million. In 2019 the City purchased \$50 million in cyber insurance. Coverage includes business interruption, system failure, data asset protection, event management, privacy and network security liability.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500 million in limits, subject to various deductible levels depending upon the assets and value of the building. This includes \$100 million in earthquake and flood limits. Hydroelectric and other utility producing, and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, aviation, marine and hull, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities, as necessary.

In 2019, the City purchased one annuity contract for \$0.6 million to resolve litigation. The City did not receive any large liability settlements in 2019 nor settled any claims exceeding coverage.

Notes to Financial Statements

Claims liabilities are based on the estimated ultimate cost of settling claims, which include case reserve estimates and incurred but not reported (IBNR) claims. Liabilities for lawsuits and other claims are assessed and projected annually using historical claims, lawsuit data, and current reserves. The Seattle Department of Human Resources estimates case reserves for workers' compensation using statistical techniques and historical experience. In 2019 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care as of year-end 2018. The total undiscounted IBNR amount was \$39.8 million in 2019, increased by \$9.6 million from prior year.

Estimated claims expenditures are budgeted by the individual governmental and proprietary funds. Actual workers' compensation claims are processed by the General Fund and reimbursed by the funds that incurred them. Operating funds pay health care premiums to the General Fund, and the latter pays for all actual health care costs. The General Fund initially pays for lawsuits, claims, and related expenses and then receives reimbursements from City Light, Water, Drainage and Wastewater, Solid Waste, and the retirement funds.

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2019. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Workers' compensation and general liabilities recorded in the financial statements are discounted at 2.0% for 2019, the City's 2018 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.381% for 2019, the City's 2019 average annual rate of return on investments. The total discounted liability at December 31, 2019, was \$123.1 million consisting of \$65.3 million for general liability, \$15.4 million for health care, and \$42.4 million for workers' compensation.

Table 15-1
RECONCILIATION OF CHANGES IN
AGGREGATE LIABILITIES FOR CLAIMS
(In Thousands)

	General Liability	Health Care	Workers' Compensation	Total City
UNDISCOUNTED				
Balance - Beginning of Fiscal Year	\$ 81,436	\$ 5,069	\$ 41,680	\$ 128,185
Less Payments and Expenses During the Year	(19,211)	(241,487)	(21,154)	(281,852)
Plus Claims and Changes in Estimates	9,665	252,155	24,331	286,151
Balance - End of Fiscal Year	<u>\$ 71,890</u>	<u>\$ 15,737</u>	<u>\$ 44,857</u>	<u>\$ 132,484</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 56,664	\$ 15,737	\$ 34,341	\$ 106,742
Business-Type Activities	15,213	—	10,514	25,727
Fiduciary Activities	13	—	2	15
Balance - End of Fiscal Year	<u>\$ 71,890</u>	<u>\$ 15,737</u>	<u>\$ 44,857</u>	<u>\$ 132,484</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 51,491	\$ 15,371	\$ 32,462	\$ 99,324
Business-Type Activities	13,825	—	9,938	23,763
Fiduciary Activities	12	—	2	14
Balance - End of Fiscal Year	<u>\$ 65,328</u>	<u>\$ 15,371</u>	<u>\$ 42,402</u>	<u>\$ 123,101</u>

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Pending litigations, claims, and other matters are as follows:

Deien v. City – Plaintiff brings a purported class action against the City based on billing practices associated with the Department's transition to advance meters. No class has been certified and the City's ultimate liability is indeterminate.

Overby v. City, Haynes, and Wilson – Plaintiff Overby alleges that he is a victim of age and disability discrimination and retaliation. The case arises from asserted occupational exposure to contaminants at the City's Skagit generation facility. The plaintiff asserts that the City and the individual defendants mistreated him following such exposure. An adverse result could include awards of compensatory damages and attorneys' fees. The City's ultimate liability is indeterminate.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote or unknown. Other than the aforementioned cases and the claim liabilities recorded in the financial statements, there were no other outstanding material judgments against the City.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 108 LOAN PROGRAM

The City participates in the HUD Section 108 loan program, in which HUD obtains funds from private investors at a very low cost (i.e., low interest rate) and provides the low-cost funds to jurisdictions nationwide including the City. Low-cost funds are available because HUD guarantees repayment to the private investors. The City re-lends these funds to private borrowers. HUD deposits the funds directly with the City's loan servicing agent, the Bank of New York. The Bank of New York disburses funds on behalf of the City to the private borrowers.

The Brownfields Economic Development Initiative Grant (BEDI) program is a federal grant that is directly linked to the Section 108 loan program. The City uses BEDI grant funds as a loan loss reserve and interest subsidy on Section 108 loans. The U.S. Treasury deposits the grant funds with the City. The City then disburses the grant funds to the loan servicing agent.

Pursuant to RCW 35.21.735 the City is expressly authorized to participate in the Section 108 loan program. The state statute and the City's contracts/agreements with HUD clarify that the City never pledges its full faith and credit. Future block grant funds are pledged to HUD in the event of borrower default. Each loan is secured by a deed of trust and/or bank-issued letter of credit that provides the City with security in the event of borrower default. Additionally, the BEDI grant funds may be used by the City to protect against loan default.

The City's outstanding Section 108 loan balance as of December 31, 2019 is \$7.5 million. BEDI grant funds amount to \$0.5 million and are used as a loan loss reserve.

GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed the certain bonds issued by public development authorities chartered by the City which are not component units of the City. The guarantees extend through the life of the bonds. If these public development authorities have insufficient funds to make scheduled debt payments of the principal of and interest on these guaranteed bonds, the City is obligated to transfer sufficient funds to make the payment. Public development authorities for whom the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

Museum Development Authority. Special obligation refunding bonds-Series 2014 were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2019 was \$34.9 million. The bonds will be fully retired by April 1, 2031.

Seattle Chinatown-International District Preservation and Development Authority. Refunding bonds were issued on September 26, 2007, in the amount of \$7.4 million. The outstanding amount owed as of December 31, 2019, was \$3.6 million. The bonds will be fully retired by August 1, 2026.

Notes to Financial Statements

Seattle Indian Services Commission. Special obligation revenue refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2019 is \$1.95 million. The bonds will be fully retired on November 1, 2024.

Event Notice Relating to Seattle Indian Services Commission. In 2014 the Seattle Indian Services Commission (the Commission) experienced unforeseen conditions that left it unable to fulfill its debt obligations on bonds guaranteed by the City. Due to the interruption and suspension of the Commission's pledged revenues for debt service the City is now obligated to temporarily service the Commission's debt.

Since fiscal year 2015, the City's Adopted Budget has included provisions to service the Commission's guaranteed bonds per the City's unconditional obligation, and the City has transferred funds on behalf of the Commission to service the principal and interest on its special obligation refunding bonds issued in 2004.

As of December 31, 2019, the Commission's remaining principal and interest amounts guaranteed by the City are \$1.95 million and \$0.14 million, respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (2.381%), the City has recognized a liability of \$2.08 million in the Government-wide Financial Statements. Until the Commission's revenue conditions improve the City will continue to make the scheduled debt payments through the life of the bonds, with a final maturity date of November 1, 2024.

The City of Seattle

(16) TAX ABATEMENTS

Table 16-1
Page 1 of 2

Tax Abatement Programs
For the Year Ended December 31, 2019
(In Thousands)

	Primary Government	Other Governments				
	City of Seattle	King County		State of Washington		
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Data Center Server Equipment and Power Infrastructure
1) Purpose of program	Supports mixed-income residential development in the urban centers to ensure affordability as the community grows	Encourages maintenance, improvement and preservation of privately owned historic landmarks	Provides incentives to landowners to voluntarily preserve open space, farmland or forestland	Provides temporary relief from tax increases caused by major additions or remodels to single-family dwellings	Encourages the creation of high-wage, high-skilled jobs in Washington	Supports immediate investments in technology facilities and resulting employment
2) Tax being abated	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax	Sales and Use Tax	Sales and Use Tax
3) Authority under which abatements agreements are made	SMC Chapter 5.73 RCW Chapter 84.14	RCW Chapter 84.26 RCW 84.26.020(2) RCW 84.26.050(2)	RCW 84.33.130 RCW 84.34.010	RCW 84.36.400	RCW Chapter 82.63	RCW 82.08.986 RCW 82.12.986
4) Criteria to be eligible to receive abatement	Property owner must set aside 20-25% of the homes as income- and rent-restricted and enter a legally binding agreement with the City detailing the affordability requirements and other stipulations for compliance with the program	The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation; (3) be rehabilitated at a cost equal to 25% or more of pre-improvement assessed value within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board	Property must be enrolled as: (1) Open space with points awarded per the Pubic Benefit Rating System (PBRS) by resource category (2) Timber land if 5-20 acres are manageable forestland, zoned RA, F or A, and devoted primarily to growth, harvest and management of forest crops for commercial purposes per an approved forest stewardship plan (3) Farm and agricultural land if used to produce livestock or agricultural commodities for commercial purposes (4) Forestland if more than 20 acres are primarily devoted to the growth and harvest of timber	Property to be improved must be a single-family dwelling	Purchases must be for the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology	Within 6 years of exemption issued, net employment at the data center facility must increase by a minimum of 35 positions or 3 positions per 20,000 square feet or less of space; positions must be new permanent employment positions requiring 40 hours of weekly work, or equivalent, and receiving a wage equivalent to or greater than 150% of the per capita personal income of the county in which the data center is located

Notes to Financial Statements

Table 16-1
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Tax Abatement Programs
For the Year Ended December 31, 2019
(In Thousands)

	Primary Government		Other Governments			
	City of Seattle		King County		State of Washington	
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Data Center Server Equipment and Power Infrastructure
5) How recipients' taxes are reduced	Exemption from property tax assessments, by participating in the program, property owners commit to a compliance period in return for a tax exemption period.	Reduction to assessed value subject to property tax for 10 years	Reduction to assessed value subject to property tax	Improvement value not added to assessed value subject to property tax for 3 years	Deferral and ultimate waiver of sales and use taxes when purchasing machinery and equipment, subject to annual certification for up to 7 years	Waiver of sales and use taxes when goods and services are purchased by the qualifying business or tenant
6) How amount of abatement is determined	Equal to the taxes on the entire appraised value of the property's residential improvements	Based on a special valuation	Difference between "current use" assessed value and "highest and best use" assessed value that would otherwise apply to the property	Equal to 100% of the additional property tax due to the increase in assessed value from the improvements, not to exceed 30% of the pre-improvement value of the structure	Equal to the taxes otherwise applicable to the goods and services	Equal to the taxes otherwise applicable to the goods and services
7) Provisions for recapturing abated taxes	If a property fails to comply with affordability restriction, the City Director of Housing may cancel the tax exemption, and the County Assessor may impose fines, collect back taxes, and charge interest on back taxes	When property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, additional taxes, applicable penalties and interest are collected	When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected	None	If the project is used for any other purpose at any time during the 8-year certification period, the business must immediately repay a portion of the deferred taxes, determined by a sliding scale ranging from 100% recapture in year 1 to 12.5% in year 8	All previously exempted sales and use tax are immediately due and payable for a qualifying business or tenant that does not meet these requirements
8) Types of commitments made by the City other than to reduce taxes	None	None	None	None	None	None
9) Gross amount of reduced City revenues	\$ 11	\$ 1,034	\$ 46	\$ 117	\$ 16,767	\$ 233
	Total Revenue Reduction					\$ 18,208

^a Any change in tax revenue to the City is not the direct result of the exemption but rather the associated deferral from adding the new construction of exempt properties to the King County property tax base until after each project's exemption period has terminated.

The City of Seattle

(17) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS

Effective January 1, 2019, pursuant to City ordinance, the Fiber Leasing Fund has been consolidated into the Information Technology Fund. Prior year's financial statements were not restated.

In 2019, the City determined that the unamortized bond premium liability related to the 2017 and 2018 bond issuances to the Information Technology Fund, should not be accounted for in the Internal Service Funds as the original bond receipts are properly accounted for in the General Fund. As a result, the Internal Service Funds' beginning net position increased by \$1.3 million.

In 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which established specific criteria for identifying activities that should be reported as fiduciary activities. With this implementation, the City recognized five bank accounts held in a custodial capacity for external customers that met the criteria and are disclosed in Table G-2. The total of these custodial accounts were \$5.7 million cash. The primary balances of these accounts are the Seattle Police evidence and Municipal court restitution and bail monies. No restatements of prior year financials were necessary with this implementation.

(18) SUBSEQUENT EVENTS

CORONAVIRUS GLOBAL PANDEMIC (COVID-19)

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, the City of Seattle remains operational, but specific processes and revenues have been affected by this pandemic. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which disruption may materially impact our financial position, results of operation and cash flows in fiscal year 2020.

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**Required
Supplementary Information**

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

The budgetary basis of accounting is substantially the same as the modified accrual basis of accounting in all governmental funds except for the treatment of appropriations that do not lapse, those whose budgets were approved by the City Budget Office to carry over to the following year. These appropriations are included with expenditures in the City's budgetary basis of accounting.

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Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 320,118	\$ 320,118	\$ 320,731	\$ 613
Retail Sales and Use Taxes	286,586	286,586	293,469	6,883
Business Taxes	336,520	336,520	345,323	8,803
Excise Taxes	97,774	97,774	114,296	16,522
Other Taxes	32,688	32,688	36,639	3,951
Interfund Business Taxes	<u>170,111</u>	<u>170,111</u>	<u>173,404</u>	<u>3,293</u>
Total Taxes	1,243,797	1,243,797	1,283,862	40,065
Licenses and Permits	36,349	36,349	43,856	7,507
Grants, Shared Revenues, and Contributions	28,187	28,187	37,339	9,152
Charges for Services	70,790	70,790	95,582	24,792
Fines and Forfeits	26,414	26,414	34,529	8,115
Parking Fees and Space Rent	41,424	41,424	39,105	(2,319)
Program Income, Interest, and Miscellaneous Revenues	<u>286,436</u>	<u>286,436</u>	<u>151,295</u>	<u>(135,141)</u>
Total Revenues	1,733,397	1,733,397	1,685,568	(47,829)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	489,520	521,715	274,574	247,141
Judicial	34,760	36,370	35,208	(1,162)
Public Safety	742,727	775,171	741,670	(33,501)
Physical Environment	13,840	17,266	15,527	(1,739)
Transportation	56,807	58,541	53,808	4,733
Economic Environment	149,957	180,576	146,586	(33,990)
Health and Human Services	34,065	40,540	29,757	(10,783)
Culture and Recreation	185,857	204,129	191,957	12,172
Capital Outlay				
General Government	23,194	13,375	8,821	(4,554)
Public Safety	—	2,209	4,013	1,804
Physical Environment	—	12	—	(12)
Transportation	18,836	22,012	23,449	1,437
Economic Environment	—	33	875	842
Culture and Recreation	44,446	36,968	38,252	1,284
Debt Service				
Principal	—	—	5	5
Interest	—	—	—	—
Total Expenditures and Encumbrances	<u>1,794,010</u>	<u>1,908,917</u>	<u>1,564,502</u>	<u>344,415</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(60,613)	(175,520)	121,066	(392,244)

The City of Seattle

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,819	1,819	—	(1,819)
Transfers In	22,845	22,845	10,406	(12,439)
Transfers Out	<u>(105,770)</u>	<u>(123,915)</u>	<u>(79,656)</u>	<u>94,259</u>
Total Other Financing Sources (Uses)	<u>(81,106)</u>	<u>(99,251)</u>	<u>(19,250)</u>	<u>80,001</u>
Net Change in Fund Balance	\$ <u>(141,719)</u>	\$ <u>(274,771)</u>	101,816	\$ <u>(312,243)</u>
Budgetary Fund Balance - Beginning of Year			483,266	
Net Change in Encumbrances			(49,100)	
Net Change in Unappropriable Reserves			<u>(263,612)</u>	
Budgetary Fund Balance - End of Year			272,371	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			250,624	
Encumbrances			62,054	
Reimbursements				
Budgeted as Revenues			238,616	
Budgeted as Expenditures			(238,616)	
GASB Statement No. 54 Reporting Adjustment				
Fund Balance (GAAP) - End of Year			<u>\$ 585,048</u>	

Required Supplementary Information

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**TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 99,262	\$ 99,262	\$ 100,277	\$ 1,015
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	47,010	47,010	49,232	2,222
Excise Taxes	—	—	—	—
Other Taxes	—	—	2	2
Interfund Business Taxes	—	—	—	—
Total Taxes	146,272	146,272	149,511	3,239
Licenses and Permits	9,552	9,552	6,889	(2,663)
Grants, Shared Revenues, and Contributions	67,464	67,464	39,742	(27,722)
Charges for Services	145,957	145,957	85,849	(60,108)
Fines and Forfeits	18	18	176	158
Parking Fees and Space Rent	—	—	272	272
Program Income, Interest, and Miscellaneous Revenues	—	—	4,664	4,664
Total Revenues	369,263	369,263	287,103	(82,161)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	211,087	223,040	207,355	15,685
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	198,861	105,579	89,505	16,074
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	31,643	31,643	1,275	30,368
Interest	—	—	45	(45)
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	441,591	360,262	298,180	62,082
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(72,328)	9,001	(11,077)	(144,242)

The City of Seattle

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**TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	—	—	—	—
Sales of Capital Assets	—	20,245	6,199	14,046
Transfers In	—	—	2,119	(2,119)
Transfers Out	—	(3,500)	(39,968)	36,468
Total Other Financing Sources (Uses)	—	16,745	(31,650)	48,395
Net Change in Fund Balance	\$ (72,328)	\$ 25,746	(42,727)	\$ (95,847)
Budgetary Fund Balance - Beginning of Year			99,643	
Net Change in Encumbrances			(30,525)	
Net Change in Unappropriable Reserves			(50,362)	
Budgetary Fund Balance - End of Year			(20,268)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			57,052	
Encumbrances			31,894	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year			\$ 68,678	

Required Supplementary Information

PENSION AND OPEB PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The required supplementary information (C3) reports the long-term actuarial data on the Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past 10 consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11.

Under GASB 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB 68, the required supplementary information (C4, C5) reports a 10 year Schedule of Proportionate Share of the Net Pension Liability as of the plan's measurement date of the collective net pension liability, and a 10 year Schedule of Employer Contribution as of the City's most recent fiscal year-end, for each pension plan separately.

In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires a schedule of changes in total OPEB liability and related ratios for each of the 10 most recent fiscal years as required supplementary information. The schedule separately presents the required information for each OPEB plan (C6).

The City of Seattle

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PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

Police Relief and Pension Fund

Year Ended	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service Cost	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,061	3,024	3,401	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	5,602	2,569	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	11,816	(4,809)	1,689	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	12,404	(12,443)	(503)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	80,513	92,956	93,459	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 92,917	\$ 80,513	\$ 92,956	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

Firefighters' Pension Fund

Year Ended	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service Cost	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,298	3,325	3,623	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(525)	(2,082)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	9,030	(6,739)	2,118	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	4,864	(12,693)	(1,744)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	85,880	98,573	100,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 90,744	\$ 85,880	\$ 98,573	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

Required Supplementary Information

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**PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Seattle City Employees' Retirement System
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)**

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	99.95%	99.95%	99.93%	99.91%	0.9989
Employer's proportionate share of the net pension liability	\$1,518,484	\$1,106,617	\$1,304,140	\$1,297,983	\$1,106,800
Covered payroll ^B	\$774,235	\$728,094	\$708,562	\$638,354	\$626,403
Employer's proportionate share of the net pension liability as a percentage of covered payroll	196.13%	151.99%	184.05%	203.33%	176.69
Plan fiduciary net position as a percentage of the total pension liability	64.14%	72.04%	65.60%	64.03%	67.70%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.
^B Covered payroll is the payroll on which contributions to a pension plan are based.

The City of Seattle

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**PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
June 30, 2019
Last Ten Fiscal Years ^A
(In Thousands)**

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	3.58%	3.57%	3.55%	3.55%	3.55%
Employer's proportionate share of the net pension liability	\$70,673	\$64,885	\$53,981	\$36,619	\$42,771
Covered payroll ^B	\$992	\$1,391	\$2,023	\$2,542	\$3,930
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7,127.78%	4,664.63%	2,668.36%	1,440.33%	1,088.29%
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	127.36%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	3.55%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	\$43,065	N/A	N/A	N/A	N/A
Covered payroll ^B	\$4,905	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	878.02%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	126.91%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.
^B Covered payroll is the payroll on which contributions to a pension plan are based.

Required Supplementary Information

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PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
June 30, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	8.95%	9.08%	9.17%	9.36%	9.31%
Employer's proportionate share of the net pension asset	\$207,455	\$184,326	\$127,282	\$54,486	\$95,637
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	135,855	119,348	82,565	35,523	64,124
Total	\$343,310	\$303,674	\$209,847	\$90,009	\$159,761
Covered payroll ^B	\$313,037	\$294,033	\$283,991	\$273,333	\$268,461
Employer's proportionate share of the net pension liability as a percentage of covered payroll	66.27%	62.69%	44.82%	19.93%	35.62%
Plan fiduciary net position as a percentage of the total pension asset	119.43%	118.5%	113.36%	106.04%	111.67%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	9.40%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	\$125,076	N/A	N/A	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	82,876	N/A	N/A	N/A	N/A
Total	\$207,952	N/A	N/A	N/A	N/A
Covered payroll ^B	\$255,273	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	49.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	116.75%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.
^B Covered payroll is the payroll on which contributions to a pension plan are based.

The City of Seattle

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2018
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Contractually required employer contributions	\$117,490	\$111,742	\$107,900	\$100,614	\$89,363
Contributions in relation to the statutorily or contractually required contributions	118,393	111,742	108,500	100,614	89,363
Contribution deficiency (excess)	\$(903)	\$ —	\$(600)	\$ —	\$ —
Covered payroll ^B	\$783,740	\$774,235	\$708,562	\$638,354	\$626,403
Contributions as a percentage of covered payroll	15.11%	14.43%	15.31%	15.76%	14.27%
	2014	2013	2012	2011	2010
Contractually required employer contributions	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.
^B Covered payroll is the payroll on which contributions to a pension plan are based.

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**PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)**

	2019	2018	2017	2016	2015
Statutorily or contractually required contributions ^C	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the statutorily or contractually required contributions ^C	—	—	—	—	—
Contribution deficiency (excess)	—	—	—	—	—
Covered payroll ^B	\$971	\$1,165	\$2,023	\$2,542	\$3,930
Contributions as a percentage of covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —
	2014	2013	2012	2011	2010
Statutorily or contractually required contributions ^C	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the statutorily or contractually required contributions ^C	—	—	—	—	—
Contribution deficiency (excess)	—	—	—	—	—
Covered payroll ^B	4,905	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

^C LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

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**PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)**

	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$17,126	\$16,243	\$15,300	\$14,332	\$13,638
Contributions in relation to the statutorily or contractually required contributions	17,126	16,243	15,300	14,332	13,638
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll ^B	\$326,188	\$299,193	\$283,991	\$273,333	\$268,461
Contributions as a percentage of covered payroll	5.25%	5.43%	5.23%	5.24%	5.08%
	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$13,249	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	13,249	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	N/A	N/A	N/A	N/A
Covered payroll ^B	\$255,273	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	5.19%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

Required Supplementary Information

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Health Care Blended Premium Subsidy Plan
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability – beginning	\$ 61,130	\$ 65,648	N/A	N/A	N/A
Service cost	3,842	3,822	N/A	N/A	N/A
Interest	2,195	2,583	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience		13,492	N/A	N/A	N/A
Effect of economic/demographic gains or losses			N/A	N/A	N/A
Changes of assumptions	(3,887)	(22,126)	N/A	N/A	N/A
Benefit payments	(2,334)	(2,289)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability – ending	\$ 60,947	\$ 61,130	N/A	N/A	N/A
Covered-employee payroll	\$ 1,015,097	\$ 1,015,097	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	6.00%	6.02%	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 Fire Employees
LEOFF 1 Fire Employees
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability - beginning	\$ 268,828	287,302	N/A	N/A	N/A
Service cost	—	—	N/A	N/A	N/A
Interest	10,525	9,855	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(7,497)	—	N/A	N/A	N/A
Changes of assumptions	9,583	(16,786)	N/A	N/A	N/A
Benefit payments	(11,513)	(11,543)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability - ending	\$ 269,926	268,828	N/A	N/A	N/A
Covered-employee payroll	—	—	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Required Supplementary Information

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Retiree Medical and Long-Term Care Benefits for
LEOFF 1 and Escalator Employees
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability - beginning	\$ 297,381	\$ 318,682	N/A	N/A	N/A
Service cost	—	—	N/A	N/A	N/A
Interest	11,599	10,903	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(9,511)	—	N/A	N/A	N/A
Changes of assumptions	2,637	(17,731)	N/A	N/A	N/A
Benefit payments	(14,979)	(14,472)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability - ending	\$ 287,127	\$ 297,382	N/A	N/A	N/A
Covered-employee payroll	—	—	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^AThis schedule will be built prospectively until it contains ten years of data.
 No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Combining Statements and Other Supplementary Information

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Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Parks and Recreation Fund** accounts for the operation of the City's parks system. The fund continues to receive monies for charter revenues as required by the City Charter. Required charter revenue to the fund is 10% of all business and occupation taxes, related fines, penalties, and other licenses. In 2009, the City changed the charter revenue allocation from direct method of allocating 10% actual revenue receipts periodically to an indirect method of transferring a fixed amount from the General Fund as adopted by the City Council each year. At the end of each year, an analysis is performed to ensure that Park and Recreation Fund receives monies equal to or exceeding the 10% charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees. The Park Capital Projects Fund was merged to this Fund in 2018. See Note 17 for restatements as a result of fund conversion in 2018.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other monies per City ordinance.

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation which shall be used and applied in accordance with appropriations by the City Council.

The **Pike Place Market Renovation Fund** accounts for the proceeds of a six-year tax levy (Market Levy) approved by the voters in 2008 received on behalf of the Pike Place Market Preservation and Development Authority (PPMPDA) to pay for the cost of renovating the Pike Place Market owned by PPMPDA under the Levy Proceeds Agreement by and between the City and PPMPDA. It also accounts for the proceeds of bonds issued in part by the 2009, 2010, and 2011 Multipurpose Long-Term General Obligation Bond as temporary financing for the Pike Place Market renovation, whose bonds and interest are being paid from the Market Levy proceeds at bond maturity and interest payment dates.

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **Wheelchair Accessible Service Fund** accounts for the collection and distribution of a 10-cent per ride surcharge for all rides originating in the City of Seattle with Transportation Network Companies, non-wheelchair-accessible taxis and for-hire companies. The funds are used to help owners and operators of wheelchair accessible taxi services offset higher operational and maintenance costs.

The **Election Vouchers Fund** accounts for the expenditures of the Seattle Ethics and Elections Commission in administering a publicly financed election program created by City of Seattle Initiative Measure 122 (voter approved on November 3, 2015). The fund receives revenues from the Measure 122 authorized property tax increase, the General fund, and other monies as authorized.

The **Human Services Operating Fund** accounts for grants and General Fund monies for programs to aid low-income persons, youths, and the elderly.

The **Low-Income Housing Fund** manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for a seven-year housing levy approved by the voters in 2009 to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income tenants in Seattle. Operating costs in the administration of the levy are accounted for in the Office of Housing Fund, a nonmajor special revenue fund.

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **Education and Development Services Fund** accounts for a seven-year levy approved by the voters in 1997, in 2004, and again in 2011 to provide educational and developmental services to supplement the basic education activities financed by the State of Washington.

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Nonmajor Governmental Funds

The **Preschool Levy 2014 Fund** accounts for the proceeds of a four-year tax levy approved by voters in 2014; the funding will provide high-quality preschool services for low-income Seattle children as Seattle Preschool Program.

The **2012 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2012, providing support for library services which include maintaining hours and access, increasing the size and quality of library collections for both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs.

The **School Zone Fixed Automated Cameras Fund** accounts for revenues generated from the use of school zone fixed automated cameras to enforce the school zone speed limits and improve safety for schoolchildren and other pedestrians.

The **Seattle Metropolitan Parks District Fund** is a blended component unit of the City and reported as a special revenue fund in the City's financial statements. See Note 12 for details. It accounts for the independent taxing district created through voter approval and governed by the City Council. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs through its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for monies that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Transportation Benefit District Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee.

The **Families, Education, Preschool and Promise Levy Fund** accounts for the proceeds of a seven-year levy approved by the voters in 2018; the funding will provide education services designed to improve access to early learning and high-quality preschool, K-12 school and community-based investments, K-12 school health, and post-secondary and job readiness opportunities for Seattle students.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least 1% of the total cost of City capital construction projects. The City uses these monies to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children.

DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives monies from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives monies from the General Fund and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve reported in the General Fund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10% of net outstanding LID debt.

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CAPITAL PROJECTS FUNDS

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. The fund has received monies from the Cumulative Reserve Fund as well as Limited Tax General Obligation Bonds over the years. I.

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram monies for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant.

The **Community Improvement Fund** accounts for monies from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate negative construction impacts in those communities.

The **Park Mitigation and Remediation Fund** account for monies received for development, renovation or improvements to Department of Parks and Recreation properties related to implementing the Arboretum Mitigation Plan to address impacts from the State's SR 520, I-5 To Medina: Bridge Replacement and HOV Project.

The **Open Spaces and Trails Bond Fund** was established in 1989. It accounts for \$41.8 million which is Seattle's portion of the King County general obligation bond issued to finance the preservation of greenbelts, natural areas, other undeveloped open spaces, and to acquire and develop recreational trails within the City.

The **Seattle Center and Parks Multipurpose Levy Fund** was established to account for the 8-year \$72 million property tax levy approved by voters in 1999 for improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new Festivals Pavilion, and the construction and remodeling of community centers. It also accounts for the 8-year \$129.2 million property tax levy approved by the voters in 2000 for improving maintenance and programs of existing parks, including the Woodland Park Zoo; acquiring, developing, and maintaining new neighborhood parks, green spaces, playfields, trails, and boulevards; and recreational programming for funding safe out-of-school and senior activities.

The **Seattle Center Redevelopment/Parks Community Center Fund** was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers..

The **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Municipal Courthouse and police headquarters, the new City Hall, Key Tower major improvements, and other capital projects relating to the Civic Center.

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities.

The **Garage Proceeds Disposition Fund** was established in 2016 to collect sale proceeds of the Pacific Place Garage, with the intention of repaying the original bonds issued to acquire and operate the garage.

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district.

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City. The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects, and the South Lake Union Property Proceeds Account.

Nonmajor Governmental Funds

The **2009 Multipurpose Long-Term General Obligation Bond Fund** was established in 2008 to account for the proceeds of the bonds issued in March 2009 to provide funding for the costs of capital projects including the Alaskan Way Viaduct/Seawall, North Precinct, Northgate Land, Northgate Park, Rainer Beach Community Center, Trails, Bridge Rehabilitation, King and Spokane Streets projects, and the Municipal Jail.

The **2010 Multipurpose Long-Term General Obligation Bond Fund** was established in 2010 to account for the proceeds of the bonds issued in March 2010 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation, Bridge Seismic Retrofit, Mercer Corridor-South Lake Union, Mercer Corridor West, King Street Station Multimodal Terminal, Alaskan Way Viaduct, Parking Pay Stations, Pike Place Market Renovation, Golf Course Improvements, and Tier-1 Storage Area Network.

The **2011 Multipurpose Long-Term General Obligation Bond Fund** was established in 2011 to account for the proceeds of the bonds issued in March 2011 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation and Seismic Retrofit, Parking and Program Management, Facility Energy Retrofits, Rainier Beach Community Center, King Street Station Multimodal Terminal, Seattle Center Renovations, Pike Place Market Renovation, Golf Course Improvements, and Alaskan Way Viaduct and Seawall.

The **2012 Multipurpose Long-Term General Obligation Bond Fund** was established in 2012 to account for the proceeds of the bonds issued in May 2012 to provide funding for the costs of capital projects relating to Bridge Seismic Retrofit, the Mercer Corridor-South Lake Union, Mercer Corridor West, Linden Avenue North, Alaskan Way Viaduct Seawall, Alaskan Way Viaduct Parking and Program Management, Rainier Beach Community Center, Magnuson Park Building 30, and Library Information Technology Systems.

The **2013 Multipurpose Long-Term General Obligation Bond Fund** was established in 2013 to account for the proceeds of bonds issued in June 2013 to provide funding for the costs of capital projects relating to Transportation Infrastructure, Recreational and Public Safety facilities, and Information Technology Systems.

The **Alaskan Way Seawall Construction Fund** was established in 2013 to account for the issuance of and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorized loans of resources from various City funds, to pay all or part of the costs of the design, construction, renovation, improvement and replacement of the Alaskan Way Seawall and associated public infrastructure.

The **Central Waterfront Improvement Fund** was established in 2012 to account for capital costs related to the Alaskan Way Viaduct and Seawall Replacement Program, including costs associated with the design and construction of the Central Waterfront component, costs for city administration, and costs eligible for financing by a future Local Improvement District. The fund shall receive all revenues including, but not limited to, revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations or gifts; property sales proceeds; and other monies as authorized by the City Council.

The **2013 King County Parks Levy Fund** was established in 2013 to account for the issuance and sale of limited tax general obligation bonds to pay all or part of the City's capital improvement program, to refinance certain outstanding bonds of the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, improvements to Benaroya Hall and to pay the cost of issuance of the bonds.

The **2014 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to pay all or part of the cost of various City's capital improvement programs and other City purposes, to carry out the refunding for the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, to pay the costs of the Benaroya Hall Music Center projects, and to pay other general obligation Bonds.

The **2015 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to account for the proceeds of the issuance of bonds to provide funding for the City's capital projects such as King Street Station, Bridge Seismic Refits, Fire Station Projects, Mercer Corridor projects, and other capital projects.

The **2016 Multipurpose Long-Term General Obligation Bond Fund** was established in 2015 to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to provide a contribution to the Pike Place market Preservation and Development Authority for the financing of certain improvements, and to pay the costs of issuance of the bonds.

The City of Seattle

The **2017 Multipurpose Long-Term General Obligation Bond Fund** was established in 2016 to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, and to authorize the loan of funds from the City Consolidated (Residual) cash pool for bridge financing of the Haller Lake Improvement project.

The **2018 Multipurpose Long-Term General Obligation Bond Fund** was established in 2017 to pay all or part of the costs of various elements of the City's capital improvement program such as Low Income Housing, Alaska Way Corridor, Financial IT Upgrades, Municipal Court IT Upgrades, and other City purposes approved by ordinance.

The **2019 Multipurpose Long-Term General Obligation Bond Fund** was established in 2018 to pay all or part of the costs of various elements of the City's capital improvement program such as Elliot Bay Seawall, Seattle Municipal Tower Chiller, Seattle Police IT Infrastructure, Low Income Housing and other City purposes approved by ordinance.

PERMANENT FUNDS

The **H. H. Dearborn Fund** holds a \$50,000 non-expendable gift to the City. The investment income is available for charitable purposes.

The **Beach Maintenance Trust Fund** received \$2.0 million appropriated from the City's Shoreline Park Improvement Fund. The earnings on this fund are used solely to maintain public beaches in Seattle.

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SUMMARY BY FUND TYPE
December 31, 2019
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2019	Comparative Totals 2018
ASSETS						
Cash and Equity in Pooled Investments	\$ 552,710	\$ 11,863	\$ 69,034	\$ 1,981	\$ 635,588	\$ 648,890
Receivables, Net of Allowances	20,557	481	6,549	3	27,590	36,565
Due from Other Funds	288	—	8,919	—	9,207	49,000
Due from Other Governments	44,204	—	134	—	44,338	26,131
Interfund Loans and Advances	—	—	—	—	—	8,000
Other Current Assets	661	—	5	—	666	686
Total Assets	618,420	12,344	84,641	1,984	717,389	769,272
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 618,420	\$ 12,344	\$ 84,641	\$ 1,984	\$ 717,389	\$ 769,272
LIABILITIES						
Accounts Payable	\$ 12,055	\$ —	\$ 2,225	\$ —	\$ 14,280	\$ 21,288
Contracts Payable	447	—	5	—	452	401
Salaries, Benefits, and Taxes Payable	12,017	—	113	—	12,130	6,736
Due to Other Funds	684	—	8,918	—	9,602	100,532
Due to Other Governments	5,198	—	—	—	5,198	5,198
Revenues Collected in Advance	10,212	—	104	—	10,316	9,171
Interfund Loans and Advances	2,000	50	1,500	—	3,550	30,290
Other Current Liabilities	20,862	—	86	—	20,948	10,026
Total Liabilities	63,475	50	12,951	—	76,476	183,642
DEFERRED INFLOWS OF RESOURCES						
	2,373	391	5,862	—	8,626	9,499
FUND BALANCES						
Nonspendable	740	—	—	2,050	2,790	2,790
Restricted	538,641	11,903	67,586	106	618,236	564,282
Committed	5,154	—	—	—	5,154	12,742
Assigned	10,844	—	—	—	10,844	12,915
Unassigned	(2,807)	—	(1,758)	(172)	(4,737)	(16,598)
Total Fund Balances	552,572	11,903	65,828	1,984	632,287	576,131
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 618,420	\$ 12,344	\$ 84,641	\$ 1,984	\$ 717,389	\$ 769,272

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2019
(In Thousands)**

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
ASSETS						
Cash and Equity in Pooled Investments	\$ 33,760	\$ 70	\$ —	\$ 396	\$ 2,493	\$ 6,737
Receivables, Net of Allowances	9,697	49	—	10	3,540	723
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	1,133	76	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	409	—	—	—	252	—
Total Assets	44,999	195	—	406	6,285	7,460
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 44,999	\$ 195	\$ —	\$ 406	\$ 6,285	\$ 7,460
LIABILITIES						
Accounts Payable	\$ 3,578	\$ 41	\$ —	\$ —	\$ 428	\$ 29
Contracts Payable	412	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	6,554	11	—	—	2,238	11
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	440	950	—	—	1,466	—
Interfund Loans and Advances	—	2,000	—	—	—	—
Other Current Liabilities	11,523	—	—	—	20	—
Total Liabilities	22,507	3,002	—	—	4,152	40
DEFERRED INFLOWS OF RESOURCES						
	(61)	—	—	9	—	—
FUND BALANCES						
Nonspendable	466	—	—	—	274	—
Restricted	14,042	—	—	397	1,859	7,420
Committed	—	—	—	—	—	—
Assigned	8,045	—	—	—	—	—
Unassigned	—	(2,807)	—	—	—	—
Total Fund Balances	22,553	(2,807)	—	397	2,133	7,420
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,999	\$ 195	\$ —	\$ 406	\$ 6,285	\$ 7,460

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2019
(In Thousands)**

	Election Vouchers Fund	Human Service Operating	Low-Income Housing	Office of Housing	Education and Development Services	Preschool Levy 2014
ASSETS						
Cash and Equity in Pooled Investments	\$ 4,805	\$ 2,571	\$ 251,244	\$ 5,472	\$ 26,929	\$ 9,785
Receivables, Net of Allowances	55	646	1,742	413	303	253
Due from Other Funds	—	185	—	—	—	—
Due from Other Governments	—	26,553	3,770	1,734	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	4,860	29,955	256,756	7,619	27,232	10,038
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 4,860	\$ 29,955	\$ 256,756	\$ 7,619	\$ 27,232	\$ 10,038
LIABILITIES						
Accounts Payable	\$ 13	\$ (1,817)	\$ 2,305	\$ 29	\$ 446	\$ 326
Contracts Payable	33	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	1,223	—	451	55	50
Due to Other Funds	—	463	—	—	—	—
Due to Other Governments	—	5,198	—	—	—	—
Revenues Collected in Advance	—	7,356	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	4,974	47	4,298	—	—
Total Liabilities	46	17,397	2,352	4,778	501	376
DEFERRED INFLOWS OF RESOURCES	35	—	473	42	179	(7)
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	12,183	253,931	—	26,552	9,669
Committed	4,779	375	—	—	—	—
Assigned	—	—	—	2,799	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	4,779	12,558	253,931	2,799	26,552	9,669
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,860	\$ 29,955	\$ 256,756	\$ 7,619	\$ 27,232	\$ 10,038

The City of Seattle

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2019
(In Thousands)**

	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportatio n Benefit District	Families, Education, Preschool and Promise Levy
ASSETS						
Cash and Equity in Pooled Investments	\$ 7,070	\$ 10,842	\$ 54,056	\$ 6,974	\$ 37,108	\$ 73,777
Receivables, Net of Allowances	377	23	1,256	12	79	1,274
Due from Other Funds	—	1	—	—	—	102
Due from Other Governments	—	—	—	—	10,938	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	7,447	10,866	55,312	6,986	48,125	75,153
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 7,447	\$ 10,866	\$ 55,312	\$ 6,986	\$ 48,125	\$ 75,153
LIABILITIES						
Accounts Payable	\$ 634	\$ 19	\$ 2,438	\$ 1,193	\$ —	\$ 2,283
Contracts Payable	—	—	2	—	—	—
Salaries, Benefits, and Taxes Payable	303	57	526	—	118	321
Due to Other Funds	—	—	—	—	221	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	937	76	2,966	1,193	339	2,604
DEFERRED INFLOWS OF RESOURCES	297	—	576	—	—	830
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	6,213	10,790	51,770	5,793	47,786	71,719
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	6,213	10,790	51,770	5,793	47,786	71,719
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,447	\$ 10,866	\$ 55,312	\$ 6,986	\$ 48,125	\$ 75,153

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2019
(In Thousands)**

	General Trust	Municipal Arts	General Donation and Gift Trust	2019	Comparative Totals 2018
ASSETS					
Cash and Equity in Pooled Investments	\$ 3,639	\$ 11,698	\$ 3,284	\$ 552,710	\$ 545,989
Receivables, Net of Allowances	6	19	80	20,557	28,208
Due from Other Funds	—	—	—	288	38,682
Due from Other Governments	—	—	—	44,204	25,805
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	661	686
Total Assets	3,645	11,717	3,364	618,420	639,370
DEFERRED OUTFLOWS OF RESOURCES					
Total Assets and Deferred Outflows of Resources	\$ 3,645	\$ 11,717	\$ 3,364	\$ 618,420	\$ 639,370
LIABILITIES					
Accounts Payable	\$ 10	\$ 45	\$ 55	\$ 12,055	\$ 20,349
Contracts Payable	—	—	—	447	397
Salaries, Benefits, and Taxes Payable	1	95	3	12,017	6,725
Due to Other Funds	—	—	—	684	72,109
Due to Other Governments	—	—	—	5,198	5,198
Revenues Collected in Advance	—	—	—	10,212	9,066
Interfund Loans and Advances	—	—	—	2,000	8,289
Other Current Liabilities	—	—	—	20,862	9,940
Total Liabilities	11	140	58	63,475	132,073
DEFERRED INFLOWS OF RESOURCES					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,645	\$ 11,717	\$ 3,364	\$ 618,420	\$ 639,370
FUND BALANCES					
Nonspendable	—	—	—	740	740
Restricted	3,634	11,577	3,306	538,641	482,220
Committed	—	—	—	5,154	12,742
Assigned	—	—	—	10,844	12,915
Unassigned	—	—	—	(2,807)	(3,195)
Total Fund Balances	3,634	11,577	3,306	552,572	505,422
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,645	\$ 11,717	\$ 3,364	\$ 618,420	\$ 639,370

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2019
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	2019	Comparative Totals 2018
ASSETS					
Cash and Equity in Pooled Investments	\$ 10,911	\$ 9	\$ 943	\$ 11,863	\$ 11,596
Receivables, Net of Allowances	479	—	2	481	470
Due from Other Funds	—	—	—	—	26
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	11,390	9	945	12,344	12,092
DEFERRED OUTFLOWS OF RESOURCES					
Total Assets and Deferred Outflows of Resources	\$ 11,390	\$ 9	\$ 945	\$ 12,344	\$ 12,092
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	—	—	—	35
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	50	—	—	50	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	50	—	—	50	35
DEFERRED INFLOWS OF RESOURCES					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	391	—	—	391	363
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	10,949	9	945	11,903	11,694
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	10,949	9	945	11,903	11,694
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,390	\$ 9	\$ 945	\$ 12,344	\$ 12,092

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2019
(In Thousands)**

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy
ASSETS						
Cash and Equity in Pooled Investments	\$ 539	\$ 10	\$ 2	\$ 3,398	\$ 25	\$ 15,399
Receivables, Net of Allowances	1	—	—	6	—	27
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	134	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	540	10	2	3,538	25	15,426
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 540	\$ 10	\$ 2	\$ 3,538	\$ 25	\$ 15,426
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ 136	\$ —	\$ 370
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	3	—	15
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	64
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	139	—	449
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	1
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	540	10	2	3,399	25	14,976
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	540	10	2	3,399	25	14,976
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 540	\$ 10	\$ 2	\$ 3,538	\$ 25	\$ 15,426

The City of Seattle

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2019
(In Thousands)**

	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,500	\$ 1,024	\$ 481	\$ 391	\$ 259	\$ 36
Receivables, Net of Allowances	4	2	1	1	6,267	—
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	4	—	—	—
Total Assets	2,504	1,026	486	392	6,526	36
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,504	\$ 1,026	\$ 486	\$ 392	\$ 6,526	\$ 36
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	13	—	1	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	13	—	1	—	—	—
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	5,861	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,491	1,026	485	392	665	36
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	2,491	1,026	485	392	665	36
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,504	\$ 1,026	\$ 486	\$ 392	\$ 6,526	\$ 36

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2019
(In Thousands)**

	2009 Multipurpose Long-Term General Obligation	2010 Multipurpose Long-Term General Obligation	2011 Multipurpose Long-Term General Obligation	2012 Multipurpose Long-Term General Obligation	2013 Multipurpose Long-Term General Obligation	Alaskan Way Seawall Construction
ASSETS						
Cash and Equity in Pooled Investments	\$ —	\$ 71	\$ 332	\$ 232	\$ 131	\$ 2,503
Receivables, Net of Allowances	—	—	1	—	—	4
Due from Other Funds	—	—	—	—	—	1
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	—	71	333	232	131	2,508
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ —	\$ 71	\$ 333	\$ 232	\$ 131	\$ 2,508
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	5	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	3	1
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	8	1
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	71	333	232	123	2,507
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	—	71	333	232	123	2,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 71	\$ 333	\$ 232	\$ 131	\$ 2,508

The City of Seattle

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2019
(In Thousands)**

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation	2016 Multipurpose Long-Term General Obligation	2017 Multipurpose Long-Term General Obligation
ASSETS						
Cash and Equity in Pooled Investments	\$ 46	\$ 4,898	\$ 141	\$ 1,285	\$ 2,095	\$ 10,032
Receivables, Net of Allowances	54	9	—	2	7	103
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	1	—
Total Assets	100	4,907	141	1,287	2,103	10,135
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 100	\$ 4,907	\$ 141	\$ 1,287	\$ 2,103	\$ 10,135
LIABILITIES						
Accounts Payable	\$ 283	\$ 66	\$ —	\$ —	\$ —	\$ 1
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	35	—	—	—	2	10
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	40	—	—	—	—	—
Interfund Loans and Advances	1,500	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	86
Total Liabilities	1,858	66	—	—	2	97
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	4,841	141	1,287	2,101	10,038
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	(1,758)	—	—	—	—	—
Total Fund Balances	(1,758)	4,841	141	1,287	2,101	10,038
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 100	\$ 4,907	\$ 141	\$ 1,287	\$ 2,103	\$ 10,135

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2019
(In Thousands)**

	2018 Multipurpose Long Term General Obligation Bond Fund	2019 Multipurpose Long Term General Obligation Bond Fund	2019	2018
ASSETS				
Cash and Equity in Pooled Investments	\$ 5,729	\$ 17,475	\$ 69,034	\$ 89,084
Receivables, Net of Allowances	8	52	6,549	7,887
Due from Other Funds	—	9,360	9,361	10,282
Due from Other Governments	—	—	134	326
Interfund Loans and Advances	—	—	—	8,000
Other Current Assets	—	—	5	—
Total Assets	5,737	26,887	85,083	115,579
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 5,737	\$ 26,887	\$ 85,083	\$ 1,287
LIABILITIES				
Accounts Payable	\$ —	\$ 1,369	\$ 2,225	\$ 938
Contracts Payable	—	—	5	5
Salaries, Benefits, and Taxes Payable	13	17	113	10
Due to Other Funds	442	8,918	9,360	28,382
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	104	104
Interfund Loans and Advances	—	—	1,500	22,001
Other Current Liabilities	—	—	86	86
Total Liabilities	455	10,304	13,393	51,526
DEFERRED INFLOWS OF RESOURCES				
Total Assets and Deferred Inflows of Resources, and Fund Balances	\$ 5,737	\$ 26,887	\$ 85,083	\$ 115,579

The City of Seattle

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
December 31, 2019
(In Thousands)**

	H. H. Dearborn	Beach Maintenance Trust	2019	Comparative Totals 2018
ASSETS				
Cash and Equity in Pooled Investments	\$ 156	\$ 1,825	\$ 1,981	\$ 2,221
Receivables, Net of Allowances	—	3	3	—
Due from Other Funds	—	—	—	8
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	156	1,828	1,984	2,229
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 156	\$ 1,828	\$ 1,984	\$ 2,229
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Due to Other Funds	—	—	—	4
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Liabilities	—	—	—	—
Total Liabilities	—	—	—	4
DEFERRED INFLOWS OF RESOURCES				
Total Assets and Deferred Inflows of Resources, and Fund Balances	\$ 156	\$ 1,828	\$ 1,984	\$ 2,229
FUND BALANCES				
Nonspendable	50	2,000	2,050	2,050
Restricted	106	—	106	175
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	(172)	(172)	—
Total Fund Balances	156	1,828	1,984	2,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 156	\$ 1,828	\$ 1,984	\$ 2,229

Nonmajor Governmental Funds

D-6 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SUMMARY BY FUND TYPE For the Year Ended December 31, 2019 (In Thousands)							
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2019	Comparative Totals 2018	
REVENUES							
Taxes	\$ 287,796	\$ 22,574	\$ 1	\$ —	\$ 310,371	\$ 271,934	
Licenses and Permits	—	—	—	—	—	2,033	
Grants, Shared Revenues, and Contributions	73,047	1,422	16,829	—	91,298	84,058	
Charges for Services	84,958	—	358	—	85,316	125,451	
Fines and Forfeits	9,744	—	22	—	9,766	13,579	
Parking Fees and Space Rent	25,051	347	642	—	26,040	30,218	
Program Income, Interest, and Miscellaneous Revenues	48,076	1,395	4,176	86	53,733	32,678	
Total Revenues	528,672	25,738	22,028	86	576,524	559,951	
EXPENDITURES							
Current							
General Government	6,534	—	13,708	—	20,242	22,975	
Public Safety	1,723	—	55	—	1,778	3,785	
Physical Environment	325	—	—	—	325	686	
Transportation	96,973	—	10,640	—	107,613	86,392	
Economic Environment	134,358	—	5,645	—	140,003	154,822	
Health and Human Services	94,876	—	—	—	94,876	82,431	
Culture and Recreation	119,433	—	6,682	2	126,117	110,505	
Capital Outlay	—	—	—	—	—	—	
General Government	—	—	218	—	218	1,346	
Public Safety	20	—	17	—	37	129	
Physical Environment	—	—	—	—	—	101	
Transportation	4,709	—	9,855	—	14,564	17,889	
Economic Environment	—	—	—	—	—	8	
Culture and Recreation	24,446	—	7,041	325	31,812	18,269	
Debt Service	—	—	—	—	—	—	
Principal	4	72,646	1,215	—	73,865	79,220	
Interest	—	41,678	1,540	—	43,218	43,758	
Bond Issuance Cost	3	—	229	—	232	397	
Total Expenditures	483,404	114,324	56,845	327	654,900	622,713	
Excess (Deficiency) of Revenues over Expenditures	45,268	(88,586)	(34,817)	(241)	(78,376)	(62,762)	
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	—	—	39,825	—	39,825	49,975	
Premium on Bonds Issued	—	—	5,053	—	5,053	3,186	
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—	
Sales of Capital Assets	73	—	—	—	73	—	
Transfers In	9,444	88,795	964	—	99,203	89,910	
Transfers Out	(7,635)	—	(1,989)	—	(9,624)	(18,220)	
Total Other Financing Sources (Uses)	1,882	88,795	43,853	—	134,530	124,851	
Net Change in Fund Balance	47,150	209	9,036	(241)	56,154	62,089	
Fund Balances - Beginning of Year	505,423	11,694	56,792	2,225	576,134	510,307	
Restatements/Prior-Year Adjustments	(1)	—	—	—	(1)	3,735	
Fund Balances - Beginning of Year as Restated	505,422	11,694	56,792	2,225	576,133	514,042	
Fund Balances - End of Year	\$ 552,842	\$ 11,903	\$ 65,828	\$ 1,984	\$ 632,572	\$ 576,131	

The City of Seattle

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE For the Year Ended December 31, 2019 (In Thousands)							
	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility	
REVENUES							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Licenses and Permits	—	—	—	—	—	—	
Grants, Shared Revenues, and Contributions	3,532	546	—	—	—	—	
Charges for Services	27,825	8,824	—	—	4,454	2,919	
Fines and Forfeits	1	—	—	—	—	—	
Parking Fees and Space Rent	9,977	89	—	—	14,985	—	
Program Income, Interest, and Miscellaneous Revenues	13,526	(5)	—	16	1,215	241	
Total Revenues	54,861	9,454	—	16	20,654	3,160	
EXPENDITURES							
Current							
General Government	—	—	—	—	—	—	
Public Safety	—	—	—	—	—	—	
Physical Environment	—	—	—	—	—	—	
Transportation	—	18,168	—	—	—	—	
Economic Environment	—	—	—	—	—	869	
Health and Human Services	—	—	—	—	—	—	
Culture and Recreation	40,298	—	—	—	24,316	—	
Capital Outlay	—	—	—	—	—	—	
General Government	—	—	—	—	—	—	
Public Safety	—	—	—	—	—	—	
Physical Environment	—	—	—	—	—	—	
Transportation	—	10	—	—	—	—	
Economic Environment	—	—	—	—	—	—	
Culture and Recreation	422	—	—	—	18	—	
Debt Service	—	—	—	—	—	—	
Principal	—	—	—	—	4	—	
Interest	—	—	—	—	—	—	
Bond Issuance Cost	—	—	—	—	3	—	
Total Expenditures	40,720	18,178	—	—	24,341	869	
Excess (Deficiency) of Revenues over Expenditures	14,141	(8,724)	—	16	(3,716)	2,291	
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	—	—	—	—	—	—	
Premium on Bonds Issued	—	—	—	—	—	—	
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—	
Sales of Capital Assets	3	—	—	—	70	—	
Transfers In	102	9,112	—	—	202	—	
Transfers Out	(1,265)	—	—	—	(479)	—	
Total Other Financing Sources (Uses)	(1,160)	9,112	—	—	(149)	—	
Net Change in Fund Balance	12,981	388	—	16	(3,894)	2,291	
Fund Balances - Beginning of Year	9,572	(3,195)	—	381	6,027	5,129	
Restatements/Prior-Year Adjustments	—	—	—	—	—	—	
Fund Balances - Beginning of Year as Restated	9,572	(3,195)	—	381	6,027	5,129	
Fund Balances - End of Year	\$ 22,553	\$ (2,807)	\$ —	\$ 397	\$ 2,133	\$ 7,420	

Nonmajor Governmental Funds

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 2 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2019
(In Thousands)

	Election Vouchers Fund	Human Service Operating	Low-Income Housing	Office of Housing	Education and Development Services	Preschool Levy 2014
REVENUES						
Taxes	\$ 2,976	\$ —	\$ 35,834	\$ 3,579	\$ 311	\$ 140
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	64,162	2,680	1,309	—	—
Charges for Services	—	1,042	31,882	2,833	—	556
Fines and Forfeits	—	86	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	206	4,460	17,274	166	1,555	628
Total Revenues	3,182	69,750	87,670	7,887	1,866	1,324
EXPENDITURES						
Current						
General Government	3,888	2,646	—	—	—	—
Public Safety	—	573	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	34,010	68,643	7,201	—	—
Health and Human Services	—	37,624	—	—	28,344	13,630
Culture and Recreation	—	—	—	—	—	1
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	3,888	74,853	68,643	7,201	28,344	13,631
Excess (Deficiency) of Revenues over Expenditures	(706)	(5,103)	19,027	686	(26,478)	(12,307)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	(706)	(5,103)	19,027	686	(26,478)	(12,307)
Fund Balances - Beginning of Year	5,485	17,661	234,904	2,113	53,030	21,976
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	5,485	17,661	234,904	2,113	53,030	21,976
Fund Balances - End of Year	\$ 4,779	\$ 12,558	\$ 253,931	\$ 2,799	\$ 26,552	\$ 9,669

The City of Seattle

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 3 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2019
(In Thousands)

	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportation Benefit District	Families, Education Promise Levy
REVENUES						
Taxes	\$ 17,908	\$ —	\$ 52,058	\$ 25,712	\$ 64,832	\$ 84,446
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	(1)	923
Fines and Forfeits	—	9,657	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	328	601	2,809	298	2,026	1,628
Total Revenues	18,236	10,258	54,867	26,010	66,857	86,997
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	8,945	—	—	69,860	—
Economic Environment	—	—	—	23,630	—	—
Health and Human Services	—	—	—	—	—	15,278
Culture and Recreation	12,309	—	39,414	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	3,298	—	—	1,401	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	909	—	22,999	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	13,218	12,243	62,413	23,630	71,261	15,278
Excess (Deficiency) of Revenues over Expenditures	5,018	(1,985)	(7,546)	2,380	(4,404)	71,719
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	(4,973)	(918)	—	—	—	—
Total Other Financing Sources (Uses)	(4,973)	(918)	—	—	—	—
Net Change in Fund Balance	45	(2,903)	(7,546)	2,380	(4,404)	71,719
Fund Balances - Beginning of Year	6,168	13,693	59,316	3,413	52,191	—
Restatements/Prior-Year Adjustments	—	—	—	—	(1)	—
Fund Balances - Beginning of Year as Restated	6,168	13,693	59,316	3,413	52,190	—
Fund Balances - End of Year	\$ 6,213	\$ 10,790	\$ 51,770	\$ 5,793	\$ 47,786	\$ 71,719

Nonmajor Governmental Funds

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 4 of 4 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2019
 (In Thousands)

	General Trust	Municipal Arts	General Donation and Gift Trust	2019	Comparative Totals 2018
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ 287,796	\$ 241,806
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	625	—	193	73,047	78,555
Charges for Services	—	3,701	—	84,958	122,383
Fines and Forfeits	—	—	—	9,744	13,540
Parking Fees and Space Rent	—	—	—	25,051	29,723
Program Income, Interest, and Miscellaneous Revenues	144	452	508	48,076	28,105
Total Revenues	769	4,153	701	528,672	514,112
EXPENDITURES					
Current					
General Government	—	—	—	6,534	13,875
Public Safety	456	—	694	1,723	2,992
Physical Environment	—	—	325	325	—
Transportation	—	—	—	96,973	67,757
Economic Environment	—	—	5	134,358	141,065
Health and Human Services	—	—	—	94,876	82,431
Culture and Recreation	2	3,089	4	119,433	107,528
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	20	20	12
Physical Environment	—	—	—	—	—
Transportation	—	—	—	4,709	5,144
Economic Environment	—	—	—	—	7
Culture and Recreation	98	—	—	24,446	10,083
Debt Service					
Principal	—	—	—	4	10
Interest	—	—	—	—	677
Bond Issuance Cost	—	—	—	3	—
Total Expenditures	556	3,089	1,048	483,404	431,581
Excess (Deficiency) of Revenues over Expenditures	213	1,064	(347)	45,239	82,531
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	73	—
Transfers In	28	—	—	9,444	1,473
Transfers Out	—	—	—	(7,635)	(6,873)
Total Other Financing Sources (Uses)	28	—	—	1,882	(5,400)
Net Change in Fund Balance	241	1,064	(347)	47,150	77,131
Fund Balances - Beginning of Year	3,393	10,513	3,653	505,423	424,543
Restatements/Prior-Year Adjustments	—	—	—	(1)	3,749
Fund Balances - Beginning of Year as Restated	3,393	10,513	3,653	505,422	428,292
Fund Balances - End of Year	\$ 3,634	\$ 11,577	\$ 3,306	\$ 552,572	\$ 505,422

The City of Seattle

D-8 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE
 For the Year Ended December 31, 2019
 (In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2019	Comparative Totals 2018
REVENUES					
Taxes	\$ 22,574	\$ —	\$ —	\$ 22,574	\$ 30,125
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,422	—	—	1,422	503
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	347	—	—	347	349
Program Income, Interest, and Miscellaneous Revenues	1,357	1	37	1,395	2,205
Total Revenues	25,700	1	37	25,738	33,182
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Debt Service					
Principal	72,646	—	—	72,646	78,110
Interest	41,678	—	—	41,678	42,824
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	114,324	—	—	114,324	120,934
Excess (Deficiency) of Revenues over Expenditures	(88,624)	1	37	(88,586)	(87,752)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	88,795	—	—	88,795	88,156
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	88,795	—	—	88,795	88,156
Net Change in Fund Balance	171	1	37	209	404
Fund Balances - Beginning of Year	10,778	8	908	11,694	11,290
Fund Balances - End of Year	\$ 10,949	\$ 9	\$ 945	\$ 11,903	\$ 11,694

Nonmajor Governmental Funds

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 1 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS
 For the Year Ended December 31, 2019
 (In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	134	—	589
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	39	—	—	226	1	867
Total Revenues	39	—	—	360	1	1,457
EXPENDITURES						
Current						
General Government	—	—	—	56	—	121
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	2
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	663	—	704
Capital Outlay						
General Government	—	—	—	—	—	218
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	1
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	4,327	—	2,050
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	—	5,046	—	3,081
Excess (Deficiency) of Revenues over Expenditures	39	—	—	(4,686)	1	(1,639)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	39	—	—	(4,686)	1	(1,639)
Fund Balances - Beginning of Year	501	10	2	8,085	24	16,615
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	501	10	2	8,085	24	16,615
Fund Balances - End of Year	\$ 540	\$ 10	\$ 2	\$ 3,399	\$ 25	\$ 14,976

The City of Seattle

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 2 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS
 For the Year Ended December 31, 2019
 (In Thousands)

	Seattle Center Redevelopme nt and Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	290	—	—	—	1,250	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	22	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	99	41	22	16	303	1
Total Revenues	389	41	22	16	1,575	1
EXPENDITURES						
Current						
General Government	5	—	52	—	—	—
Public Safety	—	—	15	—	—	—
Physical Environment	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	636	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	130	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	1,215	—
Interest	—	—	—	—	211	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	771	—	67	—	1,426	—
Excess (Deficiency) of Revenues over Expenditures	(382)	41	(45)	16	149	1
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	506	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	506	—	—	—	—	—
Net Change in Fund Balance	124	41	(45)	16	149	1
Fund Balances - Beginning of Year	2,367	985	530	376	516	35
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	2,367	985	530	376	516	35
Fund Balances - End of Year	\$ 2,491	\$ 1,026	\$ 485	\$ 392	\$ 665	\$ 36

Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
 Page 3 of 5 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2019
(In Thousands)

	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	3	14	9	4	131
Total Revenues	—	3	14	9	4	131
EXPENDITURES						
Current						
General Government	—	—	23	1	—	1
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	158
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	1,403
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	633
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	(565)
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	23	1	—	1,630
Excess (Deficiency) of Revenues over Expenditures	—	3	(9)	8	4	(1,499)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	—	3	(9)	8	4	(1,499)
Fund Balances - Beginning of Year	—	68	342	224	119	4,006
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	—	68	342	224	119	4,006
Fund Balances - End of Year	\$ —	\$ 71	\$ 333	\$ 232	\$ 123	\$ 2,507

The City of Seattle

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
 Page 4 of 5 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2019
(In Thousands)

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	12,300	2,266	—	—	—	—
Charges for Services	358	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	642	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	451	208	6	55	200	440
Total Revenues	13,751	2,474	6	55	200	440
EXPENDITURES						
Current						
General Government	1,569	—	—	86	231	10
Public Safety	—	—	—	—	28	12
Physical Environment	—	—	—	—	—	—
Transportation	(2,782)	—	—	128	800	1,280
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	2,601	667	—	8	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	17	—
Physical Environment	—	—	—	—	—	—
Transportation	347	—	—	122	2,472	538
Economic Environment	—	—	—	—	—	—
Culture and Recreation	371	728	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	2,106	1,395	—	344	3,548	1,840
Excess (Deficiency) of Revenues over Expenditures	11,645	1,079	6	(289)	(3,348)	(1,400)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	(1,531)	—	—	(458)	—
Total Other Financing Sources (Uses)	—	(1,531)	—	—	(458)	—
Net Change in Fund Balance	11,645	(452)	6	(289)	(3,806)	(1,400)
Fund Balances - Beginning of Year	(13,403)	5,293	135	1,576	5,907	11,438
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	(13,403)	5,293	135	1,576	5,907	11,438
Fund Balances - End of Year	\$ (1,758)	\$ 4,841	\$ 141	\$ 1,287	\$ 2,101	\$ 10,038

Nonmajor Governmental Funds

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 5 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS
 For the Year Ended December 31, 2019
 (In Thousands)

	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2019	Comparative Totals 2018
REVENUES				
Taxes	\$ —	\$ —	\$ 1	\$ 4
Licenses and Permits	—	—	—	2,033
Grants, Shared Revenues, and Contributions	—	—	16,829	5,000
Charges for Services	—	—	358	3,069
Fines and Forfeits	—	—	22	39
Parking Fees and Space Rent	—	—	642	146
Program Income, Interest, and Miscellaneous Revenues	397	643	4,176	2,324
Total Revenues	397	643	22,028	12,615
EXPENDITURES				
Current				
General Government	94	11,459	13,708	9,100
Public Safety	—	—	55	793
Physical Environment	—	—	—	686
Transportation	2,094	8,960	10,640	18,635
Economic Environment	4,115	1,530	5,645	13,757
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	6,682	2,975
Capital Outlay				
General Government	—	—	218	1,346
Public Safety	—	—	17	117
Physical Environment	—	—	—	101
Transportation	311	5,431	9,855	12,745
Economic Environment	—	—	—	1
Culture and Recreation	—	—	7,041	8,161
Debt Service				
Principal	—	—	1,215	1,100
Interest	—	1,329	1,540	257
Bond Issuance Cost	—	229	229	397
Total Expenditures	6,614	28,938	56,845	70,171
Excess (Deficiency) of Revenues over Expenditures	(6,217)	(28,295)	(34,817)	(57,556)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	39,825	39,825	49,975
Premium on Bonds Issued	—	5,053	5,053	3,186
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	458	—	964	281
Transfers Out	—	—	(1,989)	(11,347)
Total Other Financing Sources (Uses)	458	44,878	43,853	42,095
Net Change in Fund Balance	(5,759)	16,583	9,036	(15,461)
Fund Balances - Beginning of Year	11,041	—	56,791	72,266
Restatements/Prior-Year Adjustments	—	—	1	(14)
Fund Balances - Beginning of Year as Restated	11,041	—	56,792	72,252

The City of Seattle

Fund Balances - End of Year

\$ 5,282	\$ 16,583	\$ 65,828	\$ 56,791
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D-10 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 PERMANENT
 For the Year Ended December 31, 2019
 (In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	2019	Comparative Totals 2018
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	—	—	—	—
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	6	80	86	44
Total Revenues	6	80	86	44
EXPENDITURES				
Current				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	2	2	2
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	325	325	25
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	327	327	27
Excess (Deficiency) of Revenues over Expenditures	6	(247)	(241)	17
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	6	(247)	(241)	17
Fund Balances - Beginning of Year	150	2,075	2,225	2,208
Fund Balances - End of Year	\$ 156	\$ 1,828	\$ 1,984	\$ 2,225

Budget to Actual

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Budget to Actual

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Page 1 of 4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 320,118	\$ 320,731	\$ —	\$ 613
Retail Sales and Use Taxes	286,586	293,469	—	6,883
Business Taxes	336,520	345,323	—	8,803
Excise Taxes	97,774	114,296	—	16,522
Other Taxes	32,688	36,639	—	3,951
Interfund Business Taxes	170,111	173,404	—	3,293
Total Taxes	1,243,797	1,283,862	—	40,065
Licenses and Permits	36,349	50,331	—	13,982
Grants, Shared Revenues, and Contributions	28,187	37,339	—	9,152
Charges for Services	70,790	95,582	—	24,792
Fines and Forfeits	26,414	34,529	—	8,115
Parking Fees and Space Rent	41,424	39,105	—	(2,319)
Program Income, Interest, and Miscellaneous Revenues	286,436	383,436	—	97,000
Total Revenues	1,733,397	1,924,184	—	190,787
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	3,941	2,863	188	890
CITY BUDGET OFFICE	7,742	7,203	205	334
CIVIL SERVICE COMMISSIONS	505	469	—	36
CRIMINAL JUSTICE				
Jail Services	18,546	17,895	—	651
Indigent Defense Services	9,610	9,169	—	441
Total Criminal Justice	28,156	27,064	—	1,092
ETHICS AND ELECTIONS	1,050	966	50	34
EXECUTIVE				
Sustainability and Environment	11,311	10,163	319	829
Mayor's Office	7,833	6,996	7	830
Economic Development	13,613	12,259	1,129	225
Intergovernmental Relations	2,963	2,831	—	132
Immigrant and Refugee Affairs	5,436	4,374	401	661
Community Police Commission	1,659	1,543	40	76
Civil Rights	5,348	4,924	187	237
Employee Ombudsman	517	347	—	170
Planning and Community Development	28,542	10,686	3,898	13,958
Total Executive	77,222	54,123	5,981	17,118
FINANCE AND ADMINISTRATIVE SERVICES	8,148	18,136	19,459	(29,447)

The City of Seattle

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Page 2 of 4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 68,174	\$ 74,725	\$ —	\$ (6,551)
Reserves	43,004	37,937	—	5,067
Support to Operating Funds	307,395	296,640	—	10,755
Total Finance General	418,573	409,302	—	9,271
FIRE				
Administration	41,107	40,332	—	775
Operations	199,209	176,414	—	22,795
Fire Prevention	9,669	9,668	—	1
Total Fire Department	249,985	226,414	—	23,571
HEARING EXAMINER	1,000	947	10	43
LAW				
Administration	10,652	9,668	8	976
Civil Law	14,153	13,701	37	415
Criminal Prosecution	8,328	7,993	83	252
Precinct Liaison	783	697	—	86
Total Law Department	33,916	32,059	128	1,729
LEGISLATIVE	17,973	16,635	118	1,220
LIBRARY	78,705	74,379	429	3,897
MUNICIPAL COURT				
Court Operations	16,217	15,785	—	432
Corporate Services	14,566	13,854	—	712
Court Compliance	5,588	5,569	—	19
Total Municipal Court	36,371	35,208	—	1,163
NEIGHBORHOODS				
Director's Office	3,893	3,737	22	134
Community Building	7,572	5,090	1,089	1,393
Total Neighborhoods Department	11,465	8,827	1,111	1,527

Budget to Actual

	GENERAL FUND			
	Final Budget	Actual	Encumbrances	Variance
D-11				
Page 3 of 4				
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL				
For the Year Ended December 31, 2019				
(In Thousands)				
HUMAN RESOURCES				
Leadership and Administration	\$ 1,281	\$ 643	\$ —	\$ 638
HR Services	19,951	19,659	13	279
Total Human Resources Department	21,232	20,302	13	917
POLICE				
Chief of Police	10,918	11,131	—	(213)
Professional Accountability	4,206	4,206	—	—
Chief of Staff Program	77,760	77,760	—	—
Deputy Chief Operations	7,954	7,769	—	185
Special Operations Bureau	60,595	60,723	—	(128)
Professional Standards Program	3,584	3,516	—	68
West Precinct Patrol	35,952	35,944	—	8
North Precinct Patrol	38,070	38,059	—	11
South Precinct Patrol	21,210	21,209	—	1
East Precinct Patrol	27,829	27,812	—	17
Southwest Precinct Patrol	18,351	18,344	—	7
Criminal Investigation Administration	13,892	13,892	—	—
Violent Crimes Investigation	9,800	9,799	—	1
Narcotics Investigation	6,078	6,071	—	7
Coordinated Criminal Investigations	10,071	9,934	—	137
Special Victims Program	8,022	8,022	—	—
Field Support	43,822	43,814	—	8
Total Police Department	398,114	398,005	—	109
JUDGMENTS/CLAIMS	35,020	19,211	—	15,809
ARTS ACCOUNT	14,660	10,969	3,526	165
CABLE TELEVISION FRANCHISE	9,518	9,518	—	—
CUMULATIVE RESERVE				
Real Estate Excise Tax I	26,481	25,989	—	492
Real Estate Excise Tax II	33,400	32,905	—	495
Capital Projects Asset Preservation	4,794	4,812	—	(18)
Capital Projects Street Vacation	—	—	—	—
Unrestricted	7,765	7,748	—	17
Total Cumulative Reserve	72,440	71,454	—	986

The City of Seattle

	GENERAL FUND			
	Final Budget	Actual	Encumbrances	Variance
D-11				
Page 4 of 4				
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL				
For the Year Ended December 31, 2019				
(In Thousands)				
NEIGHBORHOOD MATCHING	\$ 5,017	\$ 4,206	\$ 750	\$ 61
TRANSIT BENEFIT	6,663	6,480	—	183
INSPECTOR GENERAL FOR PUBLIC SAFETY	1,892	1,700	59	133
OFFICE OF LABOR STANDARDS	8,281	6,107	638	1,536
EDUCATION AND EARLY LEARNING	23,952	13,190	29,166	(18,404)
CONSUMER PROTECTION	12,473	8,838	192	3,443
SEATTLE ANIMAL SHELTER	5,955	5,352	—	603
INDUSTRIAL INSURANCE	23,380	21,154	13	2,213
UNEMPLOYMENT COMPENSATION	2,330	2,261	18	51
HEALTH CARE	240,054	243,205	—	(3,151)
GROUP TERM LIFE INSURANCE	6,515	6,466	—	49
FIREMEN'S PENSION	20,712	17,748	—	2,964
POLICE RELIEF AND PENSION	25,957	22,357	—	3,600
Total Expenditures and Encumbrances	1,908,917	1,803,118	62,054	43,745
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(175,520)	121,066	(62,054)	234,532
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,819	—	—	(1,819)
Transfers In	22,845	10,406	—	(12,439)
Transfers Out	(123,915)	(29,656)	—	94,259
Total Other Financing Sources (Uses)	(99,251)	(19,250)	—	80,001
Net Change in Fund Balance	\$ (274,771)	101,816	\$ (62,054)	\$ 314,533
Fund Balance - Beginning of Year as Restated		483,232		
Fund Balance - End of Year		\$ 585,048		

Budget to Actual

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**TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final			
	Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 99,262	\$ 100,277	\$ —	\$ 1,015
Retail Sales and Use Taxes	—	—	—	\$ —
Business Taxes	47,010	49,232	—	2,222
Other Taxes	—	2	—	2
Total Taxes	146,272	149,511	—	3,239
Licenses and Permits	9,552	6,889	—	(2,663)
Grants, Shared Revenues, and Contributions	67,464	39,742	—	(27,722)
Charges for Services	145,957	85,849	—	(60,108)
Fines and Forfeits	18	176	—	158
Parking Fees and Space Rent	—	272	—	272
Program Income, Interest, and Miscellaneous Revenues	—	4,664	—	4,664
Total Revenues	369,263	287,102	—	(82,161)
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	42,905	21,777	3,132	17,996
Mobility Operations	36,591	23,025	2,895	10,671
Right-of-Way Management	37,720	31,749	187	5,784
Street Maintenance	28,755	31,858	3	(3,106)
Department Management	194	2,307	830	(2,943)
General Expense	31,643	1,320	—	30,323
Major Maintenance/Replacement	70,792	70,792	7,599	(7,599)
Major Projects	8,473	8,473	4,982	(4,982)
Mobility Capital	103,188	103,175	12,266	(12,253)
Total Expenditures and Encumbrances	360,261	294,476	31,894	33,891
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	9,002	(7,374)	(31,894)	(48,270)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	20,245	6,199	—	(14,046)
Transfers In	—	1,026	—	1,026
Transfers Out	(3,500)	(38,875)	—	(35,375)
Total Other Financing Sources (Uses)	16,745	(31,650)	—	(48,395)
Net Change in Fund Balance	\$ 25,747	(39,024)	\$ (31,894)	\$ (96,665)
Fund Balance - Beginning of Year		111,432		
Restatements/Prior-Year Adjustments		(26)		
Non-budgetary Revenues/(Expenditures)		(3,704)		
Fund Balance - End of Year		\$ 68,678		

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The City of Seattle

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**LOW- INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final			
	Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 37,862	\$ 35,834	\$ —	\$ (2,028)
Grants, Shared Revenues, and Contributions	7,333	2,680	—	(4,653)
Charges for Services	18,000	31,882	—	13,882
Program Income, Interest, and Miscellaneous Revenues	6,000	17,274	—	11,274
Total Revenues	69,195	87,670	—	18,475
EXPENDITURES AND ENCUMBRANCES				
Homeownership and Substainability	18,304	5,237	3,454	9,613
Multifamily Housing	220,171	63,406	78,168	78,597
Total Expenditures and Encumbrances	238,475	68,643	81,622	88,210
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(169,280)	19,027	(81,622)	(69,735)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (169,280)	19,027	\$ (81,622)	\$ (69,735)
Fund Balance - Beginning of Year		234,904		
Fund Balance - End of Year		\$ 253,931		

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Budget to Actual

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**PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final			
	Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	5,235	3,532	—	(1,703)
Charges for Services	32,290	27,825	—	(4,465)
Fines and Forfeits	—	1	—	1
Parking Fees and Space Rent	6,877	9,977	—	3,100
Program Income, Interest, and Miscellaneous Revenues	891	13,526	—	12,635
Total Revenues	45,293	54,861	—	9,568
EXPENDITURES AND ENCUMBRANCES				
Cost Center M&R	5,231	5,220	—	11
Leadership and Administration	3,251	1,323	348	1,580
Department-wide Programs	1,552	1,467	14	71
Parks & Open Space	3,301	3,300	—	1
Recreation Facility Programs	10,902	10,147	75	680
Golf Course Programs	12,608	11,662	2	944
Seattle Conservation Corps	3,246	3,233	—	13
Zoo and Aquarium Programs	104	6	—	98
2008 Parks Levy	—	—	—	—
Building for the Future – CIP	9,980	969	706	8,305
Debt and Special Funding	272	100	—	172
Fix It First – CIP	9,411	1,633	237	7,541
Maintaining Parks & Facilities	—	—	—	—
SRS20 Mitigation	—	—	—	—
Total Expenditures and Encumbrances	59,858	39,060	1,382	19,416
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(14,565)	15,801	(1,382)	28,984
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	3	—	3
Transfers In	—	102	—	102
Transfers Out	—	(1,265)	—	(1,265)
Total Other Financing Sources (Uses)	—	(1,160)	—	1,160
Net Change in Fund Balance	\$ (14,565)	14,641	\$ (1,382)	\$ 27,824
Fund Balance - Beginning of Year	—	9,572	—	—
Restatements/Prior-Year Adjustments	—	—	—	—
Non-budgetary Revenues/(Expenditures)	—	(1,660)	—	—
Fund Balance - End of Year	\$ —	22,553	—	—

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The City of Seattle

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**SEATTLE CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final			
	Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	1,255	—	—	(1,255)
Charges for Services	3,697	4,425	—	728
Parking Fees and Space Rent	16,666	14,985	—	(1,681)
Program Income, Interest, and Miscellaneous Revenues	61	1,215	—	1,154
Total Revenues	21,679	20,625	—	(1,054)
EXPENDITURES AND ENCUMBRANCES				
Building and Campus Improvements	1,007	194	—	813
Campus	13,530	13,495	—	35
Leadership and Administration	5,933	5,443	—	490
Monorail Rehabilitation	3,160	16	14	3,130
McCaw Hall	4,721	5,193	—	(472)
Total Expenditures and Encumbrances	28,351	24,341	14	3,996
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(6,672)	(3,716)	(14)	(2,942)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	70	—	70
Transfers In	—	231	—	231
Transfers Out	(465)	(479)	—	(14)
Total Other Financing Sources (Uses)	(465)	(178)	—	287
Net Change in Fund Balance	\$ (7,137)	(3,894)	(14)	\$ (2,655)
Fund Balance - Beginning of Year	—	6,027	—	—
Fund Balance - End of Year	\$ —	2,133	—	—

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Budget to Actual

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**HUMAN SERVICE OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	70,333	64,162	—	(6,171)
Charges for Services	4,447	1,042	—	(3,405)
Fines and Forfeits	—	86	—	86
Program Income, Interest, and Miscellaneous Revenues	—	4,460	—	4,460
Total Revenues	74,780	69,750	—	(5,030)
EXPENDITURES AND ENCUMBRANCES				
Supporting Affordability and Livability	11,173	12,201	—	(1,028)
Preparing Youth for Success	676	536	—	140
Addressing Homelessness	21,127	22,367	—	(1,240)
Supporting Safe Communities	619	561	—	58
Leadership and Administration	3,311	2,710	—	601
Promoting Healthy Aging	37,384	36,446	—	938
Promoting Public Health	33	32	—	1
Total Expenditures and Encumbrances	74,323	74,853	—	(530)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	457	(5,103)	—	(4,500)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ 457	(5,103)	\$ —	\$ (4,500)
Fund Balance - Beginning of Year		17,661		
Fund Balance - End of Year		\$ 12,558		

The City of Seattle

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**OFFICE OF HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 3,566	\$ 3,579	\$ —	\$ 13
Grants, Shared Revenues, and Contributions	1,388	1,309	—	(79)
Charges for Services	3,325	2,833	—	(492)
Program Income, Interest, and Miscellaneous Revenues	—	166	—	166
Total Revenues	8,279	7,887	—	(392)
EXPENDITURES AND ENCUMBRANCES				
Leadership and Administration	4,545	3,985	100	460
Homeownership and Substainability	2,924	1,808	—	1,116
Multifamily Housing	1,837	1,408	—	429
Total Expenditures and Encumbrances	9,306	7,201	100	2,005
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(1,027)	686	(100)	(2,397)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (1,027)	686	\$ (100)	\$ (2,397)
Fund Balance - Beginning of Year		2,113		
Fund Balance - End of Year		\$ 2,799		

Budget to Actual

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Nonmajor Enterprise Funds

The City of Seattle

NONMAJOR ENTERPRISE FUNDS

The **Construction and Inspections Fund** accounts for building permit fees and monies from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

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Nonmajor Enterprise Funds

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Page 1 of 2
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2019
(In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
ASSETS		
Current Assets		
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 96,169
Receivables, Net of Allowances		
Accounts	1,237	1,766
Interest and Dividends	27	33
Due from Other Funds	198	3,557
Due from Other Governments	469	183
Prepayments and Other Current Assets	2	1
Total Current Assets	119,469	101,709
Noncurrent Assets		
Restricted Cash and Equity in Pooled Investments	16	41
Capital Assets		
Machinery and Equipment	852	14,332
Less Accumulated Depreciation	(852)	(14,298)
Other Capital Assets	9,407	8,884
Less Accumulated Depreciation	(2,107)	(702)
Total Noncurrent Assets	7,316	8,257
Total Assets	126,785	109,966
DEFERED OUTFLOWS OF RESOURCES		
	16,292	5,627
Total Assets and Deferred Outflows of Resources	\$ 143,077	\$ 115,593

The City of Seattle

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Page 2 of 2
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2019
(In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 275	\$ 336
Salaries, Benefits, and Payroll Taxes Payable	4,373	2,338
Compensated Absences Payable	143	212
Due to Other Funds	—	1,334
Due to Other Governments	—	(4)
Claims Payable	61	86
Other Current Liabilities	55	159
Total Current Liabilities	4,907	4,461
Noncurrent Liabilities		
Compensated Absences Payable	2,718	2,576
Claims Payable	78	114
Vendor and Other Deposits Payable	16	41
Unearned Revenues and Other Credits	32,017	27,686
Unfunded Other Post-Employment Benefits	2,011	1,996
Net Pension Liability	66,239	48,605
Other Noncurrent Liabilities	28	(37)
Total Noncurrent Liabilities	103,107	80,980
Total Liabilities	108,014	85,441
DEFERED INFLOWS OF RESOURCES		
	4,696	9,251
NET POSITION		
Net Investment in Capital Assets	7,299	8,215
Unrestricted	23,068	12,686
Total Net Position	30,367	20,901
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 143,077	\$ 115,593

Nonmajor Enterprise Funds

E-2 **COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Construction and Inspections	
	2019	Comparative Totals 2018
OPERATING REVENUES		
Charges for Services and Other Fees	\$ 78,743	\$ 73,927
OPERATING EXPENSES		
Operations and Maintenance	58,285	33,186
General and Administrative	14,383	30,369
Depreciation and Amortization	916	708
Total Operating Expenses	73,584	64,263
Operating Income (Loss)	5,159	9,664
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	4,296	1,672
Interest Expense	(11)	(19)
Contributions and Grants	22	—
Total Nonoperating Revenues (Expenses)	4,307	1,653
Income (Loss) Before Capital Contributions and Grants and Transfers	9,466	11,317
Change in Net Position	9,466	11,317
Net Position - Beginning of Year	20,901	9,737
Prior-Year Adjustment	—	(153)
Net Position - Beginning of Year as Restated	20,901	9,584
Net Position - End of Year	\$ 30,367	\$ 20,901

The City of Seattle

E-3 **COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Construction and Inspections	
	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 88,252	\$ 75,609
Cash Paid to Suppliers	(21,888)	(37,642)
Cash Paid to Employees	(47,481)	(27,413)
Net Cash from Operating Activities	18,883	10,554
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants	23	—
Net Cash from Noncapital Financing Activities	23	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenses and Other Charges Paid	—	238
Net Cash from Capital and Related Financing Activities	—	238
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Investment Income	2,436	1,672
Net Increase (Decrease) in Cash and Equity in Pooled Investments	21,342	12,464
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	96,210	83,746
End of Year	\$ 117,552	\$ 96,210
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 96,169
Noncurrent Restricted Cash and Equity in Pooled Investments	16	41
Total Cash at the End of the Year	\$ 117,552	\$ 96,210

Nonmajor Enterprise Funds

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Page 2 of 2

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019
(In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 5,159	\$ 9,664
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	916	708
Other Operating Expenses	(11)	(469)
Nonoperating Revenues and Expenses	1,860	—
Changes in Operating Assets and Liabilities		
Accounts Receivable	535	(711)
Due from Other Funds	3,359	(2,449)
Due from Other Governments	(287)	215
Accounts Payable	(62)	97
Salaries, Benefits, and Payroll Taxes Payable	2,035	270
Compensated Absences Payable	74	(107)
Due to Other Funds	(1,334)	(938)
Due to Other Governments	4	(4)
Claims Payable	(61)	(244)
Unearned Revenues	4,331	4,626
Other Assets and Liabilities	2,365	(104)
Total Adjustments	13,724	890
Net Cash from Operating Activities	\$ 18,883	\$ 10,554

Internal Service Funds

INTERNAL SERVICE FUNDS

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provided for the City are regulatory services and operations, and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services. Pursuant to Section 7 of the Ordinance 125724, effective January 1, 2019, the Fiber Leasing Fund, established pursuant to Ordinance 123931, has been consolidated into the Information Technology Fund.

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Internal Service Funds

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Page 1 of 2
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2019
(In Thousands)

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
ASSETS				
Current Assets				
Cash and Equity in Pooled Investments	\$ 26,587	\$ 1,397	\$ 27,984	\$ 5,863
Restricted Cash and Equity in Pooled Investments	17,035	—	17,035	10,217
Receivables, Net of Allowances				
Accounts	97	423	520	1,117
Interest and Dividends	1	—	1	2
Unbilled	20	—	20	20
Due from Other Funds	65	8,853	8,918	27,004
Due from Other Governments	108	4	112	89
Materials and Supplies Inventory	2,380	2,415	4,795	3,901
Interfund Loans and Advances	—	700	700	—
Prepayments and Other Current Assets	13	8,396	8,409	5,254
Total Current Assets	46,306	22,188	68,494	53,467
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	2,226	101,004	103,230	86,677
Capital Assets				
Land and Land Rights	101,718	—	101,718	108,855
Buildings and Improvements	768,120	2,002	770,122	771,099
Less Accumulated Depreciation	(296,384)	(150)	(296,534)	(278,847)
Machinery and Equipment	203,758	82,260	286,018	280,801
Less Accumulated Depreciation	(107,083)	(56,302)	(163,385)	(150,225)
Construction in Progress	6,582	28,725	35,307	26,136
Other Capital Assets, Net	35,719	12,112	47,831	40,820
Total Noncurrent Assets	714,656	169,651	884,307	885,316
Total Assets	760,962	191,839	952,801	938,783
DEFERRED OUTFLOWS OF RESOURCES	22,448	70,044	92,492	67,190
Total Assets and Deferred Outflows of Resources	\$ 783,410	\$ 261,883	\$ 1,045,293	\$ 1,005,973

The City of Seattle

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Page 2 of 2
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2019
(In Thousands)

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 9,062	\$ 7,471	\$ 16,533	\$ 14,979
Salaries, Benefits, and Payroll Taxes Payable	4,971	7,621	12,592	7,789
Due to Other Funds	—	8,918	8,918	8,762
Interest Payable	1,698	153	1,851	2,037
Taxes Payable	76	37	113	100
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	17,464	3,980	21,444	27,687
Claims Payable	505	35	540	560
Compensated Absences Payable	240	385	625	901
Other Current Liabilities	11	767	778	75
Total Current Liabilities	34,027	29,367	63,394	62,890
Noncurrent Liabilities				
Compensated Absences Payable	4,558	7,315	11,873	10,949
Claims Payable	674	46	720	746
Vendor and Other Deposits Payable	333	—	333	352
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	170,257	17,149	187,406	200,062
Unfunded Other Post-Employment Benefits	2,877	3,322	6,199	6,354
Net Pension Liability	93,737	133,238	226,975	166,740
Total Noncurrent Liabilities	272,436	161,070	433,506	385,203
Total Liabilities	306,463	190,437	496,900	448,093
DEFERRED INFLOWS OF RESOURCES	7,428	4,000	11,428	22,630
NET POSITION				
Net Investment in Capital Assets	524,709	52,401	577,110	576,788
Unrestricted	(55,190)	15,045	(40,145)	(41,538)
Total Net Position	469,519	67,446	536,965	535,250
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 783,410	\$ 261,883	\$ 1,045,293	\$ 1,005,973

Internal Service Funds

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
OPERATING REVENUES				
Charges for Services	\$ 75,783	\$ 227,694	\$ 303,477	\$ 294,753
Rents, Parking, and Concessions	114,025	—	114,025	106,742
Total Operating Revenues	189,808	227,694	417,502	401,495
OPERATING EXPENSES				
Operations and Maintenance	78,469	177,249	255,718	260,594
General and Administrative	28,961	35,844	64,805	45,074
City Business and Occupation Taxes	4	—	4	4
Other Taxes	206	1	207	865
Depreciation and Amortization	41,489	10,285	51,774	48,472
Total Operating Expenses	149,130	223,379	372,509	355,009
Operating Income (Loss)	40,678	4,315	44,993	46,486
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	1,257	3,876	5,133	1,765
Interest Expense	(7,933)	(1,653)	(9,586)	(9,338)
Amortization of Bonds Premiums	2,621	902	3,523	3,533
Amortization of Refunding Loss	—	—	—	(1,818)
Bond Issuance Costs	—	(45)	(45)	(27)
Gain (Loss) on Sale of Capital Assets	(6,798)	(4)	(6,802)	14,911
Others, Net	256	—	256	—
Total Nonoperating Revenues (Expenses)	(10,597)	3,076	(7,521)	9,026
Income (Loss) Before Contributions, Grants, and Transfers	30,081	7,391	37,472	55,512
Capital Contributions and Grants	(4,507)	—	(4,507)	66,305
Transfers In	51	—	51	6,546
Transfers Out	(32,531)	—	(32,531)	(32,750)
Change in Net Position	(6,906)	7,391	485	95,613
Net Position - Beginning of Year	476,425	58,825	535,250	441,654
Prior-Year Adjustment	—	1,230	1,230	(2,017)
Net Position - Beginning of Year as Restated	476,425	60,055	536,480	439,637
Net Position - End of Year	\$ 469,519	\$ 67,446	\$ 536,965	\$ 535,250

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The City of Seattle

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**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 210,410	\$ 225,600	\$ 436,010	\$ 393,623
Cash Paid to Suppliers	(50,189)	(60,736)	(110,925)	(118,750)
Cash Paid to Employees	(56,332)	(127,118)	(183,450)	(166,840)
Cash Paid for Taxes	(187)	(1)	(188)	(863)
Net Cash from Operating Activities	103,702	37,745	141,447	107,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans Provided to Other Funds	—	700	700	51
Operating Grants and Contributions Received	—	—	—	584
Transfers In	51	—	51	6,546
Transfers Out	(32,531)	—	(32,531)	(32,750)
Net Cash from Noncapital Financing Activities	(32,480)	700	(31,780)	(25,569)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	—	9,073	9,073	—
Principal Payments on Long-Term Debt	(20,407)	(7,280)	(27,687)	(21,796)
Capital Fees and Grants Received	(2,621)	—	(2,621)	65,721
Capital Expenses and Other Charges Paid	(13,387)	(25,348)	(38,735)	(118,712)
Interest Paid on Long-Term Debt	(8,123)	(1,648)	(9,771)	(9,795)
Debt Issuance Costs	—	(45)	(45)	(27)
Proceeds from Sale of Capital Assets	339	—	339	14,936
Net Cash from Capital and Related Financing Activities	(44,199)	(25,248)	(69,447)	(69,673)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	1,258	4,013	5,271	1,763
Net Increase (Decrease) in Cash and Equity in Pooled Investments	28,281	17,210	45,491	13,691
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year as Restated (a)	17,567	85,191	102,758	89,066
End of Year	\$ 45,848	\$ 102,401	\$ 148,249	\$ 102,757
CASH AT THE END OF THE YEAR CONSISTS OF				
Current Assets Cash and Equity in Pooled Investments	\$ 26,587	\$ 1,397	\$ 27,984	\$ 5,863
Current Restricted Cash and Equity in Pooled Investments	17,035	—	17,035	10,217
Noncurrent Restricted Cash and Equity in Pooled Investments	2,226	101,004	103,230	86,677
Total Cash at the End of the Year	\$ 45,848	\$ 102,401	\$ 148,249	\$ 102,757

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Internal Service Funds

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**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 40,678	\$ 4,276	\$ 44,954	\$ 46,486
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	41,489	10,285	51,774	48,472
Other Operating Expenses	4,582	38,242	42,824	7,149
Changes in Operating Assets and Liabilities				
Accounts Receivable	(64)	911	847	(1,361)
Unbilled Receivables	—	—	—	17
Due from Other Funds	20,688	(3,688)	17,000	(7,169)
Due from Other Governments	(22)	—	(22)	11
Materials and Supplies Inventory	(221)	(674)	(895)	456
Accounts Payable	1,064	490	1,554	872
Salaries, Benefits, and Payroll Taxes Payable	2,252	2,551	4,803	441
Compensated Absences Payable	192	457	649	(1,404)
Due to Other Funds	(6,833)	6,990	157	6,120
Claims Payable	1	(47)	(46)	(194)
Taxes Payable	23	(10)	13	25
Other Assets and Liabilities	(127)	(22,038)	(22,165)	7,249
Total Adjustments	63,024	33,469	96,493	60,684
Net Cash from Operating Activities	\$ 103,702	\$ 37,745	\$ 141,447	\$ 107,170
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Amortization of Debt Related Costs, Net	2,621	858	3,479	1,688

Fiduciary Funds

The City of Seattle

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COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
December 31, 2019
(In Thousands)

	Employees' Retirement	
	Comparative totals	
	2019	2018
ASSETS		
Cash and Equity in Pooled Investments	\$ —	\$ 4,893
Short-Term Investments	52,036	56,938
Receivables		
Members	321	4,689
Employers	11,628	6,299
Interest and Dividends	4,482	4,602
Sales Proceeds	157,096	78,453
Other	—	—
Total Receivables	173,527	94,043
Investments at Fair Value		
Fixed Income	832,701	795,614
Equity	1,925,924	1,569,484
Real Estate	365,646	336,398
Alternative Investments	—	54,123
Total Investments at Fair Value	3,124,271	2,755,619
Securities Lending Collateral	7,023	4,835
	782	—
Total Assets	3,357,639	2,916,328
LIABILITIES		
Accounts Payable and Other Liabilities	4,012	4,434
Securities Lending Collateral	7,013	4,820
Investment Commitments Payable	196,750	189,636
Total Liabilities	207,775	198,890
Net Position Held in Trust for Pension Benefits	\$ 3,149,864	\$ 2,717,438

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Fiduciary Funds

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**COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Employees' Retirement	
	2019	Comparative totals 2018
ADDITIONS		
Contributions		
Employer	\$ 119,171	\$ 117,816
Plan Member	75,261	76,285
Total Contributions	194,432	194,101
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	426,968	(132,318)
Interest	17,410	17,458
Dividends	20,647	20,629
Total Investment Activities Income	465,025	(94,231)
Investment Activities Expenses		
Investment Management Fees	13,971	10,890
Investment Consultant Fees	—	295
Investment Custodial Fees	—	1,214
Total Investment Activities Expenses	13,971	12,399
Net Income from Investment Activities	451,054	(106,630)
From Securities Lending Activities		
Securities Lending Income	200	205
Borrower Rebates	(3)	(127)
Total Securities Lending Income	197	78
Securities Lending Expenses		
Management Fees	49	18
Total Securities Lending Expenses	49	18
Net Income from Securities Lending Activities	148	60
Total Net Investment Income	451,202	(106,570)
Other Income	14,566	—
Total Additions	660,200	87,531
DEDUCTIONS		
Benefits	203,413	190,475
Refund of Contributions	15,189	20,288
Administrative Expense	9,171	12,205
Total Deductions	227,773	222,968
Change in Net Position	432,427	(135,437)
Net Position - Beginning of Year	2,717,437	2,852,873
Net Position - End of Year	\$ 3,149,864	\$ 2,717,436

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The City of Seattle

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Page 1 of 2

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CUSTODIAL FUNDS
For the Year Ended December 31, 2019
(In Thousands)**

	Balance January 1 Restated	Additions	Deductions	Balance December 31
GUARANTY DEPOSITS FUND				
Assets				
Cash	\$ 14,823	\$ 3,464	\$ 2,076	\$ 16,211
Total Assets	\$ 14,823	\$ 3,464	\$ 2,076	\$ 16,211
Liabilities				
Deposits Payable	\$ 14,823	\$ 3,595	\$ 2,207	\$ 16,211
Total Liabilities	\$ 14,823	\$ 3,595	\$ 2,207	\$ 16,211
PAYROLL WITHHOLDING FUND				
Assets				
Cash	\$ 2,029	\$ 616	\$ 40	\$ 2,605
Accounts Receivable	1	9	10	-
Total Assets	\$ 2,030	\$ 624	\$ 50	\$ 2,605
Liabilities				
Accounts Payable	\$ 23	\$ 439,978	\$ 428,357	\$ 11,644
Salaries, Benefits, and Payroll Taxes Payable	(907)	356,091	364,244	(9,060)
Claims/Judgments Payable	2,914	—	2,893	21
Total Liabilities	\$ 2,030	\$ 796,069	\$ 795,494	\$ 2,605
REGULATORY AGENCY FUND				
Assets				
Cash	\$ 1,752	\$ 3,662	\$ 2,713	\$ 2,701
Accounts Receivable	7	382	383	6
Total Assets	\$ 1,759	\$ 4,044	\$ 3,096	\$ 2,707
Liabilities				
Accounts Payable	\$ 1,759	\$ 6,399	\$ 5,451	\$ 2,707
Salaries, Benefits, and Payroll Taxes Payable	—	—	—	—
Deposits Payable	—	—	—	—
Claims/Judgments Payable	—	—	—	—
Total Liabilities	\$ 1,759	\$ 6,399	\$ 5,451	\$ 2,707

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Fiduciary Funds

G-3 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Page 2 of 2 CUSTODIAL FUNDS
 For the Year Ended December 31, 2019
 (In Thousands)

	Balance January 1 Restated	Additions	Deductions	Balance December 31
FILE LOCAL AGENCY FUND				
Assets				
Cash	\$ (44)	\$ 457	\$ 452	\$ (39)
Accounts Receivable	116	2,397	2,404	109
Total Assets	<u>\$ 72</u>	<u>\$ 2,854</u>	<u>\$ 2,856</u>	<u>\$ 70</u>
Liabilities				
Accounts Payable	\$ 72	\$ 355	\$ 357	\$ 70
Total Liabilities	<u>\$ 72</u>	<u>\$ 355</u>	<u>\$ 357</u>	<u>\$ 70</u>
CUSTODIAL FUND				
Assets				
Cash and Equity in Pooled Investments	\$ —	\$ 5,806	\$ 93	\$ 5,713
Due From Other Funds	—	105	105	—
Total Assets	<u>\$ —</u>	<u>\$ 5,910</u>	<u>\$ 197</u>	<u>\$ 5,713</u>
Liabilities				
Due To Other Funds	\$ —	\$ 35	\$ 35	\$ —
Custodial Accounts-Other	—	5,783	70	5,713
Total Liabilities	<u>\$ —</u>	<u>\$ 5,818</u>	<u>\$ 105</u>	<u>\$ 5,713</u>
TOTALS - ALL CUSTODIAL FUNDS				
Assets				
Cash and Equity in Pooled Investments	\$ 18,560	\$ 14,005	\$ 5,374	\$ 27,191
Accounts Receivable	124	2,788	2,797	115
Due From Other Funds	—	115	115	—
Total Assets	<u>\$ 18,684</u>	<u>\$ 16,908</u>	<u>\$ 8,286</u>	<u>\$ 27,306</u>
Liabilities				
Accounts Payable and Other Liabilities	\$ 1,843	\$ 452,254	\$ 433,985	\$ 20,112
Salaries, Benefits, and Payroll Taxes Payable	(896)	356,353	364,495	(9,038)
Deposits Payable	14,823	3,595	2,207	16,211
Due To Other Funds	—	35	35	—
Claims/Judgments Payable	2,914	—	2,893	21
Total Liabilities	<u>\$ 18,684</u>	<u>\$ 812,237</u>	<u>\$ 803,615</u>	<u>\$ 27,306</u>

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Statistics

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Statistics

STATISTICAL INFORMATION

The Statistical Section provides financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

Financial Trends. These tables contain information to help the reader understand how the City's financial performance and well-being have changed over time.

- S-1 Net Position by Component
- S-2 Changes in Net Position
- S-3 Fund Balances of Governmental Funds
- S-4 Changes in Fund Balances of Governmental Funds

Revenue Capacity. These tables contain information to help the reader assess the City's most significant local revenue sources.

- S-5 Tax Revenues by Source
- S-6 Assessed Value and Estimated Actual Value of Taxable Property
- S-7 Direct and Overlapping Property Tax Rates
- S-8 Principal Property Taxpayers
- S-9 Principal Revenue Sources
- S-10 Property Tax Levies and Collections

Debt Capacity. These tables contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- S-11 Ratios of Outstanding Debt by Type
- S-12 Ratios of Net General Bonded Debt Outstanding
- S-13 Direct and Overlapping Governmental Activities Debt
- S-14 Legal Debt Margin Information
- S-15 Pledged-Revenue Coverage

Demographic and Economic Information. These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- S-16 Demographic and Economic Statistics
- S-17 Principal Industries

Operating Information. These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- S-18 Full-Time-Equivalent City Government Employees by Department/Office
- S-19 Operating Indicators by Department/Office
- S-20 Capital Asset Statistics by Department/Office

The City of Seattle

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2019	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,501,410	\$ 3,382,301	3,365,060	3,269,646	\$ 3,144,486
Restricted	927,952	865,915	694,502	625,046	556,406
Unrestricted	(1,048,812)	(1,059,864)	(565,925)	(392,023)	(379,114)
Total Governmental Activities Net Position	3,380,550	3,188,352	3,493,637	3,502,669	3,321,778
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	2,668,365	2,462,768	2,280,370	2,186,129	1,915,893
Restricted	60,692	88,151	85,527	59,575	59,194
Unrestricted	107,070	(14,029)	(121,280)	(231,495)	(153,822)
Total Business-Type Activities Net Position	2,836,127	2,536,890	2,244,617	2,014,209	1,821,265
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	6,169,775	5,845,069	5,645,430	5,455,755	5,060,379
Restricted	988,644	954,066	780,029	684,621	615,600
Unrestricted	(941,742)	(1,073,893)	(687,205)	(623,518)	(532,936)
Total Primary Government Net Position	\$ 6,216,677	\$ 5,752,242	\$ 5,738,254	\$ 5,516,878	\$ 5,143,043
2014 2013 2012 2011 2010					
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,085,306	2,880,124	\$ 2,783,738	\$ 2,627,462	\$ 2,513,808
Restricted	448,935	460,885	404,454	419,675	372,289
Unrestricted	(16,363)	36,212	(35,593)	(101,021)	(98,786)
Total Governmental Activities Net Position	3,517,878	3,377,221	3,154,599	2,946,116	2,787,311
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	1,750,495	1,508,831	1,391,130	1,243,622	1,228,030
Restricted	58,039	57,404	56,210	81,904	79,372
Unrestricted	253,427	274,388	215,405	205,493	106,013
Total Business-Type Activities Net Position	2,061,961	1,840,623	1,662,745	1,531,019	1,413,415
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	4,835,801	4,388,955	4,174,868	3,871,084	3,741,838
Restricted	506,974	518,289	462,664	501,579	451,661
Unrestricted	237,064	310,600	179,812	104,472	7,227
Total Primary Government Net Position	\$ 5,579,839	\$ 5,217,844	\$ 4,817,344	\$ 4,477,135	\$ 4,200,726

^a In 2011, the City recognized its interpretation of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, relating to financial statement Net Position classifications was incorrect. A restatement was made for 2010 to allow for comparability to 2011. Restatements were not made to the presentation for years 2009.

Statistics

Table S-2
Page 1 of 4

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 316,015	\$ 173,424	\$ 222,089	\$ 247,400	\$ 208,638
Judicial	30,941	31,666	32,075	32,025	28,477
Public Safety	660,167	678,857	577,738	576,208	531,523
Physical Environment	13,595	12,932	15,539	12,558	4,351
Transportation	332,082	307,433	387,724	271,601	221,443
Economic Environment	265,933	251,711	147,005	175,133	138,878
Health and Human Services	110,814	138,252	119,463	104,687	94,122
Culture and Recreation	271,245	311,875	364,425	330,984	286,395
Interest on Long-Term Debt	44,794	46,915	47,777	42,942	32,694
Total Governmental Activities Expenses	2,045,601	1,953,065	1,910,835	1,793,538	1,546,521
<i>Business-Type Activities</i>					
Light	959,811	891,783	914,785	853,871	837,860
Water	252,550	241,847	235,142	225,678	228,241
Drainage and Wastewater	393,410	379,919	363,682	332,686	316,487
Solid Waste	200,958	201,387	192,062	167,132	173,312
Construction and Inspections	73,102	62,994	72,914	64,248	64,673
Downtown Parking Garage	—	—	—	5,222	7,401
Fiber Leasing	—	—	36	8	35
Total Business-Type Activities Expenses	1,879,831	1,777,930	1,778,621	1,648,845	1,628,009
Total Primary Government Expenses	3,925,432	3,730,995	3,689,456	3,442,383	3,174,530
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	58,056	80,074	119,548	109,478	104,651
Judicial	29,555	27,339	27,555	29,578	30,030
Public Safety	30,815	36,048	28,669	24,472	26,227
Physical Environment	5,020	4,771	10	13	16
Transportation	142,151	175,404	77,958	70,878	67,948
Economic Environment	63,100	74,755	53,196	36,464	41,875
Health and Human Services	1,571	1,006	745	525	64
Culture and Recreation	57,771	69,307	82,133	75,832	70,360
Operating Grants and Contributions	179,266	152,736	130,777	134,856	136,981
Capital Grants and Contributions	1,763	15,547	36,161	31,076	29,358
Total Governmental Activities Program Revenues	569,068	636,987	556,752	513,172	507,510
<i>Business-Type Activities</i>					
Charges for Services					
Light	1,079,399	991,585	987,812	901,276	880,788
Water	281,008	280,019	262,777	251,244	251,977
Drainage and Wastewater	454,382	416,482	396,283	371,040	359,839
Solid Waste	224,965	203,367	203,038	177,061	174,365
Planning and Development	78,743	73,927	72,595	79,246	65,278
Downtown Parking Garage	—	—	—	5,355	7,885
Fiber Leasing	—	—	8	8	12
Operating Grants and Contributions	7,120	10,616	1,834	4,583	7,088
Capital Grants and Contributions	71,782	90,351	70,020	86,997	60,115
Total Business-Type Activities Program Revenues	2,197,399	2,066,347	1,994,367	1,876,810	1,807,347
Total Primary Government Program Revenues	2,766,467	2,703,334	2,551,119	2,389,982	2,314,857
NET (EXPENSE) REVENUE					
Governmental Activities	(1,476,533)	(1,316,078)	(1,354,083)	(1,280,367)	(1,039,011)
Business-Type Activities	317,593	288,417	215,746	227,966	179,318
Total Primary Government Net Expense	(1,158,940)	(1,027,661)	(1,138,337)	(1,052,401)	(859,693)

The City of Seattle

Table S-2
Page 2 of 4

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2014	2013	2012	2011	2010
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 189,034	\$ 161,041	\$ 164,040	\$ 179,498	\$ 182,058
Judicial	28,874	33,517	26,121	25,623	26,298
Public Safety	568,843	515,129	475,747	471,205	476,861
Physical Environment	5,853	10,740	6,357	10,697	8,346
Transportation	222,199	165,742	133,511	111,038	122,376
Economic Environment	138,169	125,911	125,917	101,242	119,595
Health and Human Services	76,562	71,256	65,266	71,399	72,680
Culture and Recreation	275,566	267,043	239,003	245,671	258,639
Interest on Long-Term Debt	31,170	26,417	39,998	40,425	38,929
Total Governmental Activities Expenses	1,536,270	1,376,076	1,275,960	1,256,798	1,305,782
<i>Business-Type Activities</i>					
Light	798,161	780,930	731,459	723,665	730,758
Water	221,944	215,600	203,610	198,929	209,554
Drainage and Wastewater	298,633	290,147	272,423	269,224	245,589
Solid Waste	159,501	156,653	150,115	149,157	141,852
Construction and Inspections	58,304	53,080	46,542	44,087	47,699
Downtown Parking Garage	7,458	8,159	7,701	7,740	7,648
Fiber Leasing	27	54	—	—	—
Total Business-Type Activities Expenses	1,544,028	1,504,623	1,411,850	1,392,802	1,383,100
Total Primary Government Expenses	3,080,298	2,880,699	2,687,810	2,649,600	2,688,882
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	91,011	85,923	79,048	73,960	60,333
Judicial	31,256	40,545	33,748	33,048	31,078
Public Safety	25,733	19,245	19,277	18,939	18,848
Physical Environment	78	47	—	2	1,985
Transportation	101,074	100,830	81,972	64,331	55,680
Economic Environment	35,776	12,250	7,303	7,299	4,419
Health and Human Services	10	8	—	1,276	9
Culture and Recreation	72,873	67,116	53,450	50,273	54,886
Operating Grants and Contributions	123,986	135,407	130,377	136,679	118,619
Capital Grants and Contributions	37,895	42,468	48,092	47,503	56,377
Total Governmental Activities Program Revenues	519,692	503,839	453,267	433,310	402,234
<i>Business-Type Activities</i>					
Charges for Services					
Light	883,149	839,767	797,445	769,316	729,650
Water	242,786	235,114	213,164	194,342	194,987
Drainage and Wastewater	337,882	329,386	297,443	274,553	245,959
Solid Waste	157,495	159,741	156,927	154,159	146,944
Planning and Development	56,743	48,016	40,869	35,087	28,627
Downtown Parking Garage	7,434	7,019	6,588	5,937	6,580
Fiber Leasing	16	75	—	—	—
Operating Grants and Contributions	6,155	7,055	6,749	5,518	5,953
Capital Grants and Contributions	48,129	63,760	48,438	51,522	41,846
Total Business-Type Activities Program Revenues	1,739,789	1,689,933	1,567,623	1,490,434	1,400,546
Total Primary Government Program Revenues	2,259,481	2,193,772	2,020,890	1,923,744	1,802,780
NET (EXPENSE) REVENUE					
Governmental Activities	(1,016,578)	(872,237)	(822,693)	(823,488)	(903,548)
Business-Type Activities	195,761	185,310	155,773	97,632	17,446
Total Primary Government Net Expense	(820,817)	(686,927)	(666,920)	(725,856)	(886,102)

Statistics

Table S-2
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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 640,828	\$ 597,349	\$ 582,622	\$ 542,854	\$ 420,691
Sales Taxes	324,392	306,587	280,963	263,285	239,189
Business Taxes	569,680	539,045	516,881	482,850	454,086
Excise Taxes	149,058	106,861	115,674	114,627	101,098
Other Taxes and Revenues	80,542	36,000	22,032	19,009	17,733
Penalties and Interest on Delinquent Taxes	—	—	—	—	—
Unrestricted Investment Earnings (Loss)	1	1,765	18,339	9,080	9,202
Gain (Loss) on Sale of Capital Assets	(44,620)	7,990	7,633)	(191)	9,071
Transfers	—	—	(5,317)	15,469	(8,931)
Total Governmental Activities	1,719,881	1,595,597	1,538,827	1,446,983	1,242,139
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	52,530	28,012	18,046	12,806	13,938
Gain on Sale of Capital Assets	774	753	(83)	48,101	2,767
Special Item - Environmental Remediation	(8,902)	(40,700)	(9,619)	(66,187)	(4,975)
Transfers	13,177	17,137	6,321	(15,469)	8,931
Total Business-Type Activities	57,579	5,202	14,665	(20,749)	20,661
Total Primary Government	1,777,460	1,600,799	1,553,492	1,426,234	1,176,472
CHANGES IN NET POSITION					
Governmental Activities	243,363	279,519	184,744	166,616	203,128
Business-Type Activities	375,172	293,619	230,411	207,217	199,998
Total Primary Government	\$ 618,520	\$ 573,138	\$ 415,155	\$ 373,833	\$ 403,126

The City of Seattle

Table S-2
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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2014	2013	2012	2011	2010
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 431,458	\$ 423,927	\$ 412,872	\$ 397,288	\$ 391,798
Sales Taxes	199,735	181,171	169,681	158,582	146,970
Business Taxes	431,437	408,913	358,931	339,703	331,570
Excise Taxes	65,364	61,524	54,637	35,203	28,815
Other Taxes and Revenues	16,771	11,240	44,352	39,014	31,119
Penalties and Interest on Delinquent Taxes	4,091	3,596	2,795	3,240	3,475
Unrestricted Investment Earnings (Loss)	11,791	(1,663)	6,458	5,536	4,685
Gain (Loss) on Sale of Capital Assets	1,761	17,012	1,502	14,224	40,095
Transfers	(11,512)	(10,861)	(10,095)	(9,373)	(10,100)
Total Governmental Activities	1,150,896	1,094,859	1,041,133	983,417	968,427
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	16,254	4,204	11,789	11,078	8,796
Gain on Sale of Capital Assets	2,759	1,672	619	924	198
Special Item - Environmental Remediation	(4,949)	(24,169)	(37,066)	538	(1,948)
Transfers	11,512	10,861	10,095	9,373	10,100
Total Business-Type Activities	25,576	(7,432)	(14,563)	21,913	17,146
Total Primary Government	1,176,472	1,087,427	1,026,570	1,005,330	985,573
CHANGES IN NET POSITION					
Governmental Activities	134,318	222,622	218,440	159,929	64,879
Business-Type Activities	221,337	177,878	141,210	119,545	34,592
Total Primary Government	\$ 355,655	\$ 400,500	\$ 359,650	\$ 279,474	\$ 99,471

Statistics

Table S-3 FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
GENERAL FUND					
Nonspendable	\$ 74	\$ 93	\$ 350	\$ 401	\$ 474
Restricted	250,624	215,620	181,950	155,523	136,627
Committed	89,595	88,794	131,386	102,521	116,890
Assigned	20,632	26,391	29,172	28,646	5,767
Unassigned	224,123	152,368	152,225	155,290	143,763
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	\$ 585,048	\$ 483,266	\$ 490,583	\$ 442,381	\$ 403,521
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,790	\$ 2,790	\$ 2,745	\$ 2,740	\$ 3,227
Restricted	675,288	682,244	512,551	466,996	417,732
Committed	12,086	57,000	115,265	109,392	68,947
Assigned	15,538	12,915	11,963	9,819	11,004
Unassigned	(4,737)	(33,386)	(22,270)	(37,083)	(34,159)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	\$ 700,965	\$ 687,563	\$ 620,253	\$ 551,864	\$ 466,751
	2014	2013	2012	2011	2010
GENERAL FUND					
Nonspendable	\$ 473	\$ 375	\$ 555	\$ 572	\$ 401
Restricted	99,991	100	82,520	58,917	63,695
Committed	76,493	83	79,508	58,713	44,240
Assigned	5,685	5	6,417	6,808	17,958
Unassigned	134,492	120	105,992	79,765	53,147
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	\$ 317,134	\$ 683	\$ 274,992	\$ 204,775	\$ 179,441
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 4,224	\$ 3,959	\$ 2,618	\$ 2,714	\$ 2,447
Restricted	346,891	359,172	321,884	358,710	306,545
Committed	60,612	49,829	40,248	60,156	41,379
Assigned	9,933	7,661	12,583	8,816	7,910
Unassigned	(59,231)	(22,328)	(13,991)	(12,064)	(11,911)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	\$ 362,429	\$ 398,293	\$ 363,342	\$ 418,332	\$ 346,370

a Beginning in fiscal year 2010, fund balance categories were changed to conform to the requirements of GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

The City of Seattle

Table S-4 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
REVENUES					
Taxes	\$ 1,743,744	\$ 1,607,390	\$ 1,517,412	\$ 1,422,194	\$ 1,233,134
Licenses and Permits	50,745	55,697	43,675	41,743	34,137
Grants, Shared Revenues, and Contributions	168,379	157,092	167,609	166,779	162,132
Charges for Services	266,747	304,218	240,142	254,412	225,056
Fines and Forfeits	44,471	45,368	42,970	46,154	39,008
Parking Fees and Space Rent	65,417	70,262	71,407	68,798	67,444
Program Income, Interest, and Miscellaneous Revenues	209,962	155,746	128,816	99,369	98,215
Total Revenues	2,549,195	2,395,773	2,210,044	2,099,449	1,859,126
EXPENDITURES					
Current					
General Government	294,779	330,004	321,637	264,284	224,721
Judicial	35,208	32,892	31,64	31,519	29,352
Public Safety	743,448	690,650	611,690	590,681	577,106
Physical Environment	15,852	13,577	16,130	13,575	7,314
Transportation	368,776	334,625	195,985	227,666	155,690
Economic Environment	286,589	258,243	151,462	179,831	141,722
Health and Human Services	124,633	139,433	120,943	104,209	96,267
Culture and Recreation	318,060	317,667	317,961	305,986	268,977
Capital Outlay					
General Government	9,039	16,442	55,933	29,342	29,959
Judicial	—	—	—	—	—
Public Safety	4,050	1,031	2,764	21,527	13,097
Physical Environment	—	895	—	—	—
Transportation	127,518	111,322	203,447	240,216	278,151
Economic Environment	875	811	110	7	—
Culture and Recreation	70,064	62,201	60,586	47,390	35,712
Debt Service					
Principal	75,145	80,576	57,883	53,308	50,708
Advance Refunding to Escrow	—	—	—	—	—
Interest	43,263	48,821	35,551	32,768	28,998
Bond Issuance Cost	232	397	508	627	1,946
Other	15	—	—	—	—
Total Expenditures	2,517,583	2,434,587	2,184,245	2,142,936	1,939,720
Excess (Deficiency) of Revenues over Expenditures	31,612	(38,811)	25,799	(43,487)	(80,594)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	39,825	49,975	93,880	145,139	350,255
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	5,053	3,186	10,198	22,177	40,113
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	(19,419)	(31,909)	(155,030)
Sales of Capital Assets	6,272	4,128	7,704	123	19,231
Transfers In	107,995	104,215	501,504	550,752	498,582
Transfers Out	(75,515)	(78,011)	(498,724)	(518,825)	(501,695)
Total Other Financing Sources (Uses)	86,630	83,493	95,143	167,457	251,456
Net Change in Fund Balance	\$ 115,242	\$ 44,682	\$ 120,942	\$ 123,970	\$ 170,862
Debt Service as a Percentage of Noncapital Expenditures	5.51 %	5.70 %	4.81%	4.61 %	4.87 %

Approximately \$8.6 million of charges for services was reclassified to program income for the year of 2017 to compare to 2018 presentation.

Statistics

Table S-4 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Page 2 of 2 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (In Thousands)

	2014	2013	2012	2011	2010
REVENUES					
Taxes	\$ 1,149,119	1,083,499	\$ 1,044,608	\$ 973,181	\$ 933,641
Licenses and Permits	30,093	27,135	25,238	22,966	26,514
Grants, Shared Revenues, and Contributions	161,361	184,784	177,775	167,813	179,842
Charges for Services	221,187	200,847	182,595	167,644	171,509
Fines and Forfeits	37,142	41,107	34,340	34,066	32,300
Parking Fees and Space Rent	63,891	62,463	57,107	51,004	46,858
Program Income, Interest, and Miscellaneous Revenues	86,757	45,462	43,649	39,706	26,037
Total Revenues	1,749,550	1,645,297	1,565,312	1,456,380	1,416,701
EXPENDITURES					
Current					
General Government	204,662	191,829	180,187	193,697	203,607
Judicial	29,158	27,642	26,654	25,855	26,300
Public Safety	525,778	494,011	461,235	451,734	445,002
Physical Environment	7,409	11,935	7,748	11,190	9,058
Transportation	114,737	97,676	92,212	90,966	93,381
Economic Environment	140,079	128,644	128,711	106,234	123,430
Health and Human Services	78,024	73,151	67,103	73,100	73,956
Culture and Recreation	245,358	231,694	216,508	211,523	233,284
Capital Outlay					
General Government	35,599	22,220	10,684	13,862	16,799
Judicial	—	—	—	—	—
Public Safety	25,161	21,100	27,743	8,320	21,815
Physical Environment	—	—	—	—	—
Transportation	278,550	234,188	228,272	167,590	169,636
Economic Environment	7	—	69	—	5
Culture and Recreation	55,132	85,690	55,507	50,383	63,521
Debt Service					
Principal	61,745	56,194	53,523	47,909	45,826
Advance Refunding to Escrow	—	—	—	—	—
Interest	26,571	26,206	25,339	26,754	24,596
Bond Issuance Cost	259	822	258	369	1,303
Other	—	—	305	—	—
Total Expenditures	1,828,229	1,703,002	1,582,058	1,479,486	1,551,519
Excess (Deficiency) of Revenues over Expenditures	(78,679)	(57,705)	(16,746)	(23,106)	(134,818)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	50,455	101,115	108,085	79,433	85,325
Refunding Debt Issued	—	43,945	0	0	115,185
Premium on Bonds Issued	4,150	9,377	21,140	5,181	13,270
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	(44,503)	(91,574)	0	(125,170)
Sales of Capital Assets	2,129	22,904	2,282	41,161	21,310
Transfers In	442,666	375,772	334,611	292,224	298,519
Transfers Out	(448,410)	(381,986)	(342,571)	(297,597)	(304,618)
Total Other Financing Sources (Uses)	50,990	126,624	31,973	120,402	103,821
Net Change in Fund Balance	\$ (27,689)	\$ 68,919	\$ 15,227	\$ 97,296	\$ (30,997)
Debt Service as a Percentage of Noncapital Expenditures	5.93 %	6.26 %	5.91 %	5.28 %	5.28 %

The City of Seattle

Table S-5 TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (In Thousands)

Year	General Property Tax	Retail Sales and Use Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2010	\$ 391,692	\$ 146,970	\$ 331,570	\$ 28,815	\$ 34,594	\$ 933,641
2011	397,439	158,582	339,703	35,203	42,254	973,181
2012	420,763	169,681	358,931	54,637	44,352	1,048,364
2013	423,928	181,171	408,913	61,525	11,240	1,086,777
2014	431,458	199,735	431,437	65,364	16,771	1,144,764
2015	420,691	239,189	454,086	101,098	17,733	1,232,797
2016	542,854	263,285	482,850	114,627	19,009	1,422,625
2017	582,622	280,963	516,881	115,674	22,032	1,518,172
2018	597,949	306,587	539,906	139,347	23,601	1,607,390
2019	640,075	324,302	579,312	166,348	33,708	1,743,746

Table S-6 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Assessed and Estimated Actual Value ^A (In Thousands)			Total Direct Tax Rate	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total ^B			
2010	\$ 118,370,062	\$ 5,314,253	\$ 123,684,315	2.925 %	(10.26) %	\$ 203.208
2011	114,979,131	5,137,695	120,116,826	3.061	(2.88)	196.237
2012	111,723,359	5,073,531	116,796,890	3.276	(2.76)	189.452
2013	111,788,855	5,206,658	116,995,513	3.286	0.17	186.715
2014	122,999,095	5,206,658	128,205,753	3.048	9.58	200.165
2015	139,229,729	5,284,205	144,513,934	2.624	12.72	218.167
2016	157,548,324	5,757,604	163,305,928	3.067	13.00	237.778
2017	180,363,081	5,962,261	186,325,342	2.899	14.10	261.070
2018	208,104,882	6,004,182	214,109,064	2.362	14.91	293.139
2019	238,336,064	6,602,645	244,938,709	2.229	14.40	327.765

^A Real property has been assessed at 100% of estimated actual value.

^B Source: King County Assessor.

Statistics

**Table S-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES ^A
Last Ten Fiscal Years
(In Mills or Dollars per Thousand of Assessed Value)**

Year of Levy	City of Seattle			Overlapping					Dollars Levied ^C (\$1,000)	Annual Growth	
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County ^B	School	Port of Seattle			Total
2010	1.784	1.005	0.136	2.925	2.222	1.694	1.985	0.216	9.042	\$1,118,329	1.8 %
2011	1.875	1.038	0.148	3.061	2.280	1.751	2.342	0.224	9.658	1,160,092	3.7
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	1,187,240	2.3
2013	1.902	1.246	0.138	3.286	2.567	1.976	2.447	0.233	10.509	1,229,506	3.6
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	1,319,452	7.3
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016	1.9
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926	15.6
2017	1.346	1.387	0.166	2.899	2.032	2.013	2.151	0.153	9.248	1,723,142	10.8
2018	1.245	1.208	0.143	2.596	2.918	1.901	2.012	0.135	9.562	2,040,443	31.2
2019	1.126	1.223	0.094	2.443	2.629	1.740	1.350	0.123	8.285	2,024,879	17.5

^A Source: King County Assessor and City of Seattle Budget Office.

^B For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy, Flood Zone levy, and Sound Transit3 are included in the County's tax levy rate. EMS rate is 0.263, Flood Zone levy is 0.117, and Sound Transit3 is 0.250 in 2017.

^C Actual dollars levied may differ slightly from this figure due to certain property tax exemptions for low-income, elderly, and handicapped property owners.

**Table S-8 PRINCIPAL PROPERTY TAXPAYERS ^D
Current Year and Nine Years Ago**

Taxpayer ^E	2019			2010		
	Assessed Valuation ^F (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^F (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 3,252.3	1.26 %	1			
Union Square Limited	1,170.3	0.45	2	\$ 427.5	0.35 %	2
GC Columbia LLC	858.3	0.33	3	298.2	0.24	5
Ponte Gadea Seattle LLC	832.8	0.32	4			
Altus Group US Inc	748.3	0.29	5			
Acorn Development LLC	710.4	0.28	6			
1201 Tab Owner LLC	699.2	0.27	7	353.7	0.29	4
Selig Holdings Co. LLC	579.4	0.22	8	249.8	0.20	7
BPP 1420 Fifth Avenue Owner	578.0	0.22	9			
FSP-RIC LLC	575.8	0.22	10			
The Boeing Company				483.7	0.39	1
Qwest Corporation, Inc.				427.2	0.35	3
City Centre Associates JV				269.8	0.22	6
Puget Sound Energy/Gas				237.6	0.19	8
Starbucks				215.1	0.17	9
999 Third Avenue Property				207.4	0.17	10

^D Source: King County Assessor

^E The above listing includes taxpayers paying real and personal property taxes as property owners. It does not include taxpayers paying leasehold excise taxes based on rental payments for property they lease from other entities.

^F Assessed valuations for taxes collected in the succeeding year.

The City of Seattle

**Table S-9 PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)**

Customer Name	CITY LIGHT ^A					
	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 28,626	3.05%	1	\$ 19,989	3.20%	1
NUCOR	22,168	2.36	2	19,117	3.06	2
Boeing BCAG	13,417	1.43	3	14,364	2.30	3
King County ^B	11,057	1.18	4	5,469	0.88	6
Sabey Corporation	10,918	1.16	5	11,511	1.84	5
City of Seattle	6,656	0.71	6	14,193	2.27	4
Ardagh Glass	6,042	0.64	7	—	—	—
2001 Sixth LLC	5,701	0.61	8	4,746	0.76	9
Martin Selig	5,655	0.60	9	—	—	—
Century Link	5,201	0.55	10	—	—	—
Saint Gobain				5,233	0.84	7
US Government				4,823	0.77	8
Unico Properties/Union Square Ltd				4,319	0.69	10
Total Top Ten	\$ 115,341	12.29%		\$ 85,764	16.61%	

^A City Light billing records.

^B Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

Customer Name	WATER ^C					
	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 24,087	8.57%	1	\$ 19,280	10.62%	1
Northshore Utility District	6,152	2.19	2	5,081	2.80	2
Highline Water District	4,755	1.69	3	3,113	1.72	3
University of Washington	4,698	1.67	4	2,670	1.47	4
City of Seattle	4,321	1.54	5	2,209	1.22	7
Soos Creek Water and Sewer District	3,677	1.31	6	2,606	1.44	5
Woodinville Water District	3,494	1.24	7	2,553	1.41	6
Port of Seattle	3,297	1.17	8	2,144	1.18	8
Seattle Housing Authority	2,602	0.93	9	1,166	0.64	10
King County Water District #20	2,341	0.83	10	1,781	0.98	9
Total Top Ten	\$ 59,424	21.14%		\$ 42,603	23.48%	

^C Source: Seattle Public Utilities billing records.

^D Using data from the 2010 CAFR.

Statistics

Table S-9
Page 2 of 2

PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

Customer Name	DRAINAGE AND WASTEWATER ^A					
	2019			2010 ^B		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 13,271	2.94%	1	\$ 5,707	2.29%	2
University of Washington	12,313	2.73	2	6,183	2.48	1
Seattle Housing Authority	6,597	1.46	3	2,848	1.14	4
King County	5,723	1.27	4	1,137	0.46	6
Seattle Public Schools	3,179	0.71	5	1,836	0.74	5
Equity Residential Prop.	2,604	0.58	6	—	—	—
Marriott International Inc.	2,469	0.55	7	—	—	—
BNSF Railway	2,347	0.52	8	845	0.34	7
Port of Seattle	1,612	0.36	9	3,193	1.28	3
Hyatt	1,472	0.33	10	—	—	—
King County Facilities Management				823	0.33	8
Harborview Medical Center				736	0.29	9
The Boeing Company				728	0.29	10
Total Top Ten	\$ 51,587	11.44		\$ 24,036	9.64%	

^A Source: Seattle Public Utilities billing records.

^B Using data from the 2010 CAFR.

Customer Name	SOLID WASTE ^C					
	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,167	0.52%	1	\$ 876	0.59%	1
Starbucks	912	0.40	2	608	0.41	3
Goodwill Industries	874	0.39	3	494	0.33	5
Swedish Medical Group	789	0.35	4	421	0.29	8
Fred Meyer/QFC	728	0.32	5	865	0.59	2
Seattle Housing Authority	596	0.26	6	527	0.36	4
Pike Place Market	582	0.26	7	384	0.26	9
King County	580	0.26	8	—	—	—
Marriott International Inc	576	0.26	9	—	—	—
Seattle Pacific University	490	0.22	10	—	—	—
Seattle Public Schools				442	0.30	6
University of Washington				438	0.30	7
Safeway				357	0.24	10
Total Top Ten	\$ 7,294	3.24%		\$ 5,412	3.67%	

^C Source: Seattle Public Utilities billing records.

^D Using data from the 2010 CAFR.

The City of Seattle

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Original Levy	Adjusted Levy ^A	Collected within the Fiscal Year of the Levy		Subsequent Adjustments to Date	Net Levy to Date	Subsequent Collections	Total Collections to Date	
			Amount	Percentage of Adjusted Levy				Amount	Percentage of Net Levy
2010	\$ 396,716,770	\$ 394,203,623	\$ 387,023,382	98.18%	\$ 64,404	\$ 394,268,027	\$ 7,244,878	\$ 394,268,260	100.00%
2011	401,332,061	399,082,252	392,544,843	98.36	(161,086)	398,921,166	6,446,943	398,991,786	100.00
2012	417,706,022	415,720,650	408,919,797	98.36	(73,090)	415,647,560	6,767,041	415,686,838	100.00
2013	419,470,830	418,268,214	411,963,480	98.49	93,701	418,361,915	6,307,712	418,271,192	99.98
2014	433,746,570	432,690,228	426,568,295	98.59	(19,463)	432,670,765	5,671,722	432,240,016	99.90
2015	422,711,554	421,442,544	416,061,811	98.72	103,024	421,545,568	5,487,383	421,549,193	100.00
2016	498,949,892	496,251,074	490,199,608	98.78	206,670	496,457,744	6,218,594	496,418,202	99.99
2017	535,789,356	533,119,015	526,236,155	98.71	(326,481)	532,792,534	5,838,297	532,074,452	99.87
2018	555,089,567	551,976,978	545,540,134	98.83	108,928	552,085,905	5,053,129	550,593,262	99.73
2019	597,158,303	592,637,211	585,964,241	98.87	—	592,637,211	—	585,964,241	98.87

^A Source King County Treasurer's Office.

Statistics

Table S-11 RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (In Thousands, except Per Capita)

Governmental Activities						
Fiscal Year	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
2010	801,695	37,260	838,955	15,735	16,582	14
2011	822,110	38,185	860,295	14,305	14,662	10
2012	772,950	56,070	829,020	13,005	18,748	6
2013	809,060	53,919	862,979	13,005	16,631	2
2014	816,060	55,218	871,278	10,395	14,580	105
2015	965,310	81,337	1,046,647	8,825	12,668	151
2016	1,008,895	91,032	1,099,927	7,505	10,945	158
2017	1,012,535	82,416	1,094,951	6,075	9,425	105
2018	977,470	76,649	1,054,119	4,975	8,070	35
2019	943,880	71,547	1,015,427	3,760	6,795	10

Business-Type Activities						
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Net General Obligation Bonds and Revenue Bonds
2010	62,093	1,536,775	1,006,300	499,785	78,491	3,303,095
2011	60,846	1,680,095	977,160	486,610	122,165	3,453,339
2012	59,589	1,778,600	919,640	540,495	119,205	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	4,055,428
2016	—	2,118,085	809,950	673,920	207,545	4,141,100
2017	—	2,345,490	858,215	821,255	201,000	4,623,874
2018	—	2,491,550	817,195	796,030	194,225	4,689,995
2019	—	2,567,110	774,115	769,605	187,105	4,725,365

Business-Type Activities		Primary Government		
Fiscal Year	Notes and Contracts	Total	Percentage of Personal Income ^A	Total Personal Income ^A
2010	34,107	4,208,488	14.50	29,019,204
2011	36,222	4,378,833	14.60	29,987,391
2012	34,753	4,534,817	12.04	37,652,394
2013	35,606	4,593,047	11.42	40,204,185
2014	33,889	4,779,192	11.94	40,019,009
2015	38,907	5,162,626	11.84	43,597,181
2016	40,133	5,299,768	11.06	47,929,025
2017	77,026	5,811,456	10.85	53,583,169
2018	76,256	5,833,450	10.70	54,502,448
2019	71,843	5,824,119	N/A	7,794

^A Personal income data is not available for 2019.

The City of Seattle

Table S-12 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Per Capita
	General Bonded Debt Outstanding ^A (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	
2010	801,695	9,804	829,151	0.67 %	1,362
2011	822,110	9,653	850,642	0.73	1,390
2012	772,950	9,719	819,301	0.70	1,329
2013	809,060	9,775	853,204	0.67	1,362
2014	816,060	10,131	861,147	0.59	1,344
2015	965,310	10,672	1,035,975	0.63	1,564
2016	1,008,895	10,511	1,089,416	0.58	1,586
2017	1,012,535	10,392	1,084,559	0.00	1,520
2018	977,470	10,778	1,043,341	0.43	1,428
2019	943,880	10,949	1,051,427	0.39	1,390

Fiscal Year	Business-Type Activities				Per Capita
	General Bonded Debt Outstanding ^A (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	
2010	62,093	3,564	65,657	0.05 %	108
2011	60,846	3,366	64,212	0.05	105
2012	59,589	3,168	62,757	0.05	102
2013	58,327	2,970	61,297	0.05	98
2014	56,470	2,772	59,242	0.04	92
2015	53,520	2,574	56,094	0.03	85
2016	—	—	—	—	—
2017	—	—	—	—	—
2018	—	—	—	—	—
2019	—	—	—	—	—

Fiscal Year	Business-Type Activities		Percentage of Debt Service to Net Operating Income
	Annual Debt Service Payments (In Thousands)	Net Operating Income ^C (In Thousands)	
2010	4,578	4,097	111.74 %
2011	4,520	3,282	137.72
2012	4,438	3,866	114.80
2013	4,337	3,863	112.27
2014	4,796	4,634	103.50
2015	5,773	4,843	119.20
2016	2,007	3,337	60.14
2017	—	—	—
2018	—	—	—
2019	—	—	—

Fiscal Year	Primary Government		
	General Bonded Debt Outstanding ^A (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding
2010	904,612	9,804	894,808
2011	924,507	9,653	914,854
2012	891,777	9,719	882,058
2013	924,276	9,775	914,501
2014	930,520	10,131	920,389
2015	1,102,741	10,672	1,092,069
2016	1,099,927	10,511	1,089,416
2017	1,094,951	10,392	1,084,559
2018	1,054,119	10,778	1,043,341
2019	1,015,427	10,949	1,004,478

^A Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

^B General obligation bond debt service for the Downtown Parking Garage was being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds was with the City's General Fund, but this ended with the sale of the Parking Garage in 2016.

^C Excludes amortization.

Statistics

Table S-13

DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2019

Governmental Unit	Net Debt Outstanding (In Thousands)	Percentage Applicable to Seattle ^A	Amount Applicable to Seattle (In Thousands)
Debt Repaid with Property Taxes			
King County ^B	729,191	40.38 %	294,447
Port of Seattle	335,470	40.38	135,463
Seattle School District No. 001	20,200	99.57	20,113
Highline School District No. 401	428,728	0.01	43
Subtotal Overlapping Debt	1,513,589		450,066
City of Seattle Direct Debt	943,880	100.00%	943,880
Total Direct and Overlapping Debt	\$ 2,457,469		\$ 1,393,946

^A Percentage rates were provided by King County except for City of Seattle and were determined by the ratio of assessed valuation of property in the overlapping unit subject to taxation in the reporting unit to the total value of property subject to taxation in the overlapping unit.

^B Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

The City of Seattle

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity ^A		Special Purpose Capacity ^A		Total Capacity
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	
Latest Certified Assessed Value	\$244,938,709,301 ^B				
2.50% of Assessed Value	\$ —	\$ 6,123,467,733	\$ 6,123,467,733	\$ 6,123,467,733	\$ 18,370,403,198
1.50% of Assessed Value	3,674,080,640	(3,674,080,640)	—	—	—
	3,674,080,640	2,449,387,093	6,123,467,733	6,123,467,733	18,370,403,198
Statutory Debt Limit Less Debt Outstanding ^E					
Bonds	(681,085,000)	(262,795,000)	—	—	(943,880,000)
Guarantee on PDA Bonds ^D	(36,870,000)	—	—	—	(36,870,000)
Public Works Trust Fund Loans ^F	(6,794,740)	—	—	—	(6,794,740)
Compensated Absences ^F	(98,397,323)	—	—	—	(98,397,323)
Total Debt Outstanding	(823,147,063)	(262,795,000)	—	—	(1,085,942,063)
Add:					
Available Net Position In Redemption Funds ^G	10,914,950	33,723	—	—	10,948,673
Compensated Absences for Sick Leave ^F	38,108,438	—	—	—	38,108,438
Net Debt Outstanding	(774,123,675)	(262,761,277)	—	—	(1,036,884,952)
LEGAL DEBT MARGIN	\$ 2,899,956,965	\$ 2,186,625,816	\$ 6,123,467,733	\$ 6,123,467,733	\$ 17,333,518,246

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2010	\$ 9,008,761,941	\$ 1,005,384,736	\$ 8,003,377,205	11.16 %
2011	8,812,740,984	1,019,769,381	7,792,971,603	11.57
2012	8,826,489,180	986,832,122	7,839,657,058	11.18
2013	9,661,067,622	1,010,440,022	8,650,627,600	10.46
2014	10,881,878,356	1,011,446,510	9,870,431,846	9.29
2015	12,294,324,646	1,150,053,778	11,144,270,868	9.35
2016	13,974,400,710	1,127,451,915	12,846,948,795	8.07
2017	16,058,179,816	1,127,407,620	14,930,772,196	7.02
2018	16,058,179,816	1,082,362,532	17,288,040,666	5.89
2019	18,370,403,198	1,036,884,952	17,333,518,246	5.44

^A Legal debt limits are established by the state constitution and by statutes, including RCW 39.36.020 and 35.42.200. The prescribed limits prohibit the City's debt from exceeding 1.5% of assessed value of taxable property without a vote of the people, and a total of 2.5% (statutory) and 5.0% (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.

^B RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of February 25, 2019 for taxes payable in 2019.

^C State law and the State Auditor's Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating the legal debt margin, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.

^D The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.

^E Includes City Obligations to repay loans from the Washington State Public Works Assistance Account despite accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City's bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable statutory and constitutional debt limits.

^F The State Auditor requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt margin. All compensated absences except the sick leave estimate meet this criterion. The City's bond counsel does include compensated absences as debt for the purpose of calculating the City's debt capacity.

^G Does not include available net position in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Statistics

Table S-15 PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^A									
Fiscal Year	Utility Service Charges	Less Operating Expenses	Adjustments to Operating Revenue	Net Available Revenue	Junior Lien Bonds		Parity Bonds		Coverage
					Interest	Principal	Interest	Principal	
2010	702,053	491,641	—	210,412	—	—	51,012	67,360	1.78
2011	754,391	484,529	—	269,862	—	—	85,038	61,650	1.84
2012	795,238	489,098	—	306,140	—	—	80,129	88,995	1.81
2013	833,834	514,269	—	319,565	—	—	80,960	91,840	1.85
2014	872,836	531,464	—	341,372	—	—	85,086	99,670	1.85
2015	873,650	567,058	—	306,592	250	—	84,408	104,915	1.62
2016	903,175	795,766	224,519	331,928	1,038	—	88,060	107,450	1.69
2017	989,710	852,469	239,552	376,793	2,479	—	875,775	111,230	0.38
2018	991,614	823,238	220,032	388,408	3,986	1,260	90,206	116,975	1.83
2019	1,079,424	873,269	256,501	462,656	3,679	2,870	97,696	116,540	2.10

WATER ^B							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2010	195,204	79,487	115,717	47,325	25,425	1.59	
2011	194,573	78,141	116,432	49,412	29,140	1.48	
2012	215,474	78,339	135,135	47,245	31,425	1.72	
2013	235,594	89,291	146,303	44,793	32,630	1.89	
2014	242,947	94,500	148,447	43,369	33,545	1.93	
2015	251,977	97,937	154,040	45,343	37,330	1.86	
2016	251,364	106,063	145,301	40,348	41,615	1.77	
2017	262,896	108,333	154,563	40,479	39,345	1.94	
2018	282,286	98,459	183,827	40,276	41,020	2.26	
2019	281,008	113,901	167,107	38,260	43,080	2.07	

DRAINAGE AND WASTEWATER ^C							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2010	349,734	188,250	161,484	17,234	12,541	2.06	
2011	278,957	196,454	82,503	12,129	17,379	2.80	
2012	304,002	199,592	104,410	18,017	12,472	3.42	
2013	333,760	213,918	119,842	18,113	12,011	3.98	
2014	342,000	216,415	125,585	26,466	15,825	2.97	
2015	363,779	230,290	133,489	29,156	18,215	2.82	
2016	375,041	246,488	128,553	28,561	19,080	2.70	
2017	400,284	259,173	141,111	30,934	21,570	2.69	
2018	419,876	258,852	161,024	36,901	25,225	2.59	
2019	454,382	268,650	185,732	35,581	26,425	3.03	

SOLID WASTE ^D							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2010	146,980	118,270	28,710	3,865	1,980	4.91	
2011	154,200	121,558	32,642	3,773	2,075	5.58	
2012	156,927	121,980	34,947	6,079	2,960	3.87	
2013	159,742	125,991	33,751	5,708	3,330	3.73	
2014	157,498	122,948	34,550	6,976	3,495	3.30	
2015	174,788	131,138	43,650	7,732	4,895	3.46	
2016	183,666	139,731	43,935	9,448	5,750	2.89	
2017	209,644	146,641	63,003	9,419	6,545	3.95	
2018	205,634	150,595	55,039	9,103	6,775	3.47	
2019	224,965	150,737	74,228	8,757	7,120	4.75	

A Debt coverage ratios prior to 2005 were based on debt service amounts on parity bonds only; beginning in 2005 the debt service for Junior Lien bonds was included. In 2008, all Junior Lien bonds were redeemed. Starting in 2009, calculation of debt coverage ratios was based again on debt service amounts on parity bonds. Operating expenses do not include interest, depreciation, or amortization expenses, except in 2002, 2003, and 2004 when the effect of \$100 million amortization of deferred power costs were also considered in the calculation of coverage ratio.

B Operating expenses do not include City public utility taxes, depreciation and amortization, interest paid on revenue bonds, and drawdowns on the Bonneville Power Administration account. Coverage ratio was calculated based on the annual debt service requirement on senior lien bonds only.

C Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants. Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.

D Operating expenses do not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization+ of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

The City of Seattle

Table S-16 DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population ^A		Total Personal Income ^B (In Thousands)		Per Capita Income ^B		King County Average Annual Unemployment Rate ^D
	King County	Seattle	King County	Metropolitan Division ^C	King County	Metropolitan Division ^C	
2010	1,933,400	608,660	\$ 112,234,690	\$ 140,402,380	\$ 58,050	\$ 51,370	8.8%
2011	1,942,600	612,100	120,055,100	149,916,738	61,801	53,931	8.1
2012	1,957,000	616,500	132,840,302	164,223,321	67,880	52,627	6.8
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	55,190	8.1
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	62,481	5.0
2015	2,052,800	662,400	153,554,091	190,187,027	74,802	65,817	4.1
2016	2,105,100	686,800	166,006,277	205,002,309	78,859	69,786	3.9
2017	2,153,700	713,700	182,495,475	224,504,700	84,736	75,078	3.7
2018	2,190,200	730,400	201,962,200	247,505,087	83,324	81,201	3.5
2019	2,226,300	747,300	NA	NA	NA	NA	3.0

A As of April 1. Source: Washington State Office of Financial Management, "2019 Population Cities, Towns and Counties" estimates only.

B Source: U. S. Bureau of Economic Analysis. 2019 Personal Income not yet available.

C Source: U. S. Bureau of Economic Analysis includes Seattle, Tacoma, and Bellevue.

D Source: Washington State Employment Security Department, January 28, 2020

Table S-17 PRINCIPAL INDUSTRIES ^{A,B}
Current Year and Nine Years Ago

Industry	2019			2010 ^C		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	238,500	16.2 %	1	176,800	15.4 %	1
Educational and health services	189,600	12.9	2	152,800	13.3	3
Government (federal, state and local)	175,700	12.0	3	167,000	14.5	2
Retail Trade	162,300	11.1	4	105,900	9.2	5
Leisure and Hospitality	147,900	10.1	5	108,700	9.5	4
Information	121,200	8.3	6	79,400	6.9	7
Manufacturing	106,400	7.2	7	98,300	8.6	6
Construction	79,900	5.4	8	49,700	4.3	10
Financial Activities	75,200	5.1	9	68,700	6.0	8
Wholesale Trade	64,100	4.4	10	58,000	5.0	9
Total Top Ten Industries	1,360,800	92.7 %		1,065,300	92.7 %	

A Source: Washington Employment Security Department Labor Market and Economic Analysis.

B Data is provided for King County, which includes the Seattle Metropolitan Area

C Industry categories for the historical comparison have been updated to match the categories currently used by the Washington Employment Security Department Labor Market and Economic Analysis and are provided by them.

Statistics

Table S-18
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FULL-TIME-EQUIVALENT^A
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Community Police Commission	9.00	9.00	4.00	4.00	4.00
Fire	1,167.05	1,158.55	1,155.55	1,167.55	1,162.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	196.10	191.60	183.60	177.10	173.60
Municipal Court	215.10	215.10	213.10	214.10	213.60
Police	2,172.35	2,156.85	2,095.35	2,033.35	2,018.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	—
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	35.09	34.59	31.09	29.09	31.59
Library	556.10	556.10	556.10	556.10	558.40
Parks and Recreation	927.40	922.24	913.01	916.68	908.35
Seattle Center	228.73	242.73	241.73	241.13	241.13
HEALTH AND HUMAN SERVICES					
Human Services	382.25	365.75	328.00	331.60	327.60
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education and Early Learning	98.00	75.00	58.50	54.00	52.50
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	35.50	35.50	35.50	31.00	27.50
Housing	45.00	44.50	42.50	43.50	43.50
Neighborhoods	49.50	53.50	53.00	47.00	40.00
Neighborhood Matching Subfund	9.00	9.00	9.00	8.00	8.00
Seattle Department of Construction and Inspections ^E	412.00	406.00	405.30	404.30	417.50
Office of Planning and Community Development ^F	44.00	45.50	46.50	45.00	—
UTILITIES AND TRANSPORTATION					
City Light	1,791.30	1,816.80	1,779.80	1,868.30	1,861.30
Seattle Public Utilities	1,414.55	1,398.55	1,359.05	1,460.05	1,438.05
Transportation	931.50	918.50	885.50	844.00	794.00
ADMINISTRATION					
City Auditor	10.00	10.00	9.50	9.50	9.50
City Budget	36.00	40.50	35.00	35.00	33.00
Civil Rights	31.00	28.00	27.25	34.25	31.25
Civil Service Commission	2.00	2.60	2.60	2.60	2.60
Employees' Retirement System	23.00	21.00	21.00	20.00	20.00
Ethics and Elections Commission	5.90	5.90	5.90	4.90	5.20
Finance and Administrative Services ^B	589.50	625.00	625.00	641.50	625.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	9.00	9.50	9.50	7.00
Information Technology	680.60	667.60	659.60	205.00	198.25
Intergovernmental Relations	10.00	10.50	10.50	10.50	11.50
Legislative	100.50	99.00	99.00	90.00	88.50
Mayor	37.50	37.50	44.00	44.00	35.50
Department of Human Resources ^D	154.00	158.50	158.75	148.25	143.55
Office of the Employee Ombud ^C	3.00	—	—	—	—
Office of Inspector General ^F	4.00	—	—	—	—
Office of Labor Standard	23.00	—	—	—	—
Sustainability and Environment	26.50	26.50	19.50	17.25	15.25
Total Full-Time Equivalents	12,477.15	12,408.59	12,134.91	11,759.73	11,559.25

^A Source - City of Seattle Adopted Budget.

^B The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

^C The Office of the Employee Ombud was created in 2019.

^D Personnel was renamed the Seattle Department of Human Resources in 2014.

^E The 2016 Adopted Budget renamed the Department of Planning and Development to the Department of Construction and Inspections. Planning staff and functions were transferred to a new Office of Planning and Community Development and additional staff were added.

^F The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

The City of Seattle

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FULL-TIME-EQUIVALENT^A
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Community Police Commission	3.00	—	—	—	—
Fire	1,151.55	1,150.55	1,152.55	1,151.55	1,155.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	169.60	169.60	159.10	160.60	155.10
Municipal Court	213.10	212.60	214.10	214.10	222.10
Police	1,999.35	1,947.35	1,930.85	1,934.85	1,922.25
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	1.00	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	30.84	28.09	19.85	20.60	23.10
Library	558.40	558.40	509.00	503.20	511.82
Parks and Recreation	888.45	853.57	863.09	890.89	1,002.49
Seattle Center	242.66	241.62	245.12	245.12	257.77
HEALTH AND HUMAN SERVICES					
Human Services	344.60	341.35	316.10	322.60	326.35
Educational and Developmental Services Levy	9.00	9.00	9.00	—	—
Department of Education and Early Learning	—	—	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	25.50	22.50	24.00	22.00	20.00
Housing	37.00	37.50	37.50	38.50	40.50
Neighborhoods	46.00	42.50	40.50	74.75	86.50
Neighborhood Matching Subfund	7.00	6.00	6.00	—	—
Seattle Department of Construction and Inspections ^E	406.00	397.25	393.26	398.01	409.00
Office of Planning and Community Development ^F	—	—	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,857.25	1,830.25	1,810.50	1,810.50	1,839.10
Seattle Public Utilities	1,446.55	1,401.05	1,411.05	1,420.75	1,449.25
Transportation	793.00	727.50	721.00	768.50	792.00
ADMINISTRATION					
City Auditor	9.50	9.50	9.00	8.00	8.00
City Budget	29.50	28.50	27.50	28.50	—
Civil Rights	23.50	23.00	22.50	21.50	22.50
Civil Service Commission	2.60	2.60	—	1.80	1.80
Employees' Retirement System	20.00	18.00	18.00	15.50	15.50
Ethics and Elections Commission	6.20	6.20	5.20	5.20	5.20
Finance and Administrative Services ^B	602.25	528.75	521.75	523.75	579.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	3.00	3.00	2.00	—	—
Information Technology	194.25	192.25	190.25	195.00	205.00
Intergovernmental Relations	10.50	10.50	10.50	11.50	11.50
Legislative	86.50	86.50	86.00	86.00	89.00
Mayor	28.50	28.50	28.50	28.50	28.50
Department of Human Resources ^D	92.75	103.75	103.25	104.25	115.00
Office of the Employee Ombud ^C	—	—	—	—	—
Office of Inspector General ^F	—	—	—	—	—
Office of Labor Standard	—	—	—	—	—
Sustainability and Environment	12.00	10.00	14.75	11.00	8.00
Total Full-Time Equivalents	11,361.53	11,039.36	10,913.40	11,029.65	11,314.51

^A Source - City of Seattle Adopted Budget.

^B The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

^C The Office of the Employee Ombud was created for 2019.

^D Personnel was renamed the Seattle Department of Human Resources in 2014.

^E The 2016 Adopted Budget renamed the Department of Planning and Development to the Department of Construction and Inspections. Planning staff and functions were transferred to a new Office of Planning and Community Development and additional staff were added.

^F The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

Statistics

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OPERATING INDICATORS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 17,758,107	\$ 22,140,431	\$ 26,002,865	\$ 25,799,733	\$ 22,636,220
Per capita	\$ 23.76	\$ 30.31	\$ 36.47	\$ 37.57	\$ 34.18
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	8,092	8,327	8,218	7,161	7,387
Traffic criminal filings	575	629	619	660	678
DUI filings	1,439	1,444	1,255	1,269	1,099
Non-traffic infraction filings	1,865	1,846	3,173	4,019	4,710
Traffic infraction filings	27,442	27,004	32,854	34,401	47,931
Parking infractions	547,117	542,859	583,360	600,188	518,624
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	396,658	369,698	383,236	378,222	373,898
Parks and Recreation					
Park use permits issued					
Number	830	806	841	766	744
Amount	\$ 1,250,792	\$ 273,387	\$ 600,817	\$ 538,945	\$ 616,102
Facility use permits issued including pools					
Number	19,677	21,209	25,935	25,935	24,405
Amount	\$ 9,167,354	\$ 4,306,075	\$ 9,061,570	\$ 8,193,741	\$ 7,359,133
Facility use permits issued excluding pools					
Number	18,896	20,585	24,902	25,275	23,750
Amount	\$ 8,429,776	\$ 3,555,031	\$ 8,329,343	\$ 7,505,445	\$ 6,683,724
Picnic permits issued					
Number	3,547	3,466	3,920	4,245	4,323
Amount	\$ 721,178	\$ 391,156	\$ 427,769	\$ 421,821	\$ 422,861
Ball field usage					
Scheduled hours	124,506	191,010	198,082	186,021	147,311
Amount	\$ 4,124,294	\$ 3,454,407	\$ 3,496,685	\$ 2,803,130	\$ 2,662,171
Weddings					
Number	230	216	228	234	269
Amount	\$ 158,364	\$ 93,520	\$ 97,738	\$ 96,314	\$ 104,265
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	10,505	10,027	10,444	14,261	17,666
Value of issued permits	\$ 4,603,329,257	\$ 3,959,949,752	\$ 5,088,196,449	\$ 3,732,939,162	\$ 3,945,738,487
UTILITIES					
City Light					
Customers	470,380	461,500	454,500	447,332	422,809
Operating revenues	\$ 1,079,423,815	\$ 991,613,793	\$ 989,710,419	\$ 903,174,831	\$ 882,856,777
Water					
Population served	1,511,000	1,506,000	1,478,000	1,433,200	1,403,600
Billed water consumption, daily average, in gallons	115,114,247	118,411,885	118,402,270	115,447,224	118,900,570
Operating revenues	\$ 281,008,043	\$ 282,286,898	\$ 262,896,454	\$ 251,363,807	\$ 251,977,342
Drainage and Wastewater					
Operating revenues	\$ 454,381,864	\$ 419,875,848	\$ 400,284,279	\$ 375,041,044	\$ 363,778,513
Solid Waste					
Customers					
Residential garbage customers	168,945	166,935	165,482	181,940	164,381
Residential dumpsters customers	195,188	188,290	181,545	156,527	146,201
Commercial garbage customers	8,556	8,023	8,082	8,096	8,145
Operating revenues	\$ 224,965,227	\$ 205,633,975	\$ 209,643,613	\$ 183,666,276	\$ 174,787,770

^A All figures are supplied by the named departments.

The City of Seattle

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OPERATING INDICATORS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687	\$ 11,476,891	\$ 11,021,455
Per capita	\$ 25.87	\$ 14.18	\$ 18.40	\$ 18.86	\$ 18.11
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	6,674	7,573	8,162	8,481	9,908
Traffic criminal filings	802	1,048	953	1,109	4,752
DUI filings	1,074	1,111	1,369	1,667	1,343
Non-traffic infraction filings	2,182	2,190	3,122	4,787	5,501
Traffic infraction filings	41,467	42,091	36,872	46,136	55,108
Parking infractions	527,782	631,388	578,507	580,841	600,543
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	464,787	458,644	453,000	456,534	502,903
Parks and Recreation					
Park use permits issued					
Number	759	651	646	670	614
Amount	\$ 615,073	\$ 511,114	\$ 493,691	\$ 454,327	\$ 302,690
Facility use permits issued including pools					
Number	24,543	24,740	25,944	26,051	27,384
Amount	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337	\$ 6,147,176	\$ 5,014,973
Facility use permits issued excluding pools					
Number	23,749	24,182	25,353	25,472	26,661
Amount	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997	\$ 5,573,454	\$ 4,480,703
Picnic permits issued					
Number	4,027	3,967	3,664	3,463	3,658
Amount	\$ 386,272	\$ 381,309	\$ 363,842	\$ 345,209	\$ 303,075
Ball field usage					
Scheduled hours	170,014	161,571	147,142	128,352	125,891
Amount	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292	\$ 2,480,476	\$ 1,909,705
Weddings					
Number	254	258	250	233	272
Amount	\$ 89,486	\$ 94,845	\$ 94,295	\$ 80,900	\$ 89,350
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	12,047	8,350	7,316	7,075	6,287
Value of issued permits	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519	\$ 2,144,525,229	\$ 1,582,129,040
UTILITIES					
City Light					
Customers	415,056	408,055	402,608	400,351	398,858
Operating revenues	\$ 886,443,525	\$ 842,229,890	\$ 800,273,311	\$ 771,464,570	\$ 732,977,819
Water					
Population served	1,336,700	1,326,000	1,314,932	1,303,847	1,292,994
Billed water consumption, daily average, in gallons	113,863,391	113,107,019	112,036,939	110,200,000	110,424,484
Operating revenues	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169	\$ 194,572,652	\$ 195,203,465
Drainage and Wastewater					
Operating revenues	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717	\$ 278,956,907	\$ 249,733,795
Solid Waste					
Customers					
Residential garbage customers	160,063	163,413	164,241	166,637	165,541
Residential dumpsters customers	142,035	135,499	129,761	127,678	126,593
Commercial garbage customers	8,168	8,156	8,148	8,179	8,248
Operating revenues	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774	\$ 154,200,068	\$ 150,905,931

^A All figures are supplied by the named departments.

Statistics

Table S-20
Page 1 of 4

CAPITAL ASSET STATISTICS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Fire					
Boats	9	7	7	6	7
Fire-fighting apparatus	224	221	214	216	216
Stations	33	33	33	33	33
Training towers	6	6	6	6	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	328	369	302	280	280
Motorcycles	35	40	37	37	37
Scooters	55	70	53	71	80
Trucks, vans, minibuses	87	89	91	89	91
Automobiles	205	248	236	213	196
Patrol boats	12	12	10	10	10
Bicycles	162	154	154	154	154
Horses	7	7	7	5	7
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	12,565,554	11,622,522	11,689,659	11,544,047	11,744,881
Collection, print and non-print	2,404,513	2,368,793	2,235,370	2,181,399	2,214,169
Parks and Recreation					
Major parks	19	14	14	14	14
Open space acres acquired since 1989	859	738	734	731	731
Total acreage	6,423	6,372	6,369	6,367	6,367
Children's play areas	153	160	160	160	158
Neighborhood playgrounds	148	39	39	39	40
Community playfields	51	42	42	42	38
Community recreation centers	26	27	27	27	27
Visual and performing arts centers	6	5	5	5	5
Theaters	—	1	1	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	25	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	106	64	64	64	64
Viewpoints	16	11	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	—	9	9	9	9
Aquarium specimens on exhibit ^B	—	—	—	—	—

A All figures are supplied by the named departments.
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

The City of Seattle

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CAPITAL ASSET STATISTICS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Boats	6	3	3	3	3
Fire-fighting apparatus	184	164	163	162	162
Stations	33	33	33	33	33
Training towers	2	2	2	2	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	272	273	270	270	270
Motorcycles	37	37	37	37	37
Scooters	75	73	67	63	58
Trucks, vans, minibuses	89	87	88	86	84
Automobiles	194	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	146
Horses	7	7	7	8	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,435,302	10,932,677	11,376,194	11,914,050	10,025,029
Collection, print and non-print	2,435,520	2,403,693	2,280,511	2,294,601	2,446,355
Parks and Recreation					
Major parks	14	14	14	13	13
Open space acres acquired since 1989	711	695	665	663	654
Total acreage	6,298	6,251	6,188	6,185	6,171
Children's play areas	138	136	135	133	131
Neighborhood playgrounds	43	41	40	38	38
Community playfields	38	38	38	38	33
Community recreation centers	25	24	26	26	26
Visual and performing arts centers	5	6	6	6	6
Theaters	1	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	62
Viewpoints	11	11	11	9	8
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^B	—	0	0	10,588	10,216

A All figures are supplied by the named departments.
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

Statistics

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CAPITAL ASSET STATISTICS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,006,580	2,058,100	2,014,100	2,014,100	1,975,100
Peak load (KW) ^c	1,806,000	1,870,000	1,785,000	1,689,000	1,866,792
Total system load (1,000 KWh) ^c	9,536,574	9,973,100	9,696,583	9,687,222	9,911,624
Meters	475,457	454,712	445,625	430,148	422,613
Water					
Reservoirs, standpipes, tanks	29	29	29	29	29
Fire hydrants	18,664	18,664	18,664	18,000	18,000
Water mains					
Supply, in miles	198	193	198	193	193
Water storage, in thousand gallons	326,100	325,350	326,100	354,500	354,500
Meters	197,747	195,331	194,580	192,633	191,403
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	474	473	475	474
Sanitary sewers, life-to-date, in miles	946	948	949	947	947
Storm drains, life-to-date, in miles	486	486	485	483	481
Pumping stations	67	67	67	68	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,548	1,547	1,547
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,396	2,407	2,407
Sidewalks, in miles	2,294	2,238	2,326	2,303	2,230
Stairways	502	498	498	492	509
Length of stairways, in feet	34,869	34,923	34,923	35,653	36,269
Number of stairway treads	23,555	23,585	23,585	23,503	23,344
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	150,000	150,000	125,000
Total platted streets, in centerline miles	1,675	1,675	1,675	1,677	1,677
Traffic signals	1,106	1,085	1,077	1,071	1,041
Parking meters					
Downtown	—	—	—	—	—
Outlying	—	—	—	—	—
Parking pay stations					
Downtown	646	690	689	880	892
Outlying	866	950	1,006	1,141	1,112
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	120	98	96	96	93
Partial City maintenance	40	40	51	51	54
Retaining walls/seawalls	613	593	587	582	580

A All figures are supplied by the named departments.
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

The City of Seattle

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CAPITAL ASSET STATISTICS ^A
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,991,600	1,991,600	1,920,700	1,920,700	1,920,700
Peak load (KW) ^c	1,840,792	1,804,708	1,748,833	1,846,708	1,859,875
Total system load (1,000 KWh) ^c	10,048,700	10,082,024	10,202,992	9,910,754	10,182,404
Meters	406,274	407,614	406,195	402,854	394,455
Water					
Reservoirs, standpipes, tanks	26	27	27	27	30
Fire hydrants	18,655	18,550	18,503	18,473	18,436
Water mains					
Supply, in miles	182	182	187	187	224
Water storage, in thousand gallons	398,369	338,869	338,869	302,880	370,000
Meters	187,159	188,883	188,457	188,226	187,154
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	472	471	471	472	473
Sanitary sewers, life-to-date, in miles	949	948	957	956	958
Storm drains, life-to-date, in miles	479	474	473	470	473
Pumping stations	67	67	66	67	65
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,540	1,540	1,537	1,531	1,531
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,412	2,412	2,411	2,412	2,412
Sidewalks, in miles	2,230	2,256	2,262	2,262	2,258
Stairways	505	507	507	498	494
Length of stairways, in feet	35,112	35,122	35,061	35,181	35,215
Number of stairway treads	24,050	24,050	24,009	23,950	23,666
Street trees					
City-maintained	41,000	41,000	40,000	40,000	40,000
Maintained by property owners	125,000	125,000	125,000	125,000	125,000
Total platted streets, in centerline miles	1,677	1,677	1,666	1,666	1,666
Traffic signals	1,070	1,060	1,053	1,040	1,030
Parking meters					
Downtown	6	93	231	941	941
Outlying	4	26	85	97	97
Parking pay stations					
Downtown	961	973	998	856	850
Outlying	1,174	1,198	1,227	1,315	1,127
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	99	95	90	88	88
Partial City maintenance	32	44	44	54	55
Retaining walls/seawalls	592	592	592	592	582

A All figures are supplied by the named departments.
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

APPENDIX C
DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Seattle is the largest city in the Pacific Northwest, serves as the County seat and is the center of the County’s economic activity. King County is the largest county in the State in population, number of cities and employment, and the twelfth most populous county in the United States. Of the State’s population, nearly 30% reside in the County, and of the County’s population, 34% live in the City of Seattle.

Population

Historical and current population figures for the State of Washington, the County, the City, and the unincorporated areas of the County are given below.

POPULATION				
Year	Washington	King County	Seattle	Unincorporated King County
1980 ⁽¹⁾	4,130,163	1,269,749	493,846	503,100
1990 ⁽¹⁾	4,866,692	1,507,319	516,259	NA
2000 ⁽¹⁾	5,894,121	1,737,034	563,374	349,773
2010 ⁽¹⁾	6,724,540	1,931,249	608,660	325,000
2011 ⁽²⁾	6,767,900	1,942,600	612,100	285,265
2012 ⁽²⁾	6,817,770	1,957,000	616,500	255,720
2013 ⁽²⁾	6,882,400	1,981,900	626,600	253,100
2014 ⁽²⁾	6,968,170	2,017,250	640,500	252,050
2015 ⁽²⁾	7,061,410	2,052,800	662,400	253,280
2016 ⁽²⁾	7,183,700	2,105,000	686,800	245,920
2017 ⁽²⁾	7,310,300	2,153,700	713,700	247,060
2018 ⁽²⁾	7,427,570	2,190,200	730,400	247,240
2019 ⁽²⁾	7,546,410	2,226,300	747,300	248,275
2020 ⁽²⁾	7,656,200	2,260,800	761,100	249,100

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: State of Washington, Office of Financial Management

Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Division, the County, the State, and the United States.

PER CAPITA INCOME					
	2014	2015	2016	2017	2018
Seattle MD	\$ 65,785	\$ 68,792	\$ 71,903	\$ 75,973	\$ 81,201
King County	72,644	76,122	79,742	84,542	90,438
State of Washington	51,518	53,840	55,884	58,550	62,026
United States	47,058	48,978	49,870	51,885	54,446

Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce

Construction

The table below lists the value of housing construction for which building permits have been issued by entities within King County. The value of public construction is not included in this table.

CITY OF SEATTLE RESIDENTIAL BUILDING PERMIT VALUES

Year	New Single Family Units		New Multi-Family Units		Total Value(\$)
	Number	Value(\$)	Number	Value(\$)	
2015	810	215,818,201	10,530	1,684,630,374	1,900,448,575
2016	797	216,693,139	9,202	1,242,951,877	1,459,645,016
2017	593	162,452,219	9,294	1,562,063,391	1,724,515,610
2018	523	141,737,845	7,395	892,514,843	1,034,252,688
2019	507	139,195,045	10,277	1,554,462,494	1,693,657,539
2019 ⁽¹⁾	296	80,550,740	6,015	843,760,264	924,311,004
2020 ⁽¹⁾	220	75,796,377	3,409	456,572,758	532,369,135

(1) Estimates with imputations through July.

Source: U.S. Bureau of the Census

Retail Activity

The following tables present information on taxable retail sales in King County and the City.

THE CITY OF SEATTLE AND KING COUNTY TAXABLE RETAIL SALES

Year	King County	City of Seattle
2015	\$54,890,159,770	\$22,407,443,037
2016	59,530,882,870	24,287,539,378
2017	62,910,608,935	26,005,147,210
2018	69,018,354,390	28,292,069,881
2019	72,785,180,223	29,953,200,188

Source: Quarterly Business Review, Washington State Department of Revenue

THE CITY OF SEATTLE TAXABLE RETAIL SALES COMPARISON THROUGH SECOND QUARTER

2019 Q1 ⁽¹⁾	\$ 6,548,481,812	2020 Q1 ⁽²⁾	\$ 6,649,858,854
2019 Q2 ⁽¹⁾	7,596,100,784	2020 Q2 ⁽²⁾	5,419,018,706

(1) Source: Quarterly Business Review, Washington State Department of Revenue

(2) Source: Estimated by City Budget Office based on actual retail sales tax receipts from the Washington State Department of Revenue

Employment

The following table presents total employment in Washington State as of December 31, 2019 (unless otherwise noted) for certain major employers in the Puget Sound area.

PUGET SOUND MAJOR EMPLOYERS

Employer	Employees
The Boeing Company	71,800
Amazon.com Inc.	60,000 ⁽¹⁾
Microsoft Corp.	55,100
Joint Base Lewis-McChord	54,000 ⁽²⁾
University of Washington Seattle	46,800
Providence Health & Services	43,000 ⁽³⁾
Safeway Inc. & Albertsons LLC	21,300 ⁽³⁾
Wal-Mart Stores, Inc.	19,400
Costco Wholesale Corp.	18,000
MultiCare Health System	17,200
Fred Meyer Stores	16,200
King County Government	15,900
City of Seattle	15,800
Starbucks Corp.	14,000
CHI Franciscan Health	12,500
Seattle Public Schools	11,900
Kaiser Permanente	10,000
Alaska Air Group Inc.	9,600
Nordstrom, Inc.	9,200
Virginia Mason Health System	9,100

(1) Amazon reports more than 60,000 employees but does not provide an exact count.

(2) 40,000 are service members and 14,000 are civilian employees.

(3) As of May 2019.

Source: Puget Sound Business Journal, Publication Date June 19, 2020

APPENDIX D
BOOK-ENTRY TRANSFER SYSTEM

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BOOK-ENTRY TRANSFER SYSTEM

The following information has been provided by DTC. The City makes no representation as to the accuracy or completeness thereof. Purchasers of the Bonds (the “Beneficial Owners”) should confirm the following with DTC or its participants (the “Participants”).

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners

may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The following information has been provided by the City.

The City and the Bond Registrar may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Bonds registered in such name for the purposes of payment of the principal of, premium, if any, or interest with respect to those Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Bonds under the Bond Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Registered Owners of Bonds, and for all other purposes whatsoever; and the City and the Bond Registrar shall not be affected by any notice to the contrary. The City and the Bond Registrar shall not have any responsibility or obligation to any direct or indirect DTC participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond Register as being a Registered Owner of Bonds, with respect to: (i) the Bonds; (ii) any records maintained by DTC or any such participant; (iii) the payment by DTC or such participant of any amount in respect of the principal of, premium, if any, or interest with respect to the Bonds; (iv) any notice which is permitted or required to be given to Registered Owners of Bonds under the Bond Ordinance; (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner of the Bonds.

